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AUDITOR-GENERAL'S
SPECIAL AUDIT REPORT ON
CAPITATION AND
INFRASTRUCTURE GRANTS IN
SCHOOLS ACROSS THE COUNTRY

JUNE 2025



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FOREWORD BY THE AUDITOR-GENERAL

I am pleased to present this Special Audit Report on Capitation and Infrastructure Grants in Schools across the country for the financial years 2020/2021, 2021/2022, 2022/2023 and 2023/2024. Article 229 of the Constitution of Kenya, 2010 mandates the Auditor-General to undertake financial, compliance and performance audits. Further, Section 7(1)(a) of the Public Audit Act, 2015 requires the Auditor-General to give assurance on the effectiveness of internal controls, risk management and overall governance at national and county government public entities. In addition, Section 34 mandates the Auditor-General to conduct periodic audits upon request or at own initiative. The Special Audit of Capitation and Infrastructure Grants in Schools was conducted in line with this mandate.

The Special Audit was in response to a request by the Public Accounts Committee of the National Assembly, through letter Ref: NA/DAASC/PAC/2023/171 dated 23 August, 2023. It involved an assessment of the criteria used to allocate capitation and infrastructure grants, review of budgeting and disbursement processes for both primary and secondary schools across the country and an assessment of the National Education Management Information System. The Special Audit identified inadequacies in criteria used to allocate capitation and infrastructure grant and weaknesses in budgeting, disbursements and utilization of the funds. The report provides recommendations to the State Department for Basic Education for enhancing equity in allocation of capitation and infrastructure grants, and for enhancing efficiency and accountability in budgeting and disbursements.

The Report is submitted to Parliament in accordance with Article 229(7) of the Constitution of Kenya, 2010 and Section 39(1) of the Public Audit Act, 2015. The Annexures are voluminous and will be provided in soft copy. I have submitted copies of the report to the Chief of Staff and Head of the Public Service, Principal Secretary, The National Treasury, and Principal Secretary, State Department for Basic Education.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

12 June, 2025

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Abbreviations

Abbreviation	Full Name
CEMASTEА	Centre for Mathematics, Science and Technology Education in Africa
BES	Boarding Equipment and Stores
BOM	Board of Management
CDE	County Director of Education
CS	Cabinet Secretary Ministry of Education
DSNE	Director Special Needs Education
ESP	Economic Stimulus Programme
FPE	Free Primary Education
FDSE	Free Day Secondary Education
GoK	Government of Kenya
ICT	Information Communication Technology
JSS	Junior Secondary School
KICD	Kenya Institute of Curriculum Development
LCB	Low-Cost Boarding
MEP	Minimum Essential Package
MoE	Ministry of Education
MoEST	Ministry of Education, Science and Technology
NEMIS	National Education Management Information System
PAC	Public Accounts Committee
PS	Principal Secretary
PWPER	Presidential Working Party on Education Reforms
RDE	Regional Director of Education
SCDE	Sub-County Director of Education
SDBE	The State Department for Basic Education
SMASE	Strengthening of Mathematics and Science in Education
TSC	Teachers Service Commission
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNICEF	United Nations Children's Fund

EXECUTIVE SUMMARY

Introduction and Background

- 1.1. Article 229 of the Constitution of Kenya, 2010 mandates the Auditor-General to undertake financial, compliance and performance audits. Further, Section 7(1)(a) of the Public Audit Act, 2015 requires the Auditor-General to give an assurance on the effectiveness of internal controls, risk management and overall governance at national and county government public entities. In addition, Section 34 of the Public Audit Act, 2015 mandates the Auditor-General to conduct periodic audits, upon request or at the Auditor-General's own initiative, with a view to evaluating the effectiveness of risk management, control and governance processes in public entities. The Special Audit on Capitation and Infrastructure Grants was conducted in line with this mandate.
- 1.2. The Free Primary Education (FPE) Programme was introduced in Kenya in January 2003 with capitation per learner amount of Kshs.1,420. Further, there were additional resources distributed to primary schools under Low-Cost Boarding (LCB) schools grants, sanitary towels, digital literacy programs and school meals program among others.
- 1.3. The Government of Kenya(GoK), launched the Free Day Secondary Education(FDSE) Program in 2008 with annual capitation of Kshs.10,265 which was later increased to Kshs.12,879 in 2014 and to Kshs.22,244 in 2018. Learners with special needs under Special Needs Education (SNE) are allocated capitation amount of Kshs.57,974 per year. Additional resources to secondary schools included Arid and Semi-Arid Lands and Pockets of Poverty Grant, Supply of Information Communication Technology (ICT) Equipment and Disbursement of Scholarship Grants to Children of Prominent Persons who die in Service.
- 1.4. Capitation for Junior Secondary Schools (JSS) in Kenya is guided by the Report of The Presidential Working Party on Education Reform (PWPER), 2023. The report recommended capitation amount of Kshs.15,043 for JSS under the Competency Based Curriculum (CBC).
- 1.5. The Basic Education Act, 2013 places obligations on the Ministry of Education (MoE) to ensure there is adequate infrastructure as a critical enabler for delivering equitable and quality basic education. These obligations are further reinforced by successive strategic plans and national development blueprints

including the National Education Sector Strategic Plans (NESSP) 2018-2022 and 2023-2027 the Third Medium Term Plan under Vision 2030, and the 2020 Economic Stimulus Programme (ESP).

- 1.6. According to the State Department for Basic Education (SDBE) the allocation of infrastructure grants to schools is guided by a range of practical considerations. These include direct requests from schools with urgent infrastructure needs, emergency support following natural disasters, equity-focused interventions in marginalized regions, and high-level recommendations from education authorities.
- 1.7. Additional considerations include support for high-performing schools to expand access, assistance to under-resourced schools to broaden their curriculum, and the completion of stalled infrastructure projects.

Terms of Reference and Audit Objectives

- 1.8. The Public Accounts Committee (PAC) of the National Assembly, through letter Ref:NA/DAASC/PAC/2023/171 dated 23 August, 2023, requested the Auditor-General to undertake a Special Audit on funds disbursed to primary and secondary schools across the Country. The Special Audit was to cover the financial years 2020/2021, 2021/2022, 2022/2023 and allocations for 2023/2024 with the following Terms of Reference:
 - i. Criteria used to allocate resources for capitation per learner for tuition and activity fees, infrastructure, textbooks and EduAfya, among other activities; and whether the criteria were equitable;
 - ii. Amounts disbursed as at the time of audit under item (i) above;
 - iii. Number of schools per constituency that received development funds during the period under review, detailing complete and ongoing projects; and
 - iv. Any other relevant/related matter.
- 1.9. The objective of the Special Audit was to review the criteria used to allocate resources for capitation per Learner, confirm amounts disbursed to primary and secondary schools, confirm the utilization of development funds and confirm the status of projects implemented.

Audit Scope and Limitations

- 1.10. The audit covered review of the allocation of capitation, confirmation of actual disbursements for capitation and infrastructure funds, and verification of implemented projects for the financial years 2020/2021, 2021/2022, 2022/2023 and 2023/2024.
- 1.11. There were limitations encountered in the Special Audit such as large population of primary and secondary schools which was mitigated by auditing sampled schools. There was also extensive data on capitation and infrastructure grants which required application of data analytics.

Methods of Data Collection

- 1.12. The team used various data collection methods including documents review, analytical review, interviews and physical verification.

Summary of Audit Findings

- 1.13. The key audit findings are detailed below:

A. Capitation Grant

- 1.14. The special audit reviewed criteria used to allocate resources for capitation, budgetary allocation, exchequer releases, disbursements and allocation of capitations funds.

Criteria used to Allocate Resources for Capitation per Learner

- 1.15. The Government disburses funds based on the number of students enrolled in each school. The current capitation allocations per student for FDSE, Free Day Junior Secondary Education(FDJSE), Free Day Primary School Education(FDPE) and Secondary Schools Special Needs Education (SNE) for the period under review amounted to Kshs.22,244, Kshs.15,043, Kshs.1,420 and Kshs.57,974 respectively.
- 1.16. Comparison of budget requirements of the State Department and disbursements to schools established that the amount disbursed to schools and programs was less than the amounts set in the policy documents. The underfunding amounted to Kshs.71,022,126,504 for secondary schools, Kshs.31,981,877,799 for Junior Secondary, Kshs. 14,048,116,230 for primary

schools and Kshs.67,117,182 for secondary schools SNE. Further, the special audit noted general decline in the ratio of disbursements to the amounts allocated over time during the period under review.

- 1.17. In addition to capitation allocation based on number of students, there are schools that get extra funding that is aimed at addressing variations in learner needs, school context, or cost of service delivery. This includes programs like SNE top-ups, Arid and Semi-Arid Lands (ASAL), Low-Cost Boarding (LCB), Digital Literacy Programme (DLP).

Whether the Criteria used for Capitation is Equitable

- 1.18. The Special Audit concluded that the current allocation per learner, based on the funding model, does not factor in the varying needs and circumstances of the learners and Schools. The capitation model therefore is not equitable. This conclusion was based on the following considerations:
 - i. The capitation per student was based on the number of students enrolled in National Education Management Information System (NEMIS). However, there were instances where the number of students enrolled in NEMIS differed with the actual enrollment as per the respective school registers.
 - ii. The Government had attempted to address variations in learner needs, school context, or cost of service delivery through other programs like SNE top-ups, Arid and Semi-Arid Lands (ASAL), Low-Cost Boarding (LCB), Digital Literacy Programme (DLP). However, the criteria used to allocate funds to some of the programmes was not clearly documented or/and applied. Further, the funding is inadequate.
 - iii. The State Department for Basic Education (SDBE) did not maintain accurate and adequate data, including learners' population and demographics, information on poverty, disability, and geographical spread.

Budgetary Allocation and Exchequer Process

- 1.19. During the years under review, the consolidated SDBE capitation budget for secondary, junior secondary and primary schools (excluding SNE) presented

to the National Assembly for approval amounted to Kshs.419,693,658,589. Review of budgetary allocation and exchequer processes established the following

I. Under-Allocation of Capitation Budget

- 1.20. Comparison of capitation budgetary requirements for secondary schools, junior secondary schools and primary schools for the four (4) years under review yielded an amount of Kshs.419,693,658,589 against the total approved budget of Kshs.334,103,815,842, resulting to an underfunding of Kshs.85,589,842,746 or 20.4% of the budget requirements
- 1.21. Further, comparison of SDBE budgetary requirements for secondary school SNE for the four (4) years under review revealed an amount of Kshs 1,616,067,900 against the total approved budget of Kshs.800,000,000, resulting to underfunding of Kshs 816,067,900 or 50% of the funding requirement Information on primary and junior secondary SNE was however not provided for audit review.

II. Delay in Requisition and Release of Exchequer

- 1.22. The Special Audit Team established instances where the State Department delayed in submitting requests to The National Treasury for funding with some requests being made after the school opening dates.
- 1.23. Further, there were delays in the release of capitation funds by The National Treasury with some of the requests taking more than two (2) months before the capitation funds were released from the exchequer.

III. Undisbursed Capitation to Schools

- 1.24. Review of the capitation disbursements by the State Department in the Integrated Financial Management Information System (IFMIS) revealed capitation amounting to Kshs 903,333,305 for secondary schools, JSS and primary schools had not been disbursed to for the period under review Further, the State Department did not disburse SNE capitation for secondary schools amounting to Kshs.2,542,207 for the period

Disbursement of Capitation to Schools

- 1.25. The Special Audit sampled four hundred and thirty-eight (438) secondary schools, two hundred and forty-four (244) Junior Secondary Schools (JSS) and three hundred and fifty-seven (357) primary schools. Review of capitation records maintained by the schools revealed the following inconsistencies:

I. Variances Between Actual Number of Students Enrolled and Registered in NEMIS

- 1.26. Comparison of the number of students registered in NEMIS and the individual sampled school students' registers established instances where the number of students registered in NEMIS differed.
- 1.27. The variances resulted in three hundred and fifty-four (354) secondary schools, ninety-nine (99) JSS and two hundred and seventy (270) primary schools being overfunded by an amount of Kshs.3,702,886,203 over the four-year period.
- 1.28. Further, three hundred and thirty-four (334) secondary schools, two hundred and forty-four (244) JSS and two hundred and thirty (230) primary schools were underfunded by an amount of Kshs.2,145,001,872.

II. Comingling of Funds

- 1.29. Review of capitation disbursements to schools revealed that three (3) secondary schools did not operate separate bank accounts during the 2020/2021, 2021/2022 and 2022/2023 financial years. Instead, the three (3) schools each operated a single school bank account and received capitation amounting to Kshs.107,316,175.
- 1.30. Comingling of funds diminishes the accountability derived from the segregation of the funds into tuition and operations bank accounts.

III. Irregular Cash Withdrawals and Transfers from the Tuition Bank Account

- 1.31. The Special Audit established that there were instances where schools withdrew cash or transferred funds from tuition accounts, contrary to the guidelines issued by the State Department for Basic Education (SDBE).

IV. Delays in Transfer of Maintenance and Improvement Funds to Infrastructure Accounts

- 1.32. The Special Audit established that two hundred and ninety-six (296) secondary schools delayed in transferring maintenance and improvement funds from the operations account to the infrastructure account. The delays ranged from sixteen (16) days to seven hundred and thirty-four (734) days.

Disbursement to Other Programs

- 1.33. The SDBE retains part of the capitation amounts allocated to learners under capitation and disburses them directly to entities operating the various programmes.

Disbursements and Utilization of EduAfyra

- 1.34. The Special Audit established the following weaknesses relating to disbursement and utilization of EduAfyra funds.
- i. The premiums payable during the period under review, amounted to Kshs.14,175,000,000 which differed with the actual remittances of Kshs.16,468,040,851 resulting in excessive remittance of Kshs.2,293,040,851.
 - ii. Out of the nine thousand three hundred and twelve (9,312) secondary schools whose capitation was retained and remitted to the EduAfyra Scheme only eight thousand eight hundred and forty-six (8,846) schools, had beneficiaries accessing services at the medical facilities over the period under review.
 - iii. For the remainder, four hundred and sixty-six (466) secondary schools with retained and remitted capitation amount of Kshs.273,754,508, there was no evidence of beneficiaries having accessed the medical services. There were no data captured in the NEMIS on the visits to medical facilities by learners from these schools.
 - iv. The State Department remitted an amount of Kshs.16,468,040,851 to National Health Insurance Fund (NHIF) whereas, the cost of the visits as per NEMIS amounted to Kshs.5,394,059,003. As a result, value for money on the disbursed amount of Kshs.16,468,040,851 to NHIF or the health services rendered could not be confirmed.

- v. Further, NEMIS EduAfya data indicated facility visits up to 28 February, 2024, yet the contract was to lapse on 31 December, 2023. For the period outside the contractual period, there were sixty-five (65) visits with medical services valued at an amount of Kshs.35,550.
- vi. In addition, review of expenditure returns from NHIF and capitation data in NEMIS revealed that there were four thousand one hundred (4,100) primary schools and JSS that benefitted from the EduAfya services, yet they were not in the NEMIS capitation data. The beneficiaries accessed medical services valued at Kshs.40,163,167.

Disbursement and Utilization of SMASE

- 1.35. During the year under review, the amount deducted from student capitation towards CEMASTEAs for the strengthening of Mathematics and Science in Education (SMASE) programme amounted to Kshs.2,845,009,741 and the actual amount disbursed amounted to Kshs.2,845,007,686.

Disbursement and Utilization of Textbooks Capitation

- 1.36. The Special Audit established the following weaknesses relating to disbursements and utilization of textbooks capitation: -

I. Variance between amount disbursed and amount Confirmed Received by KICD

- 1.37. The State Department retains and disburses text book capitation to Kenya Institute of Curriculum Development (KICD). However, the rate per learner for the textbooks was not disclosed. During the period under audit, the SDBE disbursed an amount of Kshs.27,856,921,445 to KICD while KICD confirmed receipt of Kshs.28,234,951,158 resulting to an unexplained variance of **Kshs.378,029,713**.

II. Weakness in Procurement of Textbooks.

- 1.38. The SDBE did not disclose or provide the criteria used in transferring the text book capitation funds to KICD. Further, KICD did not include procurement of textbooks in its procurement plan.

III. Variances Between number of Textbooks Distributed and Student Enrolment Records

- 1.39. During the years under review, it was established that there were excess textbooks delivered to three hundred and ninety-four (394) secondary schools, ninety-four (94) JSS and one hundred and eighty-two (182) primary schools in comparison to the number of learners enrolled in the respective schools. The total value of excess textbooks supplied to the schools amounted to Kshs. **90,834,203.**
- 1.40. Further, there was a shortfall in textbooks delivered to four hundred and fifteen (415) secondary schools, one hundred and ninety-four (194) and two hundred and forty-five (245) primary schools in comparison to the number of learners enrolled. The total value of shortfall in textbooks supplied to the schools amounted to Kshs. **295,631,193.**

IV. Distribution of Textbooks for Subjects not Offered at the Schools

- 1.41. The Special Audit established that one hundred and eighteen (118) secondary schools, two hundred and twenty-five (225) JSS and twenty-six (26) primary schools received text books for subjects not offered in the school. The total value of the distributed textbooks for subjects not offered at the schools amounted to Kshs.30,342,907.

V. Non-Delivery of Textbooks to Schools

- 1.42. Comparison of textbooks delivered to schools as indicated in signed delivery notes with numbers indicated in the distribution lists provided by the KICD established that there were publishers that delivered less textbook to one hundred and eight three (183) secondary schools, two hundred and thirty-two (232) JSS and to two hundred and fifty-three (253) primary schools. The total value of the textbooks not delivered amounted to Kshs.41,415,217.

VI. Late Delivery of Textbooks

- 1.43. The Special Audit established that there were twenty-six (26) order numbers to secondary schools, twenty-nine (29) to JSS and twenty-one (21) to primary schools under which some textbooks were delivered late. The delays ranged between three (3) months to thirty-seven (37) months.

VII. Inadequate Textbooks Inventory Records and Stock Taking

- 1.44. The Special Audit established there were one hundred and ten (110) schools that did not maintain records of textbooks, teachers' guides and other instructional materials delivered.

B. Infrastructure Grant

- 1.45. Review of allocations, disbursements and utilization of infrastructure grants established the following:

Criteria used to Allocate Infrastructure Grants

- 1.46. The Special Audit established that the SDBE does not have an approved policy document outlining criteria used to allocate infrastructure funds.

Disbursement of Infrastructure Grants

- 1.47. Between the financial years 2020/2021 and 2023/2024, a total of Kshs.6,498,280,440 was disbursed to 2,015 secondary schools and Kshs.980,999,961 to 673 primary schools for infrastructure development.
- 1.48. The disbursements to secondary schools varied annually, with Kshs.1,504,057,600 having been disbursed in 2020/2021 to 610 schools, Kshs.577,000,000 disbursed in 2021/2022 to 58 schools, Kshs.1,856,422,840 disbursed in 2022/2023 to 628 schools, and Kshs.2,560,800,000 disbursed in 2023/2024 to 719 schools.
- 1.49. For Primary schools, the annual disbursements also varied, with Kshs.269,999,986 having been disbursed in 2020/2021 to 214 schools, Kshs.339,999,975 disbursed in 2021/2022 to 234 schools, Kshs.269,000,000 disbursed in 2022/2023 to 168 schools, and Kshs.102,000,000 disbursed in 2023/2024 to 57 schools.
- 1.50. The following observations were however made regarding the disbursements and utilization of infrastructure grants to schools:

I. Failure to Transfer Infrastructure Funds

- 1.51. The Special Audit established that some schools failed to transfer infrastructure grants from their operations bank accounts to designated

infrastructure accounts. Out of the 204 secondary schools sampled, 48 did not transfer a total of Kshs 189,030,775, while 6 out of 17 primary schools sampled failed to transfer an amount of Kshs.9,744,592. This indicates commingling and diversion of infrastructure funds to operational expenditures, in violation of established guidelines

II. Delays in the Transfer of Infrastructure Funds

- 1.52. The Special Audit identified instance of delays in the transfer of infrastructure grants from the school operations bank accounts to designated infrastructure accounts. Out of 204 secondary schools sampled, 111 did not comply, resulting in delays ranging from 16 days to 567 days. Similarly, 4 out of 17 primary schools sampled experienced delays of between 78 days and 330 days.

