

REPUBLIC OF KENYA



Enhancing Accountability

THE NATIONAL ASSEMBLY
PAPERS LAID

REPORT

DATE: 06 DEC 2023 DAY: WED

TABLED BY: OF Hon Naomi Wago, MP
CLERK AT THE TABLE: Deputy Majority Whip
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THE AUDITOR-GENERAL

ON

**KENYA PRIMARY EDUCATION EQUITY
IN LEARNING PROGRAM CREDIT
NUMBER 7067-KE**

**FOR THE YEAR ENDED
30 JUNE, 2023**

TEACHERS SERVICE COMMISSION





KENYA PRIMARY EDUCATION EQUITY IN LEARNING PROGRAM

TEACHERS SERVICE COMMISSION

PROGRAM CREDIT NUMBER 7067-KE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2023

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

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Kenya Primary Education Equity in Learning (KPEEL) Program
Annual Report and Financial Statements for the financial year ended June 30, 2023

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1. Acronyms and Glossary of Terms

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

2. Program Information and Overall Performance

2.1 Name and registered office

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

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

Address

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

Contacts

The following are the Teacher Service Commission contacts

P.O. Box: Private Bag - 00100

Telephone: (254) 722 208 552

E-mail: info@tsc.go.ke

Website: www.tsc.go.ke

Program information and overall performance (continued)

2.2 Program Information

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

2.3 Program Overview

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

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

2.4 Bankers

The following are the bankers for the Program:

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

2.5 Independent Auditor

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

Program Information and Overall Performance (Continued)

2.6 Roles and Responsibilities

Names, designation, qualifications and responsibilities of the people who will be working on the Program

Names	Title designation	Key qualification	Email Address	Responsibilities
Dr. Reuben Nthamburi	Director	PHD	reubenmugwuku@tsc.go.ke	Program Manager
Franklin Choge	Deputy Director	MBA, CPA(K)	franklinchoge@tsc.go.ke	Finance
Antonina Lentoijoni	Deputy Director	MBA, Strategic Management	antoninalentoijoni@tsc.go.ke	Program Focal Person
Luke Nyawade	Assistant Director	MDA Education Management	lukenyawade@tsc.go.ke	Program Technical Officer
Allan Murumba	Senior Finance Officer	Bachelor of Commerce Finance	allanmurumba@tsc.go.ke	Program Finance Officer
Elizabeth Maeke	Assistant Director	MBA Purchasing and Supplies	elizabethmaeke@tsc.go.ke	Program Procurement Officer
Fredrick Mwaniki	Assistant Director	MBA Education Administration and Management	fredrickmuthuka@tsc.go.ke	Program Safeguards Focal Person
Esther Wagaki Mathenge	Principal Accountant	MBA, CPA(K)	esthermathenge@tsc.go.ke	Program Accountant

2.7 Funding summary

The Program is for a duration of 5 years from 2022 to 2026. The reimbursement allocated per teacher recruited and deployed is US\$ 1,540. Therefore, for the five thousand teachers expected to be recruited and deployed, the Teachers Service Commission will be reimbursed a total of US\$ 7,700,000 equivalent to Ksh 876,645,000 (Exchange rate of 113.85 as per the Program Appraisal Document) as highlighted in the table below:

Program information and overall performance (continued)

Below is the funding summary:

A. Source of Funds

Source of funds	Donor Commitment		Amount received to date (30 th June 2023)		Undrawn balance to date (30 th June 2023)	
	USD (A)	Kshs (A')	USD (B)	Kshs (B')	USD (A)-(B)	Kshs (A')-(B')
Loan						
International Development Association (IDA)	7,700,000	876,645,000	1,054,018	120,000,000	6,645,982	756,645,000
Total	7,700,000	876,645,000	1,054,018	120,000,000	6,645,982	756,645,000

