



Enhancing Accountability



| | |
|--------------------------------------|-----------------|
| REPORT | |
| THE NATIONAL ASSEMBLY PAPERS LAID | |
| DATE: 08 FEB 2021 | DAY: TUESDAY |
| TABLED | Lom |
| CLERK-AT THE-TABLE: | Mess Lemwa |

PARLIAMENT
OF KENYA
LIBRARY

THE AUDITOR-GENERAL

ON

**SECONDARY EDUCATION QUALITY
IMPROVEMENT PROJECT
(CREDIT NO.6138 – KE)**

**FOR THE YEAR ENDED
30 JUNE, 2020**

**MINISTRY OF EDUCATION –
STATE DEPARTMENT FOR EARLY
LEARNING AND BASIC EDUCATION**





SECONDARY EDUCATION QUALITY IMPROVEMENT PROJECT (SEQIP)

MINISTRY OF EDUCATION

PROJECT CREDIT NUMBER: IDA 6138-KE

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
30 JUNE, 2020**

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

CONTENTS

PAGE

| | | |
|-----|---|-------|
| 1. | PROJECT INFORMATION AND OVERALL PERFORMANCE | ii |
| 2. | STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETRMINED OBJECTIVES | vii |
| 3. | CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY | xiv |
| | REPORTING..... | xiv |
| 4. | STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES | xvii |
| 5. | REPORT OF THE INDEPENDENT AUDITORS ON THE SEQIP PROJECT | xviii |
| 6. | REPORT OF THE INDEPENDENT AUDITORS ON THE SEQIP PROJECT | xix |
| 7. | STATEMENT OF RECEIPTS AND PAYMENTS FOR THE PERIOD ENDED 30 JUNE 2020..... | 1 |
| 8. | STATEMENT OF FINANCIAL ASSETS AS AT 30 JUNE 2020 | 2 |
| 9. | STATEMENT OF CASHFLOW FOR THE PERIOD 30 JUNE 2020..... | 3 |
| 10. | STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS..... | 4 |
| 11. | NOTES TO THE FINANCIAL STATEMENTS..... | 5 |
| 10. | OTHER IMPORTANT DISCLOSURES..... | 24 |
| 11. | PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S RECOMMENDATIONS | 27 |

1. PROJECT INFORMATION AND OVERALL PERFORMANCE

1.1 Name and registered office

Name: The project's official name is **Secondary Education Quality Improvement Project**

Objective: The key objective of the project is to improve student learning and transition from primary to secondary education in the targeted areas.

Address: The project headquarters offices are at Ministry of Education, located in Nairobi City County, Kenya.

The official address is 30040-0100, Nairobi, Kenya.

The address of its registered office is:

**Jogoo House B
Harambee Avenue
Nairobi.**

Contacts: The following are the project contacts

Telephone: (254) 02318581

E-mail: ps@education.go.ke

Website: [www.education .go.ke](http://www.education.go.ke)

1.2 Project Information

| | |
|---------------------|---|
| Project Start Date: | The project start date is 27/9/2017 |
| Project End Date: | The project end date is 31/12/2023 |
| Project Manager: | The project manager is Ms Jane Mbugua |
| Project Sponsor: | The project sponsor is International Development Association (IDA) |

1.3 Project Overview

| | |
|---|--|
| Line Ministry/State Department of the project | The project is under the supervision of the Ministry o Education, State Department for Early learning and Basic Education. |
| Project number | P1160083 |
| Strategic goals of the project | The project activities are aligned with the Government strategic objective of providing quality basic education for Kenya's sustainable development. |
| Achievement strategic goals of | The project management aims to achieve the goals through the following means: (i) Average student test score in science subjects at form 2 at public schools in target sub counties. (ii) Average student test score in mathematics at form 2 at public schools in target sub counties Average student test score |

**Secondary Education Quality Improvement Project
Reports and Financial Statements
For the financial year ended 30 June,2020**

| | |
|--|---|
| | (iii) Transition rate from primary to secondary schools in targeted sub-counties. |
| Other important background information of the project | The project is being implemented in 7,852 primary schools and 2,147 secondary schools from 110 sub counties in 30 counties in vulnerable and marginalized areas. The project is being implemented by the Ministry of Education, State department for Early Learning and Basic Education as the main implementing partner in collaboration with Teachers Service Commission (TSC), Kenya Institute of Curriculum Development (KICD), Kenya National Examination Council (KNEC) and Centre for Mathematics, Science and Technology Education in Africa (CEMASTE) which are Semi-Autonomous Agencies (SAGAS) under Ministry of Education. |
| Current situation that the project was formed to intervene | The project was formed to intervene in the following areas: (i) Improving quality of teaching in targeted areas (ii) Improving retention in upper primary school and transition to secondary school in targeted areas. (iii) System reform support. |
| Project duration | The project started on 27 September 2017 and is expected to run until 31 December 2023 |

1.4 Bankers

The following are the bankers for the current year:

1. Local currency accounts.

(i) Central Bank of Kenya – Account No.1000387912
Haile Selassie Avenue,
P.O Box 60000-0200,
Nairobi, Kenya.

(ii) Central Bank of Kenya – Account No.1000370898
Haile Selassie Avenue,
P.O Box 60000-0200,
Nairobi, Kenya.

2. Foreign Currency Accounts

(i) Central Bank of Kenya – Account No.1000356669
Haile Selassie Avenue,
P.O Box 60000-0200,
Nairobi, Kenya

(ii) Central Bank of Kenya – Account No.1000368427
Haile Selassie Avenue,
P.O Box 60000-0200,
Nairobi, Kenya

**Secondary Education Quality Improvement Project
Reports and Financial Statements
For the financial year ended 30 June,2020**

1.5 Auditors

The project is audited by:

Auditor-General
Anniversary Towers
Office of the Auditor-General
P.O Box 30084-00100
Nairobi