III. Non-Compliance with Ministry Approval Conditions for School Infrastructure Projects

- 1.53. The audit identified a number of instances of non-compliance with the Ministry of Education's mandatory approval conditions for infrastructure projects, as outlined in Circular Ref. No. MOE.HQS/3/6/36 dated 14 January, 2021. Several sampled schools proceeded with projects without meeting key requirements such as formal request letter, School Infrastructure Development Plans (SIDPs), Project Implementation Models, and minutes of the relevant committees. Technical documentation including Bills of Quantities and architectural structural drawings were frequently incomplete or missing. Additionally, schools did not provide bank statements confirming availability of funds prior to the project commencement.

IV. Procurement of Infrastructure Projects

- 1.54. The audit revealed widespread instances of non-compliance with the Public Procurement and Asset Disposal Act, 2015, and the attendant 2020 Regulations, in the implementation of school infrastructure projects. None of the sampled schools had an established procurement unit staffed by qualified professionals, as required by law

- 1.55. Procurement processes were largely unstructured, with key components such as budgets, needs assessments, procurement plans or advertisements, proper evaluation procedures were either missing or inadequately executed.
- 1.56. Furthermore, procurement files lacked the mandatory professional opinions from procurement officers, as well as essential documentation including blank tender documents, tender advertisements, bid evaluations, signed contracts, payment certificates, and contract performance monitoring reports.

V. Infrastructure Project Implementation Status

- 1.57. Physical verification of infrastructure projects in the sampled schools revealed that majority of projects were either completed or ongoing. However, out of 204 projects verified funded in three financial years (2020/2021 to 2022/2023), 19 were found to have stalled with the primary reason being inadequate funding.

C. Management of National Integrated Education Information Management System

- 1.58. Audit review of the National Integrated Education Information Management System (NEMIS) platform and analysis of data from the system revealed the following:

I. Inadequate User Access Controls and Lack of Audit Trail

- 1.59. The State Department did not provide critical documentation related to user access and system activity, including:
 - a. List of system roles and their associated rights,
 - b. Tables mapping users to their respective roles, rights, and privileges, and
 - c. System transaction logs showing critical activities such as data modifications, updates, and deletions.
- 1.60. Lack of the documentation limits the ability to assess the adequacy of access controls and determine whether user privileges are appropriately assigned and aligned with job responsibilities. Furthermore, lack of transaction logs undermines accountability and makes it difficult to trace or investigate irregular

activities in the system, increasing the risk of data manipulation, unauthorized access, and undetected errors or fraud. This represents significant gap in IT governance and security controls

II. Inadequate Information Communication Technology Security Controls in NEMIS

- 1.61. Review of the Information Communication Technology (ICT) policy documents, the setup and functionalities of the NEMIS revealed gaps in ICT security controls. These weaknesses expose the State Department to risks such as unauthorized access to sensitive education data, data breaches, loss, manipulation of information, and inadequate response to security incidents. Such exposures could lead to financial losses, legal and regulatory non-compliance, disruption of critical services (business continuity risks), and reputational damage to both the system and the State Department.

III. School Registration Process

- 1.62. Review of data in NEMIS revealed variances in the sets of data maintained by the SDBE-NEMIS, the Teachers Service Commission (TSC), the Kenya National Examinations Council (KNEC), and the Kenya Primary School Education Assessment (KEPSEA) systems. The schools with variances were spread across thirty-four (32) counties as follows:
- a. There were sixty-five (65) schools that were in NEMIS and receive capitation amounting to Kshs.74,079,808 for the period under review yet they were not in the other three (3) sets of data
 - b. Further, thirty-four (34) schools that received infrastructure grants totalling Kshs.61,533,330 either did not appear in any set of data or appeared in only one (1) set of data.
- 1.63. Audit inspection of 83 schools sampled established the following:
- a. There were fourteen (14) schools that received capitation totalling Kshs.16,683,215. However, the schools did not appear in the County Director of Education (CDEs) records while the CDEs were not aware of their existence. The SDBE indicated some of the explanations for the variance as: names captured in NEMIS being different from the actual

- names of the schools; actual location of schools being different from the locations indicated in the NEMIS; and closure of some of the schools;
- b. Further, there were six (6) schools that had ceased operations but received capitation amounting of Kshs.889,348 during the years under review. The management indicated that funds disbursed to four (4) out of the six (6) schools had not been utilized and are still being held in the respective bank accounts which were not closed after schools ceased operating.
 - c. In addition, thirteen (13) schools, with capitation totalling Kshs.11,018,253 had registered names which differed with the names captured in the NEMIS.

IV. Integrity of Data Maintained in NEMIS

- 1.64. The audit established that seventy-one (71) schools which received capitation totalling Kshs.55,231,890 were classified in NEMIS as appearing in counties and sub-counties which differed with records maintained by either TSC, KNEC and KEPSEA.
- 1.65. These discrepancies indicates weaknesses in data capture and validation controls, which may lead to misreporting, distorted resource allocation, and challenges in policy implementation and oversight and may lead to fraud.

V. Disbursement to Schools Sharing Bank Accounts

- 1.66. It was established that NEMIS lacked proper validation mechanisms when capturing the school's bank accounts. This deficiency allows duplicate bank account numbers to be entered into the system without detection.
- 1.67. Further, review of NEMIS records indicated that there were schools that were sharing tuition and operations bank accounts. During the year under review, disbursements to the accounts amounted to Kshs.10,048,941. This effectively meant that the disbursed funds may not have gone to the intended beneficiaries.

D. Conclusion

- 1.68. The current capitation funding model does not ensure equitable allocation of resources to public schools. It relies primarily on enrolment of students in NEMIS, which is inaccurate, and does not adequately consider factors such

as special needs, poverty levels, or geographical disparities. Additionally, the lack of reliable and comprehensive data limits the ability to allocate funds fairly across diverse school contexts.

- 1.69. The amounts approved by the National Assembly are consistently lower than the capitation funding requirements by the State Department for Basic Education. This funding shortfall leads to under-resourcing at the school level, thereby limiting the capacity of schools to deliver quality education and adequately address the diverse needs of learners.
- 1.70. The timely disbursement of capitation funds to public schools is hindered by both delayed exchequer requisitions by the State Department for Basic Education and delayed exchequer releases by The National Treasury. These delays disrupt school operations, constrain planning, and adversely affect service delivery.
- 1.71. There were variances between student enrolment numbers recorded in the NEMIS and respective schools registers. These discrepancies raise concerns on the accuracy and reliability of NEMIS enrolment data used for capitation funding. Inaccurate data compromises the fairness of resource allocation and leads to overfunding or underfunding of schools, thereby affecting effective delivery of education services.
- 1.72. There were variances between the number of textbooks supplied to schools and the actual student enrolment numbers, resulting in either shortages or surpluses of learning materials supplied. Further, there were textbooks distributed to schools that did not offer the subjects. This is an indication that the State Department did not align distribution of textbooks with subjects offered in schools. These inefficiencies point to weaknesses in the planning and distribution processes, leading to wastage of public resources and limiting the effectiveness of teaching and learning in schools.
- 1.73. The SDBE did not disclose or provide the criteria used in transferring the text book capitation funds to KICD. Further, KICD did not include procurement of textbooks in its procurement plans during the four-year period.
- 1.74. The failure by the SDBE to provide the criteria for the transfer of textbook funds and the lack of inclusion of text book budget in procurement plans by KICD, meant that there was no basis for the procurement and subsequent

distribution of the textbooks. This resulted to over/under supply of textbooks to schools.

- 1.75. The non-delivery and late delivery of textbooks by contracted publishers may have negatively impacted the timely access to learning materials in some public schools. The failures point to weaknesses in contract enforcement, monitoring, and logistical coordination within the textbook distribution process.
- 1.76. The absence of proper inventory management systems at the schools' level hampers accountability, increases the risk of loss or misuse of resources, and hampers effective planning for future textbook needs. This indicates weaknesses in internal controls and oversight.
- 1.77. Failure to transfer infrastructure grant and maintenance and improvement funds within the specified period indicates weaknesses in financial governance and poor enforcement of the provisions of the circulars and directives by the SDBE. This affects timely execution of infrastructure projects, and maintenance and improvement of schools' infrastructure.
- 1.78. The non-compliance with SDBE approval for schools' infrastructure projects and stalled projects lead to utilization of infrastructure grants whose value for money could not be confirmed thus affecting service delivery to the learners.
- 1.79. The failure to adhere to Public Procurement and Asset Disposal Act, 2015 and the attendant Regulations, 2020 exposes schools to risks of mismanagement of public funds and irregular contract awards.
- 1.80. The weaknesses in the NEMIS system expose the State Department to risks of unauthorized access to sensitive data, loss or manipulation of information, and inadequate response to security incidents and may also lead to fraud.
- 1.81. The data integrity issues in NEMIS indicates weaknesses in data accuracy and validation controls, which may lead to misreporting, distorted resource allocation, and challenges in policy implementation and oversight.

E. Recommendations

- 1.82. The State Department for Basic Education, in collaboration with the key stakeholders, should develop and implement an enhanced capitation funding model that integrates equity indicators such as poverty levels, disability status, geographical locations, and school specific operational needs. To support this model: -

- i. The State Department should ensure efficiency and effectiveness of the centralized data management system to ensure accurate, up-to-date information on learner enrolment and demographics.
 - ii. The National Assembly should ensure adequate budgetary provisions are made to support the development and phased implementation of a revised funding model.
- 1.83. The National Assembly should ensure adequate allocation to the State Department for Basic Education based on data-driven justifications for capitation funding requirements.
- 1.84. The State Department for Basic Education should develop and implement a standardized capitation disbursement calendar aligned with school terms, and submit exchequer requisitions to The National Treasury at least **30 days before the start of each term**. Further, The National Treasury should commit to releasing the approved funds no later than **two weeks before the beginning of the school term**. This will ensure schools' management are able to plan and procure necessary consumables including food stuffs before learners' report to school.
- 1.85. The State Department for Basic Education should implement a verification framework to reconcile student enrolment data between the NEMIS and school registers per term. This should include periodic monitoring to enhance accuracy and completeness.
- 1.86. The State Department for Basic Education should establish a centralized and regularly updated inventory management system that links textbook distribution to verified student enrolment and subject offered at each school. Further, before the procurement and distribution of textbooks, schools should be required to submit validated enrolment data and subject schedules.
- 1.87. The KICD should ensure strict adherence to the terms of contracts entered into with the publishers and continuous monitoring of contracts under implementation.
- 1.88. The State Department for Basic Education should activate a standardized textbook inventory management module in NEMIS for all public schools, supported by clear guidelines and training for school administrators. Schools should be required to maintain updated inventory records and submit status reports at least once every term.

- 1.89. The SDBE should strengthen its financial governance mechanisms and enforce strict compliance with the laws and directives and with the projects' budgets.
- 1.90. The SDBE should ensure strict adherence to information, communication and technology controls to reduce risks of unauthorized access to sensitive data, loss or manipulation of information, and inadequate response to security incidents and
- 1.91 The SDBE should implement validation controls to ensure accuracy and completeness of NEMIS data

2. INTRODUCTION AND BACKGROUND

2.1. Introduction

- 2.1.1. The Office of the Auditor-General (OAG) is an Independent Office established by Article 229 of the Constitution of Kenya. The Office is charged with the primary oversight role of ensuring accountability in the use of public resources within the three arms of Government (the Legislature, the Judiciary and the Executive) as well as the Constitutional Commissions, Independent Offices, and any entity that is funded from public funds.
- 2.1.2. Section 7(1)(a) of the Public Audit Act, 2015 requires the Auditor-General to give an assurance on the effectiveness of internal controls, risk management and overall governance at national and county government public entities. Further, Section 34 provides that the Auditor-General may, upon request or at his or her own initiative conduct periodic audits which shall be proactive, preventive and deterrent to fraud and corrupt practices, systemic and shall be determined with a view to evaluating the effectiveness of risk management, control and governance processes in State Organs and public entities.
- 2.1.3. The Public Accounts Committee (PAC) of the National Assembly, through a letter Ref: NA/DAASC/PAC/2023/171 dated 23 August, 2023, requested the Auditor-General to undertake a Special Audit on funds disbursed to primary and secondary schools across the Country. The Special Audit was to cover the financial years 2020/2021, 2021/2022, 2022/2023, and allocations for 2023/2024.
- 2.1.4. The Terms of Reference for the special audit were:
- i. Criteria used to allocate resources for capitation per learner for tuition and activity fees, infrastructure, textbooks and EduAfyra among other activities, and whether the criteria were equitable;
 - ii. Amounts disbursed as at the time of the audit under item (i) above;
 - iii. Number of schools per constituency that received development funds during the period under review, detailing complete and ongoing projects; and
 - iv. Any other relevant/related matters.

2.2. Background

Capitation Grant

- 2.2.1. The Free Primary Education (FPE) Programme was introduced in Kenya in January 2003 by the Government, in line with the efforts by the United Nations Educational, Scientific and Cultural Organization (UNESCO) which adopted the six (6) Education for All (EFA) goals. The Free Primary Education Program is also in line with the Millennium Development Goal (MDG) number 2 that called for increased access to quality basic education and training.
- 2.2.2. As a basic constitutional right for all children, and as articulated in Section 7 of the Children's Act, 2001, FPE Program aims to provide access to primary education for all school-aged children (6-15 years) and learners above 16 years. The Free Primary Education capitation was established at Kshs.1,420 per learner in 2003. However, the amount has not been increased since then.
- 2.2.3. Further, there were additional resources distributed to primary schools under: - Low-Cost Boarding (LCB) schools grants, sanitary towels, digital literacy programs and school meals program among others. The Government of Kenya (GoK) also launched the Free Day Secondary Education (FDSE) Program at the beginning of 2008. The Program's goal was to address the plight of children from poor households who upon completion of free primary education could not access secondary school, due to lack of school fees. Through the FDSE Program, the Government subsidizes tuition and maintenance fees in public secondary schools. The SDBE issues annual guidelines on the utilization and implementation of Government capitation¹ to secondary schools.
- 2.2.4. The annual capitation per learner increased from of Kshs.10,265 in 2008, to Kshs.12,879 in 2014, and to Kshs.22,244 in 2018, where it has remained to date. Learners with special needs under Special Needs Education (SNE) are allocated Kshs.57,974 per year.

¹ Capitation is an initiative whereby the Government subsidizes school fees by allocating a specific amount of funds per learner

- 2.2.5. Additional resources to secondary schools included Arid and Semi-Arid Lands and Pockets of Poverty Grant, Supply of Information Communication Technology (ICT) Equipment and Disbursement of Scholarship Grants to Learners of Prominent Persons who Die-in-Service.
- 2.2.6. Capitation for Junior Secondary Schools (JSS) in Kenya is guided by Report of the Presidential Working Party on Education Reform (PWPER), 2023. The report recommended capitation amount of Kshs.15,043 for JSS under the Competency Based Curriculum (CBC).

Infrastructure Grant

- 2.3. The Basic Education Act, 2013 places obligations on the Ministry of Education (MoE) to ensure there is adequate infrastructure as a critical enabler for delivering equitable and quality basic education. These obligations are further reinforced by successive strategic plans and national development blueprints — including the National Education Sector Strategic Plans (NESSP 2018–2022 and 2023–2027), the Third Medium Term Plan under Vision 2030, and the 2020 Economic Stimulus Programme (ESP).
- 2.4. According to the State Department for Basic Education (SDBE), the allocation of infrastructure grants to schools is guided by a range of practical considerations. These include direct requests from schools with urgent infrastructure needs, emergency support following natural disasters, equity-focused interventions in marginalized regions, and high-level recommendations from education authorities.
- 2.5. Additional considerations include support for high-performing schools to expand access, assistance to under-resourced schools to broaden their curriculum, and the completion of stalled infrastructure projects.

3. AUDIT DESIGN

3.1. The Audit Objective

- 3.1.1. The objective of the Special Audit was to review the criteria used to allocate resources for capitation per learner, confirm amounts disbursed to primary and secondary schools, confirm the utilization of development funds and confirm status of projects implemented.

3.2. Terms of Reference

- 3.2.1. The Special Audit was guided by the following Terms of Reference: -

A. Capitation Grants

- i. To establish the criteria used to allocate resources for capitation per learner for tuition and activity fees, infrastructure, textbooks and EduAfya among other activities, and whether the criteria are equitable;
- ii. Ascertain the approved budgetary allocation and funds disbursed for capitation for the financial years 2020/2021, 2021/2022, 2022/2023 and allocations for 2023/2024; and
- iii. Confirm disbursement of capitation funds to various programs, and whether there was compliance with the set criteria.

B. Infrastructure Grants

- i. Establish criteria used to identify schools allocated infrastructure grants;
- ii. Review budgetary allocation and actual disbursements of infrastructure grants;
- iii. Establish the number of schools per County and Sub-County that received infrastructure funds for the financial years 2020/2021, 2021/2022, 2022/2023, and allocation for 2023/2024; and
- iv. Review utilization of infrastructure grants by schools, detailing complete and ongoing projects, and compliance with specified guidelines.

3.3. Scope, Limitations and Mitigation

The Audit Scope

- 3.3.1. The Special Audit was conducted at the State Department for Basic Education and sampled primary and secondary schools. The audit covered the review of the allocation of capitation, confirmation of actual disbursements for capitation and infrastructure funds, and verification of implemented projects. The Special Audit covered funds disbursed to primary and secondary schools across the country for the financial years 2020/2021, 2021/2022, 2022/2023, and allocation for 2023/2024.

Limitations and Mitigation Measures

- 3.3.2. The limitations faced during the Special Audit and mitigation measures employed to safeguard audit quality are as detailed below;
- i. The large number of primary and secondary schools resulted in extensive audit coverage. This was mitigated by auditing sampled schools.
 - ii. Handling the extensive data on capitation and infrastructure grants which required application of data analytics.
 - iii. The school records maintained by the SDBE categorized schools by county and sub-county. Consequently, the school that received infrastructure grant were also categorized by county and sub-county.

3.4. Audit Approach and Methodology

Planning the Audit

- 3.4.1. The Special Audit Team obtained preliminary data from the State Department for Basic Education which formed the basis for audit planning and sampling of the schools to be audited.

