

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

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HON. DHEN BAYA, MP  
DEPUTY LEADER OF MAJORITY  
PARTY

CLERK-AT  
THE-TABLE:

VIVIAN WAMBUI

**THE AUDITOR-GENERAL**

**ON**

**KENYA PRIMARY EDUCATION EQUITY IN  
LEARNING PROGRAM GRANT NUMBER  
D991-KE**

**FOR THE YEAR ENDED  
30 JUNE, 2024**

**TEACHERS SERVICE COMMISSION**



**KENYA PRIMARY EDUCATION EQUITY IN LEARNING PROGRAM**  
**TEACHERS SERVICE COMMISSION**  
**PROGRAM GRANT NUMBER D991-KE**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2024**

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

***Kenya Primary Education Equity in Learning (KPEEL) Program  
Annual Report and Financial Statements for the financial year ended June 30, 2024***

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**1. Acronyms and Definition of Terms**

DLI	Disbursed Linked Indicator
FY	Financial Year
IPSAS	International Public Sector Accounting Standards
IDA	International Development Association
ICT	Information Communication and Technology
KPEEL	Kenya Primary Education Equity in Learning
PDO	Program Development Objectives
PFM	Public Finance Management.
PforR	Program for Results
PSASB	Public Sector Accounting Standards Board
RLM	Remote Learning Methodologies
SBTSS	School Based Teacher Support System
TSC	Teachers Service Commission
TPD	Teacher Professional Development
TPAD	Teacher Performance Appraisal and Development
TIMEC	Teacher Induction Mentorship and Coaching

## **2. Project Information and Overall Performance**

### **2.1. Name and registered office**

**Name:** Kenya Primary Education Equity in Learning (KPEEL) Program

**Program Development Objective:** To reduce regional disparities in learning outcomes, improve the retention of girls in upper primary education, and strengthen systems for delivering equitable education outcomes.

#### **Address**

The Program is being implemented at the Teachers Service Commission headquarters offices in Nairobi, Kenya.

#### **Contacts**

The following are the Teacher Service Commission contacts

P.O. Box: Private Bag - 00100

Telephone: (254) 722 208 552

E-mail: [info@tsc.go.ke](mailto:info@tsc.go.ke)

Website: [www.tsc.go.ke](http://www.tsc.go.ke)

**Project information and overall performance (continued)**

**2.2 Project Information**

Program Start Date:	31-Mar-2022
Program End Date:	31-Dec-2026
Program Manager:	Dr. Mugwuku Nthamburi
Program Sponsor:	World Bank

**2.3 Project Overview**

Line Ministry/State Department of the Program	The Program is under the supervision of the Ministry of Education.
Program number	P176867
Strategic goals of the Program	The strategic goals of the Program are as follows: i) To improve quality of teaching in targeted areas by reducing teacher shortage ii) To improve quality of teaching in targeted areas by enhancing teacher professional development iii) To improve digital literacy skills among teachers
Summary of Program Strategies for achievement of strategic goals	The program management aims to achieve the goals through the following means: (i) Recruitment of additional teachers (ii) Use of alternative modes of curriculum delivery (iii) Teacher professional development (iv) Teacher mentorship and coaching
Other important background information of the Program	The Program is envisaged to realize three core results; Result Area 1: Equalize Learning Opportunities; Result Area 2: Improve Girl's Participation in Schooling Including in Refugee Hosting Counties and Result Area 3: Strengthen Reforms Implementation Capacity. Teachers Service Commission is focusing on Result

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	Area 1 on Equalize Learning Opportunities by reducing teacher shortage in public primary schools with the highest teacher shortage in refugee host and non-host communities. This is Disbursed Linked Indicator number three (DLI 3). By the end of the program, the Commission is expected to have recruited and deployed 5,000 (1000 per year for 5 years) new teachers to primary schools with highest teacher shortages.
Areas that the Program was formed to intervene	The Program was formed to intervene in recruiting and deploying teachers in primary schools with the highest teacher shortage under Disbursed Linked Indicator (DLI) 3.
Program duration	The Program started on 31 <sup>st</sup> March 2022 and is expected to run until 31 December 2026.