1.6 Roles and Responsibilities

| Names | Title designation | Key qualification | Responsibilities | Contact Information |
|-------------------|---|--|---|---|
| Elijah Mungai | Ag. Director Project Coordination and Delivery | Master in Education | Providing Leadership in project coordination and Delivery | Mobile: 0722 446 226 Email:ekarismungai2@gmail.com |
| Jane Mbugua | Deputy Director Education (National Project Coordinator) | Master in planning and Economics | Overseeing the coordination of day to day activities of the project. | Mobile: 0723 925 251 Email:janmbug@gmail.com |
| Grace Njoki | Principal Accountant | CPA (K) , MSC Finance | Project Accountant | Mobile: 0723 316 840 Email: gracewanjiku@ymail.com |
| John Ongosi | Deputy Director Education | Master in Education | Lead for component 2 (Improving retention in upper primary and transition school in targeted areas) | Mobile: 0722 724126 Email: ongosijohn@gmail.com |
| Catherine Micheni | Deputy Director Education | Master in Education | Lead for Component 3 (System reform support) | Mobile: 0719 448 255 Email: cmicheni45@gmail.com |
| Kezziah Wandera | Deputy Director Education | Master in Education | Lead for Component 4(Project management, coordination, and monitoring and evaluation. | Mobile: 0722 945 735 Email:kezwandera@gmail.com |

**Secondary Education Quality Improvement Project
Reports and Financial Statements
For the financial year ended 30 June,2020**

1.7 Funding summary

The Project is for duration of six years from 2017 to 2023 with an approved budget of Euro.175.5 million equivalent to KShs 20 billion as highlighted in the table below:

Below is the funding summary:

| Source of funds | Donor Commitment- | | Amount received to date (June 30, 2020) | | Undrawn balance to date (June 30, 2020) | |
|---|------------------------------|-----------------------|--|----------------------|--|-----------------------|
| | Donor currency(Eur os) | KShs | Donor currency(Eur os) | KShs | Donor currency (Euros) | KShs |
| | (A) | (A') | (B) | (B') | (A)-(B) | (A')-(B') |
| (i) Loan | | | | | | |
| International Development Association (IDA) | 175,500,000 | 20,000,000,000 | 27,686,332 | 3,210,123,431 | 144,179,269 | 16,789,876,569 |
| Total | 175,500,000 | 20,000,000,000 | 27,686,332 | 3,210,123,431 | 144,179,269 | 16,789,876,569 |

1.8 Summary of Overall Project Performance:

During the year under review, the project received **Kshs.345, 520,825** and incurred a cumulative expenditure of **Kshs.1,432,603,439**

Implementation challenges and recommended way forward.

| S/N | IMPLEMENTATION CHALLENGES | RECOMMENDED WAY FORWARD |
|-----|--|---|
| 1). | Prolonged procurement processes which tends to delay implementation (as envisaged in the approved work plans). | WB to shorten the time taken for approval and response to issues that emerge during submission of documents on STEP. |
| 2). | Inability to meet the targets related to training of teachers on TPD due to litigation issues. | Enhance sensitization of Project stakeholders on the TSC programmes |
| 3). | Holding workshops in CEMASTEAs for SBTSS activities assigned to the institution unrealistic as the institute's staff had to attend to other assignments there- in. | WB to allow revision of the implementation plan so that rigorous activities can be done externally to maximize on the team's concentration. |
| 4). | Delayed release of funds to the Implementing Agencies (IAs) and Counties. | Timely preparation of funding proposals and early disbursement of funds to IAs and Counties as per the approved work plan. |
| 5). | Delayed response by Counties on required information. | Enhance stakeholder's sensitization on SEQIP; and, ensure timely communication to the field teams on the expected support activities. |

**Secondary Education Quality Improvement Project
Reports and Financial Statements
For the financial year ended 30 June,2020**

| | | |
|------|---|--|
| 6). | Delay in release of funds to the TSC | Treasury to provide budget allocation to ensure availability of funds at the beginning of every Financial Year. |
| 7). | Delay to implement planned Project activities delayed or activities totally overtaken by end of FY. | Expedite the development and approval of concept notes and budget approvals; Joint collaboration between the Project team and consultants for harmonization of activities. |
| 8). | Delay in procurement of consulting firms thus affecting the schedule of activities. | Negotiations with WB to facilitate continuation of the Project activities. |
| 9). | Inability by the KICD to get 100% attendance of panellists for panel trainings. | KICD to plan for continuous trainings of its panellists. |
| 10). | Non responsive KNEC ICT security tender | Re -advertisement of tender. |
| 11). | Impractical budgets (either lower or higher than the actual expenditure). | Addendum to the work plan developed to seek approval sought from WB for additional funds; and rationalization encouraged, to stem over budgeting. |
| 12). | Weak integration of Environmental and social safe guards in the interim period of Project implementation. | Project management staff trained on Safeguards; new Safeguards experts contracted (on secondment) from relevant Government entities; GRM register established and GRM documentation strengthened across board. |
| 13). | Communication gaps | Periodic SEQIP meetings held to reduce on conflicts; and strengthen team spirit. |

1.9 Summary of Project Compliance:

The program has ensured that all its activities carried out are within the laws of the republic of Kenya and that all regulations and procedures have been followed. Among the regulations include the Environmental and Social Impact Assessment (ESIA) for which authority was issued for the implementation of the project. In cases of inconsistency between the GOK Regulations and those of Donors, the latter have been applied.

1 STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETRMINED 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 Project's 2018-2022 plan are to:

- a) Improve quality of education in the targeted areas
- b) Improve retention in upper Primary School and transition to Secondary School in targeted areas
- c) Introduce and roll out CBC from Grades 4-9
- d) Strengthen monitoring of learner achievement and National examinations
- e) Enhance evidence-based decision making.

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-bund (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:

| Project | Objective | Outcome | Indicator | Performance |
|---|--|---|---|---|
| Secondary Education Quality Improvement Project | Improve the quality of education in the targeted areas | Reduced Science, Mathematics & English teacher shortages in targeted Sub- Counties. | Average student test score in Science and Mathematics at Form 2 at public schools in targeted Sub-Counties. | <ol style="list-style-type: none"> i. Detailed costed plan for reducing teacher shortage developed; ii. 10% additional teachers in the targeted areas- 500 teachers (289 for primary and 211 for secondary) recruited in FY 2017/2018; 500 teachers (during mitigation for 100% transition)-in 2018/2019 and 500 teachers (100 for primary and 400 for secondary) - in FY 2019/2020. |
| | | Pedagogical Content Knowledge of teachers teaching Mathematics, Science and English (SME) enhanced. | No of teachers trained | <ol style="list-style-type: none"> i. Baseline on teachers' performance gaps in science, mathematics, and English established; ii. Design for SBTSS and implementation plan finalized iii. Two (2) level one TPD training modules developed iv. Phase 1 of the SBTSS operational in 2,000 primary and 500 secondary schools- 76 subject experts, 1088 facilitators and 22942 teachers of SME trained in School Based Teacher Support System (SBTSS); v. Institution to offer SBTSS for teachers of English procured. |

