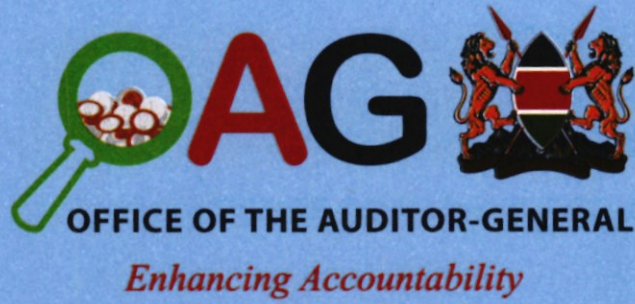


REPUBLIC OF KENYA



REPORT

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 04 JUN 2024	DAY: TUESDAY
TABLED BY: HON. KIMANI ICHUMWATA, MP	MAJORITY LEADER
CLERK AT THE TABLE:	INZOPU MWANGI

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OF KENYA
LIBRARY

THE AUDITOR-GENERAL

ON

**KENYA NATIONAL EXAMINATIONS
COUNCIL**

**FOR THE YEAR ENDED
30 JUNE, 2023**

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REPUBLIC OF KENYA



THE KENYA NATIONAL
EXAMINATIONS COUNCIL



ANNUAL REPORT

& FINANCIAL STATEMENTS

For the Year Ended
30 June, 2023.



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



ANNUAL REPORT AND FINANCIAL STATEMENTS

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Acronyms, Abbreviations and Glossary of Terms

ADA	Alcohol and Drug Abuse
AEAA	Association for Educational Assessment in Africa
AGPO	Access to Government Procurement Opportunities
AMPLA	Assessments for Minimum Proficiency level
CBA	Competency Based Assessment
CBC	Competency Based Curriculum
CEO	Chief Executive Officer
CS	Cabinet Secretary
CPC	Corruption Prevention Committee
CP2	Contracted Professionals management Module
CSR	Corporate Social Responsibility
DTE	Diploma in Teacher Education
ECDE	Early Childhood Development & Education
FY	Financial Year
GPE	Global Partnership for Education
GIGA	Global initiative to connect every school to the Internet by 2030
GIZ	German Agency for International Cooperation
HIV	Human Immunodeficiency Virus
IAEA	International Association for Educational Assessment
ICT	Information and Communication Technology
IPSAS	International Public Sector Accounting Standards
KPSEA	Kenya Primary School Education Assessment
KILEA	Kenya Intermediate level Assessment
KCSE	Kenya Certificate of Secondary Education
KCPE	Kenya Certificate of Primary Education
KICD	Kenya Institute of Curriculum Development
KNEC	Kenya National Examinations Council
MoE	Ministry of Education
MTEF	Medium Term Expenditure Framework
MTP 3	The Third Medium Term Plan
NASMLA	National Assessment System for Monitoring Learner Achievement
NAC	National Assessment Centre
MLA	Monitoring Learner Achievement
NMH	New Mitihani House
PFM Act	Public Finance Management Act, 2012
PTE	Primary Teachers Education
PWD	Persons with Disability
QMIS	Query Management Information System
SEQIP	Secondary Education Quality Improvement Project
KPEEL	Kenya Primary Education Equity in Learning
SNE	Special Needs Education
SRC	Salaries and Remuneration Commission
TCAE	Teacher Certificate in Adult Education
TSC	Teachers Service Commission
U-DPTE	Upgrade- Diploma in Primary Teacher Education
UDECTE	Upgrade- Diploma in Early Childhood Teacher Education
UNICEF	United Nations Children's Fund
UNHCR	United Nations High Commissioner for Refugees



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1.0 KEY ENTITY INFORMATION AND MANAGEMENT

1.1 Background Information

1.1.1 Incorporation

The Kenya National Examinations Council (KNEC) is a State Corporation in the Ministry of Education (MoE), established through the Kenya National Examinations Council Act Chapter 225A of 1980. This Act was repealed and replaced with the Kenya National Examinations Council Act No.29 of 2012.

1.1.2 Mandate

KNEC is mandated to conduct school and post school examinations and assessments and certify learners on their achievements within the territory of Kenya.

1.1.3 Principal Activities

The mandate of the Council according to Section 10 of the KNEC Act No. 29 of 2012 is to:

- 1.1.3.1 Set and maintain examination standards.
- 1.1.3.2 Conduct public academic examinations.
- 1.1.3.3 Award certificates and diplomas to candidates.
- 1.1.3.4 Confirm authenticity of certificates or diplomas issued by the Council.
- 1.1.3.5 Undertake research on educational assessment.
- 1.1.3.6 Advise any public institution on the development and use of any system of assessment when requested to do so.
- 1.1.3.7 Promote the international recognition of the qualifications conferred by the Council.
- 1.1.3.8 Advise the Government on any policy decision that is relevant to or has implications on the functions of the Council or the administration of examinations in Kenya.

Vision

Transforming lives
through Quality
Assessment and Credible
Certification

Mission

Assess Learners Abilities
and Certify Achievements
in Conformity with
Global Standards

Our Values

P-Professionalism
I-Integrity
T-Team Spirit
I-Innovativeness
A-Accountability



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1.2 Key Organs

KNEC's governance and management comprises the following key organs:

1.2.1 The Council

1.2.2 The Accounting Officer who is the Chief Executive Officer

1.2.3 The Management

The Council consists of –

1.2.3.1 A Chairperson, appointed by the President.

1.2.3.2 The Principal Secretary of the Ministry responsible for education or a representative,

1.2.3.3 The Principal Secretary of the National Treasury, or their representative.

1.2.3.4 The official in charge of quality assurance and standards within the Ministry of education,

1.2.3.5 The Director of the Kenya Institute of Curriculum Development.

1.2.3.6 The Secretary of the Teachers Service Commission.

1.2.3.7 Three representatives chosen by the Cabinet Secretary:

- (i) A member representing the interests of people with disabilities.
- (ii) A member representing post-school Technical & Business training institutions, including polytechnics.
- (iii) A member representing the private sector involved in educational management, as determined by the Cabinet Secretary.

1.2.3.8 The Chief Executive Officer.

1.2.3.9 Two co-opted members with expertise beneficial to the Council's mission and goals.

1.3 Departmental Model

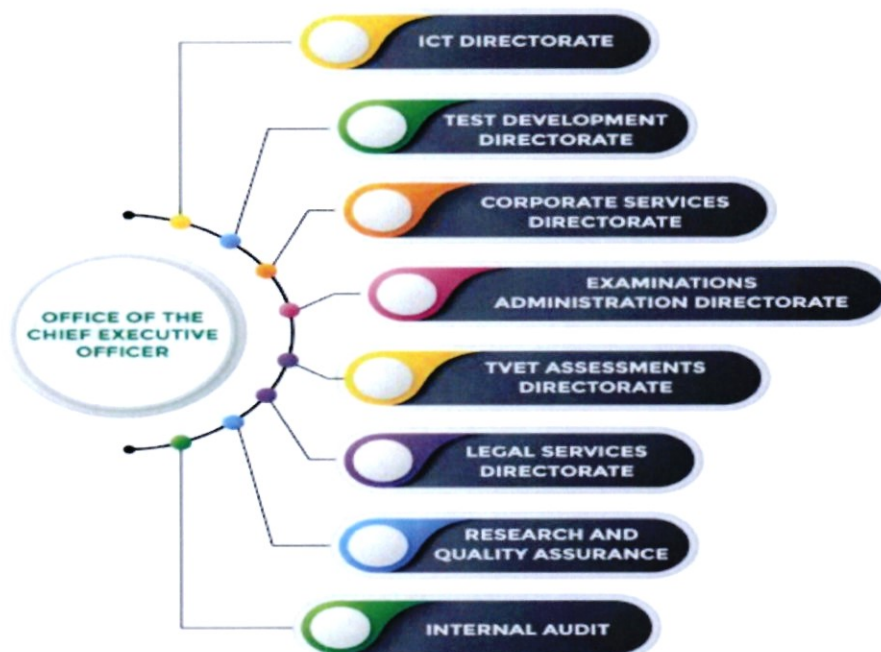
The administration of examination processes involves the coordination of activities across eight distinct departments.

The arrangement of these departments within the organizational structure received endorsement from the State Corporation Advisory Committee (SCAC) in July of 2022 and was subsequently put into effect in April 2023.



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1.4. Key Management-

The individuals comprising the key management personnel, who served in roles with direct fiduciary responsibility throughout the financial year ended on JUNE 30 2023 were as follows:

Table 1: Key management personnel

No.	Designation	Name
1.4.1	Chief Executive Officer	Dr. David K. Njengere, MBS
1.4.2	Director, ICT Department	Dr. Ibrahim Otieno
1.4.3	Director, Test Development	Mr. Patrick Ochich
1.4.4	Director, Examinations Administration	Mrs. Imelda Anyanga Barasa
1.4.5	Director, Corporate Services	CPA. Milka Ngugi
1.4.6	AG. Director, TVET	Mr. Paul Korir
1.4.7	Corporation Secretary	Mrs. Befly Bisem
1.4.8	Financial Controller	CPA. Abraham K. Oloo
1.4.9	Deputy Director Supply Chain Management	Mr. Nicholas Mang'ata
1.4.10	Deputy Director Research & Quality Assurance	Mr. Andrew Otieno
1.4.11	AG. Deputy Director, Internal Audit	Mrs. Agnes Minjini

1.5. Fiduciary Management-

The key management personnel who held office during the financial year ended 30th June 20xx and who had direct fiduciary responsibility were:



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No.	Designation	Name
1.4.1	Chief Executive Officer	Dr. David K. Njengere, MBS
1.4.2	Director, Corporate Services	CPA. Milka Ngugi
1.4.3	Financial Controller	CPA. Abraham K. Oloo
1.4.4	Deputy Director Supply Chain Management	Mr. Nicholas Mang'ata
1.4.5	AG. Deputy Director, Internal Audit	Mrs. Agnes Minjini

1.5 Fiduciary Oversight Arrangements

The Council has implemented mechanisms, aided by its Committees and Secretariat, to enhance governance, transparency, and accountability. It comprises four committees, with the Finance, Strategy & General Purposes Committee, and the Audit & Risk Committee primarily overseeing fiduciary matters.

1.5.1 Finance, Strategy & General Purposes Committee (FSGPC)

The Committee ensures the Council achieves financial and resource-related strategic goals, covering timely financial reporting, robust record-keeping, effective policy establishment, internal controls, and adherence to budgets, workplans, and objectives. It also ensures alignment between the Council's budget, procurement plan, strategic plan, and legal obligations.

1.5.2 Audit & Risk Committee (ARC)

ARC is responsible for risk management, legal compliance, and governance practices, the Committee monitors the internal control framework, offers guidance for improvements, and ensures adherence to established policies and procedures across the Council's operations.

Table 2: Council committee members with fiduciary oversight role;

Finance, Strategy and General Purposes Committee (FS & GPC)	Audit and Risk Management Committee (ARMC)
Prof. Charles O. Ong'ondo, MBS- Chairperson	Mr. Martin O. Okiyo – Chairperson
Dr. Belio Kipsang CBS	Mrs. Rosemary C. Saina, OGW
Dr. Nancy N. Macharia, CBS	Dr. Fred O Sporta
Mr. Festus King'ori	Mr. Festus King'ori
Col. Leonard O. Owambo	Prof. Erick Okoth Ogur
Dr. David Njengere, MBS	

1.5.3 Parliamentary Oversight committees

The Council presents its audited financial statements to the Public Investments Committee of the National Assembly and provides reports on assessment matters to the Parliamentary Committee on Education and Research.



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1.5.4 Development partners

Development Partners outlines their specific operational needs and guidelines, detailing fiduciary arrangements centered on accountability, verification, and ensuring value for resources. The Council has successfully met these requirements and foresees it doing the same in ongoing collaboration.


1.6 Registered Office


 New Mitihani House, South C- Nairobi

 Tel: +254 - 020-202143412


 **Mobile:** 0720741004/0723333566 /0771813972/ 0772069891/ 0772069882/
0771813866/0771814259/ 0771814060/ 0771814105

1.7 KNEC Contacts

 Tel: +254 020 3317412 / 3317413 / 3317419 / 3317427 / 3341027
3341050 / 3341071 / 3341098 / 3341113 / 2213381

 Fax: +254-020- 2226032

 Website: www.knec.ac.ke

 E-mail address: info@knec.ac.ke


 Facebook: Kenya National Examinations Council

 Twitter: KNEC@ExamsCouncil


 **Mobile:** 0720741001 / 0732333860

Other Offices-


- Mitihani House, Dennis Pritt Road, Kilimani

 Tel: +254 - 020-2713874 / 020-2713894 / 020-2713845 / 020-2711536

 Mobile: 0703448667/0734333360

 National Housing Corporation (NHC) House, 4th Floor
Aga Khan Walk,
NAIROBI

-  Industrial Area Offices, Ministry of Public Works, Supplies Branch, Likoni Road.

 Tel: +254 -0206 650820

 Mobile: 0720741003 /0732333530



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1.8 Bankers

BANK	BRANCH	ADDRESS
Co-operative Bank of Kenya	Co-operative House, Aga Khan Walk	P. O. Box 67881 -00200 Nairobi, KENYA
Kenya Commercial Bank	Kencom House, Moi Avenue	P. O. Box 30081 -00100 Nairobi, KENYA
National Bank of Kenya	National Bank of Kenya House, Harambee Avenue,	P. O. Box 41862 -00100 Nairobi, KENYA
Equity Bank	Lavington House, Moi Avenue	P. O. Box 30003 -00100 Nairobi, KENYA
NCBA,	Commercial Bank Building, International Life House	P.O Box 30437-00100 Nairobi - Kenya

1.9 Independent Auditors



The Auditor-General
Anniversary Towers, University Way
P.O. Box 30084-00100, GPO
Nairobi, KENYA

1.10 Principal Legal Advisor



The Attorney-General
State Law Office, Sheria House, Harambee Avenue
P.O. Box 40112 00200
Nairobi, KENYA





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2.0 THE COUNCIL

The Council that was in place between 1 July 2022 and 30 June 2023 is as follows:

	COUNCIL MEMBER	PROFILE
2.1	 <p data-bbox="290 936 587 1003">Prof. Julius O. Nyabundi, OGW</p>	<p data-bbox="655 510 1193 546"><i>Council Chairman (Non-Executive)</i></p> <p data-bbox="655 595 1430 1099">Prof. Julius O. Nyabundi (Born 1954) was appointed as a Non-Executive Chairperson of the Kenya National Examinations Council, effective 5th July 2022. Prof. Nyabundi is also the Vice-Chancellor, Maseno University, a position he has held since March 2016. He is a versatile professor who has taught, researched and held leadership positions including Principal, Murang'a University College of Technology and Managing Director, Chemelil Sugar Company. He has also served as Vice-Chairperson-AICAD, Member of Executive Committee-IUCEA, Kenya Sugar Board and FKE Executive Board and Chairman, FKE Western Branch.</p> <p data-bbox="655 1137 1430 1256">He holds a Doctorate PhD from University of California at Davis-USA, Masters and Bachelor of Science from University of Nairobi.</p>
2.2	 <p data-bbox="290 1704 552 1740">Dr. Belio Kipsang CBS</p>	<p data-bbox="655 1355 1430 1473"><i>Principal Secretary, Ministry of Education and chairperson of the Education and Assessments Management Committee.</i></p> <p data-bbox="655 1523 1430 1816">Dr. Belio Kipsang (Born 1967) is the Principal Secretary, State Department for Basic Education, Ministry of Education, with effect from 2nd December 2022. Prior to this, he was the Principal Secretary State Department for Regional and Northern Corridor Development in the Ministry of East African Community and Regional Development</p> <p data-bbox="655 1865 1430 2020">Dr. Kipsang holds a PhD in Education (Educational Administration and Planning) from the Catholic University of Eastern Africa (CUEA), a Master of Arts Degree in Economics and Bachelors (Honours) Degree in Education</p>



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(Business and Economics), both from the University of Nairobi.

Dr. Kipsang has extensive experience in leadership, management, Education, coffee value chain financing, combating economic crime and micro-enterprise development spanning over a period of 24 years. He has previously served as the Managing Trustee/CEO of Coffee Development Fund, and Deputy CEO & Head of Operations at Higher Education Loans Board (HELB). Dr. Kipsang has undertaken various consultancies both locally and internationally on leadership and management of Education.

Dr. Kipsang is also a trained investigator and prosecutor from the Criminal Investigation Department (CID) Training school and also a Certified Fraud Examiner as well as an Associate Member of the Association of Certified Fraud Examiners. Dr. Kipsang has authored quality academic and research papers in the areas of Higher Education Financing and Planning.

2.3



Dr. Julius O. Jwan, CBS

Principal Secretary, Ministry of Education and chairperson of the Education and Assessments Management Committee.

Exited the council on 2nd December 2022

Dr. Julius O. Jwan MBS (Born 1965) was the Principal Secretary, State Department for Early Learning & Basic Education, Ministry of Education.

Dr. Jwan served as the Director/CEO at the Kenya Institute of Curriculum Development (KICD). Previously, he worked as the Director – Programmes and Technical Services at the National Cohesion & Integration Commission (NCIC) and prior to joining the Commission, he served as a senior lecturer at Moi University and a Tutor at Kaimosi Teachers' college.

He holds a PhD in Educational Leadership and Management and a Master of Science in Educational



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Research Methods, both obtained from the UK. He has a Master of Philosophy in Education Management from Norway and another Masters Degree in Linguistics from Moi University, where he also graduated with a Bachelor of Education Degree.

2.4



Dr. Chris K. Kiptoo, CBS

Principal Secretary, The National Treasury

Dr. Chris Kiptoo is the Principal Secretary, National Treasury. He was appointed Principal Secretary on 1st December 2022. Dr. Kiptoo is the immediate former Principal Secretary, Ministry of Environment and Forestry. Before that, he served as a Principal Secretary at the State Department of Trade, Ministry of Industry, Trade & Cooperatives.

In his working career, Dr. Kiptoo has acquired a rich wealth of experience in economic policy analysis, mainly gained at the Central Bank of Kenya, Capital Market Authority and the International Monetary Fund, where he has served in various capacities. His expertise especially relates to the design and implementation of monetary policy; balance of payments and exchange rates; fiscal operations and policy; financial sector matters including capital markets; national accounts/real sector and macroeconomic accounting, and modelling and forecasting.

He previously also worked at the Ministry of Environment and Forestry, State Department for Trade as well as Trade Mark East Africa.

Dr. Chris Kiptoo holds a Doctor of Philosophy Degree (PhD) in Finance (International Macroeconomics Finance specialization) from the University of Nairobi, as well as a Master of Science (Ag. Economics) and Bachelor of Science (Ag. Economics) degree from Egerton University. He is also an Accredited Fellow in Macroeconomic Management Macroeconomic & Financial Management Institute of Eastern & Southern Africa (MEFMI).

He is represented in the Council by Mr. Festus Kingori.



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2.5



Dr. Julius M. Muia, CBS

Principal Secretary, The National Treasury

Exited the council on 2nd December 2022.

Dr. Julius M. Muia CBS was the Principal Secretary at The National Treasury.

He served as the Principal Secretary at the State Department for Planning. Previously he was the Director General, Vision 2030 Delivery Secretariat and the Secretary, National Economic and Social Council, Office of the President.

Dr. Muia has over 25 years' experience in leadership in the private sector in Kenya and UK in the hotel, manufacturing, and the banking sector. His other engagements include an adjunct faculty at Strathmore Business School; adviser on strategy and trainer on leadership. He holds a PhD in Educational Leadership & Management, a Master of Science in Finance, a Bachelor of Commerce Degree all from the University of Nairobi.

His professional qualifications include Certified Public Accountant (CPA-K); Certified Public Secretary (CPS-K), Associate Kenya Institute of Bankers; Associate Chartered Institute of Arbitrators; and Certified Coach.

He was represented on the Council by Mr. Festus Kingori.

2.6



Prof, Charles Ochieng' Ong'ondo, MBS

Chief Executive Officer, Kenya Institute of Curriculum Development (KICD) and Chairperson of the Finance, Strategy & General Purposes Committee

Prof. Charles Ochieng' Ong'ondo (Born 1964) is the Director/Chief Executive Officer (CEO) at the Kenya Institute of Curriculum Development (KICD).

Previously, he worked as the Head of the Department of Communication Studies at Moi University. He also served as acting Dean of School of Information Sciences and School of Human Resource Development.



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Prof. Charles Ochieng' Ong'ondo is an Associate Professor in Teacher Education. He is a Commonwealth Academic Fellow and Scholar who holds a Postdoctoral Fellowship in Research Methodology (University Warwick, UK), a PhD in English Language Teacher Education (the University of Leeds, UK); a Master of Philosophy Degree in English Language Education (Moi University, Kenya), a Bachelor Education Degree in English and Literature (Moi University) and a Diploma in Education (Siriba Teachers College - Kenya).

2.7



Dr. Nancy N. Macharia, CBS

Chief Executive, Teachers Service Commission (TSC)

Dr. Nancy N. Macharia CBS (Born 1963) is a member of the Kenya Association of Public Administration Management (KAPAM) and Institute of Directors. She has worked in the education sector for over 28 years.

She holds a Doctorate Degree, a Master of Education (Policy and Management) Degree from Bristol University, UK and a Bachelor of Education Degree in English/Literature from Kenyatta University.

2.8



Ms. Evelyn A. Owoko

Director, Directorate of Quality Assurance & Standards at the Ministry of Education, State Department for Basic Education.

Everlyne A. Owoko (Born 1968) is the Director, Quality Assurance and Standards – State Department for Basic Education and Learning – Ministry of Education, with effect from 15th November, 2022

She holds a Masters in Educational Administration and Planning. Her five-year teaching career was in Kiambu County. She joined the Ministry in 1998 as Inspector of



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		<p>Schools and served in Eastern and Nairobi Provinces before being transferred to the Headquarters in 2003.</p> <p>In March 2022 she was deployed as Director Policy Partnership and East African Community Affairs where she served for 5 months until September 2022 when she was appointed the Director Quality Assurance & Standards, Ministry of Education.</p>
2.9	 <p>Dr. Mary Gaturu, HSC</p>	<p>Director, Directorate of Quality Assurance & Standards at the Ministry of Education, State Department for Basic Education.</p> <p>Exited from council on 15th November 2022.</p> <p>Dr. Mary Gaturu, HSC (Born 1963) was the then Director in charge of Quality Assurance and Standards in the Ministry of Education.</p> <p>Formerly, she was the Regional Director of Education for the Rift Valley Region, County Director of Education for Muranga and for Nyandarua Counties. Before that, she worked at the Teachers Service Commission as a Senior Graduate Teacher.</p> <p>She holds a Doctorate in Philosophy, Master's in education and Bachelor of Education Degree, all from Kenyatta University.</p>
2.10	 <p>Mrs. Rosemary C. Saina, OGW</p>	<p>Independent Member representing education management and Chairperson of the Staff Affairs Committee</p> <p>Mrs. Rosemary C. Saina, OGW (Born 1955), an owner of private schools, is an educationist and experienced school Manager. She also served in institutions such as Moi Girls School, Eldoret and Solian Girls High School, Baringo.</p> <p>She holds an Executive Masters of Education degree, Moi University, Bachelor of Education (Arts) Degree,</p>



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University of Nairobi, Diploma in Educational Management, Kenya Education Management Institute (KEMI) and a Certificate in Educational Methodologies - Ofri International Training Centre, Israel. She undertook a Certificate Course on Servant Leadership Training at Sundoulos African Leaders Training (S.A.L.T.).

2.11



Prof. Eric O. Ogur, PhD,
MBS

Independent Member

Prof. Eric O. Ogur, PhD MBS (Born 1971) is a Chartered Engineer and Member of the Institution of Mechanical Engineers (UK). He is an Associate Professor in the Department of Mechanical and Mechatronic Engineering at the Technical University of Kenya.

Prof. Ogur has extensive academic and practical knowledge of TVET reform strategies, pilot implementation, design, development, and implementation of different methodologies concerning Competency Based Education & Training (CBET), Vocational Education and Training (VET), life-long learning and training of trainers.

He has a Bachelor of Engineering (Honours) in Mechanical and Manufacturing Engineering from the University of Portsmouth, Portsmouth, England. He also holds an MSc in Manufacturing Systems Engineering and a PhD in Engineering, both from the University of Warwick, Coventry, England.



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2.12



Martin O. Okiyo, OGW

Independent Member representing interests of Persons with Disabilities and Chairperson of the Audit & Risk Committee

Mr. Martin O. Okiyo OGW (Born 1982) is an Educationist by profession with strengths in Training, Leadership and Communication. Martin currently works with the Light for the World (Austria) as the Diversity and Inclusion Coordinator. He has previously worked with several other agencies including Sight Savers (UK), Human and Inclusion (Eastern Africa programme) and the International Council for Education (ICEVI) Africa Regional office. Martin is a person with visual impairment, and this combined with his work experience in disability inclusion has made him diversity conscious.

He holds a Bachelor of Education in Special Needs Education (and French language), National Diploma in Human Resources Management and National Diploma in Project Management from the Kenya Institute of Management. He holds a Master of Science in Development Studies from Moi University and Master of Education in Educational Leadership and Administration from the University of Nicosia. He is a University of Pretoria Senior Management Institute Fellow.

2.13



Dr. Fred O Sporta

Co-opted Member

Exited the council on 30th May 2023

CPA, Dr. Fred O. Sporta (Born 1982) is an expert in Accounting & Financial Reporting and was co-opted as a member of the Kenya National Examinations Council from June 2019.

Dr. Sporta is a trainer in financial reporting in many institutions among them, ICPAK, KCA University, Technical University of Kenya and Kenya School of Government (KSG). He is a member of the Panel of experts (PoE) in Accounting and Financial Reporting at



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the Institute of Certified Public Accountants of Kenya (ICPAK). He has extensive experience in accounting, audit and risk management in the private sector.

He holds a PhD degree in Business Administration (Finance) from Jomo Kenyatta University of Agriculture & Technology, Master of Business Administration (Kenyatta University), Bachelor of Business Management (Moi University), Certified Public Accountant of Kenya (KASNEB), and he is also a full member in good standing at ICPAK.

2.14



Col (Rtd.) Leonard Owambo

Co-opted Member

Colonel (Rtd.) Leonard Owambo (Born 1956) is a co-opted member of the Council to advise on security matters. He is a professional security and leadership expert with vast experience both locally and internationally having served as Kenya's Defense, Military, Naval and Air attaché to the United States of America (Washington DC) and Canada (Ottawa). He simultaneously served as Regional Director for Central and Southern Africa in the Washington Corps of Military Attaches.

