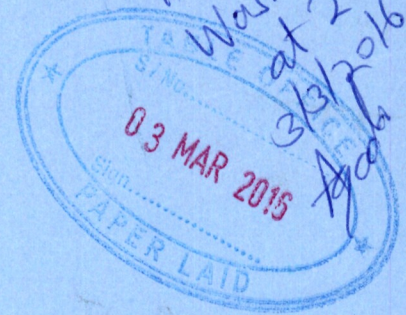
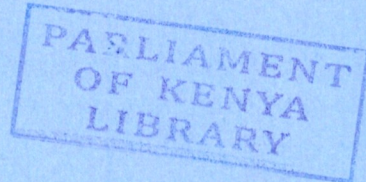


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



**REPORT**

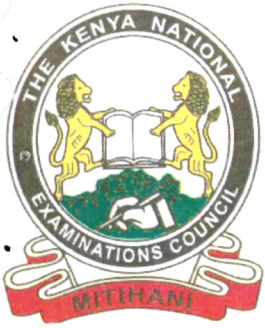
**OF**

**THE AUDITOR-GENERAL**

**ON**

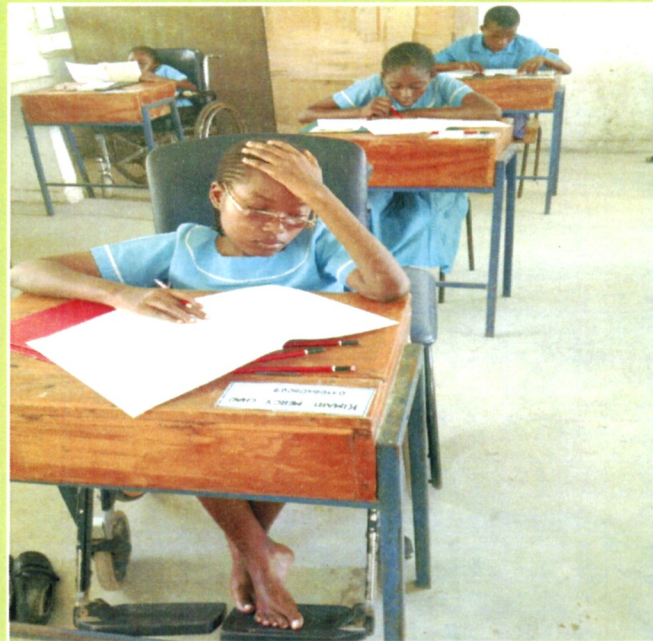
**THE FINANCIAL STATEMENTS OF  
KENYA NATIONAL EXAMINATIONS COUNCIL**

**FOR THE YEAR ENDED  
30 JUNE 2015**



**THE KENYA NATIONAL EXAMINATIONS COUNCIL**

# Annual Report and Financial Statements for the Year Ended 30 June, 2015



**The Council's Financial Statements have been prepared in accordance with the accrual basis and comply with International Public Sector Accounting Standards (IPSAS)**

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**THE KENYA NATIONAL EXAMINATIONS COUNCIL  
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## **1.0 KEY COUNCIL INFORMATION**

### **1.1 Background information**

The Kenya National Examinations Council was established in 1980 under the Kenya National Examinations Council Act Cap 225A of the Laws of Kenya. This Act (Cap 225A of 1980) was repealed in 2012 and replaced with KNEC Act No. 29 of 2012.

KNEC was established to take over the functions previously undertaken by the defunct East African Examinations Council and the Ministry of Education to conduct school, post school and other examinations. The establishment of the Council followed the breakup of the East African Community and the need for an institution to take over control of such examinations to ensure their validity and reliability; and to ensure conformity to Kenya's goals and changes in Government policy relating to the curriculum and examinations.

### **1.2 Principal Activities**

The principal activities of the Kenya National Examinations Council (KNEC) are:

- 1.2.1 Conduct such academic, technical and other examinations within Kenya as it may consider desirable in the public interest.
- 1.2.2 Award certificates or diplomas to successful candidates in such examinations.
- 1.2.3 Invite any body or bodies outside Kenya, as it may find fit to conduct academic, technical and other examinations within Kenya or to conduct these examinations jointly with the Council and to award certificates or diplomas to successful candidates in these examinations.
- 1.2.4 Advise any body or bodies upon the adaptation of examinations necessary for the requirements of Kenya and to assist any such bodies to conduct such examinations.
- 1.2.5 Make rules regulating the conduct of examinations and for all Purposes incidental thereto.



