

REPORT

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PAPERS LAID

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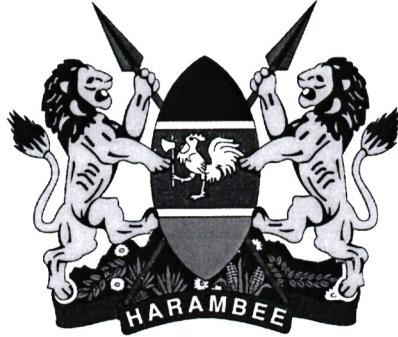
THE AUDITOR-GENERAL

ON

**KENYA NATIONAL QUALIFICATIONS
AUTHORITY**

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






OFFICE OF THE AUDITOR GENERAL
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KENYA NATIONAL QUALIFICATIONS AUTHORITY (KNQA)

ANNUAL REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30 JUNE 2019

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

 THE NATIONAL ASSEMBLY PAPERS LAID	
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Kenya National Qualifications Authority (KNQA)
Annual Reports and Financial Statements
For the year ended 30 June 2019

Table of Contents

Page

KEY ENTITY INFORMATION AND MANAGEMENT	ii
COUNCIL MEMBERS.....	iv
MANAGEMENT TEAM	vi
CHAIRMAN'S STATEMENT.....	vii
REPORT OF THE CHIEF EXECUTIVE OFFICER.....	viii
CORPORATE GOVERNANCE	ix
REPORT OF THE DIRECTORS.....	xi
STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES	xii
REPORT OF THE INDEPENDENT AUDITORS ON THE KENYA NATIONAL QUALIFICATIONS AUTHORITY.....	xiii
STATEMENT OF FINANCIAL PERFORMANCE	1
STATEMENT OF FINANCIAL POSITION.....	2
STATEMENT OF CHANGES OF NET ASSETS.....	3
STATEMENT OF CASH FLOWS.....	4
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS.....	5
NOTES TO THE FINANCIAL STATEMENTS	7
INTER-ENTITY TRANSFERS	13

KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Kenya National Qualifications Authority was established under the Kenya National Qualifications Framework Act no 22 of 2014. The entity is domiciled in Kenya.

(b) Principal Activities

The principal mandate of Kenya National Qualifications Authority is to establish, implement and maintain the Kenya National Qualifications Framework

(c) Key Management

The Kenya National Qualifications Authority day-to-day management is under the following key organs:

- Council members;
- Director General/ CEO

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30 June 2019 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	CEO	Dr. Juma Mukhwana
2.	Ag. Head of Finance	Blandina Malimu
3.	Ag. Head of Procurement	Mary Thiiru
4.	Technical Officer	Ephraim Munene

(e) Fiduciary Oversight Arrangements

The following are the committees of the board

- General human resource and administration committee
- Finance and resource mobilisation committee
- Qualifications and standards committee
- Audit and compliance Committee

(f) Headquarters

P.O. Box 72635-00200
Uchumi House
Agha Khan Walk
Nairobi, KENYA

(g) Contacts

Telephone: (254) 721624977
E-mail: knqa.go.ke@gmail.com
Info@knqa.go.ke

(h) Bankers

Kenya Commercial Bank
Moi Avenue
Nairobi, Kenya

(i) Independent Auditors






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

(j) Principal Legal Adviser



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

Kenya National Qualifications Authority (KNQA)
Annual Reports and Financial Statements
For the year ended 30 June 2019

COUNCIL MEMBERS

	1. Prof. Bonaventure Wanjala Kerre Chairman	Born 1947, Holds Ph.D, Currently serving as a full professor at University of Eldoret, Has wide experience and knowledge in TVET system.
	2. Dr. Juma Mukhwana, CEO	Born 1965. Holds Bachelor's degree in veterinary medicine (1993) and M.sc in pharmacology and toxicology (1995) both from the University of Nairobi, Kenya. Also, a PHD in soil science from the university of Wyoming in the USA. Has wide experience working with NGO, Government and University sector. Currently serving as a Director General Kenya National Qualifications Authority.
	3. Dr. Kevit Desai PS. State Department of Vocational and Technical Training	Holds Ph.D. Has wide experience as lecturer and an educator. Currently serving as a Principal Secretary State Department for Vocational and Technical Training
	4. Isaac Gathirwa	Born 25/9/1966 ,,Holds LLB degree from University of Nairobi, Currently serving as Head of Legal and enforcement department at Commission of University Education
	5. Gwiyo Komora	Holds a B.Ed. Has a wide experience as an educator. Currently serving as a Quality Assurance and Standards Officer
	6. Gilda Odera	Born 2/6/1971 ,,Holds Master's degree in innovation and change form University of York St John, UK ,Currently serving as a managing Director and ICT expert at Federation of Kenya Employers
	7. Bibiana Achieng Otieno	Born 25/9/1966, Holds Master's degree in project Planning form Kenyatta University, currently serving as a Technical Accreditation and Quality Assurance Officer. Has wide experience as an educator.