Secondary Education Quality Improvement Project
Reports and Financial Statements
For the financial year ended 30 June,2020

| ject | Objective | Outcome | Indicator | Performance |
|------|-----------|---|---|---|
| | | Improved learner: textbook ratio in Science, English and Mathematics text books in public Secondary (Form 1-4) and Primary Schools (Grades 7 and 8) and SNE learners support enhanced through instructional and learning materials. | Share of schools reporting student-textbook ratio of 1:1 at Grades 7 and 8 and Forms 1-4 in targeted sub-counties in the Mathematics, English, and relevant science subjects. | <ul style="list-style-type: none"> i. Core text book for SME text books for learners in primary grades 7 & 8 and Secondary schools forms 1-4 identified. ii. SME text books in primary grades 7 & 8 and Secondary schools (Forms 1-4) in the procured and distributed in the targeted areas; iii. NA for the learners with special disabilities conducted iv. Bid documents for procurement of assistive devices developed. |
| | | Improved school learning environment | No of additional classrooms/ science laboratories/multi-purpose rooms constructed in Primary and secondary schools in the targeted areas. | <ul style="list-style-type: none"> i. Design and Construction and Supervision Consultants hired; ii. NA for infrastructure conducted in about 3,000 Primary schools, 1,000 Secondary schools and 75 SNE schools; iii. Environmental and Social Management plans developed and approved by both the World Bank and NEMA; iv. Drawing and design for construction of classrooms, laboratories and sanitation facilities developed and approved by the Ministry of Public Works v. Tender Documents for procurement of contractors approved by the World Bank vi. Evaluation for procurement of contractors concluded. |
| | | Capacity for implementation of infrastructure projects & utilization enhanced | The number of school principals, County/Sub-County officials and BoMs trained. | <ul style="list-style-type: none"> i. Construction of an ultra-modern training facility at CEMASTE A ii. Draft Norms and Standards for Basic Education Institutions developed |
| | | Enhanced Infrastructure Monitoring System through Installation of a GIS | No of schools with functional GIS System. | <ul style="list-style-type: none"> i. User needs determined to inform NEMIS re-engineering; ii. Concept note for installation of the GIS approved by the World Bank. |
| | | Increased retention and transition of poor and vulnerable children in upper Primary. | | <ul style="list-style-type: none"> i. Contract for the partner agency to design and implement advocacy, social support and gender sensitization Programme for upper primary grade 7&8 awarded; ii. Implementation strategy and operational manual for advocacy, gender sensitization and social support for upper primary class 7&8 developed; iii. Baseline survey study conducted in the targeted Sub- counties. |

Secondary Education Quality Improvement Project
Reports and Financial Statements
For the financial year ended 30 June,2020

| Project | Objective | Outcome | Indicator | Performance |
|---------|-----------|---|---|---|
| | | Improved school attendance, retention and transition of learners from poor and vulnerable backgrounds to upper Primary education. | No. of Grade-7 and -8 students receiving in-kind and advocacy and mentoring support | <ul style="list-style-type: none"> i. Criteria for selection of social support beneficiaries developed and validated; ii. Bid document for the procurement of sanitary pads developed. |
| | | Enhanced transition and retention of poor and vulnerable learners in Secondary education. | No. of Grade-7 and -8 students receiving in-kind and advocacy and mentoring support | <ul style="list-style-type: none"> i. Contract for the Partner Agency supporting design and implementation of scholarship, mentorship, gender sensitization and social support programme awarded; ii. Criteria for selection of the scholarship beneficiaries developed and validated; iii. Community Selection Boards for the Scholarship Programme constituted; iv. Guidelines for selection of Scholarship beneficiaries developed; v. Sub-county teams selected and inducted on selection of the 1st cohort of 9,000, 2019 KCPE candidates; vi. 1st cohort of 9,000 beneficiaries for the scholarship programme identified; vii. KShs.906,927,284.79 disbursed for the cohort 1 Scholarship beneficiaries; for payment of school fees, school kit and stipend (transport & pocket money); viii. Public disclosure of 9,000 secondary scholarship and social support cohort 1 beneficiaries on Sub-County Education notice boards and the MoE website. |
| | | Gender-sensitization programme launched | Share of Primary and Secondary schools in targeted Sub-Counties with gender sensitization orientation conducted and with gender champions designated. | <ul style="list-style-type: none"> i. Gender Champions from 7852 targeted primary schools identified; ii. Training Manual for gender champions and IEC materials for advocacy and gender sensitization in schools developed; iii. Capacity building for 166 MoE and TSC field officers to oversight training of gender champions conducted; iv. 1,977 Gender Champions from 32 targeted Sub-Counties trained on how to address gender-based and students violence issues during phase 1. |

Secondary Education Quality Improvement Project
Reports and Financial Statements
For the financial year ended 30 June,2020