He holds a master's degree in leadership from Faith Christian University and Schools, Maryland USA, Bachelor's Degree in Organizational Leadership (Magna cum Laude) from Bellevue University, Nebraska, Diploma in International Studies from the University of Nairobi and a Certificate in Defense Resource Management from Naval Post- Graduate School, Monterey CAO. Additionally, he is a trained and certified Close Protection agent.



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2.15



Dr. David Njengere, MBS

Chief Executive Officer KNEC

Dr. David Njengere, MBS (Born 1967) is the Chief Executive Officer at the Kenya National Examinations Council. He was appointed as the accounting officer in July 2021.

He holds a PhD in Education, Master of Philosophy in English and Bachelor of Education in English and Literature all from Moi University. He also holds a Post Graduate Diploma in Curriculum Design and Development from the International Bureau of Education (UNESCO) and Open University of Tanzania, and a Certificate in Design and Development of Large-Scale Assessments from Education and Testing Services, Princeton, New Jersey.

Prior to appointment, he was education advisor to the Cabinet Secretary, Ministry of Education, Prof George Magoha. He previously worked at KNEC and at the Kenya Institute of Curriculum Development (KICD).

He was instrumental in conceptualization and design of Competency Based Curriculum (CBC) and Competency Based Assessment (CBA) approaches for the ongoing education reforms in basic and teacher education.

Dr Njengere has wide experience as an educationist and has been involved in many initiatives in education reforms at national, regional and global levels. He chaired some of the East African Community Technical Committees Sessions that culminated in the Framework for Harmonization of Education Systems and Curricula.



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3.0 MANAGEMENT TEAM

Name of the Staff

Responsibility

3.1



Dr. David Njengere, MBS

Chief Executive Officer KNEC

Dr. David Njengere is the Chief Executive Officer accounting officer at the Kenya National Examinations Council with effect from 1 July 2021.

He is responsible for the running of the Council affairs to ensure that the mission is achieved and efficiency of Council operations realized.

He is the secretary to the Council and chairperson of the Senior Management team. He is responsible for spearheading all engagements and partnerships of the Council.

He holds a PhD. in Education, Master of Philosophy in English and Bachelor of Education in English and Literature all from Moi University. He also holds a Post Graduate Diploma in Curriculum Design and Development from the International Bureau of Education (UNESCO) and Open University of Tanzania, and a Certificate in Design and Development of Large-Scale Assessments from Education and Testing Services, Princeton, New Jersey.

Dr. Njeng'ere has been a resource person with the International Bureau of Education (UNESCO) and the Government of Malaysia.



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3.2



Dr. Ibrahim Otieno

Director, ICT

Dr. Ibrahim Otieno is the Director of the ICT Department at the Kenya National Examinations Council. He assumed the role of Director in March 2017. Before his appointment, he was the Director of ICT at the University of Nairobi. He also served as Deputy Director, Management Information System at the University of Nairobi and a board member of the Kenya Education Network Trust (KENET).

He holds a Ph.D. (Information Systems) from the University of Nairobi, a Master of Science Degree from the University of Vrije Universiteit Brussels (VUB), Belgium, (Distinction), and a Bachelor (Honours) Degree in Science (Computer Science) from the University of Nairobi.

Dr. Otieno has extensive professional training and has had exposure to local and international conferences and workshops in the areas of Management Information System and Computing for Development (C4D) and has made presentations in various institutions including Stellenbosch University and the University of Cape Town, South Africa on the same.



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NAME OF THE STAFF

RESPONSIBILITY

3.3



Mr. Patrick Ochich

Director, Test Development

Mr. Patrick Ochich is the Director of Test Development at the Kenya National Examinations Council. He was appointed to this position in August 2015. He has served in KNEC since 2000. 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 a Bachelor of Education (Hons) and Master of Education in Measurement and Evaluation from the University of Nairobi. Mr. Ochich has been trained at the Kenya School of Government for Strategic Leadership Development (SLDP) and Senior Management Course (SMC). Internationally he has been trained at the University of Cambridge Assessment Network in the United Kingdom on Public Examinations Development and Administration.

He has participated, facilitated, and presented papers in local and international Educational Assessment Workshops and Conferences. He is a member of the Board of the Kenya National Commission for UNESCO.

3.4



Mrs. Imelda Anyanga Barasa

Director, Examination Administration

Mrs. Imelda Barasa Anyanga joined KNEC in the position of Director, Examinations Administration in 2017.

Mrs. Barasa has a rich background in education. She has teaching experience of 28 years 17 of which she have been a secondary school administrator.

She is passionate about transformation through innovation, attributes that resonate with the core values of the Council. Mrs. Barasa is currently undertaking a PhD at Moi University specializing in strategic management. She holds a Master's



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Degree in Business Administration (Human Resources Management).

3.5



CPA. Milka Ngugi

Director Corporate Services

Mrs. Milka Ngugi (CPA) is the Director of Corporate Services. She holds a Masters degree in Business Administration (Finance) and a Bachelor of Education (Arts) degree, all from the University of Nairobi. She was appointed to this position on 9th January 2023.

She is currently undertaking a PhD at Jomo Kenyatta University of Science and Technology in Business Administration (Finance). She holds various qualifications from the Institute of Human Resource Management. She is a Certified Public Accountant and a member of ICPAK.

Mrs. Ngugi has over 18 years experience in Financial Management, Human resource Management and Development, General Administration and Risk Management in the Banking Sector, Telecommunication (Safaricom Ltd) and the Public Sector. She is also a trained teacher having taught in various Secondary schools as well as colleges in her earlier career life.

3.6



Mr. Paul K. Korir

Ag. Director, TVET Assessments

Mr. Paul K. Korir is the Acting Director TVET Assessments at the Kenya National Examinations Council. He was appointed to this position in July 2022. He has worked at KNEC since 1995.

He is responsible for development and administration of TVET assessments. He is an alumnus of St. Patrick's Iten and holds a Masters Degree in Education Administration from Nazarene University and a Bachelor of Science (Wood Science and Technology) from Moi University.



3.7

Deputy Director – Legal Services



Mrs. Befly Bisem

Mrs. Befly Jemurgor Bisem is the Deputy Director – Legal Services at the Kenya National Examinations Council. She was appointed to this position on 2nd May, 2018. She previously served at the Kenya Film Commission as the Ag. Chief Executive Officer. She also served as the Legal Service Manager/Corporate Secretary at the same Institution, before being appointed the Ag. Chief Executive Officer.

She has extensive Legal Experience of over 15 years having previously worked at the National Council of Churches of Kenya, Kenindia Assurance Company Limited, Karigithu Kinyua & Company Advocates and Katwa & Kemboi Advocates.

She has Bachelor of Laws Degree from the University of Nairobi, a Postgraduate Diploma in law from the Kenya School of Law and a Certified Public Secretary (CPS). She is currently undertaking MBA in Strategic Management at the Kenyatta University.

3.8

Deputy Director -Finance and Accounts



CPA Abraham K. Oloo

CPA Abraham K. Oloo is the Deputy Director, Finance and Accounts at the Kenya National Examinations Council. He was appointed to this position in April 2011.

He is responsible for planning, sourcing and managing financial resources to achieve corporate objectives.

He is an alumnus of Starehe Boy's Centre and holds a Master's degree from Jomo Kenyatta University of Agriculture, Science and Technology and a Bachelor of Commerce degree, acquired from the Catholic University of Eastern Africa.

He is a Certified Public Accountant and a member of ICPAK.



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3.9



Mr. Nicholas O. Mang'ata

Deputy Director- Supply Chain Management

Mr. Nicholas O. Mang'ata is the Deputy Director in charge of Supply Chain Management.

He re-joined KNEC in 2021 and is responsible for development and implementation of appropriate procurement strategies.

He holds a Graduate Professional Diploma in Procurement & Supply by the CIPS - UK, Master of Science in Procurement & Logistics (JKUAT) and a Bachelor's degree in Business Management from Moi University.

He is a licensed member in good standing with the Kenya Institute of Supplies Management (KISM) and the Chartered Institute of Procurement & Supply (CIPS).

3.10



Mr. Andrew F Otieno

Deputy Director - Research & Quality Assurance

Mr. Andrew F Otieno is the Deputy Director Research & Quality Assurance. He was appointed to this position in 2018. He is responsible for research and quality assurance at the Council.

He holds a Master of Science in Statistics from University of Nairobi and a Bachelor of Education from Kenyatta University.

He has been trained in Project Management at ESAMI, Arusha and undertaken continuous trainings in the field of Educational Assessment, Research, Computer Application & Statistical Packages and Management at the Kenya School of Government, ESAMI- Arusha and Kampala, Uganda.



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4.0 CHAIRMAN'S STATEMENT



As we conclude yet another year of unwavering commitment to our nation, the Kenya National Examinations Council takes immense pride in presenting the Annual Report for the Fiscal Year 2022/2023.

The Council is responsible for the oversight and strategic direction of the Kenya National Examinations Council. It is both an honour and a privilege for me to convey, on behalf of the Council, that we have effectively discharged this responsibility in the preceding year under review as witnessed by the successful administration of National examinations and the launch of the new offices at Mitihani House in July 2022

4.1 Examinations Administration

The Council successfully administered the KILEA, KPSEA, KCPE & KCSE, Business & Technical examinations in the 2022/2023 examinations. Collaboration with educational institutions, government agencies, and stakeholders has been key to our success. The Council extends its heartfelt appreciation to Hon. Ezekiel Machogu, the Cabinet Secretary of the Ministry of Education, Prof. Kithure Kindiki, the Cabinet Secretary of the Ministry of Interior and National Coordination, and Hon. Eliud O. Owalo, the Cabinet Secretary of the Ministry of ICT for their unwavering support in the multi-sectorial approach adopted during the 2023 national examinations management.

4.2 Strategic focus

KNEC's strategic roadmap for 2021-2026 is a pivotal benchmark, synergizing with MoE's objectives. In the fiscal year 2022/2023, KNEC showcased remarkable achievements by integrating the Competency-Based Curriculum (CBC), executing Medium Term Plan 3 (MTP3), and fulfilling NESSP objectives (2018-2022). These accomplishments underscored tangible progress in education and contributed significantly to the Ministry's performance assessment. The Council has adhered to government performance contract management, submitting quarterly reports and embracing a culture of continuous improvement.

4.3 Appreciation

I extend my sincere gratitude to our dedicated Council Members, KNEC family and all stakeholders for their unwavering support. Together, we are shaping a future of quality education and assessment that will positively impact generations to come.

Thank you and God bless you.

Prof. Julius O. Nyabundi, OGW

COUNCIL CHAIRMAN



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5.0 STATEMENT BY THE COUNCIL CHIEF EXECUTIVE OFFICER



The Kenya National Examinations Council (KNEC) holds a crucial role in the nation's education system, overseeing examinations across academic levels to assess learners' knowledge and skills. This aligns with the government's commitment to quality education. KNEC's mandate is driven by the Kenya Vision 2030, emphasizing the role of education in social mobility and economic development, the Medium-Term Plan III, National Education Sector Strategic Plan and KNEC's strategic roadmap for 2021-2026

5.1 Excellence in Examination Output

The Council successfully administered examinations to 2,392,350 candidates across the various examinations offered under School Education, Teacher Education and the Post School.

The progressively higher candidature indicates the success of the Free Primary Education and Free Secondary education programs, as well as the 100% transition policy from Primary to Secondary schools.

The GoK has invested heavily in Technical and Vocational training and the Council collaborates in these efforts by administering assessment that is responsive to the labour market.

5.2 Stakeholder collaboration and engagement

The administration of examinations is a complex process. Collaboration remains a cornerstone of KNEC's approach in maintaining examinations integrity. The council partnered with institutions like Ministry of Education, TSC, KICD, World Bank, UNICEF, Microsoft International, Educate!, British Council, UNESCO and other stakeholders.

The Council is indebted to the 499,184 contracted professionals engaged for the field administration of examinations and the 38,266 examiners engaged for the various examinations through the FY 2022/2023. I look forward to greater collaboration and partnerships in enhancing service to the country.

5.3 Education reforms

FY 2022/2023 witnessed significant achievements, including the implementation of the Competency-Based Assessment at Grade 6. KEY highlight of KNEC's recent milestone



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includes the development of the Competency-Based Assessment Framework (CBAF) for various educational tiers. This framework is aligned to the evolving educational landscape, guides assessment practices and promotes authenticity and practicality.

KNEC is actively pursuing the integration of E-assessment platforms for online formative and summative evaluations by incorporation of digital technologies for test development, administration, marking and reporting. These advancements enhance accuracy, security, and accessibility in the examination process. Notable milestones include administration of 2022 U-DPTE assessment through KNEC E-Assessment System (KEAS) version 1.0. platform.

5.4 Financial Performance

KNEC is committed to the fiscal responsibility principles outlined in the constitution and the Public Finance Management Act, 2012.

The Council realised a deficit of **Kes. 298,167,552** which was shift by **Kes. 194,738,889** over the previous years' performance of a deficit of **Kes. 492,906,440**.

The Council is funded by the GoK through a recurrent grant for the CBA, KCPE & KCSE examinations. We are therefore confident to remain a going concern with this gesture of budgetary support from the GoK.

5.5 Future Outlook

KNEC remains dedicated to its vision of excellence in educational assessment. We will continue to invest in cutting-edge technologies, professional development for our team, and responsive approaches to the evolving needs of education. Our commitment to accountability, transparency, and maintaining the highest standards.

5.6 Appreciation

I would like to express my gratitude to the GoK for the support accorded to the Council in the FY 2022/2023, the Council for its wise counsel and guidance and to the staff of the Council who worked tirelessly to ensure smooth operations of the Council.

Thanks and God bless you.

Dr. David Njengere, MBS
CHIEF EXECUTIVE OFFICER



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6.0 STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2022/2023

The Kenya National Examinations Council's proactive implementation of its strategic roadmap for 2021-2026 is a crucial KPI aligned with the Ministry of Education's goals. In the fiscal year 2022/2023, the Council adeptly executed strategies in line with evolving government policies and the operational landscape. This included integrating the Competency-Based Curriculum (CBC), successfully executing Medium Term Plan 3 (MTP3), and achieving NESSP objectives (2018-2022). These accomplishments strongly contributed to the Ministry's performance assessment, showcasing tangible progress in educational development.

6.1 Performance against the Strategic Objectives

The strategy pillars/Key Result Areas (KRAs) as follows:

6.1.1 Quality Educational Assessment and Credible Certification

6.1.2 Applied Research & Innovative Partnerships in Educational Assessment

6.1.3 Digital Infrastructure and Services

6.1.4 Infrastructure for Security and Integrity for Council's Services

6.1.5 Resource Capacity for Delivery of Council Services

6.1.6 Governance, Culture and Leadership

The Council abided by government policy for performance contract management through the Ministry of Education (MoE). It submitted quarterly reports to the Performance Contracting Department. In FY 2022/2023, the Public Service Performance Management and Monitoring Unit issued an evaluation report on April 11, 2023. During this period, KNEC showed improvement, achieving a performance grade of **"Very Good"** with a composite score of **2.9641** in **FY 2021/22**, compared to the previous year's performance grade of "Good" with a score of **3.3497** in **FY 2020/21**.

In terms of ranking KNEC performed as follows in the listed categories:

Category	Rank in 2021/2022	Rank in 2020/2021
Performance based on MTEF sector working group (Education and Training)	62 out of 194 institutions.	47 out of 156 institutions.
Performance evaluation of state corporations	72 out of 249 state corporations.	177 out of 239 state corporations.
Performance results for state corporations by functional category (service institution)	37 out of 74 state corporations	60 out of 75 state corporations



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The Council develops its annual work plans based on the above 6 pillars. Assessment of the Council's performance against the strategic plan and the following is a summary of achievements of the Strategic Plan in the FY 2022/2023.

Strategic Objective/Key result areas	Strategy	Activities Conducted in FY 2022/2023
Quality in assessment and certification	Improve best assessment practices through collaboration with stakeholders	KNEC conducted stakeholder collaboration engagements with: <ul style="list-style-type: none"> • TSC on 14th October 2022 • KESHA and KEPSA on 7th November 2022 • Security agencies on 8th November 2022
	Improve best assessment practices through bench marking	Meeting of CEOs from East African Community (EAC) region was held on 24 th September 2022.
	Implement Competency Based Curriculum (CBA)	Administered KPSEA from 28 th to 30 th 2022 and release school specific reports in January 2023
	Quality assure and evaluate assessment process	<ul style="list-style-type: none"> • SBA Grade 6 monitoring: August 29 - September 9, 2022; report submitted. • Grade 3 MLP and Grade 4-5 SBA monitoring: October 30 - November 11, 2022.
Integrate applied research and innovative partnerships in educational assessment	Improve the assessment and certification process	Guidelines on the management and administration of CBA at Primary School level developed.
	Establish policy on research and innovation for sustainable assessment systems and processes	The Research Quality Assurance (R&QA) was restructured to include a Research and innovation Unit.
Digital Infrastructure and services	Digitalize Councils Management Information System	<p>Implemented E-assessment including E-marking in FY 2022/23 as follows:</p> <p>Teacher education:</p> <ul style="list-style-type: none"> • Developed and piloted: July - September 2022 • Administered 2 papers: November 14 - 22, 2022 <p>National Assessment Center:</p> <ul style="list-style-type: none"> • Developed for Grade 3 pilot study in English and Mathematics • Administered for data collection <p>Qualifying Test 2023:</p> <ul style="list-style-type: none"> • Administered and marked using E-assessment system on March 2023
Security and integrity of the council	Improve and maintain secure, reliable & accessible physical infrastructure and equipment	<ul style="list-style-type: none"> • Implemented security policy within the Council. • Developed contingency plans. • Installed walkthrough scanner at Gate A to enhance physical security.



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Resource capacity for delivery of Council services	Enhance human capital for increased efficiency, effectiveness and accountability	<ul style="list-style-type: none">Installed one external CCTV camera to cover the reprographic parking area.Reviewed and implemented HR policies and procedures manual in July 2022.Staff mortgage and car loan schemes developed and awaiting budgetary allocation for implementation.
Enhance a prudent governance that promotes accountability and is responsive to the environment	Governance and compliance to legal and regulatory requirements by reviewing KNEC Act & regulations	<ul style="list-style-type: none">Review of KNEC Act and rules by KNEC conducted between 26th September and 1st October 2022Internal validation by KNEC Council conducted on 9th to 11th November 2022.
	Service delivery	Customer Care training of 212 staff members was conducted between 12 th and 29 th September 2022.

6.2 Realization of the Competency Based Curriculum / Assessment

KNEC has developed Competency Based Assessment Framework (CBAF) for Early Years Education (EYE) and Upper Primary and Intermediate (UPI) level tiers. Due to the ongoing educational reforms, a draft comprehensive framework to guide progression of learners to Junior and Senior Secondary Schools has been developed. The Comprehensive framework guides the assessment across all tiers as outlined in the BECF.

To improve the efficiency, accuracy, and security of the national exam process in Kenya, the Council is entrenching digital literacy in the assessment. KNEC developed an E-assessment platform for online assessments in both formative and summative assessments.



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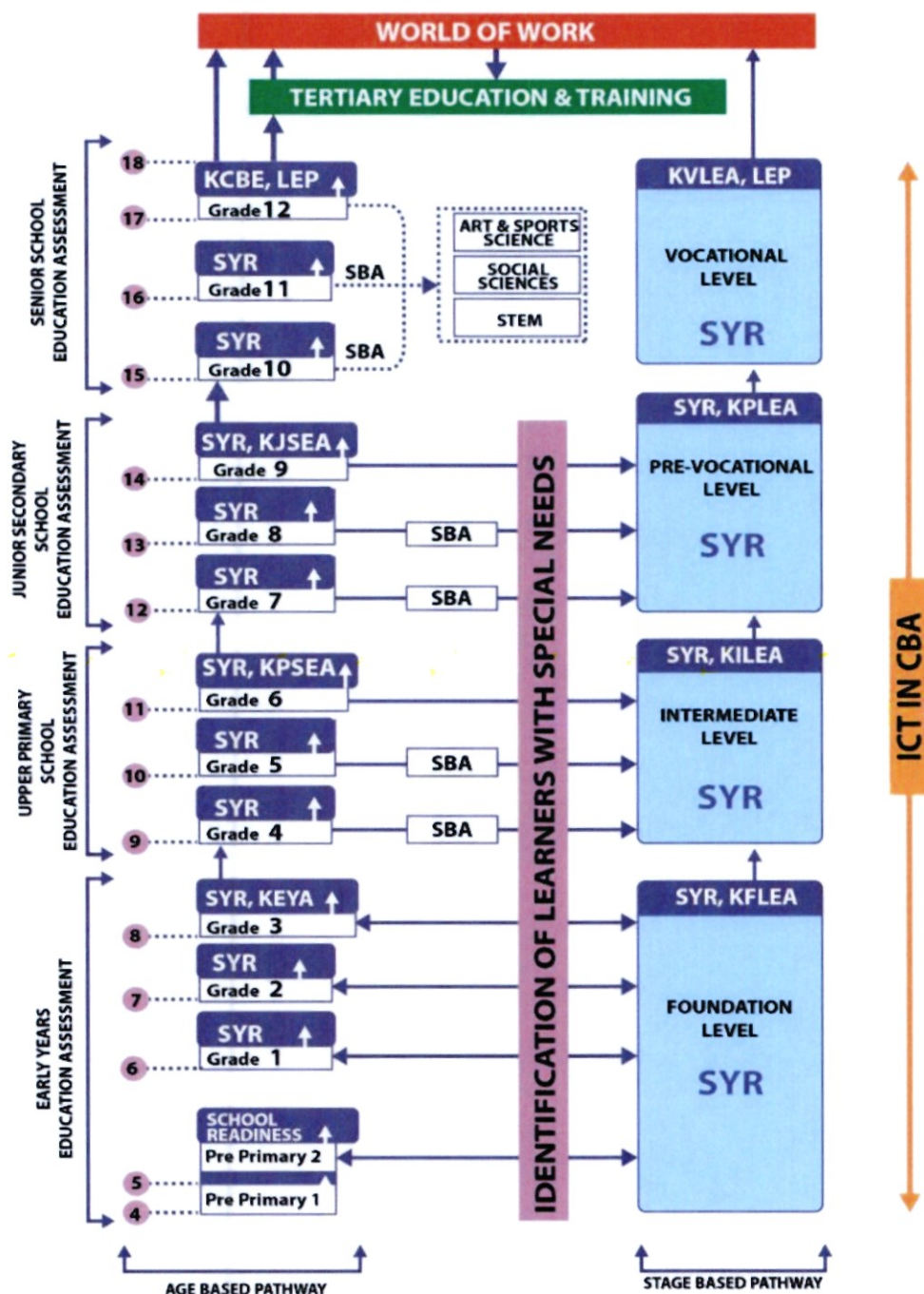


Achievements of CBA	Emerging Issues in CBA	Challenges faced in the implementation of CBA.	Partnerships forged in support of CBA.
<p>i. Developed a Comprehensive Competency Based Assessment Framework</p> <p>ii. Trained 731 teachers on setting and moderation, Including those teaching in refugee camp-based schools.</p> <p>iii. Developed Online Teacher Training Portal for modules 1 and 2.</p> <p>iv. Piloted E-assessment in Diploma in Teacher Education and in Grade 5.</p> <p>v. Developed a number School Based Assessment tools for grades, 3, 4, 5, 6 and 7, and summative assessment tools for Grade 6 (KPSEA) and intermediate level (KILEA)</p> <p>vi. Developed school-based and summative assessments tools for both DECTE and DPTE, and for the Upgrade in diploma trainees (UDECTE & UDPTE).</p> <p>vii. Trained Test Development Officers on assessment of core competencies in CBA.</p>	<p>i. Training required for KNEC staff, Teachers, Teacher Trainers, and stakeholders on CBA, CBA-TE portal, and E-Assessment.</p> <p>ii. Concerns about the validity and reliability of school-based assessment scores.</p> <p>iii. Impact of school-based assessments on KNEC's financial capacity and sustainability.</p> <p>iv. Lack of established modalities for assessing CBC/CBA progress, requiring establishment.</p> <p>v. Growing constraint on human capital/staff, necessitating additional hiring.</p>	<p>i. Time constrains in developing and administering CBA tools, training, and carrying out sensitization to teachers and other stakeholders on CBA activities.</p> <p>ii. Inflation of SBA scores in some centres affecting the validity and reliability of assessment scores.</p> <p>iii. Assessment tasks (projects and practical) posing financial and administrative challenges to most schools.</p> <p>iv. Poor and or lack of Internet connectivity to enable implementation of E-Assessment in colleges and schools.</p>	<p>To carry out several CBA activities with huge financial implications on KNEC budgetary allocations, KNEC has forged the following partnerships:</p> <p>(i) Secondary Education Quality Improvement Project (SEQIP).</p> <p>(ii) Kenya Primary Education Equity in Learning (KPEEL).</p> <p>(iii) British Council.</p> <p>(iv) United Nations International Children's Emergency Fund (UNICEF).</p>



THE CBA FRAMEWORK

COMPETENCY BASED ASSESSMENT FRAMEWORK



KEY

- CBA - Competence Based Assessment
- SYR - School Year Report
- KEYA - Kenya Early Years Assessment
- KFLEA - Kenya Foundation Level Education Assessment
- KPSEA - Kenya Primary School Education Assessment
- KJSEA - Kenya Junior Secondary Education Assessment

- LEP - Learner Exit Profile
- KILEA - Kenya Intermediate Level Education Assessment
- KPLEA - Kenya Prevocational Level Education Assessment
- KVLEA - Kenya Vocational Level Assessment
- SBA - School Based Assessment



6.3 Competency Based Assessment in Teacher Education

The move from 8-4-4 to competency-based education brought about the Competency Based Assessment Framework for Teacher Education (CBAF-TE), focusing on combining formative and summative assessments. KNEC adjusted policies to ensure practical and authentic formative assessments in line with the new curriculum, managed by tutors and monitored by KNEC for consistency. E-assessment promotes equitable access but demands ongoing training due to expanding educational needs, leading to associated expenses.

6.3.1 E-Assessment in Teacher education

KNEC traditionally used traditional assessment methods in various educational institutions. Since May 2022, KNEC has been transitioning to E-Assessment and has developed the **KNEC E-Assessment System (KEAS) version 1.0.0.0** which is a web-based application. KEAS modules include Examination management, Test development, Field administration, Research and quality assurance, E-marking, and Processing.

6.3.1.1 Milestones achieved:

- (a) Piloted U-DPTE course (2 papers) on July 2022 in 10 colleges.
- (b) E-assessment implemented in 37 centers for 415 trainees during the 2022 DECTE Upgrade exams.
- (c) E-marking using DLP devices and Laptops, generating online mark reports.
- (d) E-assessment introduced for teacher trainees' during teaching practice and assessments.
- (e) Other e-assessments include KCSE Qualifying test (March 2023) and Grade 3 Pilot NASMLA Study.
- (f) Partnerships with Microsoft International contributed to system development and capacity building.



