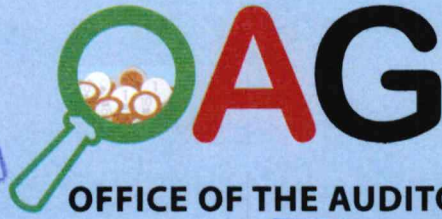


REPUBLIC OF KENYA

PARLIAMENT
OF KENYA
LIBRARY



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability



THE NATIONAL ASSEMBLY
PAPERS LAID

REPORT

DATE: 04 NOV 2025

DAY.
TUESDAY

OF

TABLED
BY:

LOM

THE AUDITOR-GENERAL

CLERK-AT
GENERAL:

Benson Inzofu

ON

**KENYA PRIMARY EDUCATION EQUITY IN
LEARNING (DISBURSED LINKED INDICATOR)
PROGRAM CREDIT NUMBER 7067-KE**

FOR THE YEAR ENDED

30 JUNE, 2025

TEACHERS SERVICE COMMISSION

THE NATIONAL ASSEMBLY
INVESTIGATION

DAY

DATE: 1963

FILED

BY

OFFICE OF THE
ATTORNEY GENERAL

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

26 SEP 2025

RECEIVED



KENYA PRIMARY EDUCATION EQUITY IN LEARNING PROGRAM

TEACHERS SERVICE COMMISSION

PROGRAM CREDIT NUMBER 7067-KE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2025

**Transitional IPSAS Financial Statements/Prepared in accordance with the Accrual Basis of Accounting
Method under the International Public Sector Accounting Standards (IPSAS)**

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

Table Contents	Page
1. Acronyms and Definition of Terms.....	ii
2. Project Information and Overall Performance.....	iii
3. Statement of Performance against Project’s Predetermined Objectives.....	x
4. Environmental and Sustainability Reporting.....	xiii
5. Statement of Project Management Responsibilities	xvi
6. Report of the Independent Auditor on Financial Statements for Kenya Primary Education Equity in Learning Program	xviii
7. Statement of Financial Performance for the Year Ended 30th June 2025.....	1
8. Statement of Financial Position as at 30 th June 2025	2
9. Statement of Changes in Net Assets.....	3
10. Statement of Cash flow for the year ended 30 th June 2025	4
11. Statement of Comparison of Budget and Actual Amounts for the Year ended 30 th June 2025 5	
12. Notes to the Financial Statements.....	6
13. Annex.....	15

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

1. Acronyms and Definition of Terms

CBK	Central Bank of Kenya
DLI	Disbursed Linked Indicator
FY	Financial Year
IDA	International Development Association
ICPAK	Institute of Certified Public Accountants of Kenya
ICT	Information Communication and Technology
IPSAS	International Public Sector Accounting Standards
KPEEL	Kenya Primary Education Equity in Learning
NT	National Treasury
PDO	Program Development Objectives
PFM	Public Finance Management.
PforR	Program for Results
PSASB	Public Sector Accounting Standards Board
RLM	Remote Learning Methodologies
SBTSS	School Based Teacher Support System
TSC	Teachers Service Commission
TPD	Teacher Professional Development
TPAD	Teacher Performance Appraisal and Development
TIMEC	Teacher Induction Mentorship and Coaching
WB	World Bank
Comparative FY	Financial year preceding the current financial year.

2. Project Information and Overall Performance

2.1 Name and registered office

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

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

Address

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

Contacts

The following are the Teacher Service Commission contacts

P.O. Box: Private Bag - 00100

Telephone: (254) 722 208 552

E-mail: info@tsc.go.ke

Website: www.tsc.go.ke

Project information and overall performance (continued)

2.2 Project Information

Project Start Date:	31-Mar-2022
Project End Date:	31-Dec-2026
Project Coordinator:	Dr. Mugwuku Nthamburi
Project Development Partner:	World Bank

