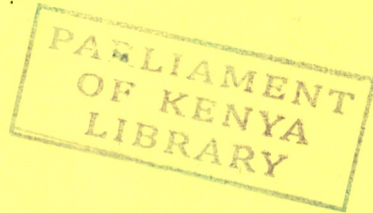


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THE KENYA NATIONAL EXAMINATIONS COUNCIL



ANNUAL REPORT AND ACCOUNTS FOR THE PERIOD ENDED
30TH JUNE 1985



THE KENYA NATIONAL EXAMINATIONS COUNCIL

ANNUAL REPORT AND ACCOUNTS FOR THE PERIOD ENDED
30TH JUNE 1985

Kenya National Examinations Council
P O Box 73598
NAIROBI, Kenya.

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Chairman's Report

For the Year Ended 30th June 1985

The last examination for the Certificate of Primary Education (CPE) was sat in November 1983. Due to the changeover from the 7-4-2-3 education system to the 8.4.4 system, one year passed before there could be a standard eight class preparing for the Kenya Certificate of Primary Education (KCPE) examination. Thus the first KCPE candidates were registered for the examination in the first half of the year 1985 and sat their examination in November 1985. Other school as well as Post-school examinations were conducted successfully.

The Council is grateful to the Police and Provincial Administration for providing security and transport which facilitated efficient conduct of examinations. The Council is also grateful to Provincial Education Officer, District, Municipal and City Education Officers and their officers who did a commendable job towards the successful local administration of the examinations. Last but not least, the Council would like to thank most sincerely, the teachers who marked the examinations during their school holidays.

Kenya Junior Secondary Examination (KJSE)

Entry

A total of 20,055 candidates entered for the KJSE examination at the end of 1984. In 1983, 33,233 candidates entered for this examination. This represents a drop of 39.65% from 1983. The candidature for K.J.S.E. has been falling steadily over the last three years. This is accounted for by the fact that this examination is going to be phased out. Indeed, the 1985 K.J.S.E is the last one.

The breakdown of entry by girls and boys for the last three years was as follows:

	GIRLS	BOYS	TOTAL
1982	17900	23941	41841
1983	13811	19422	33233
1984	8146	11909	20055

Results

Out of 20,055 candidates who entered for K.J.S.E. in 1984, 3,452 (17.21%) passed. In 1983, 8,313 (25.01%) passed.

The table below shows the breakdown of passes by girls and boys for the last three years.

	GIRLS	BOYS
1982	2398 (13.40%)	7387 (30.86%)
1983	2055 (14.88%)	6258 (32.22%)
1984	708 (8.69%)	2744 (23.04%)

Boys performed better than girls. This has been the trend over the last three years.

The Kenya Certificate of Education (KCE)

Introduction

The number of centres presenting candidates for the KCE examination in October/November 1984 increased by 98 from 1698 in 1983 to 1796 in 1984. Correspondingly, the number of candidates increased by 10256 from 109247 in 1983 to 119503 in 1984.

Examination Administration

The Kenya Certificate of Education was taken between October 23rd and November 26th. The supervision of both K.C.E. and K.A.C.E. which were conducted at the same time involved 6910 officers throughout the Republic.

In order to curb on examination irregularities, the Council implemented several measures during the 1984 examinations.

There is evidence to show that the measures paid dividends. In 1983, 60 centres were involved in examination irregularities. In 1984, only 50 centres were found to have been involved. There was a remarkable reduction in the number of candidates involved. In 1983, 946 candidates were involved in cheating and other irregularities. In 1984, only 302 candidates were involved.

Examination Performance

Again in 1984, as it has been the trend for the last four years, performance improved remarkably in 1984. The summary below shows performance for the last two years compared to 1984.