B. Application of Funds

Application of funds	Amount received to date – (30 th June 2023)		Cumulative amount paid to date – (30 th June 2023)		Unutilised balance to date (30 th June 2023)	
	USD (A)	Kshs (A')	USD (B)	Kshs (B')	USD (A)-(B)	Kshs (A')-(B')
Loan						
International Development Association (IDA)	1,054,018	120,000,000	242,656	27,626,406	811,362	92,373,594
Total	1,054,018	120,000,000	242,656	27,626,406	811,362	92,373,594

Program information and overall performance (continued)

2.8 Summary of Overall Program Performance:

- i) Budget performance against actual amounts for current year

Approved Budget (Ksh)	Actual Expenditure (Ksh)
120,000,000	27,626,406

- ii) Physical progress based on outputs, outcomes, and impacts since Program commencement;

- Achievement of DLI 3 in FY 2022/2023; additional 1000 teachers were recruited and posted to public primary schools with the highest teacher shortage.
- Integration of Information Communication and Technology in teaching and learning.
- Professionalizing the teaching service through institutionalization of Teacher Performance Appraisal and Development.
- Learning continuity and addressing teacher shortage through adoption of alternative modes of curriculum delivery.
- Reduced discipline cases among teachers through the implementation of Teacher Induction Mentorship and Coaching.

- iii) Absorption rate for the current year is at 23%

- iv) Challenge faced in implementation of Kenya Primary Education Equity in Learning Program was delayed allocation of budget and late transfer of funds to the Commission. This is however resolved in the consequent financial year where budget has been allocated.

2.9 Summary of Program Compliance:

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

3. Statement of Performance against Program's Predetermined Objectives

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer when preparing financial statements of each National Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the national government entity's performance against predetermined objectives.

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

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

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

3.1 Progress on attainment of strategic development objectives

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

**Kenya Primary Education Equity in Learning (KPEEL) Program
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Below we provide the progress on attaining the stated objectives:

Result Area	Objective	Outcome	Indicator	Performance
Equalize Learning Opportunities	New teachers recruited and deployed to public primary schools with the highest teacher shortage	Additional teachers in public primary schools with the highest teacher shortage	Number of teachers posted in public primary schools.	In FY 2022/2023 additional 1000 teachers were recruited and posted to public primary schools with the highest teacher shortage.
	Development of ICT integration in teaching and learning manual and training of Master Trainers	Manual Developed Curriculum Support Officers trained on ICT integration in teaching and learning	Training Manual Training Attendance Registers	65 Master Trainers were trained and will cascade the training at county level in the next FY
	Revision of Remote Learning Methodologies (RLM) Manual and training of Master Trainers	Revised RLM Manual Curriculum Support Officers and County ICT Officers trained on RLM	Training Report RLM Training Manual Training Attendance Register	102 Master Trainers were trained and expected to cascade the training at county level in the next FY.
	Revision of TPAD training materials and training of Master Trainers	Revised TPAD Training Materials Curriculum Support Officers and County ICT Officers trained on TPAD	Training reports TPAD Training Materials Training Attendance Register	102 Master Trainers were trained and expected to cascade the training at county level in the next FY.
	Monitor implementation of TPAD at the national and zonal level.	Increased number of teachers participating in TPAD initiative Increased teacher presence in the targeted primary schools	Monitoring Report	Monitoring and support was carried out in all 47 counties by TPAD technical team and all the Curriculum Support Officers

**Kenya Primary Education Equity in Learning (KPEEL) Program
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Result Area	Objective	Outcome	Indicator	Performance
	Training of Principal Master Trainers and Trainers of Trainers (ToTs) in Teacher Induction, Mentoring and Coaching (TIMEC)	Increase awareness on the TIMEC program	Training Attendance register Training reports	25 Principal Master Trainers and 2234 ToTs trained and expected to cascade the training at county level in the next FY.

4. Environmental and Sustainability Reporting

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

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

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

1. Sustainability Strategy and Profile

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

2. Employee Welfare

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

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

The teachers are appraised termly under Teacher Performance Appraisal and Development (TPAD) system where teacher professional gaps identified are addressed through regular workshops, seminars and peer support system such as School Based Teacher Support System (SBTSS). In addition, the Commission has partnered with various universities to offer capacity building courses through Teacher Professional Development (TPD) Modules.

