



TEACHERS SERVICE COMMISSION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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



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I. KEY COMMISSION INFORMATION AND MANAGEMENT

a) Background information

The Teachers Service Commission is established under Article 237 of the Constitution of Kenya. The mandate of the Commission is buttressed by the TSC Act, 2012 to perform teacher management functions.

Vision

To be a transformative teaching service for quality education.

Mission

To professionalise the teaching service for quality education and development.

Core Values

- Professionalism
- Customer focus
- Integrity
- Innovativeness
- Team spirit

Functions and Mandate

The Commission is mandated to perform the following functions:

- (a) Register trained teachers
- (b) Recruit and employ registered teachers
- (c) Assign teachers employed by the Commission for service in any public school or institution
- (d) Promote and transfer teachers
- (e) Exercise disciplinary control over teachers
- (f) Terminate the employment of teachers
- (g) Review the standards of education and training of persons entering the teaching service
- (h) Review the demand for and supply of teachers
- (i) Advise the national government on matters relating to the teaching profession.

b) The Commissioners



Dr. Jamleck Muturi John
Chairperson



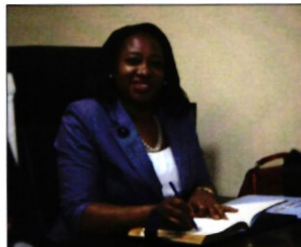
Leila A Ali
Vice-Chairperson



Mbage Njuguna Ng'ang'a
Commissioner



Timon Oyucho
Commissioner



Anneta Wafukho
Commissioner



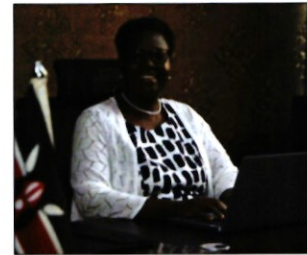
Salesa Abudo
Commissioner



Christine Kahindi
Commissioner



Dr. Nichodemus Anyang
Commissioner



Sharon Kisire
Commissioner



Dr. Nancy Njeri Macharia, CBS
Commission Secretary

c) Key Management

The Commission's operations were carried out under the following Directorates during the period under review:

- Administrative Services
- Finance and Accounts
- Human Resource Management and Development
- Field Services
- Quality Assurance
- Information Communication Technology
- Internal Audit
- Staffing
- Legal Services

d) Fiduciary Management

The key management personnel who held office during the financial year ended 30 June 2022 and who had direct fiduciary responsibility were:

Designation	Name
(1) Secretary/CEO	Dr. Nancy Njeri Macharia, CBS
(2) Director - Administration	Mr. Ibrahim Mumin Gedi, OGW
(3) Director - Finance and Accounts	CPA. Cheptumo Ayabei
(4) Director - HRM & D	Dr. Julius O. Olayo
(5) Director - Field Services	Mrs. Mary Rotich
(6) Director - ICT	Mr. Charles Gichira
(7) Director - Internal Audit	CPA. Isaac K. Ng'ang'a
(8) Director - QAS	Dr. Reuben Nthamburi
(9) Director - Staffing	Mrs. Rita W. Wahome
(10) Director – Legal, Labour and Industrial Relations	Mr. Cavin Anyuor

e) Fiduciary Oversight Arrangements

Roles of Audit Committee: The Committee offers assurance to the Board that all financial and non-financial internal control and risk management functions are operating effectively and reliably. It also offers independent review of the Commission's reporting functions to assure the integrity of its financial reports in compliance with legislative and regulatory requirements.

f) Headquarters

TEACHERS SERVICE COMMISSION
TSC House,
Kilimanjaro Road,
Upper Hill,
Nairobi, Kenya.

g) Contacts

Private Bag -00100
Nairobi.
Telephone: (254) 020 289 2000
E-mail: info@tsc.go.ke
Website: www.tsc.go.ke.

h) Bankers

1. Central Bank of Kenya
Haile Selassie Avenue,
Box 60000 – 00200
Nairobi, Kenya.
2. National Bank of Kenya
National Bank of Kenya Building,
Harambee Avenue
Box 41862 – 00200
Nairobi, Kenya.

i) Independent Auditors

Auditor-General
Anniversary Towers, University Way,
Box 30084 - 00100
Nairobi, Kenya.

j) Principal Legal Adviser

The Attorney General
State Law Office,
Harambee Avenue,
Box 40112 - 00200
Nairobi, Kenya.

II. FOREWORD BY THE COMMISSION CHAIRMAN

I am delighted to present the Annual Report and the Financial Statement of the Teachers Service Commission for the fiscal year 2021-2022. The preparation and presentation of the report is in line with Section 81 of The Public Finance Management Act 2012.

In the 2021/2022 financial year, gross budget allocation from The National Treasury was Kshs. 290.8 Billion. Through this budgetary provision, the Commission was able to achieve key performance milestones in the core mandates and the implementation of Strategic Plan 2019-2023.

In pursuing its vision of transforming the teaching service for quality education, the Commission has undertaken a number of reforms such as decentralization of its services; institutionalizing performance contracting and performance appraisal; reviewing code of regulation for teachers and developing teacher Professional Development Policy Framework and training teachers on Competency based Curriculum.

I wish to affirm our commitment in the attainment of vision 2030 under the medium term plan (MTP) III as well as enabling the realization of the Big Four Agenda. The MTP III target has been espoused in the TSC Strategic plan 2019-2023 under the three strategic focus areas namely Teacher competence, conduct and performance management; Reforms and innovations in the provision of the teaching service; and Service delivery re-engineering.

During the period under review, the Commission made remarkable strides in implementing our strategic plan. There include: Training of teachers in Competency Based Curriculum (CBC); Institutionalize Induction, mentorship and coaching programmes in learning institutions; Integration of the Commission's discrete systems and automation of Commission processes; provision of office accommodation in the counties; promotions of teachers as per career progression guidelines; recruitment of additional teachers to cater for the 100% transition and increased enrolment at secondary school level; implementation of Teacher Professional Development and adoption of alternative methods of curriculum delivery.

Some of the emerging issues within the Education sector that may greatly affect the implementation of Commission's mandate include: double intake in secondary schools in 2023 both under the 8-4-4 system and the CBC system, which will pose a greater challenge to the prevailing teacher shortage; the training of primary school teachers at diploma level; the adoption of virtual working space and remote learning methodologies.

During the implementation of the programmes, the Commission faced a number of limitations. These include; teacher shortage in most learning institutions, insecurity in some parts of the country causing regional imbalance in teacher distribution, opening of new schools without enough catchment, and inadequate infrastructure for the field officers to operate in.

Going forward the Commission has put in place measures and interventions to mitigate the limitations and emerging issues realized during the period. This includes recruitment of additional teachers, stakeholder engagement to provide support on capacity building for teachers for effective CBC curriculum delivery. Taking a multi-sectoral approach to combat security threats, engage the Ministry of Education on development of policies on registration of new schools.

Finally, I wish to appreciate the National Government, the Board and secretariat staff for their dedication to service. I also salute all teachers working in our public learning institutions for their contribution towards provision of quality education. I wish to reaffirm the Commission's commitment to our teachers and all stakeholders towards the noble goal of provision of quality teaching service.



DR. JAMLECK MUTURI JOHN
COMMISSION CHAIRMAN
Date: 22-09-2022



III. STATEMENT BY THE COMMISSION SECRETARY / ACCOUNTING OFFICER

I am honoured to present the Teachers Service Commission Annual Report and Financial Statements for the period 1st July 2021 to 30th June 2022. The report highlights the overall performance and the strides made in fulfilling the Commission's mandate during the period.

In the 2021/2022 financial year, the gross budget allocation from The National Treasury was Kshs. 290.8 Billion. This was mainly recurrent but included Kshs. 515.1 million as Development Budget. The total recurrent expenditure for the period was Kshs. 288.3 billion, while Kshs. 336.2 million was spent on development. Compensation to employees recorded the highest expenditure of Kshs. 286.6 billion of the total budget allocated. Through these budgetary provisions, the Commission was able to execute its mandate and deliver services in teacher management.

During the period under review, capacity building for teachers on Competence Based Curriculum (CBC) was carried out and a total of 1,166 tutors, 229,242 teachers and 23,235 school administrators were equipped with necessary skills for effective implementation of the new curriculum. In addition, 90,052 teachers were undertaking Teacher Professional Development (TPD) modules in order to enhance their capacity in curriculum delivery.

In pursuit of achieving the strategic goal of service delivery re-engineering, the Commission digitised 79,868 records, upgraded the CRM software which was piloted during the year. During the year, 1,500 staff members were trained in different specialized areas of service delivery.

To improve professionalism in the teaching service and reduce cases of indiscipline among teachers discipline cases were determined and finalised at county level in three months. Sixty two percent (62%) of registered cases were dispensed in the financial year.

During the period the Commission encountered a few emerging issues and some implementation challenges as follows;

- i. Disruption of services as a result of the COVID 19 pandemic
- ii. Austerity measures which affected the Commission's programmes and activities
- iii. Teacher shortage
- iv. Inadequate office accommodation in the counties and sub-counties
- v. Inadequate funding to facilitate operations and to implement Commission programmes in the field.

It is against the this that the Commission wishes to continue to request the government to provide additional funds for teacher recruitment and other priority programmes. On its part, the Commission shall continue to undertake stakeholder engagement and sensitisation on the Commission's mandate and seek to construct/lease more offices in the counties and sub-counties and establish common standards to ensure that all offices have a similar work space and are furnished across the counties. Additionally, the Commission endeavours to provide required infrastructure necessary for efficient service delivery at the county and sub-county levels.

Finally, I wish to thank the Chairperson and the Commissioners for their strategic leadership and direction and the Secretariat staff for their commitment and hard work that made it possible for the Commission to effectively deliver on its mandate.



DR. NANCY NJERI MACHARIA, CBS
COMMISSION SECRETARY / ACCOUNTING OFFICER
Date: 22-09-2022



IV. STATEMENT OF PERFORMANCE AGAINST PREDETRMINED OBJECTIVES

The Teachers Service Commission is mandated under article 237 of the Constitution to register trained teachers, recruit and deploy teachers, assign teachers employed by the Commission, exercise disciplinary control over registered teachers, terminate employment of teachers, review the standards of education and training of persons entering the teaching service, review demand for and supply of teachers and advise the National Government on matters relating to the teaching profession.

In executing this mandate, the Commission identified three key strategic goals as stipulated in its 2019-2023 strategic plan. Each of the goals has strategic objectives which form the basis of its programmes and effectively the budget execution.