DIVISION	1982	1983	1984
1	2923 (2.83%)	3499 (3.20%)	4687 (3.92%)
2	10039 (9.73%)	11417 (10.43%)	15524 (12.99%)
3	23097 (22.39%)	25450 (23.30%)	31846 (26.65%)
4	34352 (33.30%)	36523 (33.43%)	37118 (31.06%)
Fail	32759 (31.75%)	32358 (29.62%)	30328 (25.38%)
Total	103170	109247	119503

A total of 52057 (43.56%) met the requirements for divisions 1, 2 and 3. In 1983, 40366 (36.95%) candidates obtained divisions 3 and above.

The majority of private schools continued to perform very poorly, showing lack of commitment on the part of the management of such schools to the proper education of those who pay heavily for very pathetic resources.

The Kenya Advanced Certificate of Education (KACE)

In 1984, 17204 candidates sat for K.A.C.E. compared to 16436 candidates in 1983. This is an increase of 4.67% over 1983 candidature.

The K.A.C.E. examination was taken between 23rd October and 23rd November 1984. The marking of candidates' scripts started on 3rd December and by 4th January, most of the papers had been marked.

Results

The table below shows the number of candidates who sat K.A.C.E. in 1984 and their achievement. The 1982 and 1983 summary is also shown for comparison.

	1984	1983	1982
3 Principals and above	2417 (10.05%)	2767 (16.83%)	2334 (14.75%)
2 Principals	3439 (19.99%)	3004 (18.28%)	2752 (17.40%)
1 Principal	3882 (22.56%)	3658 (22.26%)	3888 (24.58%)
Candidates	17204	16436	15820

Post-Schools Technical Examinations

There were a total of 70 courses offered in the 1984 December series of Post-Schools Technical examinations.

- 18 Craft Courses
- 28 Technician Courses
- 8 Ordinary Diploma Courses
- 15 Higher Diploma Courses
- 1 Final Craft Course (Home Science)

A total of 2622 candidates registered for these examinations but only 2481 sat for all the papers they registered for. Others were either absent for one or more papers. The December series in 1983 had 2105 candidates.

Examinations Administration

The administration of the papers for these examinations went on smoothly. There were no hitches or irregular practices found during the examination. The marking of candidates' scripts was also done without problems. Most of the scripts were marked by 28th January 1985.

Performance in the examination was as follows:

- 1485 (59.85) candidates passed
- 515 (20.76) candidates were referred

For the similar series in 1983, 46.84% of candidates passed and 24.32% were referred. Generally therefore, there was an improvement in performance in 1984 December series examinations compared to the performance in the December series, 1983.

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF THE KENYA NATIONAL EXAMINATIONS COUNCIL FOR THE YEAR ENDED 30TH JUNE, 1985

I have examined the Balance Sheet and the Income and Expenditure Account of the Kenya National Examinations Council in accordance with Section 13 (3) of the Kenya National Examinations Council Act, (Cap 22) as amended by the Exchequer and Audit (Amendment) Act, 1985. I have obtained all the information and explanations that I have required for the purpose of my audit. Proper books of account have been kept by the Council and the accounts are in agreement therewith. Except for the matters referred to herebelow, in my opinion the accounts which have been prepared on the basis of the historical cost convention, when read together with supporting notes thereon, show a fair view of the financial affairs of the Council as at 30th June, 1985 and of the results for the year ended on that date.

1. MANAGEMENTS OF FUNDS

In the year 1984/85 the Council received grants totalling Kshs.82,641,335.00 and ended up with an excess income over expenditure of Kshs.86,008,759.00 as at 30th June, 1985. The basis for the Council asking for grants of that magnitude only to end up with such large surplus is not well understood. Moreover and apparently as a result of the Council having such surplus funds at its disposal invested Kshs.99,710,930.00 in two financial institutions one of which had serious financial problems and had to close down temporarily.