3. Market Place Practices

a) Responsible Ethical Practices

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

b) Regulatory Impact Assessment

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

4. Community Engagements

The Teachers Service Commission has a clear Cooperate Social Responsibility frame work.it carries out community service activities including clean-up of the surrounding, (upper hill, Nairobi), tree planting, take part in marathion activities and charitable works. The Commission has undertaken stakeholder engagement activities across the country which has reduced grievances, encourage discussion to foster good will and encourage ownership of the Program.

5. Statement of Program Management responsibilities

The Commission Secretary and the Program Manager for the Kenya Primary Education Equity in Learning Program are responsible for the preparation and presentation of the Program's financial

statements, which give a true and fair view of the state of affairs of the Program for the period ended on 30 June 2023. This responsibility includes (i) Maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period, (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Program, (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the Program, (v) Selecting and applying appropriate accounting policies and (vi) Making accounting estimates that are reasonable in the circumstances.

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

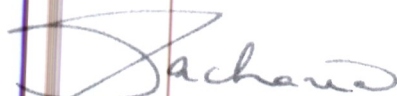
The Commission Secretary and the Program Manager for the Kenya Primary Education Equity in Learning Program is of the opinion that the Program's financial statements give a true and fair view of the state of Program's transactions during the period ended 30 June 2023, and of the Program's financial position as at that date. The Commission Secretary for the Teachers Service Commission further confirm the completeness of the accounting records maintained for the Program, which have been relied upon in the preparation of the Program's financial statements as well as the adequacy of the systems of internal financial control.

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

**Kenya Primary Education Equity in Learning (KPEEL) Program
Annual Report and Financial Statements for the financial year ended June 30, 2023**

Approval of the Program financial statements

The Program financial statements were approved by the Commission Secretary for the Teachers Service Commission on 16th October 2023.



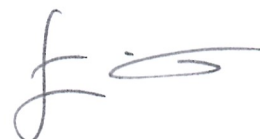
**DR. NANCY NJERI MACHARIA, CBS
COMMISSION SECRETARY**

DATE: 16TH OCTOBER 2023



**DR. REUBEN NTHAMBURI
PROGRAM MANAGER**

DATE: 16TH OCTOBER 2023

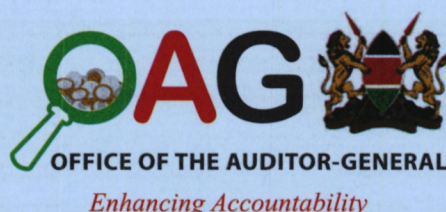


**ESTHER WAGAKI MATHENGE
PROGRAM ACCOUNTANT**

**ICPAK MEMBER NO: 11538
DATE: 16TH OCTOBER**

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA PRIMARY EDUCATION EQUITY IN LEARNING PROGRAM CREDIT NUMBER 7067-KE - FOR THE YEAR ENDED 30 JUNE, 2023 - TEACHERS SERVICE COMMISSION

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Primary Education Equity in Learning Project Program Credit Number 7067-KE - Teachers Service Commission set

out on pages 1 to 12, which comprise the statement of financial assets as at 30 June, 2023, and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya Primary Education Equity in Learning Program – Teachers Service Commission as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Agreement between the International Development Association and the Government of the Republic of Kenya on 14 April, 2022 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects a final budget and actual receipts on comparable basis of Kshs.120,000,000 of Kshs.120,000,000. Similarly the Project expended Kshs.27,626,406 against a budget of Kshs.120,000,000, resulting to an under-absorption of Kshs.92,373,594 or 77% of the budget. Further, the budget was not itemized as per the project expenditure items to enable comparison of information during audit.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution and based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 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 comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

Conclusion

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

Basis for Conclusion

Charging Non-Project Payments to Project Account

The statement of financial assets reflects accounts receivable balance of Kshs.4,763,194 as disclosed in Note 4 to financial statements. This balance includes Kshs.2,156,100, being payments made from the project account for activities relating to Secondary Education Improvement Project and Teachers Service Commission amounting to Kshs.117,400 and Kshs.2,038,700 respectively. As at the time of audit, no refund had been made to the project account.

