


REPUBLIC OF KENYA



Enhancing Accountability

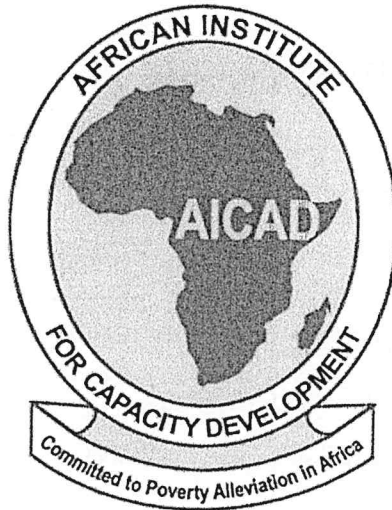
 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 22 SEP 2021	DAY: Wednesday
REPORT	
TABLED BY:	Chief Whip Hon. Wangwe Emmanuel
CLERK-AT THE-TABLE	Christine Ndintu

THE AUDITOR-GENERAL

ON

**AFRICAN INSTITUTE FOR CAPACITY
DEVELOPMENT**

**FOR THE YEAR ENDED
30 JUNE, 2019**



AFRICAN INSTITUTE FOR CAPACITY DEVELOPMENT

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING
JUNE 30, 2019

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KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

African Institute for Capacity Development (AICAD) is a Regional body established by Charter and subscribed by the Governments of the Republic of Kenya, the United Republic of Tanzania and the Republic of Uganda dated 10 November, 2003. It was established in the year 2000 with the assistance of the Japanese Government through Japan International Co-operation Agency and is registered in Kenya as a Company limited by guarantee, Certificate No. C.98855 dated 11th June, 2002. African Institute for Capacity Development (AICAD) has privileges and Immunities under the Privileges and Immunities Act, Cap. 179, (Laws of Kenya) - Legal Notice No. 18 dated 5th February, 2008.

(b) Principal Activities

The principal activity of the institute is to reduce poverty through human capacity development in Africa.

Mission

AICAD's mission is to link knowledge to application within communities in order to reduce poverty in partner countries in Africa.

Vision

AICAD is committed to be a leading African institute in building human capacity for poverty reduction.

(c) Key Management

Secretariat/Top Management

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2019 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Executive Director	-Prof Dominic Byarugaba
2.	Admin and Finance Director	-Mr Leonard Sang
3.	Training and Extension Director	-Mr Patrick Wakhu
4.	Research and Development Director	-Dr Benson Odongo

Fiduciary Oversight Arrangements

- Secretariat/Top Management

The Members of Management Committee are The Executive Director, Training and Extension Director, Research and Development Director and Administration and Finance Director who acts as the Secretary to the Management. Their roles includes but are not limited to administering day to day running of the institute, co-ordinating all the activities and programmes of the institute and maintaining an up to-date register of sustaining members of the institute, the partnering universities and other research organizations in region and beyond.

- Internal Auditor

He reports to the Audit committee of the governing board but with a dotted line to the Executive Director on administrative matters. The internal auditor is responsible for Accounting Control systems and ensuring adherence to Financial Regulations and Governing Board Approved Budget.

**Key entity information and management (continued)
Independent Auditors**

**Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya**

**Registered Office: AICAD Headquarters
Jomo Kenyatta University of Agriculture and Technology
Off Thika Road,
P.O.Box 46179 – 00100 GPO
Nairobi, Kenya.**

**Legal Advisers: Macharia – Mwangi & Njeru Advocates
ACK Garden House, Annex,
1st Ngong, Avenue,
P.O. Box 10627 – 00100,
Nairobi, Kenya**

**Principal Bankers: Barclays Bank Limited
Barclays Plaza, Business Centre
P.O. Box 46661
Nairobi, Kenya**

**Commercial Bank of Africa Limited
Mara and Ragati Roads, Upperhill
P.O. Box 30437 - 00100
Nairobi, Kenya
CfC Stanbic Bank
Thika Branch
Kigoshi Plaza
Private Bag
Thika, Kenya**

**Standard Chartered Bank
P.O. Box 71949
Kampala, Uganda**

**CRDB Bank
P.O. Box 3035,
Morogoro
Tanzania**

GOVERNING BOARD

1. PROF. COLLETTE A. SUDA, PHD, FKNAS, CBS,



Nationality : Kenyan
Position : Chief Administrative
Secretary (CAS) and Principal
Secretary (PS), State Department for
University Education and Research,

2. Mr. Alex Kakooza (Outgoing Chair of the Board)



**Permanent Secretary, Ministry of
Education and Sports Uganda, -**

Ministry of Education, Kenya. Prof. Suda, a full Professor of Sociology at the Institute of African Studies, University of Nairobi, is a Fellow of the Kenya National Academy of Sciences (FKNAS).

She is currently the Chairperson of the Governing Board of African Institute for Capacity Development (AICAD).

Qualifications

Postgraduate diploma in legal practice from the Law Development Centre-Kampala
Master of Business Administration- Investment Finance from University of Edinburgh Business School
Makerere University- Bachelor of Laws (LLB).

3. DR. LEONARD DOUGLAS AKWILAPO



Nationality : Tanzanian

Position : Permanent Secretary
Ministry of Education, Science and
Technology, Tanzania.

Qualification

1995-1999 : University of Trondheim
Ph.D (Inorganic Chemistry)
1989-1993 : University of Dar es
Salaam M.Sc. (Chem.)

4. DOROTHY N.O. KIMEU, MBS.



Nationality : Kenyan

Position : Director of Administration
in the National

Treasury (She represents PS national
Treasury. Current engagements
include representing the Cabinet
Secretary to the National Treasury in
the African Institute for Capacity
Development, (AICAD).

Ms. Kimeu is an alumna of Pangani
Girls High School (O-Level) and
State House Girls High School (A-
Level) and holds both BA and MA
degrees from the University of
Nairobi.

5. EMMANUEL TUTUBA MPAWE



Nationality : Tanzanian

Position : Assistant Commissioner
for Budget – Expenditure tracking and
Performance Monitoring (Ministry of
Finance and Planning) -He represents PS
ministry of Finance and Planning Tanzania

Qualifications

1999-2001 : Masters of Business
Administration in Corporate Management
“MBA: Corp MGT” (IDM –Mzumbe)
1996-1999 : Advance Diploma in
Economic Planning –ADEP (IDM-Mzumbe)
1992-1994 : Advanced Secondary
Education –EGM (Milambo Secondary
School)

1999-2001 : Masters of Business
Administration in Corporate
Management “MBA: Corp
MGT” (IDM –Mzumbe)

6. KENETH MUGAMBE



Nationality : Ugandan

Position : Ministry of Finance, Planning
and Economic Development (Representing
PS Finance Uganda)

Qualification

1995 - Master’s Degree in Social Sciences
majoring in Public Economic Management,
University of Birmingham, UK.

1995 - Postgraduate Certificate in Projects
and Management Development, University
of Bradford;

7. PROF CELESTINO OBUA



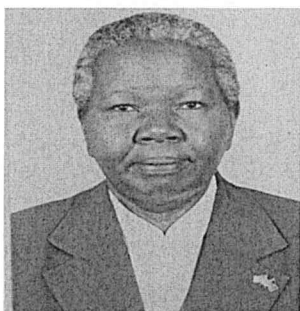
Nationality : Ugandan

Position : Vice Chancellor, Mbarara
University of Science and Technology
(MUST).

Qualifications

PhD in Pharmacology and a Fellow of the
Uganda Academy of Sciences (FUNAS). He
previously worked as the Ag. Deputy Dean,
School of Biomedical Sciences, and then
later as Deputy Principal, College of Health
Sciences, Makerere University.

8. PROF ASENATH JEROTICH SIGOT



Nationality : Kenyan

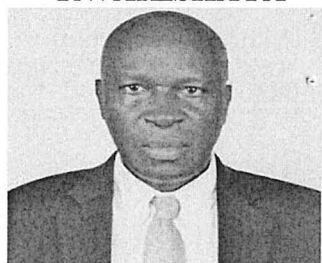
Position: Vice Chancellor, Masinde Muliro
University of Science & Technology

Qualification

Ph.D. : Educational Administration,
Planning and Curriculum Development,
Kenyatta University, 1988.

M.SC: Home Economics Education, Central
Missouri State University, U.S.A: Course
Work and Projects, 1979.

9. PROF DR ELI KATUNGUKA- RWAKISHAYA



Nationality : Ugandan

Position :Vice Chancellor,
Kyambogo
University

Qualifications:

B.V.M. (Makerere), M.V.M. (UCD,
Dublin), Ph.D (Glasgow).

1989-1992

Research in Animal Trypanosomosis at
Glasgow University Veterinary School
leading to the award of a Ph.D in Veterinary
Parasitology/ Medicine

1982-1984

University College Dublin, Republic of
Ireland. Conducted research leading to a
degree of Master of Veterinary
Medicine (1984)

11. KATSUTOSHI KOMORI (MR)



Nationality : Japanese

Position: Chief Representative, Kenya Office, Japan International Cooperation Agency (JICA)

Qualifications

Mar. 1994: Graduated from Tokyo University, Department of Integrated Sciences, College of Arts and Sciences

Mar. 1996: Obtained Master's Degree in Physics from Tokyo University

10. PROF. ELIFAS TOZO BISANDA



Nationality : Tanzanian

Position : Vice Chancellor,
The Open University of Tanzania

Qualifications

June, 1991 : Bath, U.K. - Ph.D. in Composite Materials (Materials Science)

June, 1984 : Cranfield, Bedford, U.K. - M.Sc. (Materials)

11. PROF. DOMINIC BYARUGABA






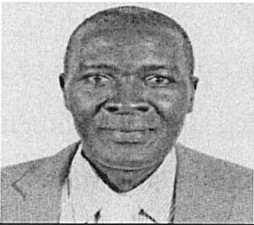
Nationality : Ugandan
Position : Executive Director, AICAD
– Secretary to the Governing Board

Qualifications:

PhD in Ethno-botany.