Kenya National Qualifications Authority (KNQA)
Annual Reports and Financial Statements
For the year ended 30 June 2019

	8. Paul Kipsang Kosgei	Born 25/9/1966, Holds Master's degree in LL from University of Nairobi. Currently serving as a Director General National Industrial Training Authority
	9. Ernest Nakenya Nadome	Born 28/6/1967, Holds Master's degree from UON,, 1 st Assistant Secretary COTU(K), 30yrs of work experience
	10. Isaiah Ochelle Odiwour	Isaiah works with the National Treasury.

The term of the KNQA council ended in October, 2018 and they have not been reappointed.

Kenya National Qualifications Authority (KNQA)
Annual Reports and Financial Statements
For the year ended 30 June 2019

MANAGEMENT TEAM

 <p style="text-align: center;">Dr. Juma Mukhwana, CEO</p>	<p>Born 1965. Holds Bachelor's degree in veterinary medicine (1993) and M.sc in pharmacology and toxicology (1995) both from the University of Nairobi, Kenya. Also, a PHD in soil science from the university of Wyoming in the USA. Has wide experience working with NGO, Government and University sector. Currently serving as a Director General Kenya National Qualifications Authority.</p>
<p>Ephraim Munene Njeru</p> 	<p>Born 1st November, 1968. Hold Bachelor of Education Science degree. First appointment in February, 1993 by TSC as graduate Teacher. Currently serving as Ag. Deputy Director at KNQA</p>
<p>Blandina Malimu</p> 	<p>Born in 1981, Hold Bachelor of Commerce and a Member of ICPAK and worked in various Ministries. Currently serving as Senior Accountant KNQA</p>
<p>Mary Waithira Thiiru</p> 	<p>Born on 11th September, 1980. Holds a Diploma in Supplies Chain Management, Advanced Certificate in Supplies management. Currently serving as a Supply Chain Management Officer at KNQA</p>

CHAIRMAN'S STATEMENT



I am pleased to present the KNQA annual report and accounts for the year 2018/2019. The Council of KNQA has the responsibility of aligning itself to the priorities set out in the educational sectors and the Big 4 agenda; of the national government. Towards this end, the council will be seeking in a short while; to develop the KNQA strategic plan; to align it with priorities in the educational sector and the country.

This annual report reflects the path that the council has taken over the last one year as it continues to advance in the path of its mission to create an educational environment in the country that is *inclusive, transparent, efficient, well-coordinated and harmonized*. This will be done through creation of national *policies, systems, regulations, standards and guidelines* that will be shared widely with stakeholders in the sector in the coming years. The bottom line is to create and maintain an education system that is *globally competitive*. This report show cases what the council members, management and staff have cooperatively achieved during the period under review.

Sign.....

PROF. BONAVENTURE W. KERRE
CHAIRMAN

REPORT OF THE CHIEF EXECUTIVE OFFICER

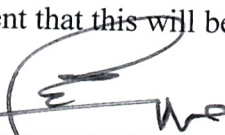


The 2018/2019 annual report details the progress that the KNQA has made as well as the challenges that it had to address. The KNQA was set up to regulate all levels of education in Kenya; to ensure that learning is Competence Based and that the education system develops tools for assessment and quality assurance that meet International Standards. Because of this huge mandate that KNQA has, it has to work with many stakeholders to achieve results. Over the last one year, the organization has organized and hosted several stakeholder consultative forums; that has increased its understanding of the issues and challenges that affect implementation of its mandate.

