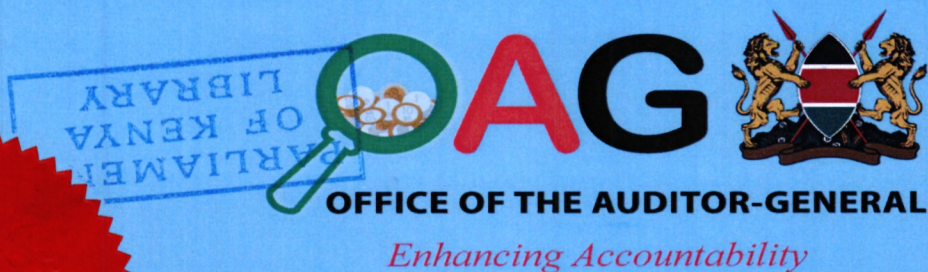


REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY	
REPORT	
DATE:	18 APR 2023
TUESDAY	
TABLED BY:	Hon. Owen Baya, MP
OF	Deputy Leader, Majority
CLERK AT THE TABLE:	Ann Shubuko

THE AUDITOR-GENERAL

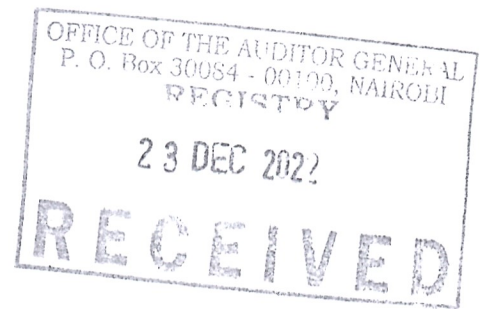
ON

**STATE DEPARTMENT FOR EARLY
LEARNING AND BASIC EDUCATION**

**FOR THE YEAR ENDED
30 JUNE, 2022**

MINISTRY OF EDUCATION

Revised Template 30th June 2022



MINISTRY OF EDUCATION
STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30 JUNE 2022

MINISTRY OF EDUCATION
STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION
Annual Report and Financial Statements
For the year ended 30 June 2022

Table of Contents

	Page
1. Key Entity Information and Management	iii
2. Statement by the Cabinet Secretary	xii
3. Statement by the Principal Secretary / Accounting Officer	xv
4. Statement of Performance Against Predetermined Objectives for FY2021/22	xxvi
5. Environmental and Sustainability Reporting	xxvii
6. Statement of Management Responsibilities	xxxi
7. Report of the Independent Auditors on the State Department for Early Learning and Basic Education	xxxiii
8. Statement of receipts and payments for the year ended 30 th June 2022	1
9. Statement of assets and liabilities as at 30 th June 2022	2
10. Statement of cash flows for the year ended 30 th June 2022	3
11. Statement of Comparison of budget and Actual Amounts for FY2021/22	4
12. Notes to the Financial Statement	11
13. Annexes	32

MINISTRY OF EDUCATION
STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION
Annual Report and Financial Statements
For the year ended 30 June 2022

1. Key Entity Information and Management

(a) Background information

The Ministry of Education was established through the Executive Order No. 1 of June 2020 (Revised) on “Organization of the Government of the Republic of Kenya”. It facilitates educational provisions of the Constitution to the Kenyan people and respond to the demands of the Big 4 Agenda and the Kenya Vision 2030

The order created five State Departments namely; Early Learning and Basic Education, Vocational and Technical Training, University Education and Research, State department for Implementation of Curriculum Reforms and Post-Training and Skills Development. Each of the State Departments is headed by a Principal Secretary.

The Ministry is headed by the Cabinet Secretary for the Ministry of Education, Prof George A.O. Magoha, CBS who is responsible for the overall policy and strategic direction of the entity.

The Cabinet Secretary is assisted by three Chief Administrative Secretaries; namely Ms Mumina Bonaya, Dr.. Sara Ruto and Mr Hassan Noor Hassan.

The State Departments under Ministry of Education are outlined below;

- i. The State Department of Early Learning and Basic Education whose Principal Secretary is Dr. Julius O. Jwan, CBS
- ii. The State Department for Vocational and Technical Training headed by Dr. Margaret W. Mwakima, CBS
- iii. The State Department for University Education and Research is headed by Amb. Simon Nabukwesi, CBS
- iv. The State Department for Post-Training and Skills Development is headed by Mr. Alfred Cheruiyot, CBS
- v. The State department for Implementation of Curriculum Reforms headed by Prof. Fatuma Chege

MINISTRY OF EDUCATION
STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION
Annual Report and Financial Statements
For the year ended 30 June 2022

Vision

Quality and inclusive education, training and research for sustainable development

Mission

To provide, promote and coordinate competence based equitable learner centred education and training and research for sustainable development

Mandate

The department has the mandate of provision of basic education to all citizens while addressing the demands of the Constitution, Kenya Vision 2030 and the Sustainable Development Goals. In so doing, the sub sector is mandated to: develop strategies to address internal efficiencies in the education system; improve financial management and accountability; and to make education in the country more inclusive, relevant and competitive regionally and internationally. In order to execute this mandate, the sub sector is organized into administration and technical departments with specific functions in the delivery of education and training services under the following four programs (i) Primary education; (ii) Secondary education; (iii) Quality assurance and standards and (iv) General administration, planning and support services.

Core Values

Access and equity - Every Kenyan has a right to access quality and relevant education and training. The State Department shall therefore create an enabling environment, opportunities and mechanisms to provide pathways to those seeking to pursue quality education at all levels.

Inclusivity and respect for cultural and social diversity- National values shall be respected and promoted in all Education institutions and this includes principles that pay attention to the people with disability and respect human dignity while ensuring equity, equality and protection of marginalized learners.

Non-discrimination - There shall be no discrimination on grounds of race, colour, gender, religion, national or social origin, economic status, political or other opinions.

Quality and Relevance - Emphasis shall be placed on demand driven and outcome based education.

Life-long Learning - The education programmes will be designed to operate within a framework of open-ended and flexible structures in the context of lifelong education and training.

Entrepreneurship Culture – Education examination and competence assessment shall be centred on promoting and developing innovation, creativity and entrepreneurial minds for self-reliance.

Partnerships -Creating and promoting an enabling environment for Public-Private Partnerships for enhancing investment in delivery of education.

Information and Communication Technology- Promoting integration of information and communication technology

MINISTRY OF EDUCATION
STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION
Annual Report and Financial Statements
For the year ended 30 June 2022

The Executive Order No. 1 of 2020 assigned the following functions to the Department:

- i. Basic (ECDE, Primary and Secondary) Education policy Management,
- ii. Primary and Secondary Education institutions management,
- iii. School administration and programmes
- iv. Registration of Basic Education and training institutions
- v. Administration of Early childhood and pre-primary education, Standards and norms
- vi. Management of education standards
- vii. Management of national examination and certification
- viii. Curriculum development
- ix. Quality assurance in education
- x. Special needs education management
- xi. Representation of Kenya in UNESCO
- xii. Teacher education and management

(b) Key Management

The State Department's day-to-day management is under the following key organs:

- i) The Ministry is headed by the Cabinet Secretary, Prof. George A. O. Magoha. As the Cabinet Secretary, he guides the overall policy direction of the Ministry. The Cabinet Secretary, in carrying out the mandate of Early Learning and Basic Education is assisted by the Principal Secretary in charge of Early Learning and Basic Education.
- ii) The Principal Secretary oversees the management of the State Department and is the administrative head of the State Department. The Principal Secretary is also the Accounting Officer of the State Department. To manage the State Department, the Principal Secretary is supported by a team of technical directors and heads of support of departments.
- iii) The Management of the Ministry comprises eleven (11) technical directorates and various administrative and support departments. The technical directorates include: Primary Education; Secondary Education; Field Coordination and Co-Curriculum Activities; Teacher Education; Early Childhood Development and Education; Schools Audit; Policy, Partnerships and East African Community Affairs; Projects Coordination and Delivery; Adult and Continuing Education; Quality Assurance and Standards and Special Needs Education. The support departments include the Central Planning and Projects Monitoring

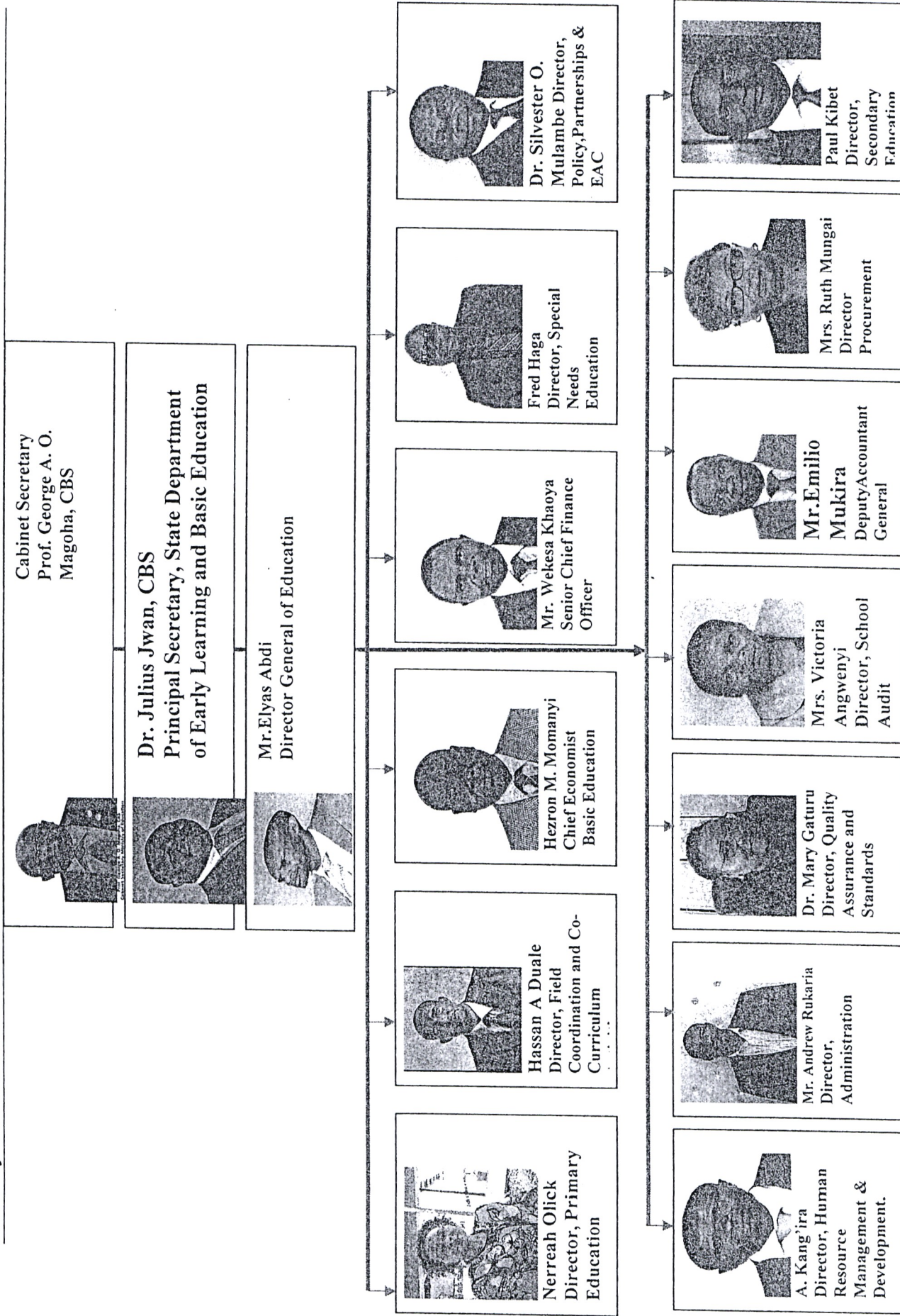
MINISTRY OF EDUCATION
STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION
Annual Report and Financial Statements
For the year ended 30 June 2022

Unit, Finance, Accounts, Human Resource Management and Development,
Administration, Supply Chain Management and Legal.

(c) Fiduciary Management

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

1	Cabinet Secretary, Ministry of Education	Prof. George A. O. Magoha, CBS
2	Principal Secretary, State Department Early Learning and Basic Education	Dr. Julius Jwan, CBS
3	Director General of Education	Elyas Abdi
4	Secretary, Administration	Andrew Rukaria
5	Director, Primary Education	Nerreah Olick
6	Director, Secondary Education	Paul Kibet
7	Director, Field Coordination and Co-Curriculum Activities	Hassan A Duale
8	Senior Chief Finance Officer	Martin Wekesa Khaoya
9	Director, School Audit	Victoria G. Angwenyi
10	Director, Policy, Partnerships & EAC	Dr. Silvester O. Mulambe
11	Director, Human Resource Mngt & Dev.	Paul Kang'ira
12	Director, Adult and Continuing Education	Ag. Franklin Mugambi
13	Director, Teacher Education and ECDE	Magret Mwandale
14	Director, Quality Assurance and Standards	Dr. Mary Gaturu
15	Director, Special Needs Education	Fred Haga
16	Director, Planning	Hezron M. Momanyi
17	Assistant Accountant General	CPA E. Mukira Gichigo
18	Head, Supply Chain Management Services	Regina W. Kanyi
19	Head, Legal	Christine Siranga
20	Head, ICT	Brian Kusimba





Prof. George A. O. Magoha, CBS
Cabinet Secretary Ministry of Education

Prof. George Magoha was sworn in as Cabinet Secretary, Ministry of Education, on March 26, 2019. He is a Professor of Transplant Surgery. Before his appointment as Cabinet Secretary, Prof. Magoha was the Chairman of the Kenya National Examinations Council (KNEC) where he served from March 09, 2016 to March 08, 2019. He was also an Honorary Consultant Surgeon and Urologist at Kenyatta National Hospital and Nairobi Hospital. Before joining KNEC, Prof. Magoha served as Vice-Chancellor, University of Nairobi for 10 years from January 2005 to January 2015. Previously, he was Chairman of the African Network of Scientific and Technological Institutions and the Kenya Medical Practitioners and Dentists Board.

For two years, from August 2013 to August 2015, Prof. Magoha served as the President of the Association of Medical Councils of Africa. He also served as the Chairman of Kenya Association of Urological Surgeons (KAUS) from 1997 to 2013. While serving as Vice Chancellor of the University of Nairobi, Prof. Magoha was elected President of the Association of African Universities (AAU) in 2011, a position he held until 2013. He has been serving as a member of the AAU executive board since 2005.

Prof. Magoha served as a Commissioner at the Commission for University Education (CUE), previously called Commission for Higher Education (CHE), from 2005 to 2013. For his exemplary service, Prof. Magoha the Kenya Medical Association honoured Prof Magoha with Distinguished Service Award for services he offered to the Medical Profession in 2008. He represented the African Continent in the Confucius Council in Beijing, China from 2009-2015.

Born in 1952, Prof. Magoha undertook his primary education in Yala, Siaya County and Nairobi County before joining Starehe Boys Centre and Strathmore College for his high school education. He then proceeded to the University of Lagos in Nigeria where he studied Medicine. He furthered his studies in Surgery and Urology at Lagos University Teaching Hospital, University College Hospital, Ibadan; Royal College of Surgeons, Dublin, Ireland and Royal Postgraduate Medical School Hammersmith Hospital, London, Department of Urology, where he earned various academic awards.

He trained in executive management at the Stanford University, Graduate School of Business, and has many international professional honours and awards. Locally, the awards include Chief of the Order of Burning Spear (CBS), Moran of the Burning Spear (MBS) and Elder of the Burning Spear (EBS). Prof. Magoha joined the University of Nairobi as a Lecturer in Urological Surgery in 1988 and rose through the ranks to become a full Professor of Surgery in 2000. He served in various administrative positions at the University rising from Chairman of the Academic Department of Surgery in 1999, Dean of the School of Medicine, Principal of the College of Health Sciences, Deputy Vice-Chancellor in charge of Administration and Finance to Vice-Chancellor in January 2005.