| Project | Objective | Outcome | Indicator | Performance |
|---------|--|--|---|--|
| | Introduce and roll out the Competency-based Curriculum (CBC) in Grades 4-9 | Curriculum for Grades 4 to 9 attuned and responsive to social economic reality of Kenya in place. | Phased roll-out of the Competency based Curricula (CBC). | <ul style="list-style-type: none"> i. Curriculum designs for Grades 4 to 6 developed; ii. Draft Curriculum designs for Grades 7 to 9 developed; iii. Curriculum designs for Grades 4 to 6 adapted for SNE learners; iv. Curriculum designs for Grades 4 to 6 validated and approved. |
| | | Curriculum support materials developed, disseminated and supported | Finalized and distributed curriculum support materials. | <ul style="list-style-type: none"> i. Grade 4 textbooks adapted for learners with special needs; ii. Teacher's handbooks developed for regular and SNE curriculum; iii. Curriculum support materials for CBC in selected learning areas in print, online and offline digital modes by KICD as a publisher of last resort developed; iv. Curriculum support materials for CBC Grade 4 and 5 submitted by Publishers, are vetted and evaluated; v. Authors and editors from publishers trained on the development of Grade 5 textbooks and other support materials; vi. CBC digital content for SNE developed. |
| | | Capacity building of implementers and stakeholders enhanced and application of CBC pedagogical skills supported. | No of curriculum implementers and stakeholders skilled in CBC pedagogy. | <ul style="list-style-type: none"> i. Facilitator training manuals for training CSOs, head teachers and field education officers on CBC reviewed; ii. 300,000 Grade 4 & 5 teachers, CSOs, headteachers and field officers trained on CBC; iii. Online teacher orientation on CBC and ICT integration in schools developed. |
| | | Monitoring and Evaluation (M&E) of the CBC implementation actualized. | Extent of enhancement and institutionalization of M&E of the CBC. | <ul style="list-style-type: none"> i. M&E Framework for CBC and Performance Monitoring Plan (PMP) is developed; ii. M&E tools are developed, piloted and validated. |
| | | Social and environmental safeguards inbuilt into the project | Extent of effective integration of social and environmental safeguards. | <ul style="list-style-type: none"> i. County dialogues held to increase public awareness and enhance support for CBC; ii. National conference on Curriculum reforms held; iii. Smart Cascade Model and peer learning strategy for the implementation of CBC developed; iv. Quality Assurance mechanism to quality assure KICD's internal systems and produce quality products and services is developed; v. A digitization policy on open access to quality education resources is developed. |
| | | | | |

**Secondary Education Quality Improvement Project
Reports and Financial Statements
For the financial year ended 30 June,2020**

| ject | Objective | Outcome | Indicator | Performance |
|------|---|--|--|--|
| | Strengthen Monitoring Learner Achievement and National examinations | Formative Assessment (CBA) System for Basic education developed and Implemented. | Establishment of a national exam item bank. | <ul style="list-style-type: none"> i. Quality assessment tools developed for Regular Learners and learners with special needs for MLP Grade 3 for 2020; ii. KNEC staff trained on formative assessment for Grade 4 by the Consultant CITO; iii. Grade 3 MLP portal maintained and upgraded; iv. Awareness conducted on CBA to the public through print and electronic media. |
| | | Item writing portal and item bank operationalized. | Effective item writing portal and item bank | <ul style="list-style-type: none"> i. Information gathering on- going. |
| | | ICT infrastructure set- up strengthened. | Effective ICT infrastructure. | <ul style="list-style-type: none"> i. Supply, installation, training, commissioning and maintenance of a security information and event monitoring system and next generation firewall; ii. 60 Security laptops purchased for KNEC technical staff. |
| | | Project management and administration structures operationalised | Extent of effectiveness and efficiency of SEQIPs implementation. | <ul style="list-style-type: none"> i. SEQIP Project Implementation team and Project Steering Committee appointed; ii. County Project Coordinators and members of County Technical Committees appointed; iii. Project operational documents; Project Implementation Manual, Project Procurement Manual, Project Financial Management Manual, Project Procurement Strategy Development developed; iv. 4 heavy- duty Project vehicles procured; v. Stationery, ICT and office equipment procured. |

**Secondary Education Quality Improvement Project
Reports and Financial Statements
For the financial year ended 30 June,2020**

| ject | Objective | Outcome | Indicator | Performance |
|------|---|--|--|--|
| | | Environmental and Social Safeguards Systems Strengthened | Extent of effectiveness of environmental and Social Safeguards Systems | <p>i. Vulnerable and Marginalised group Framework, Environment and Social Management Framework, Stakeholder engagement Strategy and Grievance Redressal Mechanism (GRM) operational Manual developed, validated by the stakeholders and publicly disclosed;</p> <p>ii. Tools for Social assessment and Terms of Reference for Data collectors have been Developed and approved by the World Bank;</p> <p>iii. Screening Reports for infrastructure reviewed.</p> |
| | | Project awareness enhanced | Percentage of Project stakeholders with enhanced awareness on the SEQIP. | <p>i. Communication Strategy developed and aligned to the COVID-19 context;</p> <p>ii. Content for the IEC materials developed;</p> <p>iii. Variety of IEC materials (brochures, fliers and posters) developed for sensitization on the Project;</p> <p>iv. Sensitization on the project conducted through exhibitions;</p> <p>v. Project Documents disclosed through the MoE website.</p> |
| | | Project staffs' capacity enhanced. | Percentage of Project staff who are skilled and knowledgeable about the Project. | <p>Capacity development of Project implementation team conducted as follows:</p> <ul style="list-style-type: none"> • Stakeholders and education field officers • 30 Project Implementation Team members, 16 Regional Directors, 60 County Directors, 30 CPCs, 30 SNE Coordinators and 30 CQASOs sensitized on the GRM Framework; • 34 members of the Project Implementation Team trained on Project management and Implementation of safeguards activities for donor funded projects; • Procurement officers trained on Procurement management for WB funded projects; • Finance officers trained on Financial Management for WB funded Projects; • Support Staff on customer relations and record keeping. |
| | Enhance evidence-based decision making. | Policy briefs and documents developed. | No of Policy studies conducted | <p>i. Policy Framework for addressing GBSV developed.</p> |

**Secondary Education Quality Improvement Project
 Reports and Financial Statements
 For the financial year ended 30 June,2020**

| ject | Objective | Outcome | Indicator | Performance |
|------|------------------------------------|---|--|--|
| | Project Monitoring and evaluation. | Strengthen Project monitoring and implementation support systems. | Extent of effective institutionalization of monitoring and implementation support. | <ul style="list-style-type: none"> i. M&E readiness Assessment Tools Developed and piloted- a report is in place; ii. Draft M&E strategy developed; iii. Independent Third-Party Verification Agency Procured; iv. First verification of the already achieved DLIs was conducted and the second one is in progress; v. Five joint Implementation support mission have been conducted and aide memoires drafted; vi. Joint Review with the County teams Conducted; vii. County Dialogues conducted. |

2 CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

SEQIP seeks to address the challenges faced by the Country that lead to education wastage through high dropout of learners in the Upper Primary Grades 7 and 8 and low transition of learners from Primary to Secondary education and particularly girls. This is aimed at enhancing inclusivity of all the vulnerable and marginalized groups.