Methods of Data Collection

The audit approach and methodology used in evidence gathering, analysis and reporting are as discussed below;

i. Documents Review

- 3.4.2. The Special Audit Team reviewed the Constitution of Kenya, 2010, Basic Education Act, 2013, Public Finance Management Act, 2012, Public Finance Management (National Government) Regulations, 2015, Teachers Service Commission Act, 2012, Basic Education Regulations, 2015, Free Day Secondary School and Free Primary School Guidelines, approved budgets, bank statements, class registers, and other relevant records.

ii. Analytical Review

- 3.4.3. The Special Audit Team analysed and summarized information relating to the process of allocation, disbursement, and utilization of capitation and infrastructure funds.

iii. Interviews

- 3.4.4. The Special Audit Team conducted interviews with the Principal Secretary, State Department for Basic Education and the Deputy Accountant-General., Directors responsible for the Directorate of Primary Education and the Directorate of Secondary Education, County Directors of Education, Secondary School Principals, Board of Management (BoM) and Primary School Heads from the sampled schools, as detailed **Appendix 1**.

iv. Physical Verification

- 3.4.5. Physical inspections of projects implemented in the sampled schools across the country were carried out to ascertain their completion status.

v. Student Census

- 3.4.6. Student census was carried out in the sampled schools across the country to ascertain the accuracy of data held in the National Education Management Information System (NEMIS).

3.5. The Structure of the Report

- 3.5.1. The Special Audit report is structured as follows: -
- i. Executive Summary;
 - ii. Introduction and Background;
 - iii. Detailed Findings;
 - iv. Conclusion;
 - v. Recommendations; and
 - vi. Appendices.

4. DETAILED FINDINGS

A. Capitation Grant

4.1. Criteria used to Allocate Resources for Capitation per Learner

- 4.1.1. The United Nations (UN) Sustainable Development Goal (SDG) 4 for Quality Education, aims to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. The goal emphasizes the need to provide quality education for all, especially vulnerable populations, and supports the reduction of disparities in access and quality.
- 4.1.2. Article 43(1)(f) of the Constitution of Kenya, 2010 guarantees every person the right to education. Article 53(1)(b) guarantees every child the right to free and compulsory basic education.
- 4.1.3. Section 4 (e) and (f) of Basic Education Act, 2013 provides for the protection of every child against discrimination by an education department or institution on any ground, and the right of every child in a public school to equal standards of education, including the medium of instructions used in schools for all children of the same educational level.

Secondary Schools

- 4.1.4. The Free Day Secondary Education Program was established in 2008 to increase access to secondary education and improve academic outcomes. In the year 2012, the Ministry of Education published operational guidelines for disbursement of bursaries and grants to schools and colleges. According to the guidelines, each student in a public secondary school was entitled to the Government grant of Kshs.10,265 per year to cater for tuition and operations.
- 4.1.5. The Task Force on Secondary School Fees, 2014 issued a Report on the impediments to access to secondary education.
- 4.1.6. The impediments included; low access to education because of inadequate resources and infrastructure; delayed disbursement of available finances for a rapidly expanding sector; inability to regulate the cost of teaching or learning materials, especially textbooks; unsatisfactory learning achievements at the end of the school cycle.

- 4.1.7. Pursuant to provisions of the Constitution of Kenya, 2010, the Basic Education Act, 2013 and the recommendations of the Task Force on Secondary School Fees, 2014, the Ministry of Education, through Gazette Notice number 1555 of 2015, issued fees structure for public secondary schools, which took effect on 5 January, 2015. Annually, the Government was to pay grants of Kshs.12,870 for boarding and day secondary schools, and grants of Kshs.32,600 for special needs secondary schools. Any variation to school fees was to be guided by the Cabinet Secretary from time to time and gazetted accordingly.
- 4.1.8. A Strategy Toward Full Free Day Secondary Education (FDSE) in Kenya, 2017 which was aimed at ensuring 100% transition of learners from primary to secondary education, was issued. The blueprint identified five (5) interventions to address factors that hinder transition from primary to secondary school. The interventions were;
- i. **Increased capitation** – the Government would fully meet the annual capitation amount of Kshs.22,244 per student and special needs schools' capitation would increase to an amount of Kshs.57,974;
 - ii. **Infrastructure improvement and expansion** – to provide for additional learners and ensure 100% transition in 2018, there would be one 1,738 classrooms, 867 laboratories and (867) sanitation units being rolled out;
 - iii. **Teacher employment** – more teachers would be employed to cater for the additional needs from the increased number of learners;
 - iv. **Guide on Instructional Materials** – effective January 2018, the Ministry of Education (MoE) would implement a single core course book per subject per grade;
 - v. **Learners' Medical Insurance** – the increased capitation for schools would cover a comprehensive medical package and group accident insurance for learners, while the school property would be insured against calamities and accidents. There would be an interagency arrangement between the Ministry of Education and National Health Insurance Fund (NHIF) to provide full medical cover for all students in secondary school.
- 4.1.9. The blue print raised the capitation per student to Kshs.22,244 which was apportioned in the ration of 22:78 between tuition and operation.

- 4.1.10. The Guidelines for Implementation of Full Day Secondary Education of October 2017 published the fees structures, with GoK portion being an amount of Kshs.22,244 and the amount payable by the parent capped at Kshs.53,554 based on school category.
- 4.1.11. Each year, the State Department for Basic Education (SDBE) issues guidelines on the implementation of free day secondary schools. These guidelines indicate the amount allocated per student and the different vote heads under which the funds were apportioned.
- 4.1.12. The vote head allocation is to either tuition or operation. Tuition is meant to cater for teaching and learning materials. Operation fund is to finance various activities including maintenance and improvement, medical insurance, NHIF – EduAfya, activity fees, Strengthening of Mathematics and Science in Education (SMASE), textbooks, and other vote heads. The other vote heads comprise of local transport and travel, personnel emoluments, electricity water and conservancy, administration cost.
- 4.1.13. NHIF – EduAfya, Activity fees, SMASE and Textbooks capitation amount are deducted by the SDBE from the student allocation and disbursed to the respective organizations to fund various programs as shown in the **Table 1** below;

Table 1: Capitation Retentions

Deduction	Description	Amount Per Learner Kshs)
Medical-EduAfya	Disbursed to NHIF for provision of comprehensive medical cover for eligible students	2,000
Activity fees	Disbursed to Regional, County and Sub-County Directors of Educations to finance various extra-curricular activities	1,500
SMASE	Disbursed to Centre for Mathematics, Science and Technology Education in Africa for SMASE	200
Textbooks	Disbursed to Kenya Institute of Curriculum Development for centralized procurement and distribution on textbook	Not Indicated

- 4.1.14. Analysis of the amount allocated to each vote head indicated that except for the 2020/2021 financial year, SDBE did not comply with the 22:78 allocation rule for tuition and operation respectively as spelt out in the strategy . Further to the non-compliance with the 22:78 ratio, the percentage allocation to items within a vote also varied from year to year and did not comply with percentages recommended by the strategy and annual guidelines.
- 4.1.15. The Special Audit also established that the amount disbursed to school and programs was in all the four (4) years under review less than the one set in the Strategy and guidelines. This resulted to underfunding totalling to Kshs. 71,022,126,504 based on student enrolment as at last disbursement for each financial year. Further, the percentage of disbursement to amount allocated moved from 83% in 2020/2021 to 73% in 2023/2024 as detailed in **Annexure 1**

Other Resources Distributed to Secondary Schools

I. Arid and Semi-Arid Lands and Pockets of Poverty Grant

- 4.1.16. These are grants to secondary schools in Arid and Semi-arid Lands (ASAL) districts within Baringo, Elgeyo Marakwet, Embu, Garissa, Isiolo, Kajiado, Kitui, Kwale, Machakos, Makueni, Mandera, Marsabit, Narok, Samburu, Taita Taveta, Tana River, Tharaka Nithi, Wajir and West Pokot Counties.
- 4.1.17. County Directors of Education (CDE) are required to nominate schools to benefit from ASAL and pockets of poverty grants at the beginning of every financial year.
- 4.1.18. The Director for Secondary Education then prepares disbursement schedules for selected schools within thirty (30) days of receipt of the list of schools from the CDE.
- 4.1.19. The budgetary allocations for the financial years under review for the ASAL schools were as indicate **Table 2** below:

Table 2: Arid and Semi-Arid Land Budgetary Allocations

Financial Year	Budgetary Allocation (Kshs)
2020/2021	108,000,000
2021/2022	88,900,000
2022/2023	138,900,000
2023/2024	106,000,000

Source: ASAL Reports from the SDBE

- 4.1.20. There was however no disbursement of funds during the four (4) financial years under review. Further there were no clear criteria on how the schools were to be nominated. In addition, the schools were allocated equal amounts taking into consideration student enrolment.

II. Supply of Information Communication Technology Equipment

- 4.1.21. Schools' forward requests for Information Communication Technology (ICT) equipment requirements to SCDEs who in turn forwards to the SDBE.
- 4.1.22. Every year, the section in charge of ICT equipment at the SDBE compiles the requests and identifies the schools to benefit.
- 4.1.23. The State Department for Basic Education indicated that the criteria for a school to benefit are; the school should have substantive Head teacher, BOM, a trained teacher on ICT integration in Education, reliable electricity supply preferably from the National Grid, internet connectivity by mobile or close to optic fibre, and a designated computer lab or an existing room measuring 72 sq. metres (775 sq. feet) to be converted to a computer laboratory.
- 4.1.24. However, the SDBE did not provide a database of requests made by schools to confirm compliance with criteria for selection of the beneficiary schools.
- 4.1.25. Records at the SDBE indicate that during the four (4) years under review, nine thousand eight hundred and sixty (9860) computers were distributed to various schools across the forty-seven (47) counties. Each selected school received ten (10) computers as detailed in **Annexure 2**. However, there were schools that received the computers in more than one financial year, as demonstrated in **Annexure 3**.

III. Disbursement of Scholarship Grants to Children of Prominent Persons who Die in Service

- 4.1.26. In September 2006, the Secretary to the Cabinet and Head of Public Service wrote to the Ministry of Education, providing guidelines for the payment of the scholarship grants for children of prominent persons who die in service. The guidelines were necessitated by an increase in the number of persons requiring assistance. Under the guidelines;

- i. Education in public primary schools was to be free;
 - ii. Government support for secondary school and university learners would be limited to a maximum of what was paid in public secondary schools and public universities in Kenya under Government sponsored program;
 - iii. Support for courses undertaken in recognised colleges for national certificates and diplomas is up to a maximum of Kshs.200,000 per learner per year; and
 - iv. There would be no support for children undertaking graduate studies or professional training beyond the age of twenty (22) years.
- 4.1.27. The Procedures for Secondary Education Processes, 2023 mirrored the guidelines and outlined the procedures for disbursement. Under the guidelines;
- i. The process commences when a request is made to the Principal Secretary for the SDBE by the bereaved family or the public institution where the parent was working;
 - ii. The school account details are then confirmed against the data held by the SDBE and the funds deposited directly into the respective institution's account. The head of the receiving institution acknowledges receipt of the funds to the Principal Secretary, SDBE;
 - iii. The process is completed with the receipt of the result slip.
- 4.1.28. During the Special Audit, the Management provided a list of five (5) students who had benefitted from the funding. The deceased parents to the beneficiaries were either past civil servants, Members of Parliament or civilian. However, the Management of SDBE did not provide an approved list of offices whose bearers are considered prominent.

Junior Secondary School

- 4.1.29. According to Section 5.0 of the Report of The Presidential Working Party on Education Reform (PWPER), 2023, learners in Junior Secondary Schools are introduced to a broad-based curriculum to enable them to explore their abilities, personalities and potential towards preparing them to select subjects according to career paths of interest at the Senior School. Learning areas in Junior School Education comprise of twelve (12) core subjects and

seven (7) optional subjects. The determination of capitation for Junior School takes cognisance of the changes in the career pathways.

- 4.1.30. The inflation rate, regional disparities, heterogeneities across schools, and the need for adequate child-friendly facilities influence the cost of basic education. The recurrent costs include fixed and variable components falling into three (3) categories;
- i. Minimum fixed costs relate to BOM expenses, postage, postal rental boxes, telephone and internet connectivity in administration and teaching;
 - ii. Quasi-fixed costs cover personnel emoluments for non-teaching staff, insurance, electricity, internet connectivity and teaching aids at a fixed band of enrolment; and
 - iii. Variable costs are based on student enrolment, including costs for learning and teaching materials, assistive devices, and teaching and non-teaching personnel.
- 4.1.31. The Special Audit, however noted that the current recurrent funding model is based on a uniform rate per learner without considering the school's uniqueness.
- 4.1.32. The report of PWPER recommended capitation totalling Kshs.1,170, Kshs.2,238, Kshs.15,043 and Kshs.22,527 for Pre-Primary, Primary, Junior Secondary School (JSS) and Senior Secondary Schools under the Competency Based Curriculum (CBC), respectively.
- 4.1.33. The Kshs.15,043 for JSS was allocated to tuition, operation and infrastructure in the ratio of 39:34:27.
- 4.1.34. To ensure sustainability of JSS, the report of PWPER recommended a Minimum Essential Package (MEP), a realistic fixed operation cost and capitation, to enable a school to operate irrespective of the number of students enrolled. Given the cost drivers, public primary and secondary schools with enrolment of below one hundred (100) learners are deemed to be operating sub-optimally.
- 4.1.35. Some schools located in ASAL, urban and rural informal settlements and areas with pockets of poverty are unable to enrol the required number of learners for them to operate optimally as schools. This makes it difficult to raise sufficient funds through capitation to cover fixed and variable costs,

necessitating a Minimum Essential Package for schools. The information is as detailed in **Table 3** below;

Table 3: Minimum Essential Package Capitation

Level of Education	Classes	Streams	Enrolment Per Class	Capitation (Kshs)	MEP (Kshs)
Pre-Primary	2	1	30	1,170	70,200
Primary	6	1	40	2,238	537,120
Junior School	3	1	45	15,043	2,030,805
Senior School	3	1	45	22,527	3,041,145

- 4.1.36. Junior Secondary Schools were in operation from January 2023, which coincided with the third quarter of 2022/2023 financial year. Full year budget was therefore provisioned from 2023/2024 financial year.
- 4.1.37. Analysis of the amount allocated to each vote head in the year 2023/2024 indicated SDBE did not comply with the 39:34:27 allocation ratio for tuition, operation and infrastructure grant respectively as spelt out in the report of PWER.
- 4.1.38. The Special Audit also established that the amount disbursed to school and programs was in the year 2023/2024 less than the one set in the report of PWER. This resulted to underfunding totalling to Kshs.121,361,709 based on student enrolment as at last disbursement for each financial year. This is detailed in **Annexure 4**.
- 4.1.39. Further, the report of the PWPER required the State Department for Basic Education to disburse an amount of Kshs. 2,030,805 to each JSS as Minimum Essential Package. However, it was established that in the year 2023/2024, the Junior Secondary received administrative cost funding of Kshs.425,175 only, resulting to an underfunding of Kshs.1,605,630 per school or 81% of Minimum Essential Package. This resulted to an underfunding of Kshs.31,860,516,090

Free Primary Education

- 4.1.40. Free Primary Education was started in 2003 by the Government at annual grant rate of Kshs.1,420 per learner.
- 4.1.41. The current grant to a primary school learner per year amounts to Kshs.1,420, comprising of tuition costs of Kshs.731 and operation costs of Kshs.689. The PWPER recommended an increase in the amount to Kshs.5,862 and introduction of the Minimum Essential Package. However, the recommendations were yet to be implemented by the primary schools during the period under review.
- 4.1.42. Analysis of the amount allocated to each vote head indicated that for all the four (4) years under review, SDBE did not comply with the 51:49 allocation ratio for tuition and operation as spelt out in annual guidelines to County Directors of Education (CDE). Instead, the allocation varied across the four years. Further to non-compliance with the 51:49 ratio, the percentage allocation to items within a vote also varied from year to year.
- 4.1.43. The Special Audit also established that the amount disbursed to school and programs was in all the four (4) years under review less than the one set in the Strategy and guidelines. This resulted to underfunding totalling to Kshs.14,048,116,230 based on student enrolment as at last disbursement for each financial year. Further, the percentage of disbursement to amount allocated moved from 71% in 2020/2021 to 64% in 2023/2024 as detailed in **Annexure 5**.
- 4.1.44. The non-disbursement of capitation funds resulted in pending bills being incurred at public schools, thereby affecting service delivery.

Other Resources Distributed to Primary Schools

I. Low-Cost Boarding Grants

- 4.1.45. In 2009, MoE and UNICEF published the *Policy Framework for Nomadic Education in Kenya*. It had been recognised that nomadic communities may not fully participate or benefit from free primary education, and that education services could not be provided without taking into consideration their social, cultural and economic concerns. To address the concerns, there was need for a combination of delivery approaches to education, such as;

mobile, fixed, boarding and non-formal schools. The policy framework sought to enable nomadic communities to realise the goal of universal access to basic education and training.

4.1.46. One of the guiding principles in the policy was; Kenya's nomadic population be entitled to appropriate and adequate resources to enable them achieve educational outcomes that are comparable with the rest of Kenyans. Some of the measures that were to be adopted under the policy were as follows:

- i. The Government would expand low-cost boarding primary schools by ensuring that each constituency in nomadic communities had at least one (1) low-cost boarding school;
- ii. The Government would make the school easily accessible to the girls from nomadic communities by; adopting approaches that guarantee security for girls who opt to learn away from home, such as boarding schools or host families; ensuring schools have adequate and appropriate sanitation facilities; providing scholarships to girls so as to increase enrolment and transition.

4.1.47. Section 28(2)(b) of the Basic Education Act, 2013 requires the Cabinet Secretary (CS), in consultation with the National Education Board and the relevant County Education Board, to provide for the establishment of appropriate boarding primary schools in arid and semi-arid areas, hard-to-reach and vulnerable groups as appropriate. Section 39(c) requires the CS to ensure that children belonging to marginalized, vulnerable or disadvantaged groups are not discriminated against and prevented from pursuing and completing basic education.