Through strategic engagement with our stakeholders, we produced the KNQF regulations 2018 that were gazetted by the CS ministry of Education in July 2018. The Council now has the enormous task of developing policies, standards and guidelines to operationalize these regulations; and kick start the work that KNQA was set up to do. The KNQA also needs to purchase and install infrastructure and recruit staff, to enable it to begin implementing the many and complex objectives that the organization was set up to do.

We are confident that this will be achieved in the coming three years.

Sign.....


JUMA EUSEBIUS MUKHWANA
DIRECTOR GENERAL/CEO
KENYA NATIONAL QUALIFICATIONS AUTHORITY

CORPORATE GOVERNANCE

Corporate governance is the process by which organizations are directed, controlled and held to account. The Council of KNQA is responsible for the overall management and governance of the organization and is accountable to the stakeholders for ensuring that KNQA complies with the law and best international practices; in corporate governance as promulgated by relevant authorities.

The Council members are appointed in accordance with section 10 of the KNQF act; and comprises of 10 persons appointed by the cabinet secretary in the Ministry of Education. Council members represent various stakeholders in the council (in their individual capacity) and comprises of;

- (a) A chairperson appointed by the Cabinet Secretary;
- (b) The Principal Secretary responsible for matters relating to education;
- (c) The Principal Secretary responsible for matters relating to labour;
- (d) The Principal Secretary responsible for matters relating to finance;
- (e) Six persons appointed by the Cabinet Secretary as follows —

one person representing the Commission for University Education; (ii) one person representing the Technical and Vocational Education and Training Authority; (iii) one person representing the Education Standards and Quality Assurance Council; (iv) one person nominated by an organization representing professional associations in Kenya; (v) one person nominated by the Federation of Kenya Employers; (vi) one person nominated by an organization representing workers unions; and (f) the Director-General who shall be the secretary.

The full council meets at least 4 times in each calendar year at such a place and time as the chairman may from time to time determine. The council retains the responsibility for establishing and maintaining the institution's overall control of financial, operational, compliance and issues as well as implementing strategies for the long-term success of the organization.

The Functions of the KNQA is as set out below;

- (a) Co-ordinate and supervise the development of policies on national qualifications;
- (b) Develop a framework for the development of an accreditation system on qualifications;
- (c) Develop a system for assessment of national qualifications;
- (d) Develop and review interrelationships and linkages across national qualifications in consultation with stakeholders, relevant institutions and agencies;
- (e) Maintain a national database of national qualifications;
- (f) Publish manuals, codes and guidelines on national qualifications;
- (g) Advise and support any person, body or institution which is responsible for the award of national qualifications;
- (h) Publish an annual report on the status of national qualifications;
- (i) Set standards and benchmarks for qualifications and competencies including skills, knowledge, attitudes and values;
- (j) Define the levels of qualifications and competencies;
- (k) Provide for the recognition of attainment or competencies including skills, knowledge, attitudes and values;
- (l) Facilitate linkages, credit transfers and exemptions and a vertical and horizontal mobility at all levels to enable entry, re-entry and exit; and
- (m) Conduct research on equalization of qualifications;
- (n) Establish standards for harmonization and recognition of national and foreign qualifications;
- (o) build confidence in the national qualifications system that contributes to the national economy;

Kenya National Qualifications Authority (KNQA)
Annual Reports and Financial Statements
For the year ended 30 June 2019

(p) provide pathways that support the development and maintenance of flexible access to qualifications; (q) promote the recognition of national qualifications internationally; and (r) perform such other functions as may be provided under this Act.

REPORT OF THE DIRECTORS

The Council Members submit their report for the period ended 30 June 2019 which show the state of the Kenya National Qualifications Authority affairs.

Principal activities

The principal mandate of Kenya National Qualifications Authority is to establish, implement and maintain the Kenya National Qualifications Framework

Results

The results of the entity for the year ended 30 June 2018 are set out from page 1.

Directors

Board of Directors expired on October 2018 and has since not been reappointed.

Auditors

The Auditor General is responsible for the statutory audit of the Kenya National Qualifications Authority in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the entity for the year/period ended 30 June 2019 in accordance to section 23 of the Public Audit Act, 2015.