Sustainability strategy and profile -

The likelihood of sustained implementation of SEQIP beyond the project period is based by five factors:

- i.** The Project enjoys political good will considering that (a) Education is a high priority and (b) There is a strong, steadfast commitment to address the acute and chronic deficiencies in school participation at the upper Primary and Secondary levels, as well as the quality of service delivery.
- ii.** The design of SEQIP ensures participation and consultations with a range of internal and external stakeholders.
- iii.** Implementation takes cognizance of the need for continued proactive engagement with internal and external stakeholders on program status and performance as well as feedback gathering and redressal. The continuous engagement is intended to build wide and deep ownership and consensus. Partnership with the private sector in relevant activities, such as the scholarship program, where the private sector has the advantage of experience and an established management system, adds to implementation sustainability.
- iv.** The substantial system reform support and evaluative work to continually improve processes and inform scale-up and policy options will provide a solid foundation for continued implementation of initiatives beyond the project. And
- v.** The requirements in terms of additional government budgetary resources for SEQIP initiatives are expected to be minimal, as the initiatives are in line with the Government's education reform agenda.
- vi.** The Project is being implemented within the existing government structures for strengthening.

1. Environmental performance

The TSC will closely monitor the presence of teachers in those schools in liaison with the local communities and ascertain what appropriate actions can be taken.

The Design and Construction Specialist Consultants (D&CSCs) with a proven track record have been competitively selected to implement the school learning environment improvement. However, in the event of their non-performance, the D&CSCs will be replaced by others which will be clearly spelled out in the bid document and contract. The capacity of the DPC&D's School Infrastructure Management Unit (SIMU) will be strengthened with additional qualified staff either as consultants or on deputation from other departments. An alternative is to outsource high-quality technical assistance for planning, execution and supervision of the civil works. By working alongside professional construction management consultants, the MoE and County-level officials may be able to benefit from on-the-job training and gain experience on civil works management.

Further, the MoE has developed and implemented a Communication Strategy to disclose information

Project- related information to all stakeholders in the targeted sub-counties, drawing on the extensive grassroots network of the MoE’s partner agencies. This includes identification of eligible candidates by the implementing agencies through a rigorous community-based selection process; validation of selected beneficiary households against the single registry for cash transfers; and, establishment of a Grievance Redressal Mechanism to address complaints about the Project’s processes.

Various stakeholders and collaborators are included in the Project. These include learners, teachers, school heads and principals, Boards of Management; Parents’ Association, sponsors; parents and local communities. Others are the National and County Government; Ministries, Departments and Agencies (including Children’s Department, Interior, Public Works, NEMA, Public Health, Land Commission, Labour etc.). National Government administrative officers, CBOs, FBOs, CSOs and NGOs; political leaders, media institutions; head teachers’ professional organizations (KEPSHA and KESSHA) and teachers’ unions (KNUT and KUPPET).

In addition, a strong environmental and social safeguards protocol is integrated.

2. Employee welfare

At National level, the MoE and PS in charge of the State Department of Basic Education have the primary responsibility of the Project’s efficient and effective implementation (including key decisions on financial and procurement). A Project Steering Committee (PSC) chaired by the Education Cabinet Secretary is the overall management organ for SEQIP.

The Directorate of Projects Coordination and Delivery (DPC&D) is directly responsible for the Project’s implementation while a Project technical team is established to steer its implementation. The Project Coordinator manages the Project’s day to day affairs and is deputized by the Component Leads and the focal persons from the Implementing Agencies; County Project Coordination and the County Technical Committees. In addition, various technical working groups are established to support implementation of the respective components.

The Project’s implementation arrangements allow the MoE to easily access external technical services, as and when required, through third-party agencies. Project technical staff are supported by the Project to acquire relevant competencies through annual trainings in special skill areas such as Project Management. The Project is guided by the Environmental and Social Safeguards Policy of the World Bank. This is operationalized through the Grievance Redress Mechanism Framework.

3. Market place practices

Market place practices:

- The Project applies the open tender procurement system to ensure an open and fair practise where all interested parties have a fair chance to compete on level grounds without preference.
- The WB Procurement Guidelines are applied, guided by core procurement principles; value for money, economy, and integrity, fit for purpose, efficiency, transparency and fairness.
- In addition, the Systematic Tracking of Exchanges in Procurement (STEP) to allow for clearance of all the procurement processes by the WB through issuance of a no-objection.

Responsible Supply chain and supplier relations:

- The Project has a contract management system which ensures adherence to the terms of the contract by ensuring timely payment of all approved vouchers/contracts

Responsible marketing and advertisement:

- The Project ensures that all opportunities/tenders are advertised at least in 2 widely circulated newspapers as well as on the MoE website. In addition, through STEP, the WB publishes such opportunities in their external website.

Product stewardship:

- The Project has an adhoc inspection and acceptance committee which ensures adherence to the specifications of the contract to the satisfaction of the consumer/user.

Community Engagements-

- All engagements with the community are formal (as detailed in the Project Appraisal Document).

2. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The Principal Secretary for the State Department for Early Learning and Basic Education and the Project Coordinator for SEQIP project are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year ended on **30 June, 2020**. This responsibility includes: (i) maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Project; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Project; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Principal Secretary for the State Department for Early Learning and Basic Education and the Project Coordinator for SEQIP project accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

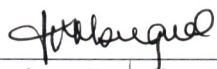
The Principal Secretary for the State Department for Early Learning and Basic Education and the Project Coordinator for SEQIP project are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year ended **30 June, 2020** and of the Project's financial position as at that date. The Principal Secretary for the State Department for Early Learning and Basic Education and the Project Coordinator for SEQIP project further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

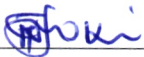
The Principal Secretary for the State Department for Early Learning and Basic Education and the Project Coordinator for SEQIP project confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project financial statements

The Project financial statements were approved by the Principal Secretary for the State Department for Early Learning and Basic Education and the Project Coordinator for SEQIP project 30TH SEPT 2020 and signed by them.


Principal Secretary
Name: **DR BELIO KIPSANG**


Project Coordinator
Name: **JANE MBUGUA**


Project Accountant:
Name: **GRACE W. NJOKI**
ICPAK Member Number: **8829**

REPUBLIC OF KENYA

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



Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON SECONDARY EDUCATION QUALITY IMPROVEMENT PROJECT (CREDIT NO.6138 – KE) FOR THE YEAR ENDED 30 JUNE, 2020 – MINISTRY OF EDUCATION - STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Secondary Education Quality Improvement Project (Credit No. 6138-KE) set out on pages 1 to 34, which comprise the statement of financial assets as at 30 June, 2020, 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, the financial statements present fairly, in all material respects, the financial position of the Secondary Education Quality Improvement Project (Credit No.6138-KE) as at 30 June, 2020, 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 Financing Agreement No. IDA 6138-KE dated 27 September, 2017 between the Republic of Kenya and the International Development Association.

