

REPUBLIC OF KENYA



Enhancing Accountability

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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, 2025

TEACHERS SERVICE COMMISSION

THE NATIONAL ASSEMBLY

OF INDIA

DAY

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OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
RECORDS OFFICE

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KENYA PRIMARY EDUCATION EQUITY IN LEARNING PROGRAM

TEACHERS SERVICE COMMISSION

PROGRAM GRANT NUMBER D991-KE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2025

Transitional IPSAS Financial Statements/Prepared in accordance with the Accrual 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, 2025***

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***Kenya Primary Education Equity in Learning (KPEEL) Program
Annual Report and Financial Statements for the financial year ended June 30, 2025***

1. Acronyms and Definition of Terms

CBK	Central Bank of Kenya
DLI	Disbursed Linked Indicator
FY	Financial Year
IDA	International Development Association
ICPAK	Institute of Certified Public Accountants of Kenya
ICT	Information Communication and Technology
IPSAS	International Public Sector Accounting Standards
KPEEL	Kenya Primary Education Equity in Learning
NT	National Treasury
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
WB	World Bank
Comparative FY	Financial year preceding the current financial year.

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

Website: www.tsc.go.ke

Kenya Primary Education Equity in Learning (KPEEL) Program
Annual Report and Financial Statements for the financial year ended June 30, 2025

Project information and overall performance (continued)

2.2 Project Information

Project Start Date:	31-Mar-2022
Project End Date:	31-Dec-2026
Project Coordinator:	Dr. Mugwuku Nthamburi
Project Development Partner:	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: <ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> 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

Kenya Primary Education Equity in Learning (KPEEL) Program
Annual Report and Financial Statements for the financial year ended June 30, 2025

	Capacity. Teachers Service Commission is focusing on Result 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 st 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

S/n	Names	Title designation	Key qualification	Responsibilities
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 Project is for a duration of 5 years from 2022 to 2026 with an approved budget of US\$ 603,636. The Program Appraisal Document provides currency equivalents as follows; US\$1 = KES 123.35 and US\$1 = EUR 0.94. equivalent to Kshs. 69,990,990. Additional Financing approved budget = US\$500,000 equivalent to Kshs. 61,675,000 as highlighted in the table below:

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 th June 2025)		Undrawn balance to date (30 th June 2025)	
	Euro	Kshs	Euro	Kshs	Euro	Kshs
Grant (Parent Financing)	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
International Development Association (IDA) Grant	567,418	69,990,990	177,231	28,818,894	452,418	41,172,096
Total	567,418	69,990,990	177,231	28,818,894	452,418	41,172,096
	USD	Kshs	USD	Kshs	USD	Kshs
Grant (Additional Financing)	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
International Development Association (IDA) Grant	500,000	61,675,000	149,000	19,250,606	351,000	42,424,394
Total	500,000	61,675,000	149,000	19,250,606	351,000	42,424,394

Note: Euro 115,000 disbursed on 25.1.2025 at an exchange rate of Euro 1 = KES 174.4727

Euro 62,231 disbursed on 2.1.2025 at an exchange rate of Euro 1 = KES 140.6780

Additional Financing disbursed on 2.1.2025 at an exchange rate of USD 1= 129.1987

B. Application of Funds

Application of funds	Amount received to date – (30 th June 2025)		Cumulative amount paid to date – (30 th June 2025)		Unutilised balance to date (30 th June 2025)	
	Euro (A)	Kshs (A')	Euro (B)	Kshs (B')	Euro (A)-(B)	Kshs (A')-(B')
International Development Association (IDA) Credit	62,231	8,754,533	18,263	2,569,202	43,968	6,185,331
International Development Association (IDA) Grant	115,000	20,064,361	15,130	2,639,780	99,870	17,424,581
Counterpart Funding	-	-	-	-	-	-
Total	177,231	28,818,894	33,393	5,208,982	143,838	23,609,912
	USD	Kshs	USD	Kshs	USD	Kshs
Grant (Additional Financing)	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
International Development Association (IDA) Grant	149,000	19,250,606	43,846	5,664,803	105,154	13,585,803
Total	149,000	19,250,606	43,846	5,664,803	105,154	13,585,803