By Order of the Board

Sign 

Chairman of the Board

Prof. Bonaventure Kerre

Date 4/2/2020

STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES

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

The Council members are responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on 30 June 2019. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Council Members accept responsibility for the entity's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the State Corporations Act). The Council Members are of the opinion that the entity's financial statements give a true and fair view of the state of entity's transactions during the financial year ended 30 June 2019, and of the entity's financial position as at that date. The Council members further confirm the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

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

REPUBLIC OF KENYA

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya National Qualifications Authority set out on pages 1 to 13, which comprise the statement of financial position as at 30 June, 2019, 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 and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Kenya National Qualification Authority as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis), and comply with the Public Finance Management Act, 2012 and the Kenya National Qualifications Framework Act No. 22 of 2014.

Basis for Opinion

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Authority'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 intentions 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 Authority'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 when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or

operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the 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 Authority'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 Authority 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 Authority to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



Nancy Gathungu
AUDITOR-GENERAL

Nairobi

03 February, 2021

Kenya National Qualifications Authority (KNQA)
Annual Reports and Financial Statements
For the year ended 30 June 2019

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2018-2019	2017-2018
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from other governments – gifts and services-in-kind	4	23,520,000	23,868,000
		23,520,000	23,868,000
Revenue from exchange transactions			
Rendering of Services	4	4,416,900	-
Total revenue		27,936,900	23,868,000
Expenses			
Use of goods and services	5	14,566,053	11,111,823
Remuneration of directors	6	1,343,700	6,641,775
Other- Salaries	10	8,392,708	-
Depreciation and amortization expense	7	1,270,292	723,793
Insurance	12	220,392	
Provision for Audit Fees		250,000	250,000
Finance costs	8	1,210	12,328
Total expenses		26,044,355	19,020,769
Other gains/(losses)			
Gain on sale of assets		-	-
Surplus before tax		1,892,545	4,847,231
Net Surplus for the period		1,892,545	4,847,231

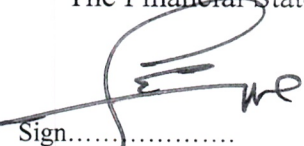
The notes set out from page 7 to 16 form an integral part of these Financial Statements.


Kenya National Qualifications Authority (KNQA)
Annual Reports and Financial Statements
For the year ended 30 June 2019


STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Notes	2018-2019	2017-2018
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	9	2,826,224	3,017,984
Insurance-Prepayment	12	661,177	547,790
Investments		-	
Non-current assets			
Property, plant and equipment	7	5,366,708	1,531,457
Computers and printers	7	527,630	
Total assets		9,381,738	5,097,231
Liabilities			
Current liabilities			
Creditors	11	2,641,962	250,000
Total current liabilities		2,641,962	250,000
Non-current liabilities			
Net assets		-	4,847,231
Reserves		-	
Accumulated surplus		6,739,776	4,847,231
Capital Fund		-	
Total net assets and liabilities		9,381,738	5,097,231

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


 Sign.....
 Director General/C.E.O
 Name: Dr. Juma Mukhwana
 Date..... 26/2/2020


 Sign.....
 Head of Accounts
 Name: CPA Blandina Malimu
 ICPAK Member Number; 10762
 Date..... 04/02/2020


 Sign.....
 Chairman of the Board
 Name: Prof. Bonaventure Kerre
 Date..... 26/2/2020

Kenya National Qualifications Authority (KNQA)
Annual Reports and Financial Statements
For the year ended 30 June 2019

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

Particulars	Revaluation Reserve	Fair value adjustment Reserve	Retained Surplus	Total
	Kshs	Kshs	Kshs	Kshs
As at 1 July 17	-	-	-	-
Surplus for the period	-	-	4,847,231	4,847,231
Net as at 30 June 2018	-	-	4,847,231	4,847,231
As at 1 July 18	-	-	4,847,231	4,847,231
Surplus for the period			1,892,545	(565,448)
Net as at 30 June 2019			6,739,776	4,281,783

Kenya National Qualifications Authority (KNQA)
Annual Reports and Financial Statements
For the year ended 30 June 2019

