

REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE

**REPORT OF
THE**

AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENT OF



KENYA INSTITUTE OF CURRICULUM DEVELOPMENT

FOR THE YEAR ENDED

30 JUNE 2017

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

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I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background Information

The Kenya Institute of Curriculum Development (KICD) is a State Corporation established by an Act of Parliament the KICD Act No. 4 of 2013. The Institute's core function is to conduct research and develop curricular for all levels of education below the university. The Institute also develops print and electronic curriculum support materials, initiates and conducts curriculum based research, organizing and conducting in service and orientation programmes for curriculum implementers.

(b) Principal Activities

The Institute is mandated through KICD Act No. 4 of 2013 to develop curriculum and curriculum support materials informed by research for basic and tertiary education and training. The Institute's vision is "A world class centre for dynamic and competitive curricula" while mission is "to provide research based Curricula and Curriculum Support Materials Responsive to the Needs of the Society".

(c) Key Management

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

- (i) Council
- (ii) Senior Management
- (iii) Management

(d) Fiduciary Management

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

Designation	Name	Date of Appointment	Date of Exit
Director/Chief Executive Officer	Julius Ouma Jwan, PhD	12 th November, 2014	
Senior Deputy Director – Corporate Services	Mr. Charles Mugambi	1 st February,2008	
Senior Deputy Director – Media & Extension Services	Mr. John Kimotho	1 st February,2008	
Senior Deputy Director Curriculum And Research Services	Mrs. Jacqueline Onyango	1 st July,2017	

(e) Fiduciary Oversight Arrangements.

The Council provides oversight arrangements through various Council Committees. The Committees include:

i) Finance, Strategy and General Purposes Committee.

This Council Committee has the following terms of reference;

- To review proposed annual budgets and annual procurement plans in line with the Institutes mandate and strategic objectives and goals and recommend to the Council for approval.
- To advise the Council on resource mobilization strategies including, utilization of existing facilities to generate more income.
- To review financial performance against budget and to report on implications of significant variances to the Council.

- To review annual Financial accounts of the Institute and to recommend to the Council for approval.
- To review management's procedures for procurement and the controls in place to ensure value for money.
- To ensure that there are systems in place to safeguard the assets of the Institute.
- To review all the financial policies including public private partnership framework and recommend them to the Council for approval.
- To review the Institutes Strategic Plan to ensure that it is linked to its mandate, vision and mission.
- To ensure provision of adequate budgetary allocation for the implementation of the Strategic Plan.
- To monitor and review the performance of the Institute in meeting strategic objectives.
- To consider and make recommendations to the Council concerning new strategic opportunities and initiatives.

ii) **Human Resource And Governance Committee**

This Council Committee has the following terms of reference;

- To oversee that the recruitment of new employees done in line with the Law and the Institute's policies.
- To review the organizational structure of the Institute to align it to its mandate and best practices and recommend any changes to the Council for approval.
- To review and recommend employees compensation, including incentives, benefits, welfare programmes and retirement plans, to the Council for approval to ensure attraction, recruitment and retention of highly qualified employees.
- To ensure that the organization has appropriate human resource policies in compliance with the law.
- To ensure that the Institute has a succession management strategy and oversee its implementation.
- To handle any other human resource issues delegated to the Committee by the Council.
- To review and recommend the Council Charter outlining the principles, policies and procedures by which the Council will operate.

- To recommend to the Council any reports on corporate governance that may be required or considered advisable.
- To review Council members' conflict of interest statements.
- To undertake such other corporate governance initiatives as may be necessary or desirable to contribute to the success of the Institute.
- To receive annual Governance audit and report to the Council on areas that require improvement.

iii) **Curriculum Technical Committee**

This Council Committee has the following terms of reference;

- To review all curricula developed or vetted by the Institute and recommend to the Council for approval.
- To receive a report of all curriculum support materials evaluated by the Institute and recommend to the Council for approval.
- To review progress of all initiatives put in place by the Institute to implement KICD Act and Regulations.
- To review implementation of the Kenya Institute of Curriculum Development Act and Regulations and to recommend amendments where necessary to improve service delivery.

iv) **Audit, Risk And Compliance Committee**

This Council Committee has the following terms of reference;

- To review the effectiveness of the Institute's internal control framework
- To monitor and review the effectiveness of the internal audit function and internal auditor's reports and to seek such assurance as it may deem appropriate that the function is independent.
- To consider management's response to any recommendations made by the external auditor or internal audit and review with internal audit and the external auditor any fraudulent or illegal acts, deficiencies in internal control or other similar issue, including reviewing the results of management's investigation and follow up of any fraudulent acts.



- To ensure that the Institute has adequate policies and procedures to manage risks.
- To evaluate the internal processes for identifying, assessing, monitoring and managing key risk areas after considering the Risk Management Policy approved by the Council.
- To receive and keep under review major risk assessments made by the Institute and the disaster recovery plan necessary to ensure business continuity.
- To review the Institute's procedures for handling allegations from whistle-blowers from time to time.
- To review the Institute's procedures concerning the prevention, mitigation and detection of fraud and economic crimes.
- To evaluate the Institute's compliance with relevant Laws and Regulations relating to its operations including but not limited to, procurement, employment, occupational health and safety, and Finance laws.
- To evaluate the adequacy of the systems for ensuring that requisite statutory requirements are complied with.



(f) **Headquarters**
Kenya Institute of Curriculum Development,
P.O Box 30231-00100,
Desai Road, Off Murang'a Road,
Nairobi, Kenya.

(g) **Contacts**
Kenya Institute of Curriculum Development
Telephone : (020) 3749900-3
Email: info@kicd.ac.ke
Website: www.kicd.ac.ke

(h) **Bankers**
Kenya Commercial Bank,
Moi Avenue Branch,
P.O.Box 30081-00100,
Nairobi, Kenya.

Co-operative Bank of Kenya,
Stima Plaza Branch,
P.O.Box 48231-00100,
Nairobi, Kenya.

Equity Bank Limited,
Ngara Branch,
P.O.Box 33080-00600,
Nairobi, Kenya.

(i) **Independent Auditors**
Auditor General,
Anniversary Towers, University Way,
P.O.Box 30084-00100,
Nairobi, Kenya.

(j) **Attorney General,**
P.O.Box 40112-00100,
Nairobi, Kenya.