Basis for Opinion

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

Emphasis of Matter

Unreconciled Special Account Statement

The special account statement for the year ended June, 2020 reflects proceeds from external development partners totaling Kshs.350,207,487. However, the statement of

receipts and payments for the year reflects proceeds from loans from external development partners totaling Kshs.345,520,825 resulting to variance of Kshs.4,686,662 between the two set of records. No reconciliation has been provided for the variance.

My opinion is not modified in respect to this matter.

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

Over Expenditure and Insufficient Budgetary Disclosures

The Project's total budget for the year under review was Kshs.611,669,353 against which expenditure totaling Kshs.1,432,603,439 was incurred resulting to over-expenditure of Kshs.820,934,086 or 234% of the budget. Management has not disclosed the source of the additional funds or the reason for the over-expenditure, and whether it was authorized.

In addition, the expenditure budget disclosed only one item, namely purchase of goods and services, at Kshs.611,669,353 even though the funds were spent on various items.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the procedures performed, except for the matter 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

Delayed Completion of Contracted Architectural Designs - Kshs.43,515,500

The statement of receipts and payments reflects purchase of goods and services payments totaling Kshs.158,193,485 which include Kshs.109,176,796 incurred by the Project on payments for consultancy services. Out of the payments for consultancy services, is a contract valued at Kshs.43,515,500 awarded to an engineering firm for design and supervision of construction of education facilities in various schools in the Project's area of activities designated as Region 2. The contract commenced on

18 October, 2018 and was due to end after 15(fifteen) months on 18 January, 2020. However, audit inspection in November, 2020 indicated that the consultant had not submitted the designs, more than eight (8) months after the contract period ended. Payments made to the contractor at the time totaled Kshs.24,866,000 equivalent to 57% of the value of the contract. No plausible explanation was provided by Management for the delay. Further, there was no evidence to confirm whether approval for extension of the contract period was granted.

In view of the delay, there is no certainty that the designs will be completed and the education facilities built as planned. Further, there is risk that value for money may not be obtained on public resources invested in the contract.

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 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, I confirm that, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources and Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, 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

Outstanding Imprests

Examination of imprest records revealed that contrary to Regulation 4(b) of the Public Finance Management (National Government) Regulations, 2015 which prohibit issue of new imprests to officers with outstanding imprests, several officers held multiple imprests totalling Kshs.1,169,618 during the year under review. Further, the records indicated imprests totaling Kshs.220,858 were past their due dates of surrender as at 30 June, 2019.

No plausible explanation was provided by Management for these anomalies.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall

governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for such 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 control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Project's ability to sustain its 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 Project, 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 manner in line with Article 229(6).

Those charged with governance are responsible for overseeing the Project's financial reporting process, reviewing the effectiveness of how the entity 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 statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them 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 review of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk Management and overall governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control 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 control 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 Project's 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:

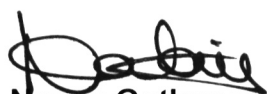
- Identify and assess the risks of material misstatement of the Project's financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Project 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 control that are identified during the audit.

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



Nancy Gathungu
AUDITOR-GENERAL

Nairobi

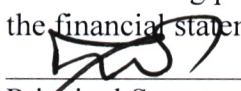
30 December, 2020

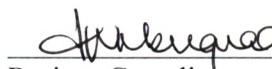
**Secondary Education Quality Improvement Project
Reports and Financial Statements
For the financial year ended 30 June,2020**

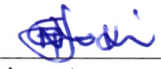
7. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE, 2020

| | Note | 2019/2020 | | 2018/2019 | | Cumulative to-date (From inception) |
|---|------|--|--------------------------------|---|--------------------------------|-------------------------------------|
| | | Receipts and payments controlled by the entity | Payments made by third parties | Receipts and payment controlled by the entity | Payments made by third parties | |
| | | KShs | KShs | KShs | KShs | KShs |
| RECEIPTS | | | | | | |
| Transfer from Government entities | 9.3 | | - | - | - | - |
| Proceeds from domestic and foreign grants | 9.4 | | - | - | - | - |
| Loan from external development partners | 9.5 | 345,520,825 | - | 2,305,926,153 | - | 3,210,123,431 |
| Miscellaneous receipts | 9.6 | | | - | - | - |
| TOTAL RECEIPTS | | 345,520,825 | - | 2,305,926,153 | - | 3,210,123,431 |
| PAYMENTS | | | | | | |
| Compensation of employees | 9.7 | | - | | - | - |
| Purchase of goods and services | 9.8 | 158,193,485 | - | 262,144,903 | - | 489,052,431 |
| Social security benefits | 9.9 | | - | | - | - |
| Acquisition of non-financial assets | 9.10 | | - | | - | 7,541,000 |
| Transfers to other government entities | 9.11 | 367,482,660 | - | 555,276,740 | - | 1,102,182,425 |
| Other grants and transfers and payments | 9.12 | 906,927,284 | - | | - | 906,927,284 |
| TOTAL PAYMENTS | | 1,432,603,439 | - | 817,421,643 | - | 2,505,703,140 |
| SURPLUS/(DEFICIT) | | (1,087,082,614) | - | 1,488,504,510 | - | 704,420,291 |

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


Principal Secretary
Name:


Project Coordinator
Name:



Project Accountant
Name
ICPAK Member Number: 8829

**Secondary Education Quality Improvement Project
Reports and Financial Statements
For the financial year ended 30 June,2020**