2. SUNDRY DEBTORS

In the report on the Council's accounts for the year 1981/82, 1982/83 and 1983/84 I indicated that Sundry Debtors for those years included Kshs.300,000.00 previously advanced to the School Equipment Production Unit on 22nd September, 1980 to enable the unit clear practical examination packages from the Customs Department. The position remained the same during the year under review and the debtors figure of Kshs.12,580,838.00 as at 30th June, 1985 included the above amount of Kshs.300,000.00. As previously reported this advance was to be paid back to the Council by 30th November, 1980 but it was not repaid and instead it was converted to a loan with effect from 1st January, 1981 repayable at an interest rate of 10% p.a. No signed loan agreement was, however, seen to confirm the terms and conditions of repayment of the amount and it was also not understood why the amount of Kshs.300,000.00 was being treated in the accounts as Sundry debt and included in the Balance Sheet Sundry Debtors figure of Kshs.12,580,838.60 as at 30th June, 1985. The Council has, however, indicated that the amount will now be transferred from Sundry Debtors Account to Loan Account.

3. OUTSTANDING IMPRESTS

The Council's Balance Sheet's debtors figure of Kshs.12,580,838.60 includes unrecovered imprests amounting to Kshs.7,707,490.00 out of which imprests of Kshs.6,248,370.00 were issued to Provincial

Education Officers for the purpose of meeting examination expenses in previous years. However, no returns were made by the Provincial Education Officers to show how the money was utilized and in the absence of such detailed analysis of the expenditure I was unable to confirm that the amount was spent for the purpose for which it was intended.

4. FIXED ASSETS

The accounts of the Council for the year 1984/85 like those for the previous years do not incorporate the value of Office Furniture and Equipment passed on to the Council at its incorporation after the break-up of the former East African Examinations Council. Accordingly, the Council's Balance Sheet Fixed Assets figure of Kshs. 3,665,087.00 as at 30th June, 1985 is understated to the extent of the value of the excluded assets. Moreover the Council did not maintain a Fixed Assets Register for all its assets and it was, therefore, not possible in the absence of such a register to identify and verify the various physical assets owned by the Council.

5. OVERTIME PAYMENTS

During the year 1984/85 the Council paid a total amount of Kshs. 462,050.00 in respect of overtime to its senior officers for working more than normal hours. Besides the fact that the amounts were paid in lump sum to each person without any indication of how the payment to each officer had been calculated, no Board authority or Government approval for the payment of overtime in form of honoraria was seen. In the circumstances, I was not able to confirm that the overtime payment of Kshs. 462,050.00 by the Council in 1984/85 was a proper charge to public funds.

6. SUSPENSE ACCOUNTS

As for the year 1983/84 the accounts for the Council for the year 1984/85 did not balance. The Trial Balance as at 30th June, 1985 reflected a debit difference of Kshs. 11,716,952.55 which was changed to a Suspense Account and the Balance Sheet as at that date was, therefore, only balanced through that Suspense Account. The Council has so far not been able to either analyse or explain the difference and in the absence of such an analysis or explanation, I am unable to ascertain what the Suspense Account balance represents or even to confirm the effect, if any, that the Suspense Account balance may have on the accuracy of the Council's Accounts for the year 1984/85.

7. REVENUE

The Council's revenue cash book when compared with the Main Cash Book revealed differences amounting to Kshs. 9,705,078.40 arrived at as follows:-

Total Bankings as per Main Cash Book	Kshs. 114,953,039.50
Total Revenue collected	<u>105,247,960.10</u>
	Kshs. 9,705,078.40
	=====

Although the Council has explained that the above difference represents direct bankings by its agents in the field who receive

examination fees on Council's behalf, no documentary evidence was seen in support of this explanation. The revenue cash book also revealed an entry of Kshs.2,462,928.80 whose nature is not known and has not been explained by the Council.


A.J. OKOTH

AUDITOR-GENERAL (CORPORATIONS)

AUDITOR-GENERAL (CORPORATIONS)