4.1.48. Section 94(1) and the Sixth Schedule of the Basic Education Act, 2013 establishes the National Council for Nomadic Education in Kenya (NACONEK), a Semi-Autonomous Government Agency (SAGA) under the Ministry of Education. Paragraph 1 of the Sixth Schedule of the Act defines the functions of NACONEK as;

- i. Initiating the development of policies on all matters relating to nomadic education in Kenya,
- ii. Mobilising funds from various sources for the development of nomadic education in order to support relevant activities of the Council,

- iii. Institutionalising mechanisms for effective co-ordination, monitoring and evaluation of the activities of agencies involved in the provision of nomadic education,
 - iv. Implementing guidelines and ensuring geographical spread of nomadic education activities and targets for the nomadic people.
- 4.1.49. The SDBE did not provide approved policy on the specific capitation entitlements to LCB schools. The MoE through Circular MOE/HQS/3/6/78 of 13 January, 2021 to Regional Directors of Education, County Directors of Education, Sub-County Directors of Education and Head Teachers communicated the amounts disbursed under the Economic Stimulus Package for Low-Cost Boarding Primary Schools Capitation Grants for 2020/2021. Kshs.2,120 per learner was disbursed in tranche 1 and Kshs.3,000 per month per staff member for six (6) months as salary subsidies for non-teaching support staff attached to the boarding section of the school. Based on the data provided by MoE, the allocations to learners and non-teaching staff in the subsequent years as shown in **Table 4** below:

Table 4: Allocations to Learners in and Non-Teaching Staff in Low-Cost Boarding Primary Schools

Year	Unit Cost per Learner (Kshs)	Salary Support per Month per Staff Member (Kshs)
2021/2022 Tranche 1	1,400	3,000
2021/2022 Tranche 2	1,400	3,000
2022/2023 Tranche 1	1,162	3,000
2022/2023 Tranche 2	1,162	3,000
2023/2024 Tranche 1	1,381	0
2023/2024 Tranche 2	1,381	0

Source: Low-Cost Boarding Primary Schools Disbursement Data

- 4.1.50. The number of non-teaching staff members supported was based on the number of students enrolled, as shown in Table 5 below;

Table 5: Disbursements Formula to Low-Cost Boarding Primary Schools

Enrolled Pupils Year	Number of Staff Members Supported	
	2021/2022	2022/2023
Less than 100	2	2
100 to 199	3	3
200 to 299	4	4
300 to 399	4	5
400 to 800	5	6
Over 800	6	7

Source: Low-Cost Boarding Primary Schools Disbursement Data

- 4.1.51. During the period under review, the number of Counties and a number of schools that benefitted from the funding is as shown in the **Table 6** below;

Table 6: Beneficiary Counties and Low-Cost Boarding Primary Schools

Financial Year	Number of Counties	Number of schools	Amount (Kshs)
2020/2021	21	470	400,000,000
2021/2022	20	476	400,000,000
2022/2023	21	476	400,000,000
2023/2024	20	486	400,000,000
Total			1,600,000,000

Source: Low-Cost Boarding Primary Schools Disbursement Data

I. Sanitary Towels

- 4.1.52. Section 88(2)(g) of the Basic Education Act, 2013 requires the annual estimates of the SDBE to include conditional capitation funds to facilitate the acquisition of sufficient and quality sanitary towels to every girl child registered and enrolled in a public basic education institution. Records provided by the SDBE indicated that during the four (4) years under review, a total of 30,109,268 packets were supplied to schools spread across all the forty-seven (47) counties. Each girl that benefitted received seven (7) packets per year as shown in **Table 7**.

Table 7: Sanitary Towels to Girls

No.	Financial Year	Number of Girls	No. of Packets	Total Packets
1.	2020/2021	1,675,679	7	11,729,753
2.	2021/2022	943,153	7	6,602,071
3.	2022/2023	1,682,492	7	11,777,444
4.	2023/2024	0	0	0
	Total			30,109,268

Source: Sanitary Towel Reports from the SDBE

II. Digital Literacy Program

- 4.1.53. The Digital Literacy Program (DLP) is meant to improve ICT infrastructure in schools. A Technical Team is supposed to develop a criterion for selection and select schools based on a survey for the establishment of the status of ICT in schools. Management indicated the criteria for selection of schools as a substantive Head teacher, a valid Board of Management (BOM), a trained teacher on ICT integration in Education, reliable electricity supply preferably by the National Grid, internet connectivity by mobile or close to optic fibre and a designated computer lab or an existing room measuring 72 sq. metres (775 sq. feet) to be converted to a computer lab.
- 4.1.54. The selected schools are spread across the sub - counties and educational zones in the County.
- 4.1.55. Management indicated that during the four (4) years under review, no disbursements were made as exchequer was not provided.

III. School Meals Program

- 4.1.56. The program targets pupils from most arid counties in the country. Food commodities are procured centrally in Nairobi and then transported to SCDE stores for secondary transportation to specific schools. The distribution is supposed to be based on data on schools' enrolment from FPE of the 11 arid Counties at the beginning of every financial year.
- 4.1.57. As at 30 June, 2024, eleven (11) Counties namely; Baringo, Garissa, Isiolo, Samburu, Tana River, Turkana, West Pokot, Wajir, Mandera, Marsabit, Lamu had been considered.
- 4.1.58. The State Department for Basic Education provided data for 2021/2022, 2022/2023 and 2023/2024 financial years. The number of schools that

benefitted from the program is as summarize in the **Table 8** below and detailed in **Annexure 6**

Table 8: Number of Schools that Benefitted from Schools Meals Programme

FY	No. of Counties	No. School	Enrolment
2020/21	10	2,855	851,468
2021/22	10	2,988	958,419
2022/23	10	2,988	958419
2023/24	11	3,317	1,135,131

Source: Schools Meal reports from SDBE

IV. Special Needs Education

- 4.1.59. Articles 21(3) and 54(1)(b) of the Constitution of Kenya, 2010 together with Section 28(2)(d) of the Basic Education Act, 2013 require the Cabinet Secretary (CS) to establish special and integrated schools for learners with disability. Section 44(4) of the Basic Education Act, 2013 requires the CS to ensure that an education institution with learners with special needs is provided with appropriate trained teachers, non-teaching staff, infrastructure, learning materials and equipment suitable for such learners.
- 4.1.60. Regulation 25 of the Basic Education Regulations, 2015 requires BoM of institutions in which learners with special needs have been placed to ensure that the institutions provide reasonable accommodation for all the learners and that all learners are provided with adequate appropriate instructional materials. Further, Regulation 27 of the Basic Education Regulations, 2015 provides that all learners with special needs are entitled to auxiliary services or assistive devices placed in their respective institutions.
- 4.1.61. Special needs capitation amounts for secondary schools are provided for at Kshs.57,974 in the annual fees' guidelines. The grant amount for special needs secondary school capitation exceeds secondary school capitation because of the addition of Boarding Equipment and Stores (BES) and a top-up amount per learner (for assistive devices and any personnel a learner with disability might require). These amounts are also disbursed in the ration of 50:30:20 ratio for terms 1, 2 and 3.
- 4.1.62. The Guidelines for Implementation of Free Day Secondary Education dated 19 October, 2017, provided BES amount of Kshs.23,220 and top-up amount

- of Kshs.12,510. This is in addition to the secondary school capitation amount of Kshs.22,244 bringing the amount to Kshs.57,974.
- 4.1.63. The PWPER report recommended Junior Secondary School, SNE capitation top-up amounts to Kshs.10,000. The report documented that the SNE top-up to the FPE and Senior School capitation be of Kshs.3,624 and Kshs.35,000, respectively.
- 4.1.64. The Ministry of Education Implementation Guidelines for Sector Policy for Learners and Trainees with Disabilities, 2018 provides that; The Ministry shall continuously review and increase budgetary allocation to institutions and programmes that provide education and training for learners and trainees with disabilities. One of the strategies for financing and sustainability is for the Ministry to mobilize and allocate adequate resources for provision of education and training for learners and trainees with disabilities.
- 4.1.65. Annual circulars for implementation of FDSE provided to the Special Audit Team for review indicated the BES and top-up amounts to be disbursed to special needs secondary schools.
- 4.1.66. The Special Audit established that the amount disbursed to secondary school was in 2022/2023 and 2023/2024 less than the one set in the Strategy and guidelines. This resulted to underfunding totalling to Kshs. 67,117,182 based on student enrolment as at last disbursement for each financial year. Further, the percentage of disbursement to amount allocated moved from 100% in 2020/2021 to 79% in 2023/2024 as detailed in **Annexure 7**
- 4.1.67. Management did not provide the Basis for Special Needs Education Grants for Primary and JSS.

Whether the Criteria used for Capitation is Equitable

- 4.1.68. Article 10 (1)(b) of the Constitution of Kenya on national values and principles of governance provides for human dignity, equity, social justice, inclusiveness, equality, human rights, non-discrimination and protection of the marginalised.
- 4.1.69. Equitable refers to something that is fair, just, and impartial. In the context of Government allocating funds to school students, "equitable" means

ensuring that resources are distributed fairly and without discrimination, taking into account the varying needs and circumstances of different schools and students. It involves striving to achieve equality of opportunity and outcomes for all students, regardless of factors such as socioeconomic status, geographic location, or individual abilities.

4.1.70. The Government disburses funds based on the number of students enrolled in each school. The current capitation allocations per student for FDSE, Free Day Junior Secondary Education (FDJSE), Free Day Primary School Education (FDPE) and Special Need Education (SNE) for the period under review amounted to Kshs.22,244, Kshs.15,043, Kshs.1,420 and Kshs.57,974, respectively.

4.1.71. Additionally, there are some special conditions that may warrant a school to get extra funding which include;

- i. **Need-Based Funding:** where extra funds are allocated to schools serving disadvantaged communities based on factors such as poverty index and special needs populations for low cost boarding primary schools;
- ii. **Special Programs and Services:** where the Government allocates funds specifically for programs and services such as Center for Mathematics, Science and Technology Education in Africa (CEMASTE), and extracurricular activities that address the unique needs of students; and
- iii. **Facilities and Infrastructure:** Prioritize funds for school buildings and infrastructure upgrades in areas with aging or insufficient facilities.

4.1.72. To assess the equity in the disbursement process, questionnaires were issued to sampled Principals and Head teachers. Their responses were as follows;

- i. The capitation grants are inadequate and does not meet the needs of the schools' populations
- ii. Expected Capitation funds from SDBE are not fully disbursed resulting in annual deficits;
- iii. The non-disbursement of capitation has led to build up of pending bills

- iv. Capitation does not adequately respond to changes in environment e.g., increasing enrolment or technological demands
 - v. Capitation is based on NEMIS which does not register learners without birth certificates and those who are above eighteen (18) years discriminating against institutions with such cases.
- 4.1.73. Further, the questionnaire was also shared with Management of SDBE to establish whether they consider the allocation equitable. The responses were as follows;
- i. The current criteria are a flat rate model meant to promote access and manage large-scale disbursement efficiently. In addition, to address variations in learner needs, school context, or cost of service delivery, the model has targeted grants, top-ups, or needs-based supplements that enhance both equity and quality;
 - ii. To make capitation more equitable, the management recommended that:-
 - a. The rate should be reviewed every three (3) years based on inflation rate, cost of Competence-Based Education (CBE) implementation, and the school location
 - b. A quarterly disbursement calendar should be adopted as it is more predictable, and
 - c. Funding streams expanded through blended financing and partnerships.
 - iii. Management cited lack of sufficient funding as the main cause of failure to implement emerging capitation criterion including technology and digital access, crisis preparedness funding, holistic student support, equity audits, socioeconomic weighting, rural school funding, culturally responsive funding: anti-discrimination and bias-reduction programmes; and
 - iv. Equity-based funding can encourage misreporting of data and weak financial oversight, while inadequate tracking systems can lead to misuse of additional funds.
- 4.1.74. Management of SDBE also indicated the challenges that could hinder the implementation of an equitable based capitation funding model.
- i. Inaccurate learner-level data, including information on poverty, disability, and geographic disadvantage. This makes it difficult to decide who is eligible for and the extent of additional financing required;

- ii. Equity-based approaches necessitate intricate funding model that account for several weights, such as infrastructure deficits, rural location, and the unique needs. Many administrators and institutions lack the technical know-how to properly comprehend or handle these calculations.
- iii. Differentiated capitation may not be supported by adequate Government funds. Adopting an equity-based strategy could put a burden on resources or cut off funding to high-performing schools in the absence of additional education budgets
- iv. Differentiated funding is not regulated in the current policy framework, which results in uneven regional implementation. To incorporate equity-weighted formulas in capitation, requisite legislation must be undertaken.
- v. Schools benefitting from uniform capitation may resist adjustments that reduce their share, and parents may struggle to understand why certain students or schools receive more funding; and
Underprivileged schools frequently lack the facilities necessary to make efficient use of additional funding for laboratories, ICT, or inclusive learning. This may lessen the effectiveness of allocations based on equity.

Conclusion

- 4.1.75. The current allocations per learner, based on the funding model, does not factor in the varying needs and circumstances of the learners and schools. The capitation model, therefore, does not enhance equitable allocation of capitation grants.

Basis of the Conclusion

- iv. The Government uses a model where funds are distributed based on the number of students enrolled in each school. However, as disclosed in the subsequent section of this report, there were cases where the number of students enrolled in National Education Management Information System (NEMIS) differed with the actual enrollment as

recorded in the registers maintained by the schools. To this extent resources are not allocated fairly.

- v. The current funding model has attempted to address variations in learner needs, school context, or cost of service delivery model through other programs like Special Need Education top-ups, Arid and Semi-Arid Lands (ASAL), Low-Cost Boarding (LCB), Digital Literacy Programme (DLP). However, the criteria used to allocate funds to some of the programmes was not clearly documented or/and applied. Further, the funding is not adequate.
- vi. The State Department for Basic Education (SDBE) did not maintain accurate and adequate data, including learners' population and demographics, information on poverty, disability, and geographical spread.

4.2. Budgetary Allocation and Exchequer Process

Budget Preparation and Approval

- 4.2.1. Each Directorate under the State Department for Basic Education (SDBE) is tasked with preparation of its own requirements based on its needs. The Directorates under the SDBE are; the Primary Education, Secondary Education, Teacher Education, Special Needs Education, Financial Statements and Accounts, Adult Education, General Administration and Quality Assurance. Each of these Directorates is responsible for determining their capitation budget which is arrived at by multiplying projected number of learners by capitation amount per student.
- 4.2.2. Capitation per student for the Free Day Secondary School Education ,Free Day Junior Secondary Education, Free Day Primary School Education and Secondary School Special Need Education for the period under review amounted to Kshs.22,244, Kshs.15,043, Kshs.1,420 and Kshs.57,974, respectively.
- 4.2.3. The budget proposal for the State Department is later consolidated with those of Other Departments and Semi-Autonomous Government Agencies (SAGAs). The budget is then reviewed based on performance review for the

previous year to assess how well the previous year's budget was utilized and identify any discrepancies or areas of improvement. The final consolidated budget is then presented to The National Treasury for approval before being presented to the National Assembly.

- 4.2.4. During the years under review, the consolidated SDBE capitation budget presented to The National Treasury and to The National Assembly for approval was as summarized in the **Table 9** below;

Table 9: Consolidated Budget to The National Assembly

Financial Year	Secondary School Capitation (Kshs)	SNE Secondary (Kshs)	JSS Capitation (Kshs)	Primary Schools (Kshs)	Grand Total (Kshs)
2020/2021	69,985,007,048	500,220,000	-	12,780,000,000	83,265,227,048
2021/2022	74,534,038,512	535,950,000	-	12,354,000,000	87,423,988,512
2022/2023	81,110,477,112	500,220,000	19,147,181,690	12,638,000,000	113,395,878,802
2023/2024	94,607,179,820	79,677,900	32,649,763,447	9,888,010,960	137,224,632,127
Total	320,236,702,492	1,616,067,900	51,796,945,137	47,660,010,960	421,309,726,489

*Financial year 2020/2021 and 2021/2022 JSS were nonexistent.

Source: Education Sector Report

- 4.2.5. The State Department for Basic Education did not provide information for Primary and Junior Secondary SNE students.
- 4.2.6. The budget for low-cost boarding primary schools was however not presented separately but grouped together with other items under Current Grants to Semi-Autonomous Government Agencies.
- 4.2.7. Comparison of the budget allocation requirements of the State Department revealed the following observation:

I. Under-Allocation of Capitation Budget

- 4.2.8. The State Department for Basic Education budgetary requirements for the four (4) years under review amounted to Kshs.419,693,658,589 against total approved budget of Kshs.334,103,815,842, resulting to underfunding of Kshs.85,589,842,746 or 20.4% of the funding requirement, as shown in the **Table 10**.

Table 10: Under Allocation of Approved Budgetary Requirements

	Financial Year	Budget Requirements as per the State Department for Basic Education (Kshs)	Approved Budget (Kshs)	Under Allocation (Kshs)
Secondary	2020/2021	69,985,007,048	59,421,865,698	(10,563,141,350)
	2021/2022	74,534,038,512	62,421,865,698	(12,112,172,814)
	2022/2023	81,110,477,112	61,049,988,125	(20,060,488,987)
	2023/2024	94,607,179,820	62,853,167,496	(31,754,012,324)
Junior Secondary	2022/2023	19,147,181,690	13,385,252,144	(5,761,929,546)
	2023/2024	32,649,763,447	30,472,056,717	(2,177,706,730)
Primary	2020/2021	12,780,000,000	12,001,436,900	(778,563,100)
	2021/2022	12,354,000,000	12,001,436,900	(352,563,100)
	2022/2023	12,638,000,000	11,247,844,314	(1,390,155,686)
	2023/2024	9,888,010,960	9,248,901,851	(639,109,109)
Total		419,693,658,589	334,103,815,843	(85,589,842,746)

*Financial year 2020/2021 and 2021/2022 JSS were nonexistent.

Source: Education Sector Report and Approved Budgets for SDBE

- 4.2.9. The approved budget from The National Assembly for the period did not meet the capitation requirements for all learners in Secondary, Junior Secondary and Primary schools. This is contrary to Article 53(1) (b) of the Constitution which states that every child has the right to free and compulsory basic education.

II. Under-Allocation to Secondary Schools SNE

- 4.2.10. The State Department for Basic Education budgetary requirements for the four (4) years under review amounted to Kshs.1,616,067,900 against total approved budget of Kshs.800,000,000, resulting to under allocation of Kshs. 816,067,900 or 50% of the budget, as shown in the **Table 11**.

Table 11: Under-Allocation of Approved Budgetary Requirements to SNE

Year	Budget Requirements as per SDBE (Kshs)	Approved Budget (Kshs)	Under Allocation (Kshs)
2020/21	500,220,000	200,000,000	(300,220,000)
2021/22	535,950,000	200,000,000	(335,950,000)
2022/23	500,220,000	200,000,000	(300,220,000)
2023/24	79,677,900	200,000,000	120,322,100
Total	1,616,067,900	800,000,000	(816,067,900)

Source: Education Sector Reports and Approved Budgets for SDBE

- 4.2.11. The State Department for Basic Education did not provide information for Primary and Junior Secondary SNE students. It was therefore not possible to establish the adequacy of the budgetary allocation for the period under review.
- 4.2.12. Similarly, the State Department did not budget for Low-Cost Primary.

Exchequer Request and Release

- 4.2.13. The Principal Secretary requests for capitation exchequer from The National Treasury which then undergoes internal approval processes leading to issuance of notification of exchequer release to the State Department. However, the following issues were noted:

I. Delay in Requisition for Exchequer by the State Department for Basic Education

- 4.2.14. The State Department is required to request for GoK subsidy (capitation funds) in a timely manner to actualize FDSE, Free Day Junior Secondary Education and Free Primary Education. Further, the Guidelines on Implementation of Free Day Secondary Education dated 19 October, 2017 recommends disbursements of capitation in the months of December, April and August each year.
- 4.2.15. The Special Audit Team established instances where the State Department delayed in submitting requests to The National Treasury for funding, with some request being made after the school opening dates, as detailed out in **Annexure 8**.

II. Delayed Release of Exchequer by The National Treasury

- 4.2.16. Further, there were delays in the release of capitation funds from The National Treasury. Some requests took more than two (2) months before the capitation funds were released from the exchequer. In addition, some of the requests made were not serviced at once but released in tranches. The delays in exchequer release are as shown in the **Table 12** below:

Table 12: Delayed Release of Exchequer

Financial Year	Date of Exchequer Request	Amount Requested (Kshs)	Amount Received (Kshs)	Date of Exchequer Receipt	Time Lag (Days)
2020/2021	4-Feb-21	15,097,769,767	7,588,636,438	26-Apr-21	81
2020/2021	4-Feb-21		7,555,736,181	22-Mar-21	46
2020/2021	9-Dec-20	14,910,271,968	19,531,085,533	5-Jan-21	27
2020/2021	3-May-21	13,197,702,666	9,514,238,874	2-Jul-21	60
2020/2021	3-May-21		6,601,318,747	27-May-21	24
2020/2021	18-Aug-20	13,185,057,124	13,185,057,124	8-Oct-20	51
2020/2021	6-May-21	2 801,416,835	3,013,084,155	25-May-21	19

Source: Exchequer Request and Release

4.3. Disbursement and Utilization of Capitation Funds to Schools and other Programs

- 4.3.1. Capitation per student for FDSE, Free Day Junior Secondary Education (FDJSE), Free Day Primary School Education (FDPE) and SNE for the period under review amounted to Kshs.22,244, Kshs.15,043 and Kshs.1,420 and Kshs.57,974, respectively;
- 4.3.2. The funds allocated are disbursed to schools and to relevant institutions running key programs such as medical expenses, activity fee and SMASE.