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**1.3 Entity Headquarters**

Registered Office and Principal Place of Business  
NHC House Aga Khan Walk  
**NAIROBI**

**1.4 Entity Contact**

Postal Address:  
P O Box 73598  
Code 00200 City Square  
**NAIROBI**

Telephone (+254-20) 341027 / 50, 317412 / 19 / 27

E-mail: [info@kneec.ac.ke](mailto:info@kneec.ac.ke)

Website: [www.kneec.ac.ke](http://www.kneec.ac.ke)

Fax (+254-20) 2226032

**1.5 Bankers**

1.5.1 Co-operative Bank of Kenya (Co-operative House)

1.5.2 Kenya Commercial Bank (Head Office)

1.5.3 National Bank of Kenya (Harambee Avenue)

1.5.4 Equity Bank (Moi Avenue)

1.5.5 CFC Stanbic Bank (Harambee Avenue)

1.5.6 Standard Chartered Bank (Harambee Avenue)

1.5.7 Commercial Bank of Africa (Mama Ngina Street)



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**1.6 Auditors**

Office of Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084 GOP 00100  
**NAIROBI**

**1.7 Advocates /Lawyers**

Kiarie, Kariuki and Associates Advocates  
P O Box 13808 - 00100  
**NAIROBI**



**THE KENYA NATIONAL EXAMINATIONS COUNCIL  
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**2.0 THE BOARD OF THE COUNCIL**

**2.1 Prof. Kabiru Kinyanjui: Board Chairman**



Prof. Kabiru Kinyanjui (born 1943) is a graduate of Harvard University, USA and University of East Africa, Dar-es-Salaam Tanzania. He is a member of the Governing Board of UNESCO International Institute of Capacity Building in Africa (IICBA). He has also chaired many national and international Boards, Commissions and Universities committees. He is currently the Chancellor of Chuka University.

He has published widely on education and training policies, youth employment, micro-finance and social policy issues in Africa.



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**2.2 Dr. Richard Belio Kipsang: Principal Secretary, Ministry of Education Science and technology.**



Dr. Richard Belio Kipsang (born 1967) is the Principal Secretary Education, Ministry of Education Science and Technology. He has held several very senior positions in the public sector including Coffee Development Fund and Higher Education Loans Board. He is a Council Member at Mt. Kenya University and Co-operative University College, Finance Alliance for Sustainable Trade, (FAST), Advisory Council for Coffee Initiative and Government Delegate International Coffee Organization (ICO). He Chairs Operations Committee, Association of African Higher Education Financing Agencies (AAHEFA).

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



**THE KENYA NATIONAL EXAMINATIONS COUNCIL  
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**2.3 Arthur Anam Rateng**



Arthur Anam Rateng (born 1953) holds a Masters degree in Entrepreneurship Education from the University of Illinois, USA and a Bachelor of Education from the University of New Brunswick, Canada. He also has a post graduate certificate in Applied Management Studies, Queens University, Canada, Diploma in Technical Educational and Ordinary Diploma in Electrical Mechanical Engineering both from the Kenya Polytechnic. He is a former Director of Technical Education in the Ministry of Higher Education, Science and Technology.

**2.4 Elizabeth Katanu Mbebe**



Elizabeth Katanu Mbebe (born 1958) is a seasoned Administrator and Professional HR practitioner with over 35 year experience. She served at the University of Nairobi in various capacities until 2008. Elizabeth, a graduate from the University of Nairobi taught in several schools before serving the Ministry of Higher Education as an Inspector of Schools.

She is the Secretary of Lions Club of Nairobi – Karen branch and past Chairperson of the Kenya Ladies Golf Union and a member of Senior Ladies Golfing Society of East Africa.



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**2.5 Nancy Njeri Macharia**



Nancy Njeri Macharia (born 1963) is the CEO of Teachers Service Commission.

She holds a Master of Education (Policy and Management) degree from Bristol University, UK and a Bachelor of Education degree in English/Literature from Kenyatta University. She has worked in the education sector for more than 28 years. She has undergone training both locally and internationally in Corporate Governance, Public Procurement, Policy Formation, Information Communication Technology (ICT), Proactive Management and Business Excellence Models, among others. In addition, she is a member of the Kenya Association of Public Administration Management (KAPAM) and Institute of Directors.

