



**KENYA NATIONAL COMMISSION
FOR UNESCO**

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30 JUNE 2016**

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

KEY ENTITY INFORMATION AND MANAGEMENT

REPORTING ENTITY

a) Background information

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

The Kenya National Commission for UNESCO (KNATCOM) was established as a department under the Ministry of Education through a Cabinet Decision no. 170 of 1964. This establishment was subsequent to Kenya's Membership to UNESCO in April 7, 1964 as 73rd Member and in line with UNESCO Constitution of 1945.

Over the years, KNATCOM had grown to be a Department with a large profile that not only coordinated UNESCO's activities at the national level, but also contributed and often led initiatives of significance to Kenya's development. At the same time, KNATCOM became the point of contact and coordination for the African Union, Association for Development of Education for Africa (ADEA) and the Commonwealth. Initiatives of significance include the Education for All End of Decade Assessment among other research undertakings that have informed policy nationally and internationally.

To enhance its efficiency and effectiveness in service delivery in line with its mandate, KNATCOM was transformed into a state corporation from a department of the Ministry of Education on 25th January 2013 following the enactment of the Kenya National Commission for UNESCO Act 2013. This transformation was consistent with Article VII of the 1945 Constitution of UNESCO and provisions of the 1978 Charter of National Commissions for

UNESCO which clearly defines the responsibilities vested in a national commission, the member state, and the conditions governing its operations.

According to the Constitution of UNESCO and the Charter of National Commissions, Members States are required to provide their national commissions with sufficient autonomy, structure, authority and resource mobilization capacity, to enable it to efficiently carry out the functions specified in the Constitution of UNESCO, the Charter for National Commissions and KNATCOM Act, 2013.

Principal Activities

KNATCOM's mission is to "promote building of peace, eradication of poverty, sustainable development and intellectual dialogue through education, sciences, culture, communication and information."

Key Management

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

- Chief Executive Officer / Secretary General
- Director of finance and administration/Deputy Secretary General
- Director of Technical Programmes / Deputy Secretary General
- Head of Programmes and Departments

Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2014 and who had direct fiduciary responsibility were:

Sno	Designation	Name
	Chief Executive Officer/Secretary General	Dr. Evangeline Njoka
	Director of finance and administration/Deputy Secretary General	Mr. John Mireri
	Director of Technical Programmes/Deputy Secretary General	-
	Director Education Programme	Mrs. Tabitha Kamau
	Ag. Deputy Director Social and Human Sciences Programme	Mr. Joel Ongoto
	Director Communication and information Programme	Ms. Christine Maingi
	Head of Finance	Mr. David Otiato
	Head of Human Resource	Mr. David Looremeta

Fiduciary Oversight Arrangements

The Commission has an Audit and Finance Committee that provides oversight on all financial matters.

Entity Headquarters

P.O. Box 72107 00100

National Bank Building

Harambee Avenue

Nairobi, Kenya

Entity Contacts

Telephone: (+254) 229053/4

E-mail: sg@unesco.go.ke

Website: www.unesco.go.ke

Entity Bankers

1. Kenya Commercial Bank

KICC Branch

P O Box 30081-00100

Nairobi

2. National Bank of Kenya

Harambee Avenue Branch

P O Box 72866-00200

Nairobi

Independent Auditors

Auditor General

Office of the Auditor General

Anniversary Towers, University way

P O Box 30084-00100

Nairobi

Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P O Box 40112-00200

Nairobi

II. THE BOARD OF DIRECTORS

Dr. Rashid Abdi Aman, BPharm., PhD

Mr. Noah M.O. Sanganyi, HSC

Prof. Frederick Gravenir

Chairperson: Kenya National Commission
for UNESCO



Date of Birth: 8th June, 1958

EDUCATION BACKGROUND

Dr. Rashid holds a Bachelor of Pharmacy degree from the University of Nairobi and PhD in Pharmaceutical Chemistry from University of California (1985). He also possess a post – doctoral Fellowship from Stanford University, USA (1985 -88)

WORK EXPERIENCE

- Visiting Associate Fellowship at the National Cancer Institutes of the National Institute of Health, USA – (1988 – 1990)
- Joined the National Museums in 1990 and served for 15 years in several senior positions such as Director, Deputy Director and programmes coordinator among others. He is a distinguished scientific researcher in many areas covering molecules and parasitology, environment and biodiversity.
- While at the Museums, he was also a Visiting Scientist at the Case Western University , USA (1990 – 1994)

CURRENT POSITIONS:

- Honorary. Prof in molecular genetics and genomics at Strathmore University
- Founding Director of Advanced Biotech Laboratories
- Director and Chief of operations of African Centre for clinical trials
- Director of Laboratory Research and operations Centre at Strathmore University
- Director, Centre for Drug Management and Policy
- Senior Research affiliate, Natural Museums of Kenya
- Dr. Rashid has served and continues to serve in various national and International committees in his (areas) of expertise.



Date of Birth : 1962.

EDUCATION BACKGROUND

Pursuing PhD in Sociology(MKU), M.A Sociology (U.O.N),B.A(Social Work) B.A(Social Work)

WORK EXPERIENCE

- Child Protection Specialist for 27 years now.
- Senior Assistant Director of Children Services at the National Council for Children's Services (NCCS) under the Ministry of Labour, Social Security and Services.
- Participated management and programmatic courses both in country and outside Kenya. GOK Counterpart for GTZ, JICA and USAID for about 12 years.
- Board member of Regional Psychosocial Support Initiative (REPSSI).



Date Of Birth:10th July, 1947

EDUCATION BACKGROUND

PhD , MA

WORK EXPERIENCE

- 37 year of teaching and administration at the university.
- Served as dean of faculty of Education at Maseno University College.
- Director board of postgraduate studies at Kenyatta University.
- Director Advancement, Kenyatta university
- Currently serving as Deputy Vice chancellor, Research, Innovation and outreach, Kenyatta University.

Mr. Gabriel Mathenge

Date of Birth: 13th December 1970

EDUCATION BACKGROUND

Masters Degree in Educational Administration
University of Nairobi.

WORK EXPERIENCE:

Over 20 years having risen from a classroom teacher to high school principal to Senior Principal Officer.

Currently Ag. Deputy Director in-charge of Teachers Performance Appraisal, performance contracting and professional development at Teachers Service Commission.

Christopher Kariuki

Date of Birth : 1961.

EDUCATION BACKGROUND

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

WORK EXPERIENCE

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

Mrs. Esther Wanjau

Date Of Birth: 27th April 1965

EDUCATION BACKGROUND

BSc Mathematics and Computer science(UoN)
MSc. Management & Information Systems-
University of Manchester.