16th May, 1988

THE KENYA NATIONAL EXAMINATIONS COUNCIL
 BALANCE SHEET AS AT 30TH JUNE, 1985

	1985	1984
	Kshs.	Kshs.
Assets Employed		
Fixed Assets		
1 Short - term investments	3,665,087.25	3,567,918.00
2	99,710,930.60	15,953,342.25
Current Assets		
3 Sundry Debtors	12,580,838.60	9,036,832.90
Bank	6,991,226.20	1,857,202.25
4	19,572,064.80	10,894,035.15
Current Liabilities		
5 Suspense A/C	11,716,952.55	5,192,924.50
Sundry Creditors	4,000,000.00	4,000,000.00
6	15,716,952.55	9,192,924.50
Net Current Assets	3,855,112.25	1,701,110.65
Total Assets	107,231,130.10	21,222,370.90
Financed by		
Capital Reserve	1,753,000.00	1,753,000.00
Excess of Income over Expenditure	105,478,130.10	19,469,370.90
7	107,231,130.10	21,222,370.90

R. M. M. M. M.
 CHAIRMAN

[Signature]
 SECRETARY

DATE : 27/10/87.

DATE : 26th Dec 1987.

INCOME AND EXPENDITURE ACCOUNT FOR THE PERIOD ENDED 30TH JUNE, 1985

	1985	1984	Notes
	Kshs.	Kshs.	
Income			
Examination fees	119,897,354.00	65,380,610.40	7
Other Income	5,511,325.70	2,832,026.95	8
Grants	82,641,335.00	28,800,000.00	9
	<u>208,050,014.70</u>	<u>97,012,637.35</u>	
Less: Expenditure			
Personnel	4,319,086.40	5,525,516.80	10
Office Administration	7,630,637.95	9,154,317.20	11
Examinations Expenses	85,064,230.95	84,023,216.80	12
Test Development & Research	20,463,556.90	19,357,566.25	13
Housing of Staff & Office Accommodation	4,081,087.55	3,507,209.75	14
Depreciation	482,655.75	422,511.00	
	<u>122,041,255.50</u>	<u>121,990,337.80</u>	
Excess of Income over Expenditure	<u>86,008,759.20</u>	<u>24,977,700.45</u>	
cfwd			

Capital Reserve TRIAL BALANCE AS AT 30TH JUNE, 1985

Income and Expenditure:
 Ministry of Education

Kshs.

Kshs.

Leasehold Buildings	2,557,574.50	
Motor vehicles	853,000.00	
Office Equipment	12,647,046.00	
Office Furniture	535,756.50	
House Furniture	590,338.00	
Accumulated Depreciation		1,035,972.00
Capital Reserve		1,753,000.00
Income and Expenditure		19,469,370.90
Grants from Ministry of Education		82,641,335.00
Other Income		5,511,325.70
Examination Fees	99,710,930.60	119,897,354.00
Short-term investments	12,580,838.60	
Sundry Debtors		
Sundry Creditors		4,000,000.00
Examination Expenses	85,064,230.95	
Housing of Staff and Office Accommodation	4,081,087.55	
Personal Expenses	4,319,086.40	
Administration & Office Expenses	7,630,637.95	
Test Development & Research	20,463,556.00	
Bank	6,991,226.20	
Suspense A/C		11,716,952.55
	<u>246,025,310.15</u>	<u>246,025,310.15</u>

AS AT 30TH JUNE, 1985

NOTE 1

Depreciation for the year	Leasehold Buildings Kshs.	Motor Vehicles Kshs.	Office Equipment Kshs.	Office Furniture Kshs.	House Furniture Kshs.	Total Kshs.
Balances b/wd 1.7.84	2,557,574.50	853,000.00	153,721.00	449,256.50	590,338.00	4,603,890.00
Additions/disposal	-	-	493,325.00	86,500.00	-	463,000.00
	2,557,574.50	853,000.00	647,046.00	535,756.50	590,338.00	5,183,715.00
Accumulated Depreciation as at 1.7.84	182,436.70	266,583.00	48,360.20	218,804.10	319,788.00	1,035,972.00
Depreciation for the year	63,939.35	213,200.00	64,704.60	66,969.55	73,792.25	482,655.75
Accumulated Depreciation as at 30.6.85	246,376.05	479,833.00	113,064.80	285,773.65	393,580.25	1,518,627.75
Net Book value 1.7.84	2,375,137.80	586,417.00	105,360.80	230,452.40	270,550.00	3,567,918.00
Net Book value 30.6.85	2,311,198.45	373,167.00	533,981.20	249,982.80	196,757.75	3,665,087.25
Rate of Depreciation	2½%	25%	10%	12½%	12½%	

7,703,490.00
Kshs.
96,375.00

Short-term Investments

Trans-National Finance co. Ltd.
Jimba Credit Corporation Ltd.