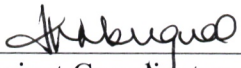
5. STATEMENT OF FINANCIAL ASSETS AS AT 30 JUNE, 2020

| | Note | 2019-2020 | 2018-2019 |
|---|--------|--------------------|----------------------|
| | | KShs | KShs |
| FINANCIAL ASSETS | | | |
| Cash and Cash Equivalents | | | |
| Bank Balances | 9.13.A | 749,569,459 | 1,832,607,504 |
| Cash Balances | | - | - |
| Cash Equivalents (short-term deposits) | | - | - |
| Total Cash and Cash Equivalents | | 749,569,459 | 1,832,607,504 |
| Accounts receivables – Imprest and Advances | 9.14 | 220,858 | 4,272,218 |
| TOTAL FINANCIAL ASSETS | | 749,790,317 | 1,836,879,722 |
| REPRESENTED BY | | | |
| Fund balance b/fwd | 9.15 | 1,836,879,722 | 348,375,212 |
| Prior year adjustments | 9.16 | (6791) | - |
| Surplus/(Deficit) for the year | | (1,087,082,614) | 1,488,504,510 |
| NET FINANCIAL POSITION | | 749,790,317 | 1,836,879,722 |

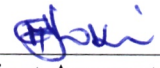
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 30th SEPT 2020 and signed by:



Principal Secretary
Date



Project Coordinator
Date



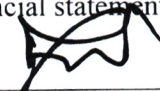
Project Accountant
Date
ICPAK Member Number: **8829**

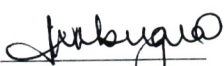
Secondary Education Quality Improvement Project
Reports and Financial Statements
For the financial year ended 30 June,2020

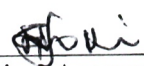
6. STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30 JUNE, 2020

| | Note | 2019-2020 KShs | 2018-2019 KShs |
|--|------|------------------------|----------------------|
| Receipts from operating activities | | | |
| Transfer from Government entities | 9.3 | - | - |
| Proceeds from domestic and foreign grants | 9.4 | - | - |
| Miscellaneous receipts | 9.6 | - | - |
| Payments from operating activities | | | |
| Compensation of employees | 9.7 | - | - |
| Purchase of goods and services | 9.8 | 158,193,495 | 262,144,903 |
| Social security benefits | | - | - |
| Transfers to other government entities | 9.11 | 367,482,660 | 555,276,740 |
| Other grants and transfers | 9.12 | 906,927,284 | - |
| Adjustments during the year | | | |
| Decrease/(Increase) in Accounts receivable: (outstanding imprest) | | - | - |
| Increase/(Decrease) in Accounts Payable: (deposits and retention) | | - | - |
| Prior Year Adjustments | 9.16 | (6,791) | - |
| Net cash flow from operating activities | | (1,432,610,230) | (817,421,643) |
| CASHFLOW FROM INVESTING ACTIVITIES | | | |
| Acquisition of Assets | 9.10 | - | - |
| Net cash flows from Investing Activities | | - | - |
| CASHFLOW FROM BORROWING ACTIVITIES | | | |
| Proceeds from Foreign Borrowings | 9.5 | 345,520,825 | 2,305,926,153 |
| Net cash flow from financing activities | | 345,520,825 | 2,305,926,153 |
| NET INCREASE IN CASH AND CASH EQUIVALENT | | (1,087,089,405) | 1,488,504,510 |
| Cash and cash equivalent at BEGINNING of the year | | 1,836,879,722 | 348,375,212 |
| Cash and cash equivalent at END of the year | | 749,790,317 | 1,836,879,722 |

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 30th Sept, 2020 and signed by:


Principal Secretary
Date


Project Coordinator
Date


Project Accountant
Date
ICPAK Member No: **8829**

*Secondary Education Quality Improvement Project
Reports and Financial Statements
For the financial year ended 30 June,2020*


7. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2020

| Receipts/Payments Item | Original Budget | Adjustments | Final Budget | Actual on Comparable Basis | Budget Utilization Difference | % of Utilization |
|---|-----------------|-----------------|--------------|----------------------------|-------------------------------|------------------|
| | A | B | c=a+b | D | e=c-d | f=d/c % |
| Receipts | | | | | | |
| Transfer from Government entities | | | | | | |
| Proceeds from domestic and foreign grants | | | | | | |
| Proceeds from borrowings | 2,811,669,353 | (2,200,000,000) | 611,669,353 | 345,520,825 | 266,148,528 | 56% |
| Miscellaneous receipts | | | | | | |
| Total Receipts | 2,811,669,353 | (2,200,000,000) | 611,669,353 | 345,520,825 | 266,148,528 | 56% |
| Payments | | | | | | |
| Compensation of employees | | | | | | |
| Purchase of goods and services | 2,811,669,353 | (2,200,000,000) | 611,669,353 | 158,193,485 | | |
| Social security benefits | | | | - | | |
| Acquisition of non-financial assets | | | | - | | |
| Transfers to other government entities | | | | 367,482,660 | | |
| Other grants and transfers | | | | 906,927,284 | | |
| Total Payments | 2,811,669,353 | (2,200,000,000) | 611,669,353 | 1,432,603,439 | (820,934,086) | 234% |

Note: The significant budget utilisation/performance differences in the last column are explained in **Annex 1** to these financial statements.


Principal Secretary
Date


Project Coordinator
Date


Project Accountant
Date
ICPAK Member No: **8829**

7. NOTES TO THE FINANCIAL STATEMENTS

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

9.1. Basis of Preparation

9.1.1. Statement of compliance and basis of preparation

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

The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

The accounting policies adopted have been consistently applied to all the years presented.

9.1.2. Reporting entity

The financial statements are for the SEQIP Project under National Government of Kenya. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012 .

9.1.3. Reporting currency

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

9.2. Significant Accounting Policies

a)Recognition of receipts

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

• Transfers from the Exchequer

Transfer from Exchequer is be 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.

• External Assistance

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donations and grants

Grants and donations 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/donation 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.

Proceeds from borrowing

Borrowing includes Treasury bill, treasury bonds, corporate bonds, sovereign bonds and external loans acquired by the Project or any other debt the Project may take on will be treated on cash basis and recognized as a receipt during the year they were received.

Undrawn external assistance

These are loans and grants at reporting date as specified in a binding agreement and relate to funding for the Project currently under development where conditions have been satisfied or their ongoing satisfaction is highly likely and the project is anticipated to continue to completion. An analysis of the Project's undrawn external assistance is shown in the funding summary

- **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 Project recognises all payments when the event occurs, and the related cash has actually been paid out by the Project.

- **Compensation of employees**

Salaries and Wages, Allowances, Statutory Contribution for employees are recognized in the period when the compensation is paid.