**2.6 Josephine Odira Sinyo**



Josephine Odira Sinyo (born 1956) is the first blind woman lawyer in Kenya. Having lost sight at the age of three (3), Josephine studied Law at the Nairobi University and the University of Hull in England. She has worked in many organisations as a human rights activist. She has served as Chairperson of the United Disabled Persons of Kenya. In November 1998 she was nominated as a member of parliament on the Safina Party ticket. She brings to KNEC her immense experience and exceptional contribution towards advancement of the disability mainstreaming agenda.

She is currently working at the Kenya Law Reform Commission and is the Government Disability expert at the Attorney General Office (Kenya).



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**2.7 Dr. Julius Ouma Jwan**



Dr. Julius Jwan (1965) is 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 and Integration Commission (NCIC). Prior to joining the Commission, he was a senior lecturer at Moi University, a tutor at Kaimosi teachers' college and a teacher at a secondary school. He holds a PhD Degree in Educational Leadership & Management and a Master of Science (MSc) Degree in Educational Research Methods - both from the UK. He also has a Master of Philosophy (MPhil) Degree in Education Management from Norway and another Masters Degree in Linguistics from Moi University - Kenya where he also graduated with a Bachelor of Education Degree. He is a winner of British Educational Leadership, Administration and Management Society (BELMAS) Best Doctoral Thesis Award, 2011. He has published widely on educational leadership and management in international journals, book chapters as well as three books - two on educational leadership and management, and one on research.



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**2.8 Mohammed Mwijuma Mwinyipembe**



Mohammed Mwijuma Mwinyipembe (born 1955) holds Bachelor and a Masters degree in Education from Kenyatta University. He is a long serving and experienced educationist having served as provincial Director of Education in various provinces (now regions) including the expansive Rift Valley. Currently he is the Acting Director, Quality Assurance and Standards in the Ministry of Education Science and Technology. In 2009, he was appointed the Secretary General, Kenya National Commission for UNESCO.

**2.9 Mutuku Charles R Kioko**



Mutuku Charles R Kioko (born 1958) studied at the University of Nairobi where he obtained Bachelor of Science Degree, Postgraduate Diploma in Population Studies and PGD Diploma in Education. He is also an MBA graduate from the Jomo Kenyatta University of Agriculture and Technology. Mutuku is currently the Director/Chairman, Riccatti Business College of East Africa, Director and Project Coordinator, Mandela Community Development Programme an NGO in Eastern province.



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**2.11 Dr. Joseph Mbithi Kivilu**



Dr. Joseph Mbithi Kivilu (born 1959) holds a PhD in Educational Psychology (Assessment, Tests and Measurement) from the University of Alberta, Edmonton, Canada. He also holds a Master's degree in Educational Psychology (Assessment, Tests and Measurement) from Kenyatta University, and a Bachelor of Education (Hons.) (Science) degree in Double Mathematics from the University of Nairobi.

Prior to joining the Council, he worked as a teacher of Mathematics in various schools in Kenya and then as lecturer at Kenyatta University from. Dr Kivilu moved to South Africa in 1997 and worked as a director at the Human Sciences Research Council based in Pretoria.

He has published widely on education areas including educational assessment, socio-economic survey, research methodology and statistical modeling.



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**3.0 KNEC SENIOR MANAGEMENT TEAM**

**3.1 Dr. Joseph Mbithi Kivilu, Council Secretary/Chief Executive Officer (appointed in October 2014)**



Dr. Kivilu joined the Council in April 2011 as Senior Deputy Secretary in the Test Development Department. He was appointed Acting Council Secretary/Chief Executive Officer in April 2014 and served in that position until October 2014 when he was appointed the Council Secretary/Chief Executive Officer.

**3.2 Ambia Guhad Noor, Senior Deputy Secretary, School Examinations and Teacher Education**



Ambia joined KNEC in 1999 as a Research Officer. She is currently the Head of Department in charge of Examination Administration for school and teachers examinations. She holds a Bachelor of Education degree from Kenyatta University and a Master in Education from the same university. Ambia has over 25 years experience in the field of education. Prior to joining the Council, she worked as Senior Education Officer in the Ministry of Education and also taught in several schools.



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**3.3 Geoffrey K. Gitogo, Senior Deputy Secretary, ICT**



Geoffrey joined the Council in 2009 from United States International University and he has been the Head of ICT Department since then. Geoffrey holds BSC, Software Engineering from University of Nairobi. He has 16 years experience in the field of ICT.