In the circumstances, the regularity of payments totalling Kshs.2,156,100 could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 2315 and 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all

material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Agreement in the signed by the International Development Association and the Republic of Kenya for Kenya Primary Education Equity in Learning Program, I report based on my audit, that: -

- i. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit;
- ii. In my opinion, adequate accounting records have been kept by the Program Management, so far as appears from the examination of those records; and,
- iii. The Program's financial statements are in agreement with the accounting records

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (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 Program's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Program or to cease operations.

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

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

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

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- 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 Program's ability to continue 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 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 Program 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 Program 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

01 November, 2023

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 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 was 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 considered 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 in future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the 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

**Kenya Primary Education Equity in Learning (KPEEL) Program
Annual Report and Financial Statements for the financial year ended June 30, 2023**

7. Statement of Receipts and Payments for the year ended 30th June 2023.

Note	2022/2023		2021/2022		Cumulative to-date (From inception)
	Receipts and payments controlled by the entity	Payments made by third parties	Receipts and payments controlled by the entity	Payments made by third parties	
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Receipts					
Loan from International Development Association (IDA) – Exchequer Receipt	1	120,000,000	-	-	120,000,000
Total receipts		120,000,000	-	-	120,000,000
Payments					
Purchase of goods and services	2	27,626,406	-	-	27,626,406
Total payments		27,626,406	-	-	27,626,406
Surplus/ (deficit)		92,373,594	-	-	92,373,594

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


DR. NANCY NJERI MACHARIA, CBS
COMMISSION SECRETARY


DR. REUBEN NTHAMBURI
PROGRAM MANAGER


ESTHER WAGAKI MATHENGE
PROGRAM ACCOUNTANT

DATE: 16TH OCTOBER 2023

DATE: 16TH OCTOBER 2023

ICPAK MEMBER NO: 11538

DATE: 16TH OCTOBER 2023

8. Statement of Financial Assets as at 30th June 2023

Description	Note	2022/2023	2021/2022
		Kshs	Kshs
Financial Assets			
Cash and Cash equivalents			
Bank Balances	3.A	87,610,400	-
Cash Balances	3. B	-	-
Total Cash and Cash equivalents		87,610,400	-
Imprests and Advances	4	4,763,194	-
Total Financial Assets		92,373,594	-
Financial Liabilities		-	-
Net Assets		92,373,594	-
Represented By			
Fund Balance B/fwd.	5	-	-
Surplus/(Deficit) for the Year		92,373,594	-
Net Financial Position		92,373,594	-

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 16th October 2023 and signed by:



DR. NANCY NJERI MACHARIA, CBS
COMMISSION SECRETARY
DATE: 16TH OCTOBER, 2023



DR. REUBEN NTHAMBURI
PROGRAM MANAGER
DATE: 16TH OCTOBER, 2023

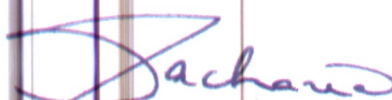


ESTHER WAGAKI MATHENGE
PROGRAM ACCOUNTANT
ICPAK MEMBER NO: 11538
DATE: 16TH OCTOBER, 2023

9. Statement of Cash flow for the year ended 30th June 2023

Description	Notes	2022/2023	2021/2022
		Kshs	Kshs
Cash flow from operating activities			
Receipts			
Loan from external development partners	1	120,000,000	-
Total receipts		120,000,000	-
Payments			
Purchase of goods and services	2	27,626,406	-
Total Payments		27,626,406	-
Net receipts/(payments)		92,373,594	-
Adjustments during the year			
Decrease/(increase) in accounts receivable	6	(4,763,194)	-
Net cash flow from operating activities		87,610,400	-
Cash flow from investing activities		-	-
Cash flow from financing activities		-	-
Net increase in cash and cash equivalents		87,610,400	-
Cash and cash equivalent at beginning of the year		-	-
Cash and cash equivalent at end of the year	3	87,610,400	-