WORK EXPERIENCE

- Over 25 years' experience in the civil service.
- Worked at National Treasury as an ICT officer then moved to the directorate of personnel management in the same capacity.
- Worked in the ministry of foreign affairs and ministry of information, communication and technology as head of ICT.
- Moved to the department of information in the same ministry.
- Appointed as Deputy Director of Information in 2015

Ms. Joyce Ndege Sabari**Date of Birth: 6th December 1975****EDUCATION BACKGROUND**

M/ED (Measurement and Evaluation) University of Nairobi, Bachelor of Education – KU

WORK EXPERIENCE:

- Served in Kenya National Examination Council for seventeen (17) years.
- Currently serving as the Deputy Director, Research and Quality Assurance division.
- Responsible for research and monitoring and evaluation of key activities related to examination administration purposes.

Mr. Wenslas S.A Onga`yo, OGW**Date of Birth : 2nd June 1958****EDUCATION BACKGROUND**

University of Nairobi
Bachelor of Arts in Political Science

WORK EXPERIENCE

- The Director of Administration Ministry of Sports Culture & Arts from 2012 to date.
- Served as Regional Commissioner Upper North Eastern, Wajir from 2010 – 2012:
- In August 2009 – September 2010: Appointed Regional Commissioner, Upper Eastern Region. ISIOLO.

In August 2008 – July 2009:

- Deployed as Deputy Provincial Commissioner Eastern-Province – EMBU
- Alternate Director Mt Kenya Pilot Project
- Alternate Director TARDA
- Member CAB

In August 2006 To July 2008

- Deployed as Deputy Provincial Commissioner – Central Province – NYERI
- Served as Deputy Secretary in the Ministry Of Lands in July 2005 – July 2006.
- Served as Deputy Secretary in the Office Of The President from 2004 – June 2005
- Served as Undersecretary in the Office Of The President – (Police Headquarters) from 1999 – 2003.
- Served as District Officer from 1983 – 1998 in several Districts.

Mr. George Kariuki**Date Of Birth: October 1969****EDUCATION BACKGROUND**

BSc statistics and computer science (JKUAT). Accredited Fellow by the Macroeconomics and Financial Management Institute of Eastern and Southern Africa (MEFMI), a regional capacity building institution.

WORK EXPERIENCE**1997-2001:**

Worked at the Ministry of Environment, Forestry Department. Was responsible for the management of the Forestry Information Systems(FIS)

2001-2004:

Worked in the Ministry of Finance, Fiscal and Monetary Affairs department. Involved in automation of the budgetary processes within the department. Participated in the rollout of the Integrated Payroll and Personnel Database (IPPD)

2004-2008:

Joined Debt Management Department as an administrator for the National Debt Database and a key personnel in automating debt process.

2008-2011:

Head of ICT unit in the Ministry of Nairobi metropolitan. Key resource person in the designing of the Nairobi Metropolitan Spatial Plan.

2011-Current:

Head of ICT in the Public Debt Management Office (PDMO). As an Accredited Fellow, consulted by Eastern and Southern Africa MEFMI member countries on debt IT system



THE MANAGEMENT TEAM

Dr. Evangeline Njoka

Accounting Officer / CEO



PhD, MED, BED

Mr. John Mireri

Deputy Secretary General - Corporate Affairs
Culture programme.



MED on-going, BED

Mrs. Tabitha Kamau

Education programme



**PhD on-going, MED,
BED**

Mr. Joel Ongoto

Social and Human Science
Programme



PhD on-going, MED,

John O. Omare

Culture Programme



BA, MA

Mrs. Christine Mwangi

Communication and Information
Programme



MED on-going, BED

Mr. David Looremata

Human Resources



**M.A, BA :Higher Diploma in
Human Resource,**

Mr. David Otiato

Finance and Accounts



MBA , BA: CPA K

IV CHAIRMAN'S STATEMENT

It is my honour and privilege to present the Commission's Annual Report and Financial Statements for the Year ended 30th June 2016, during which we recorded fairly good performance despite a range of operational and financial challenges. For the second year running, the financial statements has been prepared in full compliance with International Public Sector Accounting Standards (IPSAS)

The Commission is playing a positive role towards realization of Vision 2030 through UNESCO five areas of competence namely; Education, Natural Science, Social and Human Science, Culture and Communication Information. These areas inform significance components of Kenya socio-economic life.

Collaboration between UNESCO Headquarters, the Kenya permanent delegation to UNESCO, the Nairobi regional office for Eastern African in Nairobi, the Kenya National Commission for UNESCO and other government agencies has led to the implementation of many programmes in Kenya. The programmes which have been implemented are consistent with the global aspirations towards the realization of sustainable Development Goals (SDG).

At both global and regional levels, several perspective and approaches have emerged in all UNESCO programmatic sectors, which have recently been the focus of emerging policy debates, research and foresight. Kenya has been reflecting on the emerging post 2015 scenarios and other global development patterns including the possible impacts they might have to the economic development of the country.

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

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

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

Chairman

V SECRETARY GENERAL'S REPORT

Kenya National Commission for UNESCO has unique role to play in strengthening the foundation of lasting peace, equitable and sustainable development. Advancing cooperation in education, the sciences, culture, communication and information holds strategic stakes at a time when societies across the country face the rising pressure of that emanates from world pressure.

Optimizing on talents

Nothing is as an important as Identifying, training and holding onto talented people. The commission during the period under review focused on maximizing on the talents amongst staff for better results in-order to realize the overall objective of the Commission. There was an increased emphasis on aptitude assessment for existing staff as a mean of appropriate placements and deployment. All these efforts are geared towards maximizing productivity of the human capital taking cognizance of the overall functional analysis of the commission. In managing our talent, our key focus was to restructure the key areas and to live within reduced staff numbers and still deliver the objectives. Key to this was development of Human resource manual and functional analysis.

Control of cost

For KNATCOM, 2015/2017 financial year has been a period of self-analysis and deliberation action, including a comprehensive examination of our processes and practices, a disciplined focus on cost reduction and optimizing resource. We never lost sight of the fact we are spending taxpayers money. This means that we have an obligation of efficiency and accountability.

MAJOR ACHIEVEMENTS PER PROGRAMME

EDUCATION PROGRAMME

The Commission carried out research on factors affecting access and retention of girls in public primary schools in Mt. Elgon region, Bungoma County. The research revealed that the factors that affect girls' education in terms of access, retention, completion and transition are socio-cultural. These factors emanate from the family and community traditional beliefs and practices and economic factors particularly the high household poverty levels obtaining in the catchment communities. The research also revealed that factors related to the learning environment, policy and institutional frameworks also affect girls' schooling.

The Education programme also carried out an induction workshop for Associated Schools Project network (ASPnet) patrons at the African Institute for Capacity Development (AICAD) from 16th to 20th May, 2016. The first cohort of the registered ASPnet patrons were trained and commissioned, to manage ASPnet in their schools. ASPnet patrons Handbook was also launched and distributed to the patrons. The other registered ASPnet schools will be trained in the next financial year as more continue registering to reach the target of 94 registered schools. So far a total of seventy (70) schools have registered as ASPnet schools.