The Commission's key development objectives as stipulated in the strategic plan 2019-2023 are:

Goal 1: Teacher Competency Conduct and performance Management

- (a) To improve the level of legal compliance on teaching standards
- (b) To improve the quality of teaching services in basic education learning institutions
- (c) To improve professionalism in the teaching service and reduce cases of indiscipline among teachers
- (d) To improve the quality of teacher support infrastructure and data management at the county and sub-county levels

Goal 2: Reforms and Innovations in provision of teaching services

- (a) To reduce the teacher shortage at the basic education learning institutions
- (b) To improve equity and efficiency in utilisation of the teaching resource
- (c) To grow the TSC Financial resource base
- (d) To improve Corporate Governance in teacher management

Goal 3: Service Delivery Re-engineering

- (a) To optimise the human resource and productivity in the Commission
- (b) To establish information security and ICT Disaster Recovery Systems
- (c) To Automate the core TSC processes

Progress made on attainment of the strategic development objectives

For purposes of implementing and cascading the above development objectives to specific Directorates, the objectives were made specific, measurable, achievable, realistic and time bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement.

The progress made in attaining the stated objectives based on each programme is shown in the table below

Programme	OBJECTIVE	OUTCOME	INDICATOR	PERFORMANCE
Teacher Resource Management- Primary	To reduce the teacher shortage at the basic education learning institutions	Improved Teaching Service	Number of Intern Teachers Recruited	In the FY 21/22, 2,000 intern teachers were recruited.
Teacher Resource Management- Secondary	To reduce the teacher shortage at the basic education learning institutions	Improved Teaching Service	Number of Intern teachers recruited	In the FY 21/22, 4,000 intern teachers were recruited.
			Number of teachers recruited	In the FY 21/22, 5,000 teachers were recruited.
			Number of newly recruited teachers posted to schools with high shortage	In the FY 21/22, 500 teachers were recruited and posted to schools with high shortage.
			Number of teachers trained on SBTSS	In the FY 21/22, 30,384 teachers were trained on SBTSS.
			Number of schools on peer to peer support in SBTSS	In the FY 21/22, 6,500 schools were on peer to peer support in SBTSS.
Teacher management - Tertiary	To reduce the teacher shortage at the basic education learning institutions	Improved Teaching Service	Number of tutors deployed	In the FY 21/22, 67 tutors were deployed.
Quality Assurance and standards	To improve the level of legal compliance on teaching standards	Quality teaching service	Number of teachers complying with teaching standards.	In the FY 21/22,, 336,843 teachers were complying with the teaching standards.
			Number of learning institutions implementing PC.	In the FY 21/22, 32,033 learning institutions were on performance contract.
			Number of field officers sensitized on the revised TPAD.	In the FY 21/22,, 1,500 officers were trained on the revised TPAD.

Teacher Professional Development	To improve professionalism in the teaching service and reduce cases of indiscipline among teachers	Improved professionalism in the teaching service	Number of field officers trained on management of discipline cases.	In the FY 21/22,, 317 officers were trained on management of discipline cases.
			School administrators and BoMs trained on management of discipline cases.	In the FY 21/22,, 15,453 school administrators and BoMs were trained on management of discipline cases.
			Number of newly recruited teachers trained on coaching and mentorship	In the FY 21/22,, 7,751 newly recruited teachers were trained on coaching and mentorship.
			Number of newly appointed heads of institutions trained on coaching and mentorship	In the FY 21/22,, 2,113 newly appointed heads of institutions were trained on coaching and mentorship.
			Number of teachers who have undergone discipline process trained on coaching and mentorship	In the FY 21/22,, 649 teachers who have undergone discipline process were trained on coaching and mentorship.
Teacher Capacity Development	To improve equity and efficiency in utilisation of the teaching resource	Enhanced Teacher Capacity in curriculum delivery	Number of TPD Modules development	In the FY 21/22,, 2 TPD Modules were developed.
			Number of Teachers undertaking TPD Modules	In the FY 21/22,, 90,052 teachers were undertaking TPD modules.
			Number of tutors trained on CBC	In the FY 21/22,, 1,166 tutors were trained on CBC.
			Number of teachers trained in Competency Based Curriculum	In the FY 21/22,, 229,242 teachers were trained on CBC.
			Number of school administrators trained on CBC	In the FY 21/22,, 23,235 school administrators were trained on CBC.

Policy Planning and support Services	To improve the quality of teacher support infrastructure and data management at the County and Sub-county levels	Enhanced service delivery	Number of field Offices equipped	In the FY 21/22, 10 county offices were equipped.
	To optimise the human resource and productivity in the Commission		Number of County offices Constructed	In the FY 21/22, the designs were developed and approved by Management and contracts awarded.
			Number of staff trained	In the FY 21/22, 1,542 staff were trained in different specialized areas of service delivery.
Field Services	To improve professionalism in the teaching service and reduce cases of indiscipline among teachers	Discipline cases dispensed	Percentage of registered discipline cases determined and finalised at county level in three months	62% of registered discipline cases were determined and finalised.
Automation of TSC operations	To automate the core TSC processes	Laptop/computers procured	Number of computers/Laptops procured	In the FY 21/22, 144 computers/laptops were procured.
		Software upgraded	Number of software upgraded	Upgraded the CRM software which was piloted during the FY 21/22,
		Digitised records	Number of records digitised	In the FY 21/22,, 79,868 records were digitised.
	To establish information security and ICT Disaster Recovery Systems	Disaster Recovery centre	Percentage Completion of disaster recovery centre	Site procured and awarded to contractor- at contract awarded Stage.
	To improve the quality of teacher support infrastructure and data management at the County and Sub-county levels	Local Area Network (LAN)	Number of TSC field offices where Local Area Network (LAN) is established	Awarded and at the contract stage.

Some of the challenges experienced by the Commission during the implementation of its programmes during the financial year include; austerity measures by the National Treasury, reducing most of the budget items.

V. CORPORATE GOVERNANCE STATEMENT

Corporate governance is the process and structure by which an organisation is directed and controlled with the ultimate aim of achieving long, term value to key stakeholders while taking into account the interest of other interested parties. The Commissioners and management of Teachers Service Commission are committed to achieving and demonstrating the highest standards of corporate governance.

The Commission has continued to be committed to high corporate governance standards and effective service delivery and ethics within the organisation by abiding with the laws and statutory regulations. The employees of the Commission are guided by the code of conduct approved by the Commission.

The Commission

The Commission consists of a chairperson and eight other members appointed in accordance with constitution and the Teachers Service Commission Act, 2012. They possess qualification and a wide range of expertise and experience that enable them to effectively contribute in their capacities as members. They are appointed by the President following a competitive process. The Commission Secretariat is headed by a Secretary who is also its Chief Executive and the Accounting officer. She implements the decisions of the Commission.

Duties of the Commissioners

The Commissioners provide strategic directions; objectives and values that ensure policies and practices are in place to implement governance and effective control over the Commission's assets and operations.

The Commissioners meet regularly to continually review and monitor the Commission's progress with respect to strategic direction and operational effectiveness.

In this regard, the Commission has established the following governance committees with special mandates to assist in the execution of the Commission's programmes.

Audit Committee Membership

(1) Dr. Rodgers Kinoti M'Ariba	Chairperson
(2) Kenneth M. Juma	Member
(3) Comm. Annceta G. Wafukho	Member
(4) Elizabeth W. Kiano	Member (National Treasury)
(5) Isaac K. Ng'ang'a	Secretary

Human Resource Committee Membership

(1) Comm. Sharon Jelagat Kisire	Chairperson
(2) Comm. Timon Oyucho	Member
(3) Comm. Dr. Nicodemus Ojuma Anyang	Member
(4) Dr. Nancy Njeri Macharia, CBS	Secretary

Field Services Committee Membership

(1) Comm. Timon Oyucho	
(2) Comm. Christine K. Kahindi	
(3) Comm. Salesa Adano Abudo	
(4) Dr. Nancy Njeri Macharia, CBS	Secretary

Finance Committee Membership

- | | |
|--------------------------------------|-------------|
| (1) Comm. Leila Abdi Ali | Chairperson |
| (2) Comm. Dr. Nicodemus Ojuma Anyang | Member |
| (3) Comm. Christine K. Kahindi | Member |
| (4) Dr. Nancy Njeri Macharia, CBS | Secretary |

Strategy and Innovation Committee Membership

- | | |
|-----------------------------------|-----------|
| (1) Comm. Mbage N. Nganga | |
| (2) Comm. Annceta G. Wafukho | |
| (3) Comm. Sharon Jelagat Kisire | |
| (4) Comm. Salesa Adano Abudo | |
| (5) Dr. Nancy Njeri Macharia, CBS | Secretary |



VI. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

a) Sustainability

In an effort to attain Sustainable Development Goal 4 (SDG 4) on provision of quality education, the Government has greatly supported the Commission's mandate of increasing the supply of qualified teachers in learning institutions. During the year under review, the Commission was able to recruit 11,000 teachers. This comprised of 5,000 additional teachers to support the 100% transition from Primary to Secondary school initiative. In addition, the Commission continued the teacher internship programme as a strategy to cope with the ever growing teacher demand as well as giving prospective teachers an opportunity to acquire practical skills. Through this programme, the Commission recruited a total of 6,000 teacher interns comprised of 2,000 primary school and 4,000 secondary school interns respectively.

b) Employee welfare

i. Improving Skills

The Commission conducted a Skills Audit in 2020 with a total number of 2,467 respondents against a total population of 2,955 Commission Secretariat Staff. In light of this, high impact professional development courses for selected critical staff are ongoing. Risk, Legal Internal Audit officers have been trained. In addition Subscription fees to professional bodies for officers at TSC Grade 5 and above is paid to support and encourage professional development.

ii. Career Progression Guidelines (CPG) for Secretariat Staff

The Career progression guidelines were reviewed in November 2021 to facilitate the implementation of the job evaluation recommendations (2016). The guidelines provide entry requirements for different professions and non-professional cadres for a total of 26 Career Guidelines. The guidelines provide clear career paths to attract, motivate and facilitate retention of suitably qualified and competent staff.

iii. Performance Recognition, Reward and Sanctions Policy.