**2.4 Bankers**

The following are the bankers for the Program:

Central Bank of Kenya  
 Haile Selassie Avenue  
 Box 60000 – 00200  
 Nairobi, Kenya

**2.5 Independent Auditor**

The Program is audited by the  
 Auditor-General  
 Anniversary Towers, University Way  
 Box 30084 - 00100  
 Nairobi, Kenya

**Project Information and Overall Performance (Continued)**

**2.6 Roles and Responsibilities**

<b>S/n</b>	<b>Names</b>	<b>Title designation</b>	<b>Key qualification</b>	<b>Responsibilities</b>
1	Dr. Reuben Nthamburi	Director	PHD	Program Manager
2	Franklin Choge	Deputy Director	MBA, CPA(K)	Finance
3	Antonina Lentoijoni	Deputy Director	MBA, Strategic Management	Program Focal Person
4	Luke Nyawade	Assistant Director	MDA Education Management	Program Technical Officer
5	Allan Murumba	Senior Finance Officer	Bachelor of Commerce Finance	Program Finance Officer
6	Elizabeth Maeke	Assistant Director	MBA Purchasing and Supplies	Program Procurement Officer
7	Fredrick Mwaniki	Assistant Director	MBA Education Administration and Management	Program Safeguards Focal Person
8	Esther Wagaki Mathenge	Principal Accountant	MBA, CPA(K)	Program Accountant

**2.7 Funding summary**

The Program is for a duration of 5 years from 2022 to 2026 with an approved budget of US\$ 603,636. These funds are disbursed in Euros. The Program Appraisal Document provides currency equivalents as follows; US\$1 = KES 123.35 and US\$1 = EUR 0.94.



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**Project information and overall performance (continued)**

Below is the funding summary:

**A. Source of Funds**

Source of funds	Donor Commitment		Amount received to date (30 <sup>th</sup> June 2024)		Undrawn balance to date (30 <sup>th</sup> June 2024)	
	Euro	Kshs	Euro	Kshs	Euro	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
International Development Association (IDA) Grant	567,418	69,990,990	115,000	20,064,361	452,418	49,926,629
<b>Total</b>	<b>567,418</b>	<b>69,990,990</b>	<b>115,000</b>	<b>20,064,361</b>	<b>452,418</b>	<b>49,926,629</b>

Note: Amount received was disbursed at an exchange rate of Euro 1 = KES 174.4727

**B. Application of Funds**

Application of funds	Amount received to date – (30 <sup>th</sup> June 2024)		Cumulative amount paid to date – (30 <sup>th</sup> June 2024)		Unutilised balance to date (30 <sup>th</sup> June 2024)	
	Euro	Kshs	Euro	Kshs	Euro	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
International Development Association (IDA) Credit (38.5%)	-	-	-	-	-	-
International Development Association (IDA) Grant (16.5%)	115,000	20,064,361	15,130	2,639,780	99,870	17,424,581
Counterpart Funding (45%)	-	-	-	-	-	-
<b>Total</b>	<b>115,000</b>	<b>20,064,361</b>	<b>15,130</b>	<b>2,639,780</b>	<b>99,870</b>	<b>17,424,581</b>

**Project information and overall performance (continued)**

**2.8 Summary of Overall Project Performance:**

- i) Budget performance against actual amounts for the current year and for cumulative to-date;

Approved Budget 2023/2024 (Ksh)	Actual Expenditure 2023/2024 (Ksh)	Absorption Rate
40,000,000	2,639,780	7%

- ii) Physical progress based on outputs, outcomes, and impacts since Program commencement;
- Achievement of DLI 3 in FY 2022/2023 and in the FY 2023/2024; additional 1000 teachers were recruited and posted to public primary schools with the highest teacher shortage.
  - Integration of Information Communication and Technology in teaching and learning.
  - Professionalizing the teaching service through institutionalization of Teacher Performance Appraisal and Development.
  - Learning continuity and addressing teacher shortage through adoption of alternative modes of curriculum delivery.
  - Reduced discipline cases among teachers through the implementation of Teacher Induction Mentorship and Coaching.
- iii) Absorption rate since commencement as at 30<sup>th</sup> June 2024 is 7%.
- iv) Implementation challenges faced under Investment Project Financing (IPF) was initial lack of budget provision in the approved work plan which was amended in January 2024. This led to delay in implementation of procurement activities. This has been rectified in the current financial year where all activities have been captured in the approved work plan and budget.

**2.9 Summary of Project Compliance:**

There have been no cases of non-compliance with applicable laws and regulations in the implementation of the Kenya Primary Education Equity in Learning Program.

### **3. Statement of Performance against Project's Predetermined Objectives**

#### **3.1 Introduction**

Section 81(2)(f) /Section 164 (2)(f) of the Public Finance Management Act, 2012, requires that the Accounting Officer include a statement of the national government entity's performance against predetermined objectives at the end of each financial year.

The Kenya Primary Education Equity in Learning (KPEEL) Program is envisaged to realize three core results;

- a) Result Area 1: Equalize Learning Opportunities;
- b) Result Area 2: Improve Girl's Participation in Schooling Including in Refugee Hosting Counties and
- c) Result Area 3: Strengthen Reforms Implementation Capacity.