Prof. Magoha has published more than 60 peer-reviewed publications and supervised to completion over 40 Master of Medicine (Surgery) students. He is a member of many professional bodies in Urology and Surgery including British Association of Urological Surgeons (BAUS) and Société Internationale d'Urologie (SIU). He is actively involved in research in male erectile dysfunction; prostate, testicular and penile cancers; circumcision, and HIV/AIDs. He is a fellow of the International College of Surgeons (ICS), African Academy of Sciences (AAS) and the Kenya National Academy of Sciences (KNAS), among others.

MINISTRY OF EDUCATION
STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION
Annual Report and Financial Statements
For the year ended 30 June 2022



Julius O. Jwan, PhD, MBS
Principal Secretary

State Department, for Early
Learning and Basic Education

Dr. Julius Jwan is the Principal Secretary, State Department for Early Learning and Basic Education in the Ministry of Education. Previously, Dr. Jwan served as the Principal Secretary, State Department for Vocational and Technical Training (VTT), in the Ministry of Education. Dr. Jwan has also served as the Director/CEO at the Kenya Institute of Curriculum Development (KICD). Prior to joining KICD, he was the Director – Programmes and Technical Services at the National Cohesion and Integration Commission (NCIC). He worked as a lecturer at Moi University rising from the position of a Tutorial Fellow to Senior Lecturer. Before joining Moi University, he was a teacher at Ongalo Secondary School and Kaimosi Teachers' Training College.

Dr. Jwan holds a PhD Degree in Educational Leadership & Management from the UK. He also holds a Master of Science (MSc) Degree in Educational Research Methods-from the UK; a Master of Philosophy (MPhil) Degree in Education Communication & Management from Norway and another Master Degree in Linguistics from Moi University - Kenya where he also graduated with a Bachelor of Education Degree. He has attended several fellowships and short courses including: Procurement and Tendering Processes; and Senior Management Course for Public Officers (Kenya); Education for Sustainable Peace (Germany); Enhancing Governance and Financial Administration in Africa (Botswana); Transitional Justice and Governance in Africa (South Africa); Reconciliation as Process and Practice (Sweden); Democratic Governance for Development in Africa (Uganda), among others.

Dr. Jwan has published widely on educational leadership and management in international journals and book chapters. He has also published five books - two on educational leadership and management, two on research methods and one in communication. Dr Jwan is a winner of the Best Doctoral Thesis Award by the British Educational Leadership, Management and Administration Society (BELMAS) in 2011. He has also supervised a number of PhD and Masters students.

(d) Fiduciary Oversight Arrangements

(i) Human Resources Management Advisory Committee Activities

Their duties include:

- Review of promotions of officers in Job Group A-P
- Review of confirmations in appointment
- Review of disciplinary matters
- Review of re-designation of officers from one cadre to another and
- Confirmation of surcharge of officers found to have misused government resources
- Overall coordination of the training functions in the State Department
- Review and implementation of the State Department training plan
- Review of induction of newly appointed officers and activities around long term training

(ii) The Budget Implementation Committee

Their duties include:

- To review and consider the cash flow plans. this shall involve regular review of the Ministerial cash plan and approval of any changes to the initial cash flow plan to be communicated to the National Treasury.
- To review the utilization of donor funds voted for the State Department
- To advice Accounting Officer on any Challenges related to the budget implementation.
- To review and recommend reallocation of expenditures.
- To review and approve the submission of the expenditure returns, IPPD, pending bills and A-I-A returns and recommend actions to be taken.
- To prepare budgets in consultation with Heads of Directorates/Departments.

(e) Entity Headquarters

State Department of Early Learning and Basic Education

P.O. Box 9583 - 00200

Jogoo House "B"

Harambee Avenue

Nairobi, Kenya

Entity Contacts

Telephone: +254-020-3318581

Email: ps@education.go.ke

Website: www.education.go.ke

MINISTRY OF EDUCATION
STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION
Annual Report and Financial Statements
For the year ended 30 June 2022

(f) Entity Bankers

Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

(g) Independent Auditors

Auditor - General
Office of The Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
NAIROBI, KENYA

(h) Principal Legal Adviser

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

2. Statement by the Cabinet Secretary

The Ministry of Education (MOE) comprises the State Department of Early Learning and Basic Education; the State Department of Vocational and Technical Training; the State Department of University and Research; the State Department of Post Training and Skills Development and State department for Implementation of Curriculum Reforms. The Ministry's overall goal is to increase access to education and training; improve quality and relevance of education, reduce inequality as well as exploit knowledge and skills in science, technology and innovation for global competitiveness.

During the 2021/22 FY the Ministry implemented 8 programmes including Primary Education; Secondary Education; Quality Assurance and Standards; University Education, Technical Vocational Education and Training; Research, Science Technology and Innovations; Youth Training and Development; and General Administration, Planning and Support Services.

The government is committed to providing quality basic education to all Kenyans, in an effort to contribute to the building of a just and cohesive society that enjoys inclusive and equitable social-economic development as envisaged in the Vision 2030, the "Big 4 Agenda" and other international commitments while taking cognizance of the current challenges caused by the COVID-19 pandemic. To this end, the government spent Ksh. 506 billion in education and training for the 2020/21 financial year which is over 20 percent of the national budget.

Reforming the sector's programmes in line with national aspiration requires more investments to enhance access and inclusivity as well as improve quality and relevance and ensure that the Education system promotes innovativeness and lifelong learning. In pursuit of the above the government has put in place measure increase access, equity, quality and relevance of education in the country.

The Amendment of Education Act, 2013 led to increased capitation funds for public primary schools and Free Day Secondary Education. Also there was increased capitation to Special Needs Education Institutions to cater for an increased number of the physically challenged students in the country.

MINISTRY OF EDUCATION
STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION
Annual Report and Financial Statements
For the year ended 30 June 2022

The government also increased access to Secondary Education by successful implementation of 100% transition from primary schools to secondary schools. There was increased retention in schools especially those in ASAL areas through effective implementation of school feeding programme, provision of sanitary towels to vulnerable girls, and construction of low cost boarding schools in marginal areas among others.

The government also achieved a ratio of 1:1 in the distribution of text books to public primary and secondary schools across the country, thus limiting budgetary constraints to the parents and guardians. The burden of budgetary constraints has further been reduced by the Ministry's deliberate approach to cap annual fees charged by different categories of public schools across the country.

The integrity of selection of candidates joining form one was improved by digitizing the management of admissions and placements of candidates through National Education Management Information System (NEMIS). The integrity of the Kenya Certificate of Primary Education (KCPE) and Kenya Certificate of Secondary Education (KCSE) national examinations by instituting secure initiatives in the administration and monitoring of the examinations through a multi-agency approach. This was done by investing in modern technology in the marking of the examinations, which has reduced the waiting period for results from two (2) months to two (2) weeks for KCPE and from three (3) to one (1) month for KCSE.

The government implemented a hybrid approach towards disseminating Education materials and content through KICD by introducing Kenya Education Cloud alongside the existing normal physical approach. It also established a 24-hour Education television station. The Station can be accessed by learners across all digital television platforms. The materials can also be accessed through Education radio programmes. This has expanded access to quality content of materials in all subjects at both primary and secondary schools' levels.

The successfully implemented a scholarship programme for bright, but needy students seeking to pursue secondary Education, but whose guardians are unable to afford the Secondary school fees.

MINISTRY OF EDUCATION
STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION
Annual Report and Financial Statements
For the year ended 30 June 2022

This has further promoted the access and opened up opportunities for students whose dreams for a better future would otherwise been cut short.

Lastly, the Government successfully implemented the Competence Based Curriculum (CBC), which is to replace the current 8-4-4 system of education. This has been achieved by successful preparation of teaching materials through Kenya Institute for Curriculum Development (KICD), re-training of teachers on CBC, and the construction of more classrooms in preparation for the first cohort of the CBC students who will be joining junior secondary schools in 2023.



Prof. George A. O. Magoha, EGH
CABINET SECRETARY

MINISTRY OF EDUCATION
STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION
Annual Report and Financial Statements
For the year ended 30 June 2022

3. Statement by the Principal Secretary / Accounting Officer

During the 2021/22 FY the Ministry implemented 8 programmes including Primary Education; Secondary Education; Quality Assurance and Standards; University Education, Technical Vocational Education and Training; Research, Science Technology and Innovations; Youth Training and Development; and General Administration, Planning and Support Services.

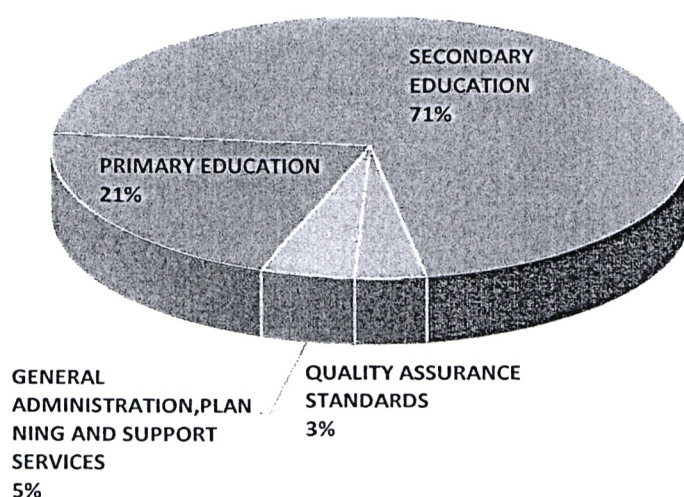
To support implementation of the 8 programs the Government allocated a total of Ksh 107,359,220,502 to the State Department of Early Learning and Basic Education during the 2021/22 FY. Out of this, Kshs. 93,259,275,123 was voted under Recurrent while kshs. 14,099,945,379 was voted under Development. The Ministry's budget performance based on economic classification in the FY under review is provided in the attached Financial Statement.

Provision of quality and inclusive basic education has been a priority of the Kenya Government since independence, as stipulated in relevant policy documents, including Kenya Vision 2030, Constitution of Kenya, 2010 and the Basic Education Act, 2013.

In the FY 2021/2022 the State Department was allocated a total of Ksh 107,359,220,502. Out of this, Kshs. 93,259,275,123 was voted under Recurrent while kshs. 14,099,945,379 was voted under Development. Out of the total allocation the Primary Education Programme received 21.9%, Secondary Education Programme received 71%, Quality Assurance and Standards was allocated 3.6% and 4.8% went to General Administration, Planning and Services. This is shown in figure 1 below.

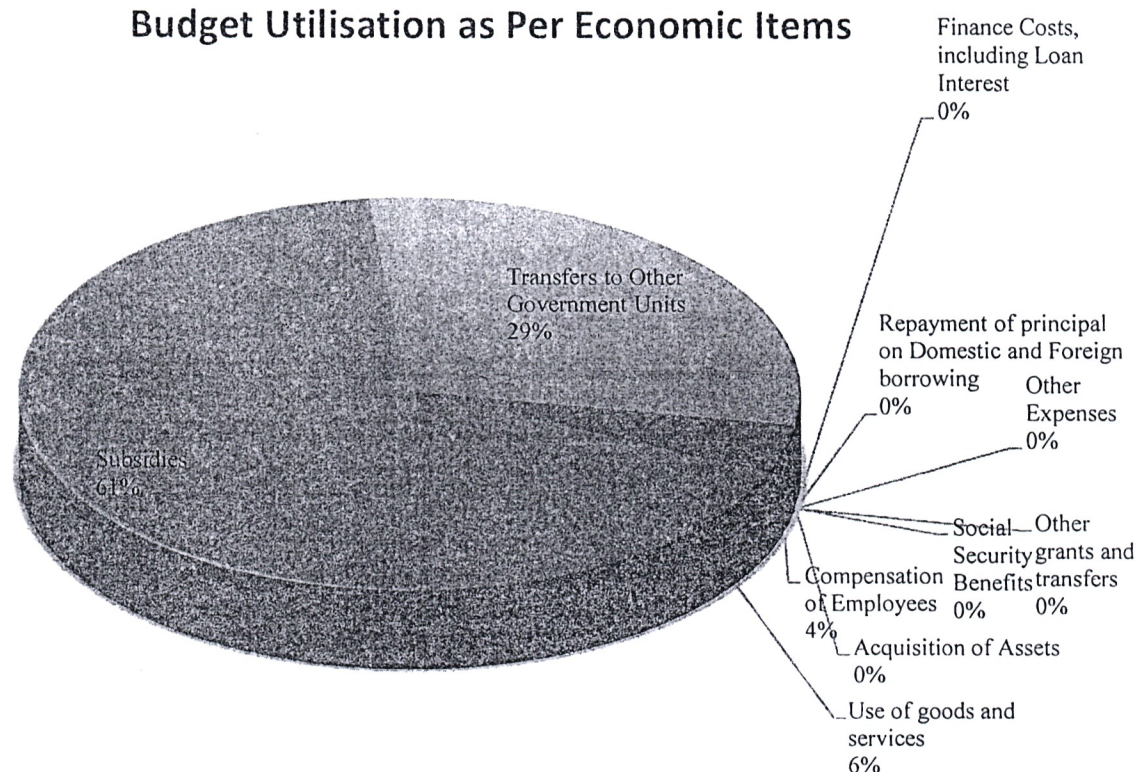
Of the total budget allocation 61% was utilized in Subsidies and 29% was spent on Grants and Transfers to other Government Units. 6% was utilized in paying for Goods and Services while Compensation to Employees took 4%. This is illustrated in figure 2 below.

BUDGET ALLOCATION BY PROGRAMMES



MINISTRY OF EDUCATION
STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION
Annual Report and Financial Statements
For the year ended 30 June 2022

Budget Utilisation as Per Economic Items



	Actual Payments
Compensation of Employees	3,962
Use of goods and services	5,671
Subsidies	62,520
Transfers to Other Government Units	29,971
Other grants and transfers	9
Social Security Benefits	3
Total Payments	102,139

	Approved Budget Allocation	Actual Payments	Variance
Compensation of Employees	4,066	3,962	105
Use of goods and services	5,883	5,671	212
Subsidies	62,561	62,520	41
Transfers to Other Government Units	34,823	29,971	4,853
Other grants and transfers	18	9	9

MINISTRY OF EDUCATION
STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION
Annual Report and Financial Statements
For the year ended 30 June 2022

Social Security Benefits	4	3	.5
Acquisition of Assets	3	3	.4
Other Expenses	-	-	-
Total Payments	107,359	102,139	5,220

Key Achievements

The national Net Enrolment Rate (NER) for secondary education increased from 1.1% to 54.0%, the Gross Enrolment Rate (GER) increased from 68.5% to 75.9% and transition rate from primary to secondary moved from 83.1 to 91%. In absolute terms enrolments increased from 2,784,761 in 2017/18 to 3,566,661 in 2020/21 mainly due to GOK support to Free Day Secondary Education (FDSE) sub program. The sector undertook Infrastructure development programs which involved the construction of 5,385 classrooms, 831 laboratories, 807 WASH facilities, 217 dormitories, 62 libraries, 68 administration blocks, 26 dining halls. In addition, 262,757 desks were procured for secondary schools as a Covid19 Pandemic mitigation measure under economic stimulus package initiative.