MSc. (Environment- Pollination Ecology of canopy forest species);

MANAGEMENT TEAM

<p>1. Prof Dominic Byarugaba</p>  <p>Qualifications PhD(Ethno-Botany), (Environment), (Botany/Zoology)</p> <p>Msc Bsc</p>	<p>Executive Director Responsibilities Executive Director AICAD and Head of the Secretariat.</p>
<p>2. Mr Leonard Sang</p>  <p>Qualifications Master of Business Administration(MBA), Bachelor of Commerce (Accounting), CPA(K), and member of Institute of Certified Public Accountants of Kenya</p>	<p>Administration & Finance Director Responsibilities Administration and Finance Director AICAD</p>
<p>3. Patrick Wakhu</p>  <p>Qualifications Master of Science (Survey Integration for Resources Development (NRM)), Postgraduate Diploma (Survey Integration for Resources Development, Bachelor of Science (Hons), Zoology(Major, Chemistry & Botany(Minor)</p>	<p>Training and Extension Director Responsibilities Heads the Training and Extension Division</p>
<p>4. Dr Benson Odongo</p>  <p>Qualifications Doctoral(Phd) degree in Agricultural Entomology, M.Phil in Applied Entomology, Bsc Botany and Zoology</p>	<p>Research & Development Director Responsibilities Heads the Research and Development Division</p>
<p>5. Vacant</p>	<p>Information Networking Documentation and Marketing Heads the information Networking Documentation and Marketing Division</p>

CHAIRPERSON'S STATEMENT

Ladies and gentlemen, I salute you all. Allow me to communicate to you through this Annual Report in my capacity as the Chairman of the Governing Board of the African Institute for Capacity Development. As you all know, The African Institute for Capacity Development was established jointly by the governments of Kenya, Uganda and Tanzania with support from the government of Japan through Japan International Cooperation Agency Japanese arm of Development Cooperation and External Linkage. The main objective of the Institute is to support efforts of poverty alleviation in Africa through human capacity building. AICAD seeks to strengthen the educational, research and service delivery of universities and other institutions of higher learning in linking knowledge to application to avert society problems through research derived solutions in the mandated areas of Agriculture, Environment, Health Equity, Technology, Information, Irrigation, Value Addition and General information Sharing using mechanisms and platforms as they emerge for the best fit best practice devolution mechanisms. To achieve her objective of poverty reduction, AICAD seeks to empower indigenous people from across Africa through research, new and modern technology that suits the conditions of the people's localities and environments and bridging the institutions that create the technology with the users of the technology with appropriate solutions. In doing this, AICAD utilizes human resources and other resources through partnerships with governments, universities, research institutions and organizations, industry, non-governmental organizations, community based organizations and government agencies as pivotal pillars in executing her mandate. The success in making these key players work in harmony is the endeavour to reduce poverty on the continent.

In the fiscal year 2018-19 several activities were carried out and accomplished by the Institute as detailed in this report. Some of the accomplished programmes included Rural Women Empowerment Programme, Enterprise Development, Research and Development Strategy Planning and Fund Raising Skills for All Stake Holders and management, Nanenane exhibition and Information dissemination through a wide range of publications. Governing Board meetings were also successfully held during the year as planned on the management calendar.

I sincerely thank all our stakeholders for your continued support to AICAD and your trust in us to deliver the institutes mandate. Special thank go to the Governing Board members, the governments of Kenya, Tanzania, Uganda, partnering universities, and AICAD Secretariat for

the tireless efforts towards supporting the Institute to perform the designated duties. The organization could not have come this far without the support. May this spirit of support continue so that we can help AICAD achieve good results and excel to take Africa out of poverty through meaningful planning, timely execution of activities and programmes and standard accountability of the resources the institute hold in trust for a greater society.



Prof Collette Suda, PhD, FKNAS, EBS, CBS
Chairperson, AICAD
NAIROBI, KENYA

REPORT OF THE CHIEF EXECUTIVE OFFICER

It is with great pleasure that I submit AICAD's audited financial statements for the fiscal year ended 30th June 2019. The report focuses on AICAD's main mission of human capacity development through linking knowledge to application in order to reduce poverty in the member states of Kenya, Tanzania and Uganda. The report is in two main parts; the first one dealing with programme activities undertaken in the course of the year, while the second part deals with administration and finance.

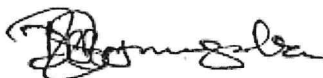
The Programme activities undertaken under the Training & Extension Division include; Rural Women Empowerment Training Programme in Kuria West, Migori County in Kenya, Enterprise development by Uganda Country Office in Katukuru Catholic Parish, Mbarara District and Trainer of Trainers Course in Banana and Tea production for South Western Uganda Extension Workers held at Mbarara University of Science and Technology, training on Value addition and Irrigation in Tanzania. A monitoring and evaluation carried out on Matayos cassava production in Busia and the Value Addition to perishable Agricultural Products for Central Kenya Region Counties of Kiambu, Muranga, Kirinyaga, Nyeri, Tharakanithi, Embu, Machakos held at AICAD headquarters. For every training activity there were recommendations captured but let me dwell on the Matayos Cassava Production in Busia Kenya that came up with the following recommendations among other things; A small budget be set aside for allocation to corrective actions such as restocking of failed Cassava cuttings to ensure that the project is on course, intensify monitoring and evaluation and link the farmers with the local extension agents for proper agronomic practices. As the region transits to expanded cassava production uses like in the production of beverages there is urgent need to do more research and equip society with the requisite skills to mass produce and gain from this lucrative emerging market.

AICAD was well represented during the Nanenane exhibition in Morogoro in Tanzania. We shall continue to engage in such fora as it's the platform through which AICAD can increase its visibility, deliver the required solutions to population with results exhibited at these well attended functions.

During the year under review the Assistant country director Tanzania Country Office Ms. Elida Busagalla left AICAD service. We regret her departure as she had served in two capacities rising from programme officer to Assistant Country Director and with a lot of institutional memory to serve mankind further. AICAD wishes her the best of luck in her future endeavours.

AICAD continues to strive to improve the working condition in order to improve the staff retention and tame the staff turnover which has become an institutional problem in all organizations based the premise that as a capacity building expert many other organization poach senior staff with increased remuneration considering that AICAD has the notch limit that keeps staff stagnant when the get to the position top notch something that must be discussed and removed to give staff hope and morale in increased remuneration. The year was particularly challenging financially, due to delays in remittance from some member states. This is not unique to AICAD alone as other sister organizations that depend on government remittance face similar challenges. We continue to urge the member states to be making timely remittance. In the fiscal year under review the Institute was able to move from an operating loss of Ksh 6.8 million in 2017/18 to an operating profit of Ksh 5.3 million in 2018/19 financial year. This could be attributed to a decrease in Employee cost from Kshs 65.8 million in 2017/18 to Ksh 57.5 million in 2018/2019. However AICAD faced the heaviest exit and separation costs in this year under review as 3 senior and top staff separated with the employer. The Board Expenses costs also went down from Kshs 5.2 million in 2017/18 to Kshs 4.7 million in 2018/19 financial year. The revenue remained relatively constant due to the low usage of AICAD facilities. AICAD is in the process of improving its visibility in order to increase the utilisation of its facilities through aggressive marketing as the institute has serene environment to hold an interrupted meetings and accommodation irrespective of competition in this market service.

The Management appreciates the effort of all stakeholders who have made it possible for AICAD come this far, special thanks go to the Outgoing Chairperson and his entire Governing Board for standing with the Institute in a particularly difficult year 2018/2019 which saw and experiences forensic audit. Appreciation also goes to the staff for their perseverance through the year and morale maintenance during the transition period. Management remains committed to perform AICAD's mandate to the expectations of society, Governing Board and General Public as all resources are held in trust.



Prof. Dominic Byarugaba
Executive Director,
AICAD NAIROBI,
KENYA

CORPORATE GOVERNANCE STATEMENT

During the financial year 2018/2019 five (5) board meetings were held. The Technical Committee held a special meeting in Kampala on 21st August 2018. The rest of the committee meetings namely 6th Technical Committee, 6th Administration Finance and Planning Committee, 19th Governing Board and 4th Annual General Meeting were held on 21st, 22nd, 23rd and 24th May 2019 respectively. There was quorum in all the meetings. The Chair of the Governing board which is held on rotational basis among member countries of Kenya, Tanzania and Uganda was handed to Kenya under the stewardship Prof. Colette Suda as in-coming Chairperson. The chairpersons of the respective committees are also held on a rotational basis; Technical Committee Chairperson went Kenya and Administration Finance and Planning went To Uganda. The Governing Board curved out another Committee, Audit Committee and it is to be chaired by Uganda.

Existence of a board charter

African Institute for Capacity Development was established through a Charter signed by the Permanent Secretaries of the Ministries of Education, Science and Technology Kenya, Ministry of Science, Technology and Higher Education Tanzania in 2003 and Ministry of Education and Sports Uganda.