Management of Disbursement at the State Department

- 4.3.3. Regulation 43(b) of the Public Finance (National Government) Regulations, 2015 requires an Accounting Officer to ensure that public funds entrusted to their care are properly safeguarded and are applied for purposes for only which they were intended and appropriated by the National Assembly.
- 4.3.4. Disbursement of capitation to secondary, primary and junior secondary schools commences with preparation of disbursement schedules. This involves input of disbursement parameters or rates in NEMIS based on the

approved budget and the capitation term or quarter. Thereafter, there is extraction of reports showing the enrolment details and disbursement totals which are sent to the schools' bank accounts, and amounts retained at the SDBE for subsequent disbursements to entities offering programs.

4.3.5. The disbursement of funds by the State Department is guided by the actual number of learners enrolled in the NEMIS.

4.3.6. The disbursements per term ought to be in the ratio of 50:30:20 for term one (1), term two (2) and term three (3), respectively. However, for the period under review, schools closed in March, 2020 as part of response to COVID-19 pandemic. As a result, the disbursement ratio changed to 25:25:25:25 per term and academic years were changed to align with COVID-19 disruption as shown below:

i. Academic Year 2020 - 6 January, 2020 to 16 July, 2021

ii. Academic Year 2022 - 26 July, 2021 to 25 November, 2022

4.3.7. The academic years reverted normally in January 2023 to December 2023 with three (3) terms.

4.3.8. The Directorate of Special Needs Education (DSNE) is responsible for BES and Top-Up disbursement to primary schools, secondary schools, junior secondary schools and pre-vocational schools in which learners with special needs have been enrolled. Beneficiary schools are identified and registered in NEMIS. Learners with disabilities and the type of disabilities are also indicated.

4.3.9. SNE capitation is processed concurrently and in the same manner as FDSE, FPE and JSS capitation. Each term:

i. DSNE obtains reports from NEMIS on primary, secondary and junior secondary schools in which learners with special needs have been enrolled, as well as reports on pre-vocational schools. The reports detail the names of the schools, Unique Identification Code (UIC) numbers, types of disability registered in the schools, bank account details and the enrolment numbers;

ii. From the reports, schedules are prepared outside NEMIS showing the SNE, BES amounts and top-up entitlements for each school, based on

the enrolment numbers. Summaries per bank account are the generated;

- iii. The exchequer requests for SNE amounts are made together with those of other secondary and primary schools, in order to ensure funds release by The National Treasury at the same time; and
- iv. Funds received from the exchequer are sent to banks alongside with the bank schedules to facilitate disbursement of capitation to the schools.

I. Under Capitation to Schools

- 4.3.10. The capitation amounts allocated to secondary schools, JSS and primary schools by The National Treasury were compared with disbursement records from IFMIS system. It was established that during the years under review the SDBE did not disburse capitation funds totaling to Kshs.903,333,305 as shown in the **table 13**;

Table 13: Disbursement of Capitation Grants to Schools and Programs

Financial Year	Disbursement Type	Amount Allocated by TNT	Disbursement as per PD (Kshs.)	Variance
2020/21	Secondary	59,421,865,698	59,439,463,522	(17,597,824)
	Primary	12,001,436,900	12,001,421,677	15,223
2021/22	Secondary	62,421,865,698	62,421,695,795	169,903
	Primary	12,001,436,900	12,001,436,900	0
2022/23	Secondary	61,049,988,125	61,035,094,302	14,893,823
	JSS	13,385,252,144	13,385,201,744	50,400
	Primary	11,247,844,314	10,922,165,660	325,678,654
2023/24	Secondary	62,853,167,496	62,807,963,501	45,203,995
	JSS	30,472,056,717	30,362,457,206	109,599,511
	Primary	9,248,901,851	8,823,582,232	425,319,619
Total		334,103,815,843	333,200,482,538	903,333,305

Source: IFMIS Payments and SDBE Approved budgets

- 4.3.11. The SNE capitation amounts allocated to the secondary schools were also compared with actual disbursements as detailed in the **Table 14**;

Table 14: Disbursement of Capitation Grants to SNE

	Schools Category	Approved Budget (Kshs)	Disbursements Amount (Kshs)	Undisbursed Amount (Kshs)
2020/21	Secondary	200,000,000	199,817,121	182,879
2021/22	Secondary	200,000,000	197,667,527	2,332,473
2022/23	Secondary	200,000,000	199,982,700	17,300
2023/24	Secondary	200,000,000	199,990,445	9,555
Total		800,000,000	797,457,793	2,542,207

Source: IFMIS Payments and SDBE Approved budgets

Transfer of Capitation to Schools

- 4.3.12. Disbursement of capitation to secondary, primary and junior secondary schools starts with preparation of disbursement schedules. This involves input of disbursement parameters or rates in NEMIS based on the approved budget and the capitation term or quarter. Thereafter, reports are extracted of reports showing the enrolment details and disbursement totals which are then sent to the schools' bank accounts.

The Special Audit sampled four hundred and thirty-eight (438) secondary schools, two hundred and forty-four (244), junior secondary schools and three hundred and fifty-seven (357) primary schools. Review of capitation records maintained at schools revealed the following inconsistencies: -

I. Variances Between Actual Number of Students Enrolled and Registered in NEMIS.

- 4.3.13. Comparison of the number of students registered in NEMIS and the individual sampled school students' registers established instances where the number of students registered in NEMIS varied. This was contrary to the guidelines on the implementation of free basic education which stipulates that allocation of capitation amount should be based on number of students registered by the school in NEMIS and informed by the enrolment at the school.
- 4.3.14. The variances resulted in three hundred and fifty-four (354) secondary schools being over funded by an amount of Kshs.3,592,636,910, ninety-nine (99) JSS being over funded by an amount of Kshs.30,801,704 and two hundred and seventy (270) primary schools being over funded by

an amount of Kshs.79,447,589, all totalling Kshs.3,702,886,203 over the four-year period. This is summarized in the **Table 15** and detailed in **Annexure 9 (a), (b), (c)**.

Table 15: Over Funding

Year	Secondary (Kshs)	JSS (Kshs)	Primary (Kshs)	Total (Kshs)
2020/2021	976,840,177		22,635,866	999,476,043
2021/2022	1,092,815,705		14,547,357	1,107,363,062
2022/2023	1,003,607,069	20,674,659	14,439,972	1,038,721,700
2023/2024	519,373,959	10,127,045	27,824,394	557,325,398
Total	3,592,636,910	30,801,704	79,447,589	3,702,886,203

Source: Audit team analysis of data on capitation disbursement to schools

- 4.3.15. Further, three hundred and thirty-four (334) secondary schools were under funded by an amount of Kshs.1,909,823,514, two hundred and forty-four (244) JSS being under funded by an amount of Kshs.176,590,808 and two hundred and thirty (230) primary schools being underfunded by Kshs.58,587,548, all totalling Kshs.2,145,001,872 for the period under review. This is summarized in the **Table 16** and detailed in **Annexure 10 (a), (b), (c)**.

Table 16: Under Funding

Financial Year	Secondary (Kshs)	JSS (Kshs)	Primary (Kshs)	Total (Kshs)
2020/2021	(496,765,643)	0	(10,093,140)	(506,858,783)
2021/2022	1,047,288,512)	0	(5,714,120)	(1,053,002,632)
2022/2023	(249,033,923)	(61,729,238)	(7,503,248)	(318,266,409)
2023/2024	(116,735,437)	(114,861,570)	(35,277,041)	(266,874,048)
Total	(1,909,823,514)	(176,590,80)	(58,587,548)	(2,145,001,872)

Source: Audit team analysis of data on capitation disbursement to schools

II. Commingling of Funds

- 4.3.16. To ensure accountability and smooth implementation of capitation programme, and for the purpose of disbursement of capitation funds, schools are required to operate separate bank accounts for tuition and operations. Government subsidies except tuition are channelled into and

expended from the operations account. The two accounts are required to be registered in NEMIS.

- 4.3.17. Review of capitation disbursements to schools revealed that three (3) secondary schools did not operate separate bank accounts during the 2020/2021, 2021/2022 and 2022/2023 financial years. Instead, the three (3) schools each operated a single school bank accounts and received capitation amounting to Kshs.107,316,175 as detailed in **Annexure 11**. Commingling of funds diminishes the accountability derived from the segregation of the funds into tuition and operations bank accounts.

III. Irregular Cash Withdrawals from the Tuition Bank Account

- 4.3.18. Section 2 of the Basic Education Act, 2013 defines tuition fees as fees whose purpose is to cater for instruction or instructional materials. Various circulars and guidelines by the State Department stipulate those payments from tuition account should strictly be made by cheques.
- 4.3.19. Review of tuition bank accounts operated by schools revealed that there were instances when schools withdrew cash from tuition account, contrary to the guidelines issued by the State Department.

IV. Irregular Transfer from Tuition Bank Account

- 4.3.20. Various circulars by the SDBE that give guidelines for implementation of Free Day Secondary Education stipulate that transfer from tuition account is not allowed.
- 4.3.21. Review of schools' tuition bank accounts operated by schools revealed that there were schools which transferred cash from tuition account, contrary to the guidelines issued by the SDBE.

V. Delays in Transfer of Maintenance and Improvement Funds to Infrastructure Accounts

- 4.3.22. The Ministry of Education Circular Ref. No: MOE/COCF/G5 dated 26 November, 2019 directed that infrastructure grants as well as maintenance and improvement funds should be transferred to the school infrastructure bank account thirty (30) days upon receipt of the funds in the school's

operations bank account. This circular was effective for disbursements beginning financial year 2020/2021.

- 4.3.23. Further, the Ministry of Education Circular Ref. No: MOE.HQS/3/13/3 dated 16 June, 2021 and other subsequent annual circulars directed that infrastructure grants as well as maintenance and improvement funds should be transferred to the school's infrastructure bank account fifteen (15) days upon receipt of the funds in the school's operations bank account.
- 4.3.24. The Special Audit revealed that two hundred and ninety-six (296) secondary schools delayed in transferring maintenance and improvement funds from the operations account to the infrastructure account. The delays ranged from sixteen (16) days to seven hundred and thirty-four (734) days, as detailed in **Annexure 12**, contrary to the provisions of the circulars.

Disbursement to Other Programs

- 4.3.25. The SDBE retains part of capitation amounts allocated to learners and disburse to entities operating the various programmes.

Disbursements and Utilization of EduAfya

- 4.3.26. Programme 2.1 of the National Education Sector Strategic Plan of 2018-2022 on reducing disparities in secondary education under Policy Priority 2 for Secondary School Education had proposed an activity on provision of medical insurance cover to students in all public secondary schools.
- 4.3.27. Further, the contract between the Ministry of Education and the defunct National Health Insurance Fund (NHIF) for provision of comprehensive medical cover for secondary school students was signed on 1 March, 2018. The initial premium payable from 01 March, 2018 up to 31 December, 2018 amounted to Kshs.3,396,342,466 with an annual renewable premium amounting to Kshs.4,050,000,000 or as may be revised in future.
- 4.3.28. The cover comprised unlimited inpatient and outpatient covers, accidental death benefit of Kshs.500,000 and last expense of Kshs.100,000 for each beneficiary. The initial contract covered three million (3,000,000) students, subject to periodic revisions with premiums being payable annually, at the beginning of the cover period.

4.3.29. The premiums payable during the period under review, amounted to Kshs.14,175,000,000 which differed with the actual remittances of Kshs.16,468,040,851 resulting in excess remittance of Kshs.2,293,040,851, as shown in the **Table 17** below;

Table 17: Premiums Payable to NHIF

Financial Year	2020/2021 (Kshs)	2021/2022 (Kshs)	2022/2023 (Kshs)	2023/2024 (6 Months) (Kshs)	Total (Kshs)
Premiums Payable	4,050,000,000	4,050,000,000	4,050,000,000	2,025,000,000	14,175,000,000
Premiums Remitted	4,871,102,105	4,075,197,447	4,917,026,999	2,604,714,300	16,468,040,851
Excess Remittance	821,102,105	25,197,447	867,026,999	579,714,300	2,293,040,851

Source: Contract between SDBE and NHIF and Remittance by SDBE

4.3.30. The excess remittance of Kshs.2,293,040,851 between the premium payable and remitted for the period under review was not reconciled or explained.

4.3.31. Further, NEMIS EduAfya data indicated facility visits up to 28 February, 2024, yet the contract was to lapse on 31 December, 2023. During this period, there were sixty-five (65) visits with medical services valued at an amount of Kshs.35,550.

4.3.32. Clause 2 of the obligations of the Ministry under Section III, requires the Ministry of Education to provide data on eligible students and their next of kin. The initial contract indicated to cover three million (3,000,000) insured learners, subject to periodic revisions.

4.3.33. Comparison of data between the amount retained based on NEMIS reports and the amounts acknowledged received by NHIF revealed no variances, as shown in **Table 18**.

Table 18: Expected Disbursements and Actual Disbursements

Financial Year	Amount Expected Based on NEMIS (Kshs)	Remitted (Kshs)
2020/2021	4,871,102,105	4,871,102,104
2021/2022	4,075,197,447	4,075,197,447
2022/2023	4,917,026,999	4,917,026,999
2023/2024	2,604,714,300	2,604,714,300
Total	16,468,040,851	16,468,040,851

Source: Disbursements by SDBE and Acknowledgements of Receipt by NHIF

4.3.34. From the above, it was confirmed that the amounts disbursed to NHIF for the periods under review were consistent with the funding model.

Utilization of Health Insurance Retained Amount

4.3.35. Out of nine thousand three hundred and twelve (9,312) secondary schools whose capitation was retained and remitted to EduAfya Scheme, only eight thousand eight hundred and forty-six (8,846) schools, had beneficiaries having accessed the medical services at the medical facilities under the period under review. The total cost of the health care service amounted to Kshs.5,394,059,003 compared to the total premiums paid of Kshs.16,468,040,851 by the MoE.

4.3.36. For the remainder, four hundred and sixty-six (466) secondary schools with retained and remitted capitation amount of Kshs.273,754,508, there was no evidence of beneficiaries having accesses the medical services. Details are as shown in **Table 19** below.

Table 19: Utilization of Health Insurance Retained Amount

	Number of Schools in NEMIS Records	MoE Retained Amounts in (Kshs)	Number of Health Facility Visits in NEMIS Data	Value of Visits in NEMIS Data in (Kshs)
Schools with Visits	8846	16,194,286,343	2,266,869	5,394,059,003
Schools with no Visits	466	273,754,508	0	0
Total	9312	16,468,040,851	2,266,869	5,394,059,003

Source: NEMIS Data

- 4.3.37. The State Department remitted an amount of Kshs.16,468,040,851 to NHIF whereas, the value of the visits as per NEMIS data amounted to Kshs.5,394,059,003. Therefore, the value for money on the disbursed amount of Kshs.16,468,040,851 to NHIF or the health services rendered could not be confirmed.

Ineligible Students Benefitting from the Medical Cover

- 4.3.38. Section I of the contract between the Ministry of Education and NHIF defines an eligible student for the medical cover as “a secondary school student enrolled in a public secondary school within the Republic of Kenya and whose name is stated in a list provided to NHIF by the Ministry of Education”. A member of the cover was defined as “An eligible student whose name is in the list given to NHIF by the Ministry and who is registered by NHIF for medical cover under this agreement”. Clause 4 of Section V, Special Conditions of Contract, stated that “A member as provided shall be eligible to benefit under this contract and this contract shall only cover such member”.
- 4.3.39. Review of expenditure returns from NHIF and capitation data in NEMIS revealed that there were four thousand one hundred (4,100) primary schools and JSS that benefitted from the EduAfya services yet they were not in the NEMIS capitation data. The total number of visits by the ineligible learners were fifteen thousand four hundred and sixty-eight (15,468). The beneficiaries accessed medical services valued at Kshs.40,163,167 as indicated in **Annexure 13**. Therefore, the value for money of the services worth Kshs.40,163,167 could not be confirmed.

Disbursement and Utilization of SMASE

- 4.3.40. The Centre for Mathematics, Science and Technology Education in Africa (CEMASTEA) is a Semi-Autonomous Government Agency. SDBE has an arrangement with CEMASTEA to build capacity for science and mathematics teachers and therefore strengthen Science, Technology, Engineering and Mathematics (STEM). The SDBE deducted a portion of the

student capitation grant at the rate of Kshs.200 per student and remitted the amount to CEMASTEА.

- 4.3.41. The Strengthening Mathematics and Science in Education (SMASE) Project was instituted to improve mathematics and science education in secondary schools. It was initially offered by the in-service Education and Training Unit of the Kenya Science Teachers College. CEMASTEА took over from the college and continues to run SMASE programmes. In-service Education and Training in form of SMASE is therefore available to secondary school teachers through CEMASTEА.
- 4.3.42. Paragraph 7(2) of the Report of the Task Force on Secondary School Fees, 2014 provides recommendations on what school fees should cover which includes In-Service Education and Training (INSET) seminary to be covered by the recommended allocation for tuition and learning materials. However, Gazette Notice 1555 of 2015 did not set an amount for SMASE. In 2020, 2021, 2022 and 2023, the Ministry of Education issued fees guidelines in which an amount of Kshs.200 was set as due to CEMASTEА per student.
- 4.3.43. During the year under review, the amount deducted from student capitation to CEMASTEА amounted to Kshs. 2,845,009,741 whereas the amount disbursed and received amounted to Kshs.2,845,007,686, as shown in **Table 20** below;

Table 20: Variance Between Expected and Actual Disbursements

	2020/2021 (Kshs)	2021/2022 (Kshs)	2022/2023 (Kshs)	2023/2024 (Kshs)	Total (Kshs)
NEMIS- Expected Amount	160,118,900	874,814,000	829,321,200	980,755,641	2,845,009,741
Received	160,118,900	874,814,000	829,320,600	980,754,186	2,845,007,686
Variance	0	0	600	1,455	2,055

Source: Disbursements by SDBE and Acknowledgements of Receipt by CEMASTEА

Utilization of Co-Curricular Activities Fee

- 4.3.44. Regulation 11 of Basic Education Regulations, 2015 requires the CDE to promote recreational and competitive sports, games for physical development, performing and creative arts, talent shows and congresses in institutions of basic education and training by ensuring that students have the opportunity to participate in activities from institutional to national level

and every institution can access adequate facilities for cocurricular activities.