The sector developed the Basic Education Curriculum Framework (BECF) to guide a comprehensive implementation of the reforms in basic education. The National rollout of CBC has been achieved up to Grade 5. Curriculum designs for all levels of learning up to Grade 6 were developed and adapted to suit learners with visual, hearing, and physical impairment. Monitoring of the national implementation of CBC in Pre-Primary 1 and 2 and Grades 1-5 was also conducted. Competency Based Curriculum Framework (CBAF) was developed for Early Years of Education. The first Grade 3 learners' assessment was conducted with 1,282,150 Grade 3 learners in 37,374 regular and SNE schools being assessed. The 2020 Grade 3 assessment was conducted for where 1,327,512 learners in 35,858 primary schools were assessed. Grade 4 assessment was conducted where 1,404,738 learners from 37,367 primary schools were assessed.

The National Education Management Information System (NEMIS) was designed, developed, and rolled out the for authentic data to use in planning, management and decision making. The system has achieved 70% level of operationalization. At secondary education level, data from NEMIS was used to; finance Free-Day Secondary Education (FDSE), conduct Form 1 Selection and placement, monitor transition of learners from primary to secondary schools and implementation of a medical

MINISTRY OF EDUCATION
STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION
Annual Report and Financial Statements
For the year ended 30 June 2022

cover in secondary schools through National Health Insurance Fund (NHIF) Cover - the 'EduAfya'.

The National Psycho-Educational Assessment Center at KISE was completed and is operational though not fully equipped. Integration of ICT and assistive technology to learners with special needs with a focus on habilitating and rehabilitating persons who have acquired disabilities was done. Capacity building on teachers, digitization of content and supply of SNE accessible devices and technologies was also done. The National Psycho-educational Assessment Centre provides a one stop service point for assessments for various types of disabilities. This is a critical service, given that 11% of children have a form of disability (KISE, 2017).

In an effort to address the teacher provision in the country, the sector employed 18,700 additional teachers on permanent and pensionable terms and another 12,000 as interns on a one-year contract.

Teacher performance appraisal and performance contracting has been institutionalized to improve standards and professionalism. Teacher Performance Appraisal Development (TPAD) online system was developed and rolled out to address gaps identified during the implementation of the programme.

To cater for Digital Learning needs of special need learners, four Special Needs institutions, namely; Karen Institute for the Blind, Machakos Institute for the Blind, St Joseph's Nyang'oma for the Deaf and Sikri for the Deaf and Blind were equipped with the assistive devices. Hearing assistive devices were supplied to St. Joseph's Nyang'oma Technical Institute for the Deaf to benefit 100 trainees.

Under Universal Primary Education, GER in primary education reached 97.3% as at 2020 against the targeted 105.5%. The Boys had a GER of 98.6% while girls had 96.0% The Net Enrolment Rate (NER) stood at 78.1% as of 2020 against the target of 95%. The Primary Completion Rates (PCR) improved from 84.0 % in 2017 to 85.8% in 2021 against the ideal target of 100%. The Primary to Secondary Transition Rate (PSTR) slightly dropped from 83.1% in 2017 to 78.5% in 2021. The Number of schools supported by FPE grants grew from 22,998 schools in 2020/21 to 23, 231 schools, with an enrollment of 8,849,268 against the target of 8.7m. The achievements above can be attributed to the various affirmative action's undertaken and policies developed to support the

MINISTRY OF EDUCATION
STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION
Annual Report and Financial Statements
For the year ended 30 June 2022

vulnerable and marginalized areas. This calls for enhanced strategic intervention and new insights on ways of increasing access and equity.

Low-Cost Boarding Initiative: provisioning of capitation support grants to support learners facing challenges of female genital mutilation FGM, early marriages, child labor, while also assisting wages subsidy for non-teaching staff (NTS) catering for the learners in the institutions. enrolment in Low-Cost Boarding (LCB) schools increased from 83,146 in FY 2020/21 to 123,127 learners in FY 2021-22. A total of Kshs. 400 million is disbursed annually for the Low-cost boarding initiative.

In FY 2021-22 KShs. 260M was used to provide sanitary towels for slightly over 898,379 girls in all 47 counties. This has seen GPI and GER improve across the country and increase retention in schools. The National Gender parity index in schools (GPI) stood at 1 on average against a target of 0.9.

In 2021/22, Kshs.100M was disbursed to 1000 schools to refurbish and establish the smart classrooms, while 600 ICT Interns were recruited to support teachers on ICT Integration in administration, teaching and learning processes. The interns were deployed to all counties in the country to ensure proper utilization of the DLP gadgets. From draft statistical booklet 2021, the computer pupil ratio in primary education stood at 1:10 and 1:36 in public and private schools respectively. The higher ratio in public schools is widely attributed to the DLP initiative for public primary schools.

To support the introduction and roll out of Competency Based Curriculum (CBC) for Grades 4-9, KShs. 489.5M was utilized. In addition, KShs. 549.5M was utilized to support implementation of the Competency Based Assessment Framework (CBAF) and strengthening of examination administration. KShs. 70M was utilized for capacity building of Project Implementation Teams both in the National and County levels during the FY 2018/19 and FY 2020/21.

Collaboratively with key stakeholders, Sector commenced the revision of existing legal and policy frameworks and development of a new set of policies. The sector has undertaken advocacy and sensitization to enhance awareness and knowledge to various stakeholders on implementation of ongoing curriculum reforms across the education system including with, MDAs, Universities,

MINISTRY OF EDUCATION
STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION
Annual Report and Financial Statements
For the year ended 30 June 2022

Development Partners, Media Fraternity, Council of Governors and Teacher Professional Bodies among others.

Under the Universal Early Childhood Development Education, the GER was 109.4% against the target of 84%. This was due to the increased number of ECDE centers from 42,317 in 2018/19 to 46,530 in 2019/20. However, the enrolment dropped from 3,390,545 in 2018/19 to 2,738,587 in 2019/20. County governments increased investment in the education sector, approximately 983 new ECDE centers have been constructed, 2,639 classrooms constructed in existing ECDE centers, 1,028 sanitation blocks constructed, 1283 centers renovated to address special needs learners and 446 constructions ongoing in ECDE centers.

Education and Training in Marginalized Areas project aimed at ensuring increased equitable access for learners in ASAL regions, pockets of poverty, urban slums and hard to reach areas. The GER for learners in primary education stood at 3,281,000 in 23 ASAL counties comprising 52% boys and 48% girls. This also applies to gender disparity in favor of boy's education leading to low enrolment of girls over boys which stood at 1.01%. Overall, half of the pre-primary age population accessing education in ASALs are overage learners at 76.8%. The student toilet ratio in ASALs is 1:90 and not gender and disability friendly. Moreover, most schools have no access to clean drinking water.

Mapping of learning Centers in the urban informal settlements and in 269 APBET schools were completed. In the review period KShs 764.1M were used for Education in Nomadic communities by the sector

In FY 2018/19, Kshs. 1,850M was utilized to provide hot day meals for 1.62M learners and by FY 2020/21, Kshs. 1.85 billion was used to provide hot meals to 1,841,000 learners. A further Kshs. 200M from GPE was used to provide fortified porridge to mitigate against impact of Covid-19 pandemic, in urban slums under learning continuity in basic education. The Covid-19 pandemic had a major impact on the food supplies to schools earlier in the year. A further Kshs. 240M in FY 2020/21 was used for cereals provision for learners given the harsh economic occasioned by Covid-19 pandemic and harsh weather conditions in the schools in targeted areas.

MINISTRY OF EDUCATION
STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION
Annual Report and Financial Statements
For the year ended 30 June 2022

Currently there are 373 Adult and Continuing Education Secondary centers with an enrolment of 9122 (male 4155, female 4967) and 609 ACE primary centers with an enrolment of 8471 (male 4163, female 4308). Advocacy and Awareness Creation of ACE programmes held in all the 47 counties. The number of Adult and Continuing Education (ACE) centers declined from 5340 in 2018 to 4059 in 2022. There was a decrease in enrolment of learners from 227,322 (male 70,818 and 156,504 female) in 2018 to a total of 128,878 (Male 44,762 and female 84,116) in 2022 which was occasioned by mass exit due to retirement and natural attrition.

Five Multipurpose Development Training Institutes (MDTI), were renovated and furnished. A total of 197 Community Learning Resource Centers (CLRCs) were established across the country in order to improve the literate environment. The number of Adult Learners who sat for the Proficiency Test increased from 19,348 in 2018 to 20,140 in 2019. The number of Adult and Continuing Education learners who sat for KCPE decreased from 5356 (male 2840 female 2516) in 2018 to 3292 (1903 male and 1389 female) in 2020 while the number of Adult and Continuing Education learners who sat for KCSE increased from 2,081 in 2018 to 3217 (male 1625, female 1592) in 2020.

This expansion and the assessment services are offered at the 47 county Educational Assessment and Resource Centers (EARCs). The number of EARCs centers equipped and refurbished were two, in Garissa and Nairobi. This saw public SNE institutions grow by 6% over the 2017-2019 period, accounting for 13% of all public primary schools that are being served by the (EARCs)

The Education Training Sector (ETS) developed the National Education Quality Assurance and Standards Framework (NEQASF) which was completed in 2021 and 3000 copies of the document were printed and circulated to key stakeholders. The framework was disseminated through sensitization of 450 Quality Assurance and Standards Officers (QASOs). The QAS tools in the framework were digitized which has facilitated online data collection and reporting. There is a need to operationalize the NEQASF through institutionalization of quality assurance and automation of the quality assurance system.

MINISTRY OF EDUCATION
STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION
Annual Report and Financial Statements
For the year ended 30 June 2022

The Secondary Education Quality Improvement project aimed at addressing education wastage through high dropout rate of learners in the Upper Primary grades 7 and 8 and low transition of learners from primary to secondary education and particularly girls.

The sector has so far been able to reduce the teacher shortage for Science, Mathematics and Science subjects by 920 in Primary schools and 2,592 secondary schools in the targeted Sub-Counties.

The sector has trained 30,384 teachers of SNE on School Based Teacher Support System (SBTSS). SBTSS has been operationalized in 2,000 primary schools and 500 Secondary schools. TPD training modules for teachers and instructional leaders has been rolled out to 85,105 teachers, 4,286 principals, and 6,795 head teachers to be completed by august 2022.

The sector distributed 6,583,839 (2,254,782 in primary schools and 4,329,057 in secondary schools) Mathematics, Science & English textbooks which led to 1:1 student-textbook ratio. In addition, 2,145 learners (HI=774, VI= 1,000 and PI=371) with special needs and disabilities have been provided with assistance. Further, 10,770 textbooks have been brailed and 42,546 textbooks printed.

To enhance transition of the poor and vulnerable children from primary to secondary education in the targeted areas, the sector under the Elimu Scholarship Programme the cohort 1 of 8,996 Elimu Scholarship beneficiaries was identified in the year 2020 while 9004 scholarship beneficiaries for cohort 2 were identified in the year 2021 thus achieving a cumulative target of 18000 beneficiaries from the 110 targeted Sub-Counties and 15 urban centres with informal settlements.

Primary Schools Infrastructure Improvement: The quality of education is depicted by, among other indicators, class size, pupil's toilet ratio for boys and girls based on the expected standards and norms. The average class size at primary level stood at 1:37 and 1:19 against expected norm of 1:50 for public and private schools respectively. Despite these impressive figures, disparities exist in highly populated regions and some urban centers.

The pupil toilet ratio stood at 1:33 and 1:30 in public primary schools for boys and girls respectively while in private schools it was 1:20 and 1:18 for boys and girls respectively. In public schools the ratio was below the set standards of 1:30 for boys and 1:25 for girls. This indicates that more interventions are still required to deal with water hygiene and sanitation (WASH), latrine

MINISTRY OF EDUCATION
STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION
Annual Report and Financial Statements
For the year ended 30 June 2022

aspects. In 2018/19 FY, KShs. 200M was used to upgrade infrastructure in 307 schools. In FY 2019/20, Kshs 330M was used to upgrade infrastructure in 211 schools and in 2020/21, KShs 120M tranche one was used to upgrade infrastructure in 181 schools.

Further in FY 2020/21, KShs. 900M was also used to procure 360,000 desks for 5,136 public primary schools to improve social distance and Quality of the learning environment. Each school received 70 desks. The sector also was able to achieve the desired target ratio of 1:1 for all core subjects in primary education. This was achieved by using the central procurement strategy and distributing the books to all the public schools. The situation in private schools may need further assessment

The sector conducted various studies to monitor learner achievements in literacy and numeracy and quality of education. The findings and mitigation measures were disseminated in all counties. The studies conducted were Early Grade Mathematics Assessment (EGMA) at Class 2; National Assessment System for Monitoring Learner Achievement (NASMLA) at Class 3; Southern and Eastern African Consortium for Monitoring Educational Quality (SEACMEQ) at Class 6 and Monitoring Learner Achievement (MLA) at Form 2.

In the review period 6% of the secondary schools were provided with computers to enhance ICT Integration in secondary education. In total, 418 schools were provided with 4125 computers. ICT provides capabilities and skills needed for a knowledge-based economy and its implementation should be enhanced

Implementation Challenges

1. Calamities and natural disasters such as floods and drought resulting in displacement of learners and destruction of school infrastructure. Some learning institutions are located in ASALs areas characterized by nomadic lifestyle, which negatively affects enrolment and attendance of lessons.
2. Inadequate special needs institutions
3. Costly equipment and assistive devices that are slowing down the pace of mainstreaming special needs education at all levels of education and training. This is coupled with

Inadequate number of specialized expertise in SNE, tutors and other support staff in related fields.

4. The Covid-19 pandemic affected learning as schools were closed and implementation of some programmes and projects were derailed or halted;
5. Insecurity in some parts of the country which affected implementation of targeted programmes and projects;
6. Health related issues such as the prevalence of HIV and AIDS. increased incidences of Drug and Substance Abuse among the youth and the rise of psychosocial and mental health cases among teachers, learners and trainers,
7. Early pregnancies, marriages, child labour, and other cultural practices among learners with a high potential of reversing gains in access to basic education.
8. Inability to fully implement the Differentiated Unit Cost (DUC) resulting in underfunding the capitation to universities and accumulating huge pending bills
9. There were several cases of school violence and gross misconduct in Secondary and institutions of higher education which disrupted learning and led to destruction of properties;
10. Litigation issues: During the period of implementation, the sector faced challenges in implementing its programmes because of legal issues from some stakeholders, for instance, litigation on the implementation of CBC. This caused a delay in achieving the targeted outputs and expected outcomes in the education sector.

8. Recommendations

- i. There would be need for proper planning for all strategic interventions.
- ii. There is need for enhance monitoring and evaluation of the programs
- iii. More resources are required to reach many learners with unique challenges and geographical challenges for more improvement
- iv. Strengthen monitoring and evaluation on the implementation of policies;

MINISTRY OF EDUCATION
STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION
Annual Report and Financial Statements
For the year ended 30 June 2022

- v. Increase county, sub county and zonal dialogues on policy issues on education on children right to education and inclusivity to increase the GER, NER and PCR under access and participation.
- vi. Promote PPPs in Digital Learning Device (DLP) provision under quality and relevant in ICT integration in teaching and learning in primary education for schools across the country in all grades.
- vii. Implement Differentiated Unit Cost (DUC) for capital and recurrent budget in primary education to cater for varied type of learners and regions.
- viii. On mass retirement of instructors without replacement, it is recommended to engage the Public Service Commission through the Ministry of Education to implement the approved ACE staff establishment, and also come up with a framework of replacing the exiting instructors.