**3.4 Mwai Nyaga, Senior Deputy Secretary, Business and Technical Examinations**



Mwai heads the Department of Business and Technical Examinations. He is holder of Higher National Diploma in Electrical Engineering and Diploma in Education. He joined the Council as Examinations Secretary and has since risen to his current position. Prior to joining KNEC, Mwai was a lecturer in various technical institutions. He has over 25 years of experience in the field of education.



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**3.5 Sarah A. Majani, Senior Deputy Secretary, Printing and Manuscripts**



Sarah is the Head of Department in charge of printing and manuscripts. She joined the Council in 2009 from Kenya Literature Bureau. She holds a Higher National Diploma in Printing from Watford College, UK. Majani has work experience spanning over 20 years.

**3.6 Paul K. Korir, Ag. Senior Deputy Secretary, Test Development**



Paul Joined the Council in 1995 as Examination Secretary. He is currently acting as Head of Department, Test Development. Paul holds BSc in Wood Technology from Moi University. Prior to joining KNEC, he was a lecturer in several technical colleges. He has 25 years work experience.



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**3.7 Joyce Sabari, Ag. Deputy Secretary, Research and Quality Assurance**



Joyce joined the Council in 1999. She is in charge of Research and Quality Assurance. She holds a Masters Degree in Education; Measurement and Evaluation from University of Nairobi and B.Ed, Home Economics from the same university. She joined the Council as Research Assistant and rose through the ranks to her current position.

**3.8 Abraham K. Oloo, Financial Controller and Head of Finance**



Abraham is a Bachelor of Commerce degree holder, acquired from the Catholic University of Eastern Africa. He is a Certified Public Accountant and a member of ICPAK. He joined KNEC in 2011 from Kenya Literature Bureau. He has over 25 years of experience in the field of Accounting and Finance.



**THE KENYA NATIONAL EXAMINATIONS COUNCIL  
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#### **4.0 CHAIRMAN'S STATEMENT**

I take great pleasure in presenting to you once again the annual report and financial statements for The Kenya National Examinations Council for the Financial Year ended 30th June 2015.

##### **Strategic Direction.**

The provision of quality education and training to all Kenyans is critical to the success of the Government's overall development strategy. The Council is mandated to administer public academic and technical examinations nationally.

After the successful implementation of the second phase of our strategic plan, 2010-2015, we are now developing the third one to direct the operational and development activities of the Council for the next five years and to align the Council to Vision 2030.

##### **Relocation to New Mitihani House.**

For decades, KNEC has been constrained by lack of adequate office space and convenient facilities in one central location. Following the completion of the first phase, KNEC is moving to her new home, the new Mitihani House located in South C, Nairobi.

##### **Change in Leadership.**

Dr. Joseph Kivilu was appointed the CEO of the Council on October 10<sup>th</sup> 2014 following the expiry of Mr. Paul Wasanga's term on 31.05.2014.

The Council is confident that Dr. Kivilu will steer the reforms indented to strengthen the security of national examinations in the country.

##### **Financial Performance.**

The net earnings and assets base, among other indicators registered commendable growth in the 2014/2015 financial year. During the Financial Year 2014-2015, the Council posted a surplus of Kes. 58.7 Million in comparison to a surplus of Kes. 118.9 Million in 2013-2014 while its revenue base grew from Kes. 4,697,246,365 in 2013-2014 to Kes 5,036,800,922 in 2014-2015.

##### **Appreciation.**

I take this opportunity to record my sincere gratitude to the Government of Kenya for funding the cost of running school examinations to the tune of Kes. 2.9 billion received in December 2014. The initiative is an important milestone in realizing free school education for all.

I would also like to thank the Ministry of Education, Science and Technology (MOEST) and all the security agencies who provided solid support to the Kenya National Examinations Council.

I convey my appreciation to my colleagues on the Board for their invaluable contribution and dedication to the Council. The Management and staff worked tirelessly and I commend them on behalf of the Board.

Thank You and May God Bless You.

**Professor Kabiru Kinyanjui**  
**Chairman**



**THE KENYA NATIONAL EXAMINATIONS COUNCIL  
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**5.0 STATEMENT BY THE COUNCIL SECRETARY/CHIEF EXECUTIVE OFFICER**

The Management of the Kenya National Examinations Council is delighted to announce a successful Financial Year 2014/2015.