A section of Teachers Trainees at Kilimambogo TTC doing KNEC Summative Assessment using DLP



A section of Teachers Trainees at Machakos TTC doing KNEC Summative using DLPs



6.4 Photo Gallery and Key Events



His Excellency President William Ruto monitored the start of Day Two national examinations at Joseph Kang'ethe primary School, Nairobi on 29th, November 2022



Deputy President Rigathi Gachagua makes his remarks during the launch of the 2022 national examinations period.

TSC Regional Directors listening to KNEC CEO, Dr. David Njengere and TSC CEO, Dr. Nancy Macharia during the meeting.



Students undertaking formative assessment at primary level.



6.5 Stakeholder engagement in competency Based Assessment

The success of curriculum reforms requires a multi-sectoral participatory approach from all stakeholders in the education sector. The Ministry of Education together with TSC, KICD, KISE, CEMASTEAM and KNEC has been conducting trainings aimed at equipping various stakeholders with requisite skills and knowledge for the implementation of CBC and CBA.

KNEC developed guidelines to assist the Field Officers and other stakeholders to effectively manage the Competency Based Assessments. KNEC endeavored to ensure that all its stakeholders and partners were involved in the management and administration of Competency-Based Assessment.



6.5.1 KNEC Participates in the Jamhuri Technology & Innovation Summit

The Jamhuri Day 2022 Technology and Innovation Summit took place at KICC from December 9th to 12th, 2022. KNEC participated in highlighting technological advancements in its services, showcasing E-assessment, QMIS, CP2, CRM, and online candidate registration. This event allowed KNEC to share its tech achievements, learn from others, and guide customers on service access.



KNEC staff attends to stakeholders.



6.6 Collaboration with development partners in the FY 2022/2023

KNEC established partnerships to assist with significant CBA undertakings, impacting its budget allocations positively.



KNEC partnered with the British Council for technical assistance in assessing core competencies. This collaboration led to the development of draft core competencies frameworks for early years and upper primary levels, alongside a teachers' training manual.

In the next phase of partnership, the British Council will facilitate the creation of a draft core competencies framework for Grade 7, enhancing facilitation skills of KNEC Staff, training 33 additional KNEC Officers, instructing teachers and moderators and conducting a pilot study to test the framework's implementation in schools.



CEO KNEC launches capacity building workshop that was facilitated by British Council.



Leveraging on the GIZ Kenya's "Employment and Skills for Development in Africa (E4D)" programme, KNEC was engaged to conduct a training needs assessment. Subsequently, the Council trained 20 NITA personnel, as per the assessment's findings.



Educate! is a non-governmental organization collaborating with KNEC in developing the concept of assessing Community Service Learning (CSL) in both Junior and Senior secondary schools. The program receives joint funding from Educate! and KNEC.



PISA is an international assessment managed by OECD to compare learning outcomes among member countries. It evaluates 15-year-olds' abilities in reading, mathematics, and science to address real challenges. KNEC is the National Centre for PISA activities on behalf of the Ministry of Education. KNEC has prepared capacity analysis, building, and implementation plans for PISA 2025 in Kenya. An important step is raising



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awareness among stakeholders about Kenya's participation in the 9th PISA cycle in 2025.



Senior officials from different government institutions pose for a photo during the PISA 2025 sensitisation forum held in Naivasha on 27th January 2023



The Kenya National Examinations Council (KNEC) serves as the AMPLa+b National Centre in Kenya and collaborated with the Australian Council for Educational Research (ACER) as the technical partner. The primary goal of the AMPLa+b Grade 6 study is to assess and analyze the performance of learners at the conclusion of lower and upper primary levels, aligning with the Global Proficiency Framework (GPF) Level 2.

The administration of the AMPLa+b Test took place on June 6th and 7th, 2023, across 245 selected schools spanning all 47 counties. Prior to this, Test Administrators (TAs) underwent training on June 5th, 2023, in preparation for the assessment.



Some of the facilitators attend a TA training on 5th June 2023 ahead of test administration in the sampled schools.



UNICEF is dedicated to supporting the Kenyan government in education reforms that aim to foster every learner's potential. Recognizing the value of Competency-Based Assessment (CBA) in enhancing learning outcomes, UNICEF committed to aiding



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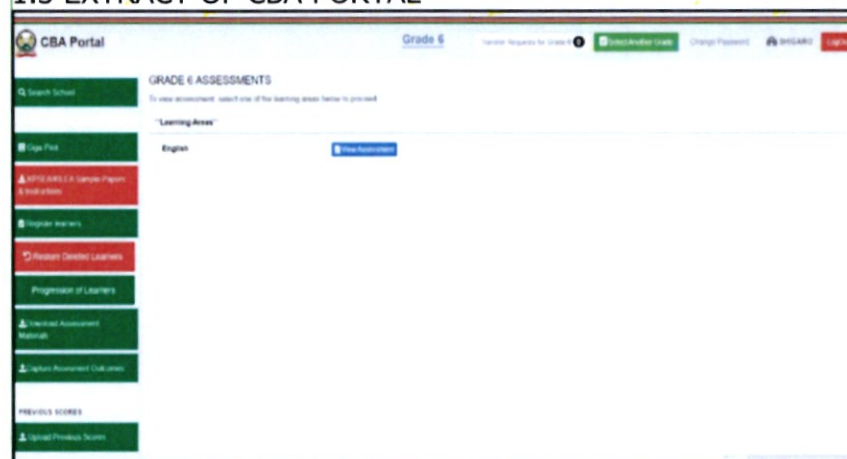
the conceptualization and assessment of Community Service Learning (CSL) for Junior secondary schools, addressing out-of-school children, and raising stakeholder awareness about CBA.

In collaboration with UNICEF's GiGA project, the upgrade of the CBA portal facilitated direct online access to assessment tools via tablets in primary schools. This initiative aimed to streamline service delivery, reduce paper-related costs, enhance security, and provide Kenyan learners with fundamental IT skills.

UNICEF's partnership involved connecting 110 schools across all 47 Kenyan counties through shared value collaborations with service providers like Safaricom, Airtel, Liquid Telkom, and Nokia. This connectivity effort has expanded over time, with a total of 232 schools being linked by July 2022.

The overarching objective of this collaboration was to ensure efficient education service delivery, enable the acquisition of IT skills at a basic education level, and align with UNICEF's global Giga project to connect schools and empower youth with information and opportunity.

1.3 EXTRACT OF CBA PORTAL



UNHCR

UNHCR and KNEC collaborated to enable the training of teachers in refugee camp schools regarding CBA. This initiative took place in Kakuma and Dadaab, resulting in the training of 120 teachers.



KNEC is supported by World Bank's Secondary Education Quality Improvement Project (SEQIP) and Kenya Primary Education Equity in Learning (KPEEL) Program in Strengthening institutional capacity in monitoring learning progress and



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National Examinations and the following milestones were achieved:

- KNEC rolled out processes for Formative assessments in Grades 4 and 5 and Teacher Education assessments (DEPTE & DECTE).
- Conducted of summative assessment at end of Early Years Education (KEYA-MLP) and At Grade 6 (KPSEA).
- Conducted of NASMLA Grade 3 study 2023.
- Conducted of Monitoring Learner Achievement (MLA) Form 2 Study 2023.
- Developed of a draft online CBA Training manual for teachers.
- Tracked the utilization of the CBA portal by schools.
- Developed a Comprehensive Assessment Framework.
- Development of E- assessment systems for data collection at primary education level.
- Developed assessment tools and conversion into digital form.



Sample Dissemination materials developed



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6.7 National Assessment Programme

The National Assessment Centre (NAC) was established by the Ministry of Education in 2006 under Sessional Paper No.1 of 2005. NAC's role includes conducting National Assessments to monitor learner achievement in Basic Education and coordinating regional and international studies through the National Assessment System for Monitoring Learner Achievement (NASMLA) Framework. NAC conducts research to gauge learner acquisition of curriculum-based skills and competencies across different educational levels, while also collecting data on factors influencing learning outcomes at school and home.

These activities reflect KNEC's engagement in a wide range of educational assessment initiatives in line with national and international goals.

The following activities were conducted in the FY2022/2023 under the NASMLA Framework:

- 6.7.1** NASMLA Grade 3 Study which aimed at measuring learning outcomes for Grade 3 learners from 2023 to 2026 through an intervention by KPEEL Program.
- 6.7.2** Assessments for Minimum Proficiency level (AMPL) Study:
As part of SDG 4, AMPL study aimed at measuring minimum proficiency levels in Reading and Mathematics. Activities conducted included initiation, preparation, test administration in selected schools, and data processing.
- 6.7.3** Programme for International Student Assessment (PISA) 2025:
Kenya is actively preparing for PISA 2025 by attending mandatory meetings with OECD and ACER, adaptation of science test items, contextual questionnaires, sampling, and Computer-Based Assessment (CBA) assessment were carried out.
- 6.7.4** SEACMEQ (Southern and Eastern Africa Consortium for Monitoring Educational Quality):
Kenya is a founding member of SEACMEQ and has completed data cleaning for SEACMEQ V (2018-2024).



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7.0 CORPORATE GOVERNANCE STATEMENT HIGHLIGHTS

7.1 Introduction

The Council, established under Section 4 of the KNEC Act No. 29 of 2012, adhered to performance contract management through the Ministry of Education. It reported performance to the Performance Contracting Department via quarterly reports. Notably, KNEC's governance and performance has been recognized in the "Status of Compliance with Constitution Articles 10 & performance contracting for Annual Report FY2021/2022," highlighting a "High Achiever" status with no adverse reports.

7.2 Key Elements:

7.2.1 Council Composition:

The Council comprised 12 members, including a non-executive Chairman, CEO, and 2 coopted members. The Chief Executive Officer served as an ex officio member and Secretary. Members from diverse sectors contribute to a well-rounded perspective.

7.2.2 Diversity and Skills:

Members possess extensive administrative experience, academic qualifications, and a diverse skill set including education, finance, and security. While ethnically balanced, gender parity slightly fell short of constitutional threshold. The biographies of the Council members are disclosed on pages i- x of this report.

7.2.3 Roles and Responsibilities:

Defined roles and responsibilities are outlined in KNEC Act No. 29 of 2012, the Council's strategic plan, and annual work plans guided members' functions.

7.2.4 Council Charter:

A revised Council Charter outlined meeting management, succession planning, appointments, roles, training, conflict of interest, remuneration and ethics.

7.2.5 Succession Management Plan

The Council is developing a Succession Plan that will provide a systematic approach to identifying, selecting and developing key employees and talented new hires to assume critical roles and ensure proper leadership is in place to attain its strategic goals and future sustainability.

7.2.6 The Process of Appointment and Removal of Council Members

The process of appointment and removal of Council is governed by the provisions of the State Corporations Act, Cap 446, The Mwongozo Code of Conduct and various government circulars as the same is not provided for in the KNEC Act.

7.2.7 Council Evaluation:

State Corporation Advisory Committee facilitated a self-evaluation for FY 2021/2022, enhancing accountability.



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7.2.8 Compliance:

KNEC upheld the Constitution of Kenya, adhering to laws and maintaining governance standards.

7.2.9 Remuneration:

Council remuneration followed government policy, detailed in financial statements.

7.2.10 Conflict of Interest:

A robust policy ensured avoidance of conflicts, requiring members to declare interests during meetings and exams.

7.2.11 Induction and Training:

New members received induction and training to understand operations and governance matters, supporting informed decision-making.

7.2.12 Whistle Blowing Policy:

The policy encouraged reporting of corruption and unethical conduct, backed by policies for prevention and ethics.

7.2.13 Information Access:

Council members had access to management advice, regular updates, and necessary information for effective decision-making.

7.3 Council Committees:

The Committees aligned to Section 13 of the KNEC Act 2012 and Mwongozo provide oversight. Notable committees in the FY include Finance, Strategy & General Purposes, Audit & Risk, Staff Affairs, and Examinations & Assessments Management.

7.3.1 Examinations and Assessments Management Committee (EAMC)

The Committee consisted of six (6) members. During FY2022/2023, the committee was chaired by Dr. Julius O. Jwan between July to December 2022 while Dr. Belio Kipsang took over from December 2022 to June 2023. The committee is responsible for reviewing and recommending the following:

- 7.3.1.1 Regulations governing all examinations.
- 7.3.1.2 Reports on Examination irregularities.
- 7.3.1.3 Reports on Examinations results release.
- 7.3.1.4 Circulars touching on examination matters.
- 7.3.1.5 Any other examinations report and matters that the management and the Council may deem necessary for consideration by the Committee.

7.3.2 Finance, Strategy & General Purposes Committee (FSGPC)

The Committee consisted of five (5) members. During FY2022/2023, the committee was chaired by Prof. Charles O. Ong'ondo. The committee's responsibilities included:

- 7.3.2.1 To consider financial and operational matters;
- 7.3.2.2 To prescribe levels of fees and other charges levied by the Council;
- 7.3.2.3 To approve rules and procedures for the control of expenditure and administration of financial matters;



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- 7.3.2.4 To consider and advise on development plans and programs of KNEC as proposed by the Management;
- 7.3.2.5 To consider, advise and approve the strategic plans of the Council.
- 7.3.2.6 Any other exercise given by the Council.

7.4 Audit & Risk Committee (ARC)

The Committee consisted of five (5) members. The Committee was chaired by Mr. Martin O. Okiyo in the financial year 2022/2023. The committee is responsible for the following:-

- 7.4.1** Overseeing audit function and internal controls.
- 7.4.2** Evaluating adequacy of management procedures with regard to issues relating to risk management, control and governance.
- 7.4.3** Reviewing and approving the internal audit annual work plans.
- 7.4.4** Reviewing the internal and external audit findings and recommendations and proposing corrective and preventive action where necessary.
- 7.4.5** Reviewing the systems established to ensure sound public financial management and internal controls, as well as compliance with policies, laws, regulations, procedures, plans and ethics.
- 7.4.6** Initiating special audit/investigations on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency in consultation with the Accounting Officer/Chief Executive.

7.5 Staff Affair Committee (SAC)

The Committee consisted of five (5) members. The Committee was chaired by Ms. Rosemary Saina in the financial year 2022/2023. The committee is responsible for:-

- 7.5.1** Reviewing and making recommendations to the Council on Staff Terms and Conditions of service as and when necessary or when directed to do so by the Council from time to time.
- 7.5.2** Formulating and reviewing the code of conduct for KNEC employees from time to time.
- 7.5.3** With the Council's approval, conducting shortlisting and interviews for KNEC vacant positions, on behalf of the Full Council for EC12 and below, except where such is delegated to Management, in which case to recommend to the Council for appointment.
- 7.5.4** Considering and recommending all promotions and appointments of senior staff and hearing disciplinary cases of KNEC.
- 7.5.5** Reviewing all ex-gratia requests and make recommendations to the Council.
- 7.5.6** Any other exercise given by the Council.



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7.6 The Council Composition and Committees

A total of 55 Meetings took place against 56 meetings approved by MOE .
The membership of the various Council committees as well as attendance was as presented in the table below.

Finance, Strategy and General Purposes Committee (FS & GPC)	Examinations and Assessments Management Committee (EAMC)	Audit and Risk Management Committee (ARMC)	Staff Affairs Committee (SAC)
Prof. Charles O. Ongóndo, MBS- Chairperson	Dr. Belio Kipsang CBS- Chairperson	Mr. Martin O. Okiyo – Chairperson	Mrs. Rosemary C. Saina – Chairperson
Dr. Belio Kipsang CBS	Prof. Charles O. Ongóndo	Mrs. Rosemary C. Saina, OGW	Evelyne Owoko
Dr. Nancy N. Macharia, CBS	Evelyne Owoko	Dr. Fred O Sporta	Mr. Martin O. Okiyo, OGW
Mr. Festus King'ori	Dr. Nancy N. Macharia CBS	Mr. Festus King'ori	Col. (RTD) Leonard O. Owambo
Col. Leonard O. Owambo	Prof. Erick Okoth Ogur	Prof. Erick Okoth Ogur	Dr. Fred O Sporta
Dr. David Njengere, MBS	Dr. David Njengere, MBS		Dr. David Njengere, MBS



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NO	COUNCIL MEMBER	CLASSIFICATION	DESIGNATION	FINANCE / STRATEGY & GENERAL PURPOSE COMMITTEE	EXAMINATIONS & ASSESSMENTS MANAGEMENT COMMITTEE	AUDIT & RISK MANAGEMENT COMMITTEE	STAFF AFFAIRS COMMITTEE	COUNCIL	TOTAL
7.6.1	Prof. Julius Nyabundi, OGW	Vice Chancellor, Maseno University	Council Chairman	-	1/6	-	-	14/15	15
7.6.2	Dr. Julius Jwan MBS	Principal Secretary, State Department for Basic Education & Early Learning, Ministry of Education	Member & Chairperson, Examination & Assessment Management Committee	3/8	1/6	-	-	4/15	8
7.6.3	Prof Charles Ong'ondo	Director, Director, Kenya Institute of Curriculum Development	Member & Chairperson, Finance, Strategy & General Purposes Committee	7/8	5/6	-	-	12/15	24
7.6.4	Dr. Nancy Macharia CBS	CEO, Teachers Service Commission	Member	-	0/6	-	-	1/15	1
7.6.5	Mrs. Rosemary Saina OGW	Independent Member	Member & Chairperson, Staff Affairs Committee	-	-	3/5	8/8	13/15	24
7.6.6	Festus Kingori	Representing the Principal Secretary, National Treasury and Planning	Member	6/8	-	5/5	-	13/15	24
7.6.7	Mr. Martin Okiyo	Independent Member	Member & Chairperson, Audit & Risk Committee	-	-	5/5	8/8	13/15	26
7.6.8	Dr. Mary Gaturu HSC	Director, Quality Assurance & Standards,	Member	-	0/6	-	1/8	2/15	3



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NO	COUNCIL MEMBER	CLASSIFICATION	DESIGNATION	FINANCE / STRATEGY & GENERAL PURPOSE COMMITTEE	EXAMINATIONS & ASSESSMENTS MANAGEMENT COMMITTEE	AUDIT & RISK MANAGEMENT COMMITTEE	STAFF AFFAIR COMMITTEE	COUNCIL	TOTAL
		Ministry of Education							
7.6.9	Prof. Erick Okoth Ogur	Independent Member	Member	-	6/6	5/5	-	15/15	26
7.6.10	Col. Leonard Owamboko	Co-opted Member	Member	8/8	-	-	8/8	15/15	29
7.6.11	Dr. Fred O. Spota	Co-opted Member	Member	-	1/6	4/5	7/8	12/15	24
7.6.12	Dr. William Maina	Director, Teachers Service Commission	Represents TSC CEO. Attends in place of TSC CEO in some meetings	8/8	4/6	-	-	12/15	24
7.6.13	Mr. Arthur G. Karagu	Inspectorate of State Corporations, (w.e.f. 9 th July 2021)	Invited and attends as per State Corporations Act, Cap 446 -	-	-	-	-	1/15	1
7.6.14	Mr. Livingstone Mburu	Inspectorate of State Corporations, (w.e.f. 1 st February, 2023)	Invited and attends as per State Corporations Act, Cap 446 -					2/15	2
7.6.15	Dr. Belio Kipsang, CBS	Principal Secretary, State Department for Basic Education, Ministry of Education (w.e.f. 2 nd December 2022)	Member & Current Chairperson, Examination & Assessment Management Committee		2/6			4/15	6



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NO	COUNCIL MEMBER	CLASSIFICATION	DESIGNATION	FINANCE / STRATEGY & GENERAL PURPOSE COMMITTEE	EXAMINATIONS & ASSESSMENTS MANAGEMENT COMMITTEE	AUDIT & RISK MANAGEMENT COMMITTEE	STAFF AFFAIR COMMITTEE	COUNCIL	TOTAL
7.6.16	Evelyn Owoko	Director, Quality Assurance, MOE (w.e.f. 15 th November, 2022)			4/6		3/8	1/15	8

7.7 Risk Management and Internal Controls

The Council maintained oversight of risk management and corporate governance through the Audit & Risk Committee. The Committee and Council ensured a strong process for identifying, prioritizing, managing, and monitoring key risks, consistently enhancing this process to adapt to changes in the examination environment and new subjects introduced by KICD. The Council approved internal control procedures and obtained assurances concerning existing risk management strategies and procedures.

7.8 Internal Audit and Assurance

Internal audit is tasked with ensuring assurance over the Council's internal control environment and risk management processes. The Council's Audit & Risk Committee serves as a reporting entity for the internal audit. The internal audit function plays a key role in confirming the adherence to Council-approved policies and procedures. This oversight reinforces the Council's commitment to following established guidelines.

7.9 External Audit

The Council's external assurance is conducted by the Office of the Auditor General (OAG), which performs systems and financial audits on the Council's expenditure cycles.



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8.0 MANAGEMENT DISCUSSION AND ANALYSIS

This Chapter discusses council's performance in FY2022/23 compliance, risks, and plans.

SECTION A

The performance of the Council in general is reviewed below:

8.1 Fiscal Performance

The Council aimed at raising 100% of the budgeted revenue and containing expenditure within the approved ceiling. Government allocation was received in full and absorbed in funding Council operations. The actual deficit was within the approved budget deficit.

KNEC Financial performance FY 2022-2023 is a tabulated below.

	Budget	Actual	Actual
	FY 2022-2023	FY 2022-2023	FY 2021-2022
Total Revenue	8,505,290,107	9,851,852,398	8,119,302,745
Total recurrent Expenditure	10,492,097,741	10,150,019,950	8,612,209,185
Deficit	(1,986,807,634)	(298,167,552)	(492,906,440)

8.2 Revenue Performance

The Council is supported by the National Government through the Ministry of Education. The administration of the KCPE and KCSE examinations is funded by GoK through a recurrent grant. Additionally, the Council receives support towards secretariate costs. During the year, the Council recognized recurrent examinations grants income of **Kes. 6,308,619,000** and **Kes. 141,495,900** recurrent grants towards secretariat management costs. **Kes. 50,000,000** recurrent grant was received from the World Bank. The council realized AIA amounting to **Kes. 3,381,802,839** during the year under review. All funds have been accounted for and are disclosed in the annual financial statements.

8.3 Expenditure Performance

The Council's total actual recurrent expenditure for financial year 2022/2023 amounted to **Kes.10,150,019,950** which was 97% of the budget.



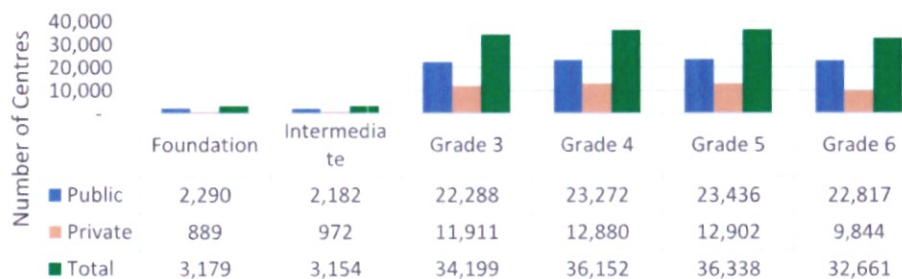
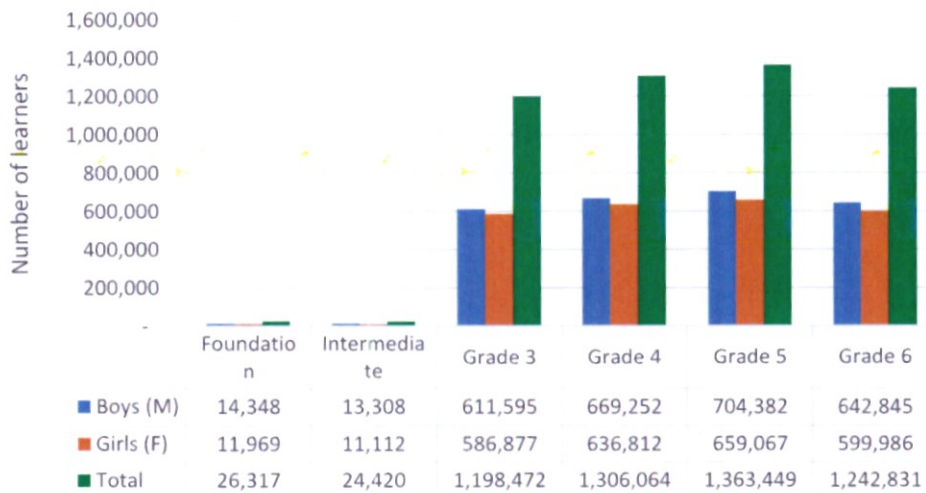
Management Discussion and Analysis continued

8.4 Basic Education Level Statistics

8.4.1 Competency Based Assessments

During the period under review, the council administered 2022 School Based Assessments for school exams national assessment at Grade 3 and school-based assessments for Grades 3, 4 and 5. A pilot study for summative assessment at Grade 6 (KPSEA) and Intermediate level for learners following SNE pathway was also administered. KNEC implemented several measures to ensure the credibility of SBAs, such as providing training to teachers for improved administration and grading, utilizing diverse assessment methods to showcase student competencies, monitoring the administration process, and analyzing scores submitted by schools. The assessment scores provided by schools are unbiased and exhibit a normal distribution pattern.

CBA registration data






Management Discussion and Analysis continued

8.4.2 Kenya Certificate of Primary Education

In 2022, the KCPE examination registered a total of **1,239,934** candidates in 28,408 centers, an increase from **1,214,031** candidates in 28,313 centers the previous year. This represented a candidature rise of **1.63%**. The examination covered seven subjects and consisted of nine papers, with administration occurring over three days from November 28th to November 30th, 2022.

KNEC efficiently managed the KCPE exam by involving **204,024** professionals from various government bodies. Approximately **7,150** exam centers with fewer than 30 registered candidates were hosted by nearby centers, optimizing administration. For English Composition and Kiswahili Insha answer scripts, **5,692** examiners were employed across 18 marking centers, indicating a **2.25%** increase from 2021. Machine scoring was employed for objective questions, conducted between December 1st and December 10th, 2022.

		2022/2023	2021/2022
	Candidates	1,239,934	1,214,031
	Exam Centres	28,408	28,313
	Subjects	5	5
	Papers	7	7
	Insha and Composition Scripts	1,239,934	1,214,031
	Performance		
Qualify for Secondary Level	100%	100%	

8.4.3 Kenya Certificate of Secondary Education

The 2022 KCSE National examination took place from November 21st to 23rd December 2022. A total of **884,122** candidates were registered across **10,516** examination centers. This showed an increase of **53,268** candidates (**6.41%**) compared to the previous year, where **830,854** candidates were registered in **10,413** centers. The successful administration of the exams was made possible by the efforts of **96,331** contracted professionals from government agencies like the TSC, Ministry of Education, and Ministry of Interior & Coordination of National Government. The exams were distributed through **486** centers and marked at 35 marking centers, involving **30,592** examiners.