II. COUNCIL MEMBERS



DR. SARA RUTO
CHAIRPERSON KICD COUNCIL

Appointed on 6th October, 2016

Dr. Ruto (49 years), is the Chairperson, Kenya Institute of Curriculum Development (KICD) Council. She is a specialist in the area of Educational Research and school reform. Dr. Sara Ruto is currently the Director of the People's Action for Learning (PAL) Network a program hosted by Zizi Afrique. She previously served as the Regional Manager of Uwezo East Africa, and was a lecturer at Kenyatta University. She sits in several Committees, such as UNESCO Global Education Monitoring Report Committee, the SABER Technical Advisory Board, and INCLUDE Knowledge Platform.

Appointed on 1st September, 2016

Prof. Akala (51 years), is currently the Dean School of Education, Department of Educational Administration and Planning, University of Nairobi. He is a specialist in curriculum development, education research, monitoring and evaluation with a PhD in Curriculum development from Moi University and another one in Education from the University of Illinois at Urbana- Champaign.



PROF. WINSTON AKALA
MEMBER



PROF. ORPHA ONGITI
MEMBER

Appointed on 1st September, 2016

Prof. Ongiti (56 years), is currently the Principal of the Africa Nazarene University Nairobi CBD Campus. She is a specialist in Policy formulation and Leader/Manager in Educational Administration, especially higher education. She is a researcher in policy issues in higher education, especially gender equity in the STEM fields. She is a member of Women Educational Researchers of Kenya (WERK); Athens Institute for Education and Research (ATINER); African Network for Internationalization of Education (ANIE); American Educational Research Association (AERA); and Comparative and International Education Society (CIES)

Appointed on 1st September, 2016

Dr. Thugge (59 years), is currently the Principal Secretary at the National Treasury. He has previously worked in the Ministry of Finance as head of Fiscal and Monetary Affairs Department, Economic Secretary and as Senior Economic Advisor.

Before joining the Ministry of Finance, he worked with the International Monetary Fund (IMF) as Economist, Senior Economist and Deputy Division Chief.



DR. KAMAU THUGGE
MEMBER

Dr. Thugge has played a major role in influencing the design of Kenya's current fiscal decentralization system and has coordinated the formulation of legislation for implementing devolution, including the Public Finance Management Act, 2012; The Commission on Revenue Allocation Act, 2011; The Independent Officers (Appointment) Act, 2012; The County Government PFM Transition Act 2013; The County Allocation of Revenue Bill 2013; and, The Division of Revenue Bill 2013/2014.

Dr. Thugge is widely published and holds a Bachelor of Arts (Economics) degree from Colorado College, USA; Master's degree in Economics from John Hopkins University, USA; and a Doctor of Philosophy (PhD) degree in Economics also from John Hopkins University.

Appointed on 1st September, 2016



DR. RICHARD BELIO KIPSANG
MEMBER

Dr. Kipsang (50 Years), is currently the Principal Secretary Basic Education at the Ministry of Education. He holds a PhD degree in Education (Educational Administration and Planning), from the Catholic University of Eastern Africa. He has 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. He has authored highly competent academic and research papers in the areas of Higher Education Financing and Planning.

Appointed on 1st September, 2016

Mrs. Macharia (54 Years), is the Chief Executive Officer of the 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 trained both locally and internationally in Corporate Governance, Public Procurement, Policy Formation, Information Communication Technology (ICT), Proactive Management and Business Excellence Models, among others. She is a member of the Kenya Association of Public Administration Management (KAPAM) and Institute of Directors.



MRS. NANCY NJERI MACHARIA
MEMBER

Appointed on 1st September, 2016



DR. NICHOLAS KIBIWOT LETTING'
MEMBER

Dr. Letting' (46 years), PhD (UoN), FCPA (K), MKIM, HSC, CPS (K) is currently the Vice - Chancellor of The Management University of Africa (MUA). He is also the Chairman of Institute of Certified Public Secretaries of Kenya and a Senior Lecturer at the University. Dr. Letting' has over 19 years of work experience in industry and academia in senior positions in the private sector mainly in Capacity Building, Finance, Human Resources and Governance.

He holds a Doctor of Philosophy (PhD) in Business Administration in Strategic Management, Master of Business Administration (MBA) in Strategic Management and a Bachelor of Commerce (B.COM) in Marketing.

Dr. Letting' is a member of Institute of Directors (IoD), Institute of Certified Public Secretaries of Kenya, ICPS (K), Institute of Certified Public Accountants of Kenya, (ICPAK), Kenya Institute of Management (KIM) and the Institute of Human Resources Management, (IHRM).

Appointed on 1st September, 2016

Mrs. Mbabu (49 years), is a practicing lawyer and an Advocate of the High Court of Kenya, and Commissioner for Oaths and Notary Public. She graduated with LLB Degree from UoN. She also has a Diploma in Law at Kenya School of Law. She previously worked as a State Counsel at the Attorney General Chambers.



MRS. PURITY KARABAI MBABU
MEMBER



JULIUS OUMA JWAN, PhD
**DIRECTOR/
CHIEF EXECUTIVE OFFICER**

Appointed on 12th November, 2014

Dr. Jwan (53 years), Director/Chief Executive Officer of Kenya Institute of Curriculum Development.

Qualifications: Bachelors of Education degree and Master of Philosophy Degree in English language/linguistics from Moi University, Master of Philosophy Degree (MPhil) in Education Communication and Management from NLABergen, Norway, and Master of Science (MSc) Degree in Educational Research Methods and PhD Degree in Educational Leadership and Management from UK.

Appointed on 1st September, 2016

Ms. Karogo (61 years), is currently the Acting Chief Executive Officer, The Kenya National Examinations Council (KNEC). She was Senior Deputy Director (Curriculum and Research Services) at KICD.

She holds a Master's of Science, Entrepreneurship degree from Jomo-Kenyatta University of Agriculture and Technology (JKUAT) and a Bachelor of Education degree from University of Nairobi. She is currently pursuing PhD in Business Administration and Management at Dedan Kimathi University



MS. MERCY KAROGO
MEMBER



KICD Council Ethnic Distribution

S/NO	ETHNIC GROUP	MALE	FEMALE	TOTAL	%
1.	KALENJIN	2	1	3	30
2.	KIKUYU	1	2	3	30
3.	KISII		1	1	10
4.	LUO	1		1	10
5.	LUHYA	1		1	10
6.	MERU		1	1	10
	TOTAL	5	5	10	100

III. SENIOR MANAGEMENT



**JULIUS OUMA JWAN, PhD
DIRECTOR/
CHIEF EXECUTIVE OFFICER**

Appointed on 12th November, 2014

Dr. Jwan (53 years), Director/Chief Executive Officer of Kenya Institute of Curriculum Development.