The Commission conducted a capacity building workshop for 47 (forty seven) Kepscha officials from the 47 counties. The workshop was held from 26th June to 2nd July, 2016 at Egerton University, Agricultural Resource Centre (ARC) Hotel. The purpose of the workshop was to equip KEPSHA officials with skills, knowledge and attitudes on how to promote Peace Education in schools and the communities for sustainable development. Participants will cascade knowledge gained to lower level in their counties.

NATURAL SCIENCES PROGRAMME

The National Committee on Man and Biosphere (MAB) undertook an evaluation of Mt Kulal Biosphere Reserve (BR). A quick reconnaissance survey was conducted by a consultant to establish the status of the BR before the Periodic Review from 9th to 19th October 2015 was carried out. The evaluation report revealed human encroachment of the Biosphere Reserve.

The Ministry of Education jointly with UNESCO Regional Office and the National Commission for Science Technology and Innovation (NACOSTI) together these stakeholders organized the 2015 Scientific Camp of Excellence at Kisumu Girls High School, Kisumu County from 23rd to 27th November 2015. The Camp was aimed at mentoring girls in Science, Technology and Mathematics (STEM). Ms. Mukami an intern represented KNATCOM in this activity.

The Periodic Review of Mt Elgon Biosphere Reserve was conducted from 17th to 23rd December, 2015. KNATCOM also carried out Periodic Review (PR) of Amboseli Biosphere Reserve from 21st – 28th January 2016. These Periodic Reviews are an important event in the life of a biosphere reserve. They are undertaken after every 10 years.

The objective was to ascertain the status of conservation of the biosphere reserves and their functioning as sites for testing and demonstrating approaches to sustainable development. The main output of the Periodic Reviews was the BR reports that were sent to UNESCO to be considered by the Advisory Committee for Biosphere Reserves for onward transmission to the International Coordinating Council of MAB.

KNATCOM also in conjunction with UNESCO, University of Nairobi Geology Department and the Kenya Federation of UNESCO Clubs Centres and Associations, successfully organized a workshop on Earth Science at the Kenya School of Monetary Studies from 17 -19 May 2016. The major aim of the workshop was to create awareness on Earth Sciences, address gaps and contribute to the reform of the Earth Sciences Curriculum. This workshop was concluded with key recommendations to KICD to help in curriculum reform in this area.

KNATCOM facilitated the commencement of establishment of a UNESCO Geopark in Baringo by engaging stakeholders in a workshop at the Baringo Kenya School of Government and encouraged

them to prepare and submit a nomination dossier to UNESCO. During this workshop UNESCO supported one Geopark Expert from its headquarters to support Kenya achieve the objective of enlisting Geoparks. The activity was carried out from 30th May 2016 to 5th June 2016. Some of the other potential Geopark Sites visited during the field visits included; Bartabwa and Lake Bogoria geysers in Baringo County; Mt. Longonot, Suswa and Menengai crater in Nakuru County; Thimlich Ohinga in Migori County; Simbi Nyaima Crater Lake, Kanam Hot springs and Nyamugondho in Homabay County and Kit Mikaye in Kisumu County.

The KNATCOM Natural Science programme also organized a two day workshop from 16th to 17th June 2016 at the Kenya School of Monetary Studies (KSMS). The aim of the workshop was to build the capacity of technical trainers in engineering from public Technical Training Institutions and help address the sector's challenges. This was achieved by submission of recommendations to relevant Government Ministries and organizations.

SOCIAL AND HUMAN SCIENCES PROGRAMME

The Commission with support from the UNESCO Regional Office and other stakeholders, KNATCOM organized an Ethics Teachers' Training Course (ETTC), at the UNESCO Regional Documentation and Research Centre on Bioethics based at Egerton University from 10-14, August 2015. The Course was conducted by a team of international and local experts with extensive experience in ethics education, and was based on a five-day training module developed by UNESCO in collaboration with global experts in ethics education. The ETTC offered a unique opportunity for participants to enhance their teaching and professional capacities in Bioethics and Ethics. The ETTC is designed to advance pedagogical capacity for ethics teaching and improve the quality of ethics education.

KNATCOM also conducted a national sensitization forum and launch ceremony of Kenya Federation of UNESCO Clubs, Centers and Associations (KEFUCA). This was held in partnership with the UNESCO Regional Office at the Kenya School of Monetary Studies in Nairobi on 13th and 14th October 2015. The aim was to popularize the UNESCO Clubs initiative and launch the Kenya Chapter of UNESCO clubs with participants from USA and India. During the occasion KEFUCA and its constitution was launched. The guiding theme during the sensitization forum and the launch was "UNESCO Clubs for a culture of Peace and Non-Violence". The function was graced by the Cabinet Secretary of MOEST and who represented the 1st Lady of the Republic of Kenya. During the workshop UNESCO Clubs patrons and chairs were sensitized on issues of peace, radicalization, global citizenship and a manual on UNESCO Clubs was disseminated.

In the Social and Human Sciences Programme, KNATCOM also supported a study entitled 'evaluation of knowledge, attitudes and practices on doping in sport and other co-curricular activities'. The aim of the study was to inform policy makers about doping in schools and make appropriate recommendations to the Ministries responsible for Education and Sports. A report of the study will be published in the 2016/17 FY.

The programme also implemented a project on Student Training Entrepreneurship Project (STEP). STEP is an initiative which is hands-on skill and research oriented and aims at training youth in entrepreneurship and facilitating them to start their own businesses. The grand closing ceremony of STEP was carried out at Kenyatta University on 4th September 2015 where the German NATCOM provided USD 2000 to support the closing ceremony of the project. In the same programme, KNATCOM supported STEP4Y in Mombasa County. The training started on 26th January 2016 and came to an end on 2nd March 2016. The closing ceremony and award of certificates to STEP graduates was held on 8th March 2016 at the Treasury Square Mombasa. UNESCO Regional office provided KES 300,500 to cover expenses related to the closing ceremony. The STEP project is one way of addressing the limited employment opportunities in Kenya by providing trainees with knowledge and skills for an alternative career option of self-employment and making the youth job creators instead of being job seekers.

KNATCOM carried out a capacity building workshop for 40 youth serving organizations leaders on youth empowerment and civic engagement on 29th February 2016 at Kenya School of Monetary Studies. The objective of the workshop was to sensitize the youth on civic engagement. This increased knowledge among the youth about UNESCO youth strategy; Commonwealth Youth Council (CYC); civic engagement and enriched knowledge of participants about Sustainable Development Goals.

In the SHS programme, KNATCOM supported a team building activity for the UNESCO Youth Forum and the activity at Karura Forest Nairobi on 25th June 2016. The main objective was to create a platform for new members to interact, learn, network with each other. The main outcome of the activity was to build a motivated UNESCO Youth Forum with clear understanding of UNESCO values and culture.

CULTURE PROGRAMME

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

In a series of stakeholder's workshop, the Kenya National Commission for UNESCO in partnership with the Ministry of Sports, Culture and the Arts, Cultural actors and the civil society also developed a draft policy framework for the promotion of World Heritage Sites in Kenya.