Succession plan

The Chairperson of the Governing Board will be the Permanent Secretary in charge of Higher Education in one of the (3) East African countries. The first Governing Board Meeting was chaired by the country hosting AICAD (Kenya). Subsequent chairpersons shall be on annual rotational basis in the three Governments of Kenya, Tanzania and Uganda

Roles and functions of the council

- (i) To approve the budget of the Institute.
- (ii) To administer the properties and funds of the Institute so as to promote the best interests of the institute.
- (iii) To receive on behalf of the Institute donations, grants or other funds and to authorize through approved budgets the legitimate expenditure thereof.

- (iv) Promote ideals of the Institute within and without the designated region.
- (v) Determine for each fiscal year the number of activities and modalities of carrying them out.
- (vi) Approve the entry into any agreement and association with other academic, research and development, non-governmental organizations, private and government institutions within or from outside the African region for the promotion of the institute's ideals.
- (vii) Cause the institute to enter into such contracts in the name of and on behalf of the institute as it thinks expedient for the purpose of the institute.
- (viii) Make by-laws and regulations for the proper management of the affairs of the institute.
- (ix) Appoint such remuneration and on such terms as the council may decide, and to remove employees or agents of the institute.
- (x) To acquire, hold, improve, sell, rent, let, hire, mortgage, donate or deal with in any other way, any property, movable or immovable in the name of and in the purposes of the institute.
- (xi) To determine and change at its discretion, the place at which the head office of the institute shall be situated.
- (xii) To appoint representatives of any bargaining or statutory council in which the institute or any member is concerned.
- (xiii) Approve the institute's conduct, defence, compounding or abandonment of any proceedings by or against the institute in any court of law or before an arbitrator, wage board or other body constituted according to law and without prejudice to any other provision provided herein, to recover by legal proceedings or otherwise any amount due to the institute.
- (xiv) To appoint standing committees, sub-committees and ad hoc committees or ad hoc working parties which the council in its discretion deems necessary.
- (xv) To delegate any of its functions or powers to any member of the council or to any principal committee established by the said council or to any employee of the institute upon such terms and conditions as the council may decide.

Process of appointment and removal of directors

The Board shall constitute;

- a) The board chairperson.
- b) The vice chancellors of participating universities.
- c) One representative of the Ministry of Education from participating countries.
- d) One representative from the Ministry of Finance of participating countries.
- e) Five representatives of the government of Japan.
- f) Officials of the Japanese embassy in JICA and Kenya headquarters shall attend as observers.
- g) The Executive Director as the secretary of the Board.

The Board may at any time and from time to time in its discretion appoint any representative of a participating country as an additional member of the Board provided that the maximum number of additional members of the Board at any time shall not exceed three (3). Each member so appointed by the Board shall hold office until the next Annual General Meeting after such member's appointment when such member shall but shall be eligible for re-election.

If a member of the Board resigns by giving notice in writing to the Executive Director of such resignation or if such a member of such a Board ceases to be a representative of an ordinary member, such member shall cease to hold office as a member of the Board.

Governance audit

Once at least every year the accounts of the Institute shall be examined and the correctness of the income and expenditure account and balance sheet ascertained by one or more qualified auditor or auditors.

An auditor or auditors shall be appointed by the Board on such terms and conditions as the Board deems fit. The auditor or auditors shall carry out the audit or audits of the Institute's books of account and records of receipts and expenditure of income and report thereon.

Ethics and conduct

The provisions of Section 28 of the Act (relating to membership of a company) shall be observed by the Institute and every member of the Institute shall either sign the register on becoming a member or otherwise signify his agreement to become a member.

Each member of the Institute shall be subject to the provisions of these articles in relation to his membership and shall be deemed to have had knowledge thereof and to have consented thereto upon or prior to his becoming a member.

Board and member performance

Any member who has infringed the provisions of the Institute's articles or any by laws passed by the Board, or being, in the opinion of the Board guilty of any practice or proceeding likely to bring discredit upon the Institute may be expelled from the Board.

Board remuneration

Save and except so far as the provisions of the Institute articles, the Board members shall be indemnified and secured harmless out of the assets of the Institute from and against all actions, costs, charges, losses, damages and expenses which they, or their or any of their personal representatives shall or may incur or sustain by reason of any act done or concurred in, or omitted in or about the execution of their duty or supposed duty in their respective offices except such, if any, as they shall incur or sustain due to their willful neglect or default.

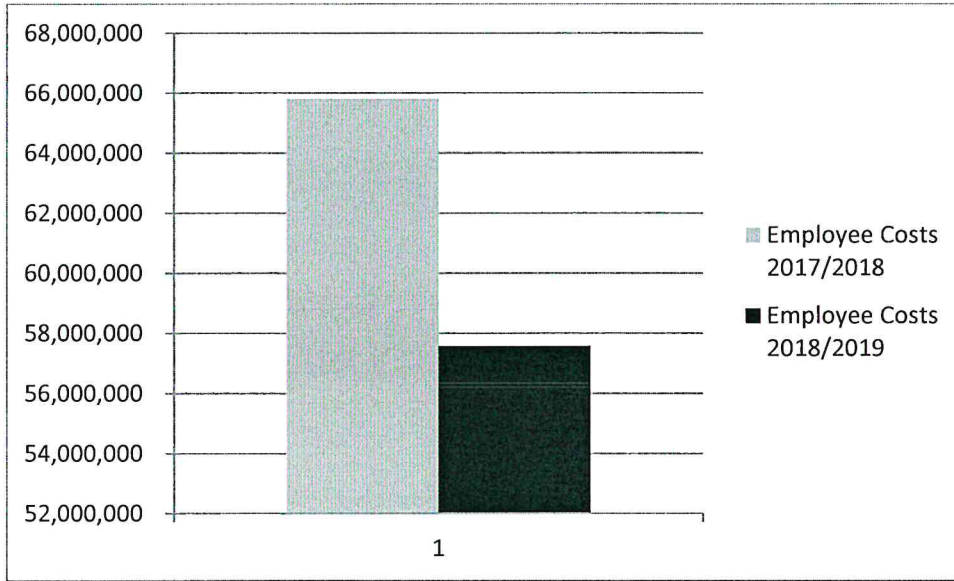
The Board shall have power to appoint at such remuneration and on such terms as the Board may decide.

Induction and training

Admission of members of Board in the place of those retiring is done by the Board on an Annual General Meeting.

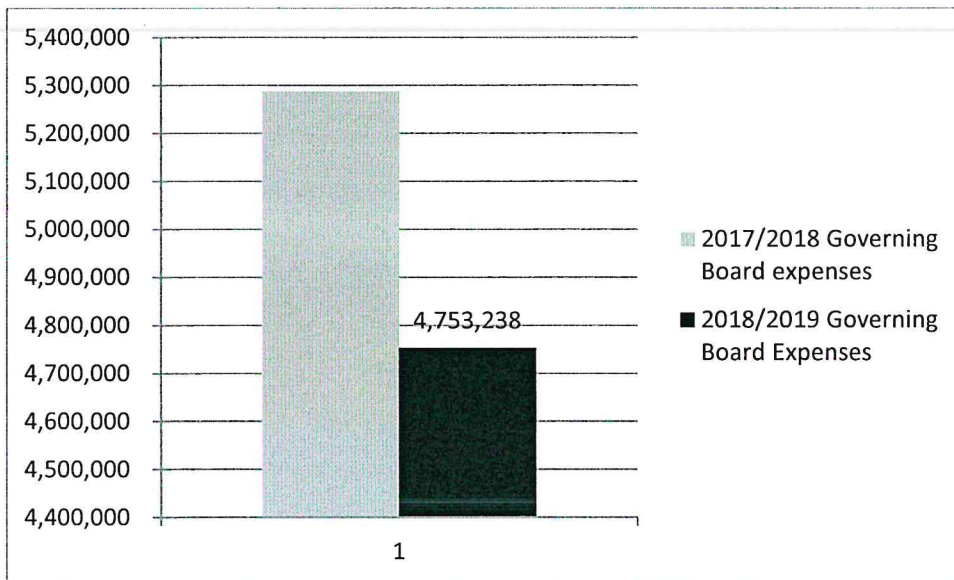
MANAGEMENT DISCUSSION AND ANALYSIS

The following is an overview of the activities of AICAD in the financial year ended 30th June 2019



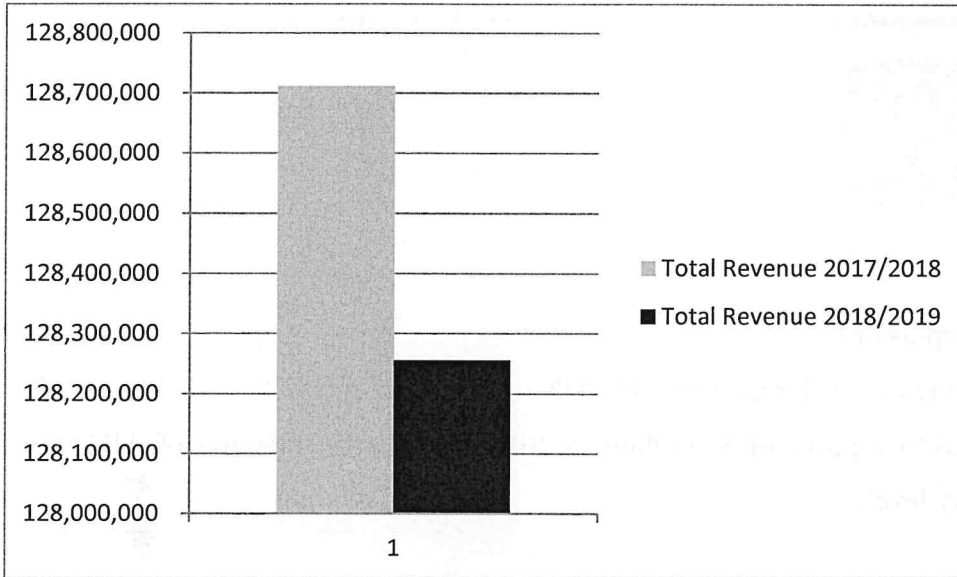
Source: AICAD Employee Costs

The management has been involved in major cost cutting measures that have led to reduction of employee costs from a high of Ksh 65.8million in 2017/2018 to Ksh 57.5million in 2018/2019.