Qualifications: Bachelors of Education degree and Master of Philosophy Degree in English language/linguistics from Moi University, Master of Philosophy Degree (MPhil) in Education Communication and Management from NLABergen, Norway, and Master of Science (MSc) Degree in Educational Research Methods and PhD Degree in Educational Leadership and Management from UK.

Mr. Mugambi (58 years), is the Senior Deputy Director (Corporate Services).

Qualifications: BCOM (Acc.); EMBA; MA (PPM); PGDCDD; PGD (PPM); CPA (K); CPS



**MR. CHARLES MUGAMBI
SENIOR DEPUTY DIRECTOR
(CORPORATE SERVICES)**



MR. JOHN G. KIMOTHO
SENIOR DEPUTY DIRECTOR
(MEDIA AND EXTENSION SERVICES)

Mr. Kimotho (56 years), is the Senior Deputy Director, Media and Extension Services.

Qualifications: Postgraduate Diploma in Leadership in ICT and Knowledge Society – Dublin City University. He also holds Masters Degree in Communication (Media Studies) and he is currently pursuing PhD in Communication at Daystar University. He is a member of the Engineers Registration Board and Africa’s representative at the Global Digital Literacy Council.

Mrs. Onyango (49 years), is the Senior Deputy Director Curriculum and Research Services.

Qualifications: Masters Degree in Curriculum Studies from University of Nairobi; Bachelor of Education Degree from Kenyatta University; Certificate in Education Planning from the International Institute of Education (IIEP-UNESCO). She is currently undertaking a PhD Degree in Curriculum Development at Moi University, Eldoret.

She is a member of Kenya Institute of Management and Forum for African Women in Education, Kenya



MRS. JACQUELINE ONYANGO
SENIOR DEPUTY DIRECTOR
(CURRICULUM AND RESEARCH SERVICES)

KICD Management Ethnic Distribution

S/NO	ETHNIC GROUP	MALE	FEMALE	TOTAL	%
1.	EMBU	0	2	2	6.45
2.	KAMBA	2	0	2	6.45
3.	KIKUYU	4	11	15	48.39
4.	KISII	1	0	1	3.23
5.	LUHYA	1	0	1	3.23
6.	LUO	3	2	5	16.13
7.	MERU	2	3	5	16.13
	TOTAL	13	18	31	100

KICD Other Staff Ethnic Distribution

S/NO	ETHNIC GROUP	MALE	FEMALE	TOTAL	%
1.	ASIAN	0	1	1	0.27
2.	EMBU	2	8	10	2.7
3.	KALENJIN	10	6	16	4.32
4.	KAMBA	23	18	41	11.08
5.	KIKUYU	53	88	141	38.11
6.	KISII	16	8	24	6.49
7.	LUHYA	28	23	51	13.78
8.	LUO	32	18	50	13.51
9.	MAASAI	1	0	1	0.27
10.	MERU	14	12	26	7.03
11.	SOMALI	4	0	4	1.08
12.	TAITA	3	2	5	1.35
	TOTAL	186	184	370	100

IV. CHAIRPERSON'S STATEMENT

During the FY2016/2017, the Institute under the Leadership of the Council and in its endeavor to fulfill the mandate has made tremendous achievements. During the year, the Institute has put a lot of effort in the curriculum reform activities. In collaboration with the Ministry of Education and other stakeholders, the Institute formulated the Basic Education Curriculum Framework which will guide the reform. The new curriculum whose aim is to enable every Kenyan to become an engaged, empowered and ethical citizen emphasizes on the 21st century skills that will enhance graduates' capacity to acquire competences requisite for job and wealth creation. This will be achieved through nurturing every learner's potential and is key to realization of Kenya's Vision 2030. The year culminated with commencement of the pilot of the new curriculum in 470 schools across the country for pre-primary and lower primary with a total student population of 40,205. The Institute also trained 2,000 teachers in the pilot schools.

During the FY2016/2017, the Institute also signed a Performance Contract and has achieved the set targets. The Institute continues to implement the strategic plan. In addition, the Institute continued with the construction of the Education Resource Centre (ERC) phase one. The ERC is expected to help in curriculum reform and in revolutionizing curriculum development not only in Kenya but in the region.

During the FY2016/2017 the Council embarked on strengthening human resource capacities by filling various critical positions and completing the review of KICD organizational structure and staffing levels. The Council continues to support and promote professional and career growth of all staff. In turn, the the Council expects the management to be innovative and focused to enhance team-work for better service delivery.

Finally, I wish to thank the Government of Kenya for the support it has accorded to the Institute during the 2016/2017 financial year.



DR. SARA RUTO
CHAIRPERSON

Date: 12th April, 2018



V. REPORT OF THE CHIEF EXECUTIVE OFFICER

The Kenya Institute of Curriculum Development (KICD) is a service delivery State Corporation charged with the critical mandate of developing curricular. The Institute heavily relies on the Government grant to support its activities. The grant is mostly used to cater for staff salaries and undertaking core activities. The provision has been decreasing in recent years making it impossible to undertake all of the major activities some of which are core. This has made it difficult to achieve the target set in the Institute's Performance Contract. The enactment of the Kenya Institute of Curriculum Development Act No. 4 of 2013 gave authority to the Institute to engage in Income generating activities in a bid to supplement the grant. The amount of income to be generated cannot be predetermined and this has made it difficult to plan and offer better services.

In regard to performing its core mandate of curriculum development; the Institute developed curriculum and curriculum support materials (print and electronic). The curricula developed were based on client needs. The curriculum support materials were radio lessons, television, digital content and various handbooks in different subjects. During this period the Institute orientated teachers in different counties on the issues of curriculum implementation. The Institute also carried out curriculum based research in various areas.