- 4.3.45. Guidelines for implementation of FDSE from 2020 to 2023 set the co-curricular activities fees at Kshs.1,500 per student per year. Under FPE, the amount for activities per year as indicated in the PWPER report is an amount of Kshs.78. However, during the Covid-19 pandemic, no disbursements were made to schools. Disbursements of the retained amounts were only reinstated in the financial year 2021/2022.
- 4.3.46. Co-curricular activity funds usually form part of operations allocation. Part of these funds are disbursed to schools and the other part retained at the Ministry headquarters.
- 4.3.47. Amount retained for secondary schools for the period under review amounted to Kshs.2,046,887,800. However, the amount retained for JSS and primary schools could not be established.
- 4.3.48. The retained funds are disbursed by the Directorate of Field Coordination and Co-curricular Activities (DFCCA), to Regional Directors, County Directors and Subcounty Directors of Education through issuance of Authority to Incur Expenditure (AIE's).

Disbursement and Utilization of Textbooks Capitation

- 4.3.49. The Kenya Institute of Curriculum Development (KICD) derives its mandate of evaluating, vetting and approving support materials from Section 4 of the Kenya Institute of Curriculum Development Act, 2013. Pursuant to this Act, KICD has published and periodically updates on the Approved List of School Textbooks and Other Instructional Materials commonly referred to as the "Orange Book".
- 4.3.50. Up to 2017, the Government capitation grants provided amounts to schools to procure textbooks from booksellers.
- 4.3.51. In August 2017, the Ministry of Education gave a proposal for centralised procurement in a document titled "Proposed Process for Textbook Procurement and Distribution in Basic Education". The proposed process sought to ensure one coursebook per subject and grade, ensure faster realisation of 1:1 learner to book ratio, ensure timely and cost-effective

delivery of quality instructional materials, place features and watermarks to curb theft of books, among other listed justifications.

4.3.52. To finance the centralised procurement and distribution process, the proposal stated that MoE would “Rationalise the allocation of funds for School Instructional Materials to provide for a central fund to facilitate a central purchase and distribution process. The rationalisation will establish the proportions of capitation grants for textbooks that will be retained at the Ministry Headquarters for the procurement of course books, and what will be disbursed to schools to procure set books and other teaching and learning resources”.

4.3.53. The amounts retained by the Ministry from capitation to pay for textbooks is based on the approved expenditure per order. The amounts retained also follow the 50:30:20 ratio for capitation grants disbursements to schools, or as directed by the PS from time to time. For FDSE, KICD payment is through the same voucher as the capitation grants to schools. For FPE, KICD is paid through a separate voucher from the capitation grants to schools. The State Department retains and disburses text book capitation to KICD. However, the rate per learner for the textbooks was not disclosed. During the period under audit, the SDBE disbursed an amount of Kshs.27,856,921,445 to KICD and with an amount of Kshs.28,234,951,158 confirmed received resulting to a variance of Kshs.378,029,713 as summarized in **Table 21** below:

Table 21: Variance Between Amount Disbursed and Amount Confirmed Received by KICD

Year	Disbursements by SDBE (Kshs)	KICD Acknowledgments (Kshs)	Variance (Kshs)
2020/2021	7,035,996,267	3,224,134,076	3,811,862,191
2021/2022	3,834,584,938	6,894,103,723	(3,059,518,785)
2022/2023	8,097,373,123	8,849,714,129	(752,341,007)
2023/2024	8,888,967,118	9,266,999,230	(378,032,112)
Total	27,856,921,445	28,234,951,158	(378,029,713)

Source: Disbursements by SDBE and Acknowledgements by KICD

- 4.3.54. The variance of Kshs.378,029,713 can be attributed to two (2) receipts by KICD as shown in **Table 22** below

Table 22 : KICD Acknowledgments not Confirmed Disbursed

EFT Date	Receipt Date	Receipt Number	Amount Received (Kshs)
22 September, 2023	29 September, 2023	192976	2,159,920
25 June 2024	25 June, 2024	194903	375,875,489
		Total	378,035,409

Source: Disbursements by SDBE and Acknowledgements by KICD

- 4.3.55. The SDBE did not disclose or provide the criteria used in transferring the text book capitation funds to KICD. Further, KICD did not include procurement of textbooks in its procurement plan.

Distribution of Textbooks to Schools

- 4.3.56. The principles of public finance as stated in Article 201(d) of the Constitution of Kenya, 2010 provides that public money be used in a prudent and responsible way. In addition, Section 4(m) of the Basic Education Act, 2013 provides for guiding principles and values for basic education, which include transparency and cost-effective use of educational resources and sustainable implementation of educational services. Further, Policy Statement 4.3 of the Ministry of Education's National Curriculum Policy of December 2018, provides that the Government seeks to achieve a book to learner ratio of 1:1 at all levels of basic education in the medium term.
- 4.3.57. In various school terms between 2020/2021 and 2023/2024, the Ministry of Education retained portions of tuition capitation amounts per enrolled learner in each school to cater for centralized procurement of textbooks. The supply of the textbooks was to be based on NEMIS enrolment data.
- 4.3.58. The Special Audit sampled four hundred and forty-two (442) secondary schools, three hundred and thirty-nine (339) junior secondary schools and three hundred and thirty-six (336) primary schools for the text books. Examination of textbooks records maintained by schools and comparison with receipts from KICD established the following;

I. Variances Between Number of Textbooks Distributed and Students' Enrolment Records

- 4.3.59. The Special Audit compared the expected number of textbooks in schools with the number of students enrolled in the schools.
- 4.3.60. During the years under review, it was established that there were excess textbooks delivered to three hundred and ninety-four (394) secondary schools, ninety-four (94) JSS and one hundred and eighty-two (182) primary schools compared to the number of learners enrolled in the respective schools, as summarized in **Table 23** below and as detailed in **Annexure 14 (a), (b) and (c)**.

Table 23: Excess Textbooks

Year	Secondary		JSS		Primary	
	Excess Books	Textbook to Learner Ratio	Excess Books	Textbook to Learner Ratio	Excess Books	Textbook to Learner Ratio
2020/21	140,112	1.2	-		2,596	1.2
2021/22	25,143	1.2	-		26,004	1.3
2022/23	98,079	1.2	14,157	1.2	-	
2023/24	107,398	1.7	1,763	1.3	-	
Total	370,732		15,920		28,600	

Source: Audit team analysis of data on textbooks distributed to schools

- 4.3.61. In the years under review, the number of excess textbooks supplied to schools ranged between one (1) to one thousand, one hundred and forty-eight (1,148) for secondary schools, one (1) to one hundred and sixty-one (161) for JSS and one (1) to four hundred and ninety-eight (498) for primary schools.
- 4.3.62. The total value of excess textbooks supplied to schools was Kshs. 90,834,203 as shown in **Table 24**.

Table 24: Value of Excess Textbooks Supplied

Financial Year	Secondary Schools		JSS		Primary		Total
	Excess Books	Amount (Kshs.)	Excess Books	Amount (Kshs.)	Excess Books	Amount (Kshs.)	Total (Kshs.)
2020/2021	140,112	37,029,258			2,596	389,761	37,419,019
2021/2022	25,143	1,952,714			26,004	3,622,113	5,574,827
2022/2023	98,079	12,690,290	14,157	3,077,473			15,767,763
2023/2024	107,398	31,505,754	1,763	566,840			32,072,594
Total	370,732	83,178,016	15,920	3,644,313	28,600	4,011,874	90,834,203

Source: Audit team analysis of data on textbooks distributed to schools

4.3.63. Further, there was a shortfall in textbooks delivered to four hundred and fifteen (415) secondary schools, one hundred and ninety-four (194) JSS and two hundred and forty-five (245) primary schools compared to the number of learners enrolled. As a result, students learning becomes a challenge since textbooks may not be readily available, leading to poor results. This is summarized in **Table 25** and detailed in **Annexure 15 (a), (b) and (c)**.

Table 25: Shortfall in Textbooks

Year	Secondary		JSS		Primary	
	Shortfall	Textbook to Learner Ratio	Shortfall	Textbook to Learner Ratio	Shortfall	Textbook to Learner Ratio
2020/2021	71,411	0.74			32,360	0.63
2021/2022	91,572	0.59			52,690	0.76
2022/2023	369,133	0.56	82,922	0.735882		
2023/2024	711,051	0.3				
Total	1,243,167		82,922		85,050	

Source: Audit team analysis of data on textbooks distributed to schools

4.3.64. During the years under review, the shortfall in textbooks supplied to schools ranged between one (1) to one thousand, four hundred and eight-five (1,485) for secondary schools, one (1) to three hundred and seventy-six (376) for JSS and one (1) to five hundred and forty (540) for primary schools.

4.3.65. The total value of shortfall in textbooks supplied to schools amounted to Kshs.295,631,193, as shown in **Table 26**.

Table 26: Value of Shortfall in Textbooks

Financial Year	Secondary Schools		JSS		Primary		Total
	Shortfall of Books	Amount (Kshs.)	Shortfall of Books	Amount (Kshs.)	Shortfall of Books	Amount (Kshs.)	Total (Kshs.)
2020/2021	71,411	18,889,974			32,360	7,263,823	26,153,797
2021/2022	91,572	7,200,129			52,690	6,996,036	14,196,165
2022/2023	369,133	36,941,745	82,922	17,587,714			54,529,459
2023/2024	711,051	200,751,772					200,751,772
Total	1,243,167	263,783,620		17,587,714	85,050	14,259,859	295,631,193

Source: Audit team analysis of data on textbooks distributed to schools

II. Distribution of Textbooks for Subjects not Offered at Schools

4.3.66. The Special Audit compared textbooks delivered to schools with subjects offered. It was established that one hundred and eighteen (118) secondary schools received one hundred thirty-four thousand one hundred ninety-nine (134,199) books, two hundred and twenty-five (225) JSS received twelve thousand one hundred thirty-seven (12,137) books and twenty-six (26) primary schools received two hundred eighty-one (281) books for subjects not offered, as indicated in **Annexure 16 (a), (b) and (c)**.

4.3.67. The total value of distributed textbooks for subjects not offered at Schools amounted to Kshs.30,342,907, as indicated in **Table 27** below.

Table 27: Value of Distributed Textbooks for Subjects not Offered at Schools

Financial Year	Secondary		JSS		Primary		Total
	No. of Books Delivered for Subject Not Offered	Value of Books Delivered (Kshs)	No. of Books Delivered for Subject Not Offered	Value of Books Delivered (Kshs)	No. of Books Delivered for Subject Not Offered	Value of Books Delivered (Kshs)	Value of Books Delivered (Kshs)
2020/21	71076	18,960,847			152	41,092	19,001,939
2021/22	13469	1,312,191			129	14,832	1,327,023
2022/23	44342	5,149,029	5,057	794,947			5,943,976
2023/24			7,080	2,367,371			2,367,371
2023/24SB	5290	1,698,822					1,698,822
2023/24TG	22	3,776					3,776
Total	134,199	27,124,665	12,137	3,162,318	281	55,924	30,342,907

Source: Audit team analysis of data on textbooks distributed to schools

Compliance with Contract Terms and Conditions

4.3.68. Contracts between publishers and KICD for printing, packaging and distribution of textbooks included clauses on point of delivery and delivery address or final destination. Under these contracts, all the textbooks were to be delivered to schools and delivery addresses were as per distribution lists.

4.3.69. The total numbers of textbooks to be supplied to schools by publishers were stated in the contracts between KICD and the publishers. Corresponding distribution schedules were provided as part of delivery instructions in the contract terms and were the basis for delivery to each institution.

I. Non-Delivery of Textbooks to Schools

4.3.70. Comparison of textbooks delivered to schools as indicated in signed delivery notes with numbers indicated in the distribution lists provided by the KICD established that there were publishers that delivered forty-two thousand three hundred eighty-four (42,384) less textbook to one hundred and eight three (183) secondary schools, seventy-one thousand two hundred eighty (71,280) less to two hundred and thirty-two (232) JSS and one hundred thirty-four thousand one hundred twenty-nine (134,129) less to two hundred and fifty-three (253) primary schools..

4.3.71. The total value of the textbooks not delivered amounted to Kshs. 41,415,217, as indicated in **Table 28** and detailed in **Annexure 17 (a),(b), (c)**.

Table 28: Books in Contract Not Delivered

Financial Year	Secondary Schools		JSS		Primary		Total Value of Books Not Delivered (Kshs)
	No. of Books Not Delivered	Value of Books Not Delivered (Kshs)	No. of Books Not Delivered	Value of Books Not Delivered (Kshs)	No. of Books Not Delivered	Value of Books Not Delivered (Kshs)	
2020/21	11,979	3,224,291			83,306	11,150,280	14,374,571
2021/22	4060	324,298			50,823	6,511,503	6,835,801
2022/23	18,570	1,930,598	47,834	8,676,890			10,607,488
2023/24			23,446	7,121,697			7,121,697
2023/24SB	7,414	2,397,442					2,397,442
2023/24TG	361	78,218					78,218
Total	42,384	7,954,847	71,280	15,798,587	134,129	17,661,782	41,415,217

Source: Audit team analysis of contracts between KICD and publishers with data on textbooks distributed to schools

- 4.3.72. The instances of over or undersupply constitute breach of contract as the numbers of textbooks distributed did not correspond with delivery instructions under the contracts between KICD and publishers.

II. Late Delivery of Textbooks

- 4.3.73. The Special Audit compared required date of delivery in contract documents between publishers and KICD and actual date of delivery in the delivery note. It was established that there were twenty-six (26) order numbers to secondary schools, twenty-nine (29) to JSS and twenty-one (21) to primary schools under which some textbooks were delivered late. The delays ranged between three (3) months to thirty-seven (37) months, as indicated in **Annexure 18**.

III. Delivery Notes with No Monetary Value of Textbooks

- 4.3.74. The Special Audit established that the delivery notes by the publishers did not indicate monetary value of textbooks. This makes it difficult for schools to quantify the monetary value of textbooks delivered in different financial years.

Effective Management of Textbooks

- 4.3.75. Regulation 139(1) of the Public Finance Management (National Government) Regulations, 2015 requires an Accounting Officer of a National Government entity to take full responsibility and ensure that proper control systems exist for assets. Regulation 57(2) of the Basic Education Regulations, 2015 requires all schools to establish and maintain a safe and secure room for storage of instructional material. Regulation 63(I) requires every institution to establish and maintain an inventory of all instructional materials available and their state of repair or use.

I. Inadequate Textbooks Inventory Records and Stock Taking

- 4.3.76. Regulation 63 (I) of Basic Education Regulations, 2015 require every institution to establish and maintain an inventory of all instructional materials, stationery, equipment and assistive devices available and their state of repair or use

- 4.3.77. The Special Audit however, established there were one hundred and ten (110) schools that did not maintain records of textbooks, teachers' guides and other instructional materials, as demonstrated in **Annexure 19**.

B. Infrastructure Grants to Schools

4.4. Rationale for Infrastructure Grants to Schools

- 4.4.1. Section 4 of the Basic Education Act, 2013 provides the guiding values and principles on provision of basic education. Section 4(u) of the Act, requires provision of appropriate human resource, funds, equipment, infrastructure and related resources that meet the needs of every child in basic education.
- 4.4.2. Section 39(e) of the Act, states that the Cabinet Secretary is mandated to provide infrastructure including schools, learning and teaching equipment and appropriate financial resources. Further, Section 39(j) requires the Cabinet Secretary to advise the National Government on financing of infrastructure development for basic education.
- 4.4.3. In addition, Section 88(2)(f) of the Act, requires that the department for education's annual expenditure estimates to include provisions for infrastructure development.
- 4.4.4. Beyond legal mandates, the Ministry's strategic plans have also underscored infrastructure as a key driver of access and quality. The National Education Sector Strategic Plan of 2018-2022 detailed programmes to be pursued by the Sector in that period. In particular the Universal Secondary Education Programme sought to increase transition into and completion of free secondary education. Infrastructure-related activities that were to be undertaken under this program included;
- i. Establishment of additional secondary schools in existing urban primary school sites with dense catchment;
 - ii. Construction of additional classrooms, libraries, water sanitation and hygiene (WASH) facilities and science laboratories in existing schools; and
 - iii. Construction of tuition blocks in extra county boarding secondary schools to accommodate day scholars.

- 4.4.5. The Third Medium Term Plan (MTP III) of the Kenya Vision 2030 detailed the reforms, projects and programs that the government intended to implement during the period. The theme of this MTP was *Transforming Lives: Advancing socio-economic development through the "Big Four"*. Among the programmes and projects for 2018-2022 was Universal Secondary Education, which entailed provision of infrastructure in all public schools; provision of capitation for the additional students in secondary schools beyond the current provision under FDSE, and recruitment of 125,480 additional teachers. This was to address the immediate need occasioned by the increased enrolment in public secondary schools.
- 4.4.6. In May 2020, the Government of Kenya announced an *8-Point Economic Stimulus Programme*, intended to counteract the negative effects of the COVID-19 pandemic on the economy. One of the eight elements was to be overseen by the Ministry of Education, which was allocated an additional budget of Kshs6.8 billion to hire teachers and interns, and support improvement of school infrastructure, including purchase of 250,000 locally fabricated desks.
- 4.4.7. The National Education Sector Strategic Plan 2023-2027 also includes strategy and a key result area for infrastructure development. The Ministry of Education would do an infrastructure gap analysis and prioritize new constructions, renovations and maintenance for the increased enrolment and access.

4.5. Criteria used to Allocate Infrastructure Grants

- 4.5.1. According to a brief from the State Department for Basic Education (SDBE) several criteria are applied in allocation of infrastructure grants to schools. They include direct requests by schools with poor infrastructure, emergency support in cases of destruction of infrastructure by floods, fire accidents (excluding arson cases). In addition, schools are funded on basis of recommendations by County Education Boards for expansion/rehabilitation and targeted interventions on the recommendations of the President, Cabinet Secretary or the Principal Secretary.
- 4.5.2. Some schools receive funding based on equity considerations, particularly in marginalized and disadvantaged communities in ASAL areas. This

includes improving access to clean water, drilling boreholes, and expanding rescue centres to mitigate the effects of cultural practices such as early marriages. Additionally, funding is allocated to establish or expand schools located in areas bordering different communities to promote national integration and reduce cross-border tensions or inter-ethnic conflicts.

- 4.5.3. In addition, well performing schools are funded to expand infrastructural facilities to increase intake enabling more learners to access quality education. In contrast, schools with limited resources are supported to broaden their curriculum to include emerging areas such as computer studies and technical subjects. The State Department also considers funding requests from schools with previously stalled infrastructure projects that require completion.

Lack of Formal Approved Criteria for Allocation of Infrastructure Grants

- 4.5.4. Despite references to various criteria applied in the allocation of infrastructure grants, the State Department for Basic Education did not provide an officially approved policy document outlining these criteria.

4.6. Disbursement of Infrastructure Grants

- 4.6.1. Between the financial years 2020/2021 and 2023/2024, a total of Kshs.6,498,280,440 was disbursed to secondary schools and Kshs.980,999,961 to primary schools for infrastructure development.
- 4.6.2. During the four (4) financial years under review, a total of 2,015 secondary schools and 673 primary schools received infrastructure grants amounting to Kshs.6,498,280,440 and Kshs.980,999,961, respectively. Specifically, 610 secondary schools were funded in 2020/2021, 58 in 2021/2022, 628 in 2022/2023, and 719 in 2023/2024. Over the same period, 673 primary schools received grants, with 214 supported in 2020/2021, 234 in 2021/2022, 168 in 2022/2023, and 57 in 2023/2024. However, the schedule of funded schools did not include documentation indicating the specific criteria applied in each case.