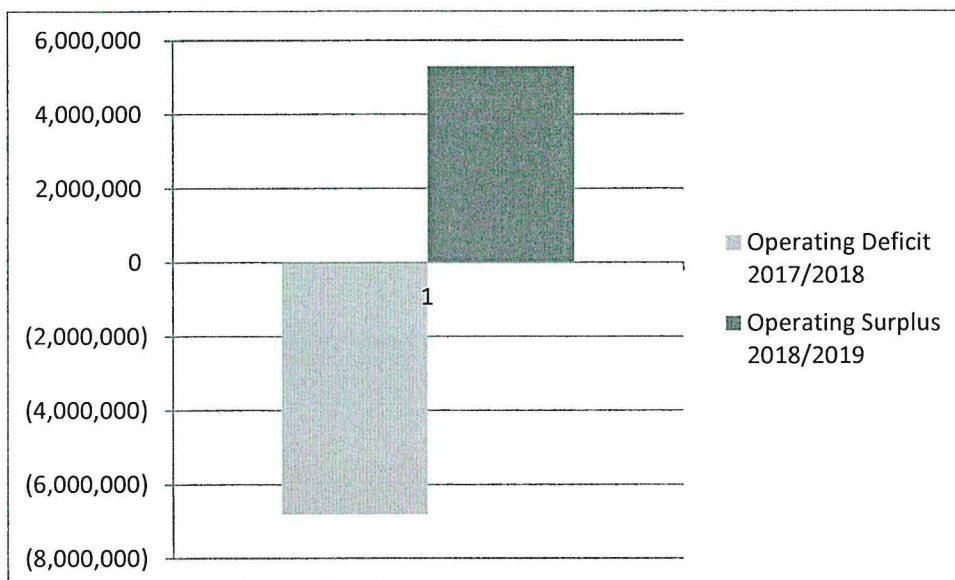
Source: AICAD Governance Board Expenses

The cost cutting measures have not been restricted in the arrears of employee costs only but also the governing board expenses which has gone down from Ksh 5.2 million in 2017/2018 to Ksh 4.7 million in 2018/2019. It's the intention of management to further lower other costs without compromising the quality of service offered to our customers. These will be achieved through cost cutting measures such as innovation and the use of information technology.



Source: AICAD Total Revenue

The Revenue went down by about Ksh 450,000 from Ksh 128.7 million to Ksh 128.25 million. This was majorly caused by slowdown of the business environment where AICAD facilities were not fully utilised. The Management is in the process of not only collaborating with competitors but aggressively advertise.



Source: AICAD Net Surplus or loss

The cost cutting measures have borne fruit AICAD was able to move from a loss of Ksh 6.8million in 2017/2018 to a profit of 5.3million in 2018/2019.Its the intention of AICAD to maintain the profitability level.

AICAD does not have any running capital projects. It continues to carry out human capacity building to reduce poverty through its departments of Training and extension, Research and development and Information network and documentation.

AICAD continues to comply with the legal requirements. It continues filling annual returns while paying statutory payments like Pay as You Earn, Value Added Tax, and National Hospital Insurance fund among others. It is the intention of AICAD to continue to implement current and new legal requirements.

The risks AICAD faces include but not limited to; competition from similar organisations like Regional Universities Forum for Capacity Building in Agriculture(RUFORUM).AICAD intends to look for ways to collaborate with RUFORUM, delay and low funding from partner states. As per the 2012 post JICA agreement. Each member state was to contribute USD 650,000.So far only Kenya is approaching that target by contributing USD 560,000.There is also the delay in remittance .AICAD hopes to continue encouraging member states to reach the agreed target as

well as remit on time. Ageing building and Infrastructure which need to be refurbished to provide a conducive environment for training and research and development.

The major material arrears that AICAD faces is accumulated gratuity of Ksh 54million. The management continues to encourage the member states to honour their obligation so that the debt can be settled

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

AICAD has and continues to play its fair share of corporate social responsibility. It recently held training for all staff about Public Procurement and disposal Act 2015. This was meant to equip the staff members on how to conduct the procurement process in an efficient, effective and lawful manner. This training was equally extended to three key service providers namely, the Companies that were contracted to deliver cleaning, security, gardening and cafeteria services.

During the financial year 2018/2019 the Executive Director was partially facilitated for training in Malaysia at a global meeting of Research Organizations under WITRO/SIRIM in the Asia-Africa Cooperation, several staff particularly the Administration and Finance Division with new staff were supported in various training in their line service delivery. It is the hope of AICAD that the trainings will enable all beneficiary staff to offer visionary leadership and performance.

Other staff members who were trained include Administration and Finance director, Internal Auditor, Accountant Accounts Assistant at headquarters and the Assistant Country Director Kenya Country Office. AICAD has an in-house staff SACCO that continues to gain free resources and when they hold their committee and Annual general meetings.

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2019 which show the state of the AICAD's affairs.

Principal activities

The principal activities of the entity are Human capacity development in order to alleviate poverty in the 21st century, through collaboration and co-operation of governments, universities and other stake holders taking into account various issues such as agriculture, technology, environment and health.

Results

The results of the entity for the year ended June 30, 2019 are set out on page 1.

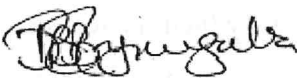
Directors

The members of the Board of Directors who served during the year are shown on page v.

Auditors

The Auditor General is responsible for the statutory audit of AICAD in accordance with The Special Governing Board of 2017 in Arusha for the period ended June 30, 2019

By Order of the Board



Prof Dominic Byarugaba

Executive Director

Date:.....
26th September 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and (section 14 of the State Corporations Act,) - require the Directors to prepare financial statements in respect of that entity, which give a true and fair view of the state of affairs of the entity at the end of the financial year/period and the operating results of the entity for that year/period. The Directors are also required to ensure that the entity keeps proper accounting records which disclose with reasonable accuracy the financial position of the entity. The Directors are also responsible for safeguarding the assets of the entity.

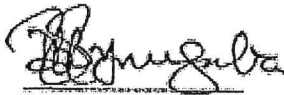
The Directors are responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2019. This responsibility includes: (i) maintaining adequate 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 entity; (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 entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the entity'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, 2012 and (the State Corporations Act section 14) and other AICAD enabling statutes. The Directors are of the opinion that the entity's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2019, and of the entity's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

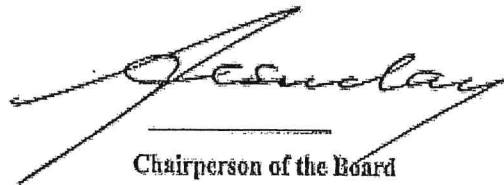
Nothing has come to the attention of the Directors to indicate that the entity will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The financial statements were approved by the Board on 26/09/ 2019 and signed on its behalf by:



Executive Director



Chairperson of the Board

**REPORT OF THE AUDITOR GENERAL-AFRICAN INSTITUTE FOR CAPACITY
DEVELOPMENT**

*African Institute for Capacity Development
Annual Reports and Financial Statements
For the year ended 30 June, 2019.*

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON AFRICAN INSTITUTE FOR CAPACITY DEVELOPMENT FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of the African Institute for Capacity Development set out on pages 1 to 30, which comprise the statement of financial position as at 30 June, 2019, 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 African Institute for Capacity Development as at 30 June, 2019, 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 Companies Act, 2015 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 African Institute for Capacity Development Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

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 matter 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. Long Outstanding Grants Receivables

The statement of financial position reflects grants and other receivables of Kshs.100,086,728 which, as disclosed in Note 14 to the financial statements, includes an amount of Kshs.68,791,420 being grants receivables. Documents provided for audit relating to grants receivables revealed that amounts of Kshs.40,492,025 and Kshs.28,299,395 were due from the Republic of Uganda and the United Republic of Tanzania respectively. However, the amount of Kshs.40,492,025 due from the Republic of Uganda had been outstanding since the 2016/2017 financial year casting doubt on its recoverability. Further, late remittance of grants due to the Institute by the respective member countries will negatively affect the continued operations of the Institute.

2. Delay in Payment of Employee Gratuity

The statement of financial position reflects employee benefits obligation of Kshs.54,957,075. However, examination of gratuity records provided for audit, indicated that Management had failed to honor its obligation of paying gratuity to staff upon successful completion of their contracts, some of whom have exited over the years. This is contrary to the provisions of Section 1.5 of the Institute's Terms, Conditions of Service and Regulations on Gratuity which provides that every employee of the Institute on long term contract shall be entitled to a 25% gratuity for every year of service completed. As at 30 June, 2019, the Institute had accumulated Kshs.54,957,075 being gratuity owed to former and current staff members.

The Institute was therefore, exposed to litigation from former staff members and additional costs may be incurred in penalties and interests which have not been taken into account in the outstanding gratuity balance reported.

The audit was conducted in accordance with ISSAI 4000. The standard requires 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 are in compliance, 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, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

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 control, risk management and overall 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Companies Act, 2015, I report based on my audit, that:

- (i) 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;
- (ii) In my opinion, proper books of account have been kept by the Institute, so far as appears from my examination of those books; and,
- (iii) The Institute's statement of financial position and statement of financial performance are in agreement with books of account.