The policy was reviewed in the financial year 2021/2022 to provide a basis for recognising exemplary performance by employees in order to provide a culture that supports effective performance at individual and team level. The Policy classified the awards into excellence achievement awards that include:

1. Individual Awards;

Employee of the year, Creativity and innovation, Exemplary customer Service and, Outstanding Leadership

2. Team Awards

Directorate of the year and County of the year.

iv. Safety and OSHA compliance

To indemnify employees against loss incurred in the event of bodily or fatal injury, a Group Personal Accident (GPA) cover is in place and the risk is transferred to an Insurance underwriter in case of any eventuality.

c) Operational practices

Responsible Supply chain and supplier relations



The Commission has maintained good business practice and treats its own suppliers by honouring contract obligations and respecting their payments by:

- i. Embracing the use of Invoice Tracking Solutions through the IFMIS System where suppliers are able to monitor different stages when their payments are being processed. This has increased efficiency and transparency in the whole payment process.
- ii. Putting in place, Contract Implementation Team (CIT) for various projects where the CIT members meet with the suppliers to jointly monitor the progress of contracts while addressing any bottlenecks that may arise hence enhancing buyer supplier relationships.
- iii. Embracing Open Tendering Method to source for goods, services and works being the most competitive method of procurement with the aim of enhancing transparency, fairness and equity.

d) Corporate social responsibility statement

The Commission takes ultimate responsibility for Corporate Social Responsibilities (CSR) and is committed to developing and implementing appropriate policies while adhering to a fundamental commitment to create and sustain long term value for teachers and all stakeholders.

We recognise that our social, environmental and ethical conduct has an important impact on our clients, we, therefore, take our CSR seriously and are committed to advancing our policies and systems to ensure we address and monitor all aspects of CSR that are relevant to our mandate.

- i. These include good ethical behaviour, concern for employees' health and safety, care for the environment and community involvement.
- ii. We strive to maintain a productive and open dialogue with all parties who may have an interest in our activities including; key stakeholders, suppliers and employees. We conduct regular customer satisfaction surveys and actively encourage feedback from our employees.
- iii. There is an elaborate programme through our Wellness section to provide information, education and psychosocial support on HIV and AIDS, drug and substance abuse, teachers on depression and Voluntary Counselling and Testing (VCT) services to our employees and members of the community. We are reviewing our CSR strategy with a view of expanding it to benefit more teachers and the community in general.

During the year under review, the Commission staff participated in the clean up exercise of Kilimanjaro road, Upper hill Nairobi which was carried out to mark the world environment day celebrated every year to embrace Mother Nature. The celebrations are meant to encourage and create awareness about the importance of conserving the environment.

VII. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2012 and Section 40 of the Teachers Service Commission Act, 2012 requires that, at the end of each financial year, the accounting officer for Teachers Service Commission shall prepare financial statements in respect of the Commission. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the Teachers Service Commission is responsible for the preparation and presentation of the Commission's financial statements, which give a true and fair view of the state of affairs of the Commission for and as at the end of the financial year ended on June 30, 2022. This responsibility includes:

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

The Accounting Officer in charge of the Teachers Service Commission accepts responsibility for the Commission's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the Commission's financial statements give a true and fair view of the state of entity's transactions during the financial year ended 30 June, 2022, and of the Commission's financial position as at that date. The Accounting Officer in charge of the Teachers Service Commission further confirms the completeness of the accounting records maintained for the Commission, which have been relied upon in the preparation of the Commission's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the Teachers Service Commission confirms that the Commission has complied fully with applicable Government Regulations and the terms of external financing covenants and that the Commission's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further, the Accounting Officer confirms that the Commission's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.



Approval of the financial statements

The Commission's financial statements were approved and signed by the Accounting Officer on 22nd September, 2022.



DR. NANCY NJERI MACHARIA, CBS
COMMISSION SECRETARY

Date: 22-09-2022



CPA. CHEPTUMO AYABEI
DIRECTOR (FINANCE AND ACCOUNTS)

ICPAK MEMBER NUMBER: 8372

Date: 22-09-2022

VIII. REPORT OF THE INDEPENDENT AUDITORS ON TEACHERS SERVICE COMMISSION

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON TEACHERS SERVICE COMMISSION FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Teachers Service Commission set out on pages 35 to 62, which comprise of the statement of assets and liabilities as at 30 June, 2022, statement of receipts and payments, statement of cash flows and the

Report of the Auditor-General on Teachers Service Commission for the year ended 30 June, 2022

summary statement of appropriation - recurrent and development combined for the year then ended, and a summary of significant accounting policies, notes to the financial statements and other important disclosures 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, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Teachers Service Commission as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Teachers Service Commission Act, 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0 Transactions in System Payments not Processed in Payment Details

Review of the Commission's financial statements and analysis of the IFMIS system payment reports processed against the payments made indicates that three hundred and ninety-one (391) transactions amounting to Kshs.98,309,130 were paid but not captured in the IFMIS payment details as at 30 June, 2022. No explanation was provided by the Commission Management for the anomaly.

In the circumstances, the accuracy, completeness, presentation, and disclosure of the financial statements for the year ended 30 June, 2022 could not be confirmed.

2.0 Unreconciled Variances in Cash and Cash Equivalents

The statement of assets and liabilities reflects bank balances of Kshs.1,750,770,936 as disclosed in Note 8A to the financial statements. The balance includes National Bank of Kenya-Teachers account balance of Kshs.262, 946,218. Review of the bank reconciliation statements revealed a reconciling item of receipts in the cashbook not recorded in the bank of Kshs.1,000,000,000. No explanation was provided as to how and when the Commission earned the cash which was a call deposit

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.1,750,770,936 as at 30 June, 2022 could not be confirmed.

3.0 Unconfirmed TSC Car and Mortgage Fund

The statement of assets and liabilities reflects cash and cash equivalents balance of Kshs.1,750,770,936 as disclosed in Note 8A to the financial statements which includes TSC car and mortgage bank balance of Kshs.520,999,796. During the year, the Fund reflected mortgage loan advances receivables balance of Kshs.304,734,248 (2021 - Kshs.806,062,361) and mortgages/bank loans payables of Kshs.271,233,343. However, documents to support the movement during the year were not provided for audit. Further, the Management does not have regulations governing the management of the Car and Mortgage Fund. As such, it was not possible to confirm whether the Fund is a self-reporting entity or part of the Commission.

In the circumstances, the accuracy and completeness of cash and cash equivalent balance of Kshs.1,750,770,936 as at 30 June, 2022 could not be confirmed.

Report of the Auditor-General on Teachers Service Commission for the year ended 30 June, 2022

4.0 Accounts Receivables

4.1 Unreconciled Domestic Debtors and Advances

As disclosed in Note 9 to the financial statements, the statement of assets and liabilities reflects an accounts receivables balance of Kshs.852,488,748 which includes an amount of Kshs.1,526,741 in respect of domestic debtors and advances. However, the prior year closing balance of Kshs.10,531,875 differ from the current year comparative balance of Kshs.1,526,741 by unreconciled amount of Kshs.9,005,134. Further, as previously reported, salary advances balances included an amount of Kshs.2,125,414 described as undefined recoveries whose composition and supporting documents were not provided for audit.

In addition, advances of Kshs.4,264,665 in respect of one hundred and forty-five (145) staff had no movement over the last twenty-four (24) months while some of the staff with outstanding balances had received additional salary advances during the year ended 30 June, 2021. Management did not give an analysis of how the above balances were recovered or written off during the year under review.

4.2 Unexplained Increase in Salary Overpayment

As disclosed in Note 9 to the financial statements, the statement of assets and liabilities reflects accounts receivables balance of Kshs.852,488,748 which includes an amount of Kshs.466,892,922 in respect of salary overpayment. The amount is an increase of Kshs.114,039,769 (or 32%) from last year's balance of Kshs.352,853,153. However, the origin and build-up of the balance has not been explained. Further, aging analysis was not provided for audit and as such, it was not possible to establish how long these balances have been outstanding. In addition, the Management has not demonstrated efforts it has made to recover the salary overpayments, thus the recoverability of this receivable is doubtful.

4.3 Unsupported Receivables Balances

As disclosed in Note 9 to the financial statements, the statement of assets and liabilities reflects an accounts receivables balance of Kshs.852,488,748 which includes County disbursements amounts of Kshs.67,156,978. However, according to disbursement records, the Commission disbursed to the Counties an amount of Kshs.1,428,212,926 during the year under review resulting in a total amount disbursed and not surrendered from the prior year of Kshs.1,903,281,195. Management has not supported how the County expenditure returns difference of Kshs.1,836,124,217 was accounted for.

In the circumstances, the accuracy, completeness, presentation, and disclosure of accounts receivables balance of Kshs.852,488,748 as at 30 June, 2022 could not be confirmed.

5.0 Unsupported Accounts Payables

The statement of assets and liabilities reflects the accounts payables balance of Kshs.433,128,747 as disclosed in Note 10 to the financial statements. The balance includes clearance account balance of Kshs.399,616,822 which further includes unexplained sundry creditors balance of Kshs.43,042,122, unsupported returned salaries of Kshs.10,209,284, returned EFT payments of Kshs.278,871, and stale cheques amounting to Kshs.2,037,905 which have been supported by listings showing outstanding

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transactions, dating back to the financial year 2015/2016 and earlier years. Further, clearance account balance of Kshs.399,616,822 indicate minimal movement over the last twelve months which was not supported or explained.

In the circumstances, the accuracy, completeness, and occurrence of the accounts payable balance of Kshs.433,128,747 as at 30 June, 2022 could not be confirmed.

6.0 Unexplained Decrease in Employer Contribution to National Social Security Fund (NSSF) and Staff Pension Scheme

The statement of receipts and payments reflects an amount of Kshs.286,687,983,132 in respect of compensation of employees as disclosed in Note 4 to the financial statements. Review of the compensation of employees reflects an unexplained decrease of Kshs.483,437 and Kshs.316,494,809 contributed by the employer to National Social Security Fund (NSSF) and Staff Pension Scheme respectively despite a general increase in compensation of employees of Kshs.9,296,034,959. An increase in basic pay and allowances should result in a proportionate effect on employer contributions to both N.S.S.F and Staff Pension Scheme.

In the circumstances, the completeness and accuracy of compensation of employees' balance could not be confirmed.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Teachers Service Commission 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 qualified opinion.

Key Audit Matters

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

Other Matter

1.0 Long Outstanding Accounts Receivables - Cash Losses

As previously reported the statement of assets and liabilities reflects an accounts receivables balance of Kshs.852,488,748 which includes cash losses amounting to Kshs.2,928,398 that occurred between the years 1988 and 2000 and the matter was investigated whereby the Director of Public Prosecutions directed the suspect be charged with the offence of stealing by servant in accordance with Section 280 of the Penal Code. Review of the matter during the year under review indicates that all teachers are paid by electronic funds transfers through their respective bank accounts and the Commission has reported that there are no longer cash losses reported. However, the lost cash had not been recovered at the time of the audit in November, 2022.