**Kenya Primary Education Equity in Learning (KPEEL) Program
Annual Report and Financial Statements for the financial year ended June 30, 2025**

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,

Current Period (2023/2024)

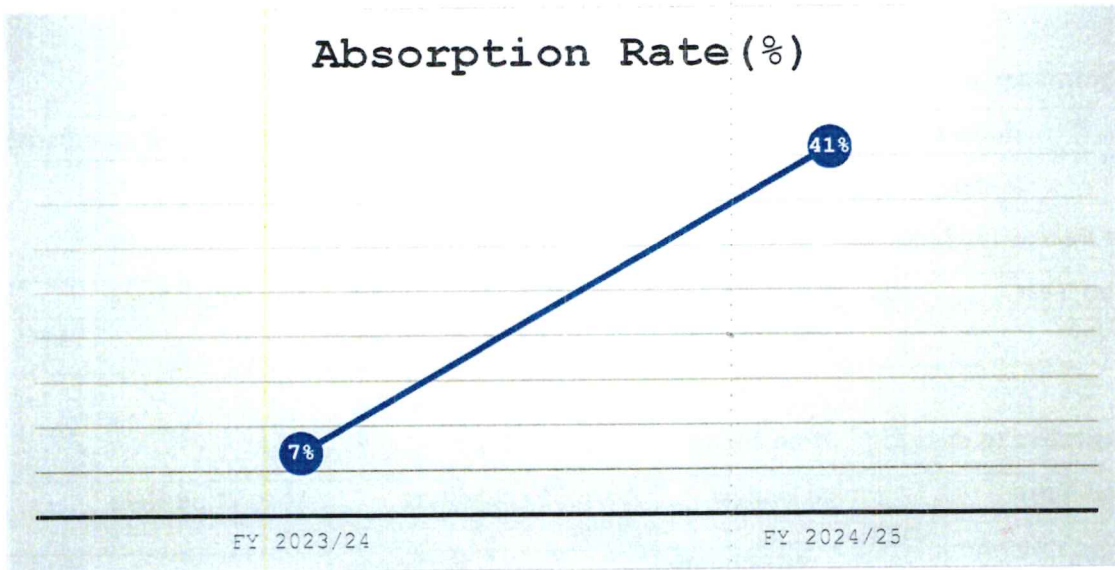
Financial Year	Budget (Ksh)	Actual Absorption (Ksh)	Absorption Rate
2024/2025	20,000,000	8,234,005	41%

Cumulative to date (30th June 2024)

Financial Year	Approved Budget (Ksh)	Actual Expenditure (Ksh)	Absorption Rate
2024/2025	20,000,000	8,234,005	41%
2023/2024	40,000,000	2,639,780	7%
Cumulative to date	60,000,000	10,873,785	18%

- ii) Physical progress based on outputs and outcomes since project commencement,
- Achievement of DLI 3 in FY 2022/23, 2023/24 and 2024/25; additional 5000 teachers have been 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 including livestreaming of lessons in primary schools.
 - Reduced discipline cases among teachers through the implementation of Teacher Induction Mentorship and Coaching.

- iii) absorption rate for each year since the commencement of the project.



- iv) Implementation challenge faced under Investment Project Financing (IPF) both parent project and additional financing activities was non responsiveness of tenders for all the procurement activities hence non completion of the activities by the closure of the financial year.

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. The Commission has achieved this DLI by recruiting and deploying a total of 5,000 teachers to primary schools with the highest teacher shortage.

Under the Investment Project Financing(IPF) and Additional Financing(AF) components, the Commission was allocated funds to; monitor the achievement of the DLI, procurement of ICT equipment, procurement of teacher robust management system, review of teacher recruitment, management and development process and development of an action plan to address any gender gaps. procure Technical Assistance to Analyze TPAD data and to procure Technical Assistance to measure teacher proficiency at midterm and endline of the Program.

The challenge faced in implementation of IPF and AF activities was non completion of all the procurement activities due to non-responsiveness of tenders. These activities have been rolled over to the financial year 2025/26.