The Policy will promote heritage, protection and conservation by supporting effective implementation of the 1972 Convention on the protection of the world cultural and natural heritage and enhance the overall management of the sites. Ultimately Kenya's visibility as a great tourist destination will be enhanced.

COMMUNICATION AND INFORMATION PROGRAMME

The Commission organized a Regional Workshop on Capacity Building of Youth on Mobile Applications Development for Sustainable Development. The workshop drew Youth from Uganda, Rwanda, Tanzania and Kenya. This initiative aimed at empowering the youth with the high level skills and confidence to create Mobile Apps that are locally relevant and contribute to the reduction of youth unemployment. Objectives of the workshops were to build capacity of Youth in mobile applications development and to increase their capacity on efficient mobile technology tools for easy access to information and knowledge. At the end of the workshop the youth developed relevant Mobile Apps. As a follow up to this Regional Workshop, Rwanda organized a similar one in Kigali and invited KNATCOM Director in charge of CI programme as a facilitator.

In Partnership with Media Council of Kenya, The CI Programme also organized and conducted a workshop to build capacity of Journalists, Editors and other Media Stakeholders on the UN Plan of Action on the Safety of Journalists. Kenya is one of the few countries globally, where capacity building of media professionals on the UN Plan of Action has being carried out.

In addition, KNATCOM through the CI Programme sponsored the Annual Journalism Excellence Awards (AJEA) organized in partnership with the Medial Council of Kenya. The aim of the AJEA is to honour journalists who are promoting high level standards of journalism. The standards set by the wining journalists will be emulated by other journalist and by so doing; freedom of expression, access to knowledge and media development will be enhanced in the country. AJEA is an annual event that coincides with the World Press Freedom Day Celebrations.

Internal Control and Financial Risk Management

The primary objective of the Commission's internal control framework is to continuously put in place measures to attain accountability, programmatic and organizational objective within an evolving organization and meet stakeholder's expectations.

The commission is accountable for maintaining a sound system of internal control to ensure the accomplishment of established objectives and goals for operations; the economic use of resources; the reliability and integrity of information; compliance with policies, plans procedures, rules and regulations and the safeguarding of assets.

Internal controls are designed to reduce and manage rather than eliminate the risk of failure to achieve the organizations aims, objectives and related policies.

Therefore it can only provide reasonable and not absolute assurance of effectiveness. It is based on the ongoing process designed to identify the principle risks, evaluate the nature and extent of those risks, and manage them efficiently, effectively and economically.

Appreciation

I extend my appreciation to the government including National Treasury, Ministry of Education Science and technology, Ministry of Devolution, Ministry of Culture and Ministry of Environment for their continued support and insights. I would also wish thank the KNTACOM Board and the committee of experts.

Finally, I extend my sincere thanks to all KNATCOM employees who have made it possible to be where we are. Over the year the commission will rely on this highly talented team to use all the skills and resources at our disposal to ensure that we meet our targets.

Dr. Evangeline Njoka
Secretary General

VI CORPORATE SOCIAL RESPONSIBILITY

The Commission's social responsibility provides services in respect to environment, human rights and diversity, education and sports and culture

Kenya national Commission is s involved at the community level through the UNESCO youth forum.

The youth forum members are involved in community initiatives such working with the disabled, community sports activities, volunteer work, HIV Aids campaigns and entertainment. Note also that KNATCOM reaches out to the community through the youth forum as a youth empowerment institution. Youth are supported to attend UNESCO international meetings in order to build their leadership potential.

VII STATEMENT OF CORPORATE GOVERNANCE

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

The Board of Directors

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

Board Composition

The Board consists of eight (8) members led by a non-executive and independent Chairman, the Principal Secretary responsible for education and training, Principal Secretary responsible for Culture, Principal Secretary responsible for Gender Youth, Children and social development, Principal Secretary responsible for information and Technology, Principal Secretary responsible to the National Treasury and three members comprising representatives of the organization specified in the First Schedule of the KNATCOM for UNESCO Act and appointed by the Cabinet Secretary from amongst three persons nominated by the organization.

Board Diversity

The board members comprises of: Accounts, Finance, Educationist, Administration, Human resource Management expert, Child Protection Specialist and Information specialists.

Meetings of the Board

Regular meetings of the Board shall be held at such times and places as determined by the Board and special meetings shall be held at other times as the Board may determine is appropriate.

Board Meeting Materials

To the extent practicable, the Directors shall be provided with appropriate materials in advance of each meeting to permit prior review by the Directors.

Responsibility of Board members

The responsibilities of members of the Board are clearly spelt out in KNATCOM Act 2013. The Board sets the strategic intent of the Commission, its objectives, and values. It ensures that the procedures and practices and guidelines are in place to protect the commission's assets and reputation. The Board reviews the strategic direction and adopts plans proposed by management, reviews processes for delivering them and management of core business of the commission and compliance with key regulatory and legal provisions.

The Board retains full and effective control over the commission, and monitors managements implementation of plans and strategies, ensures ethical behaviour and compliance with relevant law and regulations, audit and accounting principles, corporate policies and procedures and the code of conduct and ethics. It strives to act above and beyond the minimum requirements and benchmark the performance against the best international practices and not only in practice, but be seen to comply. In accordance with the principles of good corporate governance, each Board member undertakes always act in the best interest for the commission and exercise his/her power in the execution of duties in good faith and act with care and prudence.

Each Board member is fully aware that the Board is responsible for determining the Commissions Vision, mission and values, deciding its strategic objectives, ensuring effective control over the Commission and accounting to its stakeholders and the public.

Director Access to Management and Independent Advisors

The Board receives operating and financial reports of the Commission and has access to senior management at Board and Committee meetings. The Board shall have the authority to retain, terminate and determine the fees and terms of consultants, legal counsel and other advisors to the Board as the Board may deem appropriate in its discretion.

Ethical Standards

The Board and Management recognize that a strong ethical culture is very important in our vision to provide world class power that delights our customers. The Code of Ethics is a public statement that clarifies our expectations and holds us accountable for our business conduct. The Standards of Professional Conduct will confirm the Commission's policy to conduct its affairs in compliance with all applicable laws and regulations and observe the highest standards of professional ethics. This is communicated to all employees of the commission. The Standards of Professional Conduct deal with the following main areas:

- Commission's assets and information:
 - (a) Commission's funds and property;
 - (b) Commissions records and accounting;

- (c) Confidential and proprietary information;
- (d) Legal disputes;

- Conflicts of interest;
- Dealings with others:
 - (a) Government officials;
 - (b) Business hospitality;
 - (c) Prohibited payments;

Equal opportunity and unlawful harassment; Safety of the workplace and environmental protection; and Relationships with stakeholders, Anti-bribery and anti-corruption; Improper benefit; financial records and public communications; and political activities and lobbying.

Employees are encouraged to raise any matters of concern with their supervisor or the Board. The Standards of Professional Conduct also apply to ensure accountability at a senior management level for compliance.