.....
Dr. Belio R. Kipsang, CBS

PRINCIPAL SECRETARY / ACCOUNTING OFFICER

4. Statement of Performance Against Predetermined Objectives for FY2021/22

The *Vision, Mission and Strategic Objectives* guiding the Kenya NESSP 2018-2022 are outlined as follows:

Vision: 'Quality and inclusive education, training and research for sustainable development'

Mission: 'To provide, promote and coordinate competence based equitable learner centred education, training and research for sustainable development'

Strategic Objectives:

Introduction

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 key development objectives of the *National Education Strategic Plan (NESSP) 2018-2022* are to:

- a) Improve access and participation in Education and Training*
- b) Increase equity and inclusiveness in Education and Training*
- c) Improve Quality and relevance in Education and Training*
- d) Improve governance and accountability in Education and Training*

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

MINISTRY OF EDUCATION
STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION
Annual Report and Financial Statements
For the year ended 30 June 2022

MDA Program	Objective	Outcome	Indicator	Performance
Primary Education Program	To enhance access and equity of primary education.	Increased enrolment and improved inclusivity in primary education	% Increase in Gross Enrolment Rates (GER) and Net Enrolment Rates (NER)	In FY 20/21 primary education GER 97.3 while NER 78.1.
Secondary Education Program	To enhance access and equity of secondary education.	Increased enrolment and improved inclusivity in secondary education	% Increase in Gross Enrolment Rates (GER) and Net Enrolment Rates (NER)	In FY 20/21 secondary education GER improved from 68.5 % to 78.9 and increased the NER from 51.1% to 54.0%.
Quality Assurance and Standards	To develop, maintain and enhance education quality standards	Improved quality and relevance of primary and secondary education	% Improvement in learning outcomes	The proportion of learners attaining minimum proficiency (50% benchmark) in Mathematics, increased with 5 percentage points from 71.1% at Baseline (2017) to 76.1 % at Endline (2019).

5. Environmental and Sustainability Reporting

a) Sustainability strategy and profile

The Government of Kenya (GoK) is committed to providing quality education, training, science and technology to all Kenyans. This is in line with the provisions of the Constitution of Kenya. Specifically, Articles 43(f) and 53(1) (b) of the Constitution provide for the right to education and the right to free and compulsory basic education, respectively. In Kenya's development blueprint, education and training is meant to provide the required knowledge, skills and attitudes necessary to contribute to the country's transformation into a newly industrializing, middle-income country that provides high quality of life to all its citizens by 2030. Education is also an enabler in the achievement of GoK's Big Four Agenda (housing, universal health, manufacturing and food security). Therefore, in fully achieving the aforementioned, MoE developed and implemented an all-inclusive sector-wide plan, the National Education Sector Strategic Plan (NESSP) 2018-2022, that spells out policy priorities, programmes and strategies for the education sector.

To realize national educational aspirations as provided in the Constitution and Vision 2030, which includes numeracy, literacy, life skills and industry relevant skills, various policy reforms have been rolled out. One key reform is the introduction of CBC, which is aimed at creating an

ethical, engaged and empowered citizen. It seeks to nurture every learner's potential by ensuring all learners acquire the core competencies as provided in the Basic Education Curriculum Framework (BECF). CBC emphasizes formative rather than summative evaluations.

Kenya is a signatory to several international conventions and agreements, including those on commitment to the development of education. The conventions and agreements underscore the need to eliminate all forms of discrimination and barriers, which then open doors for all citizens to be served with their right to education. To illustrate Kenya's commitment to the conventions and agreements signed, the country was one of the few that were close to meeting the Universal Primary Education under the Millennium Development Goals and the Education for All targets. To achieve the targets, Kenya adopted the Free Primary Education Policy (2003) and Free Day Secondary Education Policy (2008). In the current global orientation, Kenya has ratified Sustainable Development Goals and inherently showed its commitment to SDG4, which calls for inclusive and equitable quality education and promotion of lifelong learning opportunities for all. The SDG-4 is domesticated in the 2018-2022 National Education Sector Strategic Plan (NESSP).

b) Environmental performance /climate change/ mitigation of natural disasters

The Ministry of Education has adopted and domesticated the National Environmental Policy from the Ministry responsible for Environment. The Ministry has mainstreamed the environmental aspects into education and training through the Education for Sustainable Development Policy. The success of implementation of this policy has seen schools for environmental clubs and implement the school greening programmes at school level. Major shortcomings in the implementation of environmental programmes in the Ministry include inadequate funding due to the non-core nature of the mandate, expansive geographical spread of our schools and field offices and many uncoordinated partners. The Ministry is finalizing its e-waste management policy in an effort to guide the disposal of e-waste as the roll out of ICT integration in teaching and learning in the education institutions; and governance and management of the education system gains highest priority.

c) Employee welfare

In the period under review the sub sector carried out sensitization to 108 members of staff drawn from the Ministry's headquarters and field offices on handling of public complaints. The Ministry screened members staff on blood pressure, cancer, diabetes, Sexually Transmitted Infections (STI) and BMI through various service providers. Other services provided to members of staff included sensitization of members of staff on blood safety, dental health, family planning and counseling, as more were sensitized on Alcohol and Drug Abuse (ADA) prevention measures. In the same period, members of staff were counseled and tested for HIV status both at

MINISTRY OF EDUCATION
STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION
Annual Report and Financial Statements
For the year ended 30 June 2022

the Headquarters and in the field and 115,840 condoms distributed to members of staff and other stakeholders.

The sub sector also undertook training needs analysis; inducted newly recruited Chief Education Officers; conducted pre-retirement training and sensitizations; undertook promotional courses such as SLDP, Senior Management Course, Customer Care and Public Relations; short-term skills enhancement courses including basic counseling skills, sensitization and dissemination of HIV and AIDs information, support and care for people living with HIV and AIDS, emerging threats and security response among others. In addition to the short term training programs, the sub sector also sponsored officers for masters, bachelors and diploma courses locally and overseas. The state department also provided industrial attachment opportunities to over 120 youths in tertiary institutions. There has been a decline in number of staff with capacities enhanced due to financial constraints.

The Ministry has made a commitment in the ISO 9001:2015 Quality Management System to improve the welfare of staff, protect them in their work environment, protect the Government facilities, equipment and assets as well as the safety of information through the Information Security Management System (ISMS) Standard.

In spite of these achievements, the sub sector faced a lot of challenges that are a major hindrance to its achieving the set goals of eradication of illiteracy as envisioned in the Vision 2030. This is attributed to various factors key among them is an aging workforce where 360, 487 and 492 officers left the service under natural attrition by 2019/2020 occasioning the state department to operate with current staff of 4,471 against an Authorized establishment of 8,994. Inadequate manpower is a hindrance to the State Department achieving its mandate of provision of education services to Kenyans.

d) Operational practices

The organisation should outline its efforts to:

i. Responsible Supply chain and supplier relations

explain how the organisation maintains good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices.

e) Community Engagements-

Government services by their nature are social services which are guaranteed to citizens by the Constitution. As guided by the Constitution of Kenya all programs implemented in the State Department of Early Learning and Basic Education in terms of policy formulation, development of strategic plans, MTEF budget formulation, project implementation arrangements; and monitoring and evaluation are accomplished through an extensive stakeholder consultation process. The key stakeholders include the Government and its Agencies, Development Partners,

MINISTRY OF EDUCATION
STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION
Annual Report and Financial Statements
For the year ended 30 June 2022

Civil Society, Non-Government Organizations, Faith Based Organizations, Political leaders,
Community Leaders, Parents and Learners.

MINISTRY OF EDUCATION
STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION
Annual Report and Financial Statements
For the year ended 30 June 2022

6. Statement of Management Responsibilities

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

The Accounting Officer in charge of the State Department for Early Learning and Basic Education is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) 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 entity; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the State Department for Early Learning and Basic Education accepts responsibility for the entity'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 *entity's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2022, and of the entity's financial position as at that date. The Accounting Officer in charge of the State Department for Early Learning and Basic Education further confirms the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

MINISTRY OF EDUCATION
STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION
Annual Report and Financial Statements
For the year ended 30 June 2022

The Accounting Officer in charge of the State Department for Early Learning and Basic Education confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity'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 entity'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

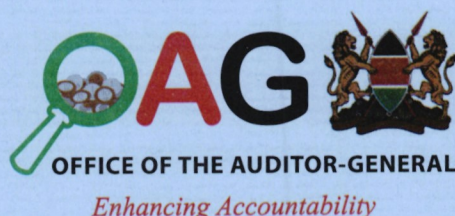
The *entity's* financial statements were approved and signed by the Accounting Officer on 23rd March 2022.


.....
Dr. Belio Kipsang
Principal Secretary


.....
E. Mukira Gichigo
Deputy Accountant General
ICPAK M/No. 1990

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 STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION FOR THE YEAR ENDED 30 JUNE, 2022 – MINISTRY OF EDUCATION

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 State Department for Early Learning and Basic Education set out on pages 1 to 32, which comprise the statement of

financial assets and liabilities as at 30 June, 2022, and the statement of receipts and payments, statement of cash flows and the 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, 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 State Department for Early Learning and Basic Education 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 Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0 Unsupported Revenue from Registration and Re-Registration of Schools

The statement of receipts and payments reflects total receipts of Kshs.100,010,099,685 which includes an amount of Kshs.2,662,400 in respect of revenue from registration and re-registration of schools. However, Management did not provide supporting documents on how many schools were registered and re-registered during the year. Further, the revenue from registration and re-registration of schools was not included in the approved budget for the 2021/2022 financial year.

In circumstances, the accuracy and completeness of the total receipts amount of Kshs.100,010,099,685 for the year ended 30 June, 2022 could not be confirmed.

2.0 Inaccuracies in Cash and Cash Equivalents - Holding/Suspense Accounts

The statement of assets and liabilities reflects cash and cash equivalents balance of Kshs.205,020,777 as disclosed in Note 12A and 12B to the financial statements. However, review of the cash and cash equivalents for the year ended 30 June, 2022 revealed that the State Department maintained nine (9) holding/suspense accounts with various commercial banks for disbursements of subsidies, grants and transfers to other government entities. As at 30 June, 2022, the nine (9) holding/suspense accounts had a balance of Kshs.98,176,499 which was not included in the bank balances of Kshs.205,020,777 as at 30 June, 2022.

In the circumstances, the accuracy and validity of the cash and cash equivalents balance of Kshs.205,020,777 as at 30 June, 2022 could not be confirmed.

3.0 Misclassification and Payment of Rent without Valid Lease Agreements

The statement of receipts and payments reflects an expenditure of Kshs.5,815,120,762 under use of goods and services which, as disclosed in Note 6 to the financial statements, includes an amount of Kshs.147,262,641 in respect of rentals of produced assets. The

latter amount includes an expenditure of Kshs.60,960,113 being rent of office space for various State Department offices in the Counties whose lease agreements had expired as detailed below: -

County Education Office	Monthly Rate Charged (Kshs.)	Amount Per Year (Kshs.)	Details of Lease	Start Date	Remarks
Kaloleni	12,000	144,000	5 yrs	July, 2012	Expired in July, 2017
Eldoret	45,000	540,000	6 yrs	July, 2020	In process of registration
Gucha	45,000	540,000	5 yrs	July, 2022	In process of registration
Rumuruti	44,000	528,000	-	-	Lease Expired
Embu	28,000	336,000	5 yrs	October, 2012	Lease Expired
Moyale Town	24,000	288,000	5 yrs	January, 2018	Lease running no formal document
Marsabit	34,000	408,000	5 yrs	January, 2011	Lease Expired
Malindi	15,000	180,000	5 yrs	January, 2014	Lease Expired
Laisamis	31,500	378,000	5 yrs	May, 2014	Lease Expired
Wajir East	60,000	720,000	5 yrs	July 2019	In process of registration
Anabkoi	45,000	540,000	5 yrs	May 2009	Lease prepared by NCPB

In addition, analysis of the expenditure reflects that transportation costs amounting to Kshs.16,161,628 was excluded from expenditure on use of goods and services - rentals of produced assets and charged on grants and transfers to other Government entities against the Government budget classification and chart of accounts issued by The National Treasury as detailed below:-

Date	Payment Voucher No.	Details	Amount Paid (Kshs.)
19 June, 2022	PV011445	Transportation costs under school feeding programme 2021-2022, Turkana	10,806,092
29 June, 2022	PV17661	Transportation costs under school feeding programme 2021-2022, Garissa	1,948,856
20 June, 2022	PV011393	Transportation costs CSB (World Bank) under school feeding programme 2021-2022	1,736,679
20 June, 2022	PV012490	Transportation Costs, Hire of VIP Vehicles for 5 days and Transportation, Hire of Executive Buses for 3 Days	1,670,000
		Total	16,161,627

In the circumstance, the regularity and validity of the expenditure of Kshs.60,960,113 incurred on rentals of produced assets during the year ended 30 June, 2022 could not be confirmed.

4.0 Irregular Disbursements of Free Primary Education Funds

The statement of receipts and payments reflects an expenditure of Kshs.30,546,359,898 under transfers to other Government units which, as disclosed in Note 8 to the financial statements, includes an amount of Kshs.19,971,035,325 in respect of transfers to National Government Entities. Included in the latter amount is an expenditure of Kshs.9,062,694,606 relating to funds disbursed for free primary schools during the year. However, analysis of the Free Primary Education data revealed the following anomalies;

4.1 Disbursements of Free Primary Education Funds to Schools with Duplicate Bank Accounts

Review of the disbursements revealed that thirty-eight (38) schools shared bank accounts and received disbursements totalling Kshs.1,557,119.

4.2 Disbursements of Free Primary Education Funds to Schools Sharing Registration Numbers (TSC Codes)

Review of the Free Primary Education bank disbursements schedule revealed twenty-four thousand one hundred and nineteen (24,119) schools sharing TSC registration numbers. The schools received disbursements amounting to Kshs.737,669,134 during the year under review.

4.3 Disbursements of Free Primary Education Funds to Schools Without TSC Codes

Review of the Free Primary Education bank disbursements schedule provided revealed that four hundred and thirty-six (436) schools did not have TSC registration numbers/Codes. The schools received a total disbursement of Kshs.14,664,414 during the year under review.

4.4 Disbursements of Free Primary Education Funds to Schools with Unknown TSC Codes

Review of the Free Primary Education bank disbursements schedule provided revealed that three thousand four hundred and eighty six (3,486) schools were assigned a TSC code with different code formats from those provided by the State Department. The schools received disbursements amounting to Kshs.102,329,013.

In the circumstances, the accuracy and authenticity of the disbursements of Kshs.9,062,694,606 for free primary education funds for the year ended 30 June, 2022 could not be confirmed.

5.0 Irregularities in Free Day Secondary School Education Subsidies Disbursements

The statement of receipts and payments reflects an amount of Kshs.62,560,672,721 in respect of subsidies as disclosed in Note 7 to financial statements. Review of the NEMIS system in relation to the capitation disbursements schedule to secondary schools revealed the following anomalies: -

5.1 Disbursements of Day Secondary Schools Subsidies Through Duplicate Bank Accounts

Review of the schools lists on capitation per quarter reports revealed instances where schools shared bank accounts. An amount Kshs.6,281,741 was disbursed through the shared banks accounts. It was not clear why the duplicate bank accounts continued to recur in subsequent disbursements without being detected and corrected.

5.2 Bank Account Used to Receive Operations and Tuition Capitation

Review of the schools lists on capitation per quarter reports revealed six (6) schools that operated one bank account for both operations and tuition funds with total payments of Kshs.40,927,074.

In the circumstances, the accuracy and authenticity of the subsidies totalling Kshs.47,208,815 for free day secondary school education could not be confirmed.