**Kenya Primary Education Equity in Learning (KPEEL) Program
Annual Report and Financial Statements for the financial year ended June 30, 2025**

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.

Below, we provide the progress on attaining the stated objectives

Project	Objective	Outcome	Indicator	Performance																				
Kenya Primary Education Equity in Learning Program	To recruited and deployed new teachers to public primary schools with the highest teacher shortage	Equalizing learning opportunities through equitable teacher distribution.	5,000 teachers recruited and posted in public primary schools with the highest teacher shortage.	<p>In the FY 2022/2023 and FY 2023/2024 additional 2000 teachers were recruited and posted to public primary schools with the highest teacher shortage.</p> <p>In the FY 2024/2025, 3000 teachers were recruited and posted to public primary schools with the highest teacher shortage. Number of teachers recruited and deployed per gender;</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Male</th> <th>Female</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>2022/2023</td> <td>497</td> <td>503</td> <td>1000</td> </tr> <tr> <td>2023/2024</td> <td>526</td> <td>474</td> <td>1000</td> </tr> <tr> <td>2024/2025</td> <td>1282</td> <td>1718</td> <td>3000</td> </tr> <tr> <td></td> <td></td> <td>Total</td> <td>5000</td> </tr> </tbody> </table>	Year	Male	Female	Total	2022/2023	497	503	1000	2023/2024	526	474	1000	2024/2025	1282	1718	3000			Total	5000
	Year	Male	Female	Total																				
2022/2023	497	503	1000																					
2023/2024	526	474	1000																					
2024/2025	1282	1718	3000																					
		Total	5000																					
Review of teacher recruitment, management and development process and development of an action plan to address any gender gaps identified	Enhanced awareness of gender gaps among teachers and increased responsiveness to Gender Based Violence (GBV) cases.	Developed action plan to address any gender gaps in teacher recruitment, management and development process.	Developed action plan to be used to sensitize Commission staff on gender gaps and GBV response among teachers.																					

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;

- I. Establishment of efficient and effective communication channels to facilitate collaboration and enhance feedback to stakeholders.
- II. Timely processing of payments as provided in the terms and conditions of the contract.
- III. Effective contract management through the establishment of a Contract Implementation Team for monitoring the contractor all deliveries or performance obligations are met.
- IV. Appropriate disposal mechanisms that include e-waste as approved by NEMA, public tender, and transfer to public entities among others.
- V. 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.
- VI. Continuously sensitizing the Preference and Reservation groups (Youth, Women and Persons with Disability) on access to government opportunities and setting side tenders for them.
- VII. 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.

iv. Community Engagements

The Teacher Induction, Mentorship and Coaching (TIMEC) Programme is a key initiative by the Commission aimed at addressing and reducing cases of teacher indiscipline. This programme is aligned with the Commission's Strategic Plan 2023–2027.

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, 2025.

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 accrual 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, 2025, 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 the the financial year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

*Kenya Primary Education Equity in Learning (KPEEL) Program
Annual Report and Financial Statements for the financial year ended June 30, 2025*

Approval of the Project 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 19th September 2025 and signed by:



E. J. MITEI (MS)

AG. COMMISSION SECRETARY

DATE: 19TH SEPTEMBER 2025



DR. MUGWUKU NTHAMBURI, F AFTRA

PROGRAM MANAGER

DATE: 19TH SEPTEMBER 2025

REPUBLIC OF KENYA

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



Enhancing Accountability

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, 2025 - TEACHERS SERVICE COMMISSION

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 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 and that its internal controls, 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

pages 1 to 17, which comprise of the statement of financial position as at 30 June, 2025, and the statement of financial performance, statement of changes in net assets, statement of cash flows and 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 as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the 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 Project Grant Number D991-KE 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 statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.20,000,000 and Kshs.28,005,139 respectively, resulting to an over-funding of Kshs.8,234,005 or 40% of the budget. However, the actual amount realized of Kshs.28,005,139, only Kshs.8,234,005 was expended resulting to an under-utilization of Kshs.19,771,134 or 71% of actual receipts.