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

		2018-2019	2017-2018
	Notes	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other governments – gifts and services-in-kind	4	23,520,000	23,868,000
Rendering of Services		4,416,900	-
Other income, rentals and agency fees		-	-
Total Receipts		27,936,900	23,868,000
Payments			
Use of Goods and Services	5	14,566,053	11,111,823
Remuneration of Directors	6	1,343,700	6,641,775
Insurance		220,392	
Finance cost	8	1,210	12,328
Other-Salaries	10	8,392,708	-
Total Payments		24,524,063	18,046,976
Net cash flows from operating activities		3,412,837	5,821,024
Purchase of property, plant, equipment and intangible assets		(5,499,652)	(2,255,250)
Increase in receivables		(113,387)	(547,790)
Increase in payables		2,391,962	
Net cash flows used in investing activities		(3,221,077)	(2,803,040)
Cash flows from financing activities		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		(191,760)	3,017,984
Cash and cash equivalents at 1 JULY		3,017,984	-
Cash and cash equivalents at 30 JUNE		2,826,224	3,017,984

Kenya National Qualifications Authority (KNQA)
Annual Reports and Financial Statements
For the year ended 30 June 2019

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

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% difference
	2018-2019	2018-2019	2018-2019	2018-2019	2018-2019	2018- 2019
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Government grants and subsidies	24,000,000		24,000,000	23,520,000	480,000	20
Rendering of services-A.I.A	3,000,000		3,000,000	4,416,900	1,416,900	47
Total income	27,000,000		27,000,000	27,936,900	(936,900)	(40)
Expenses						
Basic Salary and Remuneration Of DG	8,960,000	(277,000)	8,733,000	9,736,408	1,003,408	11.5
Communication, Supplies And Services	414,000	-	419,800	284,299	135,501	32
Domestic and international, subsistence and other transaction costs	6,030,000	228,700	5,801,300	2,907,052	2,894,249	49.9
Printing, Advertising, Information Supplies and Services	834,000	-	834,000	513,270	320,730	38
Hospitality supplies and services	5,933,300	2,036,300	3,897,000	3,201,186	695,814	17.9
Office and general services and supplies	302,900	(1,060,000)	1,362,900	1,325,144	37,756	2.8
Insurance		-		220,392	(220,392)	

Kenya National Qualifications Authority (KNQA)
Annual Reports and Financial Statements
For the year ended 30 June 2019

Bank Charges	10,000	-	10,000	1,210	8,790	88
Purchase Of Office Furniture And General Equipment's	1,944,800	(3,319,100)	5,263,900	5,608,173	(344,273)	6.5
Purchase and maintenance of motor vehicle	6,016,774	2,195,800	3,820,974	725,719	3,095,255	81
Contracted professional services	-	-	302,900		-	-
Total expenditure	30,445,774	(195,300)	30,445,774	24,522,853	7,626,838	
Surplus for the period	(3,445,774)		(3,445,774)	477,657	2,040,841	-

Explanation for the variances

The 20% reduction in Government grant was due to budget cuts

Increase of 47% in A.I.A was attributed to awareness campaign done by the new Director General.

The under expenditures in Communication supplies, Printing and Advertising and hospitality supplies and services were brought about by late receipt of funds.

Increase of expenditure in Office and general expenditure was due office partitioning

Increase in purchase of office furniture was due partitioning that was done.

A reduction in purchase and maintenance of motor vehicle was because vehicle was not bought.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Kenya National Qualifications Authority was established by and derives its authority and accountability from Kenya National Qualifications Framework Act of 2014. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity are registration and accreditation of institutions and their qualifications; and establishment and maintenance of the Kenya National qualifications framework (KNQF).

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

a) The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector b)

Accounting Standards (IPSAS) Accrual Basis allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the entity's accounting policies.

c) The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of Kenya National Qualifications Authority.

d) The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS) Accrual Basis. The accounting policies adopted have been consistently applied to all the years presented.

e) The financial statements have been prepared for a period of one (1) year starting from the time the Authority got the funds in July, 2018. This is in accordance to IPSAS 1 (69)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

b) Budget information

The original budget for FY 2018-2019 was approved by the National Assembly on June 2018. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The

Kenya National Qualifications Authority (KNQA)
Annual Reports and Financial Statements
For the year ended 30 June 2019

additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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

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

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

c) Property, plant and equipment

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

KNQA depreciates its assets on a reducing balance basis at the following rates;

- Furniture, fixtures fittings and equipment at 12.50% per annum.
- Computers and printers at 33.33% per annum

d) Changes in accounting policies and estimates

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

e) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various Commercial Banks at the end of the financial year. For the

Kenya National Qualifications Authority (KNQA)
Annual Reports and Financial Statements
For the year ended 30 June 2019

purposes of these financial statements, cash and cash equivalents also include short term cash Imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the Financial Year.

f) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30 June 2019.