Board Committees

Three standing committees of the Board assist to effectively discharge various business functions and responsibilities. Ad hoc committees are constituted to deal with pertinent issues as they arise. Each committee operates within the ambit of defined terms of reference assigned to it by the Board. The committees submit reports of their activities to the Board.

The Board has established the following committees in accordance with Section 13 of the Act.

- a) Finance and General Purposes
- b) Audit and Risk Management Committee.
- c) Policy and Strategy Committee

Finance and General Purposes Committee

The functions of this Committee will entail: -

1. To inquire into and advise the Board on any matter concerning;
 - financial management
 - human resource management and development
 - procurement
 - administrative functions
2. To exercise the powers and perform on behalf of the Board the following functions;
 - ensure that the annual operating budgets are developed;
 - approve the budget within the finance and general purpose committee;
 - monitor adherence to the budget;

- ensure approved financial, procurement and human resource policies and procedures are being followed;
- create and update (as necessary) policies that help ensure the finances, assets and staff of the organization are protected and well managed;
- consider and make recommendations to the full board on financial, material and human resources goals, proposals and reports; and
- Perform any other duties as may be assigned to it by the board.

Audit and Risk Management Committee

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

- Examining quarterly, half-year and annual financial statements,
- Discussing audit plan with the external auditors before commencement of the annual audit,
- Consideration of audit findings by the external auditors,
- Recommending to the Board engagement of external auditors and their audit fees,
- Reviewing the function, independence, operations and findings of the Internal Audit Department,
- Reviewing risks affecting the Commission and management strategies in addressing them, and
- Ensuring adherence with the code of ethics and integrity in financial transactions of the Commission.
- Perform any other duties as may be assigned to it by the board

Policy and Strategy Committee

The mandate of the Policy and Strategy Committee is to advise the Board on Policies and strategies to enhance performance of the Commission.

The functions of this Committee will entail: -

1. To inquire into and advise the Board on any matter concerning;
 - UNESCO programmes and activities management
 - Partnerships, protocols and agreements
 - Programme and Expert Committees affairs
2. To exercise the powers and perform on behalf of the Board the following functions;
 - ensure annual programmes and work plans are developed;
 - approve the programmes and work plans within the committee;
 - monitor adherence to the programmes, work plans, strategic plans and performance contracts;
 - to consider and make recommendations to the full board on received proposals, reports and

- submissions related to UNESCO policies, legislations, programmes, projects and activities; and
- Perform any other duties as may be assigned to it by the board

Communication with Third Parties

The Board believes that it is, in general, the responsibility of Secretary General/CEO to speak for the Commission in communications to outside parties (e.g. stakeholders and the press). Board should only engage in such communications at the request of or after consultation with management.

Board Members Tenure and Retirement

Subject to the provisions of KNATCOM for UNESCO Act, the Chair person and Members of the Board shall hold office for a term of four years and shall be eligible for re-appointment for one further and final term.

VIII REPORT OF THE BOARD

The members submit their report together with the audited financial statements for the year ended June 30, 2016 which show the state of the Commission's affairs.

Principal activities

In line with the mandate of UNESCO to its Member states and the Kenya National Commission for UNESCO Act, 2013, KNATCOM's main functions are to:

- ensure permanent presence of UNESCO in Kenya;
- involve in UNESCO's activities the relevant line ministries, departments, agencies, organizations and individuals dealing in UNESCO's areas of competence;
- implement UNESCO activities and budgeted programs;
- disseminate information and innovations on the activities of UNESCO;
- foster liaison between UNESCO and State agencies and organs concerned with Education, Science, Culture, Communication and Information;
- collaborate with other national commissions in UNESCO member states, UNESCO headquarters and field offices;
- coordinate participation in international meetings on education, science, culture, and communication and information;
- disseminate information on UNESCO prizes and awards to potential candidates and ensure their participation;
- disseminate information on UNESCO fellowships and study grants to potential applicants and facilitate their participation;
- co-ordinate ratification of UNESCO related conventions and protocols;
- coordinate capacity building in education, science, culture and communication;
- participate in the formulation of UNESCO's programmes and activities;
- participate in mobilization of resources for implementation of UNESCO programmes and activities; and
- Provide expert advisory service to the government in education, science, culture, and communication and information.

These functions are all geared towards promoting Kenya's development agenda.

Results

The results of the Commission for the year ended June 30, 2016 are set out on page 30.

Board Members

The members of the Board who served during the year are shown on page V and VI in accordance with the Commission's Act. They serve for one term of four years and are eligible for the second term which is final.

Auditors

The Auditor General is responsible for the statutory audit of the Commission in accordance with the Public Finance Management (PFM) Act, 2012.

IX**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Section 84 of the Public Finance Management Act, 2012 and section 15 of the State Corporations Act, require the Board to prepare financial statements in respect Kenya National Commission for UNESCO, which give a true and fair view of the state of affairs of the Commission at the end of the financial year and the operating results of the Commission for that year. The Board is also required to ensure that the Commission keeps proper accounting records which disclose with reasonable accuracy the financial position of the Commission. The Board is also responsible for safeguarding the assets of the Commission.

The Board is responsible for the preparation and presentation of the Commission's financial statements, which give a true and fair view of the state of affairs of the Commission for and as at the end of the financial year ended on June 30, 2016. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Commission; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Commission; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Board accept responsibility for the Commission's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations Act. The Board is of the opinion that the Commission's financial statements give a true and fair view of the state of Commission's transactions during the financial year ended June 30, 2016, and of the Commission's financial position as at that date. The Board further confirm the completeness of the accounting records maintained for the Commission, which have been relied upon in the preparation of the Commission's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Commission's financial statements were approved by the Board on 20th September 2016 and signed on its behalf by:

 Board Member

 Board Member

 Board Member

X

AUDITORS OPINION

XI

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 30 June 2016

Restated

		2015-2016	2014-2015
	<i>Notes</i>	Kshs.	Kshs
Revenue from Non-Exchange Transactions			
Transfers from governments	4	240,000,000	221,000,000
Transfers from UNESCO	5	3,284,445	10,872,650
Total Grant		243,284,445	231,872,650
Revenue from Exchange Transactions			
Other Income	6	1,979,550	5,276,250
Total Revenue from Exchange		5,276,250	1,979,550
Total Revenue		248,560,695	233,852,200
Expenses			
Employee cost	7	44,754,594	36,290,456
Repairs and Maintenance	8	572,018	159,159
Contracted services	9	3,932,840	1,651,380 (R)
Training Expenses	10	20,071,485	34,012,428
Finance Cost	11	183,274	218,070
General expenses	12	96,519,207	105,422,265
Subscription Fees	13	6,286,381	6,953,124
Board expenses	14	8,633,848	8,563,116
Depreciation	17	3,905,574	4,695,726
Amortizations	18	59,258	74,072
Audit fees	9	650,000	1,300,000(R)
Total expense		185,568,479	199,339,796
Surplus for the year		62,992,216	34,512,404