In the FY2016/2017 the Institute embarked on the curriculum reform activities. The Institute in liaison with Ministry of Education developed the Curriculum Policy which would be the guiding document for the envisaged reform activities. The Institute carried out a Needs Assessment Study for Early Childhood Education, Primary Education, Special Needs Education and Secondary Education. A comprehensive Basic Education Curriculum Framework was developed to provide guidance on the principles governing the curriculum reform as well as the learning areas for different levels.

Subsequently the scope and sequence charts and curriculum designs for Early Years Education have been developed by the KICD subject panels. The Institute also launched the pilot of the Early Years Education curriculum in Pre- Primary 1 and 2, and Grades 1 and 2. For effective implementation of the pilot the Institute carried out training of the Headteachers, Curriculum Support Officers and the teachers in 470 selected pilot schools on the Competency Based Curriculum. Curriculum support materials (teachers guides, pupils work books and handbooks)



were developed in order to support the implementation process. Additionally, Radio and Television (TV) programmes as well as digital content was developed in the various subjects and installed in the digital devices that the schools have received for the digital literacy programme.

A monitoring and mentorship programme was undertaken within the pilot of the curriculum. This was undertaken by the Curriculum Support Officers under the supervision of the KICD staff to ensure that the teachers are supported in areas where they needed help. The Institute further developed monitoring tools that were used by the teachers and Curriculum Support Officers to gather information that could help in improving the curriculum designs and also inform the preparation for the continuation of the pilot phase for term three. The Research Monitoring and Evaluation team carried out a mid-evaluation of the pilot. The main purpose of this exercise was to find out how the teachers are relating with the new curriculum and to gauge whether the gains envisaged by the competency based curriculum are being met.

The Institute has created collaboration and partnership with various institutions and organizations which have played a critical role in the curriculum reform process by providing both technical and financial assistance. These include UNESCO, UNICEF, Aga-Khan Foundation, Educate, Canadian Embassy, Korean Embassy, National Aids Control Council, Anti-FGM Board

During the same period the Institute was actively involved in the Digital Literacy Programme (DLP). A curriculum for teachers on integration of ICT was developed and it is being used to train teachers. The Institute packaged the standard one and two digital content in the HTML format so that it can be universally used in different devices for learning. The digital content was installed in the learners and teacher tablets which were piloted in 150 schools, three schools per county and special needs institutions. The digital content was also adapted for special needs children. The Institute has been involved in capacity building of teachers so that they utilise ICT in the delivery of learning in various subjects.

JULIUS O. JWAN, PhD

Director/Chief Executive Officer

Date 12th April, 2018



VI. CORPORATE GOVERNANCE STATEMENT

Good corporate governance is integral in helping the Institute interact with both internal and external stakeholders. Corporate governance entails the systems, processes and structures used to direct and manage the affairs of the Institute, delineate the respective roles of the Council and management and the framework of internal controls. The Council and the management of the Institute regard good corporate governance as pivotal to the success of the Institute and are committed to ensuring strict adherence by the Institute.

The Institute achieves this by using a risk based approach to establish a system of internal controls and by reviewing the effectiveness of the system of internal controls on a regular basis. The Kenya Institute of Curriculum Development has formulated and implements sound internal corporate governance guidelines which spell out the responsibilities of management and the Council.

The Council has established Committees to assist in the implementation of its policy guidelines and strategy. These Committees meet regularly and are chaired by non-executive Council members. The Committees submit their report to the Full Council for adoption and approval. All the non-executive Council members are independent of management and free from any business or other relationship which could materially interfere with the exercise of their judgment.

The Council meets regularly and has a formal schedule of its matters. Currently, the Council comprises of nine (9) non-executive members and the Director/Chief Executive Officer. The Full Council meets at least four times each year.



VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The Kenya Institute of Curriculum Development undertakes Corporate Social Responsibility (CSR) in order to enhance mutual relationship with stakeholders and the public by being involved in various community activities. It is a way of appreciating the community.

Over the years, KICD has endeavoured to join hands with other like partners and stakeholders to champion a cause that is likely to have a positive impact in the society.

During the 2016/2017 financial year, the Institute participated in the Mater Hospital Heart run and gave cash donation.

As a result, the Institute got an opportunity to showcase our promotional materials like banners, distribute brochures, and flyers as we interacted with various participants from the public and private sector.

This included teachers, students, corporate bodies and other Kenyans, hence creating awareness about the institute's mandate and enhancing its image.

KICD was issued with a certificate of appreciation.

VIII. STATEMENT OF COUNCIL'S RESPONSIBILITIES

Section 14 of the State Corporations Act require the Institute to prepare financial statements in respect of the Institute, which give a true and fair view of the state of affairs of the Institute at the end of the year and the operating results of the Institute for that year. The Council is also required to ensure that the Institute keeps proper accounting records which disclose with reasonable accuracy the financial position of the Institute. The Council is also responsible for safeguarding the assets of the Institute.

The Council is responsible for the preparation and presentation of the Institute's financial statements, which give a true and fair view of the state of affairs of the Institute for and as at the end of the year ended on June 30, 2017. This responsibility includes:

- (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Institute;
- (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 Institute;
- (v) selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Council accept responsibility for the Institute'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 and the State Corporations Act. The Council is of the opinion that the Institute's financial statements give a true and fair view of the state of Institute's transactions during the financial year ended June 30, 2017, and of the Institute's financial position as at that date. The Council further confirm the completeness of the accounting records maintained by the Institute, which have been relied upon in the preparation of the Institute's financial statements as well as the adequacy of the systems of internal financial controls.



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

Approval of the financial statements

The draft annual Report and financial statements for the year ended 30 June 2017 were presented to the Council during the meeting held on 28th September 2017. The Council approved the draft annual Report and financial statements vide minute - MIN.FC/September/8/2017.

Dr. Sara Ruto
Chairperson

Signature

12th April, 2018

Dr. Nicholas Letting'
Member

Signature

12th April, 2018

Dr. Julius O. Jwan
Director/Chief Executive Officer

Signature

12th April, 2018

IX. REPORT OF THE INDEPENDENT AUDITORS ON THE KENYA INSTITUTE OF CURRICULUM DEVELOPMENT

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
Website: www.oagkenya.go.ke



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON KENYA INSTITUTE OF CURRICULUM DEVELOPMENT FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Institute of Curriculum Development set out on pages 24 to 46, which comprise the statement of financial position as at 30 June 2017, and the statement of financial performance, statement of cash flows, statement of changes in net assets 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, 2005. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya Institute of Curriculum Development as at 30 June 2017, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with Kenya Institute of Curriculum Development Act, 2013 and Education Act Cap 211.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matter described in

the Other Matter section of my report, I have determined that there are no Key Audit Matters to communicate in my report.

