REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

KENYA INSTITUTE OF CURRICULUM DEVELOPMENT

FOR THE YEAR ENDED 30 JUNE, 2025

REPUBLIC OF KENYA

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REPORT OF THE AUDITOR-GENERAL ON KENYA INSTITUTE OF CURRICULUM DEVELOPMENT FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;

B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,

C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An Unmodified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management, and Governance.

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Institute of Curriculum Development set out on pages 1 to 46, which comprise of the statement of financial position as at 30 June, 2025, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya Institute of Curriculum Development as at 30 June, 2025, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis and comply with the Kenya Institute of Curriculum Development Act, 2013 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final expenditure budget and actual on comparable basis of Kshs.6,892,129,000 and Kshs.10,675,693,000 respectively, resulting to an over expenditure of Kshs.3,783,564,000 or 35% of the budget. The over expenditure is attributed to donor expenditure where the actual amount of Kshs.9,342,179,000 exceeded the approved budget amount of Kshs.5,410,608,000 by Kshs.3,931,572,000. However, no supplementary approval was sought for the over expenditure. This was contrary to Section 45(3)(a) of the Public Procurement and Asset Disposal Act, 2015 which provides that all procurement processes shall be within the approved budget of the procuring entity and shall be planned by the procuring entity concerned through an annual procurement plan.

In the circumstances, Management was in breach of the law.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

In the prior year's audit report, several issues were raised under the Report on Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the Institute in 2024/2025 revealed that the following issues remained unresolved as of 30 June, 2025:

No.	Audit Issues
1.	Stalled Construction Works on Education Resource Centre
2.	Procurement and Contract Management
3.	Failure to Comply with Bad Debts Write-off Policy
4.	Supply of Textbooks
5.	Failure to revalue of Property, Plant and Equipment
6.	Understaffing of the Institute
7.	Lack of IT Strategic and Steering Committees

Other Information

The Council Members are responsible for the Other Information set out on pages v to lxiii which comprise of Key Entity Information and Management, Chairperson's Statement, Report from the Chief Executive Officer, Statement of Performance Against Predetermined Objectives for FY 2024/2025, Corporate Governance Statement, Management Discussion and Analysis, Environment and Sustainability Reporting, Report of the Council, and the Statement of Council's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Stalled Construction Works on Education Resource Centre

As previously reported, the statement of financial position reflects property, plant and equipment balance of Kshs.5,298,010 as disclosed in Note 24 to the financial statements. Included is work-in-progress balance of Kshs.1,355,161,000 in respect of incomplete Education Resource Centre (ERC) for which the contract for its construction was awarded by the Institute on 03 May, 2013 at a contract sum of

Kshs.786,583,507. The contract was initially for a period of ninety-one (91) weeks. Cumulatively, the contractor had been paid an amount of Kshs.724,422,954 as at 30 June, 2025 and a further amount of Kshs.15,040,000 for lease-way payable at the rate of Kshs.1,500,000 per annum. However, the project had stalled due to non-remittance of the development funds to the Institute by the exchequer despite having an approved budget.

In addition, the following issues were noted: -

i. The project progress could not be verified since the status report was not provided for audit review;

ii. Retention according to the contract was 10% of certificates amount of Kshs.72,442,295 instead of an amount of Kshs.52,860,454 which has been disclosed in the register;

iii. The Management did not maintain a separate deposits bank account for holding and ring-fencing retention monies from being used for other purposes.

In the circumstances, value for money has not been realized from the investment of Kshs.739,462,954 on the construction of the Education Resource Centre.