2.3 Project Overview

Line Ministry/State Department of the Program	The Program is under the supervision of the Ministry of Education.
Program number	P176867
Strategic goals of the Program	The strategic goals of the Program are as follows: <ul style="list-style-type: none"> i. To improve quality of teaching in targeted areas by reducing teacher shortage ii. To improve quality of teaching in targeted areas by enhancing teacher professional development iii. To improve digital literacy skills among teachers
Summary of Program Strategies for achievement of strategic goals	The program management aims to achieve the goals through the following means: <ul style="list-style-type: none"> i. Recruitment of additional teachers ii. Use of alternative modes of curriculum delivery iii. Teacher professional development iv. Teacher mentorship and coaching
Other important background information of the Program	The Program is envisaged to realize three core results; Result Area 1: Equalize Learning Opportunities; Result Area 2: Improve Girl's Participation in Schooling Including in Refugee Hosting Counties and Result Area 3: Strengthen Reforms Implementation

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

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

2.4 Bankers

The following are the bankers for the Program:

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

2.5 Independent Auditor

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

Project Information and Overall Performance (Continued)

2.6 Roles and Responsibilities

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

2.7 Funding summary

The Program is for a duration of 5 years from 2022 to 2026. The reimbursement allocated per teacher recruited and deployed is US\$ 1,540. Therefore, for the five thousand teachers expected to be recruited and deployed, the Teachers Service Commission will be reimbursed a total of US\$ 7,700,000 equivalent to Ksh 949,795,000 (Exchange rate of 123.35 is used as per the Revised Program Appraisal Document) as highlighted in the table below;

Project information and overall performance (continued)

Below is the funding summary:

A. Source of Funds

Source of funds	Development Partner Commitment		Amount received to date (30 th June 2025)		Undrawn balance to date (30 th June 2025)	
	USD	Kshs	USD	Kshs	USD	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
Loan						
International Development Association (IDA)	7,700,000	949,795,000	2,295,419	283,139,903	5,404,581	666,655,097
Total	7,700,000	949,795,000	2,295,419	283,139,903	5,404,581	666,655,097

B. Application of Funds

Application of funds	Amount received to date – (30 th June 2025)		Cumulative amount paid to date – (30 th June 2025)		Unutilized balance to date (30 th June 2025)	
	USD	Kshs	USD	Kshs	USD	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
Loan						
International Development Association (IDA)	2,295,419	283,139,903	1,945,697	240,001,765	349,722	43,138,138
Total	2,295,419	283,139,903	1,945,697	240,001,765	349,722	43,138,138

Project information and overall performance (continued)

2.8 Summary of Overall Project Performance:

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

Current Period (2024/2025)

Financial Year	Budget (Ksh)	Actual Absorption (Ksh)	Absorption Rate
2024/2025	171,894,436	121,092,710	70%

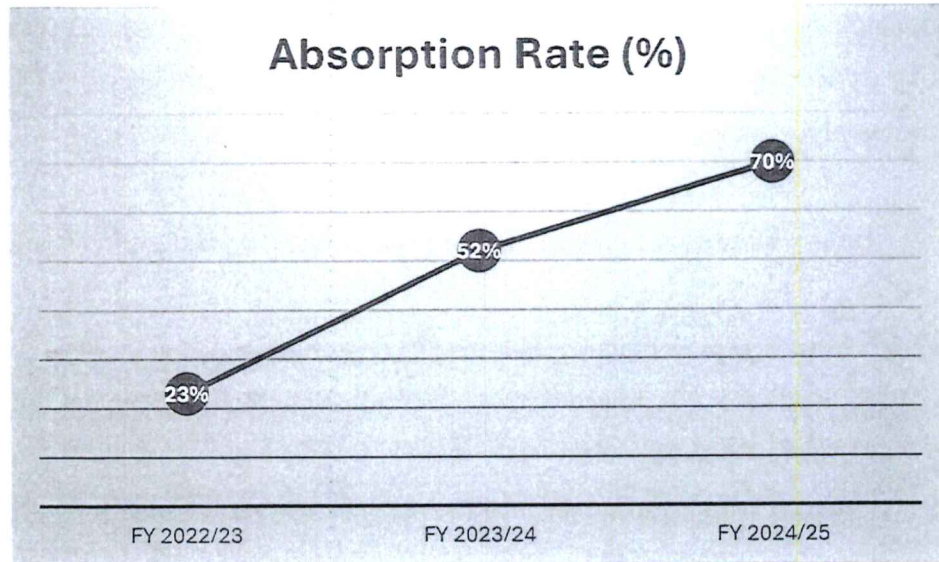
Cumulative to date (30th June 2025)