Responsibilities of Management and those Charged with Governance

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 control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, 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 the Management is aware of intention to terminate the Institute or 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 are

in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the Institute's financial reporting process, reviewing the effectiveness of how the entity 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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, 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 accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control 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 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to continue as a going concern or to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Institute to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Institute to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



Nancy Gathungu
AUDITOR-GENERAL

Nairobi

12 August, 2021

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2018-2019	2017-2018
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from other governments –Kenya	1	56,000,000	56,000,006
Transfers from other governments –Tanzania	1	25,262,500	25,262,500
Transfers from other governments – Uganda	1	27,176,000	27,176,000
		108,438,500	108,438,506
Revenue from exchange transactions			
Seminar Income	2	4,936,089	4,599,670
Rental revenue from facilities and equipment	3	6,752,736	6,452,225
Other income	4	7,458,741	8,265,356
		19,147,566	19,317,251
Revenue from Forex Transactions			
Gain on foreign exchange transactions	11	669,882	955,965
		669,882	955,965
Total revenue		128,255,948	128,711,772
Expenses			
Employee costs	5	57,579,622	65,814,601
Administrative Expenses	6	11,602,548	12,155,621
Governance-Board Expenses	7	4,753,238	5,287,050
Program Costs	8	27,721,081	30,733,945
Use of Goods and Services	9	7,680,085	7,288,440
Depreciation Expense	10	13,617,094	14,250,418
Total expenses		122,953,668	135,530,075
Surplus/(deficit) for the period/year		5,302,280	(6,818,353)
Non Monetary Grant	13	13,152,840	13,602,030
Net Operating Balance for the year		18,455,120	6,783,677

The notes set out on pages 13 to 22 form an integral part of these Financial Statements

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Notes	2018-2019	2017-2018
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	17	8,722,020	9,571,865
Inventory	15	119,275	-
Grants and Other Receivables	14	100,086,728	71,984,362
Financial Assets	18	244,767	234,726
		109,172,790	81,790,953
Non-current assets			
Property, plant and equipment	19	385,035,732	398,600,826
		385,035,732	398,600,826
Total assets		494,208,522	480,391,779
Liabilities			
Current liabilities			
Short Term Loan	21	1,986,789	2,268,043
Employee benefit obligation	22	54,957,075	47,209,971
Trade and other payables	23	15,614,433	14,565,820
		72,558,297	64,043,834
Non-current liabilities		0	0
Total liabilities		72,558,296	64,043,834
Net assets		421,650,225	416,347,945
Accumulated surplus		2,690,275	(15,764,845)
Non-monetary Grants	20	383,959,950	397,112,790
Capital Fund	12	35,000,000	35,000,000
Total net assets and liabilities		421,650,225	416,347,945

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:

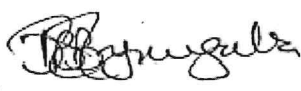
Executive Director

Accountant

Chairperson of the Board

Name: DOMINIC BYARUGABA **Name:** LEONARD SANG **Name:** PROF. COLLETTE SUDA

ICPAK Member Number:

Sign 

Sign:  2746

Sign: 

Date: 26/09/2019

Date: 26/09/2019

Date: 26/09/2019

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 30 JUNE 2019

	Non-Monetary Grant	Capital Fund	Retained earnings	Total
At July 1, 2017	410,714,820	35,000,000	(22,548,522)	423,166,298
Additions and valuations				-
Transfer of depreciation/amortisation from capital fund to retained earnings	(13,602,030)	-	13,602,030	-
Operating balance for the year-Page 1			(6,818,353)	(6,818,353)
At June 30, 2018	397,112,790	35,000,000	(15,764,845)	416,347,945
At July 1, 2018	397,112,790	35,000,000	(15,764,845)	416,347,945
Transfer of depreciation/amortisation from capital fund to retained earnings	(13,152,840)	-	13,152,840	-
Operating Surplus for the year- Page 1			5,302,280	5,302,280
At June 30, 2019	383,959,950	35,000,000	2,690,275	421,650,225

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2018-2019	2017-2018
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Government Grants -Kenya	27	56,000,000	87,472,936
Government Grants -Tanzania	27	11,026,307	145,559,772
Government Grants - Uganda	27	14,917,181	13,367,155
Receipts From Customers(Accomodation,Seminar Room)	27	23,512,096	8,126,303
University Subscriptions		5,258,770	17,735,484
Foreign Exchange difference		-	955,965
Total Receipts		110,714,354	273,216,756
Payments			
Compensation of employees	27	41,658,227	38,790,420
Payment to Suppliers		25,988,756	26,801,433
Program and Activities		4,509,324	141,380,592
Use of Goods and Services/Administration Expenses		23,551,565	31,774,716
Tax Paid		12,906,527	24,928,805
Total Payments		108,614,399	263,675,966
Net cash flows from operating activities		2,099,955	9,541,649
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(52,000)	(40,000)
Net cash flows used in investing activities		(52,000)	(40,000)
Cash flows from financing activities			
Repayment of borrowings		(2,897,800)	-
Net cash flows used in financing activities		(2,897,800)	-
Net increase/(decrease) in cash and cash equivalents		(849,845)	9,501,649
Cash and cash equivalents at 1 JULY	17	9,571,865	1,026,181
Effects of foreign exchange difference		-	(955,965)
Cash and cash equivalents at 30 JUNE	17	8,722,020	9,571,865

*African Institute for Capacity Development
Annual Reports and Financial Statements
For the year ended June 30, 2019*

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 30 JUNE 2019

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Percentage difference	Remarks
	2018-2019	2018-2019	2018-2019	2018-2019	2018-2019	%	
	Kshs	Kshs	Kshs	Kshs	Kshs		
Revenue							
IGA	30,000,000	-	30,000,000	5,864,761	24,135,239	80	Low use of AICAD Facilities
Government grants - Kenya	56,000,000	-	56,000,000	56,000,000	-	-	
Government grants - Tanzania	25,262,451	-	25,262,451	25,262,451	-	-	
Government grants - Uganda	27,176,000	-	27,176,000	27,176,000	-	-	
Participating Universities	6,600,000	-	6,600,000	7,200,000	(600,000)	9	Member Universities Remained Loyal
Other Donor Support	28,250,000	-	28,250,000	0	28,250,000	100	Lack of Funds for donor Mobilisation
Rental Income	10,000,000	-	10,000,000	6,752,736	3,247,264	32	Low use of AICAD Facilities
Total income	183,288,451	-	183,288,451	128,255,948	55,032,503		
Expenses							
Compensation of employees	69,417,170	-	69,417,170	57,579,622	11,837,548	17	Not all staff were employed
Program and Activities	74,318,944	-	74,318,944	27,721,081	46,597,863	63	Delay in Remittance
Administration Costs	14,127,500	-	14,127,500	11,602,548	2,524,952	18	Cost cutting Measures like reduction in Travel
Governance -Board Expenses	3,062,500	-	3,062,500	4,753,238	(1,690,738)	-55	Increase in Governing Board Meetings
Establishment Costs	21,842,337	-	21,842,337	21,245,179	597,158	3	
Purchase of Assets	520,000	-	520,000	52,000	468,000	90	Delay in Remittance
Total expenditure	183,288,451	-	183,288,451	122,953,668	60,334,783		
Surplus for the period	-	-	-	5,302,280	(5,280,280)		

Background Information

(a) Legal Status

AICAD is registered in Kenya as a Company (limited by guarantee and not having a share capital) under the Companies Act, Cap 486 (Laws of Kenya), Registration Certificate No. C.98855 dated 11 June, 2002. It also enjoys privileges and immunities under the Privileges and Immunities Act, Cap 179, (Laws of Kenya) - Legal Notice No. 18 dated 5th February, 2008.

(b) Mission and Vision

Mission

AICAD's mission is to link knowledge to application within communities in order to reduce poverty in partner countries in Africa.

Vision

AICAD is committed to be a leading African institute in building human capacity for poverty reduction.

SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

During the year, the Governing Board resolved to have the organization subsequently be audited by the Auditor General's Office and thereby adopting International Public Sector Accounting Standards (IPSAS).

(b) Revenue

The Institute's revenue mainly comprises of grants received or receivable from the East African Governments, Subscriptions from member universities, and receipts from income generating activities, utilization of AICAD facilities and other sources.

Grants are recognized when utilized. Grants are recognized at their fair value on a contractual basis according to the terms of the donor contracts and all attaching conditions.

The Institute recognizes receipts and other revenues when the amounts can be reliably measured; it is probable that future economic benefits will flow to the entity and when the specific criteria have been met for each activity.

(c) Expenditure

Expenditure is recognized when paid. Accruals are made at year-end to account for expenditure incurred and not paid for at the date of the statement of financial position.

(d) 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 at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprest and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

Significant accounting policies (continued)

(e) Depreciation

Depreciation is calculated on the straight line method at rates estimated to write down the cost of each asset to its residual value over its estimated useful life using the following annual rates:

Asset Class	Annual Rate %
Computer equipment	33.3
Health fitness equipment	33.3
Catering equipment	33.3
Motor vehicles	25.0
Furniture and fittings	12.5
Office equipment	10.0
Buildings	2.0

Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

(f) Non-Monetary Grants

Non-monetary grants represent capital asset donations received and are recognized at cost or fair market value.

The donated assets are capitalized and included in property and equipment.

The cost of non-monetary grants is amortized at the asset depreciation rates to write down their values.

(g) Intangible Assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is computed and recognized on a straight-line basis over the estimated useful life of the asset. The estimated useful life and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Significant accounting policies (continued)

Computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. The costs are amortized over the estimated useful life of the software which is estimated to be 3 years.