The above Result areas are aimed to be achieved through Disbursed Linked Indicators (DLIs). The Teachers Service Commission is expected to intervene in the Result Area one on equalizing learning opportunities by addressing highest teacher shortages in public primary schools in both refugee host and non-host communities. This is Disbursed Linked Indicator (DLI) number 3; Number of new teachers deployed to primary schools with the highest teacher shortages in refugee host and non-host communities. On achievement of DLI 3, the Commission is expected to implement teacher robust management systems that support achievement of equitable learning opportunities in public learning institutions.

#### **3.2 Progress on the attainment of strategic development objectives**

To implement and cascade the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic, and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified to track progress and performance measurement.

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Below, we provide the progress on attaining the stated objectives:

Result Area	Objective	Outcome	Indicator	Performance
Equalize Learning Opportunities	New teachers recruited and deployed to public primary schools with the highest teacher shortage	Additional teachers in public primary schools with the highest teacher shortage	Number of teachers posted in public primary schools.	In FY 2022/2023 and FY 2023/2024 additional 1000 teachers were recruited and posted to public primary schools with the highest teacher shortage.

#### **4. Environmental and Sustainability Reporting**

The Teachers Service Commission with support from World Bank is implementing the Kenya Primary Education Equity in Learning (KPEEL) Program. The Program Development objectives (PDO) are to reduce regional disparities in learning outcomes, Improve the retention of Girls in upper primary and strengthen systems at the national level to ensure equitable learning outcomes for all.

Under result area one which is to Equalize learning opportunities and improve learning outcome in targeted counties and refugee host communities, the Teachers Service Commission is tasked with the responsibility of hiring and deploying teachers to primary schools with the highest teacher shortages.

The commission has put in place robust policies and guidelines to minimize and mitigate risks arising in the process of implementing the KPEEL Program and ensure service continuity and sustainability.

##### **i. Sustainability strategy and profile**

The Kenya Primary Education Equity in Learning Program is financed using the Investment Project Financing (IPF) and Program for Results (PforR) models. Under the Program, the Commission is expected to recruit and deploy teachers in primary schools with the highest teacher shortage. Under Article 237(2) of the Constitution of Kenya, the Commission's mandate is to recruit and deploy teachers among others.

##### **ii. Employee welfare**

The Teachers Service Commission has in place guidelines and policies in relation to recruitment of its staff. The guidelines have provisions on gender and disability mainstreaming as guided by the Kenyan constitution 2010. The guidelines provides that teachers with disability are provided an opportunity in the recruitment process without discrimination.

The teachers are recruited at the sub county level and posted to schools with the highest shortages with preference being given to local teachers to mitigate against insecurity in certain areas and unfavourable environmental conditions which may lead to teachers seeking transfer outside certain areas. The recruitment guidelines provide a clear road map and are uploaded in the website for

stakeholder and public information. The Commission has developed a career progression guideline which provides for career advancement of its teachers.

The teachers are appraised termly under Teacher Performance Appraisal and Development (TPAD) system where teacher professional gaps identified are addressed through regular workshops, seminars and peer support system such as School Based Teacher Support System (SBTSS).

**iii. Marketplace practices-**

**a) Responsible Supply chain and supplier relations-**

Teachers Service Commission has put in place the following good business practices to ensure enhanced supplier relationship management;

- a) Establishment of efficient and effective communication channels to facilitate collaboration and enhance feedback to stakeholders.
- b) Timely processing of payments as provided in the terms and conditions of the contract.
- c) Effective contract management through the establishment of a Contract Implementation Team for monitoring the contractor all deliveries or performance obligations are met.
- d) Appropriate disposal mechanisms that include e-waste as approved by NEMA, public tender, and transfer to public entities among others.
- e) Become a "Customer of Choice": Treat suppliers as partners. create an enabling environment where suppliers prefer working with the Commission due to fair practices and mutual benefits.
- f) Continuously sensitizing the Preference and Reservation groups (Youth, Women and Persons with Disability) on access to government opportunities and setting side tenders for them.
- g) Upholding the principles of public procurement as provided under Article 227 of the Constitution 2010 through transparency, fairness, equity, competitiveness and cost-effectiveness.

**b) Responsible ethical practices**

The Teachers Service Commission has developed a framework on maintenance of ethical practices and corruption prevention practices as guided by the constitution 2010. The ethics and anti-corruption act of 2011 provides a guide to all public institutions to comply with chapter six of the constitution 2010, consequently the Commission established an integrity division and developed integrity policy to help in prevention of corruption and nature ethical practices amongst its employees.