Financial Year	Approved Budget (Ksh)	Actual Expenditure (Ksh)	Absorption Rate
2024/2025	171,894,436	121,092,710	70%
2023/2024	175,000,000	91,282,649	52%
2022/2023	120,000,000	27,626,406	23%
Cumulative to date	466,894,436	240,001,765	51%

- ii) Physical progress based on outputs and outcomes since project commencement,

- Achievement of DLI 3 in FY 2022/23, 2023/24 and 2024/25; additional 5000 teachers have been recruited and posted to public primary schools with the highest teacher shortage.
- Integration of Information Communication and Technology in teaching and learning.
- Professionalizing the teaching service through institutionalization of Teacher Performance Appraisal and Development.
- Learning continuity and addressing teacher shortage through adoption of alternative modes of curriculum delivery including livestreaming of lessons in primary schools.
- Reduced discipline cases among teachers through the implementation of Teacher Induction Mentorship and Coaching.

- iii) Absorption rate for each year since the commencement of the program.



- iv) Implementation challenge faced under the DLI Component of the KPEEL Program was non responsiveness of tenders for all the procurement activities hence non completion of the activities by the closure of the financial year.

2.9 Summary of Project Compliance:

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

3. Statement of Performance against Project's Predetermined Objectives

3.1 Introduction

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

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

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

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

Progress on the attainment of strategic development objectives

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

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

Result Area	Objective	Outcome	Indicator	Performance
Equalize Learning Opportunities	1000 New teachers recruited and deployed to public primary schools with the highest teacher shortage	Additional teachers in public primary schools with the highest teacher shortage	Number of teachers posted in public primary schools.	In FY 2023/2025 additional 3000 teachers were recruited and posted to public primary schools with the highest teacher shortage.
	Training of teachers on Remote Learning Methodologies (RLM).	Acquisition of skills to conduct lessons in and out of school using RLM.	RLM Training Manual Training Attendance Register Training reports	Training of five thousand two hundred and eighteen teachers (5006) teachers on Remote Learning Methodologies (RLM).
	Training of teachers on Teacher Performance Appraisal and Development (TPAD).	Acquisition of skills to navigate the TPAD system and complete the appraisal process.	TPAD Training Materials Training Attendance Register Training reports	Training of five thousand two hundred and eighteen teachers (5006) on Teacher Performance Appraisal and Development (TPAD).
	Monitor implementation of TPAD at the national and zonal level.	Increased number of teachers participating in TPAD initiative Increased teacher presence in the targeted primary schools	Monitoring Report	Monitoring and support was carried out in all 47 counties by TPAD technical team and all the TSC field officers.
	Training of Principal Master Trainers and Trainers of Trainers (ToTs) in Teacher Induction, Mentoring and Coaching (TIMEC)	Increase awareness on the TIMEC program	Training Attendance register Training reports	Training of 1775 Trainers of Trainers (ToTs) on Teacher Induction Mentorship and Coaching (TIMEC) and monitoring the implementation of TIMEC at school level in all counties.

Result Area	Objective	Outcome	Indicator	Performance
	Livestreaming of lessons in 30 target primary schools	Improved quality of education offered in both principal and satellite schools.	Livestreaming equipment procured and delivered to the 30 target schools. Internet connectivity completed in the 30 target schools.	Livestreaming of lessons in the target schools was rolled out in May 2025.
	Development of a policy framework on the Management of Special Needs Education (SNE) Schools and Units	Improved management of teachers in special needs schools and units	Reduction in teachers' shortage in SNE schools, shorter transfer wait time for teachers in SNE schools.	Developed policy framework on the management of SNE schools and units.
	Monitoring the rationalization of teachers for optimal utilization in public primary schools	Enhanced utilization of teachers	Rationalization of teachers at the sub county, county and national levels	Reduced number of schools with disparities of teacher requirements and staffing levels.