2.0 Unconfirmed Property, Plant and Equipment

As reported in the previous years, the property, plant and equipment balance of Kshs.4,955,290,287 as disclosed in Note 19 on other important disclosures to the financial statements which includes one (1) motor vehicle procured in 2004 at a cost of Kshs.2,085,869. Review of the matter in November, 2022 revealed that the vehicle had earlier been auctioned by auctioneers after obtaining a duplicate logbook No.20063490279 from Kenya Revenue Authority. Although the Commission repossessed the vehicle, the case is still pending in court.

3.0 Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness, Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the Management had not resolved the issues or given any explanation for failure to implement the recommendations.

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 matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1.0 Over-Expenditure on Budget - Use of Goods and Services

The statements of receipts and payments reflects the use of goods and services expenditure of Kshs.1,739,822,652 as disclosed in Note 5 to the financial statements. The expenditure includes over- expenditure of Kshs.163,968,426 on various components for which approvals were not provided for audit as detailed below:

Description	Financial Statements Amount (Kshs.)	Budget (Kshs.)	Variance (Kshs.)
Insurance Costs	156,993,158	114,500,000	42,493,158
Fuel Oil and Lubricants	65,735,378	60,000,000	5,735,378
Domestic Travel & Subsistence	177,045,876	64,759,216	112,286,660
Hospitality, Supplies & Services	30,300,971	26,847,741	3,453,230
Total	430,075,383	266,106,957	163,968,426

Over-expenditure on a budget may lead to unplanned expenditures, pending bills, and budget reallocations.

Report of the Auditor-General on Teachers Service Commission for the year ended 30 June, 2022

In the circumstances, the regularity and validity of the over-expenditure amounting to Kshs.163,968,426 could not be confirmed.

2.0 Failure to Deduct and Remit Pay-As-You-Earn from Employees

During the year under review, Management did not deduct Pay-As-You-Earn (PAYE) due from three thousand, two hundred and eighty-one (3,281) special needs staff, three thousand, seven hundred and eighty-four (3,784) non-special need staff and four (4) Secretariat's staff with gross pay amounting to Kshs.350,930,993, Kshs.214,965,126 and Kshs.96,694 respectively.

Review of the Commission's payroll revealed that employees with special needs, as prescribed under Section 11(3) of the Persons with Disabilities Act, 2003 are denoted by codes 2-9 under the special needs field in the Integrated Payroll and Personnel Database (IPPD) but the above referenced employees code was zero (0) denoting that they are not people with special needs and had not been exempted from paying income tax by the Kenya Revenue Authority. Failure to deduct and remit Pay-As-You-Earn tax is contrary to the Income Tax Act CAP 470.

In the circumstances, Management was in breach of the law.

3.0 Over-payment of Leave Allowance and Salary Arrears

Review of payroll data for the period under review revealed that twenty-one (21) teachers and seventy-five (75) Secretariat staff were paid leave allowance twice amounting to Kshs.240,000 and Kshs.740,000 respectively. Further, the payments were made to teachers and the secretariat who were not in the hardship areas.

In addition, one thousand eight hundred and seven (1,807) Teachers, and one hundred and thirty-five (135) Secretariat staff were paid salary arrears more than once during the year amounting to Kshs.197,214,537 and KShs.15,509,930, respectively contrary to Article 201 (d) of the Constitution of Kenya, 2010 which states that public money shall be used in a prudent and responsible way.

In the circumstances, Management was in breach of the law.

4.0 Non-Procurement of Group Life Cover

The statement of receipts and payments reflects an amount of Kshs.1,739,822,652 in respect of the use of goods and services as disclosed in Note 5 to the financial statements which includes insurance costs amounting to Kshs.156,993,158. Included in the expenditure is an amount of Kshs.62,922,122 paid to a Financing Institution as a group life insurance cover. The Commission entered into a contract for the provision of group life cover with a Financing Institution on 13 May, 2021 for a period of one year, with an expiry date of 13 May, 2022. However, upon the expiry of the cover, the Commission did not procure another cover hence resulting in the Commission operating without a group life cover.

In the circumstances, Management was in breach of the law.

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

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

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1.0 Control Weaknesses in Human Resource Management

The statement of receipts and payments reflects an amount of Kshs.286,687,983,132 in respect of employee costs as disclosed in Note 4 to the financial statements. However, the following internal controls weaknesses over payroll management were noted: -

- (i) Comparison of the National Identification (ID) numbers in the Teachers' payroll against the Integrated Personnel and Payroll Database (IPPD) for MDAs reflects that there were twenty-four (24) employees earning salaries in two entities in the same month.
- (ii) Examination of the IPPD reflects that one (1) Identification Number, was in both the Teachers' and Secretariat payrolls but with a different name. The amount paid during the year was Kshs.1,520,192 and Kshs.483,545 for the Secretariat and Teachers' payrolls respectively.
- (iii) Review of payroll for the month of June, 2022 revealed the existence of seventy-nine (79) employees with similar names, similar bank account numbers but different payroll numbers. The total gross pay amounted to Kshs.4,263,212. Further, three (3) teachers did not have ID numbers in the staff register.

In the circumstances, the internal controls over the management of employees' payroll are weak and susceptible to loss of TSC resources

2.0 Recovery of Salary Overpayment

Review of the detailed analysis of the payroll for the period under review revealed that there were eighty-five (85) teachers with an outstanding overpayment balance amounting to Kshs.47,352,946. Further, the outstanding repayment period for these officers will exceed their retirement age of sixty (60) or the end of the contract period. Therefore, recovery of the overpayment is in doubt. Further, the Commission Management did not

provide for audit a strategy for the recovery of the overpayments beyond the retirement period.

In the circumstances, the existence of internal control to safeguard loss of public resources could not be confirmed.

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

Responsibilities of Management and Commissioners

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

In preparing the financial statements, Management is responsible for assessing the Commission's ability to continue to sustain its services, disclosing as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Commission or cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect

Report of the Auditor-General on Teachers Service Commission for the year ended 30 June, 2022

a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my


Report of the Auditor-General on Teachers Service Commission for the year ended 30 June, 2022

opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Commission to cease to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Commission to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

23 December, 2022

IX. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE 2022

		JUNE 30TH	JUNE 30TH
	Note	2022	2021
		KShs	KShs
RECEIPTS			
Exchequer releases - Recurrent	1A	288,404,467,790	274,402,784,137
Exchequer releases - Development	1B	274,720,718	-
Proceeds from Sale of Non-Financial Assets	2	7,036,600	400,000
Other Receipts	3	725,595,194	646,154,688
TOTAL REVENUES		<u>289,411,820,302</u>	<u>275,049,338,825</u>
PAYMENTS			
Compensation of Employees	4	286,687,983,132	274,201,344,412
Use of goods and services (Recurrent)	5	1,739,822,652	763,764,040
Use of goods and services (SEQIP)	6	317,841,547	97,300,033
Acquisition of Assets	7	206,455,687	199,465,484
TOTAL PAYMENTS		<u>288,952,103,018</u>	<u>275,261,873,969</u>
SURPLUS/DEFICIT		<u>459,717,284</u>	<u>(212,535,144)</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 22nd September, 2022 and signed by:



DR. NANCY NJERI MACHARIA, CBS
COMMISSION SECRETARY

Date: 22-09-2022



CPA. CHEPTUMO AYABEI
DIRECTOR (FINANCE AND ACCOUNTS)

ICPAK MEMBER NUMBER: 8372


Date: 22-09-2022

X. STATEMENT OF ASSETS AND LIABILITIES AS AT 30 JUNE 2022

		JUNE 30TH	JUNE 30TH
		2022	2021
Note		KShs	KShs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	8A	1,750,770,936	1,302,670,081
Cash Balances	8B	41	1,551
Total Cash And Cash Equivalents		1,750,770,977	1,302,671,632
Accounts Receivables	9	852,488,748	867,537,157
TOTAL FINANCIAL ASSETS		2,603,259,725	2,170,208,789
LESS: FINANCIAL LIABILITIES			
Accounts Payables	10	433,128,747	459,795,095
NET FINANCIAL ASSETS		<u>2,170,130,978</u>	<u>1,710,413,694</u>
REPRESENTED BY			
Fund balance b/fwd	11	1,710,413,694	1,933,416,357
Surplus/Deficit for the year		459,717,284	(212,535,144)
Prior year adjustments	13	-	(10,467,519)
NET FINANCIAL POSITION		<u>2,170,130,978</u>	<u>1,710,413,694</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 22nd September, 2022 and signed by:


 DR. NANCY NJERI MACHARIA, CBS
 COMMISSION SECRETARY
 Date: 22-09-2022


 CPA. CHEPTUMO AYABEI
 DIRECTOR (FINANCE AND ACCOUNTS)
 ICPAK MEMBER NUMBER: 8372
 Date: 22-09-2022

XI. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

		JUNE 30TH	JUNE 30TH
	Note	2022	2021
		KShs	KShs
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts for operating income			
Exchequer releases - Recurrent	1A	288,404,467,790	274,402,784,137
Exchequer releases - Development(SEQIP)	1B	274,720,718	-
Other Revenues	3	725,595,194	646,154,688
		289,404,783,702	275,048,938,825
Payments for operating expenses			
Compensation of Employees	4	286,687,983,132	274,201,344,412
Use of goods and services	5	1,739,822,652	763,764,040
SEQIP Expenses	6	317,841,547	97,300,033
		288,745,647,331	275,062,408,485
Adjusted for:			
Changes in receivables	14	15,048,409	(20,309,876)
Changes in payables	15	(26,666,348)	2,265,087
Prior year adjustments	13	-	(10,467,519)
Net cash flows from operating activities		<u>647,518,432</u>	<u>(41,981,968)</u>
CASHFLOWS FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	7,036,600	400,000
Acquisition of Assets	7	(206,455,687)	(199,465,484)
Net cash flows from Investing Activities		<u>(199,419,087)</u>	<u>(199,065,484)</u>
NET INCREASE IN CASH AND CASH EQUIVALENT		448,099,345	(241,047,452)
Cash and cash equivalent at BEGINNING of the Year		1,302,671,632	1,543,719,084
Cash and cash equivalent at END of the Year		<u>1,750,770,977</u>	<u>1,302,671,632</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 22nd September, 2022 and signed by:



DR. NANCY NJERI MACHARIA, CBS
COMMISSION SECRETARY

Date: 22-09-2022



CPA. CHEPTUMO AYABEI
DIRECTOR (FINANCE AND ACCOUNTS)

ICPAK MEMBER NUMBER: 8372

Date: 22-09-2022

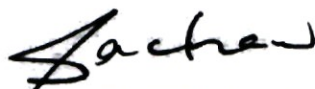
XII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
RECEIPTS						
Exchequer releases (Recurrent)	280,542,000,000	9,032,296,774	289,574,296,774	288,404,467,790	1,169,828,984	100%
Exchequer releases (Development)	645,100,000	(150,000,000)	495,100,000	274,720,718	220,379,282	55%
Other Receipts - Collected as AIA	517,000,000	248,000,000	765,000,000	732,631,794	32,368,206	96%
TOTAL RECEIPTS	281,704,100,000	9,130,296,774	290,834,396,774	289,411,820,302	1,422,576,472	100%
PAYMENTS						
Compensation of Employees	279,196,000,000	9,073,286,774	288,269,286,774	286,687,983,132	1,581,303,642	99%
Use of goods and services	1,551,000,000	99,010,000	1,650,010,000	1,739,822,652	(89,812,652)	105%
Use of goods and services (SEQIP)	600,000,000	(150,000,000)	450,000,000	317,841,547	132,158,453	71%
Acquisition of Assets	357,100,000	108,000,000	465,100,000	206,455,687	258,644,313	44%
TOTAL PAYMENTS	281,704,100,000	9,130,296,774	290,834,396,774	288,952,103,018	1,882,293,756	

Commentary on significant under-utilisation/over-utilisation

- i. The under absorption at 44% of the budget Acquisition of Assets was due to the rigorous procurement processes for construction of Kilifi and Machakos county offices.
- ii. The under-utilisation at 71% for SEQIP resulted from of reduced project activities occasioned by the interruption of the school calendar due to the COVID – 19 pandemic.