6.0 Misstatement of Reported Imprests and Advances

The statement of assets and liabilities reflects a balance of Kshs.94,508,522 in respect of accounts receivables which, as disclosed in Note 13 to the financial statements, includes amounts of Kshs.1,814,630, Kshs.220,178 and Kshs.92,473,714 in respect of Government imprests to staff, domestic debtors and advances, and district suspense respectively. However, review of the submitted documentation on imprest reflects the following anomalies: -

- i. Analysis of imprest register provided indicated that the Management issued imprest totalling Kshs.329,381,044.35. However, the payment details of transactions made during the year indicated that the Management paid a total of Kshs.345,309,425.90 on temporary and standing imprests resulting in an unexplained variance of Kshs.15,928,380.
- ii. Reported as district expenses are amounts owed by the Sub-County and County Directors of Education totalling Kshs.1,890,168 that related to 2020/2021 financial year but were still outstanding during the year under review as shown below;

	Reported Amount (Kshs.)	Amount (Current year) (Kshs.)	Amount (Prior year) (Kshs.)
Sub-Counties	3,139,829	1,261,192	1,878,637
Counties	3,019,336	3,007,805	11,530
Total	6,159,165	4,268,997	1,890,168

In the circumstances, the accuracy, completeness, presentation and disclosure of the imprest and advances balance of Kshs.94,508,522 for the year ended 30 June, 2022 could not be confirmed.

7.0 Unsupported Long Outstanding Accounts Payables

The statement of assets and liabilities reflects an accounts payables balance of Kshs.117,319,416 whose nature and supporting documents were not provided for audit. Further, payables amounts of Kshs.64,881,834 have been outstanding for over eight (8) years. Management did not provide explanations on why they have not been settled.

In the circumstances, the accuracy, validity and completeness of the accounts payables balance of Kshs.117,319,416 for the year ended 30 June, 2022 could not be confirmed.

8.0 Unauthorized Reallocation of Funds for Construction of CBC Classrooms

The statement of receipts and payments reflects an expenditure of Kshs.30,546,359,898 in respect of transfers to other government units which, as disclosed in Note 8 to the financial statements, includes an amount of Kshs.19,971,035,325 that relates to transfers to national government entities. The transfers to other government entities amount included an expenditure of Kshs.4,476,068,016 incurred on construction of Competency Based Curriculum (CBC) classrooms against an approved expenditure budget of Kshs.2,692,000,000 resulting in an unapproved over-expenditure of Kshs.1,784,068,016 or (66%) whose approval was not provided for audit.

In the circumstances, the accuracy, completeness, validity and regularity of the expenditure amounting to Kshs.1,784,068,016 could not be confirmed as a proper charge to public funds.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the State Department for Early Learning and Basic Education 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.

Emphasis of Matter

Budgetary Control and Performance

The summary statement of appropriation development reflects final receipts development budget and actual on a comparable basis of Kshs.14,099,945,379 and Kshs.7,528,073,544, respectively resulting in an under-funding of Kshs.6,571,871,835 (or 47%) of the budget. Similarly, the State Department spent Kshs.10,469,124,573 against an approved development budget of Kshs.14,099,945,379 resulting in an under-expenditure of Kshs.3,630,820,806 (or 26%) of the budget.

In the circumstances, the underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

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 Pending Bills

The State Department had pending accounts payable of Kshs.429,299,232 as at 30 June, 2020. Management did not explain why the bills were not settled during the year when they occurred. Failure to settle bills during the year in which they relate to distorts the financial statements and adversely affects the budgetary provisions for the subsequent year as they form a first charge.

2.0 Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and 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 Irregularities in the Procurement and Construction of Competency Based Curriculum Classrooms

The statement of receipts and payments reflects an expenditure of Kshs.30,546,359,898 in respect of transfers to other Government Units which includes an amount of Kshs.19,971,035,325 in respect of transfers to National Government entities out of which Kshs.4,476,068,016 was used in the construction of Competency Based Curriculum (CBC) classrooms. However, the following anomalies were observed: -

1.1 Unsupported Procurement Method

The State Department Management did not provide for audit explanations and documentation on the procurement method used on the tenders for the construction of the CBC classrooms and how the various contractors were identified.

1.2 Irregular Pricing of Construction of CBC Classrooms

The State Department Management tendered for the construction of the CBC classrooms at a cost of Kshs.709,398 for each classroom across the country. It was, however, not clear how the amount was arrived at taking into consideration the terrain and topographical layout across the country making it impossible to have a standard rate. Management did not also provide for audit Bills of Quantities, market surveys, and status reports on the construction of the classrooms.

Further, the procurement and payments of the contractors were made outside the e-procurement system. This was contrary to Regulation 49(2) of the Public Procurement and Assets Disposal Regulations, 2020 which provides that the conduct of e-procurement procedures for the supply of goods works and services shall be carried out by a procuring entity using an e-procurement system which is integrated to the State Portal.

In the circumstances, Management was in breach of the law in the procurement and award of the contract for the construction of the CBC classrooms.

2.0 Unsupported Procurement and Supply of Desktop Computers

Note 20.1 to the financial statements reflects a pending bills amount of Kshs.429,087,117 out of which an amount of Kshs.189,072,000 relates to the supply of two thousand and twenty (2,020) desktop computers to one hundred and ninety six (196) Secondary Schools across the forty-seven (47) Counties. Review of the procurement process reflects the following anomalies: -

- i. The computers were delivered on 20 June, 2022, twenty (20) days after the lapse of the contract. The liquidated damage was at the rate of 0.5% per week, which would translate to about Kshs.2,836,080 and which was not charged as per the contract agreement;

- ii. The signed contract related to SEQUIP Contract No. MOE/SEQUIP/NCB /04/2021-2022 as titled and not the State Department while the award and professional opinion relates to tender no. MOE/SDELBE/NCB/04/2021-2022 on supply of computers;
- iii. There were no appointment letters to the Inspection and Acceptance Committee and there was no report on the inspection attached to the pending bill voucher. It is not clear whether an Inspection and Acceptance Committee had been constituted at the point of delivery despite the computers being delivered in schools;
- iv. In addition, the contract for the supply of the desktop computers did not specify what tests were to be carried out to confirm the functioning of the machines;
- v. No documentary evidence was provided on negotiations that actually took place and what tests were agreed upon; and,
- vi. The procurement inspection and acceptance certificate attached did not give any remarks on the quality of the desktop computers received. It is not clear how the certificate was issued without a complete inspection and acceptance report.

In the circumstances, the validity of the contract as signed and implemented could not be confirmed.

3.0 Irregularities in the Implementation of the School Feeding Programme

The statement of receipts and payments reflects an amount of Kshs.30,546,359,898 in respect of transfers to other Government Units. The expenditure includes an amount of Kshs.19,971,035,325 in respect of transfers to National Government entities out of which an amount of Kshs.1,196,296,000 was spent on the purchase of various foodstuffs for the school feeding programme. The following anomalies were noted: -

3.1 Lack of an Inventory Management System

The State Department had not invested in an Inventory Management System to track and account for the inventory movement. There were no stock sheets or store records to record the movement of stock. The supplies were received and distributed manually which exposes the process to loss, manipulation, and other inaccuracies.

In the circumstances, the tracking and distribution of the foodstuff procured could not be ascertained.

3.2 Irregular Procurement of School Feeding Supplies

Review of the professional opinion dated 9 November, 2021 revealed that the required quantities for the school feeding programme had been pre-determined. The desired quantities are tabulated below:-

Item	Quantity
Rice	107,000 bags (47,000 bags - Ahero Sindano and 60,000 bags of Pishori rice)
Beans	25,749 bags of 90 Kgs
Vegetable Oil	12,780 Jerricans of 20 litres
Salt	5112 bales of 20 kgs
Corn soya blend	194,421 bags of 25 Kgs

However, the State Department adopted a framework contract from Public Works REF.NO MOE/SDELBE/FA/01/2021-2022 and requested quotations from only one firm for supply of corn soya from a list of twenty-eight suppliers, three firms for supply of salt and five firms for supply of vegetable oil. This was contrary to provisions of Section 114(1) of the Public Procurement and Asset Disposal Act, 2015 which provides that a procuring entity may enter into a framework through open tender if the procurement value is within the thresholds prescribed under regulation to this Act; the required quantity of goods, works or non-consultancy services cannot be determined at the time of entering into the agreement; and a minimum of seven alternative vendors are included in each category.

3.3 Failure to Deliver the Required Quantities of Corn Soya and Beans

Included in the expenditure of Kshs.1,196,296,000 is an amount of Kshs.14,462,500 for the purchase of Corn Soya. However, review of the contract revealed that the supplier was to supply 25kg bags of Corn Soya at a unit cost of Kshs 3,250 whenever required. The supplier was issued with four LPOs which were partly delivered and some cancelled by the State Department as indicated below:-

LPO No.	Date of LPO	Quantity	Amount (Kshs.)	Status
1981	16 November, 2021	39,564	128,583,000	Cancelled
1983	16 November, 2021	39,564	128,583,000	Cancelled
2143	21 February, 2022	39,563	128,579,750	Partly delivered 4,450bags
2142	21 February, 2022	39,563	128,579,750	Cancelled
	Total		514,325,500	

However, the following anomalies were observed: -

- i. Through a letter dated 12 May, 2022 from the supplier, the vendor stated that they were unable to process Local Purchase Order No. 1981 and 1983 valued at Kshs.257,165,000 but committed to deliver Local Purchase Orders No. 2142 and 2143. However, out of the 79,126 bags that were to be supplied, the supplier managed to deliver only 4,450 bags at Kshs.14,462,500. It was also observed that clause 3.17.1 on liquidated damages was not effected when paying for the part delivery of Local Purchase Order 2143. The contractor communicated one month

later after receiving the Local Purchase Orders and it is not clear at what point the cancellation of orders was effected or by whom.

- ii. Local Purchase Orders No. 1981 and 1983 dated 16 November, 2021 were issued to suppliers on 3 March, 2022 and 1 March, 2022 after the expiry date of the contract. This was contrary to Section 53 of the Public Procurement and Asset Disposal Act, 2015 which provides that the validity period of LPO is thirty (30) days. It is also not clear whether the State Department appointed a Contract Implementation Committee to report on the way forward with regard to the implementation of the contract.
- iii. In addition, four (4) firms had been recommended for the supply of beans and had entered into contracts with the State Department but failed to supply. Minutes of a meeting held on 10 January, 2022 stated that the delay had led to undocumented dropout of learners from the arid and semi-arid areas.
- iv. The State Department did not take any action against the suppliers after failure to deliver besides cancellation of their Local Purchase Orders as required by circular dated 20 April, 2021 from the State Department of Public Works ref; SDPW/SB/53/11 which states that, "complaints with regard to improper fulfillment of contract terms should be made in the first instance with the contractor. In case no satisfactory solution is obtained from the contractor; the Ministry should refer the matter in writing to the Principal Secretary Public Works who will take up the matter." It was noted that the State Department did not escalate the matter to the State Department of Public Works after the contractors failed to perform.

In the circumstances, failure to deliver the required food ration is an indication of inefficiencies in the procurement process within the State Department which negatively impacted on the school feeding programme and thus affected the performance of students in school due to absenteeism.

3.4 Failure to Provide Performance Security on Contract

Included in the expenditure of Kshs.19,971,035,325 in respect of transfers to National Government entities is an amount of Kshs.1,196,296,000 which relates to the school feeding programme. However, the framework contracts signed made provisions for performance security, referring to the special conditions of the contract for specifics of the performance security. Review of the contract documents revealed that the special conditions of the contract had no provisions for performance security. There was no evidence that any of the contracted firms presented the State Department with performance security. Additionally, there was no evidence that the compensation from the performance bonds had been effected for the suppliers who failed to deliver, an indication that due diligence was not undertaken when signing the contracts.

In the circumstances, the State Department Management was in breach of the law in failing to implement the framework contracting process thereby locking out other potential

suppliers. Further, value for money may not have been realized in the redistributed foodstuffs as the redistribution affected the nutritional value as planned.

4.0 Irregular Procurement of Tyres

The statement of receipts and payments reflects an expenditure of Kshs.5,815,120,762 in respect of use of goods and services which, as disclosed in Note 6 to the financial statements, includes an amount of Kshs.50,725,322 for routine maintenance - vehicles and other transport equipment. Review of procurement documents revealed that the State Department incurred an expenditure of Kshs.1,972,672 on the purchase of tyres. However, the cost of the same tyres within framework agreement (Circular No. SDPW/SB/038/2021-2023) was Kshs.850,772. The evaluation report did not provide any justification for the selection of the winning companies with higher quotes over the other listed suppliers whose quotes were cheaper. The State Department engaged various Agencies that were not from the prequalified list adopted from the State Department for Public Works.

In the circumstances, value for money was not realized in the expenditure of Kshs.1,972,672 on the purchase of tyres.

5.0 Use of Suppliers not in the List of Pre-Qualified Suppliers

The statement of receipts and payments reflects an expenditure of Kshs.2,988,658 in respect of the acquisition of assets as disclosed in Note 11 to the financial statements. Review of the sampled payment vouchers amounting to Kshs.2,469,100 revealed that firms invited to bid for the supply of computers, printers, UPS units and related items were not pre-qualified by the State Department. This was contrary to Section 95(3) of the Public Procurement and Asset Disposal Act, 2015 which provides that a procuring entity shall invite tenders from only approved person who have been pre-qualified. Further, there were no documents provided to indicate that the firms were subjected to a procurement process before the invitation to submit quotations.

The absence of pre-qualification process denied fairness, equitability, transparency, cost-effectiveness and competition among those who may wish to submit their applications.

In the circumstances, the 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 Incomplete Asset Register

The annual consolidated inventory of assets (assets register) provided by the State Department disclosed all movable and immovable assets that the State Department has in its possession. However, it was observed that seventy-five (75) motor vehicles owned by the State Department were not included in the assets register.

In the circumstances, the completeness, existence, ownership and condition of the motor vehicles could not be confirmed.

2.0 Failure to Hold Minimum Number of Audit Committee Meetings

During the year under review, the Audit Committee met only twice i.e. on 24 March, 2022 and on 28 October, 2021 as per the minutes provided for audit. This was contrary to Regulation 179 of Public Finance Management (National Government) Regulations, 2015 which requires that the audit committee meet at least once every three months (quarterly).

In the circumstances, the State Department did not benefit from the assurance and advisory, and oversight services from the Audit Committee.

3.0 Use of Non-Official Email Addresses in Official Communication

During the year under review, it was observed that the State Department's staff used personal emails especially google email application for official business communication. This was contrary to Public Service Commission circular number SH/ADM/23(1) dated 14 June, 2022 on use of personal email addresses for official Government business. All Ministries, State Departments and Semi-Autonomous Government Agencies were required to have their staff members boarded onto the Government domain email addresses provided by the ICT Authority. The circular stated that any email communication that is non-compliant will be considered non-official.

In the circumstances, the use of personal emails may lead to the compromise of the State Department's data and potentially exposes the entity and the Government in matters of National security and National interests.

4.0 Lack of an IT Steering Committee

The State Department does not have an IT Steering Committee in place. This was contrary to Section 6.2 of the IT Governance Standard by the ICT Authority on ICT Governance direct that all Ministries, County, Departments and Agencies shall establish two ICT Governance Committees namely; an IT Strategy Committee to provide strategic advice on ICT initiatives and investments to the management and an IT Steering Committee to define the IT mission and goals aligned with the strategic direction of the organization, to authorize and direct the development of the services and operation plans.

Lack of an ICT Steering Committee exposes the State Department to the risk of unclear direction regarding the maintenance of information security and safeguard of ICT Assets across the State Department.

5.0 Lack of Anti-Fraud Policy

Review of the internal control processes and risk management measures revealed that State Department did not have an Anti-Fraud Policy in place. Further, there was no Risk Register. This was in contravention of Regulation 165 (1)(a) and (b) of the Public Finance Management (National Government) Regulations, 2015 which requires the Accounting Officer to ensure that the national government entity develops risk management strategies, which include fraud prevention mechanism; and the county government entity develops a system of risk management and internal control that builds robust business operations.

Lack of Anti-Fraud Policy exposes the State Department to embezzlement, fraud, loss of assets which may negatively impacted on the financial, material or reputation of the State Department.