Other Matter

Diversity in Employment of Staff

Chapter seven of the National Cohesion and Integration Act, 2008 states that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of the staff. Further, the Act requires that no public establishment shall have more than one third of its staff from the same ethnic community. However, a review of the Institute's staff data revealed that one ethnic community accounted for 48% of the senior management and 38% of the other staff as was the case in the previous year. The Institute was therefore in breach of the law.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

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

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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution.

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.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Institute's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute'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 Institute to cease as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Institute to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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



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

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

Nairobi

07 May 2018



IX. STATEMENT OF FINANCIAL PERFORMANCE
For the year ended 30 June, 2017

	Note	2017 Shs '000'	2016 (Restated) Shs '000'
Revenue from non-exchange transactions			
Funding from Donors/Partners	3	487,900	119,483
Transfers from other Governments	4	<u>803,725</u>	<u>803,725</u>
		1,291,625	923,208
Revenue from exchange transactions			
Net surplus from NRC	5	94,358	42,879
Rental revenue from staff quarters	6	788	1,733
Finance income - external investments	7	50,418	40,546
Other income	8	63,462	67,662
		<u>209,026</u>	<u>152,820</u>
Total revenue		1,500,651	1,076,028
Expenses			
Employee costs	9	538,099	555,903
Expenses of the Council	10	6,357	6,725
Depreciation and amortization	11	46,246	49,179
Repairs and maintenance	12	17,081	14,518
Programme Areas services	13	54,908	55,816
Donors/partners expenditure	14	487,900	119,483
General expenses	15	128,092	143,328
Total expenses		<u>1,278,683</u>	<u>944,952</u>
(Deficit)/Surplus for the period		<u>221,968</u>	<u>131,076</u>

The notes set out on pages 32 to 48 form an integral part of the Financial Statements.

X. STATEMENT OF FINANCIAL POSITION
As at 30th June, 2017

Assets

Current assets

		2017	2016
		Shs '000'	(Restated)
		Shs '000'	Shs '000'
Cash and cash equivalents	16	1,108,419	722,099
Receivables from exchange transactions	17	86,554	417,494
Inventories	18	51,511	50,910
		1,246,484	1,190,503

Non-current assets

Property, plant and equipment	19	1,963,645	1,752,038
Intangible assets	20	-	564
		1,963,645	1,752,602

Total assets

3,210,129 **2,943,105**

Current liabilities

Trade and other payables from exchange transactions	21 a	129,674	120,894
Payables from Non-Exchange Transactions	21 b	-	40,427
Refundable deposits from customers	22	11,156	12,314
Deferred income – Donors/partners	23	360,692	530,502

Total liabilities

501,521 **704,137**

Net assets

Capital Reserves	24	1,948,985	1,701,313
Accumulated surplus	25	759,623	537,655
		2,708,608	2,238,968

Total Net assets and liabilities

3,210,129 **2,943,105**

The Financial Statements set out on pages 27 to 31 were signed on behalf of the Council by:



DR. SARA RUTO
Chairperson of the council

Date: 12th April, 2018
.....



DR. JULIUS O. JWAN
Director/Chief Executive Officer

Date: 12th April, 2018
.....

XI. STATEMENT OF CHANGES IN NET ASSETS
For the year ended 30 June, 2017

	Notes	Capital reserve Shs '000'	Accumulated surplus Restated Shs '000'	Total Shs '000'
Balance as at 30 June 2015		1,468,593	355,669	1,824,262
Surplus/(deficit) for the period	25	-	131,076	131,076
Prior Year Adjustment - Inventory	25	-	50,910	50,910
Capital Grant- ERC		232,000	-	232,000
Development Grant- Digital Literacy Program		720	-	720
Balance as at 30 June 2016		1,701,313	537,655	2,238,968
Surplus/(deficit) for the period	25	-	221,968	221,968
Capital Grant – ERC	24	232,000	-	232,000
Development Grant-Curriculum Reform	24	15,672	-	15,672
Balance as at 30 June 2017		1,948,985	759,623	2,708,608

XII. STATEMENT OF CASH FLOWS
For the year ended 30 June, 2017

	Note	2017 Shs '000'	2016 (Restated) Shs '000'
Cashflows from Operating Activities			
(Deficit) Surplus for the year		221,968	131,076
Add back Depreciation- Note 11	11	53,596	55,679
Less: Gain on Disposal	8	252	
Operating surplus before working capital changes		275,312	186,755
Working Capital Adjustments			
Decrease/ (Inc) in Receivables from Exchange Transactions	17	330,939	(341,275)
Decrease/ (Inc) in inventory	18	(601)	
Increase/(Decrease) in Deferred Income	23	(169,810)	323,249
(Decrease)/Increase in Payables from Exchange Transactions	21	(31,647)	110,523
Increase in refundable deposits from customers"	22	(1,159)	3,042
Net cashflows from operating activities		127,723	95,539
Cashflow from Investing Activities			
Work In Progress (ERC)	19	(194,605)	(187,257)
Purchase of property , Plant and Equipment	19	(70,033)	(30,676)
Proceeds from Disposal of Property plant & Equipment	8	252	174
Prior year adjustment		(35,816)	
Net Cashflows from investing activities		(264,387)	(253,575)
Cash from Financing Activities			
Development Grant for ERC		232,000	232,000
Assets Financed from Reform grant		15,673	720
Net Cashflows from Financing Activities		247,673	232,720
Net Increase		386,320	261,439
Cash and cash equivalents at the beginning of the Year		722,099	460,660
Cash and cash equivalents at the end of the year		1,108,419	722,099