4) TRANSFERS FROM OTHER GOVERNMENTS- GIFTS AND SERVICES- IN-KIND

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognise d in capital fund.	Total grant income during the year	2018-2019	2017-2018
			KShs	KShs	KShs	Ksh
State Department of Vocational and Technical Training	23,520,000	-	-	-	23,520,000	23,868,000
A.I.A	4,416,900				4,416,900	-
Total	27,936,900	-	-	-	27,936,900	23,868,000

5. USE OF GOODS AND SERVICES

Description	2018-2019	2017-2018
	KShs	Ksh.
Communication supplies and services	284,299	545,000
Domestic travel and subsistence allowance	2,907,051.85	5,384,310
Printing advertising and information services	513,270	214,000
Hospitality supplies and Services	3,201,186	4,055,418
General Office supplies	1,325,144	913,095
Bank charges	1,210	
Purchase of office furniture	5,608,173	
Purchase and maintenance of Motor vehicle	725,719	-
Total good and services	14,566,053	11,111,823

6. DIRECTORS EXPENSES

Description	2018-2019	2017-2018
	Kshs	KShs
Chairman's Honoraria	279,000	1,600,000
Council Sitting Allowances	742,000	3,100,000
Per diem allowances	120,400	1,262,800
Other allowances (travel costs)	202,300	678,975
Total Council Allowances	1,343,700	6,641,775

7.0 DEPRECIATION AND AMORTIZATION EXPENSE

Straight line method was used to depreciate assets.

Cost	Furniture, Fixtures Fittings and Equipment @12.5%	Computers and Printers @ 33.33%	Total
	KShs	KShs	KShs
At 1 July 2016	-	-	-
Additions	630,250	1,625,000	2,255,250
Disposals	-	-	-
Transfers/adjustments	-	-	-
At 30 June 2018	630,250	1,625,000	2,255,250
Depreciation Charge	91,912	631,881	723,793
NBV As At 30 June 2018	538,338	993,119	1,531,457
At 1 st July 2018	630,250	1,625,000	2,255,250
Additions	5,608,173	-	5,608,173
Disposals	-	-	-
Transfers/adjustments	-	-	-
At 30 June 2019	6,238,423	1,625,000	7,864,423
Accumulated depreciation as at 1 st July 2018	91,912	631,881	723,793
Depreciation Charge	779,802.90	490,489	1,270,291.90
NBV As At 30 June 2019	5,366,708	527,630	5,894,338

Kenya National Qualifications Authority (KNQA)
Annual Reports and Financial Statements
For the year ended 30 June 2019

8. FINANCE COSTS

Description	2018-2019	2017-2018
	KShs	
Bank Charges	1,210	12,328
Total finance costs	1,210	12,328

9. DETAILED ANALYSIS OF THE CASH AND CASH EQUIVALENTS

Financial institution	Account number	2018-2019	2017-2018
		KShs	Ksh
a) Current account			
Kenya Commercial bank	120862825	2,826,224	3,017,984
Grand total		2,826,224	3,017,984

10. OTHER SALARIES

Description	2018-2019	2017-2018
	Ksh.	KShs
Other Salaries	8,392,708	-
Total Salaries	8,392,708	-

This relates to allowances given to interns

11. Creditors

Description	2018-2019	2017-2018
	Ksh.	KShs
Auditors Fees	500,000	250,000
Kenvic Agencies	1,267,000	-
Kaster Agencies	634,000	
NHIF	11,050	
NSSF	8,640	
Pay Master General	182,068	
Zamara Vuna	39,204	
Total Creditors	2,641,962	250,000

12. Receivables and prepayments.

Description	2018-2019	2017-2018
	Ksh.	KShs
Insurance for the year	220,392	547,790
Insurance-Prepayment	661,177	-

13. RELATED PARTIES

Nature of related party relationships

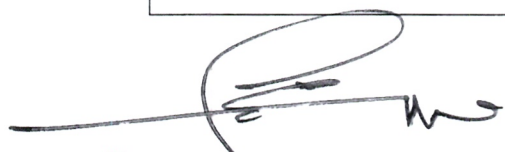
Entities and other parties related to the entity include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.