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 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.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance 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 governance.

In preparing the financial statements, Management is responsible for assessing the State Department's ability to continue sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless

the Management is aware of the intention to terminate the State Department 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, 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 State Department's financial reporting process, reviewing the effectiveness of how the Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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 Notes, 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 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 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 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 State Department'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 State Department to cease to continue 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 State Department 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, SBS
AUDITOR-GENERAL

Nairobi

20 January, 2023

MINISTRY OF EDUCATION
STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION
Annual Report and Financial Statements
For the year ended 30 June 2022

8. Statement of receipts and payments for the year ended 30th June 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
RECEIPTS			
Proceeds from Domestic and Foreign Grants	1	193,910,251	-
Transfers from National Treasury	2	98,389,181,881	95,170,875,514
Proceeds from Sale of Assets	3	1,357,007,554	1,348,173,985
Other Revenues	4	70,000,000	70,000,000
TOTAL REVENUES		100,010,099,685	96,589,049,499
PAYMENTS			
Compensation of Employees	5	3,983,379,906	3,732,621,411
Use of goods and services	6	5,815,120,762	5,009,016,505
Subsidies	7	62,560,672,721	59,541,584,343
Transfers to Other Government Units	8	30,546,359,898	26,249,256,281
Other grants and transfers	9	4,777,342	4,777,342
Social Security Benefits	10	3,509,303	3,752,968
Acquisition of Assets	11	2,988,658	-
TOTAL PAYMENTS		102,916,808,590	94,541,008,850
SURPLUS/DEFICIT		(2,906,708,904)	2,048,040,649

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 22/11/22 2022 and signed by:

.....
 Dr. Belio Kipsang
 Principal Secretary

.....
 E. Mukira Gichigo
 Deputy Accountant General
 ICPAK M/No. 19940

MINISTRY OF EDUCATION
STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION
Annual Report and Financial Statements
For the year ended 30 June 2022

9. Statement of assets and liabilities as at 30th June 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	12A	205,019,777	3,466,545,326
Cash Balances	12B	1,000	149,226
Total Cash And Cash Equivalents		205,020,777	3,466,694,552
Accounts Receivables - Outstanding Imprest and Clearance Accounts	13	94,508,522	154,469,857
TOTAL FINANCIAL ASSETS		299,529,299	3,621,164,409
LESS: FINANCIAL LIABILITIES			
Accounts Payables - Deposits	14	117,319,416	64,881,834
NET FINANCIAL ASSETS		182,209,883	3,556,282,575
REPRESENTED BY			
Fund balance b/fwd.	15	3,556,282,575	1,533,013,856
Prior year adjustments	16	(467,363,788)	(24,771,930)
Surplus/Deficit for the year		(2,906,708,904)	2,048,040,649
NET FINANCIAL POSSITION		182,209,883	3,556,282,575

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 22/12 2022 and signed by:

.....
 Dr. Bello Kipsang
 Principal Secretary

.....
 E. Mukira Gichigo
 Deputy Accountant General
 ICPAK M/No. 19940

MINISTRY OF EDUCATION
STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION
Annual Report and Financial Statements
For the year ended 30 June 2022

10. Statement of cash flows for the year ended 30th June 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts for operating income			
Proceeds from Domestic and Foreign Grants	1	193,910,251	-
Transfers from National Treasury	2	98,389,181,881	95,170,875,514
Other Revenues	4	70,000,000	70,000,000
		98,653,092,131	95,240,875,514
Payments for operating expenses			
Compensation of Employees	5	3,983,379,906	3,732,621,411
Use of goods and services	6	5,815,120,762	5,009,016,505
Subsidies	7	62,560,672,721	59,541,584,343
Transfers to Other Government Units	8	30,546,359,898	26,249,256,281
Other grants and transfers	9	4,777,342	4,777,342
Social Security Benefits	10	3,509,303	3,752,968
		102,913,819,932	94,541,008,850
Adjusted for:			
Changes in receivables		59,961,335	(84,370,848)
Changes in payables		52,437,582	(15,225)
Adjustments during the year	16	(467,363,788)	(24,771,930)
Net cashflow from operating activities		(4,615,635,029)	590,708,661
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	3	1,357,007,554	1,348,173,985
Acquisition of Assets	11	2,988,658	-
Net cash flows from Investing Activities		1,354,018,896	1,348,173,985
NET INCREASE IN CASH AND CASH EQUIVALENT		(3,261,673,775)	1,938,882,646
Cash and cash equivalent at BEGINNING of the year		3,466,694,552	1,527,811,906
Cash and cash equivalent at END of the year		205,020,777	3,466,694,552

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 24th 2022 and signed by:

.....
 Dr. Belio Kipsang
 Principal Secretary

.....
 E. Mukira Gichigo
 Deputy Accountant General
 ICPAK M/No. 19940

MINISTRY OF EDUCATION
STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION
Annual Report and Financial Statements
For the year ended 30 June 2022

11. Statement of Comparison of budget and Actual Amounts for FY2021/22

Code	Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation Difference to Final Budget
		a	b	c=a+b	d	e=c-d	f=d/c %
	RECEIPTS						
	Proceeds from Domestic and Foreign Grants	-	232,122,388	232,122,388	193,910,251	38,212,137	84
	Exchequer releases	101,557,308,240	4,135,289,874	105,692,598,114	98,389,181,881	7,303,416,233	93
	Proceeds from Foreign Borrowings	300,000,000	(298,500,000)	1,500,000	-	1,500,000	-
	Proceeds from Sale of Assets	1,363,000,000	-	1,363,000,000	1,357,007,554	5,992,446	100
	Other Receipts	70,000,000	-	70,000,000	70,000,000	-	100
	Total Receipts	103,290,308,240	4,068,912,262	107,359,220,502	100,010,099,685	7,349,120,817	
	Payments						
21	Compensation of Employees	4,046,159,423	20,000,000	4,066,159,423	3,983,379,906	82,779,517	98
22	Use of goods and services	4,894,136,638	989,198,370	5,883,335,008	5,815,063,120	68,271,888	99
25	Subsidies	62,560,910,237	-	62,560,910,237	62,560,672,721	237,516	100
263	Transfers to Other Government Units	31,762,336,060	3,061,085,262	34,823,421,322	30,546,359,898	4,277,061,424	88
261/2/4	Other grants and transfers	18,000,000	-	18,000,000	4,777,342	13,222,658	27
27	Social Security Benefits	4,000,000	-	4,000,000	3,509,303	490,697	88
31	Acquisition of Assets	4,765,882	(1,371,370)	3,394,512	2,988,658	405,854	90
	Grand Total	103,290,308,240	4,068,912,262	107,359,220,502	102,916,808,590	4,442,411,912	
	Surplus/Deficit	-	-	-	(2,906,708,904)	2,906,708,904	

(a) *Variance analysis: i) The Receipts are less than the payments due to projects spending cash balances brought forward.*

MINISTRY OF EDUCATION
STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION
Annual Report and Financial Statements
For the year ended 30 June 2022

(b) *Proceeds from Domestic and Foreign Grants-* The department collected nil AIA 0% due to failure from the donor failing to meet their commitments

Kenya Institute of Curricular Development (KICD) collected in excess of Kshs. 494,870 which could not be accommodated in the budget provision set in the system. This is because the system in a way that it cannot allow capture of excess.

(c) *The state Department under spent the budgetary allocation as follows*

- ✓ **Transfers to Other Government Units-** The department underspent by 12% due to insufficient Exchequer
- ✓ **Other Grants and Transfers -** The department underspent by 73% due to failure by donor to implement some programs and insufficient Exchequer
- ✓ **Social Security Benefits-** The department underspent by 12% since we had fewer officers who retired

(d) *The State Department had a budget under Equalization Fund of Kshs. 2,249,500. The budget was domiciled at the national Treasury. Ac/ no 1-7031-7031100501-00001001-0501019999-2630201-000000001-000. Under this account the department spent Kshs. Nil, the balance remaining Kshs. 2,249,500.*

(e) *Reallocations within the year: The changes between the original and final budget are as a result of reallocations within the budget through the supplementary allocations*

The entity financial statements were approved on 22/12/2022 and signed by:

.....


Dr. Belio Kipsang

Principal Secretary

.....


E. Mukira Gichigo

Deputy Accountant General

ICPAK M/No. 19940

MINISTRY OF EDUCATION
STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION
Annual Report and Financial Statements
For the year ended 30 June 2022

11 (a) Summary Statement of Appropriation: Recurrent for FY2021/22

Code	Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation Difference to Final Budget
		a	b	c=a+b	d	e=d-c	f=d/c %
	RECEIPTS						
	Exchequer releases	90,130,708,240	1,695,566,883	91,826,275,123	91,055,018,587	771,256,536	99
	Proceeds from Sale of Assets	1,363,000,000		1,363,000,000	1,357,007,554	5,992,446	100
	Other Receipts	70,000,000	-	70,000,000	70,000,000	-	100
	Total Receipts	91,563,708,240	1,695,566,883	93,259,275,123	92,482,026,141	777,248,982	99
	PAYMENTS						
21	Compensation of Employees	4,046,159,423	20,000,000	4,066,159,423	3,983,379,906	82,779,517	98
22	Use of goods and services	4,855,136,638	998,198,370	5,853,335,008	5,815,063,120	38,271,888	99
25	Subsidies	62,560,910,237	-	62,560,910,237	62,560,672,721	237,516	100
263	Transfers to Other Government Units	20,074,736,060	678,739,883	20,753,475,943	20,077,235,325	676,240,618	98
261/2/4	Other grants and transfers	18,000,000	-	18,000,000	4,777,342	13,222,658	27
27	Social Security Benefits	4,000,000	-	4,000,000	3,509,303	490,697	88
31	Acquisition of Assets	4,765,882	(1,371,370)	3,394,512	2,988,658	405,854	90
	Finance Costs, including Loan Interest					-	
	Grand Total	91,563,708,240	1,695,566,883	93,259,275,123	92,447,684,016	811,591,107	
	Surplus/Deficit	-	-	-	34,342,125	(34,342,125)	

Notes

(a) *Variance analysis: The state Department under spent the budgetary allocation as follows*

- ✓ *Other Grants and Transfers - The department underspent by 73% due to failure by donor to implement some programs and insufficient Exchequer*

MINISTRY OF EDUCATION
STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION
Annual Report and Financial Statements
For the year ended 30 June 2022

✓ Social Security Benefits- The department underspent by 12% since we had fewer officers who retired

- (b) *Reallocations within the year: The changes between the original and final budget are as a result of reallocations within the budget through the supplementary allocations*
- (c) *Kenya Institute of Curricular Development (KICD) collected in excess of Kshs. 494,870 which could not be accommodated in the budget provision set in the system. This is because the system in a way that it cannot allow capture of excess.*

The entity financial statements were approved on 22/12 2022 and signed by:


.....
Dr. Bello Kipsang
Principal Secretary


.....
E. Mukira Gichigo
Deputy Accountant General
ICPAK M/No. 19940

MINISTRY OF EDUCATION
STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION
Annual Report and Financial Statements
For the year ended 30 June 2022

11 (b) Summary Statement of Appropriation: Development for FY2021/22

Code	Revenue/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	f=d/c %
	RECEIPTS						
	Proceeds from Domestic and Foreign Grants	-	232,122,388	232,122,388	193,910,251	38,212,137	84
	Exchequer releases	11,426,600,000	2,439,722,991	13,866,322,991	7,334,163,293	6,532,159,698	53
	Proceeds from Foreign Borrowings	300,000,000	(298,500,000)	1,500,000		1,500,000	-
	Total Receipts	11,726,600,000	2,373,345,379	14,099,945,379	7,528,073,544	6,571,871,835	53
	Payments						
22	Use of goods and services	39,000,000	(9,000,000)	30,000,000	-	30,000,000	-
263	Transfers to Other Government Units	11,687,600,000	2,382,345,379	14,069,945,379	10,469,124,573	3,600,820,806	74
	Grand Total	11,726,600,000	2,373,345,379	14,099,945,379	10,469,124,573	3,630,820,806	74
	Surplus/Deficit	-	-	-	(2,941,051,029)	2,941,051,029	

- a) *Variance analysis:* i) *The overall receipts are less than the payments this is as result of the projects spending the cash balances brought forward from the previous year.*
- ii) *The department had a shortfall in Proceeds from Domestic and Foreign Grants by 16% due to delays in implementation of the Priede project*
- iii) *The department was underfunded through the Exchequer by 47%*
- iv) *Proceeds from Domestic and Foreign Grants- The department collected nil AIA 0% due to failure from the donor failing to meet their commitments.*
- b) *The state Department under spent the budgetary allocation as follows*

MINISTRY OF EDUCATION
STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION
Annual Report and Financial Statements
For the year ended 30 June 2022

- ✓ Use of Goods and services- The department had Zero (0) expenditure due to failure by the donor (UNICEF) to implement its programs
- ✓ Other Grants and Transfers - The department underspent by 26% due to failure by donor to implement some programs and insufficient Exchequer
- c) The State Department had a budget under Equalization Fund of Kshs. 2,249,500. The budget was domiciled at the national Treasury. Ac/ no 1-7031-7031100501-00001001-0501019999-2630201-000000001-000. Under this account the department spent Kshs. Nil, the balance remaining Kshs. 2,249,500.
- d) **Reallocations within the year:** The changes between the original and final budget are as a result of reallocations within the budget through the supplementary allocations

The entity financial statements were approved on 22/12 2022 and signed by:


.....

Dr. Belio Kipsang
Principal Secretary


.....

E. Mukira Gichigo
Deputy Accountant General
ICPAK M/No. 19940

MINISTRY OF EDUCATION
STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION
Annual Report and Financial Statements
For the year ended 30 June 2022

11 (c) Budget Execution by Programmes and Sub-Programmes for FY2021/22

Programme/Sub-programme	Original Budget	Final Budget	Actual on comparable basis	Budget utilization difference
	2022	2022	Date, 2022	
	Kshs	Kshs	Kshs	Kshs
PRIMARY EDUCATION	22,406,433,645	22,406,433,645	18,964,546,383	3,441,887,262
Free Primary Education	18,139,843,132	18,139,843,132	15,604,973,441	2,534,869,691
Special Needs Education	1,054,184,010	1,054,184,010	977,689,814	76,494,196
Early Child Development and Education	2,944,658	2,944,658	3,044,272	(99,614)
Primary Teachers Training and In-servicing	531,166,714	531,166,714	468,658,697	62,508,017
Alternative Basic Adult and Continuing Education	78,609,312	78,609,312	59,822,396	18,786,916
School Health, Nutrition and Meals	2,399,485,819	2,399,485,819	1,699,665,713	699,820,106
Expanding Education Opportunities in ASALs	90,000,000	90,000,000	90,000,000	-
ICT Capacity Development	110,200,000	110,200,000	60,692,050	49,507,950
SECONDARY EDUCATION	75,778,850,616	75,778,850,616	75,079,257,904	699,592,712
Secondary Bursary Management Services	-	-	-	-
Free Day Secondary Education	75,040,417,316	75,040,417,316	74,403,296,709	637,120,607
Secondary Teachers Education Services	348,700,000	348,700,000	286,227,969	62,472,032
Secondary Teachers In-Service	189,733,300	189,733,300	189,733,300	-
Special Needs Education	200,000,000	200,000,000	199,999,927	73
QUALITY ASSURANCE STANDARDS	4,313,205,423	4,313,205,423	4,158,412,794	154,792,629
Curriculum Development	1,298,387,569	1,298,387,569	1,248,387,568	50,000,001
Examination and Certification	2,079,100,000	2,079,100,000	1,976,100,000	103,000,000
Co-Curriculum Activities	935,717,854	935,717,854	933,925,226	1,792,628
GENERAL ADMINISTRATION, PLANNING AND SUPPORT SERVICES	4,860,730,818	4,860,730,818	4,714,591,509	146,139,309
Headquarters Administrative Services	2,185,498,096	2,185,498,096	2,089,401,202	96,096,894
County Administrative Services	2,675,232,722	2,675,232,722	2,625,190,307	50,042,415
TOTAL	107,359,220,502	107,359,220,502	102,916,808,590	4,442,411,912

12. Notes to the Financial Statement

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 (*name of entity*). 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 Primary Education Development Project*
- ii. Secondary Education quality Improvement Project*
- iii. Education for Young People Programme*
- iv. Covid- 19 Funding*

3. Reporting Currency

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

4. Significant Accounting Policies

The accounting policies set out in this section have been consistently applied by (name of the *entity*) for all the years presented.

a) Recognition of Receipts

The *Entity* recognises all receipts from the various sources when the event occurs, and the related cash has been received by the *Entity*.