The notes set out on pages 33 to 51 form an integral part of the Financial Statements

XII**STATEMENT OF FINANCIAL POSITION**

As at 30 June 2016

	Notes	2015/2016 KShs.	2014/2015 KShs.
ASSETS			
Non-Current Assets			
Property Plant and equipment	17	13,205,216	15,926,284
Intangible assets.	18	237,030	<u>296,288</u>
Total non-current		13,442,246	16,222,572
Current Assets			
Cash at bank and in hand	15	30,463,954	37,071,355
Inventory	16	1,240,831	796,400
Account Receivables	21	76,818,862	-
Total Current Assets		108,523,647	37,867,755
TOTAL ASSETS		121,965,893	54,090,327
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Deferred Revenue	20	2,389,405	2,965,655
Accounts Payable.	19	6,357,600	898,000
Total Current Liabilities		8,747,005	3,863,655
Total Liabilities		8,747,005	3,863,655
Capital and Reserves			
Accumulated Fund		113,218,888	50,226,672
Shareholder funds		113,218,888	50,226,672
TOTAL LIABILITIES & EQUITY		121,965,893	54,090,327

The Financial Statements set out on pages 30 to 34 were approved on 20th September 2016 & signed on behalf of the Board by:

Dr. Evangeline Njoka - Secretary General Date

Dr. Rashid Aman - Board Chairman Date

XIII**STATEMENT OF CHANGES IN NET ASSETS****For the year ended 30 June 2016**

	Accumulated Funds Kshs.	Total Kshs.
Changes in net assets for the year 2014/2015		
Balance at 30th June 2015	50,226,672	50,226,672
Changes in net assets 2015/2016		
Surplus for the year	62,992,216	62,992,216
Balance at 30 June 2016	113,218,888	113,218,888

XIV**STATEMENT OF CASH FLOWS****For the year ended 30 June 2016**

		2015-2016	2014-2015
	Notes	Kshs	KShs
OPERATING ACTIVITIES			
Surplus for the year		62,992,216	34,512,404
Adjustments to reconcile Net Income to net cash provided by operations:			
Depreciation	17	3,905,574	4,695,727
Amortization	18	59,258	74,072
Increase in Accounts payable	19	5,459,600	766,000
Increase in Inventory	16	(444,431)	(53,500)
Increase in Accounts Receivables		(76,818,862)	-
Deferred revenue	20	(576,250)	(759,245)
Net cash provided by Operating Activities		(5,422,895)	39,235,458
INVESTING ACTIVITIES			
Purchase of Property Plant and Equipment	17	(1,184,506)	(13,084,098)
Purchase of Intangible Assets	18	-	-
Net cash provided by Investing Activities		(1,184,506)	(13,084,098)
Increase in Cash and Cash equivalents		(6,607,401)	26,151,360
Cash and cash equivalents at 1 JULY		37,071,355	10,919,995
Cash and cash equivalents at 30 JUNE		30,463,954	37,071,355

XV

XV. STATEMENT OF COMPARISONS OF BUDGET AND ACTUAL AMOUNTS

	B	C	D	E	F	
	Original Budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Note
	2015-2016	2015-2016	2015-2016	2015-2016	2015-2016	
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Gok Grant	230,000,000	10,000,000	240,000,000	-	-	
Sale of tender	-	80,000	80,000	-	-	
Other income	-	4,620,000	4,620,000			
Donor -UNESCO		3,284,443	3,284,443			
Deferred Revenue		576,250	576,250			
Total income	230,000,000	18,560,693	248,560,695	185,568,479	62,992,216	21
Expenses						
Compensation of employees	43,776,612	5,000,000	48,776,612	44,754,594	4,022,018	21
Repairs and Maintenance	4,500,195		4,500,195	572,018	3,928,177	21
Training	19,156,600	2,051,002	21,207,602	20,071,485	1,136,117	21
Depreciation	5,000,000		5,000,000	3,905,574	1,094,426	
Amortizations	300,000		300,000	59,258	240,742	
Contracted Services	5,880,500	-	5,880,500	3,932,840	1,947,660	21
Subscription to fees	10,000,000	-	10,000,000	6,286,381	3,713,619	21
Board expenses	10,000,000		10,000,000	8,633,484	1,366,516	
Provision of Audit fees		650,000	650,000	650,000	-	
General Expenses	130,486,093	10,859,691	141,345,784	96,519,207	44,826,577	21
Finance cost	900,000		900,000	183,274	716,726	21
Total expenditure	230,000,000	18,560,693	248,560,695	185,568,479	62,992,216	
Surplus for the year	-	-	-	-	62,992,216	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2016

1. Statement of compliance and basis of preparation

The entity's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Commission. The accounting policies have been consistently applied to all the years presented.

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

The preparation of financial statements in conformity with IPSAS requires the use of certain critical accounting estimates. It also requires KNATCOM management to exercise its judgment in the process of applying accounting policies.

2. Summary of significant accounting policies

a) Revenue recognition

i) Revenue from exchange transactions

Fees-Tender receipts

The entity recognizes from sale of tender when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay that amount, differed income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

ii) 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 Commission and can be measured reliably.

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 Commission. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or Commission 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.

Additions

The cost of an item of PP&E is recognized as an asset if it is probable that future economic benefits or service potential associated with the item will flow to Commission and the cost of the item can be measured reliably. In most instances, an item of PP&E is recognized at its cost. When an asset is donated, it is recognized at fair value as at the date of acquisition. KNATCOM applies thresholds when considering whether to capitalize PP&E additions.

Disposals

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset, and are included in the Statement of Financial Performance.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalized only when it is probable that future economic benefits or service potential associated with the item will flow to UNESCO and the cost of the item can be measured reliably.

Depreciation

Depreciation is provided on reducing balance on all PP&E, at rates that will write off the cost of the assets over their useful lives. The useful lives of major classes of assets have been estimated as follows:

Office Equipment	-12.5%
Furniture and fittings	-12.5%
Computer and other IT equipment's	-30%
Motor Vehicle	-25%

Impairment

The carrying values of fixed assets are reviewed for impairment if events or changes in circumstances indicate that the book value of the asset may not be recoverable. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss if any. Any provision for impairment is included in the Statement of Financial Performance.

d). Intangible assets

Intangible assets are carried at cost less accumulated amortization and impairment. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

Amortization

Amortization is provided on a straight-line basis on all intangible assets of finite life, at rates that will write off the cost or value of the assets over their useful lives.

e). Research and development costs

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

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

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

f). Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

g). Provisions

Provisions are recognized when the Entity 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 Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

The Entity does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent assets

The Entity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Commission in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

h). Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. Entity to the state reserves maintained and appropriate policies adopted.

i) Changes in accounting policies and estimates

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

j) Employee benefits

Short-term employee benefits

Short-term employee benefits are expected to be settled within 12 months of the reporting date and are measured at their nominal values based on accrued entitlements at current rates of pay. Short-term employee benefits comprise of regular monthly benefits (wages, salaries, allowances) compensated absences (annual leave, sick leave, and maternity/paternity/adoption leave). These are treated as current liabilities. Some elements of normally short-term benefits may not be expected to be settled within 12 months of the reporting date. This may be the case with some annual leave entitlements. These elements which are expected to be settled more than 12 months after the end of the reporting date are treated as non-current liabilities and are measured at the present value of the estimated future cash flows if the payments and the impact of discounting are considered to be material.