The 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 xvii which comprise of the Project Information and Overall Performance, Statement of Performance Against Project's Predetermined Objectives, Environmental and Sustainability Reporting, and the 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 the Project's 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 reflects actual receipts and expenditure amounts of Kshs.28,005,139 and Kshs.8,234,005 respectively, resulting to under expenditure of Kshs.19,771,134. As disclosed on page iv, the strategic goals of the Program are; to improve quality of teaching in targeted areas by reducing teacher shortage, enhance teacher professional development and improve digital literacy skills among teachers by 31 December, 2026. However, as at 30 June, 2025 and thirty-nine (39) months into the Project implementation period, the strategic goals of enhancing teacher professional development and improving digital literacy skills among teachers had not made significant progress.

In the circumstances, the Program may not achieve all the strategic goals during the project life.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in the 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

Variations Between the Approved Budget and the Work Plan

Review of budget records revealed discrepancy between the approved budget and the approved work plan amounts of Kshs.20,000,000 and Kshs.53,763,200 respectively resulting in an unexplained variance of Kshs.33,763,200. Further, review of project records revealed inconsistencies between the annual budget and the annual work plan submitted for the financial year under review. The budgeted allocations were not fully aligned with the activities outlined in the approved work plan, leading to discrepancies between planned and funded activities.

This was contrary to Part E (b) of the financing agreement which states that; The Recipient shall furnish to the Association, as soon as available, but in any case, not later than February 28 of each year, the annual work plan and budget referred to in paragraph 1 above, for their review and approval; except for the annual work plan and budget for the Project for the first year of Project implementation, which shall be furnished no later than one month after the effective date.

In the circumstances, Management was in breach of the Financing Agreement.

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 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 Agreement in the signed by the International Development Association and the Republic of Kenya for Kenya Primary Education Equity in Learning Program, 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, adequate accounting records have been kept by the Program Management, so far as appears from the examination of those records; and
- iii. The Program's financial statements are in agreement with the accounting records.

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 Project'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 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 controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Program's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Program 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, the 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 Program's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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 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, SBS
AUDITOR-GENERAL

Nairobi

30 September, 2025

**Kenya Primary Education Equity in Learning (KPEEL) Program
Annual Report and Financial Statements for the financial year ended June 30, 2025**

7. Statement of Financial Performance for the Year Ended 30th June 2025.

	Notes	2024/2025
		Kshs
Revenue		
Revenue Transfers	6	28,005,139
Total revenue		28,005,139
Expenses		
Use of goods and services	7	8,234,005
Depreciation and amortization expense	8	203,656
Total expenses		8,437,661
Surplus		19,567,478

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



E.J. MITEI (MS)

AG. COMMISSION SECRETARY

DATE: 19TH SEPTEMBER 2025



DR. MUGWUKU NTHAMBURI, F AFTRA

PROGRAM MANAGER

DATE: 19TH SEPTEMBER 2025



ESTHER WAGAKI MATHENGE

PROGRAM ACCOUNTANT

ICPAK MEMBER NO: 11548

DATE: 19TH SEPTEMBER 2025

*Kenya Primary Education Equity in Learning (KPEEL) Program
Annual Report and Financial Statements for the financial year ended June 30, 2025*

8. Statement of Financial Position as at 30th June 2025

	Notes	2024/2025	1st July 2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	9	34,476,099	17,424,581
Receivables	10	4,200	-
Total Current Assets		34,480,299	17,424,581
Non-Current Assets			
Property, Plant and Equipment	11	2,511,760	-
Total Non- Current Assets		2,511,760	-
Total Assets (a)			17,424,581
Liabilities			
Current Liabilities			
Trade and Other Payables	12	-	-
Total Current Liabilities		-	-
Total Liabilities(b)		-	-
Net Assets (a-b)		36,992,059	17,424,581
Represented By:			
Accumulated Surplus		36,992,059	17,424,581
Total Net Assets		36,992,059	17,424,581

Financial statements were approved on 19th September 2025 and signed by:



E.J. MITEI (MS)
AG. COMMISSION SECRETARY
DATE: 19TH SEPTEMBER 2025



DR. MUGWUKU NTHAMBURI, FAFTRA
PROGRAM MANAGER
DATE: 19TH SEPTEMBER 2025



ESTHER WAGAKI MATHENGE
PROGRAM ACCOUNTANT
ICPAK MEMBER NO: 11548
DATE: 19TH SEPTEMBER 2025

*Kenya Primary Education Equity in Learning (KPEEL) Program
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9. Statement of Changes in Net Assets for the year ended 30th June 2025

Description	Accumulated Surplus
	Kshs
As at 30 th June 2024 (cash basis)	17,424,581
Adjustments: (to recognize assets and liabilities)	-
As at 1 st July 2024	17,424,581
Surplus/ deficit for the period	19,567,478
As at 30 th June 2025	36,992,059

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

The financial statements were approved on 19th September 2025 and signed by:



E.J. MITEI (MS)
AG. COMMISSION SECRETARY
DATE: 19TH SEPTEMBER 2025



DR. MUGWUKU NTHAMBURI, F AFTRA
PROGRAM MANAGER
DATE: 19TH SEPTEMBER 2025



ESTHER WAGAKI MATHENGE
PROGRAM ACCOUNTANT
ICPAK MEMBER NO: 11548
DATE: 19TH SEPTEMBER 2025

*Kenya Primary Education Equity in Learning (KPEEL) Program
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10. Statement of Cash flow for the year ended 30th June 2025


		2024/2025
	Notes	Kshs
Cash flow from operating activities		
Receipts		
Revenue Transfers		28,005,139
Total receipts		28,005,139
Payments		
Use of goods and services		8,234,005
Total payments		8,234,005
Net cash flow from operating activities	6	19,766,934
Cash flow from investing activities		
Acquisition of non-financial assets		(2,715,416)
Net cash flows from investing activities		(2,715,416)
Cash flow from financing activities		
Specify the activity		-
Net cash flow from financing activities		-
Net increase/Decrease in cash and cash equivalents		17,051,518
Cash and cash equivalent at 1st July 2024	9	17,424,581
Cash and cash equivalent at end June 2025	9	34,476,099

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 19th September 2025 and


y:

E.J. MITEI (MS)
AG. COMMISSION SECRETARY
DATE: 19TH SEPTEMBER 2025


DR. MUGWUKU NTHAMBURI, FAFTRA
PROGRAM MANAGER
DATE: 19TH SEPTEMBER 2025


ESTHER WAGAKI MATHENGE
PROGRAM ACCOUNTANT
ICPAK MEMBER NO: 11548
DATE: 19TH SEPTEMBER 2025

11. Statement of Comparison of Budget and Actual Amounts for the Year ended 30th June 2025

Description	Original budget	Adjustments	Final budget	Actual on a comparable basis	Budget utilization difference	% of utilization
	A	B	C=a+b	D	E=c-d	F=d/c %
Revenue						
Transfers	20,000,000	-	20,000,000	28,005,139	(8,005,139)	
Total Revenue	20,000,000	-	20,000,000	28,005,139	(8,005,139)	140
Payments						
Use of goods and services	20,000,000	-	20,000,000	8,234,005	11,765,995	
Total Payments	20,000,000	-	20,000,000	8,234,005	11,765,995	41
Surplus or Deficit	-	-	-	19,771,134	(19,771,134)	

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.



E. J. MITEI (MS)
AG. COMMISSION SECRETARY
DATE: 19TH SEPTEMBER 2025



DR. MUGWUKU NTHAMBURI, F AFTRA
PROGRAM MANAGER
DATE: 19TH SEPTEMBER 2025



ESTHER WAGAKI MATHENGE
PROGRAM ACCOUNTANT
ICPAK MEMBER NO: 11548
19TH SEPTEMBER 2025

12. Notes to the Financial Statements

1. General Information

Teachers Service Commission is established by and derives its authority and accountability from Teachers Service Commission Act, 2012. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to register trained teachers, recruit and employ registered teachers; assign teachers employed by the Commission for service in any public learning institutions.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with the Public Finance Management Act, 2012 and with the International Public Sector Accounting Standards (IPSAS).