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 16th October 2023 and signed by:



DR. NANCY NJERI MACHARIA, CBS
COMMISSION SECRETARY
DATE: 16TH OCTOBER, 2023



DR. REUBEN NTHAMBURI
PROGRAM MANAGER
DATE: 16TH OCTOBER, 2023



ESTHER WAGAKI MATHENGE
PROGRAM ACCOUNTANT
ICPAK MEMBER NO: 11538
DATE: 16TH OCTOBER, 2023

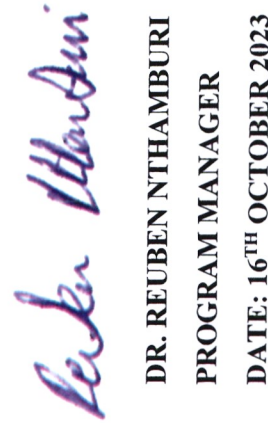
**Kenya Primary Education Equity in Learning (KPEEL) Program
Annual Report and Financial Statements for the financial year ended June 30, 2023**

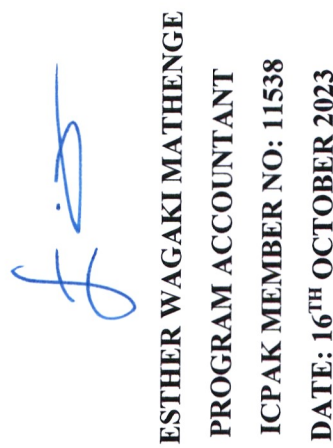
10. Statement of Comparison of Budget and Actual amounts for year ended 30th June 2023

Receipts/Payments Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
Receipts						
Loan from external development partners	-	120,000,000	120,000,000	120,000,000	-	100%
Total Receipts	-	120,000,000	120,000,000	120,000,000	-	100%
Payments						
Purchase of goods and services	-	120,000,000	120,000,000	27,626,406	92,373,594	23%
Total Payments	-	120,000,000	120,000,000	27,626,406	92,373,594	23%
Surplus or Deficit	-	-	-	92,373,594	-	-

Note: The Commission did not have a budget allocation for the Financial Year 2022/2023 since the Program was rolled out in March 2022. However, the Commission was granted a budget allocation of 120 Million during supplementary. The significant budget utilisation/performance differences in the last column was due to delay in budget allocation and funds transfer to the Commission.


DR. NANCY NJERI MACHARIA, CBS
COMMISSION SECRETARY


DR. REUBEN NTHAMBURI
PROGRAM MANAGER


ESTHER WAGAKI MATHENGE
PROGRAM ACCOUNTANT

DATE: 16TH OCTOBER 2023
DATE: 16TH OCTOBER 2023
DATE: 16TH OCTOBER 2023

11. Significant Accounting Policies

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

a) Statement of compliance and basis of preparation

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

b) Reporting entity

The financial statements are for Kenya Primary Education Equity in Learning under the Ministry of Education. The financial statements are for the reporting entity Teachers Service Commission as required by Section 81 of the PFM Act, 2012 .

c) Reporting currency

The financial statements are presented in Kenya Shillings (Kshs), which is the functional and reporting currency of the Program and all values are rounded to the nearest Kenya Shilling.

d) Recognition of receipts

The Kenya Primary Education Equity in Learning Program recognises all receipts from the various sources when the event occurs, and the related cash has been received.

i) Transfers from the Exchequer

Transfer from Exchequer is recognized 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 receiving entity.

Significant Accounting Policies (continued)

e) Recognition of payments

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

i) Use of goods and services

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

f) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

g) Imprests and Advances

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

Significant Accounting Policies (Continued)

h) Budget

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

i) Exchange rate differences

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

j) Comparative figures

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

k) Subsequent events

There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended June 30, 2023.