41,475,479.65
58,235,450.95
99,710,930.60

Staff Motor Loan - schedule attached

Note 3

Debtors

Interest Receivable
Ministry of Education
Kenya Polytechnic
Temporary Imprest
RD Cheques
Salary Advance

1,778,952.10
1,462,996.10
153,460.00
7,707,490.00
961,875.00
38,170.00

KSES

300,000.00

Staff Motor Loan - schedule attached

177,894.60

12,580,838.60

Note 4

Suspense A/C

Balance b/d 1st July, 1984 Dr.
Suspense A/C for the year 84/85
Balance c/d. 30th June, 1985 Cr.

5,245,924.50
6,471,028.05
11,716,952.55

Note 5

Sundry Creditors

(This amount represents Kenya's deposit to the
defunct East African Examinations Council)

Kshs.

4,000,000.00

Note 6

Income & expenditure A/C
 Balance bd 1st July, 1984
 Surplus for the year
 Balance c/d.

Kshs.
 19,469,370.90
 86,008,759.20
 105,478,130.10

Note 7

Examination fees

C.P.E.

K.J.S.E.

P.T.E.

K.C.E.

K.A.C.E.

Technical

Business

L.G.C.E.

Kshs.
 8,910,745.20
 3,230,931.60
 1,511,370.00
 76,572,243.80
 13,474,183.00
 4,198,021.50
 7,829,124.80
 4,170,737.00
 119,897,354.00

Note 8

Other Income

Tender fees

Computer usage

Sale of waste paper

Miscellaneous

Rent

Interest on fixed deposits

Kshs.
 1,800.00
 11,745.00
 85,837.50
 2,439,293.60
 30,200.00
 2,942,449.60
 5,511,325.70

Note 9

Grants from the Ministry of Education

July, 1984

September, 1984

October, 1984

December, 1984

9th April, 1985

12th April, 1985

26th April, 1985

Kshs.
 2,758,625.00
 2,766,660.00
 8,299,980.00
 58,244,000.00
 710,300.00
 3,280,300.00
 3,814,810.00

TOTAL

82,641,335.00

2,198,968.20
 1,617,015.30
 374,196.90
 55,430.00
73,476.00
 4,319,086.40

Kshs.

248,973.65
 952,591.20
 852,139.90
 10,598.30
 3,944.85
 8,023.05
 67,934.65
 248,184.10
 3,159.25
 210,670.55
 494,816.50
 309,853.65
 10,163.15
 77,105.60
 30,819.05
 13,640.00
 185,031.25
 126,617.00
 473,707.80
 424,642.00
 2,925.00
 1,400.00
2,873,698.05
7,630,637.95

Personal Emoluments
 Extra Clerical Assistance
 Medical benefits
 Contribution to FSSU
 Retirement Benefits

Note 11

Office Administration Expenses

Security
 Stationery
 Motor Vehicles
 Official Entertainment
 Training - overseas
 Training - local
 Overseas Travel on Duty
 Travelling & Subsistence
 Council Travel & Subsistence
 Rank Xerox - Maintenance
 Rank Xerox - Stationery
 Sundry office Expenses
 Cleaning materials
 Electricity & Water
 Insurance General
 Advertising
 Telephones & Telegrams
 Postage & Railage
 Maintenance of machinery & Equipment
 Bank Charges
 Equipment
 Careers
 Computer Stationery

<u>Kshs.</u>	
C.P.E.	3,000,627.95
K.J.S.E.	1,345,072.30
K.A.C.E.	2,530,816.50
K.C.E.	56,518,533.90
Technical	4,148,235.30
Business	3,608,707.60
P.T.E.	2,630,730.80
Training of Examiners	1,471,651.60
L.G.C.E.	1,631,610.30
Invigilation & Supervision	8,152,082.65
Hire of Halls	<u>26,790.00</u>
	<u>85,064,230.95</u>