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Management Discussion and Analysis continued

Performance	2022/2023	2021/2022
Candidates	884,122	830,854
Exam Centres	10,516	10,413
Subjects	30	31
Papers	74	76
Scripts	17,595,919	16,525,212
Eligible for University	19.62%	17.55%
Eligible for Diploma courses	24.25%	21.76%
Qualify for Certificate courses	32.88%	31.58%
Qualify for TVET Artisan courses	22.48%	28.11%

8.5 Tertiary Level Statistics

8.5.1 Business Examinations

KNEC offered Business examinations three times a year (March, July, November/December). For the July, November, and March series, the Council employed **2,016**, **1,532** and **813** professionals respectively for field administration. Marking involved **960,100** and **701** examiners and assessors for the respective series.

8.5.1.1 Business Single and Group

Business Single & Group Certificate exams have three levels: Elementary (Stage I), Intermediate (Stage II), and Advanced (Stage III), with candidates required to pass the lower level before advancing to a higher one. Performance was as follows:

Performance	2022/2023	2021/2022
Candidates	11,753	6,628
Papers	173	106
Scripts	58,524	33,299
Awarded Certificate	57%	54%

8.5.1.2 Business Technical Education Programme

The BTEP exam is available thrice annually (March, July, November) with courses at Artisan, Craft, Diploma, and Higher Diploma levels. Entry requirements vary:

- i) Artisan – KCPE
- ii) Craft course- KCSE with a mean grade of D plain or relevant Artisan certificate
- iii) Diploma Course- KCSE with a mean grade of C minus or relevant craft certificate
- iv) Higher Diploma Courses- Diploma in the relevant course.

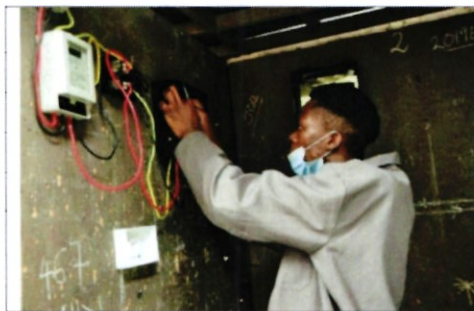


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Management Discussion and Analysis continued



	2022/2023	2021/2022
Candidates	74,268	57,084
Papers	2,072	1,222
Scripts	380,200	294,389
Performance		
Awarded Certificate	58%	57%

8.5.2 Technical Examinations

The Technical examination is held three times a year (March, July, November) with courses at various levels: Artisan, NVCET, Certificate, Diploma, and Higher Diploma. KNEC administers business exams twice a year (July and November/December).

In the period under review, KNEC employed contracted professionals for both field administration and marking. For the July, November, and March 2023 series, **3,432**, **2,814**, and **1,057** professionals were engaged for field administration, while **2,452**, **2,162**, and **1,583** examiners were involved in script marking for the respective series.

Eligibility for the various courses is determined as follows:

- i) Artisan Courses – KCPE
- ii) National Vocational Certificate in Education and Training (level 1)- KCPE
- iii) Certificate courses- KCSE mean grade D plain or equivalent
- iv) Diploma courses- KCSE mean grade C –(minus) or equivalent.
- v) Higher Diploma Course- A pass in relevant diploma level



	2022/2023	2021/2022
Candidates	210,151	148,545
Papers	3,868	2,284
Scripts	817,880	583,520
Performance		
Awarded Certificate	61%	59%



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Management Discussion and Analysis continued;

8.5.3 Competency Based Education and Training (CBET)

Competency-Based Education and Training (CBET) is a training approach focused on acquiring competence. In CBET assessment, trainees are not required to complete all course units in a single assessment series. The assessment includes Continuous Assessment (Theory and Practical) and Summative Assessment (Theory and Practical), with varying weight based on qualification level.

CBET assessments were effectively conducted through contracted professionals for field administration and marking. KNEC engaged **886** and **924** professionals for the field administration of the July and November series, ensuring the successful execution of CBET assessments.

	2022/2023
Candidates	22,022
Papers	117
Scripts	22,022
Performance	
Awarded Certificate	71%

8.6 Teacher Education

8.6.1 ECDE Examinations

The Courses is offered at the levels of Certificate and Diploma. The prerequisite for ECDE Certificate registration is KCSE mean grade D+ while Diploma level requires either ECDE Certificate or a KCSE mean grade C Plain.

The Council administered the examinations by engaging **2,208** contracted professionals for field administration and **684** examiners for marking of the scripts.

	ECDE Examinations- Certificate		ECDE Diploma	
	2022/2023	2021/2022	2022/2023	2021/2022
Candidates	10,025	24,964	5,300	12,708
Papers	7	7	7	7
Scripts	70,175	135,785	37,100	80,227
Performance				
Awarded Certificate	86%	45%	93%	60%



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Management Discussion and Analysis continued

8.6.2 DTE Examinations

The Diploma in Teacher Education (DTE) examination is administered to teacher trainees at Diploma level at the end of a **three-year** course. The DTE examination is offered in March. Candidates who score a minimum KCSE grade of C plus are eligible.

The Council administered the examinations by engaging 417 contracted professionals for field administration and 83 examiners for marking of the scripts.

	2022/2022	2020/2023
Candidates	877	1,373
Papers	22	22
Scripts	19294	30,184
Performance		
Awarded Certificate	68%	69%

8.6.3 SNE Examinations

The Diploma in Special Needs Education (SNE) examinations consist of two parts: Part I and Part II. Part II is given to teacher trainees pursuing the Diploma after completing two terms of study and passing Part I. Candidates' results from both parts are combined, leading to the award of a Diploma in SNE. The SNE exam takes place in April and requires a minimum pass in PTE for registration.

The Council utilized **428** contracted professionals for field administration and **66** examiners for script marking during the examination process.



	2022/2023	2021/2022
Candidates	1,286	1,169
Papers	48	48
Scripts	5,144	4,676
Performance		
Awarded Certificate	62%	62%

8.6.4 PTE Examinations

The Certificate in Primary Teacher Education (PTE) examination is given to teacher trainees at the Certificate level after completing two terms of study.



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Management Discussion and Analysis continued

To be eligible for the PTE exam, a candidate must have achieved a minimum mean grade of C (plain) in KCSE.

The PTE examinations are conducted in July. The Council managed the exam process by employing **1,560** contracted professionals for field administration and **124** examiners for script evaluation.

	2021/2022	2020/2021
Candidates	2,352	8,948
Papers	14	14
Scripts	18,816	71,584
Performance		
Awarded Certificate	64%	75%

8.6.5 TCAE Examinations

The Teacher Certificate in Adult Education (TCAE) exam is given to teacher trainees pursuing a Certificate after completing two study terms. To qualify for the TCAE exam, a candidate must have attained a minimum grade of D (plus) in KCSE. The TCAE examination takes place in July. The Council managed the exams with 146 contracted professionals for field administration and **10** examiners for script evaluation.

TCAE Examinations	2022/2023	2021/2022
Candidates	252	412
Papers	4	4
Scripts	1,008	1,624
Performance		
Awarded Certificate	85%	79%

8.6.6 U-DPTE Assessment

The Upgrade Diploma in Primary Teacher Education (UDPTE) assessment is conducted for teacher trainees at the Certificate level after completing three study terms. The 2022 UDPTE assessment was given to candidates who had previously completed the Certificate in Primary Teacher Education (PTE).

The Council managed the exam process with the involvement of **1,199** contracted professionals for field administration and **335** assessors.



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Management Discussion and Analysis continued

		2022/2023
	Candidates	11,894
	Papers	15
	Scripts	118,940
	Performance	
Awarded Certificate	59%	

8.6.7 U-DECTE Assessment

The Upgrade Diploma in Early Childhood Teacher Education (UDECTE) assessment is given to teacher trainees with a Certificate level after completing four terms of study. The 2022 UDECTE assessment was provided to candidates who had previously completed the Certificate in Early Childhood Development and Education (ECDE).

The Council organized the assessments using **617** contracted professionals for field administration and **44** assessors.

		2022/2023
	Candidates	369
	Papers	15
	Scripts	6210
	Performance	
Awarded Certificate	49%	



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Management Discussion and Analysis continued

SECTION B

The Council has complied with the following statutory requirements,

8.7 Material Losses Through Criminal Conduct, Irregular, Fruitless and Wasteful Expenditure

The Public Finance Management Act mandates the Council to report significant losses caused by criminal activities, irregular spending, and wasteful expenses in its Annual Report. In the reviewed financial year, no substantial cases of losses resulting from criminal conduct were identified or confirmed.

8.8 Pension Compliance

The Council had no statutory arrears as at 30th June 2023 and has been prompt in remitting all pension deductions to an independent administrator appointed competitively by the Trustees.

8.9 Supply Chain Management

The Council's procurement activities are governed by various legal frameworks, including the Constitution of Kenya 2010, the Public Procurement & Asset Disposal Act of 2015, and related regulations.

In compliance with Legal Notice No.114, the Council successfully allocated **27.84%** of contracts from a total budget of **Kes. 914.624** million to preference groups. Notably, tenders totaling **Kes. 254.658** million were granted to Youth, Women, and individuals with disabilities, with a specific allocation of **Kes. 5.042** million to Persons with Disabilities.

The Council fulfilled its reporting obligations to the Public Procurement Regulatory Authority (PPRA).

S/No.	Period	Contracts Awards for Buy Kenya Build Kenya		Contracts Awards for AGPO Group		Contracts Awards for PWD Group	
		% Target and Value in Kshs.	Target Realized in % and Value in Kshs.	% Target and Value in Kshs.	Target Realized in % and Value in Kshs.	% Target and Value in Kshs.	Target Realized in % and Value in Kshs.
1.	Q1-Q4						
2.	Q1-Q4	40% the total Procurement budget (Kshs. 365,849,615.60)	46% (Kshs. 379,820,752)	30% of the total Procurement budget (Kshs. 274,387,211)	27.84% (Kshs. 254,658,070.97)	2% of the 30% AGPO Allocation (Kshs. 5,487,744)	1.84% (Kshs. 5,042,550)



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Management Discussion and Analysis continued

SECTION C

The Key project the Council is implementing.

8.10 The New Mitihani House (NMH) (Ongoing Project)

In FY 2022/2023, the Council relocated its HQ and staff to New Mitihani House, optimizing Tower C and 6th floor of Tower B. This enhanced work environment, reduced rent costs, and accommodated the KNEC Bookshop from NHC Building. This strategic move from NHC House and Industrial Area to NMH is expected to save approximately Kes. 70million annually.



The Aerial view of New Mitihani house.

Way Forward

The Council's future endeavors involve a gradual approach to finalizing the outstanding towers of New Mitihani House, subject to the availability of financial resources from both the National Treasury and collaborating development partners.

The following key areas have been prioritized:

- Finalizing the installation of the two remaining lifts that serve Towers A & B.
- Completing the construction of the basement parking facility.
- Bringing the Multi-Purpose Hall project to completion.
- Establishing a dedicated resource center.
- Concluding the development of the cafeteria area.



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A view of New Mitihani House project



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Management Discussion and Analysis continued

SECTION D

8.11 Risk Management

This section evaluates existing risks in relation to ongoing priorities.

8.11.1 Operational Risks

Operational risk is "the risk of a change in value caused by the fact that actual losses, incurred for inadequate or failed internal processes, people and systems, or from external events (including legal risk), differ from the expected losses".

Operational risks impact client satisfaction, reputation, stakeholder value, and business stability. The Council is consistently reassessing its examination procedures to mitigate operational risks, investing significant resources to ensure reliable examinations despite their inherent high risks and costs.

8.11.2 Capital Risks

The Council's capital is constrained by the Government Guarantee and is governed by the KNEC Act and the PFM Act, along with any associated directives. These Acts affect how the Council manages its reserves. Among other prudential measures, the Council is committed to cost containment and the sourcing of funds to ensure that the Council continues to effectively deliver on its mandate into the foreseeable future.

The Council targets to maintain a level of reserves that helps to minimize the impact of financial risks on the organization. As of JUNE 30 2023, the Council suffered a deficit of **Kes. 298,167,552** down from the previous year deficit of **Kes. 492,906,440**.

The Council requires a capital injection of **Kes.2,736,187,243** to offset the accumulated recurrent deficits incurred during the implementation of the examination reforms. The Council overall operating budget target for FY2022/2023 was **Kes. 10,795,193,682**.

The Council is prohibited from issuing its own capital or its own debt to meet any capital requirements and is not subject to externally imposed capital requirements. Its capital management is granted annually through the approval of its Operating and Capital Budget.



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Management Discussion and Analysis continued

SECTION E

8.12 Material Arrears in Statutory/ Financial Obligations

8.12.1 Capital Expenditure- NMH Construction

The budgetary allocation for the construction of the New Mitihani House (NMH) during the fiscal year 2022-2023 was recorded as NIL. However, the Council demonstrated its commitment by utilizing the savings accrued from office rent to facilitate the seamless relocation and accommodation of the staff within the premises of NMH. The council does not have material pending bills relating to construction of NMH.

8.12.2 Statutory Deductions

During the fiscal year 2022-2023, the Council diligently ensured punctual remittance of all required monthly and quarterly statutory obligations.

8.12.3 Pending Bills

The Council closed the FY 2023/2023 with Kes 1,728,603,569 in pending bills owed to contracted professionals engaged for the field administration of national Examinations. The Council made a first charge against the 1st Quarter exchequer release for the FY 2023/2024 .

SECTION F

8.13 The Council's Financial Probity and Serious Governance Issues

The Council maintains strong governance and transparency, with no undisclosed conflicts of interest in its top management or overall operations. To ensure the sustainability of examination administration reforms, the Council recommends government funding for CBA, KCPE and KCSE exams at cost and per capita (candidate).

Moreover, addressing funding deficits in AIA is crucial, and as a service-oriented entity, the Council emphasizes the need for exchequer funding to support personnel emoluments.



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9.0 ENVIRONMENTAL AND SUSTAINABILITY REPORTING

9.1 Sustainability strategy and profile for the Fiscal Year 2022/2023

The Council's sustainability strategy for FY 2022/2023 is closely aligned with Vision 2030's MTP III objectives. It encompasses various dimensions of sustainability, including financial, economic, social, and environmental aspects.

9.1.1 Financial Planning and Allocation

The Council effectively manages financial stability by adhering to the Medium-Term Expenditure Framework (MTEF) guided by the National Treasury. This approach involves stakeholder engagement in the budget cycle, as mandated by the Public Financial Management Act, 2012.

Budgetary reports are submitted to the National Treasury through the Ministry of Education (MoE) based on program categories and established timelines. Despite these efforts, current budget allocations across the MTEF period are insufficient to sustain core activities comprehensively. To address this, the Council engages in ongoing discussions with MoE and National Treasury for increased funding. Additionally, support is obtained from other development partners mainly for research-focused initiatives.

9.1.2 Financial Prudence and Reporting

The Council observed financial prudence by consistently upholding sound financial management practices throughout the evaluation period. As a State Corporation, it reports financial performance to the National Treasury via the MoE, submitting monthly, quarterly and on-demand reports promptly. Additionally, audited financial statements are provided to Parliament through the Public Investment Committee, ensuring transparency and accountability in financial operations.

9.1.3 Performance on Compliance with National Values and Principles

The Public Service Commission released the "Status of Compliance with Constitution Articles 10 & 232 Annual Report 2021/2022." This report assesses public service adherence to Values and Principles outlined in Articles 10 and 232 of the Constitution. KNEC was recognized as a **"High Achiever"** and had no adverse reports in the highlighted thematic areas.



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Sustainability Strategy and Profile Continued

9.1.4 Quality Management System.

During FY2022/2023, the Council was recertified on the ISO 9001:2015 Standard for a period of three years from 28th October 2022 to 27th October 2025 through Bureau Veritas. This was after the successful conduct of two recertification audits. KNEC also trained 25 Quality. Management Systems champions on ISO 9001:2015 Standard; Risk Management and Internal Quality Audits. In addition, the KNEC Standard Operating Procedures (SOPs) for all processes were reviewed.

9.2 Environmental Performance

The Council remains keen on compliance with the Occupational Safety and Health Act 2007. This is achieved through continuous sensitization on safety in addition to initiatives to optimize workplace ergonomics and productivity.

To ensure environmental sustainability, KNEC disposed 391 tons of waste paper for recycling in the year 2022 through Kamongo Wastepaper Limited for recycling and ensured that all KNEC owned premises use light detectors to conserve energy. KNEC also planted 300 trees on its premises in New Mitihani House, South C.

9.2.1 Occupational Safety and Health.

Policies developed for prevention and management of accidents and occupational diseases were revised in FY2022/2023. The Council ensured:

- i. compliance with the workman compensation Act and all members of staff were adequately insured from Industrial Accidents.
- ii. Statutory Occupational Safety and Health Audits have already been undertaken.
- iii. Training of additional thirty (30) First Aiders by St. John Ambulance.
- iv. The noise levels of the printing equipment were measured and found to be within the acceptable decibels of 45-90.
- v. The lighting system is controlled by motion sensor units to save electricity.
- vi. Motion water sensing taps are in place.
- vii. Wastewater was analyzed and found to be within the standards set by the National Environment Management Authority (NEMA).
- viii. Even after COVID Pandemic, KNEC still encouraged virtual meetings where possible.



Sustainability Strategy and Profile Continued

9.2.2 Safety and Security Measures.

Measures undertaken in KNEC owned premises include:

- i. Gate house for screening equipment is being used at the NMH(South C).
- ii. Well maintained Lifts and Ramp installed at the NMH (South C).
- iii. Toilets for PWD are available at the NMH.
- iv. Parking reserved for people with disabilities in all KNEC premises.
- v. Fire/smoke detectors in all KNEC premises are regularly tested to ensure their functionality.
- vi. Attendance register used in all KNEC premises.
- vii. CCTV cameras have been installed in all KNEC premises.
- viii. Access control system installed in KNEC Premises.

9.2.3 Corporate Social Responsibility

KNEC participated in several self-regulated corporate social responsibility initiatives to positively impact the community.

During the Financial Year under review, Council Staff made donations to support Kaloleni Care children's Home. The home, located within the flood-prone Mukuru Kwa Reuben caters to displaced children.

KNEC paid school fees for some of the children in the Home who had not reported to different learning institutions and had challenges with school fees. Besides payment of school fees, foodstuff was donated to the children.



KNEC staff during a CSR activity at Kaloleni Care Centre



Sustainability Strategy and Profile Continued

9.3 Employee Welfare

The Council continues to attract and recruit competent staff through competitive means to enable it to realize its objectives. The new employees are remunerated with compensation and benefits as guided by the Salary Remuneration Commission (SRC).

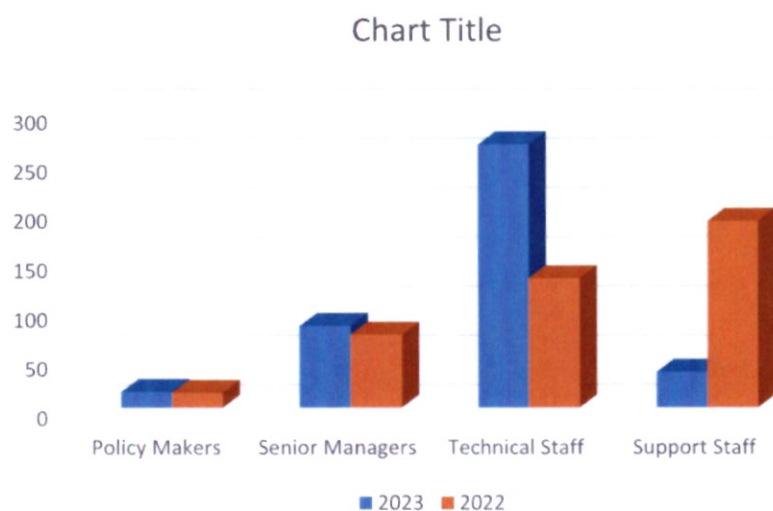
9.3.1 KNEC has the following with regard to its staff welfare:

- i. A robust medical scheme for its staff and family members for both inpatient and outpatient medical services, including counselling and rehabilitation services.
- ii. An insurance cover for Group Life Assurance (Death in service) Cover, Group Personal Accident and WIBA.
- iii. A Benevolent Fund that caters for financial assistance to cater for burial expenses for staff and family members. Transport is provided to staff and family to attend burial.

9.3.2 Recruitment of Staff members.

The Council complies with the Government Circulars on equal opportunities when conducting recruitment and promotions for various positions in line with the Presidential initiatives on national values.

The staffing levels for the years 2023 and 2022 are as displayed in chart below;





Sustainability Strategy and Profile Continued

During the review period, the staff workforce at KNEC decreased from 409 to 402, with 2 new recruits and 9 staff departures in FY 2022-2023. The annual attrition rate stood at 3%. As of JUNE 30 2023, the gender distribution was 58.9% male and 41.1% female, meeting constitutional gender parity thresholds. Persons with Disabilities (PWD) constituted 3.23% of the KNEC population. KNEC obtained a compliance certificate from the NGEC for submitting quarterly reports. The council's HRM Policies address human rights through grievance mechanisms and disciplinary provisions.

9.3.3 Human Development.

The Annual Staff Performance Appraisal was carried out and one of the performance incentives identified was training. The following number of staff were trained on various skills:

9.4 Capacity building of KNEC Staff

9.4.1 Capacity building of KNEC Staff

KNEC staff have been trained to meet demands beyond routine tasks, enhance skills, and expand professional horizons, leading to improved competence and productivity. This will enhance project effectiveness and long-term sustainability. The following are the trainings conducted in the financial year;

- i. 5 officers trained in Data Management and Psychometric Analysis under UNESCO Institute for Statistics Project (March 21-30, 2023).
- ii. 10 drivers underwent Refresher & Defensive Driving Course (September 12-23, 2022).
- iii. 11 officers trained on GIMIS by the National Treasury.
- iv. 216 staff trained on Grade 6 Logistics and Communication (August 22-26 and September 29 - October 3, 2022).
- v. 1 HRM officer trained in Kenya Labour Laws & Industrial Relations Frameworks (June 27 - July 1, 2022).
- vi. 10 KNEC officers trained in Gender Mainstreaming (April 17-19, 2023) by Gender and Disability Centre (GDCC) Kenya.
- vii. 16 interns engaged through PSC Internship Program.
- viii. 15 Attachés received training.



Sustainability Strategy and Profile Continued



KNEC Officers during a training on assessment of core competencies facilitated by British Council.

9.4.2 Capacity building of KNEC stakeholders

KNEC undertakes to build teachers’ and other professionals’ capacity in the development of quality authentic assessment items to facilitate effective Competency Based Assessment practices that credibly define learner achievements.

Samples of assessment tasks are developed to compliment the training manual and used for training teachers. The developed items serve as a guide for teachers when conducting formative assessment.

Number of Teachers (Setters and Moderators) Trained in the financial Year 2022-2023

S.N	Teachers	Male	Female	Total
1	Teachers in Stage based pathway (SNE) trained on CBA.	56	19	75
2	Teachers in Aged based pathway (Grade 4-6) trained on CBA.	186	153	339
3	Teachers in Diploma training colleges trained on CBA.	104	93	197
4	Teachers in refugee camp- based schools trained on CBA.	10	15	120
	Total	451	280	731

KNEC also trained four thousand and eighty-four (**4,084**) examiners between **24th** and **28th April 2023**.



Sustainability Strategy and Profile Continued

9.5 Bench marking and best practices.

9.5.1 Benchmarking in Brazil on Assessments

The Brazilian education system prioritizes formative assessments over high-stakes exams, focusing on school-level learning assessments. Basic education lacks national exams; instead, sample-based periodic assessments measure learning outcomes. Assessments are frequent, including weekends due to proximity of schools. Public schools in Brazil match private schools in standards and academic performance, attributed to consistent teacher assessment training, ensuring uniformity across schools.

A group of 15 Kenyans participated in the Immersion Exercise in Brazil, from 10th – 17th September 2022. The participating institutions included the Ministry of Education (MoE), Teachers Service Commission (TSC), Kenya Institute of Curriculum Development (KICD), Kenya National Examinations Council (KNEC), The National Treasury, Kenya National Union of Teachers (KNUT), Kenya Primary Head Teachers Association (KEPSHA), Kenya Private Schools Association (KPSA), Moi University, Royal Media Services, Dignitas, Usawa Agenda and Zizi Afrique.



Kenedy Abuje (KNEC representative at the Brazil Benchmarking Tour)

9.5.2 Standard Setting Benchmarking

During the 2022 KCSE processing, to ensure international standards were met, representatives from various examination boards including Zambia, Uganda, Tanzania, South Sudan, and Lesotho were invited to participate in the Awards and Grade setting process. This team of five delegates engaged with KNEC officers, exchanged educational assessment best practices, and conducted benchmarking meetings.



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Sustainability Strategy and Profile Continued



KNEC CEO with the 2022 KCSE Standard setting benchmarking guests and KNEC Staff

9.6 Employee Wellness Programmes.

These are employee programmes aimed at sensitizing staff on their well-being. An employee wellness programme was organized on 15th February 2023. It consisted of a medical camp and sensitization on various topics to address staff wellbeing such as Mental wellness, stress management, non-communicable diseases. Alcohol & Drug Abuse, HIV & AIDS prevention. Various camps had medics and staff were tested on Blood Pressure, Blood Sugar, Prostrate (PSA), Cervical Cancer Screening, Dental and Optical checkups. Counselling Services were also provided.

9.6.1 HIV/AIDS

Staff have been sensitized on HIV/AIDS stigma within the year. In addition, 1,000 condoms were distributed to staff and family members. HIV screening done to staff. Report on Compliance submitted to National Aids Control Council for Maisha Certification on 1st August, 2023.

9.6.2 Alcohol and Drug Abuse (ADA)

Continuous sensitization on prevention of Alcohol and Drug Abuse has been going on to staff and family members. The Council has in place mechanisms for support to persons with Substance Abuse Disorders (SUD) through the medical scheme where counselling and rehabilitation services are provided.



Sustainability Strategy and Profile Continued

9.6.3 Corruption Eradication

The Council has a corruption risk and mitigation plan, shared with its departments and divisions. The Council participated in meetings where guidelines for the 19th cycle guidelines on reporting of bribery and corruption prevention indicators were discussed. Sensitization was conducted for EACC Officers involved in monitoring of 2022 national examinations. The Council participated in the commemoration of the International Anti-Corruption Day at the Kenya School of Government, Lower Kabete Campus. Quarterly reports submitted to EACC.

9.6.4 Road Safety Mainstreaming

Inspection of KNEC motor Commercial vehicles was conducted from 1st March to 30th June 2023. 15 KNEC drivers were trained at the KIHBT on defensive driving.