XIII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2016-2017 Shs '000'	2016-2017 Shs '000'	2016-2017 Shs '000'	2016-2017 Shs '000'	2016-2017 Shs '000'
Revenue					
Funding from Donors /Partners	495,000	-	495,000	487,900	(7,100)
Government grants and subsidies	803,725	-	803,725	803,725	-
Income Generating Activities	160,000	-	160,000	209,026	49,026
Total income	1,458,725	-	1,458,725	1,500,651	41,926
Expenses					
Compensation of employees	561,600	-	561,600	538,099	23,501
Expenses of the Council	6,500	-	6,500	6,357	143
Repairs and Maintenance	17,000	-	17,000	17,081	(81)
Programme Areas	58,140	-	58,140	54,908	3,232
Depreciation and amortization	50,000	-	50,000	46,246	3,754
General Expenses	151,510	-	151,510	128,092	23,418
Grants and subsidies paid-Donor	495,000	-	495,000	487,900	7,100
Total expenditure	1,339,750	-	1,339,750	1,278,683	61,067
Surplus for the period	118,975	-	118,975	221,968	102,933

XIV. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1. Statement of compliance and basis of preparation

The Institute's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS), Public Finance Management Act, 2012 and State Corporation Act CAP 446. The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Institute and all values are rounded to the nearest thousand (Ksh000). The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the indirect method. The financial statements are prepared on accrual basis.

2. 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 Institute and can be measured reliably.

ii) Revenue from exchange transactions

Rendering of services

The Institute recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably.

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



Income from NRC

Revenue from the NRC operations is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the service 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 Institute.

Interest income

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

b) Budget information

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the Institute. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or Institute differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

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 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.

d) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and

accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

e) Provisions

Provisions are recognized when the Institute 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 Institute 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 Institute effects specific and general provisions on doubtful debts. A specific provision for bad debts shall be made when the debtor is deceased, declared bankrupt, untraced debtors or the debt is outstanding for more than two years. A general provision of 5% of the remaining debtors shall be made.

f) Inventories

Inventories (Curriculum and Curriculum Support materials) are measured at Current replacement cost as they are held for distribution to the learning institutions at a nominal charge.

g) Depreciation

Depreciation is calculated using the straight line method to write down the cost or the valued amount of each asset to its residual value over its estimated useful life using the following annual rates. Work-in-progress is not subjected to depreciation.

Asset	Depreciation Rate (%)
Buildings	2.5%
Motor Vehicles	25%
Furniture and Fittings	20%
Computers and Printers	30%
Studio Equipment	5%
Digital Equipment	10%
Hotel Equipment	10%
Tools and Equipment	20%
Office Equipment	20%
Printing Machinery	5%
Generators	10%



h) Amortization

Amortisation is calculated using straight-line method to write down the cost of each licence or item of software to its residual value over its estimated useful life using an annual rate of 30%.

i) Nature and purpose of reserves

The Institute creates and maintains reserves in terms of specific requirements. The Institute maintains Revenue reserve and Capital reserves. The revenue reserves are made up of the accumulated surpluses and deficits carried forward over the period of time. The revenue reserves consists of development grant received for the construction of Education Resource Centre and the valuation amounts of fixed assets when the Institute valued the assets in 2011.

j) Changes in accounting policies and estimates

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

k) Employee benefits

Retirement benefit plans

The Institute provides Defined contribution retirement benefits plans for its employees. This is post employment benefit plans under which the Institute pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The Institute and the employees contribute 20% and 10% of the basic pay respectively. It also contributes to the statutory National Social Security Fund (NSSF) whose rates are determined by Kenyan statutes. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

l) Gratuity

Entitlements to gratuity are recognized when they accrue to qualifying employees at 31 % of the basic pay.

m) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Closing balance of bank account held in foreign currency is reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the translation of the closing bank balance at rate different from those at which transactions were initially recorded during the period, is recognized as income or expense in the period in which they arise.

n) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash book balances, 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.

o) Comparative figures

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

p) Significant judgments and sources of estimation uncertainty

The preparation of the Institute'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, 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 Institute based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Institute. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. 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.

q) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2017.

3. Funding from Donors/Partners

MOE/Partners of Curriculum Reform
MOE - Digital Literacy Program
Other Donors/Partners
Total Funding from Donors/Partners

	2017	2016
	Shs '000'	Shs '000'
	284,011	214,315
	-	200,000
	26,248	29,460
	310,259	443,775
Reconciliation of public contributions and donations		
Balance unspent at beginning of year	530,502	206,210
Current year receipts	310,259	443,775
Conditions met - transferred to revenue	(487,900)	(119,483)
Conditions to be met - remain liabilities	352,861	530,502



4. Transfers from governments

	2017 Shs '000'	2016 Shs '000'
Unconditional grants		
Operational grant	803,725	803,725
Total government grants and subsidies	803,725	803,725

5. Segment information

The Institute operates National Resource Centre (NRC) to generate income. Income from NRC operations in the Statement of Financial Performance were arrived as follows:

Revenues

Accommodation	77,818	39,341
Hiring	2,616	3,398
Food and Beverages	197,405	112,994
Business Centre	800	582
Other Incomes	143	100
	278,782	156,415

Less. Expenditure

Staff Cost	16,788	9,626
Administration Expenses	9,646	9,245
Tax Expense	-	2,964
Operating Expenses	148,021	77,681
Provision for bad debts	8,716	7,739
Depreciation charge	7,350	6,500
Total Operating Expenses	190,521	113,755

Operating Surplus

Interest Income	6,097	219
Net Income	94,358	42,879

6. Rental revenue from Staff quarters

Rent receipts	787	1,733
Total rentals	787	1,733

7. Finance income - external investments

Interest on Fixed Deposit Receipts	44,592	37,771
Interest on Call and Current Account	5,826	2,775
Total finance income – external investments	50,418	40,546



8. Other income

	2017 Shs '000'	2016 Shs '000'
Sale of Curriculum support Materials	43,220	51,152
Royalties	933	1,180
Sale of Tenders	-	192
Printing/Photocopying Services	13,269	6,765
Miscellaneous Revenue	436	505
Consultancy	5,092	6,802
Gain from Foreign Exchange/Disposal	320	1,051
Decrease in provision for Doubtful debts	192	15
Total other income	63,462	67,662

9. Employee costs

Employee related costs - salaries and wages	311,372	319,519
Employee related costs - contributions to pensions	60,808	61,141
Medical Cover	34,907	35,777
Commuter Allowances	28,805	30,484
Leave allowances	2,639	3,565
Housing benefits and allowances	95,757	99,754
Exgratia	292	1,000
Gratuity	1,287	1,657
Travelling Expenses	2,232	3,006
Employee costs	538,099	555,903