**c) Regulatory impact assessment**

The Teachers Service Commission developed a citizen service charter which provides guidelines on all the services/processes offered by the Commission and the requirements for each service. This has enabled the organization to safeguard the citizens of this county and the stakeholders from exploitation.

## **5. Statement of Project Management Responsibilities**

The Commission Secretary and the Program Manager for the Teachers Service Commission are responsible for the preparation and presentation of the Kenya Primary Education Equity in Learning Program's financial statements, which give a true and fair view of the state of affairs of the Program for the financial year ended on June 30,2024.

This responsibility includes (i) Maintaining adequate financial management arrangement 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 Program, (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the Program, (v) Selecting and applying appropriate accounting policies and (vi) Making accounting estimates that are reasonable in the circumstances.

The Commission Secretary and the Program Manager for the Teachers Service Commission accepts responsibility for the Kenya Primary Education Equity in Learning Program's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The Commission Secretary and the Program Manager for the Kenya Primary Education Equity in Learning Program is of the opinion that the Program's financial statements give a true and fair view of the state of Program's transactions during the financial year ended June 30,2024, and of the Program's financial position as at that date. The Commission Secretary and the Program Manager for the Kenya Primary Education Equity in Learning Program further confirm the completeness of the accounting records maintained for the Program, which have been relied upon in the preparation of the Program's financial statements as well as the adequacy of the systems of internal financial control.

The Commission Secretary and the Program Manager for the Kenya Primary Education Equity in Learning Program confirms that the Program has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Program funds received during



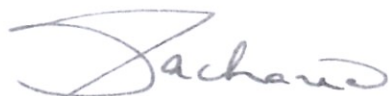
***Kenya Primary Education Equity in Learning (KPEEL) Program  
Annual Report and Financial Statements for the financial year ended June 30, 2024***

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the the financial year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

**Approval of the Program financial statements**

The Program financial statements were approved by the Commission Secretary for the Teachers Service Commission and the Program Manager of the Kenya Primary Education Equity in Learning Program on 15<sup>th</sup> October 2024 and signed by:



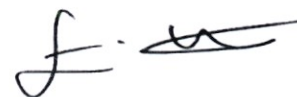
**DR. NANCY NJERI MACHARIA, CBS  
COMMISSION SECRETARY**

**DATE: 15<sup>TH</sup> OCTOBER 2024**



**DR. MUGWUKU NTHAMBURI, F AFTRA  
PROGRAM MANAGER**

**DATE: 15<sup>TH</sup> OCTOBER 2024**

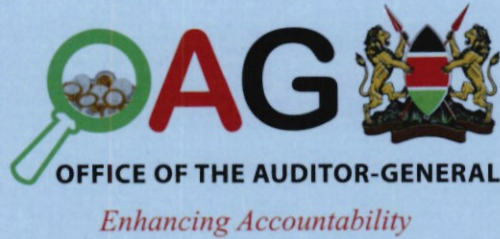


**ESTHER WAGAKI MATHENGE  
PROGRAM ACCOUNTANT**

**ICPAK MEMBER NO: 11538  
DATE: 15<sup>TH</sup> OCTOBER 2024**

# REPUBLIC OF KENYA

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

## REPORT OF THE AUDITOR-GENERAL ON KENYA PRIMARY EDUCATION EQUITY IN LEARNING PROGRAM GRANT NUMBER D991-KE FOR THE YEAR ENDED 30 JUNE, 2024 - TEACHERS SERVICE COMMISSION

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### PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, is effective in the use of resources, or that its internal control, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

### REPORT ON THE FINANCIAL STATEMENTS

#### Opinion

I have audited the accompanying financial statements of Kenya Primary Education Equity in Learning Program Grant Number D991-KE - Teachers Service Commission set out on

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*Report of the Auditor-General on Kenya Primary Education Equity in Learning Program Grant Number D991-KE for the year ended 30 June, 2024 - Teachers Service Commission*

pages 1 to 12, which comprise of the statement of financial assets and liabilities as at 30 June, 2024, and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya Primary Education Equity in Learning Program Grant Number D991-KE - Teachers Service Commission as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Agreement between the International Development Association and the Government of the Republic of Kenya on 14 April, 2022 and the Public Finance Management Act, 2012.