Note 13

Test and Development
Setting
 Printing & Publication
 Moderation
 Committee Expenses
 Library & Research

<u>Kshs.</u>	
	1,245,238.10
	17,354,495.55
	591,187.00
	1,272,257.25
	<u>379.00</u>
	<u>20,463,556.90</u>

Note 14

Housing of Staff & Office Accommodation
House Rent and House Allowance
Office Accommodation & Rent

<u>Kshs.</u>	
	3,130,691.95
	<u>950,395.60</u>
	<u>4,081,087.55</u>

Comments on the Accounts
For the Year Ended June 1985

1. MANAGEMENT OF FUNDS

Though the Council's Financial Year runs from July to June, its activities are programmed for the Calendar Year which is also the school year. Whereas fees are normally collected between March and April, the amount so collected is by and large used to service examinations between July and December of the following financial year. The Accounts therefore show a big surplus as at 30th June, of any Financial Year because the fees for servicing examinations for that calendar year will just have been collected. The Account of the Council would thus portray a better picture if it was prepared for a calendar year.

The amounts collected as fees is placed in Fixed Deposit in such a manner that they fall due between October to December when the Council's expenditure is at its peak. Up to the time the Council invested money in the financial institutions referred to under this heading, the firms were secure and had very good records and competitive rates of interest.

2. SUNDRY DEBTORS

We are awaiting reply to our letter to the Director SEPU before the matter is referred back to the Ministry of Education and the Attorney General's Chambers. As explained earlier, the amount will be removed from the Sundry Debtors Accounts and transferred to Loan Account.

3. OUTSTANDING IMPRESTS

The issue of the imprests owed by the Provincial Education Officers was referred to the Finance and General Purposes Committee of the Council for discussion whereupon it was resolved that the matter be referred to the Ministry of Education for supply of details of the expenditure.

4. FIXED ASSETS

The Council has embarked on an exercise of collecting all the necessary information to write-up the Fixed Assets register. Discussions have been held with the Office of the Controller and Auditor General (Corporations) to find the best way of writing up the register and at what value to include the individual assets. An Administrative Officer has been recruited whose schedule of duties includes the maintenance of the Fixed Assets Register.

The Assets passed on to the Council at its incorporation after the break-up of the former East African Examinations Council will be included in future accounts after the following have been done:-

- (i) Proper identification;
- (ii) valuation.

Kindly note that since the headquarters of the former E.A.E.C. was in Kampala, Uganda, the Kenya National Examinations Council does not have the documents detailing the nature and value of furniture left in the Nairobi Office and therefore has to take the course of action stated above.

5. PAYMENT OF HONORARIA

The Finance and General Purposes Committee which is the Executive Committee of the council reviewed the rates for payment of honorarium to officers on Job Group 'H' and above vide Minute No. 10/86. Hitherto, such honorarium was based on the approved rate of 20 cents per script which was approved in 1976. The amount paid in this regard was therefore a proper charge of public funds.

6. SUSPENSE ACCOUNTS

The Suspense Accounts have arisen over the years due to the former Ag. Chief Accountant's failure to apply the double entry book-keeping concept. We are however, confident that with time, we shall be able to analyse the Suspense Accounts now that a qualified Chief Accountant and a team of competent accountants have been employed.

7. REVENUE COLLECTIONS

The documentary evidence available to support our explanation are the Bank Statements and Bank Advise Slips. These are independent documents from third party and are most accurate.

The reason for not making the adjustments in the revenue cash-book was that it was not possible to know from the Bank-Statement the examinations to which the respective amounts pertained to.

Corrective measures have now been taken so that the Revenue Cash Book is adjusted monthly with the difference appearing in the Bank Statement.

As regards the entry of Kshs. 2,462,928.80, we have already written to the Bank requesting for the original Banking Slips which will enable us to verify this entry.