The entity financial statements were approved on 22nd September, 2022 and signed by:



DR. NANCY NJERI MACHARIA, CBS
COMMISSION SECRETARY

Date: 22-09-2022



CPA. CHEPTUMO AYABEI
DIRECTOR (FINANCE AND ACCOUNTS)

ICPAK MEMBER NUMBER: 8372

Date: 22-09-2022

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
RECEIPTS						
Exchequer releases	280,542,000,000	9,032,296,774	289,574,296,774	288,404,467,790	1,169,828,984	100%
Other Receipts - Collected as AIA	517,000,000	228,000,000	745,000,000	712,631,794	32,368,206	96%
TOTAL RECEIPTS	281,059,000,000	9,260,296,774	290,319,296,774	289,117,099,583	1,202,197,191	
PAYMENTS						
Compensation of Employees	279,196,000,000	9,073,286,774	288,269,286,774	286,687,983,132	1,581,303,642	99%
Use of goods and services	1,551,000,000	99,010,000	1,650,010,000	1,739,822,652	(89,812,652)	105%
Acquisition of Assets	312,000,000	88,000,000	400,000,000	188,041,321	211,958,679	47%
TOTAL PAYMENTS	281,059,000,000	9,260,296,774	290,319,296,774	288,615,847,105	1,703,449,669	

Commentary on significant under-utilisation/over-utilisation

The under absorption at 47% of Acquisition of the fixed assets budget was as a result of the rigorous procurement processes.

The entity financial statements were approved on 22nd September, 2022 and signed by:



DR. NANCY NJERI MACHARIA, CBS
COMMISSION SECRETARY

Date: 22-09-2022



CPA. CHEPTUMO AYABEI
DIRECTOR (FINANCE AND ACCOUNTS)

ICPAK MEMBER NUMBER: 8372

Date: 22-09-2022

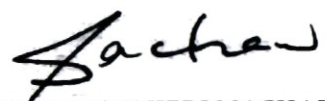
XIV. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
RECEIPTS	Kshs	Kshs	Kshs	Kshs	Kshs	
Exchequer releases	645,100,000	(150,000,000)	495,100,000	274,720,718	220,379,282	55%
Other Receipts - Collected as AIA	-	20,000,000	20,000,000	20,000,000	-	100%
TOTAL RECEIPTS	<u>645,100,000</u>	<u>(130,000,000)</u>	<u>515,100,000</u>	<u>294,720,718</u>	<u>220,379,282</u>	
PAYMENTS						
Use of goods and services (SEQIP)	600,000,000	(150,000,000)	450,000,000	317,841,547	132,158,453	71%
Acquisition of Assets	45,100,000	20,000,000	65,100,000	18,414,366	46,685,634	28%
TOTAL PAYMENTS	<u>645,100,000</u>	<u>(130,000,000)</u>	<u>515,100,000</u>	<u>336,255,913</u>	<u>178,844,087</u>	


Commentary on significant under-utilisation/over-utilisation

- The under absorption at 28% of the budget Acquisition of Assets was due to the rigorous procurement processes for construction of Kilifi and Machakos county offices.
- The under-utilisation at 71% for SEQIP resulted from of reduced project activities occasioned by the interruption of the school calendar due to the COVID - 19 pandemic.

The entity financial statements were approved on 22nd September, 2022 and signed by:


 DR. NANCY NJERI MACHARIA, CBS
 COMMISSION SECRETARY

Date: 22-09-2022


 CPA. CHEPTUMO AYABEI
 DIRECTOR (FINANCE AND ACCOUNTS)
 ICPAK MEMBER NUMBER: 8372
 Date: 22-09-2022

XV. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-Programme	Final Budget	Indicators	Outcomes	Actual on comparable basis	Budget utilisation difference
	Kshs			Kshs	
Teacher Resource Management	282,212,079,270			280,888,583,851	1,323,495,419
Teacher Management- Primary	179,879,588,723			178,858,412,167	1,021,176,556
Teacher management - Secondary	98,659,823,231			98,357,504,368	302,318,863
Teacher management - Tertiary	3,672,667,316			3,672,667,316	-
					-
Governance and Standards	1,010,988,115			1,025,528,058	(14,539,943)
Quality assurance and standards	1,737,973			1,620,350	117,623
Teacher professional development	8,604,307			5,668,644	2,935,663
Teacher capacity development	1,000,645,835			1,018,239,064	(17,593,229)
General Administration, Planning and Support Services	7,611,329,389			7,014,016,857	597,312,532
Policy, Planning and Support Service	7,123,799,807			6,584,155,093	539,644,714
Field Services	184,327,428			265,589,389	(81,261,961)
Automation of TSC Operations	303,202,154			164,272,374	138,929,780

XVI. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with Cash-basis International Public Sector Accounting Standards (IPSAS) as prescribed by the Public Sector Accounting Standards Board (PSASB) and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for;

- a) receivables that include imprests and salary advances and
- b) payables that include deposits and retentions.

The financial statements comply with and conform to the form of presentation prescribed by the PSASB. The accounting policies adopted have been consistently applied to all the years presented.

2. Reporting Entity

The financial statements are for the Teachers Service Commission. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012 and also comprise of the following development projects implemented by the entity:

- i) *Kenya Secondary Education Quality Improvement Project (SEQIP) - Component 1: Subcomponents 1.1 and 1.2*
- ii) *Kenya Primary Education Development (PRIEDE) project - Component 2: Sub component 2.2*
- iii) *TSC-KENYA GPE COVID 19 Project*

3. Reporting Currency

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the Commission and all values are rounded to the nearest one thousand Kenya Shillings.

4. Significant Accounting Policies

The accounting policies set out in this section have been consistently applied by the Commission for all the years presented.

(a) Recognition of Receipts

The Commission recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the Commission.

i) Transfers from the Exchequer

Transfers from the exchequer are recognised in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the Commission.

ii) External Assistance

External assistance is received through grants and loans from multilateral and bilateral development partners.

Grants and loans shall be recognised in the books of accounts when cash is received. Cash is considered as received when a payment advise is received by the Commission.

XVI. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

During the year ended 30th June 2022, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

iii) Other receipts

These include Appropriation-in-Aid and relates to receipts such as proceeds from Commission on 3rd parties, rental income, disposal of assets and sale of tender documents. These are recognised in the financial statements the time associated cash is received.

(b) Recognition of payments

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

i) Compensation of Employees

Salaries and wages, allowances, statutory contribution for employees are recognised in the period when the compensation is paid.

ii) Use of Goods and Services

Goods and services are recognised as payments in the period when the goods/services are paid for. Such expenses, if not paid during the period where goods/services are consumed, shall be disclosed as pending bills.

iii) Acquisition of Fixed Assets

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is

acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

A fixed asset register is maintained by the Commission and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the financial statements.

iv) In-kind contributions

In-kind contributions are donations that are made to the Commission in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the Commission includes such value in the statement of receipts and payments both as receipts and as payments in equal and opposite amounts; otherwise, the contribution is not recorded.

(c) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash at bank. Bank account balances include amounts held at the Central Bank of Kenya and at National Bank of Kenya as at the end of the financial year.

XVI. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Imprests and advances

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

(e) Third party deposits and retention

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognised on an accrual basis (as accounts payables). This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted for National Government Ministries and Agencies.

Other liabilities including pending bills are disclosed in the financial statements.

(f) Pending Bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they are recorded as 'memorandum' or 'off-balance' items. When the pending bills are finally settled, such payments are included in the Statement of Receipts and Payments in the year in which the payments are made.

(g) Budget

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on June 2021 for the period 1st July 2021 to 30th June 2022 as required by Law and there were two supplementary adjustments to the original budget during the year.

A comparison of the actual performance against the comparable budget for the financial year under review has been included in the financial statements.

(h) 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 30th June 2022.

(i) Prior Period Adjustment

During the year, errors that have been corrected are disclosed under note 13 explaining the nature and amounts.

(j) Related Party Transactions

Related party relationships are a normal feature of commerce. Specific information with regards to related party transactions is included in the disclosure notes.

XVII. NOTES TO THE FINANCIAL STATEMENTS

1A EXCHEQUER RELEASES - RECURRENT

Description and reference of the transfer	JUNE 30 TH	JUNE 30TH
	2022	2021
	KShs	KShs
Total Exchequer Releases for quarter 1	72,660,056,828	67,452,943,707
Total Exchequer Releases for quarter 2	72,011,571,856	65,143,302,017
Total Exchequer Releases for quarter 3	65,775,589,384	65,269,649,802
Total Exchequer Releases for quarter 4	77,957,249,722	76,536,888,611
TOTAL	<u>288,404,467,790</u>	<u>274,402,784,137</u>

1B EXCHEQUER RELEASES - DEVELOPMENT

Total Exchequer Releases for quarter 1	-	-
Total Exchequer Releases for quarter 2	2,344,500	-
Total Exchequer Releases for quarter 3	156,766,614	-
Total Exchequer Releases for quarter 4	115,609,604	-
TOTAL	<u>274,720,718</u>	<u>-</u>

Exchequer releases under development budget comprise of Kshs. 2,344,500 for construction of Kilifi County office and Kshs. 272,376,218 for SEQIP project.