### **Basis for Opinion**

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Primary Education Equity in Learning Program Grant Number D991-KE -TSC Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparative basis amount of Kshs.40,000,000 and Kshs.20,064,361 respectively, resulting to an underfunding of Kshs.19,935,639 or 50% of the budget. Similarly, the Program spent an amount of Kshs.2,639,780 against actual receipts amount of Kshs.20,064,361, resulting to underutilization of Kshs.17,424,581 or 87% of the receipts.

The under-funding and under-utilization affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

## **Other Information**

The Management is responsible for the other information set out on page iii to xv which comprise of the project information and overall performance, statement of performance against project's predetermined objectives, environmental and sustainability reporting, and statement of Project Management responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on Kenya Primary Education Equity in Learning Program Grant Number D991-KE - TSC financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. In my opinion except for the matter described in the Basis for Conclusion, I confirm that it is not materially inconsistent with the financial statements.

## **Basis for Conclusion**

### **Unexplained Low Absorption of Funds**

The statement of comparison of budget and actual amounts for the year ended 30 June, 2024 reflects actual receipts and expenditure amount of Kshs.20,064,361 and Kshs.2,639,780 respectively against final budget amount of Kshs.40,000,000 with the strategic goals of the Program being as follows: -

- i) To improve quality of teaching in targeted areas by reducing teacher shortage,
- ii) To improve quality of teaching in targeted areas by enhancing teacher professional development and
- iii) To improve digital literacy skills among teachers.

The Program start date and end date are 31 March, 2022 and 31 December, 2026 respectively, which means the Program's completed period was twenty-eight (28) months as at 30 June, 2024. However, the Program milestones and milestones achieved were not provided for audit.

In the circumstances, the Program's milestones may not be achieved within the set period.

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

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

### **Conclusion**

As required by Article 229(6) of the Constitution and based on the audit procedures performed, I confirm that nothing 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**

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

## REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015 and 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 governance were not effective.

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAIs 2315 and 2330. The Standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and 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

### **Conclusion**

As required by International Development Association, I report based on my audit that 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 information given in the Management's report on pages iii to xv is consistent with the financial statements.

## **Basis for Conclusion**

The International Development Association requires that, I report on the legal or regulatory requirements, or on performance information disclosed. These matters require expressing a separate opinion as to the Program's compliance with laws and regulations. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## **Responsibilities of the Management and those Charged with Governance**

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

In preparing the financial statements, the Management is responsible for assessing the Project'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 the intention to cease operations.

The 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, the Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

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

## **Auditor-General's Responsibilities for the Audit**

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the INTOSAI Framework of Professional Pronouncements (IFPP). The Framework requires that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error

and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

  
FCPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**25 October, 2024**

**7. Statement of Receipts and Payments for the Year Ended 30th June 2024.**

	No te	Receipts and payments controlled by the entity	Payments made by third parties	Total	Cumulative to-date (From inception)
<b>2023/2024</b>					
		<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>
<b>Receipts</b>					
Exchequer Receipt	1	20,064,361	-	20,064,361	20,064,361
<b>Total receipts</b>		<b>20,064,361</b>	<b>-</b>	<b>20,064,361</b>	<b>20,064,361</b>
<b>Payments</b>					
Purchase of goods and services	2	2,639,780	-	2,639,780	2,639,780
<b>Total payments</b>		<b>2,639,780</b>	<b>-</b>	<b>2,639,780</b>	<b>2,639,780</b>
<b>Surplus/ (deficit)</b>		<b>17,424,581</b>	<b>-</b>	<b>17,424,581</b>	<b>17,424,581</b>

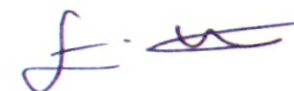
The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements.



**DR. NANCY NJERI MACHARIA, CBS  
COMMISSION SECRETARY  
DATE: 15<sup>TH</sup> OCTOBER 2024**



**DR. MUGWUKU NTHAMBURI, F AFTRA  
PROGRAM MANAGER  
DATE: 15<sup>TH</sup> OCTOBER 2024**



**ESTHER WAGAKI MATHENGE  
PROGRAM ACCOUNTANT  
ICPAK MEMBER NO: 11538  
DATE: 15<sup>TH</sup> OCTOBER 2024**



*Kenya Primary Education Equity in Learning (KPEEL) Program  
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**8. Statement of Financial Assets and Liabilities as at 30<sup>th</sup> June 2024**

Description	Note	2023/2024 Kshs
<b>Financial Assets</b>		
Cash and Cash equivalents	3	17,424,581
Imprests and Advances	4	-
<b>Total Financial Assets (A)</b>		17,424,581
<b>Financial Liabilities</b>		
Third party Deposits and Retention	5	-
Total Financial Liabilities (B)		
<b>Net Financial Assets (A-B)</b>		<b>17,424,581</b>
<b>Represented By</b>		
Fund Balance B/fwd.	6	-
Surplus/(Deficit) for the Year		17,424,581
<b>Net Financial Assets</b>		<b>17,424,581</b>