4. Environmental and Sustainability Reporting

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

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

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

i. Sustainability strategy and profile

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

ii. Employee welfare

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

The teachers are recruited at the sub county level and posted to schools with the highest shortages with preference being given to local teachers to mitigate against insecurity in certain areas and unfavourable environmental conditions which may lead to teachers seeking transfer outside certain areas. The recruitment guidelines provide a clear road map and are uploaded in the website for stakeholder and public information. The Commission has developed a career progression guideline which provides for career advancement of its teachers.

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

iii. Marketplace practices-

a) Responsible Supply chain and supplier relations-

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

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

b) Responsible ethical practices

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

c) Regulatory impact assessment

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

5. Statement of Project Management Responsibilities

The Commission Secretary and the Program Manager for the Teachers Service Commission are responsible for the preparation and presentation of the Kenya Primary Education Equity in Learning Program's financial statements, which give a true and fair view of the state of affairs of the Program for the financial year ended on June 30, 2025.

This responsibility includes (i) Maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period, (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Program, (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the Program, (v) Selecting and applying appropriate accounting policies and (vi) Making accounting estimates that are reasonable in the circumstances.

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

The Commission Secretary and the Program Manager for the Kenya Primary Education Equity in Learning Program is of the opinion that the Program's financial statements give a true and fair view of the state of Program's transactions during the financial year ended June 30, 2025, and of the Program's financial position as at that date. The Commission Secretary and the Program Manager for the Kenya Primary Education Equity in Learning Program further confirm the completeness of the accounting records maintained for the Program, which have been relied upon in the preparation of the Program's financial statements as well as the adequacy of the systems of internal financial control.

The Commission Secretary and the Program Manager for the Kenya Primary Education Equity in Learning Program confirms that the Program has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Program funds received during the the financial year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

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

Approval of the Project Financial Statements

The Program financial statements were approved by the Commission Secretary for the Teachers Service Commission and the Program Manager of the Kenya Primary Education Equity in Learning Program on 25th September 2025 and signed by:



E.J. MITEI (MS)
AG. COMMISSION SECRETARY

DATE: 25TH SEPTEMBER 2025

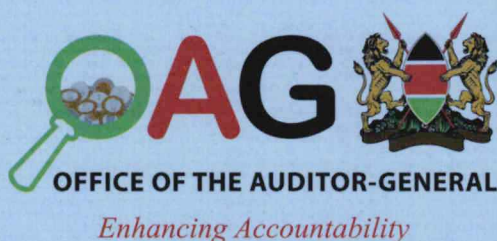


DR. MUGWUKU NTHAMBURI, FAFTRA
PROGRAM MANAGER

DATE: 25TH SEPTEMBER 2025

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KENYA PRIMARY EDUCATION EQUITY IN LEARNING (DISBURSED LINKED INDICATOR) PROGRAM CREDIT NUMBER 7067-KE FOR THE YEAR ENDED 30 JUNE, 2025 - TEACHERS SERVICE COMMISSION

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Primary Education Equity in Learning (Disbursed Linked Indicator) Program Credit Number 7067-KE - Teachers Service Commission set out on pages 1 to 15, which comprise of the statement of financial position as at 30 June, 2025, and the statement of financial performance,

statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya Primary Education Equity in Learning (Disbursed Linked Indicator) Program Credit Number 7067-KE - Teachers Service Commission as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Agreement between the International Development Association and the Government of the Republic of Kenya on 14 April, 2022 and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Primary Education Equity in Learning (Disbursed Linked Indicator) Program Credit Number 7067-KE Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects actual receipts and actual expenditure of Kshs.163,652,311 and Kshs.121,092,710 respectively, resulting to an under-utilization of Kshs.42,559,601 or 26% of the realized receipts.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Information