2. Non- Compliance with Bad Debts Write-off Policy

As previously reported, the statement of financial position reflects current portion of receivables from exchange transactions balance of Kshs.130,818,000 as disclosed in Note 21 to the financial statements. The balance is net of provision for bad debts amount of Kshs.95,362,000 on account of long outstanding balance of Kshs.126,774,190 that relates to the period when the Institute was a department and later as a Semi-Autonomous Government Agency under the Ministry of Education with some dating back to 2006. Further, Note 22 to the financial statements discloses provision for bad debts of Kshs.6,026,000 on account of receivables from Presidential Working Party on Education Reforms, whose term has since lapsed and Kshs.6,597,000 from the Ministry of Education. However, Management has not obtained the approval to write-off the long outstanding debts in line with the Institute's bad and doubtful debt policy.

In the circumstances, Management was in breach of the law.

3. Non- Compliance with Preferential Procurement for Special Groups

Notes 14, 15, 16 and 17 to the financial statements discloses repairs and maintenance, programme areas services, donors/partners expenditure and general operational expenses of Kshs.36,114,000, Kshs.247,517,000, Kshs.6,488,676,000 and Kshs.158,939,000 respectively, all totalling to Kshs.6,931,246,000.

Included in the amount is Kshs.5,834,794,033 in respect of procurement contracts for goods, works and services signed during the year under review, out of which Kshs.2,079,373,800 was not supported by preference and reservations for procurements. This was contrary to Sections 157(5) and 10 of the Public Procurement and Asset Disposal Act, 2015 which provide that an accounting officer of a procuring entity shall, when processing procurement, reserve a prescribed percentage of its procurement budget, which shall not be less than thirty percent, to the disadvantaged group and comply with the provisions of this Act and the regulations in respect of preferences and reservations.

In the circumstances, Management was in breach of the law.

4. Failure to Deduct and Remit Procurement Capacity Building Levy

The statement of financial performance reflects Kshs.36,114,000, Kshs.247,517,000, Kshs.6,488,676,000 and Kshs.158,939,000 in respect of repairs and maintenance, programme areas services, donors/partners expenditure and general operational expenses as disclosed in Notes 14, 15, 16 and 17 respectively, all totalling to Kshs.6,931,246,000, all totalling to Kshs.6,931,246,000.

Included in the amount is Kshs.5,834,794,033 in respect of procurement contracts for goods, works and services signed during the year under review. However, Management did not provide evidence to confirm that public procurement capacity building levy amounting to Kshs.1,750,438 (0.03% of Kshs.5,834,794,033) was deducted and remitted to Public Procurement Regulatory Authority in accordance with the Public Procurement Capacity Building Levy Order, 2023. Further, the Institute did not provide copies of monthly returns and eCitizen platform payment schedules on levy amounts deducted and remitted to the Authority by the 20th day of every month from 01 September, 2024 to 30 June, 2025.

In the circumstances, Management was in breach of the law.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Effectiveness of internal controls, risk management and governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1. Non- Compliance with the One Third Gender Rule in the Council

During the year under review, the Institute Council had two (2) female members out of nine (9) members, which is below the one third of the total membership. This was contrary to Article 27(8) of the Constitution of Kenya, 2010 which provides that "not more than two thirds of members in elective or appointive bodies should be of the same gender".

In the circumstances, Management was in breach of the law.

2. Understaffing of the Institute

As previously reported, review of the Institute's human resource records revealed, that the Institute had two hundred and eighty-eight(288) staff in-post as at 30 June, 2025 against the authorized establishment of seven hundred(700), resulting to understaffing by four hundred and twelve (412).

In the circumstances, lack of adequate human resources may negatively impact on the Institute's service delivery to the public.

3. Lack of IT Strategic and Steering Committees

As previously reported, the Institute did not have IT strategic and IT steering committees in place. The absence of the Committees exposes the Institute to the risk of inability to identify potential security problems and put mitigating measures in place.

In absence of the Committees, the Institute's ability to implement technology solutions is doubtful.

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

Responsibilities of Management and the Council

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

In preparing the financial statements, Management is responsible for assessing the Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

The Council is responsible for overseeing the Institute's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/. This description forms part of my auditor's report.

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

04 December, 2025