12. Notes to the Financial Statements

1. Loan from External Development Partners

During the financial period to 30 June 2023, we received funding from development partners in form of loans negotiated by the National Treasury as detailed in the table below:

Description	2022/2023					2021/2022	Cumulative to date
	Name of Donor	Date received	Amount in loan currency	Loans received in actual amount	Loans received as direct payment	Total amount	
		USD	Kshs	Kshs	Kshs	Kshs	Kshs
Loans received from International Development Association (IDA)							
Exchequer Receipt	11.7.23	1,054,018	120,000,000	-	120,000,000	-	120,000,000
Total		1,054,018	120,000,000	-	120,000,000	-	120,000,000

2. Purchase of Goods and Services

Description	2022/2023			2021/2022	Cumulative to- date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs	Kshs	Kshs		Kshs
Utilities, supplies and services	195,000	-	195,000	-	195,000
Communication, supplies and services	434,785	-	434,785	-	434,785
Domestic travel and subsistence	14,200,650	-	14,200,650	-	14,200,650
Training payments	12,638,038	-	12,638,038	-	12,638,038
Other operating payments	157,933	-	157,933	-	157,933
Total	<u>27,626,406</u>	=	<u>27,626,406</u>	=	<u>27,626,406</u>

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

3. Cash And Cash equivalents

Description	2022/2023	2021/2022
	Kshs	
Bank accounts (Note 3A)	87,610,400	-
Cash in hand (Note 3 B)	-	-
Total	87,610,400	-

The Kenya Primary Education Equity in Learning Program has two Program accounts spread within the Program implementation area and two foreign currency designated accounts managed by the National Treasury as listed below:

3. A Bank Accounts

Program Bank Accounts

Details	2022/2023	2021/2022
	Kshs	Kshs
<u>Foreign Currency Accounts</u>		
Central Bank of Kenya 0 A/C No 1000600772 (Loan)	-	-
Central Bank of Kenya – A/c No 1000600818 (Grant)	18,929,043	-
Total Foreign Currency balances	18,929,043	-
<u>Local Currency Accounts</u>		
Central Bank of Kenya - A/c No 1000635487 - DLI	87,610,400	-
Central Bank of Kenya - A/c No 1000635495 - IPF	-	-
Total local currency balances	87,610,400	-
Total bank account balances	<u>106,539,443</u>	=

Note: 1. The Teachers Service Commission and the Ministry of Education operate the same Loan Designated Account at Central Bank of Kenya 0 A/C No 1000600772.

2. The grant amount of Ksh. 18,929,043 was not requisitioned due to lack of budget allocation.

***Kenya Primary Education Equity in Learning (KPEEL) Program
Annual Report and Financial Statements for the financial year ended June 30, 2023***

Special Deposit Accounts

The balances in the Project's Special Deposit Account as at 30th June 2023 are not included in the Statement of Financial Assets since they are below the line items and are yet to be drawn into the Exchequer Account as a voted provision.

Below is the Special Deposit Account (SDA) movement schedule which shows the flow of funds that were voted in the year. The Kenya Primary Education Equity in Learning Loan Component is operating one Designated Account which is operated by both implementing agencies (Ministry of Education and Teachers Service Commission). Out of the total amount of the Euro 21,540,986, Euro 1,023,637.496 equivalent to Ksh. 120 Million was transferred to the Commission. These funds have been reported as loans received in the year under the Statement of Receipts and Payments.

Special Deposit Accounts Movement Schedule

Description	2022/2023	2021/2022
	EURO	EURO
Central Bank of Kenya A/C No. 1000600772		
Opening balance	-	-
Total amount deposited in the account	21,540,986	-
Total amount withdrawn by Ministry of Education	21,540,986	-
Closing balance	≡	≡

3 B Cash in hand

Location	2022/2023	2021/2022
	Ksh	Ksh
TSC Headquarters	Nil	Nil
Total cash in hand balances	<u>Nil</u>	<u>Nil</u>

Kenya Primary Education Equity in Learning (KPEEL) Program
Annual Report and Financial Statements for the financial year ended June 30, 2023