Conclusion

The Management is responsible for the Other Information set out on pages iii to xvii which comprise of the Project Information and Overall Performance, Statement of Performance Against Project's Predetermined Objectives, Environmental and Sustainability Reporting, and Statement of Project Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

Basis for Conclusion

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Variance between the Approved Budget and the Work Plan

The statement of comparison of budget and actual amounts reflects a final expenditure budget of Kshs.171,894,436. However, the approved annual work plan indicates an amount of Kshs.200,000,000, resulting to an unexplained variance of Kshs.28,105,564. This was contrary to Part E(c) of the Second Schedule of the Financing Agreement between the Republic of Kenya and International Development Association (IDA) which states that, "The Recipient shall ensure that the Project is carried out in accordance with the Annual Work Plans and Budgets, provided, however, that in case of any conflict between the Annual Work Plan and Budget and the provisions of this Agreement, the provisions of this Agreement shall prevail".

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

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

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

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Conclusion

As required by, International Development Association, I report based on my audit that I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit. In my opinion, the information given in the directors' report on pages iv to xvii is consistent with the financial statements.

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

30 September, 2025

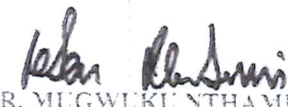
*Kenya Primary Education Equity in Learning (KPEEL) Program
Annual Report and Financial Statements for the financial year ended June 30, 2025*


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

	Notes	2024/2025 Kshs
Revenue		
Revenue Transfers	6	163,139,903
Total revenue		163,139,903
Expenses		
Use of goods and services	7	121,092,710
Total expenses		121,092,710
Surplus		42,047,193

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


E.J. MITEI (MS)
AG. COMMISSION SECRETARY
DATE: 25TH SEPTEMBER 2025


DR. MUGWUKU NTHAMBURI, F AFTRA
PROGRAM MANAGER
DATE: 25TH SEPTEMBER 2025


ESTHER WAGAKI MATHENGE
PROGRAM ACCOUNTANT
ICPAK MEMBER NO: 11548
DATE: 25TH SEPTEMBER 2025

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

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

	Note	2024/2025	1 st July 2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	8	46,925,292	512,408
Receivables	9	1,723,696	677,237
Total Current Assets		48,648,988	1,189,645
Non-Current Assets		-	-
Total Non- Current Assets		-	-
Total Assets (a)		48,648,988	1,189,645
Liabilities			
Current Liabilities			
Trade and Other Payables	11	5,447,850	35,700
Total Current Liabilities		5,447,850	35,700
Total Liabilities (b)		5,447,850	35,700
Net Assets (a-b)		43,201,138	1,153,945
Represented By:			
Accumulated Surplus		43,201,138	1,153,945
Total Net Assets		43,201,138	1,153,945

The financial statements were approved on 25th September 2025 and signed by:



AG. COMMISSION SECRETARY
DATE: 25TH SEPTEMBER 2025



DR. MUGWUKU NTHAMBURI F. AFTRA
PROGRAM MANAGER
DATE: 25TH SEPTEMBER 2025



ESTHER WAGAKI MATHENGE
PROGRAM ACCOUNTANT
ICPAK MEMBER NO: 11548
DATE: 25TH SEPTEMBER 2025

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

9. Statement of Changes in Net Assets

Description	Accumulated Surplus
	Kshs
As at 30 th June 2024 (Cash Basis)	1,153,945
Adjustments: (to recognize assets and liabilities)	-
As at 1 st July 2024	1,153,945
Surplus for the year	42,047,193
As at 30 th June 2025	43,201,138

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

The financial statements were approved on 25th September 2025 and signed by:



E.J. MITEI (MS)
AG. COMMISSION SECRETARY

DATE: 25TH SEPTEMBER 2025



DR. MUGWUKU NTHAMBURI, F AFTRA
PROGRAM MANAGER

DATE: 25TH SEPTEMBER 2025



ESTHER WAGAKI MATHENGE
PROGRAM ACCOUNTANT

ICPAK MEMBER NO: 11548

DATE: 25TH SEPTEMBER 2025

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

10. Statement of Cash flow for the year ended 30th June 2025

Description	Note	2024/2025
		Kshs
Cash flow from operating activities		
Receipts		
Revenue Transfers	6	163,139,903
Total receipts		163,139,903
Payments		
Use of goods and services	7	121,092,710
Total payments		121,092,710
Net cash flow from operating activities	12	46,412,884
Cash flow from investing activities		-
Cash flow from financing activities		-
Net increase/Decrease in cash and cash equivalents		46,412,884
Cash and cash equivalent at 1st July 2024	8	512,408
Cash and cash equivalent at end June 2025	8	46,925,292

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

Description	Original budget	Adjustments	Final budget	Actual on a comparable basis	Budget utilization difference	% of utilization
	A	B	C=a+b	D	E=c-d	F=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget Carry Overs from previous periods				512,408		
Receipts						
Revenue Transfers	175,329,000	(3,434,564)	171,894,436	163,139,903	8,754,533	95
Total Revenue	175,329,000	(3,434,564)	171,894,436	163,987,108	8,754,533	95
Payments						
Use of goods and services	175,329,000	(3,434,564)	171,894,436	121,092,710	50,801,606	70
Total Payments	175,329,000	(3,434,564)	171,894,436	121,092,710	50,801,606	70
Surplus or Deficit	-	-	-	42,559,601	(42,047,073)	

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

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	42,559,601
1	Increase in payables	5,412,150
2	Increase in receivables	(1,046,459)
	Closing Cash and Cash Equivalent as per the statement of Cash flows	46,925,292

12. Notes to the Financial Statements

1. General Information

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

2. Statement of Compliance and Basis of Preparation

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

These financial statements were authorized for issue by the accounting officer on 25th September 2025.

3. Adoption of New and Revised Standards

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

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

Annual Reports and Financial Statements for the year ended June 30, 2025.

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

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

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

iii) Early adoption of standards

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

Notes to the Financial Statements

4. Summary of Significant Accounting Policies

a) Revenue recognition

Revenue from non-exchange transactions

Transfers from other government entities

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

b) Budget information

The original budget for FY 2024/2025 was approved in July, 2024. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 5 under section 11 of these financial statements

c) Property, plant and equipment

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

Notes to the Financial Statements

d) Financial instruments

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

e) Trade and other receivables

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

f) Changes in accounting policies and estimates

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

g) Foreign currency transactions

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

h) Related parties

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

i) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

j) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025.

Notes to the financial statements

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

- The condition of the asset based on the assessment of experts employed by the Commission.
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the asset.
- Changes in the market in relation to the asset

Notes to the financial statements

6. Revenue Transfers

Description	2024/2025
	KShs
Unconditional Transfers	
Transfers from Development partners	163,139,903
Total Unconditional Transfers (a)	163,139,903
Conditional Transfers	
Transfers from Development partners	-
Total Conditional Transfers (b)	-
Total Transfers for the Year (a + b)	163,139,903

The funding is for implementing teacher robust management systems

a) Details to Revenue Transfers

Name of The Entity Transferring	Amount recognized to Statement of Financial performance	Amount deferred under deferred income.	Amount moved to Capital fund	Total transfers (2024/2025)
	Kshs	Kshs	Kshs	Kshs
Development Partner 1	163,139,903	-	-	163,139,903
Subtotal	163,139,903	-	-	163,139,903
Deferred Income realized	-	-	-	-
Transfers in Kind	-	-	-	-
Total	163,139,903	-	-	163,139,903

7. Use of Goods and Services

Description	FY 2024/25
	Kshs
Bank charges	590,149
Communication, supplies and services	5,906,090
Domestic travel and subsistence	66,891,184
Fuel and lubricants	89,000
Stationery, Printing, advertising, and information supplies	656,141
Training payments	21,933,890
Hospitality supplies and services	9,758,257
Acquisition of ICT equipment transferred to schools	15,268,000
Total	121,092,710