2 PROCEEDS FROM SALE OF NON-FINANCIAL ASSETS

Receipts from Sale of Motor Vehicles	7,036,600	400,000
TOTAL	<u>7,036,600</u>	<u>400,000</u>

Kshs. 7,036,600 relate to amount received from disposal of motor vehicle Reg. No GKB 624S at Kshs. 5,600,000, GKA 819X at Kshs. 515,600 and GKB 498D at Kshs. 921,000

XVII. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 OTHER REVENUES

	JUNE 30TH 2022 KShs	JUNE 30TH 2021 KShs
Interest Received	19,671,683	9,295,044
Rental Income- collected as AIA	7,300,875	4,998,152
Commission on Third parties - Collected as AIA	631,708,333	587,246,060
Other receipts- collected as AIA	66,914,303	44,615,432
TOTAL	<u>725,595,194</u>	<u>646,154,688</u>

4 COMPENSATION OF EMPLOYEES

Basic Salaries - Permanent Employees	185,788,265,979	176,492,231,020
Basic Pay - Contractual Employees	1,415,267,368	2,416,413,998
Personal Allowances paid as part of Salary	83,047,910,365	80,489,502,561
Personal Allowances paid as Reimbursements	66,522,867	96,042,901
Employer Contributions to National Social Security Schemes	9,776,555	10,259,992
Employer contribution to staff pension scheme	563,788,060	880,282,869
Employer Contributions to Medical insurance Schemes	15,796,451,938	13,816,611,071
TOTAL	<u>286,687,983,132</u>	<u>274,201,344,412</u>



Ref No. on external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status	Time frame
		<p>ii Receivable with no recoveries/repayments</p> <p>Ksh. 10,416,781 relates to payroll deduction remitted to 3rd party institutions from undue salaries. The Commission recalls these deductions from the 3rd parties once the undue salaries are reversed. Where the 3rd parties fail to refund, the Commission recovers the amount from the remittances that are due to them. The amount shall be recovered progressively.</p>			



DR. NANCY NJERI MACHARIA, CBS
COMMISSION SECRETARY

Date: 22-09-2022



CPA. CHEPTUMO AYABEI
DIRECTOR (FINANCE AND ACCOUNTS)

ICPAK MEMBER NUMBER: 8372

Date: 22-09-2022

Ref No. on external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status	Time frame
		<p>TSC headquarters. The expenditure reported in the returns and the unspent balances are posted in IFMIS system to clear the advance. The amount of Kshs. 475,068,169 represents</p> <p>(a) expenditure at the counties that could not be posted in IFMIS as a result of budget cuts due to austerity measures and</p> <p>(b) unspent AIEs at the counties that had not been surrendered at the end of the 2020/2021 financial year.</p> <p>The Commission is exploring possibility of linking the county offices to IFMIS to ensure real time posting of financial transactions and enhance timely reconciliation</p>			
	<p>iii. Other Receivables</p> <p>In addition, the account receivables balance of Kshs. 867,537,156 includes an amount of Kshs. 370,924,085 in respect of other receivables which further includes an amount of Kshs. 352,853,152 relating to salary overpayment. However, the origin and the build-up of the salary overpayment has not been explained. The balance also includes receivables totaling to Ksh. 10,416,781 which had no recoveries or repayments in the last twenty-four months casting doubts on the recovery or realization of the amount. In the circumstances, the accuracy and completeness of the accounts receivables balance of Ksh. 867,537,156 reflected in the statement of assets and liabilities as at 30 June, 2021 could not be confirmed.</p>	<p>i. Salary Overpayment</p> <p>The Salary overpayment of Kshs. 352,853,152 occurred as a result of various reasons including death, desertion of duty, resignation, transfer of service, retirement, sick leave and absenteeism. The amount has accumulated over the years and recovery is progressive. Recovery of the overpayment is done through;</p> <p>(a) The payroll for teachers who are still in TSC employment.</p> <p>(b) For teachers who are out of TSC employment, the Commission has designed mechanisms of following up the overpayment which are set out in the Overpayment policy which include</p> <p>(i) Issuing demand letters</p> <p>(ii) Making phone calls</p> <p>(iii) Liaising with Co-operative Societies to utilize any Sacco savings</p> <p>(iv) Liaising with other employers where the teachers are in other employment</p> <p>(v) Liaising with the Ministry of Foreign Affairs and Kenyan Embassies where the teachers are in foreign Countries.</p> <p>The overpayment also includes liabilities recorded against teachers who have misappropriated school funds where the Commission is facilitating recovery on behalf of the schools. In order to separate Salary overpayment for school liabilities, the Commission is now treating school liabilities as 3rd party liabilities in order for the schools/Ministry of Education to engage other means of recovery in case the teachers exit TSC employment before the liability is fully recovered.</p>			

Ref No. on external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status	Time frame
5.	<p>Accounts Receivables</p> <p>i. Long Outstanding Salary Advances</p> <p>As disclosed in Note 9 to the financial statements, the statement of assets and liabilities reflects accounts payables balance of Kshs. 867,537,156 Kshs. 2,125,414 described as undefined recoveries whose composition and support documents were not provided for It was noted that some of the staff with outstanding balances had received additional salary advances during the year under review. Management did not give any reason for non recovery of the salary advances.</p> <p>ii. County Disbursements</p> <p>Further, the accounts receivables balance of Kshs. 867,537,156 includes a balance of Kshs. 475,068,169 in respect of disbursements to counties. However, the breakdown of the amounts owed by each county was not provided for audit regional county bank balances totalled to Kshs 34,575,199 representing un surrendered AIEs issued to the counties. The amount has however not been reconciled to the outstanding county disbursement balance of Kshs. 475,068,169</p>	<p>a. Undefined recoveries (Various Recoveries)</p> <p>The amount of Kshs. 2,125,414 relates to Ex-gratia advances that were recovered through the payroll from various staff from July 2020 to June 2021. Ex-gratia advances arise where the Commission settles residual hospital bills for teachers to allow discharge of patients/release of bodies and the teachers are then granted ex-gratia ranging from 50% to 75% of the medical bill depending on availability of funds. The balance is then recorded as an advance against the teacher and recovered from payroll in instalments.</p> <p>b. Advances with no movement</p> <p>The amount of Kshs. 4,264,665 relates to old cases where teachers were paid salary arrears through payment vouchers for (i) underpayment, (ii) reinstatement on payroll and (iii) promotion. The details of the payment vouchers were to be computerized in subsequent month's payroll. However, in the month of computerization, the teachers were no longer on payroll due to interdiction, death and retirement and the details of the payment vouchers could not be captured. The Commission is no longer facing this challenge due to the real time processing of salary payments through the IPPD system. The payments were due to the teachers and the Commission is in the process of clearing the balances.</p> <p>County Disbursements</p> <p>The Commission adopted the use of GoK IFMIS in 2015/2016 financial year. The system is used to disburse funds for TSC operations at the county level through issuance of AIEs. The funds are disbursed as advances under a below the line account. The counties are required to account for the funds through submission of quarterly expenditure returns and any unspent balances returned to</p>	Director Finance & Accounts	In progress	

Ref No. on external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status	Time frame
		<p>.courts and fail to reach the intended beneficiaries. The Commission issues replacement cheques once the beneficiaries are contacted.</p> <p>Some of the cheques have remained outstanding due to difficulties in establishing the beneficiaries who are the next of kin to deceased teachers and beneficiaries of Court attachments for child support. Where the Commission is unable to reach the beneficiaries it has transferred the funds to Unclaimed Financial Assets Authority (UFAA).</p> <p>v) Inter-ministerial agency account variance</p> <p>Inter-Ministerial Agency Account balance contains balance of AIEs received from the Ministry of Education to carryout activities of the Commission that had not budgeted under the Commissions budget. This includes funds for;</p> <p>(a) Teacher training under Competence Based Curriculum (CBC)</p> <p>(b) Kenya Primary Education Development Project (PRIEDE) and,</p> <p>(c) Kenya GPE COVID 19 project</p> <p>The Ministry of Education provided the Commission with AIEs to implement Competency Based Curriculum (CBC) when budget to carry out the activity had not been included in the Commission's annual budget.</p> <p>At the closure of the 2020/2021 financial year, the unspent balance was Kshs. 33,685,957.</p> <p>During the 5 years of implementation of the Kenya Primary Education Development Project (PRIEDE), the Commission also received AIEs from Ministry of Education to implement the Components the Commission was responsible for. At the closure of the financial year 2020/2021, the unspent balance under PRIEDE was Kshs. 3,143,207</p> <p>The Commission also received AIE to implement the KENYA GPE COVID 19 project. The balance of the AIE at the closure of 2020/2021 financial year was KShs. 8,909,750.</p> <p>The Commission reported the balances of the AIEs as per the records maintained at the Commission.</p>			

Ref No. on external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status	Time frame
	<p>Leading to un-reconciled variance of Kshs. 36,200,951.</p> <p>In the circumstances, the accuracy of the accounts payable balance of Kshs. 459,795,093 could not be confirmed.</p>	<p>returned by the paying banks as un-applied. This result from incorrect bank details provided by the teachers which include;</p> <p>(a) wrong bank accounts, (b) bank account names not matching and (c) in dormant bank accounts. These payments are returned by the paying banks without the details of the teachers. The Commission liaises with the paying banks to obtain details of the teachers to enable it contact them to provide correct bank details. The Commission releases the salaries once the correct details are provided.</p> <p>The Commission is no longer facing this challenge as teachers are required to submit pay-point instructions accompanied with a copy of the bank plate/ copy of ATM card. We are progressively continuing to obtain correct details of the beneficiaries to clear the balance.</p> <p>iii) Returned EFT payments</p> <p>The amount of Kshs. 36,765,251 relates to monies deposited in TSC bank account being</p> <p>(a) payments of 3rd party payroll deductions and (b) payments of amounts due to teachers who have left service that are returned by the paying banks as un-applied. This results from incorrect bank details provided by the beneficiaries which include; wrong bank accounts, bank account names not matching and dormant bank accounts. The payments are returned by the paying banks without the details of the intended beneficiaries. The Commission liaises with the paying banks to obtain details of the intended beneficiaries in order to contact them to provide correct bank details. We are progressively continuing to obtain correct details of the beneficiaries to clear the balance.</p> <p>iv) Stale Cheques</p> <p>The amount of Kshs. 4,509,310 relates to Cheques for payments to various beneficiaries that have not been presented to the banks for payment within six months These are payments mainly done through the public trustees'/law</p>			