Notes to the Financial Statements (Continued)

4. Imprests and Other Receivables

<i>Description</i>	2022/2023	2021/2022
	Kshs	Kshs
Government Imprests	479,450	-
Other Receivables	4,283,744	-
Total	4,763,194	-

4 A: Breakdown of Imprests and Advances

Name of Officer or Institution	Amount Taken/ Disbursed	Due Date of Surrender	Amount Surrendered/ Accounted for	Balance As at 30.6.2023
	Kshs		Kshs	Kshs
Steve Chitai Lyuva	24,500	31.7.2023	-	24,500
Moma Celestine Chindoro	34,300	31.7.2023	30,900	3,400
Charles Kimaru	34,500	31.7.2023	-	34,500
Peter Bushnell Mwai	37,800	30.6.2023	-	37,800
Paul Sango Lengoiboni	50,400	31.7.2023	-	50,400
James Kimani Mmauta	50,400	31.7.2023	-	50,400
Irene Gatwiri Mutua	50,400	31.7.2023	-	50,400
Stephen Ng'ang'a Kang'ethe	67,200	31.7.2023	-	67,200
Faith Karambu Kithiaya	79,400	31.7.2023	60,400	19,000
Eva Wanjiru Muraya	83,000	31.7.2023	81,650	1,350
Allan Were Murumba	86,650	31.7.2023	53,200	33,450
Geoffrey Odera Etyang	119,250	31.7.2023	105,900	13,350
Fredrick Mwaniki Muthuka	83,000	31.7.2023	74,900	8,100
Evans Gusinjiru Esese	83,000	31.7.2023	63,000	20,000
Miriam Waithiegeni Sogo	85,000	31.7.2023	70,000	15,000
Fredrick Mwaniki Muthuka	94,000	31.7.2023	84,000	10,000
Lydia Cherop Chemayiek	100,000	31.7.2023	92,900	7,100
Daniel Kioko Kiumi	113,500	31.7.2023	80,000	33,500
	1,276,300		796,850	479,450

Note: The above outstanding imprest of Ksh. 479,450 has been fully recovered.

*Kenya Primary Education Equity in Learning (KPEEL) Program
Annual Report and Financial Statements for the financial year ended June 30, 2023*

Notes to the Financial Statements (Continued)

5. Fund Balance Brought Forward

Description	2022/2023
	Kshs
Bank accounts	-
Cash in hand	-
Cash equivalents (short-term deposits)	-
Outstanding imprests and advances	-
Deposits and retention	-
Total	-

6. Changes in Imprests and Advances

Description	2022/2023	2021/2022
	Kshs	Kshs
Opening Receivables as at 1 st July 2022	-	-
Closing account receivables as at 30 th June 2023	4,763,194	-
Change in Imprests and advances	4,763,194	-

13. Annex 1: Variance explanations - Comparative Budget and Actual amounts for FY 2022/2023

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance (below 90% and over 100%)
	a	b	c=a-b	d=b/a %	
Receipts					
Exchequer Release	120,000,000	120,000,000	120,000,000	100%	
Total Receipts	120,000,000	120,000,000	120,000,000	100%	
Payments					
Purchase of goods and services	120,000,000	27,626,406	92,373,594	23%	The budget utilization at 23% was as a result of delay in budget allocation and funds transfer to the Commission.
Total payments	120,000,000	27,626,406	92,373,594	23%	

Annex 2: Analysis of Pending: Staff Bills

Name of Staff	Original Amount	Amount Paid To-Date	Outstanding Balance Current FY	Outstanding Balance Previous FY	Comments
Permanent Employees - Others		-		-	
Carren Akoth Mondo	16,800	-	16,800	-	Payment of activities undertaken in the FY 2022/2023
Jean Rayline Otwani	31,500	-	31,500	-	
Zachary Owegi Audi	78,400	-	78,400	-	
Peter Bushnell Mwai	838	-	838	-	
Resi Caroline Nandi	46,000	-	46,000	-	
Total	173,538		173,538		