10. Expenses of the Council

Honoraria	720	880
Sitting Allowance	4,650	3,920
Travel and Accommodation	957	1,765
Training	-	100
Airtime	30	60
Total Councils' Remuneration	6,357	6,725



11. Depreciation and Amortization

	2017 Shs '000'	2016 Shs '000'
Property, plant and equipment	53,032	53,987
Intangible assets	564	1,692
Total depreciation and amortization	53,596	55,679
Property, plant and equipment-Accounted under note 5	(7,350)	(6,500)
Depreciation and amortization for KICD	46,246	49,179

12. Repairs and maintenance

Property	4,419	4,037
Equipment	9,105	8,239
Vehicles	3,557	2,242
Total repairs and maintenance	17,081	14,518

13. Programme Areas services

Basic education	991	7,548
Corporate Communication	3,767	959
Technical, Vocational, Entrepreneurship Training	1,792	3,409
Educational Resources	3,630	6,170
Electronic and Emerging Media	9,899	11,537
Text Book Evaluation	31,696	24,340
Research Monitoring and Evaluation	3,133	1,853
Total Programme Areas services	54,908	55,816

14. Donors/Partners expenditure

MOE -Curriculum Reform	314,598	38,072
MOE -Digital Literacy Program	127,002	50,101
Other Donor/ Partners expenses	46,300	31,310
Total Donors/Partners Expenditure	487,900	119,483

15. General expenses

The following are included in general expenses:

Advertising	1,001	2,786
Admin Expenses	14,503	17,785
Audit fees	928	928



Computer Expenses and Software Licence	14,449	15,840
Library Expenses	270	61
Electricity	5,779	6,103
Fuel and oil	8,267	6,886
Insurance	2,958	4,221
Legal expenses	-	513
Corporate Social Responsibility	149	209
Fungicides	98	1,067
Water	35	86
Postage	28	-
Printing and stationery	7,368	11,792
School Broadcast	42,543	41,298
Maintenance of VCT Services	803	882
Artist Fees	730	493
KICD Broadcasting Channel	13,051	17,151
Purchase of Supplies for Production	1,030	4,936
Bank Charges	401	67
Telecommunication	3,053	3,292
Training	7,497	5,172
Others	3,151	1,760
Total general expenses	128,092	143,328
16. Cash and cash equivalents		
Cash and Bank Balance	307,279	269,874
Short-term deposits	801,140	452,225
Total cash and cash equivalents	1,108,419	722,099
17. Receivables from exchange and non-exchange transactions		
Current receivables		
Exchange Debtors	59,558	61,585
Non Exchange Debtors	220	334,131
Staff Imprest	802	-
Staff Advances	8	-
Bank Guarantee	5,522	5,522
Prepayments	12,641	16,475
Deposits	474	474
Donor Receivables	7,831	-
Less: Provisions for doubtful debts	(502)	(693)
Total current receivables	86,554	417,494



18. Inventories

	2017 Shs '000'	2016 Shs '000'
Technical stores	12,790	12,721
Bookshop stores	29,550	29,432
Main stores	9,171	8,757
	51,511	50,910

Inventories in the past years were being expensed. In this financial year Inventories closing balances have been disclosed and appropriate prior year has been adjusted with the last financial year closing inventories balances.

Notes to the Financial Statements (continued)

19. Property, Plant and Equipment

	LAND Shs. 000	BUILDINGS Shs. 000	FURN & FITTINGS Shs. 000	MOTOR VEHICLES Shs. 000	COMPUTERS Shs. 000	STUDIO EQUIP Shs. 000	DIGITAL EQUIP Shs. 000	HOTEL EQUIP Shs. 000	TOOLS & EQUIP Shs. 000	OFFICE EQUIP Shs. 000	PRINTING MACHINE Shs. 000	GENERATORS Shs. 000	WIP Shs. 000	TOTAL Shs. 000
COST 2015/2016														
As at 1st July 2015	416,000	460,739	30,990	56,070	53,631	165,899	13,241	19,277	12,176	7,884	103,068	9,765	462,225	1,810,966
Disposal	-	-	-	1,970	174	-	-	-	-	-	-	-	-	2,144
Additions	-	8,486	1,947	-	2,307	-	9,080	8,809	-	46	-	-	187,257	217,933
As at 30th June 2016	416,000	469,225	32,938	54,100	55,764	165,899	22,321	28,086	12,176	7,930	103,068	9,765	649,482	2,026,755
As at 1st July 2016	-	44,445	18,739	47,413	43,452	22,455	3,734	4,756	8,393	5,223	20,184	3,906	-	222,700
Disposal	-	-	-	1,970	-	-	-	-	-	-	-	-	-	1,970
Deprec charge	-	11,731	6,588	4,219	8,001	8,295	2,232	2,809	2,435	1,547	5,153	977	-	53,987
Acc. Depreciation	-	56,176	25,326	49,662	51,454	30,750	5,966	7,565	10,828	6,771	25,337	4,883	-	274,716
As at 30th June 2015	416,000	413,049	7,611	4,438	4,310	135,150	16,355	20,521	1,348	1,160	77,731	4,883	649,482	1,752,038
As at 1st July 2016	416,000	469,225	32,938	54,100	55,764	165,899	22,321	28,086	12,176	7,930	103,068	9,765	649,482	2,026,755
Disposal	-	-	-	550	-	-	-	-	-	-	-	-	-	550
Additions	-	8,170	791	33,101	16,179	190	5,762	5,822	-	19	-	-	194,605	264,639
As at 30th June 2017	416,000	477,395	33,729	86,651	71,943	166,089	28,083	33,909	12,176	7,950	103,068	9,765	844,087	2,290,843
As at 1st July 2016	-	56,176	25,326	49,662	51,454	30,750	5,966	7,565	10,828	6,771	25,337	4,883	-	274,716
Disposal	-	-	-	550	-	-	-	-	-	-	-	-	-	550
Deprec. charge	-	11,935	3,042	10,494	6,036	8,304	2,658	3,391	494	547	5,153	977	-	53,032
Acc. Depreciation	-	68,111	28,368	59,606	57,490	39,054	8,624	10,956	11,322	7,318	30,490	5,859	-	327,198
As at 30th June 2017	416,000	409,284	5,361	27,044	14,453	127,035	19,459	22,953	854	632	72,578	3,906	844,087	1,963,645