Disbursement of Infrastructure Grants to Secondary Schools

- 4.6.3. The infrastructure grants disbursed to secondary schools over the four-year period are summarized in **Table 29**, which also provides the corresponding appendices.;

Table 29: Summary of Infrastructure Grants Disbursed to Secondary Schools

Financial Year	Number of Schools	Infrastructure Grants (Kshs)	Report Annexure
2020/2021	610	1,504,057,600	Annexure 20 (a)
2021/2022	58	577,000,000	Appendix 20 (b)
2022/2023	628	1,856,422,840	Appendix 20 (c)
2023/2024	719	2,560,800,000	Appendix 20 (d)
Total	2,015	6,498,280,440	

Source: Audit team analysis of infrastructure grant disbursements by SDBE

Analysis of Infrastructure Grants Disbursed to Secondary Schools

- 4.6.4. The State Department maintains a hierarchical classification of schools based on administrative regions, County and Sub-County, and by school category, National, Extra-County, County, and Sub-County. The Audit Team analysed the infrastructure grants disbursed to secondary schools over the four (4) financial years amounting to Kshs.1,504,057,600, Kshs.577,000,000, Kshs.1,856,422,840 and Kshs.2,560,800,000, for the financial years 2020/2021, 20221/2022, 2022/2023 and 2023/2204 respectively as detailed in **Annexure 21 (a), (b), (c), and (d)**.

Disbursement of Infrastructure Grants to Primary Schools

- 4.6.5. The infrastructure grants disbursed to primary schools over the four-year period are summarized in **Table 30**, which indicates the number of beneficiary schools, total amounts disbursed, and corresponding report appendices.

Table 30: Summary of Infrastructure Grants Disbursed to Primary Schools

Financial Year	Number of Schools	Infrastructure Grants (Kshs)	Report Appendix
2020/2021	214	269,999,986	Annexure 22 (a)
2021/2022	234	339,999,975	Annexure 22 (b)
2022/2023	168	269,000,000	Annexure 22 (c)
2023/2024	57	102,000,000	Annexure 22 (d)
Total	673	980,999,961	

Source: Audit team analysis of infrastructure grant disbursements by SDBE

Analysis of Infrastructure Grants Disbursed to Primary Schools

- 4.6.6. The Audit Team analysed the infrastructure grants disbursed to primary schools over the four (4) financial years, as detailed in **Annexure 23 (a), (b), (c) and (d)**.
- 4.6.7. The Special Audit Team sampled two hundred and four (204) secondary and seventeen (17) primary schools that received infrastructure grants amounting to Ksh.1,778,589,650 and Kshs. 48,293,257 representing 27% and 5% of the infrastructure grants disbursed to the secondary and primary schools, respectively. The following observations were made regarding the disbursement of the grants.

I. Delay in Transfer of Infrastructure Funds

- 4.6.8. The State Department transfers infrastructure grants to the schools' operations bank accounts. According to the Ministry of Education Circular Ref. No: MOE.HQS/3/13/3 dated 16 June, 2021, schools are required to transfer infrastructure grants, maintenance and improvement funds to their designated infrastructure bank accounts within fifteen (15) days of receipt.
- 4.6.9. The Special Audit Team reviewed the timeliness of these transfers to determine compliance with the prescribed period. It was noted that 111 secondary schools failed to transfer a total of Kshs.949,477,913 of the funds within the stipulated timeframe of 15 days, with delays ranging from 16 to 567 days. Additionally, four (4) primary schools delayed the transfer of funds totalling Kshs.7,067,500 for periods ranging from 78 to 330 days.
- 4.6.10. A detailed breakdown of schools that did not comply with the stipulated timeline is provided in **Annexure 24 (a) and (b)**.

II. Failure to Transfer Infrastructure Funds

- 4.6.11. Infrastructure grants, along with maintenance and improvement funds, must be transferred from the school's operations account to the designated school infrastructure bank account within fifteen (15) days of receipt. This measure was designed to ensure that infrastructure funds are not commingled with other school finances and are applied exclusively for their intended purpose. Eligible infrastructure projects include construction and repair of classrooms, laboratories, sanitation facilities, dormitories, and dining halls, as well as the procurement of chairs, desks, and laboratory stools.
- 4.6.12. A comparison of infrastructure grants received in the operations bank accounts with the amounts transferred to the designated infrastructure bank accounts for 204 sampled secondary and 17 sampled primary school revealed that 48 secondary and 6 primary schools did not transfer infrastructure funds totalling Kshs.189,030,775 and Kshs.9,744,591, respectively. This indicates that the affected schools diverted infrastructure funds to other operational expenditures, contrary to the policy guideline. A detailed list of non-compliant schools is provided in **Annexure 25 (a) and (b)**.

Conditions for Approval of Infrastructure Projects

- 4.6.13. According to Ministry of Education Circular Ref. No. MOE.HQS/3/6/36 dated 14 January 2021, the following conditions must be met before approval for infrastructure projects under the Maintenance and Improvement Fund (M&IF) and the Economic Stimulus Programme (ESP):
- i. A formal request letter forwarded by the County or Sub-County Director of Education;
 - ii. A clear statement indicating whether the project is labour-based or full contract, accompanied by appropriate Bills of Quantities (BQ);
 - iii. Minutes of the School Infrastructure Committee (SIC) and Board of Management (BOM);

- iv. Relevant architectural, structural, electrical, or mechanical drawings (where applicable);
- v. A bank statement confirming availability of funds in the School Infrastructure Account;
- vi. A copy of project approval for any prior M&IF-funded projects in 2020;
- vii. For ongoing projects, financial and procurement details, photographic evidence, and confirmation that the contractor has been discharged without debt;
- viii. A school infrastructure development plan (SIDP); and
- ix. Quarterly project progress reports filed with the County Director of Education.

4.6.14. These documentation and procedural requirements are intended at ensuring accountability, technical soundness, and proper oversight in the execution of school infrastructure projects.

Non-Compliance with Ministry Approval Conditions for School Infrastructure Projects

4.6.15. The Special audit review of infrastructure projects funded using the infrastructure grants revealed instances of non-compliance with the mandatory approval conditions as outlined in the Ministry of Education Circular Ref. No. MOE.HQS/3/6/36 dated 14 January, 2021. Specifically, the deficiencies noted are summarized below:

- i. Fifty-eight (58) secondary and ten (10) primary schools lacked formal request letters to the respective County Directors of Education, Regional Coordinators of Education or the Ministry of Education Headquarters. Details are attached in **Annexure 26(a) and (b)**;
- ii. The School Infrastructure Development Plans (SIDPs) were missing or not updated in some project submissions for 56 and 10 secondary and primary schools, respectively. Details are provided in **Annexure 27(a) and (b)**;

- iii. Sixteen (16) secondary and four (4) primary schools did not provide the project implementation model (labour-based or full contract). Details are provided in **Annexure 28(a) and (b)**;
- iv. Thirty-five (35) secondary and six (6) primary schools did not submit Minutes of School Infrastructure Committees (SIC) while twenty-three (23) secondary and five (5) primary schools did not provide Board of Management (BOM) minutes on the project approvals. Details are as indicated in **Annexure 29 (a), (b), (c) and (d)**;
- v. Thirty-five (35) secondary and four (4) primary schools, had their Bills of Quantities (BQs) either missing or incomplete. Key technical documentation, such as architectural, structural, electrical, or mechanical drawings were not provided for fifty-three (53) and nine (9) secondary and primary schools, respectively. Details are provided in **Annexure 30 (a), (b), (c) and (d)**; and
- vi. Thirty-one (31) secondary schools failed to provide bank statements verifying the availability of funds in their designated School Infrastructure Bank Accounts prior to the project commencement. Details are indicated in **Annexure 31**.

4.7. Procurement of Infrastructure Projects

- 4.7.1. Article 227 of the Constitution of Kenya, 2010 provides that public procurement shall be conducted in a system that is fair, equitable, transparent, competitive, and cost-effective. In line with this constitutional provision, the Public Procurement and Asset Disposal Act, 2015 and the Public Procurement and Asset Disposal Regulations, 2020 were enacted. The Act and its accompanying Regulations aim to enhance key principles such as transparency, accountability, and value for money, which are essential in achieving an efficient and effective procurement process.
- 4.7.2. Section 2(h) of the Act defines a public entity to include a public school within the meaning of the Basic Education Act, 2013. Consequently, public schools are recognized as public entities and are subject to the provisions of the Act.

- 4.7.3. Section 4(1) of the Act explicitly provides that the Act applies to all State organs and public entities in relation to procurement planning, procurement processing, inventory and asset management, disposal of assets, and contract management.
- 4.7.4. Under Section 47 of the Act, every public entity, including public schools, is required to establish a dedicated procurement function headed by qualified procurement professionals. This function is responsible for overseeing all procurement and asset disposal activities within the institution, ensuring compliance with the Act and the Regulations. The procurement function operates under the overall direction of the Accounting Officer and plays a critical role in maintaining transparency, accountability, and operational efficiency.
- 4.7.5. Regulation 33 of the Public Procurement and Asset Disposal Regulations, 2020, operationalizes Section 47 by outlining the expectations and responsibilities of the procurement function. It mandates that the function must be managed by professionals whose qualifications and experience are recognized in Kenya. Specific responsibilities include: maintaining and updating lists of registered suppliers; preparing and distributing procurement and disposal documents; coordinating the receipt and opening of tenders; submitting lists of prequalified suppliers for approval; coordinating tender evaluations and participating in negotiations; publishing tender awards and preparing contract documents; maintaining procurement records and availing them for investigation; and monitoring contract implementation and advising on procurement strategies.
- 4.7.6. In compliance with Section 47(2) and Section 84 of the Act, procurement proceedings in public schools must include a duly signed professional opinion by the head of the procurement function. This professional opinion must be in writing and form part of the official procurement records, as it provides assurance that the process followed is lawful, compliant, and aligned with the procurement objectives of the institution.
- 4.7.7. Audit of infrastructure projects implemented by sampled schools revealed non-compliance with the Public Procurement and Asset Disposal Act, 2015 and the Public Procurement and Asset Disposal Regulations, 2020. Specifically, the following deficiencies were noted:

I. Lack of a Functional Procurement Unit

- 4.7.8. All the sampled schools did not have an established procurement function managed by qualified procurement professionals as required under Section 47(2) of the Act and Regulation 33 of the Regulations. Procurement activities were undertaken by individuals lacking the requisite qualifications.

II. Unstructured Procurement Processes

- 4.7.9. Review of procurement of infrastructure projects revealed absence of budgets, need analysis reports, procurement plans, failure to advertise, wrong choice of procurement methods, and failure to comply with evaluation regulations.

III. Absence of Professional Opinions

- 4.7.10. Procurement files for infrastructure projects reviewed during the audit lacked the mandatory written professional opinion of the head of the procurement function, as required by Sections 47(2) and 84(1)(e) of the Act. This omission undermines the accountability and legal assurance of the procurement process.

IV. Improper Record Keeping

- 4.7.11. In multiple instances, the schools failed to maintain complete procurement records, including blank tender documents, tender advertisements, bid evaluation reports, correspondences with supplier, contract documents, payment certificates and contract performance monitoring reports. This contravenes the record-keeping provisions of Section 68 of the Act and limits audit trail and transparency.
- 4.7.12. The failure to adhere to procurement regulations exposes schools to risks of irregular contract awards, substandard project outcomes, and lack of value for money.
- 4.7.13. Public Schools lack internal capacity to comply with the Act and the regulations due to inability to constitute procurement functions and other budgetary constraints. To mitigate these constraints, the Act and Regulations have provisions which can be utilized to ensure compliance;

Section 52 of the Act as read with Regulation 39(1)(b) provides for transfer of procuring responsibility to another public entity or procuring agent; Section 51 as read with Regulation 38 provides for procuring agents or asset disposal agents; Section 49 as read with Regulation 36 provides for Sector-specific procuring and disposal agencies; and Section 50 as read with Regulation 37 provides for consortium buying.

- 4.7.14. Public Schools have not explored the option of leveraging on existing procurement functions of both National and County Governments in their jurisdiction. The State Department for Basic Education, The National Treasury and The Public Procurement Regulatory Authority should build capacity of Public Schools to comply with the Public Procurement and Asset Disposal Act and the Regulations.

4.8. Infrastructure Project Implementation Status

- 4.8.1. As part of the audit procedures, the Special Audit Team conducted physical verification of infrastructure projects in sampled schools, to establish the projects implementation status.
- 4.8.2. The project implementation status is shown in **Table 31** below;

Table 31: Infrastructure Project Implementation Status

S/No	Financial Year	Total Number of Secondary Schools that Received Infrastructure Grants	Number of Schools Sampled	Sampled Projects	Project Implementation Status		
					Complete	Ongoing	Stalled
1	2020/2021	824	82	71	52	13	6
2	2021/2022	292	38	41	23	12	6
3	2022/2023	796	101	92	41	44	7
4	2023/2024	776	0	0	N/A	N/A	N/A
Total		2688	221	204	116	69	19

Source: Audit team analysis of infrastructure grant to schools

- 4.8.3. The reasons attributed to stalled projects include change of scope of works and inadequate funding as detailed in **Annexure 32**.

C. Management of National Education Information Management System

4.8.4. The Ministry of Education has been using the National Education Information Management System (NEMIS) to manage and analyse data related to capitation grant.

4.9. National Education Information Management System Controls

4.9.1. Audit review of the NEMIS platform and analysis of data from the system revealed the following anomalies:

I. Inadequate User Access Controls and Lack of Audit Trail

4.9.2. The State Department did not provide critical documentation related to user access and system activity, including:

- i. List of system roles and their associated rights,
- ii. Tables mapping users to their respective roles, rights, and privileges, and
- iii. System transaction logs showing critical activities such as data modifications, updates, and deletions.

4.9.3. Lack of the documentation limits the ability to assess the adequacy of access controls and determine whether user privileges are appropriately assigned and aligned with job responsibilities. Furthermore, lack of transaction logs undermines accountability and makes it difficult to trace or investigate irregular activities in the system, increasing the risk of data manipulation, unauthorized access, and undetected errors or fraud. This represents significant gap in Information Technology governance and security controls.

II. Inadequate Information Communication Technology Security Controls in NEMIS

4.9.4. Review of the Information Communication Technology (ICT) policy documents, the setup and functionalities of the NEMIS revealed gaps in ICT security controls. These weaknesses expose the State Department to risks such as unauthorized access to sensitive education data, data breaches,

loss or manipulation of information, and inadequate response to security incidents. Such exposures could lead to financial losses, legal and regulatory non-compliance, disruption of critical services (business continuity risks), and reputational damage to both the system and the State Department.

III. Weak Controls over Source Code Management

- 4.9.5. Developers of NEMIS system were drawn from several Government agencies. However, the developers had not signed agreements or contracts which should contain formal Non-Disclosure Agreements (NDAs) and conditions for access to proprietary source code and development tools. Further, there were no agreements prohibiting the developers from reverse engineering the NEMIS system.
- 4.9.6. Further, quality assurance personnel dedicated to verify that the system changes are authorized, tested and implemented in a controlled manner prior to being introduced to the production environment was not available.
- 4.9.7. Without formal licensing agreements while operating on trust may lead to reverse-engineer of the NEMIS system, use of unauthorized development tools or libraries, leading to potential legal implications and unsecure coding practices. In addition, lack of secure coding principles and oversight means that the developers might introduce vulnerabilities into NEMIS, compromising its security and stability leading to code vulnerabilities.

IV. School Registration Process

- 4.9.8. A person or organisation wishing to establish a basic education institution makes an application containing the particulars prescribed in the Basic Education Act and pays the requisite fees. The application is made to the relevant County Education Board, which records the application. The County Education Board informs the office representing the Education, Standards and Quality Assurance Council at the county.
- 4.9.9. The Sub-County Quality Assurance and Standards Officer (SCQASO) assesses the school's infrastructure and other amenities and then forwards the application to the sub-county/county director. A meeting is held by the County Education Board to assess and approve registration of a school.

- 4.9.10. The school, through the County Director of Education, then applies for registration in NEMIS. The County Director of Education writes to the Principal Secretary, SDBE to register the school in NEMIS accompanied by the board meeting minutes, registration certificate for public schools and certificate of incorporation for private schools.
- 4.9.11. Upon receipt by the Department, each application is validated by the respective directorate (in charge of Primary or Secondary). On approval, a Unique Identification Code (UIC) is generated and communicated back to the County Director of Education who then forwards the communication to the school. However, the communication is not done through NEMIS.
- 4.9.12. To finalize the school registration process, the school principal captures information on the school's biodata, ownership details, contacts and attaches supporting ownership documents. Upon uploading and saving all the information the school is fully registered in NEMIS.
- 4.9.13. The school principal cannot, however, enter or amend school bank account details; this is done by Primary and Secondary Directorates. Schools write to the SDBE to effect changes.
- 4.9.14. Review of data in NEMIS revealed variances in the sets of data maintained by the SDBE-NEMIS, the Teachers Service Commission (TSC), Kenya National Examinations Council (KNEC), and the Kenya Primary School Education Assessment (KEPSEA) systems. The schools with variances were spread across thirty-two (32) counties as follows: -
- a. There were sixty-five (65) schools that were in NEMIS and received capitation amounting to Kshs.74,079,808 for the period under review yet they were not in the other three (3) sets of data as shown in **Annexure 33**.
 - b. Further, thirty-four (34) schools that received infrastructure grants totalling Kshs.61,533,330 either did not appear in any set of data or appeared in only one (1) set of data. Among the thirty-four (34) schools, fifteen (15) schools were not appearing in NEMIS with an amount of Kshs.19,000,000 transferred to them. This is detailed in **Annexure 34**.
- 4.9.15. Audit inspection of eighty-three (83) sample of schools established the following:

- a. There were fourteen (14) schools that received capitation totalling Kshs.16,683,215. However, the schools did not appear in the County Director of Educations' (CDEs') records while the CDEs were not aware of their existence. However, the SDBE explained that of the fourteen (14) schools: eight (8) had the names captured in NEMIS being different from the actual names of the schools; two (2) had their actual location being different from the locations indicated in the NEMIS; two (2) had been closed and disbursed funds still held in the schools' bank accounts; and one (1) was registered as an ECDE in a different sub-county. Details of the schools are as provided in **Annexure 35**.
- b. In addition, there were six (6) schools that had ceased operations but received capitation amounting of Kshs.889,348 during the years under review. The management indicated that funds disbursed to four (4) out of the six (6) schools had not been utilized and are still being held in the respective bank accounts which were not closed after schools ceased operating. Details are provided in **Annexure 36**.
- c. Thirteen (13) schools, with capitation totalling Kshs.11,018,253 had registered names which differed with the names captured in the NEMIS, as indicated in **Annexure 37**.

V. Integrity of Data Maintained in NEMIS

- 4.9.16. The audit established that seventy-one (71) schools which received capitation totalling Kshs.55,231,890 were classified in NEMIS as appearing in counties and sub-counties, with records maintained by either TSC, KNEC and KEPSEA. This is elaborated in **Annexure 38**.
- 4.9.17. These discrepancies indicates weaknesses in data capture and validation controls, which may lead to misreporting, distorted resource allocation, and challenges in policy implementation and oversight and may lead to fraud.

VI. Disbursement to Schools Sharing Bank Accounts

- 4.9.18. To initialize capitation, school heads write to the Principal Secretary through the Sub-County Director of Education detailing their bank accounts for capitation. The request is accompanied by registration certificate of the school, letter of appointment of the headteacher or principal and board meeting minutes approving the opening of the bank accounts.