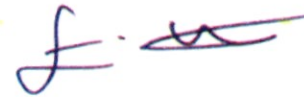
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 15<sup>th</sup> October, 2024 and signed by:



**DR. NANCY NJERI MACHARIA, CBS**  
**COMMISSION SECRETARY**  
**DATE: 15<sup>TH</sup> OCTOBER 2024**



**DR. MUGWUKU NTHAMBURI, F AFTRA**  
**PROGRAM MANAGER**  
**DATE: 15<sup>TH</sup> OCTOBER 2024**



**ESTHER WAGAKI MATHENGE**  
**PROGRAM ACCOUNTANT**  
**ICPAK MEMBER NO: 1153**  
**DATE: 15<sup>TH</sup> OCTOBER 2024**

*Kenya Primary Education Equity in Learning (KPEEL) Program  
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**9. Statement of Cash flows for the year ended 30<sup>th</sup> June 2024**

Description	Note	2023/2024
Cash flow from operating activities		Kshs
<b>Receipts</b>		
Proceeds from domestic and foreign grants	1	20,064,361
<b>Total receipts</b>		<b>20,064,361</b>
<b>Payments</b>		
Purchase of goods and services	2	(2,639,780)
<b>Total Payments</b>		<b>(2,639,780)</b>
<b>Net receipts/(payments)</b>		<b>17,424,581</b>
<b>Adjustments during the year</b>		
Decrease/(increase) in accounts receivable	7	-
Increase/(decrease) in accounts payable:	8	-
<b>Net cash flow from operating activities</b>		<b>17,424,581</b>
<b>Cash flow from investing activities</b>		-
<b>Cash flow from financing activities</b>		-
<b>Net increase in cash and cash equivalents</b>		<b>17,424,581</b>
<b>Cash &amp; cash equivalent at beginning of the year</b>	3	-
<b>Cash and cash equivalent at end of the year</b>	3	<b>17,424,581</b>

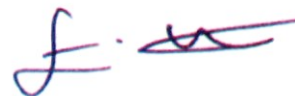
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 15<sup>th</sup> October, 2024 and signed by:



**DR. NANCY NJERI MACHARIA, CBS**  
COMMISSION SECRETARY  
DATE: 15<sup>TH</sup> OCTOBER 2024



**DR. MUGWUKU NTHAMBURI, F AFTRA**  
PROGRAM MANAGER  
DATE: 15<sup>TH</sup> OCTOBER 2024

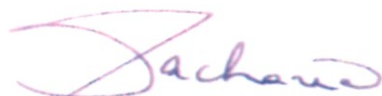


**ESTHER WAGAKI MATHENGE**  
PROGRAM ACCOUNTANT  
ICPAK MEMBER NO: 1153  
DATE: 15<sup>TH</sup> OCTOBER 2024

**10. Statement of Comparison of Budget and Actual Amounts for the Year ended 30<sup>th</sup> June 2024**

<b>Receipts/Payments Item</b>	<b>Original Budget</b>	<b>Adjustments</b>	<b>Final Budget</b>	<b>Actual on Comparable Basis</b>	<b>Budget Utilization Difference</b>	<b>% of Utilization</b>
	<b>a</b>	<b>b</b>	<b>c=a+b</b>	<b>d</b>	<b>e=c-d</b>	<b>f=d/e %</b>
	Kshs	Kshs	Kshs	Kshs	Kshs	
<b>Receipts</b>						
Exchequer Release	20,000,000	20,000,000	40,000,000	20,064,361	(19,935,639)	50%
<b>Total Receipts</b>	<b>20,000,000</b>	<b>20,000,000</b>	<b>40,000,000</b>	<b>20,064,361</b>	<b>(19,935,639)</b>	<b>50%</b>
<b>Payments</b>						
Purchase of goods and services	20,000,000	20,000,000	40,000,000	2,639,780	37,360,220	7%
<b>Total Payments</b>	<b>20,000,000</b>	<b>20,000,000</b>	<b>40,000,000</b>	<b>2,639,780</b>	<b>37,360,220</b>	<b>7%</b>
<b>Surplus or Deficit</b>	-	-	-	<b>17,424,581</b>	-	-

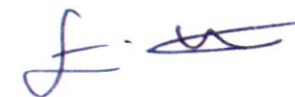
Note: The significant budget utilization/performance differences in the last column was due to ongoing procurement of goods and services that were not completed by closure of the financial year.