During the year, our corporate strategies set out in the current strategic plan continued to drive the operations of the Council on its defined plan.

We have continued to achieve improved performance in all areas of our operations. Our candidature for the high stakes examinations namely KCPE and KCSE continued to grow and stood at 880,486 for KCPE and 483,630 for KCSE during Financial Year 2014/2015.

We realize that technology plays a major role in enhancing operations and serving clients effectively. In addition to the integrated Enterprise Resource Planning (ERP), mainly used in Finance and Human Resource Management great strides have been made in automating the registration of candidates through the Examinations Processing System (EPS). Our examiners are also now able to apply for marking online.

In order to improve the customer relation management system the Council developed software in the KNEC website called Sema Nasi. It is an easily accessible platform where customers can lodge their queries and receive responses in a timely and efficient manner without having to come physically to the Council Offices.

For Council to efficiently offer its examinations in the wake of increasing candidature across all levels, it is imperative that processes are automated. Some of the processes that Council is exploring automation include test paper compilation, printing and packing of examination materials, marking, processing of results and confirmation of results to name but a few. Automation requires a large capital outlay and in consideration of the fact that KNEC is a non-profit making institution, we are hopeful that the Government shall support the various automation projects that will enhance the examination assessment process.

As a corporate entity we realize that our corporate objectives cannot be met without the support of committed, motivated and loyal staff. We continue to invest more in our staff through performance contract management, succession planning and training programmes. We are continuously recruiting skilled staff to enable us to realize our corporate objectives. In the period under review our staff compliment stood at 405.

We envisage moving to our New Mitihani House in South C in the Financial Year 2015/2016 where the housing of KNEC operations under one roof should lead to more efficient services as well as cut down on operational costs. We wish to thank the Government for funding the construction of the building.

Maintaining the integrity of national examinations continues to be a challenge given the high demand for our certificates, with good grades. All stakeholders shall be involved in sensitization on curbing examination irregularities. The KNEC Act 2012 and the regulations thereto shall be implemented in full to maintain the integrity of examinations.



**THE KENYA NATIONAL EXAMINATIONS COUNCIL  
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We shall continue to improve on the systems put in place over the past many years as we adhere to the ISO certification and the KNEC Service Charter.

In conclusion, I take this opportunity to sincerely express my appreciation to the staff and Board for its wise counsel and guidance. I thank the management and staff of the Council for their tireless efforts towards achieving our corporate objectives. I greatly appreciate the continued support of our stakeholders without which we would not have achieved our objectives.

A handwritten signature in blue ink, appearing to read 'J. Kivilu', is written over a horizontal dashed line.

**Dr. Joseph M. Kivilu**  
**Council Secretary/CEO**

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**THE KENYA NATIONAL EXAMINATIONS COUNCIL  
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## **6.0 STATEMENT OF CORPORATE GOVERNANCE**

### **6.1 Introduction**

6.1.1 The Council is committed to abide by the Constitution, the KNEC Act 2012 and the Law of the land and the Rules and Regulations governing the conduct of its business. To ensure compliance, the Council has developed and implemented policies, procedures and work instruction that are used by staff and contracted professionals in the conduct of the business of the Council.

6.1.2 The Council Board meets regularly as stipulated in The Kenya National Examinations Act, 2012 to review the affairs and business of the Council. The Council ensures that corrective and preventive measures are taken where necessary to ensure compliance.

6.1.3 Council and management decisions are communicated to staff through departmental meetings, memos, e-mails and face to face discussions. The Council's governance is supported by four sub-committees namely the Finance and General Purposes Committee, Staff Affairs Committee, Audit Committee and Examinations Management Committee.

### **6.2 The Council Composition**

The Council is constituted as specified in Section 4 of the Act. The board consists of 10 members including the Chairman and the Council Secretary/Chief Executive Officer.

### **6.3 Operations of the Council**

6.3.1 The Council's day to day operations/activities are carried out by the Secretariat which is headed by the Council Secretary/Chief Executive Officer (CEO). There exists an organizational structure and an establishment which outlines how functions are to be carried out. Responsibilities and roles are defined in the establishment and detailed job description.

6.3.2 The Council Secretary/Chief Executive Officer holds regular meetings with the Senior Management to review the status of affairs of the business of the Council. Records of minutes are kept for all management meetings held.