(h) Trade Payables

Trade payables arise from the ordinary course of business where the organization receives goods and services and pays for them at a later date. Payables include accruals for leave and provisions for future severance obligations which may or may not crystallize

(i) Trade Receivables

Trade receivables are carried at original invoiced amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end.

Trade receivables not collectible are written off against the related provisions through the statement of comprehensive income. Subsequent recoveries of amounts previously written off are credited to the statement of comprehensive income in the year of recovery.

(j) Financial Assets

Financial assets are carried at market. A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. The amount of the impairment loss for assets carried at amortized cost is calculated as the difference between the assets carrying amount and the present values of expected future cash flows, discounted at the financial instrument's effective interest rate. Impairment losses are taken into account when determining operating results for that year.

(k) Financial Liabilities

Financial liabilities are recognized initially at fair value and subsequently measured at amortized cost, using the effective interest rate method.

(l) Pre-operating Costs

Pre-operating costs are expenses incurred to set up and operationalize the institute. Such costs are capitalized and thereafter amortized over their estimated useful life of five years. The Institute's intangible assets have been fully amortized.

Significant accounting policies (continued)

(m) Employee Entitlements

Employees are entitled to gratuity at 25% of the employee's basic pay recognized on an accrual basis. A provision is made for the estimated liability for such entitlements as a result of services rendered by the employees up to the date of the statement of financial position.

The organization and its employees contribute to the National Social Security Fund (NSSF) of the Republic of Kenya. NSSF is a statutory defined contribution retirement benefit scheme registered under the NSSF Act. The organisation's contributions are charged to the statement of comprehensive income in the year to which they relate.

(n) Translation of Foreign Currencies

On initial recognition, all transactions are recorded in the functional currency (the currency of the primary economic environment in which the Institute operates), which is Kenya Shillings.

Transactions in foreign currencies during the year are converted into the functional currency using the exchange rate prevailing at the transaction date. Monetary assets and liabilities at the date of the statement of financial position denominated in foreign currencies are translated into the functional currency using the exchange rate prevailing at that date. The resulting foreign exchange gains / losses from the settlement of such transactions and from year end translation are recognized on a net basis in the statement of comprehensive income in the year in which they arise, except for differences arising on translation of non-monetary assets available-for-sale which are recognized in the statement of comprehensive income.

(o) Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year

(p) Budget Information

The original budget for FY 2018-2019 was approved by the National Assembly of member states. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional

Significant accounting policies (continued)

Appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of Ksh 183,288,451 on the 2018-2019 budgets following the governing body's approval.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 21 of these financial statements.

(q) Property Plant and Equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Significant accounting policies (continued)

(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, 2019.

(s) Estimates and Assumptions

Based on the financial reports prepared as at 30th June 2019. The Board have no reason to believe that AICAD will not be a going concern in the unforeseeable future. It shall continue to discharge its mandate of capacity building in order to reduce poverty.

(t) Useful lives and Residue 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 Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

(u) Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material. Provision for Gratuity and Audit fee is factored in AICAD.

NOTES TO THE FINANCIAL STATEMENTS

1) GRANT AND PROGRAM SUPPORT FROM REGIONAL GOVERNMENT

Description	2018-2019	2017-2018
	Ksh	Ksh
Kenya	56,000,000	56,000,006
Tanzania	25,262,500	25,262,500
Uganda	27,176,000	27,176,000
Total rental income	108,438,500	108,438,506

The regional governments of Kenya, Tanzania and Uganda have committed to support AICAD achieve its mandate.

2) SEMINAR INCOME

Description	2018-2019	2017-2018
	KShs	KShs
Facility utilization income		
Seminar room	5,292,267	2,743,695
Accommodation	9,362,466	10,716,199
Assembly hall	1,330,500	1,467,501
Food & drinks	1,416,992	1,294,172
Computer labs	288,000	25,001
Stationery	56,982	114,825
Transport	215,085	69,000
Sundry	12,000	24,600
Atrium	45,000	55,000
Equipment hire	210,387	57,500
Less: Facility utilization expenses		
Catering costs	(6,706,360)	(5,707,670)
Hostel running	(2,965,961)	(2,716,839)
Cleaning & laundry	(3,621,271)	(3,543,314)
Total seminar income	4,936,089	4,599,670

Notes to the financial statements (continued)

3) RENTAL REVENUE FROM FACILITIES AND EQUIPMENT

Description	2018-2019	2017-2018
	Ksh	Ksh
Pan African University (PAUISTI)	3,360,000	3,990,000
Cafeteria	1,829,736	1,781,225
Research Bee Line	70,000	-
JKUAT SRBS	-	585,000
Weza Sacco	96,000	96,000
The Palladium -Rent	1,057,000	-
Rent-Agri Food Economic Africa	340,000	-
Total rental income	6,752,736	6,452,225

AICAD has more facilities than it can use hence the need to rent out spare capacity to generate revenue.

4) OTHER INCOME

Description	2018-2019	2017-2018
	Ksh	Ksh
Subscription income	7,200,000	7,178,041
Other donor support	-	1,063,514
Miscellaneous income	247,500	16,221
Interest income	11,241	7,580
Total other income	7,458,741	8,265,356

Universities are the key stakeholders and are members through payment of subscription. The Miscellaneous income resulted from the sale of tender documents. The interest income is as a result of interest from the money market fund.

5) EMPLOYEE COST

	2018-2019	2017-2018
	KShs	KShs
Staff salaries	42,087,254	46,516,820
Gratuity and leave pay provisions	8,519,089	9,067,647
Medical cover	4,156,967	4,848,888
Country Director honoraria	1,800,000	1,800,000
Casual wages	73,186	29,690
Advertising and staff recruitment	518,185	827,468
Other staff costs	424,940	678,720
Settlement allowance	-	2,045,368
Total employment costs	57,579,622	65,814,601

The cost include staff salaries ,gratuity and staff medical cover among others

Notes to the financial statements (continued)

6) ADMINISTRATION EXPENSES

	2018-2019	2017-2018
	KShs	KShs
Management and Others	3,043,090	1,577,932
Travelling and transport	2,109,729	3,311,135
Postage, internet & telephone services	1,542,544	1,441,129
Publicity & AICAD day celebrations	176,451	15,733
Vehicle running expenses	1,020,245	1,354,209
Publishing, printing and stationary	1,680,788	769,396
Subscriptions and periodicals	193,301	192,650
Legal and professional fees	979,568	534,770
Audit fees - current year	470,000	2,224,914
Bank charges and commissions	198,943	209,128
Miscellaneous expense	16,940	37,542
Entertainment	12,080	17,683
Interest on premium loan	150,953	303,292
Interest and penalties	7,916	166,108
Total	11,602,548	12,155,621

7) GOVERNING BOARD EXPENSES

	2018-2019	2017-2018
	KShs	KShs
Governing Board Meetings	4,753,238	5,287,050
Total	4,753,238	5,287,050

The expenses relate to the Board expenses during the year

8) PROGRAM EXPENSES

	2018-2019	2017-2018
	KShs	KShs
Program - training & extension division	3,276,524	5,284,845
Country office - Uganda	7,345,037	7,973,808
Program - information network & documentation	-	-
Country office - Kenya	7,926,565	7,956,777
Country office - Tanzania	7,694,138	8,886,025
Program - research & development	1,393,442	632,490
Malindi Project	85,375	-
Total program and country office costs	27,721,081	30,733,945

The above costs were incurred in training and development as well as research and development which are the core mandate of AICAD.

Notes to the financial statements (continued)

9) USE OF GOODS AND SERVICES

	2018-2019	2017-2018
	KShs	KShs
Electricity & water	3,605,187	3,925,310
Repairs and maintenance	1,007,290	374,193
Security	1,575,912	1,512,592
Ground maintenance	927,576	846,153
Insurance	564,120	630,192
Total other operating expenses	7,680,085	7,288,440

The above costs relate to electricity, water repair and maintenance security ground maintenance and insurance.

10) DEPRECIATION AND AMORTISATION EXPENSE

	2018-2019	2017-2018
	Ksh	Ksh
Depreciation on plant and equipment	13,617,094	14,250,418

Depreciation of plant and equipment, of plant and equipment.

11) GAIN OR LOSS ON FOREX

	2018-2019	2017-2018
	KShs	KShs
Exchange gain / (loss)	669,882	955,965

The exchange gain arose out of revaluation of foreign denominated cash books

12) CAPITAL FUND

	2018-2019	2017-2018
	KShs	KShs
Initial funding by the Kenya government	35,000,000	35,000,000

The above was the initial funding by the Kenyan Government.

Notes to the financial statements (continued)

13) NON- MONETARY GRANT

	2018-2019	2017-2018
	Ksh	Ksh
Amortisation Expense	13,152,840	14,602,030

Amortisation Expense of the non monetary grants

14) GRANT AND OTHER RECIEVABLES

	2018-2019	2017-2018
	KShs	KShs
Grants receivable	68,791,420	42,296,408
University subscriptions	16,591,949	14,650,720
Prepayments	2,357,189	3,088,692
Staff and Other Receivables	3,181,105	2,760,646
Trade Receivables	9,165,066	9,187,896
Total grants and other receivables	100,086,728	71,984,362

It involves the grants that had not been received, university subscriptions receivable as well as the debtors.

15) INVENTORY

	2018-2019	2017-2018
	KShs	KShs
Closing Stock	119,275	-

Comprises of the toiletries, soap, among others.