Parking slots were marked at NMH and The Road Safety Mainstreaming Committee was trained at Machakos University from 26th to 30th June 2023. Quarterly reports submitted to NTSA.

9.6.5 National Cohesion and Values

Quarterly reports are submitted to the Directorate of National Cohesion and Values. KNEC is in compliance with national values and principles in articles 10 and 232 of the constitution on the following items;

- i. KNEC developed an online portal for Grade 3, 4 and 5 registration, assessment, and score uploading.
- ii. 525 tons of waste paper were recycled through Kamongo Waste Paper Limited in 2022.
- iii. Upgraded CBA portal for KPSEA learner registration.
- iv. Continued E-assessment platform development for broader adoption.
- v. Created National Assessment Centre portal for study management.
- vi. Administered Qualifying Test Online.
- vii. Assessed and certified 255,921 TVET trainees for industry and self-employment



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Sustainability Strategy and Profile Continued

9.6.6 Disability Mainstreaming

KNEC submitted Quarterly reports to NCPWD and the following are other milestones:

- i. KNEC shared lists of disabled employees with NCPWD on October 4, 2022.
- ii. Enhanced website accessibility with USERWAY Widget.
- iii. Shared 1st accessibility check report with NCPWD.
- iv. Collected data on PWDs participating in KNEC activities.
- v. Developed IEC materials in alternative formats (audio, large print, Braille, video with captions, sign language).
- vi. Provided Adaptive Technology for staff and clients with disabilities.
- vii. Conducted training for Disability Mainstreaming Committee members.
- viii. Reported PWD employment data against total staff employed.
- ix. Posted job ads on NCPWD Career portal.

9.6.7 Talent cultivation.

KNEC promoted staff's skill utilization for initiatives. Officers participated in Competency-Based curriculum training with KICD and Ministry of Education, aligned with the President's commitment. KNEC Awards reports spurred curriculum reviews. Staff encouraged to create research papers for international conferences. Engaged 16 interns through Public Service Commission Internship Program, provided training to 15 Attaches.

9.7 Market Place Practices

9.7.1 Management and administration of Examinations / Assessments

The Kenya National Examinations Council (KNEC) is aligning its operations with government priorities and modern assessment practices in line with 21st-century trends. E-assessment for School Based and summative assessments in Teacher Education courses was launched in July 2022. This initiative aims to cut costs (e.g., printing and delivery), reduce human involvement in exams (curbing malpractice), promote digital literacy aligned with the Competency Based Curriculum (CBC), and support the government's digital service goals. The e-platform has also undergone testing in primary education, specifically in Grades 3, 5, and 6 for school-based assessments.

9.7.2 Customer Complaints.

The Council is dedicated to resolving complaints as part of its performance contract target. Various channels, including emails, social media (Facebook and Twitter), Query Management Information System (QMIS), telephone, and a walk-in customer care center, are provided for lodging complaints.



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Sustainability Strategy and Profile Continued

Daily summaries of complaints from these channels are managed according to ISO procedures. KNEC's Query Management Information System (QMIS) offers online services for customer queries, proving effective and efficient. Complaints for the FY2022/2023 are categorized into those lodged directly and those through the CAJ.

Complaints Lodged with the Institution			Complaints Lodged through CAJ			Score	
Quarter	Resolved	Ongoing	Total	Resolved	Ongoing		Total
1	22	0	22	01	1	2	100%
2	12	1	13	2	2	4	90%
3	16	2	18	2	1	3	93%
4	19	2	21	3	0	3	94%
Grand Total	69	5	74	8	4	12	94%

9.8 Bookshop

The Bookshop relocated to New Mitihani House from NHC Nairobi CBD in April 2023. It operates under a legal business permit from Nairobi County, renewed annually. The Bookshop offers services like selling Examination feedback Reports, distributing past exam papers, and providing marking schemes.



The KNEC Bookshop



Sustainability Strategy and Profile Continued

9.9 Special Needs Candidates.

KNEC prioritizes inclusivity in assessments by providing accommodation for learners with special needs. For CBC learners, a Stage-Based pathway is available, offering appropriate assessments at different levels. In 2022 KCPE, 147 candidates took exams in hospitals, down from 166 in 2021, marking an 11.45% decrease.

Special Needs Access Arrangement

Type of Special Need/Disability	Access arrangement	KCSE	KCPE	DTE	PTE	SNE	BTEP	BZNS	Technical
		2022	2022	2022	2022	2022	2022	2022	2022
Visual Impairment (Total Blindness)	Braille papers and extra-time	131	153	0	0	17	30	0	23
Visual Impairment (Low vision)	Enlarged print papers	545	595	1	0	7	27	5	63
Physical Disabilities	Modified papers/extra time	859	1,257	1	0	5	87	125	125
Hearing Impairment (Deaf)	Modified papers/extra time	693	803	0	0	7	9	74	176
Total		2,228	2,808	2	0	36	153	204	387



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10.0 REPORT OF THE COUNCIL

The Council submits its report together with the audited financial statements for the year ended JUNE 30 2023, which show the state of the Council's affairs.

10.1 Principal Activities

The principal activities of the Kenya National Examinations Council (KNEC) are to administer examinations and issue certificates to successful candidates, equate certificates issued by other examining bodies and to conduct research on educational assessment.

10.2 Result

The results of the Kenya National Examinations Council for the year ended JUNE 30 2023, are set out on page 1 to 57.

10.3 Members

The members of the Council who served during the year and to the date of this report are set out on page i-x in accordance with Regulation 24 of the KNEC Act 2012.

10.4 Dividends/Surplus remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The Council did not make any surplus during the year (FY 2022/2023) and hence no remittance was made to the Consolidated Fund.

10.5 Auditors

The Auditor-General is responsible for the statutory audit of the Kenya National Examinations Council in accordance with the Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

10.6 By Order of the Council

Dr. David Njengere, MBS
CHIEF EXECUTIVE OFFICER

Date: 26th September 2023



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11.0 STATEMENT OF COUNCIL MEMBER'S RESPONSIBILITIES

11.1 Section 81 of the Public Finance Management Act of 2012, Section 14 of the State Corporation Act and Section 24 of KNEC Act requires the Council members to prepare financial statements in respect of the Council, which give a true and fair view of the situation of the Council at the end of the financial year and the operating results of the Council for that year. The Council members are also required to ensure that the Council keeps proper accounting records which disclose with reasonable accuracy the financial position of the Council. The Council members are also responsible for safeguarding the assets of the Council.

11.2 The Council members are responsible for the preparation and presentation of the Council's financial statements, which give a true and fair view of the situation of the Council for and as at the end of the financial year ended on 30 June 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Council; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

11.3 The Council members accept responsibility for the Council's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, the State Corporations Act and KNEC Act. The Council members are of the opinion that the Council's financial statements give a true and fair view of the state of Council transactions during the financial year ended 30 June 2023, and of the Council's financial position as at that date. The Council members further confirm the completeness of the accounting records maintained for the Council, which have been relied upon in the preparation of the Council's financial statements as well as the adequacy of the systems of internal financial control.

11.4 Despite an accumulated deficit and negative working capital, the council's mandate remains intact as established by Kenya National Examinations Council Act No.29 of 2012 and assumes full funding for the national assessments.

11.5 Approval of the financial statements.
The Council's financial statements were approved by the Council on 26th September 2023 and signed on its behalf by:

Prof. Julius O. Nyabundi, OGW
COUNCIL CHAIRMAN

Dr. David Njengere, MBS
CHIEF EXECUTIVE OFFICER

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REPORT OF THE AUDITOR-GENERAL ON KENYA NATIONAL EXAMINATIONS COUNCIL FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenya National Examinations Council set out on pages 1 to 65, which comprise of the statement of financial position as

at 30 June, 2023, 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, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kenya National Examinations Council as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Kenya National Examinations Council Act, 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

The statement of financial performance contains the following inaccuracies;

- i. The statement reflects examinations fees amount of Kshs.3,034,008,656 as disclosed in Note 3 to the financial statements. Included in the amount are balances which differ with the system balances as shown below;

S/No.	Item	Financial Statement Amount (Kshs.)	System Data Amount (Kshs.)	Variance (Kshs.)
1	KCPE	12,340,800	13,769,600	1,428,800
2	KPSEA	7,344,750	5,876,400	1,468,350
3	PTE	9,766,650	9,850,950	84,300
4	TCAE	1,324,200	1,321,200	3,000
5	ECDE	50,878,390	51,264,900	386,510
6	DTE	17,566,650	17,622,050	55,400
7	Technical	1,522,135,580	1,522,206,690	71,110
8	Business	664,209,770	662,720,820	1,488,950
9	U-DPTE	186,359,000	186,903,600	544,600
10	U-DECTE	5,793,300	7,078,500	1,285,200

- ii. The statement further reflects other operating income of Kshs.248,735,800 as disclosed in Note 5 to the financial statements. Included in the amount are balances which differed with system balances as shown below;

S/No.	Item	Financial Statement Amount (Kshs.)	System Data Amount (Kshs.)	Variance (Kshs.)
1	Confirmation of Certificate Services	66,831,000	63,584,080	3,246,920
2	Letter of Certificate Services	9,742,500	9,508,000	234,500
3	Equation	1,302,000	829,310	472,690
4	Contracted Professionals Training Fees -KCPE	2,751,000	3,874,500	1,123,500
5	Contracted Professionals Training Fees -KCSE	62,013,000	61,750,500	262,500

iii. In addition, the statement reflects personnel expenses of Kshs.1,015,159,935 as disclosed in Note 6 to the financial statements. Included in the amount is Kshs.115,936,791 in respect to employer contribution to pension schemes. The amount constitutes balances which differ with system balance as detailed below;

S/No.	Item	Financial Statement Amount (Kshs.)	System Data Amount (Kshs.)	Variance (Kshs.)
1	Pension	108,632,707	108,374,519	258,188
2	Pension Arrears	-	521,956	521,956
3	Employer NSSF	2,740,935	2,387,175	353,760

In the circumstances, the completeness and accuracy examination fees, other operating income and personnel expenses of Kshs.3,034,008,656, Kshs.248,735,800 and Kshs.1,015,159,935 respectively could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Kenya National Examinations Council Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audit of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects a final receipts budget and actual on a comparable basis of Kshs.8,651,290,107 and Kshs.9,985,352,398 respectively, resulting to an over-collection of Kshs.1,334,062,291 or 15% of the budget. Similarly, the Council spent Kshs.10,288,740,693 against an approved budget of Kshs.10,795,193,682, resulting to an under expenditure of

Kshs.506,452,989 or 5% of the budget. Further, the budget is not balanced, contrary to Regulation 33(c) of the Public Finance Management (National Government) Regulations, 2015.

In addition, the budget was not supported by a supplementary estimates documentation to confirm approval by the Cabinet Secretary for the Ministry of Education and The National Treasury.

2. Undisclosed Material Uncertainty Related to Sustainability of Services

The statement of financial performance reflects deficit for the year of Kshs.303,577,857 (2021/2022: Kshs.492,906,440) which increased Council's accumulated deficit to Kshs.2,787,441,968 from Kshs.2,483,864,111 as at 30 June, 2022. Further, the current liabilities of Kshs.4,101,884,925 exceeded the current assets of Kshs.2,062,985,145, resulting to a negative working capital of Kshs.2,038,899,780. The Council is technically insolvent and its ability to meet its current financial obligations as and when they fall due is in doubt.

3. Long Outstanding Prepayments and Receivables from Exchange Transactions

The statement of financial position reflects prepayments and receivables from exchange transactions balance of Kshs.239,643,798 as disclosed in Note 19 to the financial statements. The balance includes Kshs,103,728,229 in respect of imprests that have remained outstanding for long and dating back to 2018. Management has not provided any evidence to show steps taken to recover the amounts. The recoverability of receivables balance of Kshs.103,728,229 disclosed in the financial statements is doubtful.

My opinion is not modified in respect of these matters.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Audit Matters

In the audit report of the previous year, several issues were raised under the Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance which have remained unresolved as at 30 June, 2023.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness

and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Payment of Rent for Unoccupied Office Space

The statement of financial performance reflects housing of staff and office accommodation expenditure of Kshs.95,224,575 as disclosed in Note 10 to the financial statements. The amount includes rent paid to National Housing Corporation amounting to Kshs.12,193,555 for three (3) quarters of the financial year under review. The rent covered office spaces in the upper mezzanine floor, 3rd floor and 4th floor of the NHC building, together with parking and service charge. However, it was observed that only 4th floor was still occupied by Council staff as all other personnel had relocated to the New Mitihani House in South 'C'. Management explained that the Council continued to pay rent for the unoccupied floors because they were yet to be occupied by another tenant. However, the lease agreement did not have such a provision and it is not clear why the Council had not reached an agreement with the landlord for early termination of the lease for the unoccupied floors.

In the circumstances, the regularity of rent expenditure of Kshs.12,193,555 could not be confirmed.

2. Long Outstanding Donor Project Fund Balances

The statement of financial position reflects donor project funds of Kshs.164,161,006 as disclosed in Note 30 to the financial statements. This balance includes an amount of Kshs.11,794,152 comprising Kshs.3,339,543 in respect of Rockefeller, Kshs.329,248 for Essay Writing Competition, Kshs.8,084,361 for KESSP-NASMLA and Kshs.41,000 for UKEFR Study- AKF. Review of the supporting documents revealed that the funds have remained dormant since 2007/2008 financial year and not remitted to the Consolidated Fund as required by Regulation 74(6)(d) of the Public Finance Management (National Government) Regulations, 2015 which states that 'an accounting officer of a national government entity shall in the absence of any instructions to the contrary, ensure that any unexpended balance standing in the credit of the project account is paid into the Consolidated Fund'.

In the circumstances, Management was in breach of the law.

3. Irregular Payment to Examiners

The statement of financial performance reflects examination expenses of Kshs.8,314,809,520 as disclosed in Note 9 to the financial statements. Included in this amount is KCSE expenditure of Kshs.5,117,026,710. However, analysis of payments made to KCSE examiners for December, 2022 examinations revealed that a total of Kshs.2,864,760 was irregularly paid to two hundred and three (203) examiners who had

not been validated in the Council system's database as stipulated in Section 3.14 of the KNEC user guide on management of examinations (KCSE) 1st edition, 2017.

In the circumstances, the regularity of examination expenses of Kshs.2,864,760 could not be confirmed.

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

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

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1. Lack of Assets Register

The statement of financial position reflects property, plant and equipment, investment property and intangible assets balances of Kshs.925,378,502, Kshs.172,565,578 and Kshs.14,847,727 as disclosed in Notes 21, 23 and 25 to the financial statements. However, the Council did not maintain an assets register during the period under review.

In the circumstances, the effectiveness of internal control over asset management could not be confirmed.

2. Non-Integration of Invoicing and Receipting Systems

The statement of financial performance reflects examination fees of Kshs.3,034,008,656 as disclosed in Note 3 to the financial statements. The Council implemented a system to process transactions relating to examination fees. Review of the processed invoices revealed there was absence of invoice numbers and the system generates a single invoice more than once and therefore 112 invoices to institutions had duplicate invoices. Further, the system's invoices were not synchronized with the various bank collection accounts, preventing the linkage of each payment to its corresponding invoice. In addition, once payments are made by institutions, the Council manually retrieves bank slips for reconciliation, between actual collections in the bank accounts and what has been invoiced by the system, thus highlighting insufficient controls in receipting process.

In the circumstances, the effectiveness of internal controls over processing of transactions could not be confirmed.

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect

a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council'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 Council's to cease to continue to sustain its services.

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

18 April, 2024



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For The Year Ended 30 June 2023




13.0 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING JUNE 30 2023

		FY 2022-2023	FY 2021-2022
	<u>NOTES</u>	Kes.	Kes.
Revenue from Non-Exchange Transactions			
Recurrent Government Grant	2	6,500,114,900	5,402,784,600
		6,500,114,900	5,402,784,600
Revenue from Exchange Transactions			
Examinations Fees	3	3,034,008,656	2,414,392,670
Interest Income	4	68,993,042	80,374,724
Other Operating Income	5	248,735,800	221,750,751
		3,351,737,498	2,716,518,145
Total Revenue		9,851,852,398	8,119,302,745
EXPENDITURE			
Income			
Personnel Expenses	6	1,015,159,935	1,014,654,321
Council and its Committees Expenses	7	24,502,501	26,957,723
Administration Expenses	8	489,541,311	355,525,704
Examinations Expenses	9	8,314,809,520	6,885,956,812
Housing of Staff & Office Accommodation	10	95,224,575	109,283,748
Increase in Provision of Doubtful Debt	11	1,254,240	0
Decrease in Provision of Employee benefit Obligation	12	2,824,092	(1,036,903)
Depreciation & Amortization	13	196,007,780	194,279,813
Relocation to New Mitihani House	14	5,702,948	0
Total Expenses		10,145,026,902	8,585,621,218
Loss on Foreign Exchange	15	10,294,559	(749,802)
Deficit Before Taxation		(282,879,945)	(467,068,275)
Taxation	16	20,697,912	25,838,165
Deficit for the Year		(303,577,857)	(492,906,440)

The notes set out on pages 9 to 69 form an integral part of these Financial Statements


Dr. David Njengere, MBS
Chief Executive Officer


CPA Abraham K. Oloo
Head of Finance
ICPAK No: 2743


Prof. Julius O. Nyabundi, OGW
Chairman of the Council

Date 26th September 2023

Date 26th September 2023

Date 26th September 2023



ANNUAL REPORT AND FINANCIAL STATEMENTS

For The Year Ended 30 June 2023



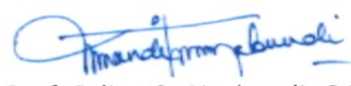
14.0 STATEMENT OF FINANCIAL POSITION AS AT JUNE 30 2023

	NOTE	FY 2022-2023 Kes.	FY 2021-2022 Kes.
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	17	1,485,044,622	1,925,820,002
Receivables from non-exchange transactions	18	150,419,360	0
Prepayment Receivables from exchange transactions	19	239,643,798	231,496,923
Inventories	20	187,877,365	203,035,601
TOTAL CURRENT ASSETS		2,062,985,145	2,360,352,526
NON - CURRENT ASSETS			
Property, Plant & Equipment	21	925,378,502	974,942,965
Property in Work in Progress	22	3,651,107,349	3,572,027,042
Investment Property	23	172,565,579	182,886,947
Investments	24	64,300,000	64,300,000
Intangible Assets	25	14,847,727	9,213,318
TOTAL NON-CURRENT ASSETS		4,828,199,158	4,803,370,272
TOTAL ASSETS		6,891,184,302	7,163,722,798
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables from exchange transactions	26	2,358,006,962	1,267,906,747
Deferred income	27	1,670,992,191	2,878,384,703
Employee benefit Obligation	28	26,015,176	23,192,492
Taxation Provision	29	46,870,596	40,928,609
TOTAL CURRENT LIABILITIES		4,101,884,925	4,210,412,551
NON-CURRENT LIABILITIES			
Donor Project Funds	30	164,161,006	161,645,192
Capital Works Retention	31	7,628,197	5,854,410
TOTAL NON-CURRENT LIABILITIES		171,789,203	167,499,602
TOTAL LIABILITIES		4,273,674,127	4,377,912,153
NET ASSETS			
RESERVES			
Capital Reserve	32	4,695,311,784	4,561,811,784
Revaluation Reserve	33	709,640,359	709,640,359
Accumulated Deficit	34	(2,787,441,968)	(2,485,641,498)
TOTAL RESERVES		2,617,510,175	2,785,810,645
TOTAL LIABILITIES & RESERVES		6,891,184,302	7,163,722,798

The Financial statements set out on pages 9 to 69 were signed on behalf of the Council by:


Dr. David Njengere, MBS
Chief Executive Officer


CPA Abraham K. Oloo
Head of Finance
ICPAK No: 2743


Prof. Julius O. Nyabundi, OGW
Chairman of the Council

Date 26th September 2023

Date 26th September 2023

Date 26th September 2023



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15.0 STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2023

	Capital Reserve	Revaluation Reserve	Revenue Reserve	GROSS TOTAL
	KSHS	KSHS	KSHS	KSHS
Balance as at 1st July 2021	4,034,563,545	709,640,359	(2,012,441,115)	2,731,762,789
Prior Year Adjustments	-	-	19,706,057	19,706,057
Restated Balance as at 1st July 2021	4,034,563,545	709,640,359	(1,992,735,058)	2,751,468,846
Capital Grants -Specialized Printing Equipment	-	-	-	-
Capital Grants -MOE -NMH	500,000,000	-	-	500,000,000
Capital Grants -SEQIP	27,248,239	-	-	27,248,239
Deficit for the Year			(492,906,440)	(492,906,440)
Balance as at 30th June 2022	4,561,811,784	709,640,359	(2,485,641,498)	2,785,810,645
Balance as at 1st July 2022	4,561,811,784	709,640,359	(2,485,641,498)	2,785,810,645
Prior Year Adjustments	-	-	1,777,387	1,777,387
Restated Balance as at 1st July 2022	4,561,811,784	709,640,359	(2,483,864,111)	2,787,588,032
Capital Grants -Specialized Printing Equipment	133,500,000			133,500,000
Capital Grants -MOE -NMH	-			-
Capital Grants -SEQIP	-			-
Deficit for the Year			(303,577,857)	(303,577,857)
Balance as at 30th June 2023	4,695,311,784	709,640,359	(2,787,441,968)	2,617,510,175



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For The Year Ended 30 June 2023



16.0 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

	NOTE	FY 2022-2023 Kes.	FY 2021-2022 Kes.
Cash flows from operating activities			
Deficit for the Year		(303,577,857)	(492,906,440)
Adjustments for :			
Interest income	4	(68,993,042)	(80,374,724)
Operating Profit		(372,570,899)	(573,281,164)
Add back			
Depreciation & Amortization	13	238,895,129	194,279,813
Interest Income	4	59,782,497	77,764,846
		(73,893,273)	(301,236,505)
Changes in working capital			
Decrease / (Increase) in Inventories	20	15,158,237	(9,186,776)
Decrease / (Increase) in Receivables from non-exchange transactions	18	(150,419,360)	0
Decrease in Receivables from exchange transactions	19	1,063,671	(20,924,395)
(Decrease) / Increase in Trade and other payables	26	1,090,100,215	72,455,904
Prior year adjustments-Amortization	25	433,057	0
Prior year adjustments- Write-off of accrued LPOs	36	1,953,141	19,706,057
(Decrease) / Increase in Deferred Income	27	(1,207,392,512)	1,066,534,412
(Decrease) / Increase in Employee Benefit Obligation	28	2,822,684	(3,178,743)
Decrease in Tax Provision	29	5,941,987	(910,503)
Decrease in Donor Project Funds	30	2,516,534	(217,234,377)
		(237,823,067)	907,261,579
Net cash flows from operating activities		(311,716,340)	606,025,074
Cash flows from financing activities			
Increase in Capital Reserve	32	133,500,000	500,000,000
Net cash flows from financing activities		133,500,000	500,000,000
Cash flows from investing activities			
Purchase of property, plant and equipment	21	(177,019,737)	(41,477,709)
Construction on New Mitihani Building	22	(87,313,089)	(476,393,078)
Capital works retention	31	1,773,787	1,454,420
Net cash flows from investing activities		(262,559,039)	(516,416,367)
Net increase in Bank		(440,775,379)	589,608,707
Cash and Cash Equivalents at Beginning of Year	17	1,925,820,002	1,336,211,295
Cash and Cash Equivalents at End of Year	17	1,485,044,622	1,925,820,002



ANNUAL REPORT AND FINANCIAL STATEMENTS

For The Year Ended 30 June 2023



17.0 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2023

TITLE DETAILS	Original Budget	Adjustments	Final Budget	Actual on Comparable basis	Performance difference	Performance difference	
	Kshs. A	Kshs. C=(B-A)	Kshs. B	Kshs. D	Kshs. E=(D-B)	%	
RECURRENT REVENUE							
Recurrent Grants from MOE	4,815,968,736	349,395,836	5,165,364,572	6,500,114,900	1,334,750,328	26%	(a)
Examinations Fees	2,107,501,008	941,277,308	3,048,778,316	3,034,008,656	(14,769,660)	1%	
Interest Income	66,800,005	1,500,000	68,300,005	68,993,041	693,036	1%	
Other Operating Income	201,393,138	21,454,077	222,847,214	248,735,801	25,888,587	12%	(b)
TOTAL RECURRENT REVENUE	7,191,662,887	1,313,627,220	8,505,290,107	9,851,852,398	1,346,562,291	16%	
DEVELOPMENT REVENUE							
Capital Grants	146,000,000	0	146,000,000	133,500,000	(12,500,000)	-9%	
GRAND REVENUE - RECURRENT & DEVELOPMENT	7,337,662,887	1,313,627,220	8,651,290,107	9,985,352,398	1,334,062,291	15%	
RECURRENT EXPENDITURE	A	C=(A-B)	B	D	E=(B-D)		
Personnel Expenses	1,213,973,330	148,058,755	1,065,914,575	1,015,159,935	50,754,640	5%	
Council and its Committees Expenses	30,000,000	(0)	30,000,000	24,502,501	5,497,499	18%	(c)
Administration Expenses	432,532,511	(88,749,503)	521,282,014	499,134,286	22,147,727	4%	
Examinations Expenses	5,063,505,505	(3,317,095,340)	8,380,600,844	8,314,809,520	65,791,324	1%	
Housing of Staff & Office Accommodation	54,893,229	(67,648,760)	122,541,989	85,631,600	36,910,389	30%	(d)
Decrease in Provision of Employee benefit Obligation	0	0	0	2,824,092	(2,824,092)	-100%	
Provision for doubtful debts	0	0	0	1,254,240	(1,254,240)	-100%	(e)
Depreciation & Amortization	321,758,312	(5)	321,758,317	196,007,781	125,750,536	39%	(f)
							(g)



ANNUAL REPORT AND FINANCIAL STATEMENTS

For The Year Ended 30 June 2023



STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS continued...