- 4.9.19. The letter is reviewed and approved by the Directorate in charge of Primary, JSS and Secondary. The Directorate inputs the bank account details, and activates the account to 'Active'. To initiate capitation, the default capitation 'NO', is changed to 'YES'.
- 4.9.20. To change a bank account, the head of the school writes to the Ministry through the Sub-County Director of Education with the new account details. Once approved, the officer in charge of the Directorate, adds the new bank account and marks the previous one as closed.
- 4.9.21. It was established that the system lacks a proper validation mechanism when capturing the school's bank accounts. This deficiency allows duplicate bank account numbers to be entered into the system without detection.
- 4.9.22. Further, review of NEMIS records indicated that there were schools that were sharing tuition and operations bank accounts. During the year under review, disbursements to these accounts totalled Kshs.10,048,941 as detailed in **Annexure 39**. This indicated that the disbursed funds may not have gone to the intended beneficiaries.
- 4.9.23. Verification of records and interview with Management of six (6) sampled schools established that the schools did not initiate the changes to the bank accounts.
- 4.9.24. The State Department did not provide NEMIS transaction logs which, if effectively set up could have revealed who was making the changes.

VII. Schools in Capitation Reports Before the Registration in NEMIS

- 4.9.25. Schools are required to be registered in NEMIS as a precondition for receiving capitation. The date of registration in NEMIS is captured as 'Date Created'.
- 4.9.26. Comparison of capitation disbursement data with NEMIS registration data established that there were fourteen (14) schools in the capitation data for the periods under review whose 'Date Created' was after the periods in which they appeared in the capitation disbursement data. Out of the fourteen (14), one (1) school received capitation of KSh.6,427,803.64 before the 'Date Created'. The other thirteen (13) schools were in the capitation disbursement data but did not receive capitation. Details are as provided in **Annexure 40**.

5. CONCLUSION

- 5.1.1. The current capitation funding model does not ensure equitable allocation of resources to public schools. It relies primarily on enrolment of students in NEMIS, which are sometimes inaccurate, and does not adequately consider factors such as special needs, poverty levels, or geographic disparities. Additionally, the lack of reliable and comprehensive data limits the ability to allocate funds fairly across diverse school contexts.
- 5.1.2. The amounts approved by the National Assembly are consistently lower than the capitation funding requirement by the State Department for Basic Education. This funding shortfall leads to under-resourcing at the school level, thereby limiting schools' capacity to deliver quality education and adequately address the diverse needs of learners.
- 5.1.3. The timely disbursement of capitation funds to public schools is hindered by both delayed exchequer requisitions by the State Department for Basic Education and late releases by The National Treasury. These delays disrupt school operations, constrain planning, and adversely affect service delivery.
- 5.1.4. There were variances between student enrolment numbers recorded in the NEMIS and the school registers. These discrepancies raise concerns about the accuracy and reliability of NEMIS enrolment data used for capitation funding. Inaccurate data compromises the fairness of resource allocation and may lead to overfunding or underfunding of schools, thereby affecting the effective delivery of education services.
- 5.1.5. There are variances between the number of textbooks supplied to schools and the actual student enrolment numbers, resulting in either shortages or surpluses of learning materials. Further, there were textbooks distributed to schools that did not offer the subject. This is an indication that the State Department for Basic Education did not align distribution of textbooks and subjects offered in schools. These inefficiencies point to weaknesses in the planning and distribution processes, leading to wastage of public resources and limiting the effectiveness of teaching and learning in schools.
- 5.1.6. The State Department for Basic Education did not disclose or provide the criteria used in transferring the text book capitation funds to KICD. Further,

KICD did not include procurement of textbooks in its procurement plan during the four (4) year period.

- 5.1.7. The failure by the SDBE to provide the criteria for the transfer of textbook funds and the lack of inclusion of text book budget in procurement plan by KICD, meant that there was no basis of procurement and subsequent distribution of the textbooks. This may result to over/under supply of textbooks to schools.
- 5.1.8. The non-delivery and late delivery of textbooks by contracted publishers may have negatively impacted the timely access to learning materials in some public schools. The failures point to weaknesses in contract enforcement, monitoring, and logistical coordination within the textbook distribution process.
- 5.1.9. The absence of proper inventory management at schools' level hampers accountability, increases the risk of loss or misuse of resources, and hampers effective planning for future textbook needs. This indicates weaknesses in internal controls and oversight.
- 5.1.10. Failure to transfer infrastructure grant and maintenance and improvement funds within the specified period indicates weaknesses in financial governance and poor enforcement of the provisions of the circulars and directives by the SDBE. This affects timely execution of infrastructure projects, and maintenance and improvement of school infrastructure.
- 5.1.11. The non-compliance with SDBE approval for schools' infrastructure projects, stalled projects lead to utilization of infrastructure grants whose value for money could not be confirmed thus affecting service delivery to the public.
- 5.1.12. The failure to adhere to Public Procurement and Asset Disposal Act, 2015 and its Regulations, 2020 exposes schools to risks of mismanagement of public funds and irregular contract awards.
- 5.1.13. The weaknesses in NEMIS system expose the State Department to risks of unauthorized access to sensitive data, loss or manipulation of information, and inadequate response to security incidents.

5.1.14. The data integrity issues in NEMIS indicates weaknesses in data accuracy and validation controls, which may lead to misreporting, distorted resource allocation, and challenges in policy implementation and oversight.

6. RECOMMENDATIONS

- 6.1.1. The State Department for Basic Education, in collaboration with the key stakeholder, should develop and implement an enhanced capitation funding model that integrates equity indicators such as poverty levels, disability status, geographic location, and school-specific operational needs. To support this model: -
- a. The State Department for Basic Education should ensure efficiency and effectiveness of the centralized data management system to ensure accurate, up-to-date information on learner enrolment and demographics.
 - b. The National Assembly should ensure that adequate budgetary provisions are made to support the development and phased implementation of the revised funding model.
- 6.1.2. The National Assembly should ensure adequate allocation to the State Department for Basic Education based on data-driven justifications for capitation funding requirements.
- 6.1.3. The State Department for Basic Education should develop and implement a standardized capitation disbursement calendar aligned with school terms, and submit exchequer requisitions to the National Treasury at least 30 days before the start of each term. Further, The National Treasury should commit to releasing the approved funds no later than two weeks before the beginning of the school term.
- 6.1.4. The State Department for Basic Education should implement a verification framework to reconcile student enrolment data between the NEMIS and school registers per term. This should include periodic monitoring to enhance accuracy and completeness.
- 6.1.5. The State Department for Basic Education should establish a centralized and regularly updated inventory management system that links textbook distribution to verified student enrolment and subject offered at each school. Further, before the procurement and distribution, schools should be required to submit validated enrolment data and subject schedules.
- 6.1.6. The KICD should ensure strict adherence to terms of contracts between them and the publishers.

- 6.1.7. The State Department for Basic Education should activate standardized textbook inventory management module in NEMIS for all public schools, supported by clear guidelines and training for school administrators. Schools should be required to maintain updated inventory records and submit status reports at least once per term.
- 6.1.8. The SDBE should strengthen its financial governance mechanism and enforce strict compliance with laws and directives and with projects budget.
- 6.1.9. The SDBE should ensure that there is strict adherence to information communication technology controls to reduce risks of unauthorized access to sensitive data, loss or manipulation of information, and inadequate response to security incidents.
- 6.1.10. The SDBE should implement validation controls to ensure accuracy and completeness of NEMIS data.

7. APPENDICES

Appendix 1: List of Persons Interviewed

	Designation	Purpose of the Interview
1	PS SDBE	On the policies, guidelines on capitations
2	Deputy Accountant-General, SDBE	The basis of budgetary allocation, exchequer release and disbursements of capitation.
3	Director DSE	Enquire on disbursement schedules for public schools Enquire on monitoring and evaluation of capitation grants
4	Director DPE	Enquire on disbursement schedules for public schools Enquire on monitoring and evaluation of capitation grants
5	BoM Chairs	Enquire on sufficiency of capitation for the schools Enquire about the impact of capitation on ability to provide infrastructure, teaching materials and other activities.
6	Principals	Enquire on sufficiency of capitation for the schools Enquire about the impact of capitation on ability to provide infrastructure, teaching materials and other activities.

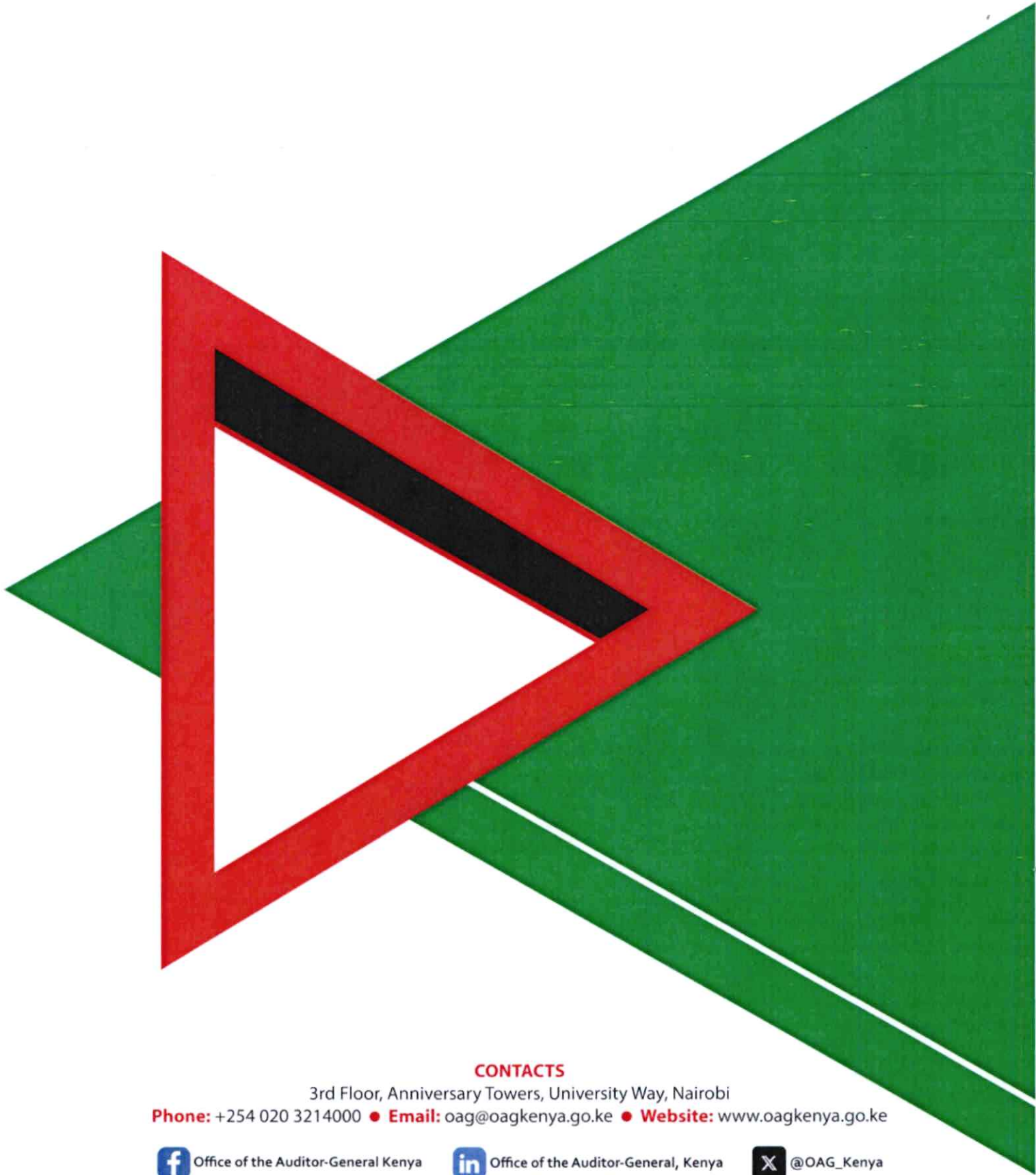
Appendix 2: List of Annexures

The **Annexures** referenced in the report are:

No.	Name	Description
1.	Annexure 1	Underfunding of Secondary Schools
2.	Annexure 2	Computer Distribution to Schools
3.	Annexure 3	Schools that Received the Computers in more than one Financial Year
4.	Annexure 4	Underfunding of Junior Secondary Schools
5.	Annexure 5	Underfunding of Primary Schools
6.	Annexure 6	Beneficiaries of Schools Meals Programme.
7.	Annexure 7	Underfunding of Secondary Schools Special Need Education
8.	Annexure 8	Delay in Requisition for Exchequer
9.	Annexure 9 (a)	Variances Between Actual Number of Students Enrolled and Registered in NEMIS - Over funded Secondary Schools
10.	Annexure 9 (b)	Variances Between Actual Number of Students Enrolled and Registered in NEMIS - Over Funded Junior Secondary Schools
11.	Annexure 9 (c)	Variances Between Actual Number of Students Enrolled and Registered in NEMIS - Over Funded Primary Schools
12.	Annexure 10 (a)	Variances Between Actual Number of Students Enrolled and Registered in NEMIS - Under Funded Secondary Schools
13.	Annexure 10 (b)	Variances Between Actual Number of Students Enrolled and Registered in NEMIS - Under Funded Junior Secondary Schools
14.	Annexure 10 (c)	Variances Between Actual Number of Students Enrolled and Registered in NEMIS - Under Funded Primary Schools
15.	Annexure 11	Failure to Operate Tuition and Operations Bank Accounts
16.	Annexure 12	Delay in Transfer of Maintenance and Improvement Funds to Infrastructure Accounts
17.	Annexure 13	Primary and Junior Secondary Schools that Benefited from Eduafya Scheme
18.	Annexure 14 (a)	Excess Delivery of Textbooks to Secondary Schools.
19.	Annexure 14 (b)	Excess Delivery of Textbooks to Junior Secondary Schools
20.	Annexure 14 (c)	Excess Delivery of Textbooks to Primary Schools
21.	Annexure 15 (a)	Shortfall in Delivery of Textbooks to Secondary Schools
22.	Annexure 15 (b)	Shortfall in Delivery of Textbooks to Junior Secondary Schools
23.	Annexure 15 (c)	Shortfall in Delivery of Textbooks to Primary Schools

No.	Name	Description
24.	Annexure 16 (a)	Distribution of Textbooks for Subjects not Offered - Secondary Schools
25.	Annexure 16 (b)	Distribution of Textbooks for Subjects not Offered - Junior Secondary Schools
26.	Annexure 16 (c)	Distribution of Textbooks for Subjects not Offered - Primary School
27.	Annexure 17 (a)	Non-Delivery of Textbooks to Secondary Schools
28.	Annexure 17 (b)	Non-Delivery of Textbooks to Junior Secondary Schools
29.	Annexure 17 (c)	Non-Delivery of Textbooks to Primary Schools
30.	Annexure 18	Late delivery of textbooks.
31.	Annexure 19	Failure to Maintain Proper Records of Textbooks
32.	Annexure 20 (a)	Secondary School Infrastructure Grant Disbursement for the year 2020/2021.
33.	Annexure 20 (b)	Secondary School Infrastructure Grant Disbursement for the year 2021/2022.
34.	Annexure 20 (c)	Secondary School Infrastructure Grant Disbursement for the year 2022/2023.
35.	Annexure 20 (d)	Secondary School Infrastructure Grant Disbursement for the year 2023/2024.
36.	Annexure 21 (a)	Secondary School Infrastructure Grant Disbursement per Sub-county for the year 2020/2021.
37.	Annexure 21 (b)	Secondary School Infrastructure Grant Disbursement per Sub-county for the year for the year 2021/2022.
38.	Annexure 21 (c)	Secondary School Infrastructure Grant Disbursement per Sub-county for the year for the year 2022/2023.
39.	Annexure 21 (d)	Secondary School Infrastructure Grant Disbursement per Sub-county for the year for the year 2023/2024.
40.	Annexure 22 (a)	Primary School Infrastructure Grant Disbursement for the year 2020/2021.
41.	Annexure 22 (b)	Primary School Infrastructure Grant Disbursement for the year 2021/2022.
42.	Annexure 22 (c)	Primary School Infrastructure Grant Disbursement for the year 2022/2023.
43.	Annexure 22 (d)	Primary School Infrastructure Grant Disbursement for the year 2023/2024.
44.	Annexure 23 (a)	Primary school infrastructure Grant Disbursement per Sub-county for the year 2020/2021.
45.	Annexure 23 (b)	Primary school infrastructure Grant Disbursement per Sub-county for the year for the year 2021/2022.
46.	Annexure 23 (c)	Primary school infrastructure Grant Disbursement per Sub-county for the year 2022/2023.
47.	Annexure 23 (d)	Primary school infrastructure Grant Disbursement per Sub-county for the year 2023/2024.
48.	Annexure 24 (a)	Delay in Transfer of Infrastructure Funds- Secondary Schools
49.	Annexure 24 (b)	Delay in Transfer of Infrastructure Funds - Primary School

No.	Name	Description
50.	Annexure 25 (a)	Failure to Transfer Infrastructure Funds - Secondary Schools
51.	Annexure 25 (b)	Failure to Transfer Infrastructure Funds- Primary Schools
52.	Annexure 26 (a)	Secondary Schools Without Request Letter for the Infrastructure Funds
53.	Annexure 26 (b)	Primary Schools Without Request Letter for the Infrastructure Funds
54.	Annexure 27 (a)	Secondary Schools Without School Infrastructure Development Plans
55.	Annexure 27 (b)	Primary Schools Without School Infrastructure Development Plans
56.	Annexure 28 (a)	Secondary Schools With No Project Implementation Model
57.	Annexure 28 (b)	Primary Schools With No Project Implementation Model
58.	Annexure 29 (a)	Secondary Schools With No School Infrastructure Committee Minutes
59.	Annexure 29 (b)	Primary Schools With No School Infrastructure Committee Minutes
60.	Annexure 29 (c)	Secondary Schools With No Board of Management Minutes
61.	Annexure 29 (d)	Primary Schools With No Board of Management Minutes
62.	Annexure 30 (a)	Secondary Schools with Incomplete of Missing Bill of Quantities
63.	Annexure 30 (b)	Primary Schools with Incomplete of Missing Bill of Quantities
64.	Annexure 30 (c)	Secondary Schools With No Project Architectural/Structural/Electrical/Mechanical Drawings
65.	Annexure 30 (d)	Primary Schools With No Project Architectural/Structural/Electrical/Mechanical Drawings
66.	Annexure 31	Schools that Failed To Provide Bank Statements
67.	Annexure 32	Schools with Stalled Projects.
67.	Annexure 33	Schools In NEMIS Data But Not in TSC, KNEC and KPSEA
68.	Annexure 34	Schools that Received Infrastructure Grants but Missing in either NEMIS of TSC Data
69.	Annexure 35	Schools that Received Capitation but were not in CDE Records
70.	Annexure 36	Non-operational Schools that Received Capitation.
71.	Annexure 37	Schools Registered Name Differs With Name In NEMIS
72.	Annexure 38	Integrity of Data Maintained in the NEMIS System
73.	Annexure 39	Schools with Shared Bank Accounts.
74.	Annexure 40	Schools in Capitation Reports Before the Registration in NEMIS



CONTACTS

3rd Floor, Anniversary Towers, University Way, Nairobi

Phone: +254 020 3214000 • **Email:** oag@oagkenya.go.ke • **Website:** www.oagkenya.go.ke



Office of the Auditor-General Kenya



Office of the Auditor-General, Kenya



@OAG_Kenya