16) CASH AND CASH EQUIVALENT

	2018-2019	2017-2018
	KShs	KShs
Current Account	8,705,839	9,564,411
Cash in hand	16,181	7,454
Total Cash and Cash Equivalent	8,722,020	9,571,865

Notes to the financial statements (continued)

17) A) CASH AND CASH EQUIVALENT

			2018- 2019	2017-2018
			KShs	KShs
Financial Institution	Swift	Account Number		
Commercial Bank of Africa (Investment)	CBAFKENX	6441820037	2,845,118	2,156,113
Barclays Bank of Kenya - USD	BARKENXXXX	7227336153	1,148,950	2,799,355
Standard Bank Uganda	SCBLUGKA	0105612854500	1,827,009	1,097,886
Barclays Bank of Kenya (KCO)	BARKENXXXX	0271089716	165,823	290,305
CRDB Bank Tanzania	CORUTZTZ	01J1079468100	363,585	431,486
Barclays Bank - UGX	BARKENXXXX	2036073600	301,834	294,287
Barclays Bank - TZX	BARKENXXXX	2036073686	3,149	13,932
CfC Stanbic	SBICKENX	010002857598	43,283	205,967
Barclays Bank of Kenya - Kshs	BARKENXXXX	0775002778	335,919	1,367,716
Barclays Bank - euro account	BARKENXXXX	2026302261	1,077,888	12,608
Commercial Bank of Africa - USD	CBAFKENX	6441820024	593,282	894,756
Total cash at bank			8,705,839	9,564,411
Cash in Hand				
Kenya office			4,770	886
Tanzania office			10,841	54
Uganda office			570	6,514
Accountant Cash Float			0	0
Total cash in hand			16,181	7,454
Total cash and cash equivalents			8,722,020	9,571,865

18) INVESTMENT

	2018-2019	2017-2018
	KShs	KShs
Investment with Financial Institutions		
Old Mutual	244,767	234,726

Is an account held at old mutual money market and interest is accrued.

Notes to the financial statements (continued)

19) PROPERTY PLANT AND EQUIPMENT

Cost	Buildings Shs	Motor vehicles Shs	Furniture and fittings Shs	Computers Shs	Office Equipment Shs	Catering equipment Shs	Generator Shs	Accounting Software Shs	Meter Separation Shs	Total Shs
At Start of year	500,000,000	14,417,665	16,031,040	12,171,226	4,045,699	2,110,697	2,500,000	373,717	406,240	552,056,284
Additions	52,000	-	-	-	-	-	-	-	-	52,000
Total Cost	500,052,000	14,417,665	16,031,040	12,171,226	4,045,699	2,110,697	2,500,000	373,717	406,240	552,108,284
Depreciation										
At Start of year	110,000,000	13,908,447	11,299,683	11,758,364	2,336,673	2,096,697	1,500,000	149,489	406,105	153,455,458
Charge for the year	10,000,000	509,218	1,999,005	412,862	394,502	14,000	250,000	37,372	135	13,617,094
Total Depreciation	120,000,000	14,417,665	13,298,688	12,171,226	2,731,175	2,110,697	1,750,000	186,861	406,240	167,072,552
Net Book Value 30 June, 2019	380,052,000	-	2,732,352	-	1,314,524	-	750,000	186,856	-	385,035,732
Net Book Value 30 June, 2018	390,000,000	509,218	4,731,357	412,862	1,709,026	14,000	1,000,000	224,228	135	398,600,826

Notes to the financial statements (continued)

20) NON MONETARY GRANTS

Cost	Buildings		Motor vehicles		Furniture and fittings		Catering Equipment		Computers		Office Equipment		Generator		Total	
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At Start of year	500,000,000	14,408,665	15,083,406	52,000	1,525,440	3,747,863	2,500,000	537,317,374								
Total Cost	500,000,000	14,408,665	15,083,406	52,000	1,525,440	3,747,863	2,500,000	537,317,374								
Depreciation																
At Start of year	110,000,000	14,408,665	11,068,034	34,666	1,023,062	2,170,157	1,500,000	140,204,584								
Charge for the year	10,000,000	-	1,999,005	14,000	495,333	394,502	250,000	13,152,840								
Total Depreciation	120,000,000	14,408,665	13,067,039	48,666	1,518,395	2,564,659	1,750,000	153,357,424								
Net Book Value 30 June , 2019	380,000,000	-	2,016,367	3,334	7,045	1,183,204	750,000	383,959,950								
Net Book Value 30 June, 2018	390,000,000	509,218	4,015,372	17,334	502,378	1,577,706.00	1,000,000	397,112,790								

Notes to the financial statements (continued)

21) SHORT TERM LOAN

	2018-2019	2017-2018
	KShs	KShs
CBA Staff medical Loan	1,986,789	2,268,043

The staff medical loan relates to a loan taken by the organization to facilitate access to medical services by employees. The loan is to be recovered from the CBA account held with the bank

22) EMPLOYEE CONTRIBUTION OBLIGATION

	2018-2019	2017-2018
	KShs	KShs
Staff Gratuity	54,957,075	47,209,971

It is the sum of the staff gratuity payable

23) TRADE AND OTHER PAYABLES

	2018-2019	2017-2018
	KShs	KShs
Accruals	11,757,302	11,370,627
Trade payables	3,857,131	3,195,193
Totals	15,614,433	14,565,820

The above payable comprises of the trade payables ,Leave accruals and refundable deposits

24) EVENTS AFTER THE REPORTING PERIOD

There were no material adjusting and non- adjusting events after the reporting period.

25) ULTIMATE AND HOLDING ENTITY

The entity is a Semi- Autonomous Government Agency under the Ministry of Education. Its ultimate parent is the Governments of Kenya, Tanzania and Uganda.

26) Currency

The financial statements are presented in Kenya Shillings (Kshs).

Notes to the financial statements (continued)

27) Cash Flow Summaries (pastel cash movement summaries)

	2018-2019	2017-2018
	Kshs	Kshs
Cash flows from operating activities		
Receipts		
Government Grants -Kenya	56,000,000	87,472,936
Government Grants -Tanzania	11,026,307	145,559,772
Government Grants - Uganda	14,917,181	13,367,155
Receipts From Customers(Accomodation,Seminar Room)	23,502,057	8,115,444
University Subscriptions	5,258,770	17,735,484
Total Receipts	110,704,315	272,250,791
Payments		
Compensation of employees	41,658,227	38,790,420
Payment to Suppliers	25,988,756	26,801,433
Program and Activities	4,509,324	141,380,592
Use of Goods and Services/Administration Expences	23,551,565	31,774,716
Tax Paid	12,906,527	24,928,805
Total Payments	108,614,399	263,675,966
Net cash flows from operating activities	2,089,916	8,574,825
Cash flows from investing activities		
Purchase of property, plant, equipment and intangible assets	(52,000)	(40,000)
Proceeds from sale of property, plant and Equipment		
Decrease in non-current receivables		
Increase in investments	10,039	10,859
Net cash flows used in investing activities	(41,961)	(29,141)
Cash flows from financing activities		
Proceeds from borrowings		
Repayment of borrowings	(2,897,800)	-
Increase in deposits		
Net cash flows used in financing activities	(2,897,800)	-
Net increase/(decrease) in cash and cash equivalents	(849,845)	8,545,684
Cash and cash equivalents at 1 JULY	9,571,865	1,026,181
Cash and cash equivalents at 30 JUNE	8,722,020	9,571,865

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Notes to the financial statements (continued)

APPENDIX 1: 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)
1.	MATTERS ARISING FROM PREVIOUS YEAR'S AUDIT				
1.2	We acknowledge Management's efforts towards addressing the issue above. We would like to urge management however, to fully implement and address the following issues:				
1.2.1	Reason for cheque cancellation was not indicated on the sampled cancelled cheques.	Effective 1st July, 2018, reasons are indicated for cancellation of cheques.	Admin & Finance Director	Resolved	
1.2.2	Fire extinguishers were not serviced in the period under review. They were last serviced on 22/04/2015.	Noted for action by Administration & Finance Division.	Admin & Finance Director	Not Resolved	2019/2020 Financial year
1.2.3	The organization had not registered with the national Industrial Training Authority (NITA) as required by the Industrial Training Act (CAP 237, Laws of Kenya), Legal notice No. 113 of	Noted for action by Administrative & Finance Division.	Admin & Finance Director	Not Resolved	2019/2020 Financial year

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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)
1.2.4	2007. Annual returns to the Kenya Revenue Authority, Registrar of Companies and Ministry of Foreign Affairs were not done.	Noted for action by Administration & Finance Division.	Admin & Finance Director	Not Resolved	2019/2020 Financial year
1.2.5	The institute does not have WIBA Insurance in place for its employees contrary to the Work Injury Benefit Act (CAP 236 Sec 7(1), Laws of Kenya) which requires that, "every employer shall obtain and maintain an insurance policy, with an insurer approved by the minister in respect of any liability that the employer may incur under this Act to any of its employees."	Noted for action by Finance & Administration Director.	Admin & Finance Director	Not Resolved	2019/2020 Financial year
1.2.6	Accounting policies and procedures manual had not been reviewed and updated since year 2008.	Review of Policies ongoing, to be presented to Governing Board in December 2018.	Admin & Finance Director	Resolved	
1.2.7	The institute is still accruing gratuity payable despite management's resolution to pay all staff gratuity as it is incurred. The total amount as at 30/06/2018 stood at KES 47,209,971/=.	The Management Committee and Governing Board is handling the matter.	The Management Committee and Governing Board	Not Resolved	2019/2020 Financial year
1.2.8	There were no documented credit	Policies will be captured in	Admin &	Resolved	