**DR. NANCY NJERI MACHARIA, CBS**  
**COMMISSION SECRETARY**  
**DATE: 15<sup>TH</sup> OCTOBER 2024**



**DR. MUGWUKU NTHAMBURI, F AFTRA**  
**PROGRAM MANAGER**  
**DATE: 15<sup>TH</sup> OCTOBER 2024**



**ESTHER WAGAKI MATHENGE**  
**PROGRAM ACCOUNTANT**  
**ICPAK MEMBER NO: 11538**  
**DATE: 15<sup>TH</sup> OCTOBER 2024**

## **11. Significant Accounting Policies**

The principal accounting policies adopted in the preparation of these financial statements are set out below:

### **a) Statement of compliance and basis of preparation**

The financial statements have been prepared in accordance with Cash-basis IPSAS financial reporting under the cash basis of accounting, as prescribed by the PSASB and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for a) receivables that include imprests and salary advances and b) payables that include deposits and retentions. The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

The accounting policies adopted have been consistently applied to all the years presented.

### **b) Reporting entity**

The financial statements are for Kenya Primary Education Equity in Learning Program (Investment Project Financing Component) under the Ministry of Education. The financial statements are for the reporting entity (Teachers Service Commission) as required by Section 81/ Section 164 of the PFM Act, 2012.

### **c) Reporting currency**

The financial statements are presented in Kenya Shillings (Kshs), the project's functional and reporting currency. All values are rounded to the nearest Kenya Shilling.

### **d) Recognition of receipts**

Kenya Primary Education Equity in Learning Program recognizes all receipts from various sources when an event occurs, and the related cash is received.

### **i) Transfers from the Exchequer**

Transfers from the Exchequer are recognized in the books of accounts when cash is received. Cash is considered received when a payment instruction is issued to the bank and the receiving entity is notified.

**Significant Accounting Policies (continued)**

**e) Recognition of payments**

The Project recognises all payments when the event occurs, and the related cash has been paid out by the Project.

**i) Use of goods and services**

Goods and services are recognized as payments when the goods/services are consumed and paid for. If not paid for when goods/services are consumed, they shall be disclosed as pending bills.

**f) 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 at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**g) Imprests and Advances**

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year is treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

**Significant Accounting Policies (Continued)**

**h) Budget**

The budget is developed on a comparable accounting basis (cash basis), the same accounts classification basis (except for accounts receivable - outstanding imprest and clearance accounts and accounts payable - deposits, which are accounted for on an accrual basis), and for the same period as the financial statements. The Project's budget was approved as required by Law and National Treasury Regulations, as well as by the participating development partners, as detailed in the Government of Kenya Budget Printed Estimates for the year. The Development Projects are budgeted for under the MDAs but receive budgeted funds as transfers and account for them separately. These transfers are recognized as inter-entity transfers and are eliminated upon consolidation. A high-level assessment of the Project's actual performance against the comparable budget for the financial year/period under review has been included in annex 1 to these financial statements.

**i) Exchange rate differences**

The accounting records are maintained in the functional currency of the primary economic environment in which the Project operates (Kenya Shillings). Transactions in foreign currencies during the year/period are converted into functional currency using the exchange rates prevailing at the dates of the transactions.

**j) Comparative figures**

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

**k) Subsequent events**

There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended June 30, 2024.

**12. Notes to the Financial Statements**

**1. Proceeds From Domestic and Foreign Grants**

During the financial period to 30 June 2024, we received grants from donor as detailed in the table below:

Name of Donor	2023/2024						Cumulative to date
	Date received	Amount received in Euro	Grants received in cash	Grants received as direct payment*	Grants received in kind	Total amount	
			Kshs	Kshs	Kshs	Kshs	
International Development Association (IDA) – Exchequer Release	25.1.2024	115,000	20,064,361	-	-	20,064,361	20,064,361
<b>Total</b>		<b>115,000</b>	<b>20,064,361</b>	<b>-</b>	<b>-</b>	<b>20,064,361</b>	<b>20,064,361</b>

**2. Purchase of Goods and Services**

Description	2023/2024			Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	
	Kshs	Kshs	Kshs	
Domestic travel and subsistence	2,537,780	-	2,537,780	2,537,780
Hospitality supplies and services	102,000	-	102,000	102,000
<b>Total</b>	<b><u>2,639,780</u></b>	<b>=</b>	<b><u>2,639,780</u></b>	<b><u>2,639,780</u></b>

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**Notes to the Financial Statements (Continued)**