20. Intangible assets - software

	Shs '000'
Cost 2015/2016	
As at 1 July 2015	12,247
Additions	-
As at 30 June 2016	12,247
Amortization and impairment 2015/2016	
As at 1 July 2015	7,638
Amortization	2,353
As at 30 June 2016	9,991
Net book value as at 30 June 2016	564
Cost 2016/2017	
As at 1 July 2016	12,247
Additions	-
As at 30 June 2017	12,247
Amortization and impairment 2016/2017	
As at 1 July 2016	11,683
Amortization during the year	564
As at 30 June 2017	12,247
Net book values as at 30 June 2017	<u>-</u>

21. Trade and other payables from exchange and non-exchange transactions

	2017 Shs '000'	2016 Shs '000'
Trade payables from exchange transactions	69,272	88,795
Retention	43,138	13,086
Provisions for gratuity	3,120	3,565
Provision for salaries	2,774	-
Third-party payments	9,358	13,412
Continental Credit bank (under Receivership)	2,011	2,011
Staff payables	-	24
A. Total payables from exchange transactions	129,674	120,894
B. Payables from non-exchange transactions	-	40,427
Total trade and non-exchange payables	129,674	161,321

The amount of Shs. 2,011 owing to Continental Credit bank was an overdraft on KICD current Account held with the bank which is under receivership.

The retention of Shs. 43,138 is due to contractor for the construction of Educational Resource Centre.

22. Refundable deposits from customers

	2017	2016
	Shs '000'	Shs '000'
Customer deposits	11,156	12,314
Total refundable deposits	11,156	12,314

23. Deferred income: Donors/partners

MOE Curriculum Reform	144,616	175,203
MOE-Digital Literacy Program	191,967	318,970
Donors/ Partners	24,109	36,329
Total deferred income	360,692	530,502

24. Capital Reserve

Opening balance	1,701,313	1,468,593
Development Grant	232,000	232,000
Assets Capitalised	15,672	720
Total Capital Reserve	1,948,985	1,701,313

25. Accumulated Surplus

Opening Balance	537,655	355,669
Surplus/(Deficit) for the year	221,968	131,076
Prior year Adjustment	-	50,910
Total Accumulated Surplus	759,623	537,655

26. The prior year adjustment is the closing inventory for the year 2015-16 being disclosed. In the past , Inventories were expensed. The closing inventory balances for comparative and the current year have been disclosed (See also note 18)

27. Related party disclosure

The Institute does not have related parties and therefore there was neither control nor related party transactions that took place.

28. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Delayed Completion of the construction of the Kenya Institute of Curriculum Development Resource Centre	It is true that on 3rd May 2013 KICD entered into a contract with Dinesh Construction Limited to construct of ERC phase 1 and to run for a period of 91 weeks. In the signed contract SN/1, special notes No. 6 and 8 clarified that the works will be carried in parts and the parts will be released according to availability of funds. In addition, the items clarified that the contractor will not be entitled to claims in relation to delay in commencement of the construction parts (see Document Ia) “6. The proposed works will be done in 2 phases. Phase One A comprises Demolitions of identified existing buildings and earthworks for proposed workshop up to ground floor slab level and Phase One B will comprise of erection and completion of remaining upper floors and associated finishes”. “7. Works comprising Phase One B of the workshop is dependent on the availability of funds and therefore will NOT commence until the Architect and / or the Client is satisfied that works comprising Phase One A have been done to completion, required and specified standards and to their satisfaction and funds are available for the works of Phase One B. However, the Contractor will not be	Mr. John Kimotho, Director, Senior Deputy Director	Not resolved	30th June 2020



Long overdue Trade & other receivables		Miss Emily Sila, Senior Assistant Director NRC & Solomon Kathuo, CFO	Not Resolved	30th June 2019
<p>entitled to claims for loss of profit and other related expenses in relation to delay of commencement of Phase One B of the works. The Preliminaries for Phase One A will be Pro-rated from the Preliminaries associated with the whole of the Works.” It is true that included in the gross trade receivables from exchange debtors is Kshs. 91,311,529.52 which is over 90 days. I wish to inform you that most of these debts were incurred when KICD was under the Ministry of Education as a department. During this period the Institute did not have a credit policy to guide on how to incur and recover debts. This is the reason why the bulk of the debt was owed to the Institute by Ministries and other Government Institutions. Out of the outstanding debt the Institute had managed to collect Kshs.16,010,270 as at 31st December 2017 thus leaving a debt of Kshs. 75,301,259. Some of the receipts relating these debts are hereby attached (Document Ib). Out of the balance of Kshs. 75,301,259, 50% of this amount was incurred between 2006 and 2013. The Ministry of Education owes the Institute Kshs. 29,597,510 which is 39% of the total debt. Some of the long outstanding debts have no documentation hence collection is a challenge. Some of these are Kimathi University Kshs.1,040,150; Kenya Vetted Unit course Kshs.1,338,950; Africa centre for women in ICT; Kshs. 354,300;Devotra Project Kshs. 487,760.</p>				

Several organizations that have long outstanding debt closed down and the debt is not collectable. The Organizations include American association of blood bank Kshs. 368,800, Drum coffee Kshs.260,000, Twelveagency Kshs.212,500, University of Nairobi Acts Program Kshs. 415,000. has undertaken various measures to recover these outstanding debts including writing demand letters (Document II) and making personal visits to these Institutions. The Institute has also adequately provided for these debtors.

Going forward the management has enforced the rule on all government entities to provide an LSO before the service is offered and 75% down payment and LSO for private entities. This has ensured that debt collection is easy and in case of non-payment the Institute can Institute legal action against these organizations. This has greatly reduced the debt levels. The Institute has assigned 3 officers to collect the NRC debt and they have undergone capacity building to equip them with the right skill to enable the Institute reduce its debt portfolio. During the financial year 2016/2017 the centre generated an income of Ksh. 278,822,265 out of which a total of Ksh. 266,411,227 was collected by year end which translates to 96%. Out of the outstanding debt of Ksh. 12,411,038 for the financial year 2016/17, The Ministry of Education owes the Institute Ksh. 622,682 which is 50% of the debt. Other organizations are TSC, JKFC and KNEC among others. The management is committed to ensure that all the amounts owed to the centre are recovered.