Post-employment benefits

Post-employment benefits include pension plans, post-employment medical care, repatriation grants and other lump-sums payable after the completion of employment. Post-employment benefit plans are classified as either defined contribution or defined benefit plans. For defined contribution post-employment plans, the obligation for each period is determined by the amounts to be contributed for that period, and no actuarial assumptions are required to measure the obligation or the expense. Post-employment benefits under defined benefit plans are measured at the present value of the defined benefit obligation adjusted for unrecognized actuarial gains and losses and unrecognized past service cost.

The entity provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an entity 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 employee benefits relating to employee service in the current and prior periods. The contribution to fund obligations for the payment of retirements benefits are charged against income in the year in which they become payable.

k) Leases

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term. The Commission has signed a lease agreement with National Bank of Kenya Harambee Avenue where they occupy two floors and rent is paid quarterly.

l) Financial instruments

Financial assets

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit, loans and borrowings as appropriate. The Entity determines the classification of its financial assets at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction cost.

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Commission determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in surplus or deficit.

m) Related parties

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the entity, or vice versa. Members of key management are regarded as related parties and comprise the Secretary General, Head of programmes and senior managers.

n) Service concession arrangements

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular where a private party contributes an asset to the arrangement, the entity recognizes that asset when, and only when, it controls or regulates the service the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise-any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

o) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held by bank at the end of the financial year. For the purpose of these financial statements, cash and cash equivalents also include short term cash imprest and advances to authorized public officers and /or institutions which were not surrendered or accounted for at the close of the financial year.

p) Comparative figures

Comparative figures for the previous financial year are included in the financial statements.

q) Segment reporting

The entity does not have any branches/reporting segments. All the operations of the entity are managed from the registered office. The core business of KNATCOM is to continue to promote Building of peace, eradication of poverty, sustainable development and intellectual dialogue through education, sciences, culture, communication and information together with other mandates as stipulated in the Act.

r) 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, 2015.

s) Nature and purpose of reserves

The Commission creates and maintains reserves in terms of specific requirements. Commission to state the reserves maintained and appropriate policies adopted.

3. Significant judgments and sources of estimation uncertainty

The preparation of the Commissions' financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertain 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.

Judgments, estimates and assumptions made include:

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Commission based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of Commission. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

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

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

Provisions and contingent liabilities

The Commission is exposed to various contingent liabilities in the normal course of business which may include pending legal cases. The directors evaluate the status of these exposures on a regular basis to assess the probability of the Commission incurring related liabilities. However, provisions are only made in the financial statements where, based on the director's evaluation, a present obligation has been established. Provisions are measured at the management best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

The increase in the rehabilitation provision due to passage of time is recognized as finance cost in the statement of financial performance.

4. Transfers from governments

	2015-2016	2014-2015
	Kshs.	Kshs.
Unconditional grants		
Operational grant – R- July 2014	0	9,000,000
Operational grant- R - 2015/2016	217,000,000	207,000,000
Operational grant – D - 2015/16	23,000,000	5,000,000
Total	240,000,000	221,000,000

5. Transfers from UNESCO

	2015-2016	2014-2015
	Kshs.	Kshs.
UNESCO funds for projects	3,233,443	10,746,160
Exchange gain	51,002	126,490
Total	3,284,445	10,872,650

6. Other income

	2015-2016	2014-2015
	Kshs.	Kshs.
Deferred Income	576,250	759,245
Sale of Tenders	80,000	59,000
Revenue	4,620,000	1,161,305
Total other income	5,276,250	1,979,550

7. Employee costs

	2015-2016	2014-2015
	Kshs.	Kshs.
Employee related costs-salaries and wages	22,145,448	20,361,688
Transport allowance	2,236,000	2,390,788
Responsibility allowance	1,200,000	1,349,333
Extraneous allowance	996,000	996,000
Entertainment allowance	780,000	780,000
House Allowance	7,417,000	5,939,752
Domestic Servant	187,200	187,200
Leave Expenses	600,000	600,000
Pension	2,997,020	2,648,779
Gratuity	5,944,059	768,148
Special duty allowance	251,867	268,768
Employee costs	44,754,594	36,290,456

8. Repairs and maintenance

	2015-2016	2014-2015
	Kshs.	Kshs.
Routine Maintenance - Other Assets	164,802	23,500
Motor Vehicle	407,216	135,659
Total repairs and maintenance	572,018	159,159

9. Contracted services		Restated
(a)	2015-2016	2014-2015
	Kshs.	Kshs.
Event Organizers	-	812,000
Legal fees	-	354,380
Consultancy fees	3,932,840	485,000
Total contracted services	3,932,840	1,651,380
<hr/>		
(b) Audit fees	2015-2016	2014-2015
	Kshs.	Kshs.
Audit fees	650,000	1,300,000
Total contracted services	650,000	1,300,000

The audit fee expenses for 2014/2015 financial year includes KShs.650,000.00 being audit fee for 2013/2014, the first year of Commission's operation.

10. Training Expense	2015-2016	2014-2015
	Kshs.	Kshs.
Travel Cost	2,662,942	3,642,912
Conferences Facilities	7,119,811	10,421,376
Accommodation.	4,834,864	9,509,132
Tuition	1,094,413	-
Capacity Building	4,359,455	10,439,009
Total	20,071,485	34,012,429

11. Finance costs	2015-2016	2014-2015
	Kshs.	Kshs.
Bank Charges	183,275	218,070
Total finance costs	183,275	218,070

12. General Expense	2015-2016	2014-2015
	Kshs.	Kshs.
Fuel and Lubricants	1,037,060	1,655,000
Office & and general supplies	1,756,889	4,572,321
Newspapers Periodicals	196,040	199,360
Printing and Stationery	1,371,900	3,524,923
Specialized material and supplies	1,024,061	1,894,252
Travel and Accommodation	42,018,564	39,718,667
Rent and rates	16,346,470	8,307,120
Telephone Services	935,732	1,314,704
Postage and delivery	68,440	169,074
Internet services	1,096,142	453,420
Advertisement	3,096,134	5,003,970
Hospitality and Supplies	9,943,039	22,857,226
Committee Allowances	12,324,460	10,833,829
Insurance	5,304,276	4,918,399
Exchange loss	-	-
Total	96,519,207	105,422,265

13. Subscription Fees	2015-2016	2014-2015
	Kshs.	Kshs.
Local subscriptions	24,500	498,500
UNESCO membership fee	6,261,881	6,454,624
	6,286,381	6,953,124