**3. Cash And Cash equivalents**

Description	2023/2024
	Kshs
Bank accounts (Note 3A)	17,424,581
Cash in hand (Note 3B)	-
<b>Total</b>	<u>17,424,581</u>

**3. A Bank Accounts**

**Project Bank Accounts**

Details	2023/2024
	Kshs
<u>Foreign Currency Accounts</u>	
Central Bank of Kenya [A/c No. 1000600818]	7,326,981
Central Bank of Kenya [A/c No. 1000600799]	-
Total Foreign Currency balances	<u>7,326,981</u>
<u>Local Currency Accounts</u>	
Central Bank of Kenya [A/c No. 1000635495]	17,424,581
Total local currency balances	17,424,581
Total bank account balances	<u>24,751,562</u>



**Kenya Primary Education Equity in Learning (KPEEL) Program**  
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**Notes to the Financial Statements (Continued)**

**Special Deposit Accounts**

The balances in the Project's Special Deposit Account(s) as of 30th June 2024 are not included in the Statement of Financial Assets since the line items are yet to be drawn into the Exchequer Account as a voted provision.

Below is the Special Deposit Account (SDA) movement schedule, which shows the flow of funds voted in the year. These funds have been reported as loans/grants received in the year under the Statement of Receipts and Payments.

**Special Deposit Accounts Movement Schedule**

Description	2023/2024
	Kshs
<b>(i) A/c Name [A/c No1000600818]</b>	
Opening balance	27,391,342
Total amount deposited in the account	-
Total amount withdrawn (as per Statement of Receipts & Payments)	<u>20,064,361</u>
<b>Closing balance (as per SDA bank account reconciliation attached)</b>	<b><u>7,326,981</u></b>
<b>(ii) A/c Name [A/c No1000600799]</b>	
Opening balance (as per the SDA reconciliation)	-
Total amount deposited in the account	-
Total amount withdrawn	-
<b>Closing balance (as per SDA bank account reconciliation attached)</b>	<b>=</b>

The Special Deposit Accounts reconciliation statements has been attached as Annex 2 (iii) support these closing balance.

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Notes to the Financial Statements (Continued)

3 B Cash in hand

Description	2023/2024
	KShs
Teachers Service Commission	-
<b>Total cash in hand balances</b>	<b>=</b>

4. Imprests and Advances

Description	2023/2024
	Kshs
Government Imprests	-
Salary advances	-
<b>Total</b>	<b>-</b>

5. Third-Party Deposits and Retention

Description	2023/2024
	Kshs
Retention	-
Deposits	-
<b>Total</b>	<b>-</b>

6. Fund Balance Brought Forward

Description	2023/2024
	Kshs
Bank accounts	-
Cash in hand	-
Outstanding imprests and advances	-
Deposits and retention	-
<b>Total</b>	<b>-</b>

*Kenya Primary Education Equity in Learning (KPEEL) Program  
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**Notes to the Financial Statements (Continued)**

**7. Changes in Accounts Receivables**

<b>Description</b>	<b>2023/2024</b>
	<b>Kshs</b>
Opening Receivables as at 1 <sup>st</sup> July 2023	-
Closing account receivables as at 30 <sup>th</sup> June 2024	-
<b>Change in Imprests and advances</b>	-

**8. Changes in Accounts Payables (Deposits and Retention)**

<b>Description</b>	<b>2023/2024</b>
	<b>Kshs</b>
Deposit and Retentions as at 1 <sup>st</sup> July 2023	-
Closing accounts payables as at 30 <sup>th</sup> June 2024	-
<b>Changes in deposit and retention</b>	-

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**13. Annexes**

**Annex 1: Variance Explanations-Comparative Budget and Actual Amounts for FY 2023/2024**

	<b>Final Budget</b>	<b>Actual on Comparable Basis</b>	<b>Budget Utilization Difference</b>	<b>% of Utilization</b>	<b>Comments on Variance (below 90% and over 100%)</b>
	<b>a</b>	<b>b</b>	<b>c=a-b</b>	<b>d=b/a %</b>	
<b>Receipts</b>					
Proceeds from domestic and foreign grants	40,000,000	20,064,361	19,935,639	50%	Requisition for more funds was not done since procurement activities could not be completed by closure of the financial year.
<b>Total Receipts</b>	<b>40,000,000</b>	<b>20,064,361</b>	<b>19,935,639</b>		
<b>Payments</b>					
Purchase of goods and services	40,000,000	2,639,780	37,360,220	7%	Variance was due to ongoing procurement of goods and services that was not completed by closure of the financial year
<b>Total payments</b>	<b>40,000,000</b>	<b>2,639,780</b>	<b>37,360,220</b>		