These financial statements were authorized for issue by the accounting officer on 19th September 2025.

3. Adoption of New and Revised Standards

i) New and amended standards and interpretations in issue effective in the year ended 30 June 2025.

Standard	Effective date and impact:
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45- Property Plant and Equipment	<p>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application</p>

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Standard	Effective date and impact:
	guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46 Measurement	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>

ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025

Standard	Effective date and impact:
IPSAS 47- Revenue	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48- Transfer Expenses	<p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49- Retirement Benefit Plans	<p>Applicable 1st January 2026</p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>

iii) Early adoption of standards

The Entity did not early adopt any new or amended standards in the financial year.

Notes to the Financial Statements

4. Summary of Significant Accounting Policies

a) Revenue recognition

Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that have been acquired using such funds.

b) Budget information

The original budget for FY 2024/2025 was approved in July, 2024. 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 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 5 under section 11 of these financial statements

c) 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 or construction of the item of property appropriately according to the acronyms you use in your financial statements plant and equipment. 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

Notes to the financial statements

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.

The Teachers Service Commission procured fixed asset in the reporting period classified as Computers and ICT Equipment as disclosed in note 11. Depreciation method adopted was reducing balance method and a rate of 30% was applied as per the Commission's policy on depreciation.

d) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Commission's financial statements. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

c. Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year-end.

e) Changes in accounting policies and estimates

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

f) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

g) Related parties

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

h) 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.

i) 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, 2025.

Notes to the financial statements

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Commission's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions.

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

Useful lives and residual values

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

- The condition of the asset based on the assessment of experts employed by the Commission.
- The nature of the asset, its susceptibility and 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

Notes to the financial statements

6. Revenue Transfers

Description	2024/2025
	KShs
Unconditional Transfers	
Transfers from Development partners	28,005,139
Total Unconditional Transfers (a)	28,005,139
Conditional Transfers	
Transfers from Development partners	-
Total Conditional Transfers (b)	-
Total Transfers for the Year (a + b)	28,005,139

The funding is for implementing teacher robust management systems

a) Details to Revenue Transfers

Name of The Entity Transferring	Amount recognized to Statement of Financial performance	Amount deferred under deferred income.	Amount moved to Capital fund	Total transfers (2024/2025)
	Kshs	Kshs	Kshs	Kshs
Development Partner 1	28,005,139	-	-	28,005,139
Subtotal		-	-	-
Deferred Income realized		-	-	-
Transfers in Kind		-	-	-
Total	28,005,139	-	-	28,005,139

7. Use of Goods and Services

Description	2024/25
	<u>Kshs</u>
Domestic travel and subsistence	6,397,202
Stationery, Printing, advertising, and information supplies	731,653
Hospitality supplies and services	1,105,150
Total	8,234,005

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Notes to the financial statements

8. Depreciation and Amortization expense

Description	2024/25 Kshs
Property, Plant and Equipment	203,656
Total	203,656

9. Cash and Cash Equivalents

Description	2024/25	1 st July
	Kshs	Kshs
Cash in Bank	34,476,099	17,424,581
Cash on hand	-	-
Total Cash and Cash Equivalents	34,476,099	17,424,581

Project Bank Accounts

Details	2024/2025	1st July 2024
	Kshs	Kshs
Local Currency Accounts		
Central Bank of Kenya [A/c No. 1000635495]	20,890,295	17,424,581
Central Bank of Kenya [A/c No.1000741163]	13,585,804	-
Total local currency balances	34,476,099	17,424,581

10. Receivables

Description	2024/25	1 st July 2024
	Kshs	Kshs
Other Receivables	4,200	-
Total Receivables	4,200	-

Receivables are Outstanding Imprest recovered through payroll in June 2025. Transfer of the funds from TSC Recurrent account to IPF account has been done in the current financial year 2025/2026.