TITLE DETAILS	Original Budget Kshs. A	Adjustments Kshs. C=(A-B)	Final Budget Kshs. B	Actual on Comparable basis Kshs. D	Performance difference Kshs. E=(B-D)	Performance difference %	
Relocation to New Mithani House	10,000,000	0	10,000,000	5,702,948	4,297,052	43%	(h)
Loss on Foreign Exchange	0	0	0	(10,294,559)	10,294,559	-100%	(i)
Taxation	35,000,000	(5,000,001)	40,000,001	20,697,912	19,302,089	48%	(j)
TOTAL RECURRENT EXPENDITURE	7,161,662,887	(3,330,434,853)	10,492,097,741	10,155,430,256	336,667,485	3%	
DEVELOPMENT EXPENDITURE							
Acquisition of Fixed Assets							
Construction of Buildings	30,000,000	(92,217,824)	122,217,824	98,861,333	23,356,491	19%	(k)
Purchase of Specialized Plant , Equipment & Machinery	50,000,000	0	50,000,000	8,887,028	41,112,972	82%	(l)
Purchase of computers	96,000,000	0	96,000,000	18,614,976	77,385,024	81%	(m)
Purchase of Motor Vehicles	35,000,000	35,000,000	0	0	0	0%	
Purchase of Office Equipment	2,000,000	(32,878,118)	34,878,118	6,947,100	27,931,018	80%	(n)
TOTAL DEVELOPMENT EXPENDITURE	213,000,000	(90,095,942)	303,095,942	133,310,437	169,785,505	56%	
GRAND EXPENDITURE - RECURRENT & DEV	7,374,662,887	(3,420,530,795)	10,795,193,682	10,288,740,693	506,452,989	5%	
NET SURPLUS/(DEFICIT)	(37,000,000)	(2,106,903,575)	(2,143,903,575)	(303,388,294)	1,840,515,281	-86%	(o)

The net adjustment of (Kes.2,106,903,575) was the subject of negotiations for a supplementary allocation from National Treasury which was eventually granted in FY2023/24 for settlement of pending bills.



ANNUAL REPORT AND FINANCIAL STATEMENTS

For The Year Ended 30 June 2023



BUDGET NOTES

CHANGES FROM ORIGINAL BUDGET TO FINAL BUDGET

The original budget was balanced by understating the national examinations expenses so as to match the GoK printed estimates and to realise a balanced budget. The adjustments arose mainly from restating the examinations expenses following a request for the supplementary budget support of Kes. 2. Billion

NOTES ON SIGNIFICANT VARIANCES (10% AND ABOVE) BETWEEN ACTUAL AND FINAL BUDGET.

Revenue

- a) *Recurrent Grants from MOE:* The registered first time candidature increased from 1,207,484 to 1,224,508 in KCPE and 756,981 to 801,669 for KCSE in FY2021/2022 to FY 2022/2023 respectively.
- b) *Other Operating Income:* The increase in other operating income is mainly attributable to the confirmation of certificates as a result of government directive to confirm certification of all civil servants. Services is demand driven.

Expenditure

- c) *Council and its Committees Expenses:* Drop attributable to fewer meetings than anticipated.
- d) *Housing of Staff & Office Accommodation:*
Savings arose from Bollore warehouse rent and rent for industrial area offices.
- e) *Decrease in Provision of Employee benefit Obligation:* The provision a non-cash item that was not budgeted for in the year under review.
- f) *Provision for doubtful debts:* The provision a non-cash item that was not budgeted for in the year under review.
- g) *Depreciation & Amortization:* Decrease in depreciation attributable to fully depreciated assets and shelved procurements following GOK directive.
- h) *Relocation to New Mitihani House:* Although council estimated all relocations to be affected in FY2022/23, ICT offices relocated in July 2023 resulting to a saving in budget.
- i) *Loss on Foreign Exchange:* Gain on foreign exchange attributable to the reduction in GBP rate from 149.2 as at 30.06.2022 to 143.7 as at 30.06.2022, on the GBP investment of 150,000
- j) *Taxation:* Variance attributable to less average amounts held in cash and cash equivalents hence reduced taxable income. The Council's taxable income is mainly derived from interest on Fixed deposits.
- k) *Construction of New Mitihani House:* Council utilised its internally generated funds to accelerate relocation of its headquarters in the period under review.



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BUDGET NOTES continued.

- l) *Purchase of Specialized Printing Equipment:* The Council was allocated Kes. 50,000,000 as per the GoK printed estimates. However, the amounts were not received as at 30.06.2023. The Council has raised capital commitments in anticipation of disbursement in the FY 2022/2023.
- m) *Purchase of Computers, Office Printers and Other IT Equipment:* The Council was allocated Kes. 96,000,000 as per the GoK printed estimates. However, the amounts were not received as at 30.06.2023. The Council has raised capital commitments in anticipation of disbursement in the FY 2022/2023.
- n) *Purchase of Office Equipment:* Purchase of additional Metal containers differed to FY2023/24

RECONCILIATION BETWEEN BUDGET AND STATEMENT OF FINANCIAL PERFORMANCE

As required by IPSAS 24, reconciliation is provided between the actual amounts on a comparable basis as presented in budget statement and the actual amounts in the financial accounts identifying separately any basis, timing and entity differences. Basic differences include the acquisition of assets, depreciations of assets, full recognition of provision. Entity differences show the uses of surplus funds while presentation differences represent the treatment of gains on assets as investing activities. The budget has been prepared on accrual basis and reconciled to the total revenues, total expenses and net investing and financing cash flows in the financial statements.

	Operating	Investing	Financing	Total
	Kshs.	Kshs.	Kshs.	Kshs.
Deficit for the Year as per Statement of Financial Performance	(303,577,857)	-	-	(303,577,857)
Adjusted for:				
Basic Difference		(7,333,358)	-	(7,333,358)
Presentation Difference		-	-	-
Entity Difference	-	-	-	-
Deficit for the Year as per Statement of Budget Performance	(303,577,857)	(7,333,358)	-	(310,911,215)



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18.0 NOTES TO THE FINANCIAL STATEMENTS

18.1 GENERAL INFORMATION

Council is established by and derives its authority and accountability from KNEC Act of 2012. The entity is owned by the Government of Kenya and is domiciled in Kenya. The Council is a State Corporation/ a Semi- Autonomous Government Agent under the Ministry of Education.

The principal activities of the Kenya National Examinations Council (KNEC) are to administer examinations and issue certificates to successful candidates, equate certificates issued by other examining bodies, and to conduct research on educational assessment.

18.2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared using historical cost for most items, except for certain property, plant, and equipment, marketable securities, and financial instruments, which are valued at fair market value. Impaired assets are valued at their estimated recoverable amounts, and actuarially determined liabilities are calculated at present value. The International Public Sector Accounting Standards (IPSAS) allow for the use of estimates and assumptions, requiring management's judgment.

The financial statements are presented in Kenyan Shillings, the Council's functional and reporting currency. They comply with the PFM Act, State Corporations Act, KNEC Act, and IPSAS. The Council's accounting policies have been consistently applied, with the exception of revenue recognition.

Despite an accumulated deficit and negative working capital, the Council prepared the financial statements on a going concern basis, justified by expectations of full funding from the Government of Kenya (GoK) for national examinations and assessments.



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For The Year Ended 30 June 2023



Notes to the Financial Statements continued

18.3 ADOPTION OF NEW AND REVISED STANDARDS

i) Relevant new standards and amendments to published standards bearing on the year ended 30 June 2023

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2023: <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none">• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.



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For The Year Ended 30 June 2023



Notes to the Financial Statements continued

Standard	Effective date and impact:
IPSAS 42: Social Benefits	Applicable: 1st January 2023 <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
Amendments to Other resulting from IPSAS 41, Financial Instruments	Applicable: 1st January 2023: <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued. d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.



ANNUAL REPORT AND FINANCIAL STATEMENTS

For The Year Ended 30 June 2023



Notes to the Financial Statements continued.

Standard	Effective date and impact:
Other improvements to IPSAS	Applicable 1st January 2023 <ul style="list-style-type: none">• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008).• <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS.• IPSAS 29: Financial instruments: Recognition and Measurement. Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.

The members of the Council have evaluated the impact of the new standards not yet effective for the year and had noted the IPSAS 42 has no impact on the Council's financial statements.

ii) Early adoption of standards

The Council did not adopt early any new or amended standards in FY 2022/2023.



Notes to the Financial Statements continued

18.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue Recognition

i) Revenue from Non-Exchange Transactions –IPSAS 23

Transfers from Government

Revenues from non-exchange transactions with government entities are measured at fair value and recognized on when certain conditions are met, such as the absence of contingencies and the likelihood of economic benefits.

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. Development/capital grants are recognized in the statement of financial position.

Since 2016, the Council adopted a change in net assets measurement computed as the receipt from GoK for the year under consideration and a transfer from the deferred income account so as to post a revenue equivalent to 5,400 per KCSE Candidature and 800 per candidature KCPE for.

The inaugural KPSEA assessment were administered in December 2022 at a Unit cost of 150 and 750 for formative assessment and summative assessments respectively. However, the council has only recognised amounts provided for in the printed estimates since the GOK adopts IPSAS cash basis.

ii) Revenue from Exchange Transactions –IPSAS 9

Examination Fees

The Council recognizes examination fees revenue when the examination is offered and the Council is freed from any further obligations with the candidates. To the extent that revenues from a certain examination have been received but the examination has not been administered, income is recognized in the financial year pro-rata to the expenditure incurred.

Non- Examination Revenue

Rendering of services

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



ANNUAL REPORT AND FINANCIAL STATEMENTS For The Year Ended 30 June 2023



Notes to the Financial Statements continued

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 Council.

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.

Interest Income

The interest income is accrued using the effective yield method. The effective yield discounts estimated further 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.

b) Expenditure Recognition

Under accrual accounting, expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrence of liabilities that result in decreases in net assets/equity. Expenses are recognized when the transaction or event causing the expense occurs, and the recognition of the expense is therefore not linked to when cash or its equivalent is received or paid.

c) Budget Information –IPSAS 24

The original budget for FY 2022-2023 was approved by the National Assembly in July 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

Budget Information –IPSAS 24

Accordingly, the Council recorded additional appropriations of **Kes. 3,420,530,795** on the FY 2022-2023 budget following the governing body's approval.



ANNUAL REPORT AND FINANCIAL STATEMENTS

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Notes to the Financial Statements continued

The Council'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 17 of these financial statements.

d) Taxes – IAS 12

The Council does not operate for gain as per its mandate. The Deferred Taxation accounting is not applicable on the Council's operating income which is not taxable. However its investment income & rental income are subject to income tax as per ruling of the Tax Appeals Tribunal No. TAT/57 of 2018.

The Current income tax liabilities for the period under review are measured at the amount expected to be paid to the taxation authorities. 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.

e) Investment property –IPSAS 16

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing property 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



ANNUAL REPORT AND FINANCIAL STATEMENTS

For The Year Ended 30 June 2023



Notes to the Financial Statements continued.

to initial recognition, investment properties are measured using the cost model and are depreciated over a 40-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.

f) Property, Plant and Equipment –IPSAS 17

All Property, Plant and Equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation is charged so as to write off the full cost of fixed assets, other than land and properties under construction, over their estimated useful lives using straight line method. The Council charges full depreciation on all its non-current assets in the year of purchase and no depreciation in the year of disposal.

The following useful lives are applied to the different classes of non-current assets:

Depreciation is charged so as to write off the full cost of fixed assets, other than land and properties under construction, over their estimated useful lives. The Council charges full depreciation on all its non-current assets in the year of purchase and no depreciation in the year of disposal.

The following useful lives are applied to the different classes of non-current assets:



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➤ **Notes to the Financial Statements continued**

Class	Estimated Useful Life in years	Method of depreciation	
		Straight Line	Reducing Balance
Leasehold Buildings	40		√
Motor Vehicles	4	√	
Computer Equipment	4	√	
Office Equipment	10	√	
Furniture	8	√	
Fittings and Partitions	10	√	

g) Intangible Assets –IPSAS 31

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 impairment losses.

Internally generated intangible assets, excluding capitalized development costs, are not capitalized and the 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.

The Council's intangible assets are amortised on a straight-line balance over a period of four years.



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For The Year Ended 30 June 2023



➤ **Notes to the Financial Statements continued**

h) Research and development costs

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

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

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

i) Financial Instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment.



ANNUAL REPORT AND FINANCIAL STATEMENTS

For The Year Ended 30 June 2023



Notes to the Financial Statements continued

i) Financial instruments (Continued)

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 Council has the positive intention and ability to hold it to maturity. The Council holds its investments in Consolidated Bank at cost.

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Council 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.



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➤ **Notes to the Financial Statements continued**

j) Inventories –IPSAS 12

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

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 Council.

k) Provisions, Contingent Liabilities and Contingent Assets – IPSAS 19

Provisions are recognized when the Council 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 Council 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.



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Notes to the Financial Statements continued

Contingent Liabilities

The Council 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 no longer remote.

Contingent Assets

The Council does not recognize contingent assets 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 Council in the notes of the financial statements.

Contingent assets are assessed continually 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.

I) Nature and Purpose of Reserves

The Council creates and maintains reserves in terms of specific requirements.

Capital Reserve:-

The reserve consists of development funding and Contributions by the National Treasury for acquisition of assets or development projects and is recognized as a financing reserve when received. No repayment of the financing is expected by the Council.

Revaluation Reserve:-

The purpose of the reserve is to comply with the statutory requirements on provision for the renewal of depreciating assets.

Accumulated Surplus:-

The purpose of the reserve is to safeguard the Council's ability to continue as a going concern and to match the profile of its assets and liabilities taking account of the risks inherent in the business operation.



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Notes to the Financial Statements continued

m) Changes in Accounting Policies and Estimates –IPSAS 3

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

n) Employee Benefits: -IPSAS 25

Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered, such as paid vacation leave are recognized in the period in which the service is rendered and are not discounted. The expected cost of compensated absences is recognized as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

Retirement Benefit Plans

The Council provides retirement benefits for its permanent and pensionable employees under Defined Contribution (DC) scheme. Defined Contribution plans for all staff members are post-employment benefit plans under which the Council pays fixed contributions into a separate 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 Council also contributes to the statutory National Social Security fund (NSSF) which is defined contribution scheme registered under the NSSF Act currently at Kes.200 per employee per month.

The contributions to defined contribution retirement benefits are charged against income in the year in which they become payable. The contributions to the retirement benefits are included in staff costs.

o) Project Funds

The Kenya National Examinations Council (KNEC) is supported by the World Bank's Secondary Education Quality Improvement Project (SEQIP) Sub-Component 3.2. and Kenya Primary Education Equity in Learning (KPEEL) Program. This support aims to Strengthening of national system for



ANNUAL REPORT AND FINANCIAL STATEMENTS

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Notes to the Financial Statements continued

monitoring learning progress and National Examinations. Through the support, KNEC has developed Competency Based Assessment Framework (CBAF) for Early Years Education (EYE) and Upper Primary and Intermediate (UPI) level tiers. Donors projects are recorded as financial liabilities until the specific conditions of the project are met.

p) Related Parties Disclosures– IPSAS 20

The Council regards a related party as a person or an entity with the ability to exert or to exercise significant influence over the Council, or vice versa. Persons or entities that are regarded as related parties comprise the Ministry of Education (Moe), Council members and the Council's Senior Management.

q) Leases–IPSAS 13

Council as a lessee

Leases in which the lessor does not transfer substantially all risks and rewards of ownership of an asset are classified by Council as operating leases. Lease payments under operating leases for office space are recognized as operating expenses on a straight-line basis over the lease term and included in surplus or deficit.

Council as a lesser

Leases in which lessor does not transfer substantially all risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term. Lease income from operating leases is recognized as income on a straight-line basis over the lease term.

r) Capital Commitments

The Capital commitments are disclosed in respect of contracted amounts for which delivery by the contractor is outstanding at the accounting date, and for amounts which the Council's approval has been obtained and contracted for.



ANNUAL REPORT AND FINANCIAL STATEMENTS For The Year Ended 30 June 2023



Notes to the Financial Statements continued.

s) 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 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 authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

t) Foreign Currency transactions –IPSAS 4

Transactions in foreign currencies are initially accounted for at the exchange rate 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 apply 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.

u) Comparatives Figures

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

v) Subsequent events -IPSAS 14

There were no events subsequent to the financial year and with significant impact on the financial statements for the year ended 30 June 2020.

w) Segment Reporting -IPSAS 18

All the operations of the Council are managed from the registered office. The core business of the KNEC continues as stipulated in the KNEC Act, 2012. The Council highlights on contracted professionals used by the Council to run national examinations.



ANNUAL REPORT AND FINANCIAL STATEMENTS

For The Year Ended 30 June 2023



Notes to the Financial Statements continued

18.5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Council based its assumptions and estimates on parameters available when the 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 Council. Such changes are reflected in the assumptions when they occur. IPSAS 1.140.

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in notes for provision for doubtful debts, leave provision, useful lives and depreciation methods and asset impairment.

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.



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For The Year Ended 30 June 2023



NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 2 a	2023	2,022
Recurrent Government Grant	Kes.	Kes.
<i>Exams Fees for Public Institutions</i>		
KCPE Recurrent Grants -MOE	979,606,400	965,987,200
KCSE Recurrent Grants -MOE	4,329,012,600	4,087,697,400
Recurrent Grants -CBA	1,000,000,000	-
	6,308,619,000	5,053,684,600
Recurrent Grants -MOE	141,495,900	149,100,000
Grants - GPE PRIEDE PROJECT	-	200,000,000
Grants - WB DLIPROJECTS	50,000,000	-
	6,500,114,900	5,402,784,600

NOTE 2b	FY 2022-2023	FY 2021-2022
INTER-ENTITY TRANSFERS	Kes.	Kes.
Parliamentary Allocation approved		
MoE KCPE Deferred Income transferred	37,475,718	291,149,027
MoE Recurrent KPSEA Exams Grants Transfer	1,000,000,000	-
MoE Recurrent KCPE Exams Grants Transfer	942,130,682	674,838,173
MoE Recurrent KCSE Exams Grants Transfer	2,733,091,935	3,322,114,547
MoE KCSE Deferred Income transferred	1,595,920,665	765,582,853
<i>Exams Fees for Public & Private Institutions</i>	6,308,619,000	5,053,684,600
Recurrent Grants -MOE	141,495,900	149,100,000
Grants - GPE PRIEDE PROJECT	-	200,000,000
Grants - WB DLIPROJECTS	50,000,000	-
	6,500,114,900	5,402,784,600

Note 2 C	Transfer from ministries, departments & Agencies				
Name of Entity sending the grant	Amount recognized to statement of comprehensive income	Amount deferred under deferred income	Amount recognized in capital fund	Amount recognized in receivables	FY 2022-2023 Total grant income during the year.
Ministry/ state department of Basic Education	4,816,718,518	348,646,094	275,638,500	0	5,441,003,112



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For The Year Ended 30 June 2023



NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 3

EXAMINATION FEES

	FY 2022-2023	FY 2021-2022
	Kes.	Kes.
KCPE	12,340,800	14,449,600
KPSEA	7,344,750	-
KCSE	483,103,300	393,632,250
PTE	9,766,650	18,443,700
TCAE	1,324,200	1,162,500
ECDE	50,878,390	308,709,760
DTE	17,566,650	16,676,000
SNE	23,856,300	10,642,700
Technical	1,522,135,580	1,095,611,490
Business	664,209,770	504,818,960
U-DPTE	186,359,000	-
U-DECTE	5,793,300	-
Commissions received on Foreign Exams	45,149,419	48,197,500
Examination Fees - Qualify Tests, Amendments, Penalties	6,715,960	5,129,000
Examinations Refunds	(2,535,413)	(3,080,790)
	3,034,008,656	2,414,392,670

NOTE 4

INTEREST INCOME

	FY 2022-2023	FY 2021-2022
	Kes.	Kes.
Interest - Fixed Deposits	58,701,665	70,757,299
Interest - Current Accounts	10,291,377	9,617,425
	68,993,042	80,374,724



ANNUAL REPORT AND FINANCIAL STATEMENTS

For The Year Ended 30 June 2023



NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 5

OTHER OPERATING INCOME

	FY 2022-2023	FY 2021-2022
	Kes.	Kes.
Rent Recoveries	10,020,000	9,860,000
Rental Income	1,293,103	2,586,207
Sale of Waste Paper	7,841,017	5,383,172
S M S Income	55,403,870	54,099,405
Sale of Publication	3,449,229	53,334,257
Royalties- Mathematics table	24,107,718	-
Sundry Revenue	1,481,800	50,000
Confirmation of Certificates services	66,831,000	41,210,000
Letter of Certificates services	9,742,500	5,103,000
Equation	1,302,000	1,305,000
Contracted Professionals Training Fees - KCPE	2,751,000	6,457,500
Contracted Professionals Training Fees - KCSE	62,013,000	36,939,000
Inspection of Examination centers - KCPE	1,805,000	3,994,000
Inspection of Examination centers - KCSE	493,000	728,000
Inspection of Examination centers - Technical	768,000	1,204,000
Inspection of Examination centers - Business	454,000	1,041,000
Less Refunds	(1,020,437)	(1,543,790)
	248,735,800	221,750,751

NOTE 6

PERSONNEL EXPENSES

	FY 2022-2023	FY 2021-2022
	Kes.	Kes.
Personal Emoluments	771,609,299	769,927,466
Wages(NYS)	38,031,260	22,205,768
Leave and Passage Expenses	13,253,267	13,170,254
Employer Contribution to Pension Schemes	115,936,791	112,108,816
<i>Compensation to Employees</i>	938,830,617	917,412,304
Medical Expenses	76,329,318	97,242,017
	1,015,159,935	1,014,654,321

*Medical expenses for the FY 2022/2023 have been recognised on accrual basis which apportioned **Kes. 14,987,519** to the subsequent FY as a prepayment.*



ANNUAL REPORT AND FINANCIAL STATEMENTS

For The Year Ended 30 June 2023



NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 7

COUNCIL AND ITS COMMITTEE EXPENSES

	FY 2022-2023 Kes.	FY 2021-2022 Kes.
Council Meeting and Its Committee Sitting Allowance	7,553,104	11,480,000
Council Members Training & Evaluation	1,455,000	158,400
Council Subsistence Allowances	3,163,685	2,895,000
Council Exam Monitoring Allowances	9,122,800	11,062,000
Council Travelling Allowances	2,175,138	492,323
Chairman Honoraria & airtime	1,032,774	870,000
	24,502,501	26,957,723

NOTE 8

OFFICE ADMINISTRATION EXPENSES

	FY 2022-2023 Kes.	FY 2021-2022 Kes.
Transport Operation Expenses	43,269,625	33,148,213
Travel & Accommodation	67,277,691	33,201,795
Telephone, internet, Courier /Airtime Expenses	19,040,805	22,978,780
Official Entertainment	300,000	290,000
Electricity, Water & Conservancy	25,079,890	21,612,429
Purchase of Uniforms	379,485	-
Purchase of Stationery & Accountable Documents	63,489,205	42,209,608
Internal Audit Running Expenses	2,383,400	646,230
Mpesa & Bank Charges	17,674,856	19,011,117
Audit Expenses	2,900,000	2,900,000
Maintenance of Office Machinery, Furniture and Equipment	12,664,881	13,533,399
Newspapers, Magazines and Periodicals	165,402	269,240
Events and Catering Management	51,856,689	41,144,749
Contracted Guards	38,541,323	38,071,161
Supplies of Sanitary Services	11,564,811	10,433,050
Staff Training	5,119,826	9,301,339
International Conference	39,162,569	740,970
Advertising & Publicity	9,571,691	15,228,434
Library Expenses	2,026,050	97,350
Quality Assurance and Strategic Management	5,820,580	6,032,882
Bookshop Operating Expenses	(410,684)	-3,745,401



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For The Year Ended 30 June 2023



NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 8 continued.

OFFICE ADMINISTRATION EXPENSES

	FY 2022-2023	FY 2021-2022
	Kes.	Kes.
Legal Expenses	13,787,347	23,959,083
General Consultancy	10,391,894	78,625
National Programs i.e. HIV/AIDS, ADA, Gender & Anti-Corruption	6,172,612	4,160,673
Staff Welfare Development	23,043,405	20,221,978
E-Assessment platform development and maintenance	18,267,958	-

489,541,311	355,525,704
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The Council re-classified elements of office administration expenses in the current and comparative reporting periods as follows:

- **Internal audit expenses** in FY2021/22 Kes.646,230 and FY2022/23 Kes. 2,383,400 were reclassified from Mpesa and Bank Charges.
- **General Insurances and parking fees**- Reclassified from the events and catering to staff Housing and accommodation. (FY2021/22 General insurance Kes. 4,627,056 and Kes.8,374,975 in FY 2022/23) and (FY2021/22 parking charges Kes. 2,088,000 and Kes.1,218,000 in FY 2022/23)
- **Subscriptions to local organizations**- Reclassified from the events and catering cluster to staff training within Administration expenses (FY2021/22 Kes. 453,635 and Kes.707,532.50 in FY 2022/23)

NOTE 9

EXAMINATION EXPENSES

	FY 2022-2023	FY 2021-2022
	Kes.	Kes.
Computer Charges	104,655,098	53,491,893
Reprographics Printing Unit	51,651,962	82,950,084
KPSEA	674,201,481	-
KCPE	1,096,898,112	1,168,964,848
KCSE	5,117,026,710	4,647,111,195
PTE	37,372,294	22,919,456
ADULT/TCAE	2,653,603	825,541
ECDE	33,024,675	75,050,356
DTE	37,623,229	23,502,674
SNE	17,741,836	13,439,777
TECHNICAL	652,853,529	412,620,901
BUSINESS	331,795,544	235,246,998
FOREIGN EXAMS Expenses	18,775,529	17,599,795



ANNUAL REPORT AND FINANCIAL STATEMENTS

For The Year Ended 30 June 2023



NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 9 continued...	FY 2022-2023	FY 2021-2022
EXAMINATION EXPENSES	Kes.	Kes.
CBA	0	101,789,569
KEYA	4,346,400	3,179,596
GRADE 4	6,591,607	-
GRADE 5	7,785,187	-
DPTE	92,063,523	22,448,716
DECTE	27,749,201	4,815,413
	8,314,809,520	6,885,956,812

NOTE 10	FY 2022-2023	FY 2021-2022
STAFF HOUSING AND OFFICE ACCOMODATION	Kes.	Kes.
Maintenance to Residential Houses	501,911	-
Maintenance to Regional Containers	2,172,700	1,113,739
Repair to Council Offices	24,740,439	9,262,644
Rent & Rates to Office Accommodation	58,216,550	92,192,309
Parking Charges	1,218,000	2,088,000
General Insurances	8,374,975	4,627,056
	95,224,575	109,283,748

The Council re-classified Parking and General insurances from office administration expense in the current and comparative reporting periods.