Ref No. on external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status	Time frame
	<p>Chief Executive Officer in 2018 and 2019, but the claims had not been included as pending bills in the financial year 2019/2020. Further, no documentation was provided to show the approved budget reallocation to support the payments.</p> <p>Consequently, the validity of the insurance costs of Kshs. 7,005,775 could not be ascertained.</p>	<p>As a result, the claims were not declared as pending bills in 2019/2020 financial year as the process of vetting of the pending claims had not been concluded.</p> <p>Further, the Commission had not been provided with adequate budgetary allocation to procure an insurance company to settle the claims due to the huge expected outlay on premiums. The National Treasury advised the Commission to manage these claims internally through the annual budgetary allocation. The claims are gradually settled with the available budget under Group Personal Accident Insurance.</p>			
4.	<p>Un-supported Accounts Payables</p> <p>As disclosed in Note 10 to the financial statements, the statement of assets and Liabilities as at 30 June, 2021 reflects accounts payables balance of Kshs. 459,795,093 which includes a clearance account balance of Kshs. 405,647,139. The balance constitute un-explained sundry creditors balance of Kshs. 46,013,489, un-supported returned salaries of Kshs. 25,958,415, returned EFT payments of Kshs. 36,765,251 and un-supported stale cheques amounting to Kshs. 4,509,310 which have been supported by listings showing outstanding transactions, dating back to financial year 2015/2015 and earlier. The clearance accounts of Kshs 405,647,139 has minimal movement over the last twelve months and no explanation was provided for the same. Further, the balance of Kshs. 459,795,093 includes an inter-ministerial agency account balance of Kshs. 45,738,914. However, the reported amounts differs from the corresponding amounts in the State Department for Early Learning and Basic Education financial statements balance of Kshs. 9,437,963</p>	<p>i) Sundry Creditors</p> <p>The amount of Kshs. 46,013,489 relates to monies deposited in TSC bank account being:</p> <p>(a) payments Made by TSC to various beneficiaries that have been returned as un-applied. This result from incorrect Bank details provided by the beneficiaries which include wrong bank accounts, bank account names not matching and dormant bank accounts. The payments are returned by the paying banks without the details of the intended beneficiaries. The Commission liaises with the paying banks to obtain the details in order to contact the beneficiaries to provide correct bank details.</p> <p>(b) Payment to TSC by The National Treasury in respect amounts recovered from pension of teachers with outstanding liabilities. The deposits are made in block amounts without the details of the specific teachers they relate to. The Commission liaises with the National Treasury to provide details of the teacher in order to apply the monies to offset the overpayment recorded against the respective teachers. Progressively, we are continuing to clear the balance.</p> <p>ii) Returned Salaries</p> <p>The amount of Kshs. 25,958,415 represents monies deposited in TSC bank account for monthly payroll salaries paid to employees that are</p>	Director Finance & Accounts	In progress	

Ref No. on external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status	Time frame
		<p>(v) The National Treasury vide letter Ref: AG/3/14/Vol.1 (66) dated 19th March, 2021 advised the Commission to pursue further efforts as had been advised by the Attorney General. The Commission has analyzed the cases and isolated those that have been concluded by court. Further, the Commission shall reapply for write-off from the National Treasury for the resolved cases.</p>			
2.	<p>Property, Plant & Equipment As disclosed in annex XV – other important disclosures to the financial statements, property, plant & equipment balance of Kshs. 4,764,948,850 as at 30 June, 2021, includes a balance of Kshs.88,096 being the residual value of one (1) motor vehicle procured in 2004 at a total cost of Kshs. 2,085,869. A review of the matter in January, 2018 had revealed that the vehicle had earlier been auctioned by auctioneers after obtaining a duplicate log book No. 20063490279 from Kenya Revenue Authority. Although the Commission repossessed the vehicle, the case is still pending in court. In the circumstances, it has not been possible to confirm whether property, plant and equipment balance of Kshs, 4,764,948,850 is fairly stated.</p>	<p>Motor vehicle Registration No. KAR 246L The Motor Vehicle Registration No. KAR 246L - Nissan Urvan whose residual value is Kshs.88,096 was repossessed from auctioneers. The original log book was submitted to KRA on 30/6/2011 to verify the rightful owner upon their request vide letter ref: KRA/RTD/TRANS-DUP/10027/0-11 dated 13/6/2011. This case has been ongoing and after court hearings on diverse dates judgment was finally delivered on 15th September, 2020, where the court ruled that the motor vehicle registration No. KAR 246L be released to the plaintiff. A copy of the judgment is hereby attached. The Commission has appealed the ruling vide the Memorandum of Appeal dated 20th November, 2020. On 8th July 2021 the High Court delivered its ruling on the application for stay of execution. The stay was granted on condition that the Commission deposits a Decretal sum of Kshs. 1,080,000 with the Court within 30 days. Further, the Memorandum of Appeal was to be filed with the High Court Registry within 14 days.</p>	Director Finance & Accounts Director Legal	In progress	
3.	<p>Un-authorized Expenditure on Insurance Costs. As disclosed in Note 5 to the financial statements, the statement of receipts and payments reflects use of goods and services balance amounting to Kshs. 763,764,040. The amount includes insurance costs of Kshs. 47,793,308 which further includes payments amounting to Kshs. 7,005,775 in respect of compensation under the Work Injury Benefits Act (WIBA), 2007. However, the paid claims were approved for payment by the</p>	<p>WIBA Compensation The amount of Kshs. 7,005,775 relates to compensation for claims received by the Commission from the Directorate of Occupational Safety and Health Services (DOSHS) for teachers who are injured at work place. The claims are usually subjected to a process of vetting to; (i) verify the percentage awarded for the injury, (ii) ascertain how and when the injury occurred and (iii) confirm the correctness/accuracy of the amount awarded.</p>	Director Finance & Accounts	In progress	

XIX. PROGRESS ON FOLLOW UP OF AUDITOR'S RECOMMENDATIONS

The following is the summary of issues raised by the external auditor in their letter and the management comments. Focal persons have been nominated to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Ref No. on external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status	Time frame
1.	<p>Long Outstanding Accounts Receivables</p> <p>The statement of assets and liabilities reflects an accounts receivables balance of Kshs. 867,537,156 which includes cash losses amounting to Kshs. 2,928,398. As previously reported the cash losses occurred between the years 1988 and 2000 and the matter was investigated whereby the Director of Public Prosecutions directed the suspect to be charged with the offence of stealing by servant contrary to Section 280 of the penal code. Review of the matter during the year under review indicates that all teachers are paid by electronic funds transfers through their respective bank accounts and the Commission has reported there are no longer cash losses reported. However, the lost cash had not been recovered. In the circumstances, the recoverability of cash loss amounting to Kshs. 2,928,398 could not be confirmed.</p>	<p>Cash Losses</p> <p>i) The cash losses of Kshs. 2,928,398 occurred in the period 1988-2000 and the Commission has followed up the matter in the Courts over several years culminating with the Investigating Officer's letter Ref: CID/IB/SEC/4/3/1/A/VOL. III/64 dated 5/9/2014 indicating the insurmountable challenges in charging the culprits. The Commission, during its meeting held on 24/9/2015 decided it was un-economical to continue with the cases and recommended a write-off through the National Treasury.</p> <p>ii) After several correspondences between the Commission and the National Treasury in respect of the request for approval of a write-off, the National Treasury vide letter Ref: AG/3/149/Vol.1/ (54) dated 13th February, 2019 gave guidelines the Commission needed to follow in order to conclude the matter. The Commission followed the guidelines and re-submitted the request vide letter Ref: TSC/FIN/60/VOL.V/20 dated 5th March, 2019. We also sought the Attorney General's legal opinion on the matter.</p> <p>(iii) The Attorney General vide letter Ref: AG/CONF/9/29 Vol II (43) dated 10th May, 2019 advised on a waiver after all reasonable steps had been taken to recover the losses. This is similar to what the Commissioner's had recommended during their above cited meeting.</p> <p>(iv) The Commission vide letter Ref:TSC/FIN/60/VOL.V/68 dated 18th February, 2021 resubmitted a request to the National Treasury for authority to write-off the cash losses since it had been determined that reasonable steps were taken for recovery of the cash losses and to pursue the cases would be un-economical.</p>	<p>Director Finance & Accounts</p> <p>Director Legal</p>	In progress	

Postal rent	25,160.00	-	25,160.00	
Water	80,624.25	-	80,624.25	
Rent	859,802.49	859,802.49	-	
KPLC	5,919.00	-	5,919.00	
Rent	518,000.00	518,000.00	-	
Rent	989,845.51	989,845.51	-	
Sub-Total	165,625,787.94	39,351,989.44	126,273,798.50	
Grand Total	228,220,495.00	69,509,196.95	158,711,298.05	

Printing of county finance manual	159,600.00	159,600.00	-	MISCIN000007316
Maintenance of motor vehicle GKB 820x	50,000.00	-	50,000.00	2000711173
Payment for digitization services	28,000,000.00	28,000,000.00	-	384 and 385
Payment for USSD application development web portal and 24/7 support	12,585,469.25	-	12,585,469.25	16495
Payment for Administration fees for 126 pending cases	250,000.00	250,000.00	-	DNN058206/LC/05
Payment for Administration fees	3,400,000.00	-	3,400,000.00	663035
Maintenance of motor vehicle GKB 844V	52,937.00	-	52,937.00	16199481
Payment for training fees	247,500.00	-	247,500.00	L0019
WIBA	101,690,303.00	-	101,690,303.00	
TeamMate Licences	1,650,480.00	-	1,650,480.00	
CMC	252,145.00	-	252,145.00	
Postal rent	201,218.00	-	201,218.00	
Postal rent	76,914.00	-	76,914.00	
County Survey	30,700.00	-	30,700.00	
Travelling	93,700.00	-	93,700.00	
Postal rent	9,450.00	-	9,450.00	
Water	264,158.00	-	264,158.00	
Rent	1,894,366.44	1,894,366.44	-	
Postal rent	9,450.00	-	9,450.00	

Payment for supply installation and commissioning of HRMIS system	10,071,033.00	-	10,071,033.00	FTE2021-023
Supply delivery and fitting of soap dispenser	470,000.00	470,000.00	-	166
Supply and delivery of computers	7,706,400.00	7,706,400.00	-	174
Supply and delivery of pharmaceutical Drug s	213,236.00	-	213,236.00	213235
Sub-Total	54,681,285.00	26,501,860.00	28,179,425.00	
Supply of services				
Provision of consultancy services for development of productivity index	2,200,000.00	2,200,000.00	-	2022/06/001
Payment for development and submission of monthly media monitoring reports third quarter	1,429,062.00	-	1,429,062.00	004/2022
Payment for advertising services	185,600.00	185,600.00	-	80104818
Provision of internet services	626,400.00	626,400.00	-	AUT/0210902/0001005
Maintenance of motor vehicle GKB 245V	62,350.00	-	62,350.00	3223248
Provision of consultancy services for the proposed detailed design preparation of double storey building at KILIFI county	4,056,259.00	-	4,056,259.00	DSL/TSC/KLF/OFFICE/BLOCK/ REV/02
Payment for training fees	64,410.00	64,410.00	-	PS1069639
Provision of consultancy services for the proposed detailed design preparation of double storey building at Machakos county	3,603,965.00	3,603,965.00	-	DSL/TSC/MCKS/OFFICE/ BLOCK/REV/02