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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)
	policies/measures in place to ensure proper management of accounts receivable e.g. assessment of customer credit worthiness, credit periods and debt collection measures and follow up.	the revised finance policies and procedures.	Finance Director		
1.2.9	The institute does not have any financial reserves in place to cater for accrued gratuity amounting to KES 47,209,971/=.	As per 1.2.7.	The Management Committee and Governing Board	Not Resolved	2019/2020 Financial year
1.2.10	AICAD did not have a comprehensive risk management process for identifying, assessing, analysing and responding to risk exposures.	Noted for action by the management committee.	Management Committee.	Not Resolved	2019/2020 Financial year
1.2.11	Operational agreement between AICAD and Uganda Government was not in place.	Operational agreement between AICAD and Uganda Government is in progress.	The Management Committee and Governing Board	Not Resolved	2019/2020 Financial year
1.2.12	Monitoring and evaluation report for 2012-2017 Strategic Plan had not been done as at the time of 2017/2018 audit.	Strategic Plan review is already done. Strategic Plan for 2018-2022 to be completed and approved by 31st December, 2018.	The Management Committee and Governing Board	Not Resolved	2019/2020 Financial year
1.2.13	Bank reconciliations for the CDRB bank were not dated and signed for preparation.	Respective Country office has been instructed to do so.	Country offices.	Resolved	

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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)
1.2.14	The assets, apart from motor vehicles, were not insured during the period under review.		The Management Committee and Governing Board	Not Resolved	2019/2020 Financial year
1.2.15	There were no documented procedures on the consequences of not renewing annual subscriptions.	To be captured in revised policies.	The Management Committee and Governing Board	Not Resolved	2019/2020 Financial year
1.2.16	Income from cafeteria was based on performance of cafeteria i.e. 20% of sales. The monthly sales balance is obtained from the Z-report.	Noted for correction by Accounts office.	Accountant	Resolved	
1.2.17	Bank reconciliation from the month of July and Dec 2017 were not prepared on time for all bank accounts.	To be promptly done by the Accounts Office.	Accountant	Resolved	
1.2.18	Bank reconciliations for Standard Bank Uganda for the month of July and Dec 2017 and CRDB Tanzania for the month of July, December and June were not signed by preparer. Additionally, bank reconciliations for CRDB bank for June 2018 and Standard bank Uganda for Dec and July 2017 were not dated.	Noted for action By the Accounts Office.	Accountant	Resolved	
1.2.19	University subscriptions of KES 12,490,579/= and trade receivables of KES 5,219,765/= have been long	Follow up of outstanding subscriptions on-going.	The Management Committee and Governing Board	Not Resolved	2019/2020 Financial year

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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)
	outstanding (See annexure I (a) and (b) for details).				
1.2.20	There was a variance amounting to KES 616,471/= during the translation of income received in United States Dollar to Kenya Shillings (See annexure II (a) for details).	Noted for necessary action by Accounts Office.	Accountant	Resolved	
1.2.21	Payment vouchers totalling KES 1,714,045/= were not signed by the internal auditor (See annexure II (b) for details).	The documents to be availed to the Internal Auditor for review. In future, Accounts office to avail such documents to internal auditor upon return to office for review.	Accountant	Resolved	
1.2.22	Space for writing amount in words was missing on the payment voucher.	Revision of operational documents in progress.	Admin & Finance Director	Not Resolved	2019/2020 Financial year
1.2.23	Journal Vouchers had call/ spaces for preparer, reviewer and approver to sign.	Noted for correction by Accounts Office.	Accountant	Resolved	
1.2.24	Journal vouchers had no space for narration/ explanations on the nature of journal entries on the journal voucher.	Noted for correction by accounts office.	Accountant	Resolved	
1.2.25	There were variances between net payment per payroll and as per ledger (See annexure II(c) for details).	The concerned staff members were instructed not to alter the payroll. The	Accountant	Resolved	

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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)
		variance noted was corrected.			
1.2.26	Advances /Imprest totalling KES 1,346,153/= had not been accounted for as at the time of audit (See Annexure III for details).	Concerned staff members are in the process of accounting.	Executive Director	Not Resolved	
1.2.27	Cash of KES 3,000/= issued on 1st June, 2018 had not been accounted for as at the time of audit.	Concerned staff is in the process of accounting.	Executive Director	Not Resolved	
1.2.28	Petty cash float of KES 50,000/= and cash payment limits were exceeded in the months of July and December, 2017.	Noted for correction by the accounts office.	Accountant	Resolved	
1.2.29	Starting mileage (114987) for KX76A04 was higher than the ending Mileage (114900) on 7th June, 2018.	Noted for correction by the Office Administrator.	Office Administrator.	Resolved	
1.2.30	Purpose for trip/ travel was not indicated in the mileage book/ sheet.	Noted for correction by the Office Administrator.	Office Administrator.	Resolved	
1.2.31	Staff Sacco deductions were saved in a personal account instead of organization's account.	It's a joint account comprising of three staff members hence enough internal control. Management to review and make appropriate decision.	Accountant	Resolved	
1.2.32	One of the tenants (WEZA Sacco) had	A letter has been written to	Admin &	Resolved	

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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)
	rent arrears for a period of 2 years totalling to KES 371,000/=.	the defaulter to pay up.	Finance Director		
1.2.33	Payment vouchers were not budget coded to ease accounting allocation.	Work in progress.	Accountant	Not Resolved	2019/2020
2.	GOVERNANCE				
2.1	There was no policy guideline on the frequency of Board meetings in a year.	At least twice a year per article 20(3) of AICAD Charter.	Executive Director.	Resolved	
2.2	The Governing Board minutes for the meeting held on 8th March 2018 was not signed by responsible officers.	Governing Board Minutes to be signed at the next meeting. In the meantime, the chairs of Board to be signing the minutes as true confirmation of deliberations once they have been prepared.	Executive Director.	Resolved	
2.3	There was no Board charter that defines role, power and selection of board members.	It is contained in article 18 and 19 of AICAD charter.	Executive Director.	Resolved	
2.4	Governing Board approved the resolution to have the institute be audited subsequently by Auditor General Offices in the respective countries yet the registration status of the institute is not clear in other	AICAD is fully funded by the Governments of Kenya, Tanzania and Uganda and therefore it is a policy decision that it be audited by the Auditor	Executive Director.	Resolved	

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3.	countries to facilitate uniform reporting.	General's of the respective countries.			
3.1	MOTOR VEHICLES Motor vehicle operating expenses doubled from KES 873,794/= in 2017 to KES 1,354,109/= (50% increment) in 2018. Fixed asset schedule indicates the vehicles are depreciated fully.	Motor vehicle expenses increased significantly due to major repair works done on Nissan Patrol (Headquarters). Motor vehicle expenses now under control as measures are being followed as regards authorization of office vehicles required for use.	Executive Director.	Not Resolved	2019/2020

Executive Director

Date 26/09/2019

Sign 

Chairman of the Board

Date 26/09/2019

Sign. 

APPENDIX II: INTER-ENTITY TRANSFERS

	ENTITY NAME:	AFRICAN INSTITUTE FOR CAPACITY DEVELOPMENT		
	Break down of Transfers from the State Department for University Education & Research, Ministry of Education			
	FY 2018/2019			
a.	Administration and Program			
		Bank Statement Date	Amount (Ksh)	Indicate the FY to which the amounts relate
		08/08/2018	14,000,000	2018/2019
		09/01/2019	14,000,000	2018/2019
		25/02/2019	14,000,000	2018/2019
		02/05/2019	14,000,000	2018/2019
		Total	56,000,000	

The above amounts have been communicated to and reconciled with the parent Ministry

CPA. Patrick W. Mbakara

CPA. Robert A. Samuel

Accountant

Head of Accounting Unit

AICAD

Ministry Of Education (State

Department for University

Education and Research)

Date: 27/9/19

Date: 27/9/19

Sign: 

Sign: 

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APPENDIX III: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/Development/Others	Total Amount - KES	Statement of Financial Performance	Receivables	Total Transfers during the Year
	as per bank statement					
Ministry of Education Science & Technology- People's Republic Of Tanzania	10/12/2018	Recurrent	7,495,246.70	8,586,225.50	7,495,246.70	7,495,246.70
Ministry of Education Science & Technology- People's Republic Of Tanzania	10/12/2018	Program	3,531,060.30	4,045,010.00	3,531,060.30	3,531,060.30
Ministry Of education & Sport -Uganda	04/09/2018	Recurrent	2,051,417.77	3,539,000.00	2,051,417.77	2,051,417.77
Ministry Of education & Sport -Uganda	04/09/2018	Program	1,853,690.23	3,225,000.00	1,853,690.23	1,853,690.23
Ministry Of education & Sport -Uganda	09/11/2018	Recurrent	2,051,417.77	3,539,000.00	2,051,417.77	2,051,417.77
Ministry Of education & Sport -Uganda	09/11/2018	Program	1,853,690.23	3,225,000.00	1,853,690.23	1,853,690.23
Ministry Of education & Sport -Uganda	31/01/2019	Recurrent	2,564,731.86	3,539,000.00	2,564,731.86	2,564,731.86
Ministry Of education & Sport -Uganda	31/01/2019	Program	2,317,528.14	3,225,000.00	2,317,528.14	2,317,528.14
Ministry Of education & Sport -Uganda	23/05/2019	Recurrent	1,168,674.30	3,539,000.00	1,168,674.30	1,168,674.30
Ministry Of education & Sport -Uganda	23/05/2019	Program	1,056,030.70	3,225,000.00	1,056,030.70	1,056,030.70
Total			25,943,488	39,807,235.50	25,943,488.00	25,943,488.00