Government of Kenya

The Government of Kenya is the principal shareholder of the Kenya National Qualifications Authority, 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:

- i) The National Government;
- ii) Ministry of Education, State Department of vocational and Technical Training
- iii) Key Management;
- iv) Council Members;

	2018-2019	2017-2018
	Kshs	Kshs
Transactions with related parties		
a) Grants from the Government		
Grants from National Govt	23,520,000	24,000,000
Grants from County Government	-	-
Donations in kind	-	-
Total	23,520,000	24,000,000
b) Key management compensation		
Directors' emoluments	1,209,000	-
Compensation to the CEO		
Compensation to key management	4,260,000	-
Total	5,469,000	-


 Sign.....
 Director General/C.E.O
 Kenya National Qualifications Authority
 Authority
 Date..... 4/2/2020



 Sign.....
 Chairman of the Board
 Kenya National Qualifications
 Authority
 Date..... 4/2/2020

INTER-ENTITY TRANSFERS

	ENTITY NAME:	KENYA NATIONAL QUALIFICATIONS AUTHORITY		
	Break down of Transfers from the State Department of Vocational and Technical Training			
	FY 18/19			
	a. Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Financial Year</u>
		16 th August 2018	6,000,000	2018/2019
		10 th November 2018	5,760,000	2018/2019
		26 th February 2019	5,760,000	2018/2019
		08 th May, 2019	6,000,000	2018/2019
		Total	23,520,000	
		Total	23,520,000	

The above amounts have been communicated to and reconciled with the parent the state department of Vocational and Technical Training

Accountant
Kenya National Qualifications Authority

Sign  -----

Head of Accounting Unit
State Department of Vocational &
Technical Training

Sign  -----

Kenya National Qualifications Authority (KNQA)
Annual Reports and Financial Statements
For the year ended 30 June 2019

COUNCIL SITTING ALLOWANCES 2018-2019													
activity	Bon Kerre	Dinah Mwinzi	Gwiyo Komora	Isaack Gathirwa	Ernest Nadome	Gilda Odera	Ernest Nadome	Paul Kipsang	Isaiah Ochelle	Bibiana Atieno	Juma Mukhwana	Kevit Desai	TOTAL
Interviews meeting of 30th- 31 st July 2018.Naivasha	28,000	-	28,000	28,000	-	-	28,000	28,000	28,000	28,000	-	-	196,000
Council Members meeting-8 th august,2018 KICD	14,000		14,000	14,000	14,000	14,000	14,000	14,000				14,000	98,000
Council Meeting 23 rd August,2018 Uchumi House	14,000		16,000	16,000	-	16,000	16,000	16,000		16,000	-	16,000	126,000
4 th Oct,2018 DVET Boardroom Uchumi House	14,000			16,000	16,000	16,000		16,000	16,000	16,000	2,000		112,000
23 rd -28 th September,2018 Naivasha	70,000			70,000						70,000			210,000
Total	140,000	-	58,000	144,000	30,000	46,000	58,000	74,000	44,000	130,000	2,000	30,000	742,000

Kenya National Qualifications Authority (KNQA)
Annual Reports and Financial Statements
For the year ended 30 June 2019

COUNCIL PER DIEM AND LUNCH 2018-2019													
Activity	Bon Kerre	Dinah Mwinzi	Gwiyo Komora	Isaack Gathirwa	Grace Muthoni	Gilda Odera	Ernest Nadome	Paul Kipsang	Isaiah Ochelle	Bibiana Atieno	J. Nanjakululu	Kevit Desai	TOTAL
Per diem	36,400										33,600		70,000
Per diem	36,400												36,400
Lunch			2,000	2,000		2,000	2,000	2,000		2,000		2,000	14,000
Total	72,800		2,000	2,000		2,000	2,000	2,000		2,000	33,600		120,400

Kenya National Qualifications Authority (KNQA)
Annual Reports and Financial Statements
For the year ended 30 June 2019

COUNCIL HONORARIA AND AIRTIME 2018-2019													
Activity	Bon Kerre	Dinah Mwinzi	Gwiyo Komora	Isaack Gathirwa	Grace Muthoni	Gilda Odera	Ernest Nadome	Paul Kipsang	Isaiah Ochelle	Bibiana Atieno	J. Nanjakululu	Kevit Desai	TOTAL
July 2018	59,500												59,500
August 2018	59,500												59,500
September 2018	59,500												59,500
October 2018	23,800												23,800
Total	202,300												202,300