2. ANALYSIS OF PENDING BILLS

Supplier of Goods or Services	Original Amount	Amount paid to date	Outstanding Balance	Comments
			2021/2022	
Construction of civil works				
Proposed paint Works and Water Proofing at Teachers Service Commission Headquarters	3,655,347.51	3,655,347.51	-	Certificate No.1
Proposed paint Works and Water Proofing at Teachers Service Commission Headquarters	4,258,074.55	-	4,258,074.55	Certificate No.2
Sub-Total	7,913,422.06	3,655,347.51	4,258,074.55	
Supply of goods				
Supply delivery , installation, configuration and commissioning of software define wireless area network	25,441,220.00	17,000,000.00	8,441,220.00	531
Supply delivery and installation of metallic shelve racks	9,390,600.00	-	9,390,600.00	N/A
Supply and delivery of MacBook computer	1,071,840.00	1,071,840.00	-	8147
Supply and delivery of glue pritt	42,500.00	42,500.00	-	5454
Supply and delivery of keyboards	63,336.00	-	63,336.00	1025
Supply and delivery of ups	135,720.00	135,720.00	-	1026
Supply and delivery of computer mouse	75,400.00	75,400.00	-	1024

XVIII. OTHER IMPORTANT DISCLOSURES

1. PROPERTY PLANTS AND EQUIPMENTS (PPE) SCHEDULE 2021/2022

Asset class	Historical Cost b/f	Additions during the year	Disposals during the year	Historical Cost c/f
	2020/2021	2021/2022	2021/2022	2021/2022
	(Kshs)	(Kshs)	(Kshs)	(Kshs)
Land	1,000,000,000	-	-	1,000,000,000
Construction of Buildings	1,229,272,747	18,414,366	-	1,247,687,113
Refurbishment of Buildings	100,230,857	4,181,310	-	104,412,167
Transport Equipment	962,697,420	39,984,400	16,114,250	986,567,570
Office Furniture and General Equipment	502,635,533	10,679,839	-	513,315,372
Specialized Plant, Equipment and Machinery	970,112,293	133,195,772	-	1,103,308,065
TOTAL	<u>4,764,948,850</u>	<u>206,455,687</u>	<u>16,114,250</u>	<u>4,955,290,287</u>

Kshs. 16,114,250 relate to historical cost of Kshs. 7,958,000, Kshs. 3,266,250 and Kshs. 4,890,000 of three (3) motor vehicles Reg. No. GKB 624S, GKA 819X and GKB 498D respectively disposed during financial year 2021/2022.

XVII. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 PRIOR YEAR ADJUSTMENTS

	2021/2022			2020/2021		
	Balance b/f 2021/2022 as per audited financial statements	Adjustments in 2021/2022 relating to prior periods	Adjusted Balance b/f 2021/2022	Balance b/f 2020/2021 as per audited financial statements	Adjustments in 2020/2021 re- lating to prior periods	Adjusted b/f 2020/2021
	KShs	KShs	KShs	KShs	KShs	KShs
Bank	1,302,670,081	-	1,302,670,081	1,543,695,633		1,543,695,633
Cash	1,551	-	1,551	23,451		23,451
Receiv- ables	867,537,157	-	867,537,157	847,227,280	10,467,519	836,759,761
Payables	(459,795,095)	-	(459,795,095)	(457,530,007)		(457,530,007)
TOTAL	<u>1,710,413,694</u>	-	<u>1,710,413,694</u>	<u>1,933,416,357</u>	<u>10,467,519</u>	<u>1,922,948,838</u>

14 (INCREASE)/ DECREASE IN RECEIVABLE

	JUNE 30TH	JUNE 30TH
	2022	2021
	KShs	KShs
Receivables as at 1st July	867,537,157	847,227,279
Receivables as at 30th June	852,488,748	867,537,157
(Increase)/ Decrease in Receivables	<u>15,048,409</u>	<u>(20,309,876)</u>

15 INCREASE/ (DECREASE) IN ACCOUNTS PAYABLE

	JUNE 30TH	JUNE 30TH
	2022	2021
	KShs	KShs
Payables as at 1st July	459,795,095	457,530,008
Payables as at 30th June	433,128,747	459,795,095
(Increase)/ Decrease in Payables	<u>(26,666,348)</u>	<u>2,265,087</u>

XVII. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 BALANCES BROUGHT FORWARD - ACCUMULATED FUND

	JUNE 30TH 2022 KShs	JUNE 30TH 2021 KShs
Opening Balance - Bank	1,302,670,081	1,543,695,633
Opening Balance - Cash in hand	1,551	23,451
Opening Balance - Accounts Receivables	867,537,157	847,227,280
Opening Balance - Accounts payables	(459,795,095)	(457,530,007)
TOTAL	<u>1,710,413,694</u>	<u>1,933,416,357</u>

12 RELATED PARTY DISCLOSURES

Transfer from Ministry of Education (PRIEDE Project)	-	99,868,709
Transfer from Ministry of Education (TSC Kenya GPE COVID 19 Project)	-	200,000,000
TOTAL	=	<u>299,868,709</u>

XVII. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8B CASH IN HAND

	JUNE 30TH 2022	JUNE 30TH 2021
Location and Currency	KShs	KShs
Teachers Service Commission HQS – Held in domestic currency	41	1,551
TOTAL	<u>41</u>	<u>1,551</u>

9 Accounts Receivables

Government Imprests	3,769,855	11,013,028
Domestic Debtors & Advances	1,526,741	10,531,875
County Disbursements	67,156,978	475,068,169
Mortgage Loan Advances	304,734,248	-
Salary Overpayment	466,892,922	-
Other Receivables	8,408,004	370,924,085
TOTAL	<u>852,488,748</u>	<u>867,537,157</u>

Included in the Other Receivables of Kshs. 370,924,085 in 2020/2021 financial year is Kshs. 352,853,153 relating to Salary Overpayment.

10 Accounts Payables

AP Liabilities A/cs	-	8,409,042
Clearance Account	399,616,822	405,647,139
Inter-Ministerial Agency Accounts	33,511,925	45,738,914
TOTAL	<u>433,128,747</u>	<u>459,795,095</u>

XVII. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 ACQUISITION OF ASSETS

	JUNE 30TH 2022 KShs	JUNE 30TH 2021 KShs
Construction of Building	18,414,366	20,377,677
Refurbishment of Buildings	4,181,310	19,831,975
Purchase of Motor Vehicles	39,984,400	-
Purchase of Office Furniture and General Equipment	10,679,839	35,160,944
Purchase of Specialized Plant, Equipment and Machinery	133,195,772	124,094,888
TOTAL	<u>206,455,687</u>	<u>199,465,484</u>

8A Bank Accounts

Name of Bank, Account No. & currency	Type of Account	JUNE 30TH 2022 KShs	JUNE 30TH 2021 KShs
<i>National Bank of Kenya- Secretariat A/C No.01001005707400 ,KShs</i>	Recurrent	15,779,783	15,778,723
<i>National Bank of Kenya- Teachers A/C No.01001000905000 ,KShs</i>	Recurrent	262,946,218	394,723,030
<i>Central Bank of Kenya, 1000181117,KShs</i>	Recurrent	3,687,771	249,512
<i>Central Bank of Kenya-PRIEDE A/C No. 1000291133,KShs</i>	Project	-	3,393,670
<i>Central Bank of Kenya-SEQIP A/C No. 1000370882,KShs</i>	Project	47,357,368	73,520,235
<i>Central Bank of Kenya-TSC-KENYA GPE COVID 19 Project A/C No. 1000469797,KShs</i>	Project	-	8,942,550
<i>National Bank of Kenya- TSC Car & Mortgage/Fixed Deposit A/C No.01098083109301 ,KShs</i>	Car & Mortgage	520,999,796	806,062,361
<i>National Bank of Kenya- Teachers Registration Fees A/C No.0100100050001 ,KShs</i>	Revenue	-	-
<i>National Bank of Kenya, 1000182172,Call Deposit Kes - TSC</i>	Deposits	900,000,000	-
TOTAL		<u>1,750,770,936</u>	<u>1,302,670,081</u>

XVII. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6 USE OF GOODS AND SERVICES (SEQIP)

	JUNE 30TH 2022	JUNE 30TH 2021
	KShs	KShs
Communication, Supplies and Services	136,000	23,805,474
Domestic travel and subsistence	189,936,676	13,729,150
Foreign Travel and Subsistence	3,705,315	-
Printing, Advertising and Information Supplies and Services	1,764,000	-
Training Expenses	118,538,728	54,474,500
Hospitality Supplies and Services	83,500	-
Office and General Supplies and Services	-	3,912,990
Fuel Oil and Lubricants	2,063,760	393,164
Other Operating Expenses	1,613,568	979,255
Routine maintenance – vehicles and other transport equipment	-	5,500
TOTAL	<u>317,841,547</u>	<u>97,300,033</u>

XVII. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. USE OF GOODS AND SERVICES (RECURRENT)

	JUNE 30TH 2022 KShs	JUNE 30TH 2021 KShs
Utilities, Supplies and Services	27,995,996	22,032,545
Communication, Supplies and Services	31,465,431	17,353,294
Domestic Travel and Subsistence, and Other Transportation Costs	177,045,876	65,694,981
Foreign Travel and Subsistence, and other transportation costs	35,410,979	-
Printing , Advertising and Information Supplies and Services	6,339,964	6,782,010
Rentals of Produced Assets	51,044,297	33,500,421
Training Expenses	1,018,506,840	419,677,670
Hospitality Supplies and Services	30,300,971	20,001,504
Insurance Costs	156,993,158	47,793,308
Specialized Materials and Supplies	3,856,750	6,028,288
Office and General Supplies and Services	7,099,072	4,509,962
Fuel Oil and Lubricants	65,735,378	25,894,943
Other Operating Expenses	51,774,451	56,573,381
Routine Maintenance - Vehicles	55,246,025	23,833,593
Routine Maintenance - Other Assets	21,007,463	14,088,140
Total	<u>1,739,822,652</u>	<u>763,764,040</u>

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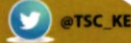
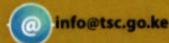
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