(i) Transfers from the Exchequer

Transfers from the exchequer are 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*.

(ii) External Assistance

External assistance is received through grants and loans from multilateral and bilateral development partners. Grants and loans shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary. In case of grant/loan in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice. A similar recognition criteria is applied for loans received in the form of a direct payment.

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.

Significant Accounting Policies (Continued)

(iii) Other receipts

These include Appropriation-in-Aid and relates to receipts such as proceeds from 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 Entity recognises all payments when the event occurs, and the related cash has been paid out by the *Entity*.

i) Compensation of Employees

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

ii) Use of Goods and Services

Goods and services are recognized 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) Interest on Borrowing

Borrowing costs that include interest are recognized as payment in the period in which they are paid for. (*Customise to your organisation*)

iv) Principal on borrowing

The repayment of principal amount of borrowing is recognized as payment in the period in which the repayment is made. (*Customize as per organization*).

Significant Accounting Policies (Continued)

v) 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 and a summary provided for purposes of consolidation. *This summary is disclosed as an annexure xx to the financial statements.*

vi) In-kind contributions

In-kind contributions are donations that are made to the Entity 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 *Entity* 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.

vii) Third Party Payments

Included in the receipts and payments, are payments made on its behalf to third parties in form of loans and grants. These payments do not constitute cash receipts and payments and are disclosed in the payment to third parties in the statement of receipts and payments as proceeds from foreign borrowings.

Significant Accounting Policies (Continued)

c) Cash and Cash Equivalents

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

A bank account register is maintained and a summary provided for purposes of consolidation. *This summary is disclosed as an annexure xx to the financial statements.*

Restriction on Cash

Restricted cash represents amounts that are limited/restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation.

Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. *As at 30th June 2022, this amounted to Kshs xxx compared to Kshs xxx in prior period as indicated on note xxx. There were no other restrictions on cash during the year.*

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 recognized 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.

Significant Accounting Policies (Continued)

e) Third party deposits and retention

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized 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 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 and retentions, 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 in *June 20xx for the period 1st July 2021 to 30th June 2022* as required by Law and there were xx number of 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. Government Development Projects are budgeted for under the MDAs but receive budgeted funds as transfers and account for them separately. These transfers are recognised as inter-entity transfers.

MINISTRY OF EDUCATION
STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION
Annual Report and Financial Statements
For the year ended 30 June 2022

Significant Accounting Policies (Continued)

h) Comparative Figures

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

i) Subsequent Events

There have been no events after the financial year end with a significant impact on the financial statements for the year ended 30th June 2022.

j) Prior Period Adjustment

During the year, errors that have been corrected are disclosed *under note 26* explaining the nature and amounts.

k) Related Party Transactions

Related party means parties are related if one party has the ability to:

- a) Control the other party or
- b) Exercise significant influence over the other party in making financial and operational decisions, or if the related party entity and another entity are subject to common control.

Related party transaction is a transfer of resources or obligations between related parties regardless of whether a price is charged.

MINISTRY OF EDUCATION
STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION
Annual Report and Financial Statements
For the year ended 30 June 2022

Significant Accounting Policies (Continued)

l) Contingent Liabilities

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) A present obligation that arises from past events but is not recognised because:
 - i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
 - ii) The amount of the obligation cannot be measured with sufficient reliability.

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships, The *entity* does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. **Note xx** and *Annex 7* of this financial statement is a register of the contingent liabilities in the year.

MINISTRY OF EDUCATION
STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION
Annual Report and Financial Statements
For the year ended 30 June 2022

Notes to the Financial Statements

1 Proceeds from Domestic and Foreign Grants

Name of Donor	Date received	Amount in foreign currency	2021-2022	2020-2021
			Kshs	Kshs
Grants Received from Bilateral Donors (Foreign Governments)				
GPE- PRIEDE			193,910,251	-
TOTAL			193,910,251	-

These were direct payments made by the donor towards the PRIEDE

2 Exchequer releases

Description	Reference of the transfer	Date of transfer	2021-2022	2020-2021
			Kshs	Kshs
Total Exchequer Releases for quarter 1			21,016,611,644	5,180,291,226
Total Exchequer Releases for quarter 2			22,592,463,179	41,880,322,653
Total Exchequer Releases for quarter 3			26,500,959,327	13,609,547,218
Total Exchequer Releases for quarter 4			28,279,147,731	34,500,714,417
TOTAL			98,389,181,881	95,170,875,514

We had a shortfall of Kshs. 7,303,416,233 which is and equivalent of 7 % funding of the total allocation.

3 Proceeds from Sale of Assets

	2021-2022	2020-2021
	Kshs	Kshs
Receipts from the Sale of Inventories, Stocks and Commodities	1,357,007,554	1,348,173,985
TOTAL	1,357,007,554	1,348,173,985

This was in relation to services offered by the state department through various sagas and units. However, KICD collected in excess of Kshs. 494,870 which could not be accommodated in the budget provision set in the system. This is because the system in a way that it cannot allow capture of excess.

MINISTRY OF EDUCATION
STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION
Annual Report and Financial Statements
For the year ended 30 June 2022

Notes to the Financial Statements (Continued)

4 Other Receipts

	2021-2022	2020-2021
	Kshs	Kshs
Receipts from Administrative Fees and Charges	70,000,000	70,000,000
TOTAL	70,000,000	70,000,000

5 Compensation to Employees

	2021-2022	2020-2021
	Kshs	Kshs
Basic salaries of permanent employees	2,413,468,190	2,304,816,599
Basic wages of temporary employees	265,570,670	135,037,718
Personal allowances paid as part of salary	1,287,226,303	1,271,584,939
Personal allowances paid as reimbursements		700,000
Employer Contributions Compulsory national social security schemes	3,970,202	4,850,301
Employer Contributions Compulsory national health insurance schemes	13,144,541	15,631,854
TOTAL	3,983,379,906	3,732,621,411

MINISTRY OF EDUCATION
STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION
Annual Report and Financial Statements
For the year ended 30 June 2022

Notes to the Financial Statements (Continued)

6 Use of Goods and Services

	2021-2022	2020-2021
	Kshs	Kshs
Utilities, supplies and services	89,545,915	89,190,677
Communication, supplies and services	8,983,281	8,560,984
Domestic travel and subsistence	29,005,410	60,504,137
Foreign travel and subsistence	2,132,031	812,188
Printing, advertising and information supplies & services	6,420,093	4,512,730
Rentals of produced assets	147,262,641	158,824,241
Training expenses	3,621,979	1,373,225
Hospitality supplies and services	47,208,255	11,080,770
Specialised materials and services	13,957,387	14,838,626
Office and general supplies and services	300,370,380	477,956,594
Other operating expenses	5,041,230,071	4,065,746,042
Routine maintenance – vehicles and other transport equipment	50,725,322	55,690,005
Routine maintenance – other assets	26,167,450	22,011,337
Fuel Oil and Lubricants	48,490,548	37,914,951
TOTAL	5,815,120,762	5,009,016,505

7 Subsidies

Description	2021-2022	2020-2021
	Kshs	Kshs
Subsidies to Public Corporations	62,560,672,721	59,541,584,343
TOTAL	62,560,672,721	59,541,584,343

MINISTRY OF EDUCATION
STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION
Annual Report and Financial Statements
For the year ended 30 June 2022
Notes to the Financial Statements (Continued)

8 Grants and Transfers to other Government Entities

Description	2021-2022	2020-2021
	Kshs	Kshs
Transfers to National Government entities (SCOA Codes 2630100)	19,971,035,325	19,672,518,327
Capital Grants to Government Agencies and other level of Government (SCOA- 2630200)	5,722,543,364	4,256,588,506
Other Current, transfers, grants and subsidies (SCOA- 2640400)	106,200,000	106,200,000
Other capital Grants and transfers (SCOA- 2640500)	4,746,581,209	2,213,949,449
TOTAL	30,546,359,898	26,249,256,281

8 b: Transfers to self – reporting entities in the year

The above transfers were made to the following self-reporting entities in the year:

Description	Recurrent	Development	2021-2022
	Kshs	Kshs	Kshs
Transfers to SAGAs and SCs			
The Kenya Scouts Association	79,650,000	-	79,650,000
Centre for Maths Science and Tech Education in Africa	975,647,300	12,500,000	988,147,300
Kenya Institute for The Blind	31,000,000	-	31,000,000
Lugari Teachers Training College	53,500,000	12,500,000	66,000,000
National Council for the Nomadic Education in Kenya	446,066,256	-	446,066,256
The President's Award Kenya	30,000,000		30,000,000
Kenya National Commission for UNESCO	309,300,000	-	309,300,000
Kenya National Examination Council	5,172,968,710	500,000,000	5,672,968,710
Kenya Institute of Curriculum Development	5,017,971,905	50,000,000	5,067,971,905
School Equipment Production Unit	139,900,000	-	139,900,000
Kenya Institute of Special Education	334,163,620	75,500,000	409,663,620
Kenya Education Management Institute	88,900,000	-	88,900,000
Kibabii Teachers Training College	117,500,000	25,000,000	142,500,000
Kagumo Teachers Training College	72,200,000	12,500,000	84,700,000
Kenya Girls Guide Association	26,550,000	-	26,550,000
Transfers to Projects-GoK Counterpart funding			
PRIEDE	-	1,122,151,982	1,122,151,982
SEQIP	-	3,304,971,376	3,304,971,376
COVID- 19	-	514,320,478	514,320,478
TOTAL	12,895,317,791	5,629,443,836	18,524,761,627

We have confirmed these amounts with the recipient entities and attached these confirmations as an Appendix to this financial statement.

MINISTRY OF EDUCATION
STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION
Annual Report and Financial Statements
For the year ended 30 June 2022

9 Other Grants and Transfers

	2021-2022	2020-2021
	Kshs	Kshs
Scholarships and other educational benefits	4,777,342	4,777,342
Total	4,777,342	4,777,342

These was in relation to children of prominent people and scholarships for education attaches children

10 Social Security Benefits

	2021-2022	2020-2021
	Kshs	Kshs
Government pension and retirement benefits	3,509,303	3,752,968
TOTAL	3,509,303	3,752,968

Service gratuity was paid to the Cabinet Secretary and a Deputy director unlike prior year where we had several officers

11 Acquisition of Assets

	2021-2022	2020-2021
	Kshs	Kshs
Non-Financial Assets		
Purchase of Household Furniture and Institutional Equipment	2,988,658	-
Purchase of Office Furniture and General Equipment	-	-
TOTAL	2,988,658	-

Notes to the Financial Statements (Continued)

12 Cash and Bank Accounts

12 A: Bank Accounts

Name of Bank, Account No. & currency	Indicate whether recurrent, Development, deposit e.t.c	Exc rate (if in foreign currency)	2021-2022	2020-2021
			Kshs	Kshs
Central Bank of Kenya, 1000384263, KShs	Recurrent	1	18,066	93,948,981

MINISTRY OF EDUCATION
STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION
Annual Report and Financial Statements
For the year ended 30 June 2022

<i>Central Bank of Kenya, 1000384287, KShs</i>	Deposit	1	117,319,416	64,881,834
<i>Central Bank of Kenya, 1000384271, KShs</i>	Development	1	4,148,648	2,639,455
<i>Central Bank of Kenya, 1000307398, KShs</i>	Develop- Priede A	1	-	422,217,152
<i>Central Bank of Kenya, 1000307404, KShs</i>	Develop- Priede B	1	-	162,538,766
<i>Central Bank of Kenya, 1000307412, KShs</i>	Develop- Priede Gok	1	-	-
<i>Central Bank of Kenya, 1000465069, KShs</i>	Develop- Priede DLA	1	-	32,310,000
<i>Central Bank of Kenya, 1000470728, KShs</i>	Develop- COVID-19	1	-	273,709,382
<i>Central Bank of Kenya, 1000387912, KShs</i>	Develop- Sequip- P	1	23,257,261	2,414,074,806
<i>Central Bank of Kenya, 1000387939, KShs</i>	Develop- Sequip- DLI		60,051,435	
<i>Kenya Commercial Bank, 1102291331, KShs</i>	Develop- Unicef	1	224,950	224,950
Total			205,019,777	3,466,545,326

Notes

In addition to the above we had a balance of Kshs 17,882,084 in Equity holding account. This amounts had been expensed

• **MINISTRY OF EDUCATION**
STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION
Annual Report and Financial Statements
For the year ended 30 June 2022

Notes to the Financial Statements (Continued)

12 B: Cash on hand

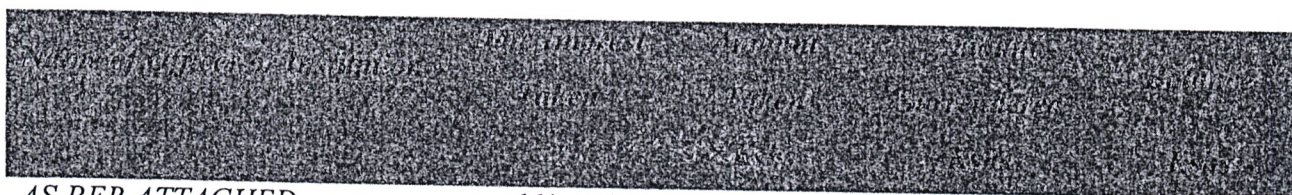
	2021-2022	2020-2021
	Kshs	Kshs
Cash in Hand – Held in domestic currency	1,000	149,226
Cash in Hand – Held in foreign currency		
TOTAL	1,000	149,226

Detailed Cash is as follows:

	2021-2022	2020-2021
	Kshs	Kshs
Headquarters, National Treasury Building, Cash office		
Location 1 Recurrent	1,000	149,226
Location 2 Development		
TOTAL	1,000	149,226

13 : Imprests and Advances

<i>Description</i>	2021-2022	2020-2021
	Kshs	Kshs
Government Imprests	1,814,630	1,363,285
Domestic debtors and advances	220,178	376,178
District suspense	92,473,714	152,730,394
TOTAL	94,508,522	154,469,857



AS PER ATTACHED

dd/mm/yy

xxx

xxx

xxx

Total

xxx

MINISTRY OF EDUCATION
STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION
Annual Report and Financial Statements
For the year ended 30 June 2022

Notes to the Financial Statements (Continued)

14 Third party deposits and retention

	2021-2022	2020-2021
	Kshs	Kshs
Deposits	117,319,416	64,881,834
TOTAL	117,319,416	64,881,834

15 . Fund Balance Brought Forward

	2020-2021	2019-2020
	Kshs	Kshs
Bank accounts	3,466,545,326	1,527,776,487
Cash in hand	149,226	35,419
Receivables - Outstanding Imprests	154,469,857	70,099,009
Payables - Deposits	(64,881,834)	(64,897,059)
TOTAL	3,556,282,575	1,533,013,856

16 Prior Year Adjustments

Description of the error	2021-2022	2020-2021
	Kshs	Kshs
Bank Account Balances	(467,363,788)	(24,771,930)
TOTAL	(467,363,788)	(24,771,930)

These are funds that were surrendered to the National treasury

• **MINISTRY OF EDUCATION**
STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION
Annual Report and Financial Statements
For the year ended 30 June 2022

Notes to the Financial Statements (Continued)

17 (Increase)/ Decrease in Advances and Imprests

	2021-2022	2020-2021
	Kshs	Kshs
Receivables As At 1 st July (A)	154,469,857	70,099,009
Receivables As At 30 th June (B)	94,508,522	154,469,857
(Increase)/ Decrease in Receivables (C=(B-A))	59,961,335	(84,370,848)

18 Increase/ (Decrease) in Retention and Third-Party Deposits

Description of the error	2021-2022	2020-2021
	Kshs	Kshs
Payables As At 1 st July	64,881,834	64,897,059
Payables As At 30 th June	117,319,416	64,881,834
Increase/ (Decrease) In Payables	52,437,582	15,225

19 Related Party Disclosures

Related party disclosure is encouraged under non-mandatory section of the Cash Basis IPSAS.