NOTE 11	FY 2022-2023	FY 2021-2022
INCREASE IN PROVISION OF DOUBTFUL DEBTS	Kes.	Kes.
Additions	1,254,240	-
	1,254,240	-

NOTE 12	FY 2022-2023	FY 2021-2022
DECREASE IN PROVISION OF EMPLOYEE BENEFIT OBLIGATION	Kes.	Kes.
Employer Benefits Obligation -Leave Pay	2,824,092	(1,036,903)
	2,824,092	(1,036,903)



ANNUAL REPORT AND FINANCIAL STATEMENTS
For The Year Ended 30 June 2023



NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 13

DEPRECIATION AND AMORTIZATION EXPENSES

	FY 2022-2023	FY 2021-2022
	Kes.	Kes.
Depreciation of Residential Houses	10,330,160	13,691,047
Depreciation of New Mitihani House (Dennis Pritt)	8,476,685	7,946,892
Depreciation of New Mitihani House (Printing Unit)	8,799,714	8,515,852
Depreciation of Computer Equipment	63,696,449	60,828,129
Depreciation of Office Equipment	39,071,260	40,233,480
Depreciation of Examination Material Container	36,617,088	35,948,928
Depreciation Expenses -Motor Vehicles	6,877,401	8,864,914
Depreciation of Furniture	6,434,151	1,183
Depreciation of Office Fittings and Partitions	7,540,172	13,642,729
Amortization of Software Development	8,164,700	4,606,659
	196,007,780	194,279,813

NOTE 14

RELOCATION TO NEW MITIHANI HOUSE

	FY 2022-2023	FY 2021-2022
	Kes.	Kes.
Relocation to New Mitihani House	5,702,948	-
	5,702,948	-

NOTE 15

OTHER GAINS/LOSSES

	FY 2022-2023	FY 2021-2022
	Kes.	Kes.
Gain\ (Loss) on foreign exchange	10,294,559	(749,802)
	10,294,559	(749,802)

NOTE 16

TAXATION

Current income tax

	FY 2022-2023	FY 2021-2022
	Kes.	Kes.
Current corporate income tax	20,697,912	25,838,165
Tax arrears	0	-
	20,697,912	25,838,165
Deferred tax		
Temporary difference	0	-
	20,697,912	25,838,165



ANNUAL REPORT AND FINANCIAL STATEMENTS

For The Year Ended 30 June 2023



NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 17

CASH AND CASH EQUIVALENTS

	FY 2022-2023	FY 2021-2022
	Kes.	Kes.
Cash in Bank	646,476,856	424,264,912
Short term Deposits	838,567,766	1,501,555,090
	1,485,044,622	1,925,820,002

NOTE 18

RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	FY 2022-2023	FY 2021-2022
	Kes.	Kes.
MoE (Recurrent Grant)	9,890,300	-
MoE (Capital Grants)	97,000,000	-
MOE- Directorate of TVET - CDACC	43,529,060	-
MoE (Recurrent Grant)	150,419,360	-

NOTE 19

PREPAYMENT & RECEIVABLES FROM EXCHANGE TRANSACTIONS

	FY 2022-2023	FY 2021-2022
	Kes.	Kes.
Prepayments	31,975,912	21,413,660
Debtors -Examinations	20,931,610	25,234,100
Un-surrendered Imprest	103,728,229	82,163,310
Sundry Debtors	48,049,780	80,718,360
Staff Receivables	262,181	481,952
Interest Receivable/Accrued Interest	18,851,526	9,640,981
Deposit to Institutions	15,844,560	11,844,560
	239,643,798	231,496,923

NOTE 20:

INVENTORIES

	FY 2022-2023	FY 2021-2022
	Kes.	Kes.
Printing Materials -Inventories	72,689,124	82,099,422
General Stationery	74,963,371	81,162,393
Book Shop - Inventories	40,224,870	39,773,786
	187,877,365	203,035,601



ANNUAL REPORT AND FINANCIAL STATEMENTS

For The Year Ended 30 June 2023



NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 21

PROPERTY, PLANT & EQUIPMENTS

	FY 2022-2023 Kes.	FY 2021-2022 Kes.
COST		
Balance as at 1st July	3,679,327,493	3,610,601,546
Adjustment of the opening bal b/f	(6,175,139)	
Additions for the year	53,699,837	32,671,167
Additions Committed	123,319,899	8,806,543
Additions Donor Projects -Seqip	0	27,248,238
	3,850,172,091	3,679,327,494
ACCUMULATED DEPRECIATION		
Accumulated Depreciation b/f	(2,704,384,528)	-2,528,402,421
Adjustment of the opening bal b/f	(42,896,141)	
Depreciation for the year	(177,512,920)	(175,982,107)
	(2,924,793,588)	(2,704,384,528)
NET BOOK VALUES		
Balance as at 30th June	925,378,502	974,942,966



ANNUAL REPORT AND FINANCIAL STATEMENTS

For The Year Ended 30 June 2023



NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 21: Property, Plant & Equipment as June 30th Financial Year 2022-2023 Continued...

	LAND KSHS	LEASEHOLD BUILDING KSHS	MOTOR VEHICLE KSHS	OFFICE EQUIPMENT KSHS	MATERIAL CONTAINERS KSHS	COMPUTER EQUIPMENT KSHS	FURNITURE KSHS	PARTITION & FITTINGS KSHS	GROSS TOTAL KSHS
COSTOR VALUATION									
Balance as at 1st July 2021	329,550,000	391,141,698	151,764,783	897,482,995	345,120,842	1,107,137,464	132,586,967	255,816,797	3,610,601,546
Additions for the year	-	-	16,000,000	1,848,228	14,544,196	36,333,523	-	-	68,725,948
Balance as at 1 July 2022	329,550,000	391,141,698	167,764,783	899,331,223	359,665,038	1,143,470,987	132,586,967	255,816,797	3,679,327,494
Adjustment				(1,732,228)	(175,754)	(4,267,157)			(6,175,139)
Restated Balance as at 1 July 2022	329,550,000	391,141,698	167,764,783	897,598,995	359,489,284	1,139,203,831	132,586,967	255,816,797	3,673,152,355
Additions for the year	-	-	-	122,226,496	6,681,600	47,846,141	265,500	-	177,019,737
Balance as at 30 June 2023	329,550,000	391,141,698	167,764,783	1,019,825,491	366,170,884	1,187,049,972	132,852,467	255,816,797	3,850,172,091
ACCUMALATED DEPRECIATION									
Balance as at 1 July 2021	-	138,945,196	148,679,968	768,254,506	147,674,588	1,006,939,377	132,577,504	185,331,282	2,528,402,421
Depreciation charge for the year	-	16,462,744	8,864,914	40,233,480	35,948,928	60,828,129	1,183	13,642,729	175,982,107
Opening Balance as at 1st July 2022	-	155,407,940	157,544,882	808,487,986	183,623,516	1,067,767,506	132,578,687	198,974,011	2,704,384,528
Adjustment			(4,657,500)	24,449,656	353,532	6,555,290	(19,126,209)	35,321,371	42,896,141
Restated Opening as at 1st July 2022	-	155,407,940	152,887,382	832,937,642	183,977,048	1,074,322,796	113,452,478	234,295,382	2,747,280,669
Depreciation charge for the year	-	17,276,399	6,877,401	39,071,260	36,617,088	63,696,449	6,434,151	7,540,172	177,512,920



ANNUAL REPORT AND FINANCIAL STATEMENTS

For The Year Ended 30 June 2023



NOTE 21: Property, Plant & Equipment as June 30th Financial Year 2022-2023 Continued...

	LAND KSHS	LEASEHOLD BUILDING KSHS	MOTOR VEHICLE KSHS	OFFICE EQUIPMENT KSHS	MATERIAL CONTAINERS KSHS	COMPUTER EQUIPMENT KSHS	FURNITURE KSHS	PARTITION & FITTINGS KSHS	GROSS TOTAL KSHS
Balance as at 30th June 2023	-	172,684,339	159,764,783	872,008,902	220,594,136	1,138,019,245	119,886,629	241,835,554	2,924,793,588
NET BOOK VALUE									
As at 30th June 2023	329,550,000	218,457,359	8,000,000	147,816,589	145,576,748	49,030,727	12,965,838	13,981,243	925,378,503
As at 30th June 2022	329,550,000	235,733,758	10,219,901	90,843,237	176,041,522	75,703,481	8,280	56,842,786	974,942,966
Rate of Depreciation		2.5%	25.0%	10.0%	10.0%	25.0%	12.5%	10.0%	

The Council re-classified elements of Property, Plant and equipment occasioning prior year adjustments in historical cost and accumulated depreciation. The re-classification aligns the assets to their classes more accurately



ANNUAL REPORT AND FINANCIAL STATEMENTS

For The Year Ended 30 June 2023



NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 22

PROPERTY IN WORK IN PROGRESS

This represents construction work being undertaken at the plot L.R. No 188/4/451/11/79 next to the Kenya Bureau of Standards Headquarters, off Mombasa Road. The GOK commissioned the building in 1986.

	FY 2022-2023	FY 2021-2022
	Kes.	Kes.
Property in Work in Progress		
Balance as at 1st July	3,572,027,042	3,095,633,964
Adjustment of the opening bal b/f	(8,232,782)	
Prior item additions paid by MOPW	-	-
Additions during the year	87,313,089	476,393,078
Balance as at 30th June	3,651,107,349	3,572,027,042

NOTE 23

INVESTMENT PROPERTY

	FY 2022-2023	FY 2021-2022
	Kes.	Kes.
COST		
Balance as at 1st July	381,408,000	381,408,000
Balance as at 30th June	381,408,000	381,408,000
ACCUMULATED DEPRECIATION		
Balance as at 1st July	(198,521,053)	- 184,830,006
Adjustment of the opening bal b/f	8,792	
Depreciation charge for the year	(10,330,161)	- 13,691,047
Balance as at 30th June	(208,842,422)	- 198,521,053
NET BOOK VALUES		
Balance as at 30th June	172,565,578	182,886,947

NOTE 24

INVESTMENTS

These are investments held in Consolidated Bank of Kenya. These equity capitals comprise of:

	2022-2023	2021-2022
	Kes.	Kes.
695,000 Ordinary Shares @ Kes. 20.00	13,900,000	13,900,000
2,520,000 4% Non-cumulative Preference Shares @ Kes. 20.00	50,400,000	50,400,000
Balance as at 30 June	64,300,000	64,300,000



ANNUAL REPORT AND FINANCIAL STATEMENTS

For The Year Ended 30 June 2023



NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 25

INTANGIBLE ASSETS -SOFTWARES

Intangible assets are made of patented computer softwares owned by KNEC such as Examination Processing System (EPS), Enterprise Resource Planning and Item Banking.

	FY 2022-2023	FY 2021-2022
	Kes.	Kes.
COST		
Balance as at 1st July	183,894,913	183,894,913
Adjustment of the opening bal b/f	14,232,167	
Additions for the year	14,232,167	
Additions from SEQIP		
Additions Committed		
Balance as at 30th June	198,127,080	183,894,913
ACCUMULATED AMORTIZATION		
Balance as at 1st July	(174,681,595)	(170,074,936)
Adjustment of the opening bal b/f	(433,057)	
Amortization for the year	(8,164,700)	(4,606,659)
Balance as at 30th June	(183,279,352)	(174,681,595)
NET BOOK VALUES		
Balance as at 30th June	14,847,727	9,213,318

NOTE 26

TRADE AND OTHER PAYABLES

	FY 2022-2023	FY 2021-2022
	Kes.	Kes.
Examination Expenses Payable	1,728,603,569	636,865,159
Trade Creditors	251,097,051	254,205,741
Accrued Expenses	234,707,640	312,062,069
Staff Deductions Payables/Benefits	12,634,929	5,389,495
Statutory Deductions Payables	126,201,900	52,076,067
KNEC Contribution to WCPS / Staff Contribution to WCPS	493,273	109,616
Audit Fees (Accrual)	2,900,000	5,800,000
Rent Deposit Refundable	1,368,600	1,398,600
	2,358,006,962	1,267,906,747



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For The Year Ended 30 June 2023



NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 27

DEFERRED INCOME

	FY 2022-2023	FY 2021-2022
	Kes.	Kes.
Deferred - Income - KCPE	20,056,000	360,604,071
Deferred - Income - KCSE	314,488,660	1,272,792,312
Deferred Income - KPSEA	9,576,750	-
Deferred - Income - PTE	-	4,823,100
Deferred - Income - TCAE	-	953,550
Deferred - Income - ECDE	-	44,409,160
Deferred - Income - DTE	-	10,126,650
Deferred - Income - SNE	-	9,271,150
Deferred - Income - Technical	800,674,810	663,799,220
Deferred - Income - Business	347,458,810	311,332,560
Confirmation of Certificates	7,146,160	5,328,723
Letter of Certificates services	198,360	1,470,930
Deferred Income - Equation	83,537	1,341,877
Deferred Income - Contracted professionals training	-	10,500
Deferred Income - U-DPTE	63,318,000	186,327,600
Deferred Income - U-DECTE	71,599,700	5,793,300
Deferred Income - CBET	24,885,770	-
Deferred Income - AEAA Conference funds	11,505,634	-
	1,670,992,191	2,878,384,703

NOTE 28

EMPLOYEE BENEFIT OBLIGATION

	FY 2022-2023	FY 2021-2022
	Kes.	Kes.
Balance as at 1st July	23,192,492	26,371,235
Employee benefit Obligation -Gratuity	452,417	(1,404,090)
Employer Benefits Obligation - Through I/S	2,370,267	(1,036,903)
Employer Benefits Obligation - Payments	-	(737,750)
Balance as at June	26,015,176	23,192,492



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For The Year Ended 30 June 2023



NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 29

TAXATION PROVISION

		FY 2022-2023	FY 2021-2022
		Kes.	Kes.
Balance as at 1st July		40,928,609	41,839,112
Income tax charge for the year	15	20,697,912	25,838,165
Under/(over) provision in prior year/s	15	-	-
Income tax paid during the year		(14,755,925)	(26,748,668)
Net change		5,941,987	(910,503)
Balance as at June		46,870,596	40,928,609

NOTE 30

DONOR PROJECT FUNDS

		FY 2022-2023	FY 2021-2022
		Kes.	Kes.
Rockefeller B/F		3,339,543	3,339,543
EAC (Essay Writing Competition) B/F		329,248	329,248
KESSP - NASMLA B/F		8,084,361	8,084,361
UKEFR Study - AKF B/F		41,000	41,000
UNESCO -Education Response to Covid 19		-	7,780,740
GPE-World Bank PRIEDE Project		704,964	944,828
SEQIP-Secondary Education Quality Improvement Project		73,722,254	140,197,324
UNESCO -PROJECTS		(38,648)	-
UNICEF		-	928,148
WB-KPEEL PROJECT(IPF)		71,789,812	-
BRITISH COUNCIL-KNEC PARTNERSHIP		6,188,472	-
Balance as at June		164,161,006	161,645,192

Donor funds amounting to **Kes. 11,794,152** have remained outstanding since FY 2007/2008. Management undertakes to resolve the same in the FY 2023/2024.



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 30: THE DONOR PROJECT FUNDS MOVEMENT IS AS FOLLOWS:

	FY 2022-2023	FY 2021-2022
		Kshs.
DONOR PROJECT FUNDS		
Reconciliation of Donor Project Funds		
Other Projects b/f	11,794,152	11,794,152
UNESCO -Education Response To Covid 19 b/f	7,780,740	6,333,370
GPE -COVID 19 LCBE Project b/f	-	13,981,320
GPE-World Bank PRIEDE Project b/f	944,828	32,830,692
SEQIP-Project b/f	140,197,324	313,940,035
UNICEF - Project b/f	928,148	
Balance as at 1st July	161,645,192	378,879,569
Movements during the year		
Current year receipts		
UNESCO -Education Response To Covid 19	21,957,525	8,206,920
GPE-World Bank PRIEDE Project	-	277,929,776
GPE -COVID 19 LCBE Project	-	-
UNICEF - Project	7,496,500	6,927,200
WB-KPEEL PROJECT(IPF)	92,136,500	-
BRITISH COUNCIL-KNEC PARTNERSHIP	8,845,000	
	130,435,525	293,063,896
Conditions met- project expenses utilized		
UNESCO -Education Response To Covid 19	(29,776,913)	(6,759,550)
GPE-World Bank PRIEDE Project	(239,864)	(309,815,640)
GPE -COVID 19 LCBE Project	-	(13,981,320)
SEQIP-Secondary Education Quality Improvement Project	(66,475,070)	(173,742,711)
UNICEF - Project	(8,424,648)	(5,999,052)
WB-KPEEL PROJECT(IPF)	(20,346,688)	-
BRITISH COUNCIL-KNEC PARTNERSHIP	(2,656,528)	-
	(127,918,991)	(510,298,273)
Total Movements during the year	2,516,534	(217,234,377)
Other Projects c/f	11,794,152	11,794,152
UNESCO -Education Response To Covid 19	(38,648)	7,780,740
GPE-World Bank PRIEDE Project c/f	704,964	944,828
GPE -COVID 19 LCBE Project	-	-
SEQIP-Project c/f	73,722,254	140,197,324
UNICEF - Project	-	928,148
WB-KPEEL PROJECT(IPF)	71,789,812	-
BRITISH COUNCIL-KNEC PARTNERSHIP	6,188,472	-
Conditions to be met- liabilities (See Note 29)	164,161,006	161,645,192



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 31

CAPITAL WORKS RETENTIONS

	FY 2022-2023	FY 2021-2022
	Kes.	Kes.
Balance as at 1st July	5,854,410	4,399,990
Retention of purchase of containers	1,773,787	1,454,420
Balance as at June	7,628,197	5,854,410

NOTE 32

CAPITAL RESERVE

	FY 2022-2023	FY 2021-2022
	Kes.	Kes.
Balance as at 1st July	4,561,811,784	4,034,563,545
Prior item additions grants on NMH received by MOPW		-
Capital grants for the year		-
MOE Capital grants on NMH for the year	-	500,000,000
Capital Grants - Office Equipment	133,500,000	-
SEQIP Capital grants for the year	-	27,248,239
Balance as at June	4,695,311,784	4,561,811,784

NOTE 33

REVALUATION RESERVE

	FY 2022-2023	FY 2021-2022
	Kes.	Kes.
Balance as at 1st July	709,640,359	709,640,359
Revaluation for the year		-
Balance as at June 30	709,640,359	709,640,359

NOTE 34

REVENUE RESERVE -ACCUMULATED SURPLUS

	FY 2022-2023	FY 2021-2022
	Kes.	Kes.
Balance as at 1st July	(2,485,641,498)	(2,012,441,115)
Deficit for the Year	(303,577,857)	(492,906,440)
Prior Items Adjustments	1,777,387	19,706,057
Balance as at June 30	(2,787,441,968)	(2,485,641,498)



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 35

Transfers from Ministries, Departments and Agencies

Grants From National Government

Amount recognized to Statement of Comprehensive Income

	FY 2022-2023	FY 2021-2022
	Kes.	Kes.
MOE Recurrent Grants	141,495,900	149,100,000
MOE KPSEA Examination Grants	1,000,000,000	-
MOE KCSE Examination Grants	942,130,682	3,322,114,547
MOE KCPE Examination Grants	2,733,091,936	674,838,173
Grants - GPE PRIEDE PROJECT	-	200,000,000
Grants - WB DLIPROJECTS	50,000,000	-
Total Amount	4,816,718,518	4,346,052,720

Amount deferred

MOE KCPE Examination Grants	-	267,292,507
MOE KCSE Examination Grants	369,194,070	759,623,483
KPSEA Examination Grants	-	-
Total Amount	369,194,070	1,026,915,990

Amount recognised in capital fund.

MOE Capital Grants	133,500,000	500,000,000
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Amount recognised in Donor fund.

GPE-World Bank PRIEDE Project	-	277,929,776
UNICEF - Project	7,496,500	6,927,200
UNESCO - Project	21,957,525	8,206,920
WB-KPEEL PROJECT(IPF)	92,136,500	-

Total Amount

121,590,525	293,063,896
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Total grant income during theyear

5,441,003,112	6,166,032,606
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NOTE 36

RELATED PARTIES

Nature of related party relationships

Entities and other parties related to the entity include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

Government of Kenya

The Government of Kenya is the principal shareholder of the *entity*, holding 100% of the *entity's* equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external. Other related parties include:



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

- i) The National Government.
- ii) The Ministry of Education
- iii) Council Members
- iv) Key Management

RELATED PARTIES

FY 2022-2023

FY 2021-2022

Kes.

Kes.

Related party transactions

a) Sales to related parties

Grants - EAC (Essay Writing Competition) -

a) Grants from the Government

Grants from National Govt -MoE **5,441,003,112**

6,166,032,066

Grants from National Govt -MoPW -

b) Key management compensation

Council Members 24,502,501

26,957,723

Council Management 48,934,003

40,609,621

NOTE 37

COMMITMENTS

CAPITAL COMMITMENTS

FY 2022-2023

FY 2021-2022

Kes.

Kes.

Capital expenditure authorized and contracted for:

Local Purchase Orders authorized 30,783,908

168,961,588

Balance as at June **30,783,908**

168,961,588

OPERATING LEASE COMMITMENTS

FY 2022-2023

FY 2021-2022

Kes.

Kes.

Future minimum lease payments under non-cancellable operating leases for rented office space

Due within one year 14,919,722

86,685,336

Due within two to five years 10,816,325

16,693,470

Later than five years -

Total operating lease expense commitments **25,736,047**

103,378,806

The Council members are of the view that future net revenues and funding will be sufficient to cover these commitments.



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 38

PRIOR ITEMS ADJUSTMENTS

	FY 2022-2023	FY 2021-2022
	Kes.	Kes.

The net amount of prior year adjustment of **Kes. 1,777,387** is explained as below:

- i) Cancellation of Local Purchase Order (LPO) during the year 2022/2023 amounting to Kes. 24,835,105 which were not expected to be serviced but whose commitment had been factored in prior year Financial Statements in accordance with Accrual Basis of Accounting.
- ii) The write back of prior year payables determined to be no longer binding on the Council in light of events and additional information during the FY 2022/2023 amounting to Kes. 21,226,606.86.
- iii) The reconciliation of the carried amounts under PPE resulted in the net increase in accumulated depreciation by Kes. 43,496,158.

	1,777,387	19,706,057
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NOTE 39

CONTINGENT ASSETS

	FY 2022-2023	FY 2021-2022
	Kes.	Kes.
Foundation Institute of Africa	16,016,000	16,016,000
COM -21	4,546,829	4,546,829
Kenbright Insurance Broker	7,000,000	7,000,000
Enwelth-RBA	27,562,829	27,562,829

NOTE 40

CONTINGENT LIABILITY

	FY 2022-2023	FY 2021-2022
	Kes.	Kes.
NMH consultants-Mechanical works	27,154,941	-
Ongata Works Ltd	20,000,000	-
CIC Insurance	16,482,914	16,482,914
Former Staff Cases Awards	12,559,321	12,559,321
	76,197,176	29,042,235



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NOTE 41

FINANCIAL RISK MANAGEMENT

Financial risk management objectives and policies

The Council's activities expose it to a variety of financial risks including credit and liquidity risks and the effects of changes in foreign currency. The Council's overall risk management programme focuses on the unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Council does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The Council's financial risk management objectives and policies are detailed below:

(i) Credit risk

The Council has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Council's management based on prior experience and their assessment of the current economic environment.

FINANCIAL RISK MANAGEMENT

The carrying amount of financial assets recorded in the financial statements representing the Council's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Credit risk

	TOTAL	Fully performing	Past due	Impaired
As at 30 June 2023	Kshs.	Kshs.	Kshs.	Kshs.
Receivables from exchange transactions	239,643,798	172,971,799	31,430,175	20,254,305
Receivables from non-exchange transactions	-	-	-	-
Cash And Cash Equivalents	1,485,044,622	1,485,044,622	-	-
Total	1,724,688,420	1,658,016,421	31,430,175	20,254,305



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

(i) Credit risk (continued)

	TOTAL	Fully performing	Past due	Impaired
At 30 June 2023	Kshs.	Kshs.	Kshs.	Kshs.
Receivables from non-exchange transactions	231,496,923	188,597,722	26,599,932	20,254,305
Receivables from nonexchange transactions	203,035,601			
Cash And Cash Equivalents	1,925,820,002	1,925,820,002		
Total	2,360,352,526	2,114,417,724	26,599,932	20,254,305

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Council has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Council has significant concentration of credit risk on amounts due from Cash and Cash equivalents.

The Council sets the Council's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Council members who have built an appropriate liquidity risk management framework for the management of the Council's short, medium and long-term funding and liquidity management requirements. The Council manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the Council under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.



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FINANCIAL RISK MANAGEMENT (Continued)

	Less than 1 month Kshs.	Between 1-3 months Kshs.	Over 5 months Kshs.	Total Kshs.
At 30 June 2023				
Trade and other payables from exchange transactions	2,358,006,962	2,358,006,962	-	2,358,006,962
Deferred income		1,670,992,191	-	1,670,992,191
Taxation Provision		46,870,596		46,870,596
Employee benefit obligation		-	26,015,176	26,015,176
Total	2,358,006,962	4,075,869,749	26,015,176	4,101,884,925
At 30 June 2022				
Trade payables	1,267,906,747			1,267,906,747
Deferred income		2,878,384,703	-	2,878,384,703
Taxation Provision		40,928,609	-	40,928,609
Employee benefit obligation		-	23,192,492	23,192,492
Total	1,267,906,747	2,919,313,312	23,192,492	4,210,412,551

(iii) Market risk

The Council has in place an internal audit function, to evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Council's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The Council's Planning Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

There has been no change to the Council's exposure to market risks or the manner in which it manages and measures the risk.



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For The Year Ended 30 June 2023



FINANCIAL RISK MANAGEMENT (Continued)

a) Foreign currency risk

The Council has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

As at the end of the reporting period, the Council had nil foreign currency denominated payables.

b) Interest rate risk

Interest rate risk is the risk that the Council's financial condition may be adversely affected as a result of changes in interest rate levels. The Council's interest rate risk arises from bank deposits. The interest rate risk exposure arises mainly from interest rate movements on the Council's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to negotiate for favourable interest rates with its commercial bankers.

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Council's market assumptions. These two types of inputs have created the following fair value hierarchy:

* Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.

*Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).



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FINANCIAL RISK MANAGEMENT (Continued)

Fair value of financial assets and liabilities (Continued)

* Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The Council considers relevant and observable market prices in its valuations where possible.

The following table shows an analysis of financial and non- financial instruments recorded at fair value by level of the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2023				
Financial Assets				
Quoted equity investments	-	-	64,300,000	64,300,000
Non- financial Assets				
Investment property	-	-	381,408,000	381,408,000
Land and buildings	-	-	3,850,172,091	3,850,172,091
	-	-	4,295,880,091	4,295,880,091
At 30 June 2022				
Financial Assets				
Quoted equity investments	-	-	64,300,000	64,300,000
Non- financial Assets				
Investment property	-	-	381,408,000	381,408,000
Land and buildings	-	-	3,679,327,494	3,679,327,494
	-	-	4,125,035,494	4,125,035,494

There were no transfers between levels 1, 2 and 3 during the year.

Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.