**Notes to the Financial Statements
Ageing analysis for Receivables**

Description	2024/25		1 st July 2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	4,200	100%	-	100%
Total (a+b)	4,200		-	

11. Property, Plant and Equipment

	Computers & ICT Equipment	Total
Depreciation Rate	30%	
Cost	Kshs	Kshs
As at 1 st July 2024	-	-
Additions	2,715,416	2,715,416
As At 30 th June 2025	2,715,416	2,715,416
Depreciation And Impairment		
As at 1 st July 2024	-	-
Depreciation charge for the period	203,656	203,656
As At 30 th June 2025	203,656	203,656
Net Book Values		
Opening Bal as at 1 st July 2024	-	-
As At 30 th June 2025	2,511,760	2,511,760

12. Trade and Other Payables

Description	2024/25		1 st July 2024	
	Kshs		Kshs	
Other payables		-		-
Total trade and other payables		-		-
Ageing analysis: (Trade and other payables)	2024/25	% of the Total	Comparative FY	% of the Total
Under one year	-	-	-	-
Total (tie to above total)	-		-	

Notes to the Financial Statements

6. Cash Generated from Operations

Description	2024/2025
	Kshs
Surplus for the period before tax	19,567,478
Adjusted for:	
Depreciation	203,656
Working capital adjustments	
Increase in receivables	4,200
Increase in payables	-
Net cash flow from operating activities	19,766,934

7. Special Deposit Accounts

The balances in the Project's Special Deposit Account(s) as of 30th June 2025 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.

Notes to the financial statements

Special Deposit Accounts Movement Schedule

Description	2024/25	1 st July 2024
	Kshs	Kshs
(i) A/C Name [A/c No1000600818]		
Opening balance	<u>7,326,981</u>	27,391,342
Total amount deposited in the account	-	-
Total amount withdrawn	=	<u>20,064,361</u>
Closing balance (as per SDA bank account reconciliation attached)	<u>7,326,981</u>	<u>7,326,981</u>
(ii) A/c Name [A/c No1000600799]		
Opening balance (as per the SDA reconciliation)	8,976,231	=
Total amount deposited in the account	-	8,976,231
Total amount withdrawn	8,976,231	=
Closing balance (as per SDA bank account reconciliation attached)	=	<u>8,976,231</u>
(iii) A/c Name [A/c No1000738405]		
Opening balance (as per the SDA reconciliation)	-	-
Total amount deposited in the account	64,597,850	-
Total amount withdrawn	19,250,159	=
Closing balance (as per SDA bank account reconciliation attached)	<u>45,347,691</u>	=

8. Events after the Reporting Period

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

9. Ultimate And Holding Entity

The Teachers Service Commission is an independent government body established under the Constitution of Kenya mandated to manage the teaching service and ensuring quality education. Its ultimate parent is the Government of Kenya.

10. Currency

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs.

Kenya Primary Education Equity in Learning (KPEEL) Program
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13. Annexes

Annex 1: Prior Year Auditor-General's Recommendations

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
Report on the Financial Statements	<p>Emphasis of Matter; Statement of comparison of budget and actual amounts reflect final receipts of budget and actual on a comparative basis amounts of Ksh. 40,000,000 and Ksh. 20,064,361 respectively resulting to underfunding of Ksh. 19,935,639 of 50% of the budget.</p> <p>Similarly, the program spent an amount of Ksh. 2,639,780 against actual receipt of Ksh. 20,064,361 resulting to underutilization of Ksh. 17,424,581 or 87% of the receipts.</p>	<p>Under IPF Parent activities, all the procurement activities had not been completed by closure of the financial year due to delay allocation of budget in the work plan. Under Additional Financing, the above activities were initiated by drafting the Terms of Reference (TORs). It is a requirement that the TORs are reviewed by the World Bank before preparation of tender documents. Approval of the TORs was issued on 3rd June,2024</p>	<p>Ongoing: Terms of Reference (TORs) were non responsive and were reviewed. Procurement process is ongoing</p>	<p>2025/2026</p>



E.J MITEI (MS)
AG. COMMISSION SECRETARY
DATE: 19TH SEPTEMBER 2025



DR. MUGWUKU NTHAMBURI, F AFTRA
PROGRAM MANAGER
DATE: 19TH SEPTEMBER 2025