The following comprise of related parties to the State Department for Early Learning and Basic Education

- i) Key management personnel that include the Cabinet Secretaries and Accounting Officers
- ii) Other Ministries Departments and Agencies and Development Projects;
- iii) County Governments; and
- iv) State Corporations and Semi-Autonomous Government Agencies.

19.1 Related party transactions:

Key Management Compensation	132,087,809	59,033,919
Transfers to related parties		
Transfers to SAGAs	13,583,317,791	11,766,572,788
Transfers to Development Project	4,941,443,836	2,213,851,054
Transfers to other non -reporting entities and primary Schools	12,003,450,746	9,732,482,478
Total Transfers to related parties	30,528,212,373	23,771,940,239

MINISTRY OF EDUCATION
STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION
Annual Report and Financial Statements
For the year ended 30 June 2022

20 Other Important Disclosures

20.1: Pending Accounts Payable (See Annex 1)

	2021-2022	2020-2021
	Kshs	Kshs
Supply of goods	189,072,000	-
Supply of services	240,015,117	5,700,535
TOTAL	429,087,117	5,700,535

20.2: Other Pending Payables (See Annex 3)

	2021-2022	2020-2021
	Kshs	Kshs
Amounts due to National Government entities	212,115	612,750
TOTAL	212,115	612,750

MINISTRY OF EDUCATION
STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION
Annual Report and Financial Statements
For the year ended 30 June 2022

Notes to the Financial Statements (Continued)

21.1 Progress on follow up of Prior Years Auditor-General's recommendations

The following is the summary of issues raised by the Auditor-General during the prior year and management comments that were provided.

Reference No.	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: 30th June 2022
1	Secondary School Enrollment	The system is being reengineered to incorporate tailored reports as per emerging requirements.	Directorate/ICT	Resolved	30th June 2022
2	Out of Mask Bank Account Numbers	The error occurred during keying of bank accounts on NEMIS by schools but have been corrected	Directorate/ICT	Un-Resolved	30th June 2022
3	Duplication in Bank Accounts Numbers for Different Secondary Schools	There was duplication for MAGUTU and MAGUTU GIRLS in the system but funds were only sent to one school	Directorate/ICT	Un-Resolved	30th June 2022
4	Unsupported Board of Management Teachers' Salaries Disbursements	The data was provided by TSC and Adopted by CDEs	Directorate	Resolved	30th June 2022
5	Unsupported Disbursement made in October 2020	The major cause of variance of data on NEMIS is the entry of form one data which is adjusted in second term	Directorate/ICT	Un-Resolved	30th June 2022
7	Duplication in Primary School Registration Numbers	That was the old system coding. The anomaly has since been rectified in the FPE disbursement system and all schools have unique TSC codes.	Directorate/ICT	Un-Resolved	30th June 2022
8	Duplication in Primary School Bank Accounts	This was an error committed by the bank, this has since been changed when the bank became fully digitized.	Directorate/ICT	Un-Resolved	30th June 2022

MINISTRY OF EDUCATION
STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION
Annual Report and Financial Statements
For the year ended 30 June 2022

9	Data on Special Needs Education Institutions	Enrolment for SNE is dynamic and vary from one quarter to another. The correct enrolment for first half is 343 13 learners and not 23464 as stated	Directorate/ICT	Un-Resolved	30th June 2022
10	Receivables – Foreign Receivables – Foreign Missions Balances Kshs 23,794,612	The correct amount has been reconciled amended in our financial statements	Directorate/ICT	Un-Resolved	30th June 2022
11	Unaccounted Transfer to Other Government Units - Kshs 464,886,400	Financial statements to these institutions are available for audit and confirmation of outstanding balances since they are self-reporting.	Directorate/ICT		30th June 2022
12	Subsidies Expenditure on Arid and Semi-Arid Areas Kshs 22,140,000	The identification of the schools is done by the County Education Board (CEB) and names forwarded to the ministry headquarters.	Directorate		30th June 2022
13	Accounts receivables Kshs.12,127,260.61	The analysis has been provided	Accounts	Resolved	30th June 2022
14	Compensation of Employees - Unsupported Salary payment Kshs 1,000,000	The expenditure was in respect of Education Attaches	Human resource	Resolved	30th June 2022
15	Unsupported Prior Year Adjustments Kshs 24,771,930	This were balances recovered by Treasury after closure of the F/Y	Accounts	Resolved	30th June 2022
16	Mis posting Under use Of Goods and Services	The expenditure was in respect of Aids control Unit budgeted under Item 2211103	Accounts	Resolved	30th June 2022
17	Compensation of Employees	The expenditure was in respect of Education Attaches	Human resource	Resolved	30th June 2022
18	Inter-Agency Accounts	The expenditure was in respect of Education Attaches	Accounts	Resolved	30th June 2022
19	Receipt Analysis	The Receipts have been analyzed	Accounts	Resolved	30th June 2022
20	Expenditure Analysis	The analysis has been provided	Directorate	Resolved	30th June 2022
21	Pending Bills	The under expenditure was as a result of Covid- 19 Pandemic	Procurement/Direc torate	Resolved	30th June 2022

**MINISTRY OF EDUCATION
STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION
Annual Report and Financial Statements
For the year ended 30 June 2022**

13. Annexes

Annex 1 - Analysis of Pending Accounts Payable

	A	B	c	d=a-c		
Supply of goods						
Specicom Technologies Ltd	189,072,000.00				189,072,000.00	
Supply of services						
Comfort Hotels and Lodges	707,200.00				707,200.00	
Pewin Motors Ltd	173,639.95				173,639.95	
Amazon Transporters Ltd	2,769,972.15				2,769,972.15	
Equity Ground Foundation	236,364,305.00				236,364,305.00	
Sub-Total	429,087,117.10				429,087,117.10	

Annex 2 - Analysis of Pending Staff Payables

[illegible]

Senior Management

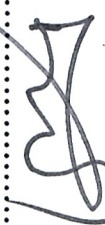
Middle Management

MINISTRY OF EDUCATION
NATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION
Annual Report and Financial Statements
For the year ended 30 June 2022

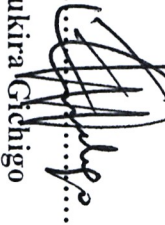
22	Delay of Exchequer Releases	The Economy was hit by Covid-19 Pandemic, which affected Revenues.	Treasury/ Accounts	Resolved	30th June 2022
23	Service of Lifts in Jogoo House	The contract is in place	Procurement/Adm inistration	Resolved	30th June 2022
24	Non-Compliance to Lease Agreements	The contract is in place	Administration/ legal	Resolved	30th June 2022
25	Transfers to Other Government Entities – Kshs. 1,774,057,586	It was a newly introduced intervention and on its first-time implementation in the wake of Covid-19 Pandemic.	Directorate	Un-Resolved	30th June 2022
26	Lack of Audit Committee	The Committee is in place	Administration	Resolved	30th June 2022

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management.
- (iii) Before approving the report, discuss the timeframe with the appointed focal persons within your entity responsible for implementation of each issue.
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

.....


Dr. Belio Kipsang
Principal Secretary

.....


E. Mukira Gichigo
Deputy Accountant General
ICPAK M/No. 1990

Name of Name	Job Group	Original Amount	Payroll Paid	Outstanding Balance	Comments
		Amount		To Date	
				2021-07-29	

Grand Total

MINISTRY OF EDUCATION
STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION
Annual Report and Financial Statements
For the year ended 30 June 2022

Annex 3 - Analysis of Other Pending Payables

	Other Pending Payables	Other Pending Payables	Other Pending Payables	Other Pending Payables	Other Pending Payables	Other Pending Payables
	a	b	c	d=a-c		
Amounts due to National Govt Entities						
Government Advertising Agency	212,115.00			212,115.00		
Sub-Total	212,115.00			212,115.00		
Grand Total	429,299,232.10			429,299,232.10		

Annex 4 – Summary of Fixed Asset Register

Asset Class	Initial Cost (GHS)	Additions (GHS)	Depreciation during the year (GHS)	Transfers (GHS)	Disposals (GHS)
Land	-	-	-	-	0.00
Buildings and structures	4,475,007,916.00	-	-	-	4,475,007,916.00
Transport equipment	647,611,846.00	-	-	-	647,611,846.00
Office equipment, furniture and fittings	592,888,879.00	2,988,658	-	-	595,877,537.00
ICT Equipment	265,171,822.00	-	-	-	265,171,822.00
Machinery and Equipment	24,441,138.00	-	-	-	24,441,138.00
Total	6,005,121,601.00	2,915,370.00	-	-	6,008,036,971.00

MINISTRY OF EDUCATION
STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION
Annual Report and Financial Statements
For the year ended 30 June 2022

Annex 5 – List of Projects implemented by State Department for Early Learning and Basic Education

Ref	Project Description				Project Manager	Project Status
1	Kenya	Primary Development Project	Education	Improve Early Grade Mathematics Competency and strengthen management systems at schools	Dr Julius Jwan	Yes
2		Secondary Education Improvement Project	Quality	Improving Student Learning and Transition from Primary to Secondary in targeted areas	Dr Julius Jwan	Yes
3		Education for Young Programme (UNICEF)	People	To expand and improve early childhood development and education for vulnerable and disadvantaged children	Dr Julius Jwan	Yes
4		COVID-19 - Learning Continuity in Basic Education		To enhance access to online and distance learning for students in primary and secondary schools and facilitate a smooth transition in the return to school for targeted vulnerable students	Dr Julius Jwan	Yes

MINISTRY OF EDUCATION
STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION
Annual Report and Financial Statements
For the year ended 30 June 2022

Annex 6 – List of SCs, Sagas and Public Funds Under State Department for Early Learning and Basic Education

1	The Kenya Scouts Association	79,650,000	Yes
2	Centre for Maths Science and Tech Education in Africa	988,147,300	Yes
3	Kenya Institute for The Blind	31,000,000	Yes
4	Lugari Teachers Training College	66,000,000	Yes
5	National Council for the Nomadic Education in Kenya	446,066,256	Yes
6	The President's Award Kenya	30,000,000	Yes
7	Kenya National Commission for UNESCO	309,300,000	Yes
8	Kenya National Examination Council	5,672,968,710	Yes
9	Kenya Institute of Curriculum Development	5,067,971,905	Yes
10	School Equipment Production Unit	139,900,000	Yes
11	Kenya Institute of Special Education	409,663,620	Yes
12	Kenya Education Management Institute	88,900,000	Yes
13	Kibabii Teachers Training College	142,500,000	Yes
14	Kagumo Teachers Training College	84,700,000	Yes
15	Kenya Girls Guide Association	26,550,000	
	TOTAL	13,583,317,791	

MINISTRY OF EDUCATION
STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION
Annual Report and Financial Statements
For the year ended 30 June 2022

Annex 7- List of Reporting Entities - State Department for Early Learning and Basic Education

Sl. No.	Name of the Reporting Entity	Total Assets	Total Liabilities	Total Equity	Contact Person	Telephone	Email
1	The Kenya Scouts Association	79,650,000	Thomas Simiyu	0717444627			
2	Centre for Maths Science and Tech Education in Africa	988,147,300	Brandon Sila	0712540008			
3	Kenya Institute for The Blind	31,000,000	Joyce W. Chege	0720863449			
4	Lugari Teachers Training College	66,000,000	Michael Mukholo	0728501677			
5	National Council for the Nomadic Education in Kenya	446,066,256	George Gatheru	0722896274			
6	The President's Award Kenya	30,000,000	Grace Musyoka	0720409590			
7	Kenya National Commission for UNESCO	309,300,000	Naomi Muiruri	0721426863			
8	Kenya National Examination Council	5,672,968,710	Abraham Oloo	0703506539			
9	Kenya Institute of Curriculum Development	5,067,971,905	Solomon Munyoki Kathuo	0721268368			
10	School Equipment Production Unit	139,900,000	Salome Odek	0727053119			
11	Kenya Institute of Special Education	409,663,620	Anthony C. Mwangi	0721973368			
12	Kenya Education Management Institute	88,900,000	Richard Thomi	0722440800			
13	Kibabii Teachers Training College	142,500,000	David Muchere	0723600358			
14	Kagumo Teachers Training College	84,700,000	Carolayne Githinji	0723030429			
15	Kenya Girls Guide Association	26,550,000	Irene Chiayi	0715684234			
16	Teachers Service Commission	N/A	Ayabei Cheptumo	0722491294			
TOTAL		13,583,317,791					

MINISTRY OF EDUCATION
STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION
Annual Report and Financial Statements
For the year ended 30 June 2022

Annex 8- List of Bank Accounts - State Department for Early Learning and Basic Education

	Name of the Bank	Branch	Account Number	Authority Reference
1	Kenya Commercial Bank	Moi Avenue	1261272668	AG.3/88/1 Vol.29/77
2	Absa Bank	Head office Bishops Gate	010011203000003	AG.3/88/1 Vol.29/77
3	Co-operative Bank	Cooperative House-Head Office	01141844277500	AG.3/88/1 Vol.29/77
4	First Community Bank	Head office- Lenana Road	0009535501	AG.3/88/1 Vol.29/77
5	National Bank of Kenya	Harambee Avenue	01071218697500	AG.3/88/1 Vol.29/77
6	Standard Chartered Bank	Chiromo Head Office	0108087627300	AG.3/88/1 Vol.29/77
7	Family Bank	Head Office - Family Bank	068000023804	AG.3/88/1 Vol.29/77
8	Consolidated Bank	Head Office Koinange Street	10011203000003	AG.3/88/1 Vol.29/77
9	Equity Bank	Equity Centre- Head Office	0470279070896	AG.3/88/1 Vol.29/77

MINISTRY OF EDUCATION
STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION
Annual Report and Financial Statements
For the year ended 30 June 2022

Annex 9 - Reports Generated from IFMIS

The following financial reports generated from IFMIS should be attached as appendices to these financial statements.

- i. GOK IFMIS Comparison Trial Balance
- ii. FO30 (Bank reconciliations) for all bank accounts
- iii. GOK IFMIS Receipts and Payments Statement
- iv. GOK IFMIS Statement of Financial Position
- v. GOK IFMIS Statement of Cash Flows
- vi. GOK IFMIS Notes to the Financial Statements
- vii. GOK IFMIS Statement of Budget Execution
- viii. GOK IFMIS Statement of Deposits
- ix. GOK IFMIS Budget Execution by Programme and Economic Classification
- x. GOK IFMIS Budget Execution by Heads and Programmes
- xi. GOK IFMIS Budget Execution by Programmes and Sub-programmes