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FINANCIAL RISK MANAGEMENT (Continued)

v) Capital Risk Management

The objective of the Council's capital risk management is to safeguard the Full Council's ability to continue as a going concern. The Council capital structure comprises of the following funds:

	2022-2023	2021-2022
	Kshs.	Kshs.
Revaluation reserve	709,640,359	709,640,359
Accumulated Deficit	(2,787,441,968)	(2,485,641,498)
Capital reserve	4,695,311,784	4,561,811,784
Total funds	2,617,510,175	2,785,810,645
Total borrowings	0	0
Less: cash and bank balances	1,485,044,622	1,925,820,002
Net Debt	(1,485,044,622)	(1,925,820,002)
Gearing Ratio	0%	0%

The Council has never contracted any debt. With regard to donor funded projects the council is an implementing agency, and any funding is negotiated with the MoE.



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 42

DETAILED ANALYSIS OF THE CASH AND CASH EQUIVALENTS

			FY 2022- 2023	FY 2021- 2022
	Branch	Account	Kes.	Kes.
Cash in Bank				
Co-operative Bank - SEQIP Project	Coop House	01136030120310	85,447,650	150,076,157
Co-operative Bank -Current Account	Coop House	01136030120300	136,115,516	30,755,353
Co-operative Bank -Project Account	Coop House	01136030120302	25,035,778	45,963,263
Co-operative Bank - GPE-WORLD BANK- PRIEDE PROJECT	Coop House	01136030120309	704,964	944,828
Co-operative Bank -GPE COVID 19 LCBE PROJECT	Coop House	01136030120311	-	-
Co-operative Bank -Forex Account	Coop House	03120030120300	8,990,452	3,488,338
Co-operative Bank -KCPE Collection Account	Coop House	01136030120303	9,430	8,842
Co-operative Bank -KCSE Collection Account	Coop House	01136030120304	10,000	783,700
Co-operative Bank -Business Collection Account	Coop House	01136030120305	10,000	9,514
Co-operative Bank -Technical Collection Account	Coop House	01136030120306	9,380	9,010
Co-operative Bank			256,333,169	232,039,005
Equity Bank -Current Account	Lavington Supreme Centre	0470294988324	22,771,068	17,290,544
Equity Bank - KCPE Collection Account	Lavington Supreme Centre	0470294988424	9,955	10,000
Equity Bank -KCSE Collection Account	Lavington Supreme Centre	0470294988446	10,000	10,000
Equity Bank -Business Exam Collection Account	Lavington Supreme Centre	0470294988466	10,000	10,000
Equity Bank -Technical Exam Collection Account	Lavington Supreme Centre	0470294988458	10,000	10,000
Equity Bank			22,811,023	17,330,544
National Bank of Kenya -Current Account	Harambee	0100105387000	77,111,079	72,009,020
National Bank of Kenya -KCPE Collection Account	Harambee	0100160313800	10,000	10,000
National Bank of Kenya -KCSE Collection Account	Harambee	0100160313800	10,000	10,000
National Bank of Kenya -Business Collection Account	Harambee	0100160314000	10,000	10,000
National Bank of Kenya -Technical Collection Account	Harambee	0100160314100	10,000	10,000
National Bank of Kenya - Other Exams Collection Account	Harambee	01001060314200	10,000	10,000
National Bank of Kenya - General Tran Collection Account	Harambee	0100160314300	369,113	10,000



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

DETAILED ANALYSIS OF THE CASH AND CASH EQUIVALENTS

Cash in Bank	Branch	Account	FY 2022-2023	FY 2021-2022
			Kes.	Kes.
National Bank of Kenya			77,530,192	72,069,020
Kenya Commercial Bank - Current Account	Moi Avenue	01107140870	78,965,362	50,437,604
Kenya Commercial Bank - KCPE Collection Account	Moi Avenue	01116686414	9,880	9,880
Kenya Commercial Bank - KCSE Collection Account	Moi Avenue	01116686457	9,880	9,880
Kenya Commercial Bank - Business Collection Account	Moi Avenue	01116686554	9,880	9,880
Kenya Commercial Bank - Technical Collection Account	Moi Avenue	01116686791	9,880	9,880
Kenya Commercial Bank - Other Exams Collection Account	Moi Avenue	01116686880	9,880	9,880
Kenya Commercial Bank - General Transactions Collection Acco	Moi Avenue	01116686937	9,880	737,655
KENYA COMMERCIAL BANK - WB-PEEL PROJECT	Moi Avenue	1304866661	71,570,513	-
Kenya Commercial Bank			150,595,155	51,224,659
Commercial Bank of Africa - Current Account	Mama Ngina Street	7079410014	100,552,600	2,586,584
Safaricom - Mpesa Utility (float) Account	Mama Ngina Street	74810049-17	1,276,693	45,161,210
Bank Transfer Clearing A/c			37,378,024	3,853,890
Cash in Bank			646,476,856	424,264,912

NOTE 42

DETAILED ANALYSIS OF THE SHORT-TERM DEPOSITS

Short Term Deposits	FY 2022-2023	FY 2021-2022
	Kes.	Kes.
Fixed Deposit - Co-operative Bank	199,440,136	321,555,090
Fixed Deposit - Project Co-operative Bank	-	-
Fixed Deposit -National Bank	200,000,000	200,000,000
Fixed Deposits - KCB	338,174,000	180,000,000
Fixed Deposit -Equity Bank	100,953,630	300,000,000
Fixed Deposits - Commercial Bank of Africa	-	500,000,000
Total Short-Term Deposits	838,567,766	1,501,555,090
Total Cash and Cash Equivalents	1,485,044,622	1,925,820,002



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 43	FY 2022-2023	FY 2021-2022
RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS	Kshs.	Kshs.
MOE National Examinations		-
MOE (Recurrent Grants)	9,890,300	-
MOE (Capital Grants)	97,000,000	-
	106,890,300	-

NOTE 44	FY 2022-2023	FY 2021-2022
RECEIVABLES FROM EXCHANGE TRANSACTIONS	Kes.	Kes.
Debtors -Examinations		
Debtors - School Examinations - KCPE	1,151,200	932,800
Debtors - School Examinations - KCSE	10,940,950	10,373,550
Debtors -Teachers Examinations - ECDE	25,486,300	29,794,910
Debtors -Teachers Examinations - SNE	351,550	317,950
Debtors -Post School Examinations - Business	3,485,700	2,850,890
Debtors -Post School Examinations - Technical	519,600	853,300
Debtors -Teachers Examinations - DTE	114,650	-
Debtors -Teachers Examinations - PTE	25200	-
	42,075,150	45,123,400
Provision for Bad Debts - Foundation Institute of Africa	(19,889,300)	(19,889,300)
Provision for Bad Debts - ECDE Examinations	(1,254,240)	
	20,931,610	25,234,100

NOTE 45	FY 2022-2023	FY 2021-2022
	Kshs.	Kshs.
Un-surrendered Imprest	103,728,229	82,163,310
	103,728,229	82,163,310



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 46

Staff Receivables

	FY 2022-2023	FY 2021-2022
	Kes.	Kes.
Staff Debtors	129,000	336,574
Salary Advance	226,803	239,000
	355,803	575,574
Provision for Bad Debts - Staff Debtors	(93,622)	(93,622)
	262,181	481,952

NOTE 47

Sundry Debtors

	FY 2022-2023	FY 2021-2022
	Kes.	Kes.
Debtors - SMS	28,135,281	39,691,636
Miscellaneous Debtors	14,230,901	40,010,748
Retirement Benefits	794,999	795,000
Debtors -Examiners	298,477	338,899
Debtors -Kenya Polytechnic	153,460	153,460
Debtors -Royalties(Mathematical)	4,295,899	-
Debtors Mpesa	412,144	-
	48,321,161	80,989,743
Provision for Bad Debts - Kenya Polytechnic	(153,460)	(153,460)
Provision for Bad Debts - Fina Stationers	(103,273)	(103,273)
Provision for Bad Debts - Mufam Collectors	(14,650)	(14,650)
	48,049,778	80,718,360

NOTE 48

Deposit to Institutions

	FY 2022-2023	FY 2021-2022
	Kes.	Kes.
Deposit to Institutions eg NHC	9,338,560	9,338,560
Deposit to Petrol Stations	5,800,000	1,800,000
Deposit to Hospitals	706,000	706,000
	15,844,560	11,844,560



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Detailed TRADE AND OTHER PAYABLES

NOTE 49	FY 2022-2023	FY 2021-2022
	Kes.	Kes.
Examination Expenses Payable		
Marking Payables	590,678,432	594,420,059
Field Administration Payables	1,137,925,137	42,445,100
Test Developers Payables		
	1,728,603,569	636,865,159

The marking payables outstanding as at 30.06.2023, were subsequently settled in July 2023 following receipt of supplementary budget support.

NOTE 50	FY 2022-2023	FY 2021-2022
	Kes.	Kes.
Staff Deductions Payables/Benefits		
Exams Co-operative Society	12,199,592	
Benevolent Funds	420,000	19,050
Insurance benefits	15,337	5,370,445
Teachers Service Commission (Recoveries)		-
	12,634,929	5,389,495

NOTE 51	FY 2022-2023	FY 2021-2022
	Kes.	Kes.
Statutory Deductions Payables		
NHIF		
University Loan Recoveries (HELB)		-
PAYE- Salaries and wages & facilitation allowances	635,270	290,405
PAYE -Council members allowances	626,100	342,000
Income Tax (Withholding Tax) - Creditors	2,959,170	1,496,069
Withholding tax - Contracted Professionals	70,483,723	5,422,172
Commissioner of Tax -VAT Withholding	2,920,995	5,251,859
VAT Output Tax	48,576,642	39,273,562
	126,201,900	52,076,067



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APPENDIX I: PROGRESS ON FOLLOW UP OF EXTERNAL AUDITOR'S RECOMMENDATIONS

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

Reference No of the External Audit Report	Issues/ Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved /Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0	<p>Undisclosed material uncertainty relating to going concern.</p> <p>The statement of financial performance reflects deficit for the year of Kshs.492,906,440. This increased the accumulated loss from Kshs.2,012,441,115 to Kshs.2,485,641,498. Further, the current liabilities of Kshs.4,210,412,551 exceeded the current assets of Kshs.2,360,352,525 resulting in negative working capital of Kshs.1,850,060,026. The Council was therefore unable to meet its financial obligations as and when they fell due. In the circumstances, the Council is technically insolvent due to the continued poor financial performance, the ability of the Council to meet its current financial obligations as they fall due could not be confirmed.</p>	<p>The Council's accumulated deficit has continued to grow due to underfunding in spite of the continued lobbying with NT and MoE for adequate budget support.</p> <p>Management has made a disclosure on the going concern threat and the justification to prepare the books of accounts under this basis.</p>	Dr David Njengere CEO KNEC	Not Resolved	
2.0	<p>Prepayments and receivables from exchange transactions</p> <p>The statement of financial position reflects prepayments and receivables from exchange transactions</p>	<p>On Imprest.</p> <p>Management has come up with a new method of surrender where the surrender of imprest responsibility shifts away from Finance to</p>	Dr David Njengere CEO KNEC	Not Resolved	



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Reference No of the External Audit Report	Issues/ Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved /Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>balance of Kshs.231,496,922 as disclosed in Note 16 to the financial statements. The balance includes an amount of Kshs. 82,163,310 in respect of imprests that have remained outstanding dating back to 2018. Further, the balance includes an amount of Kshs. 706,000 in respect of deposits to hospitals. However, no documentation was provided for audit to support these figures.</p>	<p>the user dept. so that the user dept will require the imprest holder to surrender as they submit their reports or otherwise.</p> <p>Out of Kes 82,163,310 Outstanding as at 30th June 2022, Kes,54,111,149 had been surrendered by Sept 2023leaving a balance of Kes 28,052,161.</p> <p>Aged Analysis</p> <p>2016 - 64,500</p> <p>2018 - 45,500</p> <p>2019 - 2,071,100</p> <p>2020- 1,233,300</p> <p>2021-10,892,168</p> <p>2022 -13,745,593</p> <p>On deposits to hospitals</p> <p>The deposit to hospitals is yet to be recalled. A Debtors Circularisation was done on 8th Sept 2022 to the concerned hospitals and except for KNH who are yet to confirm the other Hospitals, (i.e. Nairobi Hospital, Gertrude's Hospital and MP Shah Hospital) have confirmed that they are not holding any deposits for KNEC. This confirmation will form the basis of the Council Paper on write off.</p>			



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Reference No of the External Audit Report	Issues/ Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved /Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
3.0	<p>Unsupported Arrears of Housing of Staff and Office Accommodation</p> <p>The statement of financial performance reflects housing of staff and office accommodation expenses of Kshs.102,568,692 as disclosed in Note 10 to the financial statements. Included in this amount is Kshs.92,192,309 in respect of rent and rates for office accommodation that includes excess service charge arrears of Kshs.713,098 for the period 2014-2015 and Kshs.5,558,484 for 2018-2019 payable to National Bank of Kenya and National Housing Corporations respectively. However, these arrears of Kshs.6,271,582 were not disclosed as payables in the prior years audited financial statements.</p> <p>In the circumstances, the accuracy and completeness of the housing of staff and office accommodation expenses of Kshs.102,568,692 could not be confirmed.</p>	<p>Management acknowledges the error and has adopted provisioning for prior year service charge based on an estimate of the immediate past claims.</p>	<p>Dr David Njengere CEO KNEC</p>	Resolved	
4.0	<p>Unsupported expenditure on fuel</p> <p>The statement of financial performance reflects administration expenses of Kshs.362,240,760 as detailed in Note 8 to the financial statements. Included in this amount is Kshs.33,148,213 in respect to transport operating expenses out of which Kshs.14,450,000 is for fuel expenses. This expenditure is comprised</p>	<p>The council has contracted a new provider where payments are done in arrears based on actual consumption</p>	<p>Dr David Njengere CEO KNEC</p>	Resolved	



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Reference No of the External Audit Report	Issues/ Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved /Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	of prepayments for petroleum products supported by pro-forma invoices from the National Oil Corporation Limited (NOC). However, review of fuel drawn, balances and balances of stock requiring replenishment were not provided for audit. Further, consumption statements indicating consumption and fuel balance before the subsequent payments were not provided for audit.				
5.0	<p>Supply of Biometric and CCTV</p> <p>The statement of financial position reflects property in work in progress of Kshs.3,572,027,042 as detailed in Note 19 to the financial statements. Included in this balance are additions of Kshs.476,393,078 which include Kshs.8,232,782 paid to a firm for supply of Biometric and CCTV. Review of the records provided for audit revealed that the order number PO015657 was issued on 30th June, 2022. The inspection and acceptance certificate are dated 01 August, 2022. The transaction was therefore inappropriately classified to the FY 2021/2022. Further, management has not provided justification for the classification of the transaction under Property in Work In progress instead of plant and equipment being complete items supplied ready for use. In addition, the contract agreement</p>	Reclassification done as per audit recommendations	Dr David Njengere CEO KNEC		



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Reference No of the External Audit Report	Issues/ Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved /Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	and works completion certificate have also not been availed for audit.				
6.0	<p>Property Plant and equipment balance The statement of financial position reflects property, plant and equipment balance of Kshs.974,942,966 as detailed in Note 18 to the financial statements. The following anomalies were noted: -</p>		Dr David Njengere CEO KNEC		
	<p>6.1 Procurement of software for digital security printing Included in this balance is Kshs.90,843,237 in respect to office equipment out of which Kshs.1,732,228 was paid for supply and installation costs of a software for digital security printing. Review of documents provided revealed that the purchase was for a software program and should have been classified as an intangible asset. Further, the approved requisition letter, tender advertisement, tender opening and evaluation reports were not provided for audit.</p>	Reclassification done as per audit recommendations			
	<p>6.2 Unsupported Procurement of Security Information and Event Monitoring System Included in this balance is Kshs.75,703,482 in respect to computer equipment out of which Kshs.36,333,523 are additions during the year. Included in the additions is</p>	Reclassification done as per audit recommendations			



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Reference No of the External Audit Report	Issues/ Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved /Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Kshs.12,499,939 being final payment (40%) in respect of a contract for supply, installation, training, commissioning and maintenance of security information and event monitoring system and next generation firewall.</p> <p>6.3 Unsupported expenditure on procurement of Motor Vehicles.</p> <p>Note 18 to the financial statements reflects addition to motor vehicles balance of Kshs. 16,000,000 in relation to Land Cruiser Prado. However, the approved requisition and professional opinion for the procurement were not provided for audit.</p>	<p><i>Documents available for review.</i></p>			
7.0	<p>Unsupported Administration Expenses</p> <p>The statement of financial performance reflects administration expenses of Kshs.362,240,760 as disclosed in Note 8 to the financial statements. Included in this amount is expenditure totaling Kshs.2,812,391 whose supporting documents that include payment vouchers and relevant source documents have not been provided for audit review.</p> <p>Further, the expenditure includes an amount of Kshs.33,148,213 in respect of travel and accommodation, out of which expenditure totaling Kshs.33,201,795 was for facilitation of meals and transport to officers who</p>	<p>Documents available for review.</p> <p>Management availed the basis for the payments being a KNEC- specific approval for overtime allowance. Further, Management undertakes to engage the SRC in line with their mandate to review the same.</p>	<p>Dr David Njengere CEO KNEC</p>	<p>Not Resolved</p>	



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Reference No of the External Audit Report	Issues/ Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved /Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	were working extra hours during year. However, there was no indication that the Salaries and Remuneration Commission (SRC) approved these allowances in accordance with Article 230 of the Constitution of Kenya, 2010.				
8.0	<p>Lack of ownership documents and valuation of investment property.</p> <p>The statement of financial position reflects investment property balance of Kshs.182,886,947 as disclosed in Note 20 to the financial statements. Review of schedule and ownership documents provided revealed that one of the investment properties located under 209/6900 did not have a title. Further, valuation report to support the reported net book values or asset register detailing the Council's investment properties was not availed for audit.</p>	<p>The Original Title deed under ref. No LR.209/6900 was misplaced and replaced with grant NO. I.R 24503</p> <p>The council holds a provisional certificate.</p> <p>Valuation The Council procured valuation services in the FY 2022/2023. The exercise is set to be concluded in the FY 2023/2024.</p> <p>Asset Register This was done and is available for review for the FY 2022/2023.</p>	Dr David Njengere CEO KNEC	Not Resolved	
9.0	<p>Donor Project Funds</p> <p>The statement of financial position reflects donor projects funds of Kshs.161,645,192 as disclosed in Note 27 to the financial statements. The balance includes an amount of Kshs.11,794,152 comprised of Kshs.3,339,543 in respect of Rockefeller, Kshs.329,248 for EAC</p>	<p>Long outstanding donor funds</p> <p>The management undertakes to follow up these long outstanding project accounts through a circularization notice in the FY 2023/2024.</p> <p>Documents available for review.</p>	Dr David Njengere CEO KNEC	Not Resolved	



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Reference No of the External Audit Report	Issues/ Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved /Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>(Essay Writing Competition), Kshs.8,084,361 for KESSP-NASMLA and Kshs.41,000 for UKEFR Study- AKF. Review of supporting documentation revealed that these funds have remained dormant since financial year 2007/2008. Note 27 to the financial statements discloses Nil balance in respect to GPE- Covid-19 LCBE Project. However, review of the account's analysis provided revealed that an amount of Kshs.12,803,530 was not supported by the relevant documents such as work tickets, back-to-office reports, imprest surrenders and warrants. In addition, donor funds include a balance of kshs. 944,828 in respect of GPE-World Bank project while review of account analysis revealed an amount of kshs. 73,523,224 which was not supported with work tickets, back-to-office-reports, imprest surrenders and warrants.</p>				
10.0	<p>The statement of comparison of Budget and actual amounts</p> <p>The statement of comparison of budget and actual amounts reflects a total expenditure budget of Kshs.9,845,308,365 while the budget of Kshs.9,878,088,361 resulting in an unreconciled variance of Kshs.32,779,996. Further, the budget approval from the Cabinet secretary for Education and the</p>	<p>Management commits to contain expenditure within approved ceiling.</p>	<p>Dr David Njengere CEO KNEC</p>	<p>Not Resolved</p>	



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Reference No of the External Audit Report	Issues/ Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved /Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	national Treasury were not provided for audit. In addition, review of the approved itemized budget against the financial statements revealed over expenditure on the line items of travelling and accommodation of Kshs. 12,201,795; advertising and publishing Kshs. 1,5551,234 and Mpesa and Bank charges of Kshs. 1,157,347.				

Guidance Notes:

- Use the same reference Numbers as contained in the external Audit Report;
- Obtain the "The Issue/Observation" and "management comments", required above, from final external audit report.
- Before approving the report, discuss the time frame with the appointed Focal Point persons within your Authority responsible for implementation of each issue;
- Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

Dr. David Njengere, MBS
Chief Executive Officer

Prof. Julius O. Nyabundi, OGW
Chairman of the Council

Date 26th September 2023

Date 26th September 2023



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APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

Projects implemented by the State Corporation/ SAGA Funded by development partners

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
The New Mitihani House Project	1066103500	The GoK	1986-2026	No	No	Yes
Specialized Printing Equipment	1066104701	The GoK	2021-2026	No	No	Yes

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion %to date	Budget	Actual	Sources of funds
1	The New Mitihani House Project	4,666,147,501	3,670,888,375	79%	122,217,824	98,861,333	The GoK
2	Specialized Printing Equipment	853,550,000	86,500,000	10%	50,000,000	43,287,454	The GoK

Projects Brief New Mitihani House

The Works has been outgoing for the last 30 years. However, the council has laid out strategies to fast track its completion. In FY2022/2023, Council headquarters relocated to NMH and this brings to a conclusion the long outstanding audit query on non-completion. The council has also requested MOPW to certify completed works.



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Appendix III: Projects implemented by the KNEC, Funded by development partners and/ or the Government.

Status of Projects completion

Project title	Donor	Period/ duration	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements. (Yes/No)
GPE-World Bank PRIEDE Project	World Bank	March 2016-December 2021.	No	Yes
SEQIP-Secondary Education Quality Improvement Project	World Bank	6yrs (Jan 2018-Dec 2024)	No	Yes
UNESCO - (AMPLab) Grade 6 Study 2023	UNESCO	9 months	YES	Yes
UNICEF	UNICEF	6 months (Aug-Dec 2022)	No	Yes
WB-KENYA PRIMARY EDUCATION EQUITY IN LEARNING (KPEEL) PROJECT	World Bank	4yrs (Oct 2022 -Dec 2026)	No	Yes
BRITISH COUNCIL-KNEC PARTNERSHIP	BRITISH COUNCIL	6months Dec 2022 -June 2023)	No	Yes
Educate!-technical support	Educate!	5 years from NOV 2021	No	Yes
UNHCR - technical support			No	Yes
Deutsche Gesellschaft für Internationale Zusammenarbeit -GIZ			No	Yes



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Appendix III: continued...

Projects implemented by the KNEC, Funded by development partners and/ or the Government.

Status of Projects completion

Project title	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
				FY2022/23	FY2022/23	
	Kes.					
GPE-World Bank PRIEDE Project	1,911,380,763	1,910,675,798	100%	NIL	NIL	World Bank
SEQIP-Secondary Education Quality Improvement Project	753,000,000	505,548,420	67%	87,189,815	64,628,508	World Bank
UNESCO - (AMPLab) Grade 6 Study 2023	28,131,369	16,904,723	85%	23,861,805	16,904,723	UNESCO
UNICEF	21,749,300	9,597,200	44%	12,152,100	12,040,500	UNICEF
WB-KENYA PRIMARY EDUCATION EQUITY IN LEARNING (KPEEL) PROJECT	900,000,000	70,567,987	7.7%	104,959,500	70,567,987	World Bank
BRITISH COUNCIL-KNEC PARTNERSHIP	17,845,000	2,656,528	14%	8,845,000	2,656,528	British Council & KNEC AIA
Educate!-technical support	N/A	N/A	N/A	N/A	N/A	Educate!
UNHCR - technical support	N/A	N/A	N/A	N/A	N/A	UNHCR
Deutsche Gesellschaft für Internationale Zusammenarbeit -GIZ	2,849,600	2,849,600	100%	2,849,600	2,849,600	GIZ



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APPENDIX IV: TRANSFERS FROM OTHER GOVERNMENT ENTITIES

APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES FY 2022/2023

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	QTR	Nature: Recurrent/Development/Other	Total Amount - KES	Where Recorded/recognized							Project Funds	Total Transfers
					Statement of Financial Performance				Statement of Financial Position				
					KPSEA GRANTS	KCPE GRANTS	KCSE GRANTS	RECURRENT GRANTS	Capital Fund	Deferred Income KCPE	Deferred Income KCSE		
MOE	08/08/2022	1	Recurrent	12,425,000				12,425,000					12,425,000
MOE	12/09/2022	1	Recurrent	12,425,000				12,425,000					12,425,000
MOE	06/10/2022	2	Recurrent	12,425,000				12,425,000					12,425,000
MOE	21/10/2022	2	Recurrent	2,712,565,190	1,000,000,000	942,130,682	770,434,508	-					2,712,565,190
MOE	01/11/2022	2	Recurrent	12,425,000				12,425,000					12,425,000
MOE	02/11/2022	2	Development	12,500,000					12,500,000				12,500,000
MOE	02/11/2022	2	Development	24,000,000					24,000,000				24,000,000
MOE	14/12/2022	2	Recurrent	12,425,000				12,425,000					12,425,000
MOE	30/12/2022	2	Recurrent	12,425,000				12,425,000					12,425,000
MOE	10/01/2023	3	Recurrent	2,311,303,522			1,962,657,428				348,646,094		2,311,303,522
MOE	06/02/2023	3	Recurrent	12,425,000				12,425,000					12,425,000
MOE	29/03/2023	3	Recurrent	12,425,000				12,425,000					12,425,000
MOE	13/04/2023	4	Recurrent	12,425,000				12,425,000					12,425,000
MOE	05/06/2023	4	Recurrent	9,890,300				9,890,300					9,890,300
MOE	23/06/2023	4	Recurrent	9,890,300				9,890,300					9,890,300
MOE	03/07/2023	4	Development	9,890,300				9,890,300					9,890,300
MOE	03/07/2023		Development	25,000,000					25,000,000				25,000,000
MOE	07/07/2023	4	Development	72,000,000					72,000,000				72,000,000
Sub Total				5,298,864,612	1,000,000,000	942,130,682	2,733,091,936	141,495,900	133,500,000	-	348,646,094		5,298,864,612
MOE	09/12/2022	2	Project-KPEEL	92,138,500								92,138,500	92,138,500
MOE	31/05/2023	4	Project-WB KPEEL	50,000,000				50,000,000					50,000,000
Sub Total				142,138,500	-	-	-	50,000,000	-	-	-	92,138,500	142,138,500
Total Transfers				5,441,003,112	1,000,000,000	942,130,682	2,733,091,936	191,495,900	133,500,000	0	348,646,094	92,138,500	5,441,003,112

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

Financial Controller
KNEC



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