Notes to the financial statements

8. Cash and Cash Equivalents

Description	2024/25	1 st July
	Kshs	Kshs
Cash in Bank	46,925,289	512,408
Cash on hand	3	-
Total Cash and Cash Equivalents	46,925,292	512,408

Project Bank Accounts

Details	2024/25	1 st July 2024
	Kshs	Kshs
Local Currency Accounts		
Central Bank of Kenya [A/c No. 1000635487]	69,105,407.45	2,446,908.15
Total local currency balances	69,105,407.45	2,446,908.15
Total bank account balances	69,105,407.45	2,446,908.15

9. Receivables

Description	2024/25	1 st July 2024
	Kshs	Kshs
Other Receivables	1,723,696	677,237
Total Receivables	1,723,696	677,237

Receivables are Outstanding Imprest to be recovered in July 2025 and County balances.

Ageing analysis for Receivables

Description	2024/25		1 st July 2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	1,723,696	100%	677,237	100%
Total (a+b)	1,723,696		677,237	

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

Notes to the Financial Statements

10. Property, Plant and Equipment

	Computers & ICT Equipment	Total
Depreciation Rate	30%	
Cost	Kshs	Kshs
As at 1 st July 2024	-	-
Additions	15,268,000	15,268,000
As At 30 th June 2025	15,268,000	15,268,000
Depreciation And Impairment		
As at 1 st July 2024	-	-
Depreciation charge for the period		
Transfer to target livestreaming schools	(15,268,000)	(15,268,000)
As At 30 th June 2025	-	-
Net Book Values	-	-
Opening Bal as at 1 st July 2024	-	-
As At 30 th June 2025	-	-

11. Trade and Other Payables

Description	2024/25		1 st July 2024	
	Kshs		Kshs	
Other payables	5,447,850		35,700	
Total trade and other payables	5,447,850		35,700	
Ageing analysis: (Trade and other payables)	2024/25	% of the Total	Comparative FY	% of the Total
Under one year	5,447,850	100%	35,700	100%
Total	5,447,850		35,700	

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

Notes to the financial statements

12. Cash Generated from Operations

Description	2024/25
	Kshs
Surplus/Deficit for the year	42,047,193
Adjusted for:	
Depreciation	-
Non-cash grants received	-
Impairment	-
Gains and losses on disposal of assets	-
Working capital adjustments	
Increase in inventory	-
Increase in receivables	(1,046,459)
Increase in deferred income	-
Increase in payables	5,412,150
Increase in payments received in advance	-
Net cash flow from operating activities	46,412,884

13. Special Deposit Accounts

The balances in the Project's Special Deposit Account(s) as of 30th June 2025 are not included in the Statement of Financial Assets since the line items are yet to be drawn into the Exchequer Account as a voted provision. The Teachers Service Commission and the Ministry of Education share the same Special Deposit Account No. 1000630558 which is operated by the Ministry of Education.

14. Events after the Reporting Period

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

15. Ultimate And Holding Entity

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

16. Currency

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

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

13. Annexes

Annex 1: Prior Year Auditor-General's Recommendations

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
Report on the Financial Statements	Other Matter; Statement of comparison of budget and actual amounts reflect final expenditure budget and actual amount of Ksh. 175,000,000 and Ksh. 91,282,649 respectively resulting to underutilization of Ksh. 83,717,351 or 48% of the budget.	Under absorption reflected in the Statement of comparison of budget and actual amounts resulted due to ongoing procurement of goods and services that were not completed by closure of the financial year. Among the items to be procured was livestreaming equipment and therefore training of teachers on livestreaming could not be undertaken before the installation of the equipment in schools. This has however been rolled over to the financial year 2024/2025 and will be completed in good time to ensure the Program is successfully delivered as expected.	Resolved: Procurement of livestreaming equipment was completed in the financial year 2024/2025 and all trainings were undertaken.	2024/2025


(E.J. MITEI (MS)

AG. COMMISSION SECRETARY

DATE: 25TH SEPTEMBER 2025



DR. MUGWUKU NTHAMBURI, F AFTRA
PROGRAM MANAGER

DATE: 25TH SEPTEMBER 2025