14. Board Expenses	2015-2016 Kshs.	2014-2015 Kshs.
Sitting Allowance	3,646,000	7,203,281
Travelling Allowance	4,987,848	1,342,000
Travel Insurance	0	15,595
Telephone	0	2,240
Total	8,633,848	8,563,116

15. Cash and cash equivalents	2015-2016 Kshs.	2014-2015 Kshs.
Cash at Bank NBK Kshs.	3,314,576	2,503,343
Cash at Bank NBK Dollar.	562,573	3,663,655
Cash at Bank KCB	26,586,805	30,753,982
Cash-on-hand-KCB	0	133,835
Cash-on-hand-NBK		16,540
Total cash and cash equivalents	30,463,954	37,071,355

16. Inventory	2015-2016 Kshs.	2014-2015 Kshs.
Consumable stores	1,240,831	796,400
Totals	1,240,831	796,400

17. (a). Property, plant and equipment-2014-2015

Cost	Office Equipment	Furniture & fittings	Computer and Other IT Equipment	Motor vehicles	Total
At 1st July 2014	2,047,000	1,168,000	1,381,840	5,010,000	9,606,840
Addition	1,464,598	-	531,500	11,088,000	13,084,098
Disposal	-	-	-	-	-

Total at 30th June 2015	3,511,598	1,168,000	1,913,340	16,098,000	22,690,938
Depreciation Accumulated					
Dep. At 1st July 2014	255,875	146,000	414,552	1,252,500	2,068,927
Charge for the year	406,965	127,750	449,636	3,711,375	4,695,727
Accumulated Dep. At 30th June 2015	662,840	273,750	864,188	4,963,875	6,764,65
Net Book Values					
At 30th June 2015	2,848,758	894,250	1,049,152	11,134,125	15,926,284
At 30th June 2014	1,791,125	1,022,000	967,288	3,757,500	7,537,913

(b). Property, plant and equipment-2015-2016

Cost	Office Equipment	Furniture & fittings	Computer and Other IT Equipment	Motor vehicles	Total
At 1st July 2015	3,511,598	1,168,000	1,913,340	16,098,000	22,690,938
Addition	91,031	-	1,093,475	-	1,184,506
Disposal	-	-	-	-	-
Total at 30th June 2016	3,602,629	1,168,000	3,006,815	16,098,000	23,875,444
Depreciation					

Accumulated Dep. At 1st July 2015	662,840	273,750	864,188	4,963,875	6,764,654
Charge for the year	367,474	111,781	642,788	2,783,531	3,905,574
Accumulated Dep. At 30th June 2016	1,030,314	385,531	1,506,976	7,747,406	10,560,417
Net Book Values					
At 30th June 2016	2,572,315	782,469	1,499,839	8,350,594	13,205,217
At 30th June 2015	2,848,758	894,250	1,049,152	11,134,125	15,926,284

18. Intangible Assets

	2015-2016	2014-2015
	Kshs	Kshs.
Cost		
At 1st July 2015	296,288	462,950
Additions	-	-
At 30th June 2016	296,288	462,950
Amortizations and Impairment		
Accumulated Amortization at 1st July 2015	166,662	92,590
Charge for the year	59,258	74,072
Accumulated impairment at 30th June 2016	225,920	166,662

Net book values		
As 30th June 2016	237,030	296,288
As 30th June 2015		
19. Account Payables		
	2015-2016	2014-2015
	Kshs.	Kshs.
Provision of Audit fees	1,266,379	650,000
Gratuity	5,080,877	
Committee of expert members	10,344	248,000
Total	6,357,600	898,000

Provision for Audit fee is comprised of KShs.650,000.00 being provision for the year 2015-2016 and KShs.616,379.00 for the year 2014-2015 net of 6% withholding tax paid to KRA.

20. Deferred Income

2014/2015	Computers	Office Equipment	Consumables	Totals
As at 1 July 2014	935,000	2,047,000	742,900	3,724,900
Amortization for the year	<u>280,500</u>	<u>255,875</u>	<u>222,870</u>	<u>759,245</u>
As at 30 June 2015	654,500	1,791,125	520,030	2,965,655
2015/2016	Computers	Office Equipment	Consumables	Totals
Cost as at 1 July 2015	654,500	1,791,125	520,030	2,965,655
Amortization for the year	<u>196,350</u>	<u>223,891</u>	<u>156,009</u>	<u>576,250</u>
Accumulated Amortization	476,850	479,766	378,870	1,335,495
NBV As at 30 June 2016	458,150	1,567,234	364,021	2,389,405

21.Account Receivable	2015-2016	2014-2015
	Kshs.	Kshs.
Grant Receivables (Ministry of Education)	74,405,000	-
Transfer (Refund) Ministry of Education.	2,310,000	-
Pension Refund (N. Treasury)	103,862	-
Total	76,818,862	-

22. Comparisons between budget and actual

The original budget of the commission was Shs.230 million including Development budget of Kshs.23 Million. This was revised to Shs.240 million out of which the commission received KShs.166,750,000.00 the remaining balance of KShs.73,250,000.00 was received in the financial year 2016/2017. In the year 2015/2016 we also expected to receive from the Ministry KShs.4,620,000.00 as contribution part of rent for school audit section. The Commission only received KShs.1,155,000.00 and the remaining KShs.3,465,000.00 was received in the year 2016/2017. The Commission also received KShs.3,284,443.00 from UNESCO for joint programmes. Revenue income was KShs.80,000.00 which was as a result of sale of tenders.

The expenditure for the period under review was KShs.185, 568,479.00 resulting to a surplus of KShs.62,992,216.00 this was as a result of receiving the last quarter funding late which hindered the implementation of some projects that were earmarked in fourth quarter of 2015/2016.

23. Financial risk management disclosure

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

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 1 to the financial statements.

Financial risk management objectives

The Commission's activities expose it to a variety of financial risks including credit risk, and liquidity risks. The Centre's overall risk management programme focuses on unpredictability of changes in the operating environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk.

Credit risk management

The Commission's credit risk is primarily attributable to its bank balances. The credit risk on liquid funds with financial institutions is also low, because the counter parties are banks with high credit-ratings.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Management, who has built an appropriate liquidity risk management framework. The Commission manages liquidity risk by maintaining enough required funds for its operations through continuous monitoring of forecast and actual cash flows.

Exchange risk

The Entity receives project funds through a foreign currency hence it is exposed to exchange risks.

Interest rate risk

The interest rate risk exposure arises mainly from interest rate movements on the Commission's cash balances.

24. Events after the reporting period

The management is not aware of any event that can have an impact on the financial statements.

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)

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report
- (ii) Obtain the “Issue/Observation” and Management comments”, required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;within your entity responsible for implementation of each issue;
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

Director General/C.E.O/M.D (enter title of head of entity) Chairman of the board

Dr. Evangeline Njoka, Secretary General

- (v) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report