- **Use of goods and services**

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

- **Interest on borrowing**

Borrowing costs that include interest are recognized as payment in the period in which they incurred and paid for.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

- **Repayment of borrowing (principal amount)**

The repayment of principal amount of borrowing is recognized as payment in the period in which the repayment is made. The stock of debt is disclosed as an annexure to the consolidated financial statements.

- **Acquisition of fixed assets**

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

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

c) In-kind donations

In-kind contributions are donations that are made to the Project 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 Project 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.

d) 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. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

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 part deposits

SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Accounts receivable

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 is treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

f) 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.

Section 89 (2) (i) of the PFM Act requires the National Government to report on the payments made, or losses incurred, by the county government to meet contingent liabilities as a result of loans during the financial year, including payments made in respect of loan write-offs or waiver of interest on loans

g) Contingent Assets

The Entity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

h) 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 to provide a sense of the overall net cash position of the Project at the end of the year. 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.

i) Budget

The budget is developed on a comparable accounting basis (cash basis), the same accounts classification basis (except for accounts receivable - outstanding imprest and clearance accounts and accounts payable - deposits, which are accounted for on an accrual basis), and for the same period as the financial statements. The Project's budget was approved as required by Law and National Treasury Regulations, as well as by the participating development partners, as detailed in the Government of Kenya Budget Printed Estimates for the year. The Development 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 and are eliminated upon consolidation.

A high-level assessment of the Project's actual performance against the comparable budget for the financial year/period under review has been included in an annex to these financial statements.

j) Third party payments

Included in the receipts and payments, are payments made on its behalf by 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 column in the statement of receipts and payments.

During the year ended 30 June, 2020 no loan disbursements were received in form of direct payments from third parties.

k) Exchange rate differences

The accounting records are maintained in the functional currency of the primary economic environment in which the Project operates, Kenya Shillings. Transactions in foreign currencies during the year/period are converted into the functional currency using the exchange rates prevailing at the dates of the transactions. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statements of receipts and payments.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) Comparative figures

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

m) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30 June, 2020.

n) Errors

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. Restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.3. RECEIPTS FROM GOVERNMENT OF KENYA

These represent counterpart funding and other receipts from government. The project does not have counterpart funding.

| | 2019/20 | 2018/19 | Cumulative to-date(from inception) |
|--|---------|---------|--|
| | KShs | KShs | |
| <i>Counterpart funding through Ministry</i> | | | |
| Counterpart funds Quarter 1 | - | - | - |
| Counterpart funds Quarter 2 | - | - | - |
| Counterpart funds Quarter 3 | - | - | - |
| Counterpart funds Quarter 4 | - | - | - |
| | = | = | = |
| <i>Other transfers from government entities</i> | | | |
| | = | = | = |
| Appropriations-in-Aid | - | - | - |
| | | | |
| Total | = | = | = |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.4. PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

During the 12 months to 30 June, 2020, no grants were received from donors.

| Name of Donor | Date received | Amount received in donor currency | Grants received in cash | Grants received as direct payment * | Grants received in kind | Total amount in KShs | |
|---|---------------|-----------------------------------|-------------------------|-------------------------------------|-------------------------|----------------------|---------|
| | | | | | | 2019/20 | 2018/19 |
| | | | KShs | KShs | KShs | KShs | KShs |
| Grants Received from Bilateral Donors (Foreign Governments) | | | | | | | |
| | - | | | | | - | - |
| Grants Received from Multilateral Donors (International Organisations) | | | | | | | |
| | - | | | | | - | - |
| Grants Received from Local Individuals and organisations | | | | | | | |
| | - | | | | | - | - |
| Total | | | | | | - | - |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.5. LOAN FROM EXTERNAL DEVELOPMENT PARTNERS

During the 12 months to 30 June, 2020 we received funding from development partners in form of loan negotiated by the National Treasury donors as detailed in the table below:

| Name of Donor | Date received | Amount in loan currency (Euros) | Loans received in cash | Loans received as direct payment* | Total amount in KShs | |
|--|---------------|---------------------------------|------------------------|-----------------------------------|----------------------|----------------------|
| | | | KShs | KShs | 2019/20 | 2018/19 |
| Loans Received from Bilateral Donors (Foreign Governments) | | | | | | |
| | - | - | - | - | - | - |
| Loans Received from Multilateral Donors (International Organisations) | | | | | | |
| International Development Association | 20.01.2020 | 3,070,000 | 345,520,825 | - | 345,520,825 | 2,305,926,153 |
| Total | | 3,070,000 | 345,520,825 | - | 345,520,825 | 2,305,926,153 |

9.6. MISCELLANEOUS RECEIPTS

The were no miscellaneous receipts during the financial year ended 30 June, 2020

| | 2019/20 | | | 2018/19 | Cumulative to- date |
|---------------------------------------|---|--------------------------------------|----------------|---------|---------------------|
| | Receipts controlled by the entity in Cash | Receipts controlled by third parties | Total Receipts | | |
| | KShs | KShs | KShs | | |
| Property income | - | - | - | - | - |
| Sales of goods and services | - | - | - | - | - |
| Administrative fees and charges | - | - | - | - | - |
| Fines, penalties and forfeitures | - | - | - | - | - |
| Voluntary transfers other than grants | - | - | - | - | - |
| | ≡ | ≡ | ≡ | ≡ | ≡ |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.7. COMPENSATION OF EMPLOYEES

| | 2019/20 | | | 2018/19 | Cumulative to- date |
|---|-------------------------------------|--------------------------------|----------------|----------|---------------------|
| | Payments made by the Entity in Cash | Payments made by third parties | Total Payments | | |
| | KShs | KShs | KShs | KShs | KShs |
| - | | | | | |
| Basic salaries of permanent employees | - | - | - | - | - |
| Basic wages of temporary employees | - | - | - | - | - |
| Personal allowances paid as part of salary | - | - | - | - | - |
| Personal allowances paid as reimbursements | - | - | - | - | - |
| Personal allowances provided in kind | - | - | - | - | - |
| Pension and other social security contributions | - | - | - | - | - |
| Compulsory national social security schemes | - | - | - | - | - |
| Compulsory national health insurance schemes | - | - | - | - | - |
| Social benefit schemes outside government | - | - | - | - | - |
| Other personnel payments | - | - | - | - | - |
| Total | ≡ | ≡ | ≡ | ≡ | ≡ |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.8. PURCHASE OF GOODS AND SERVICES

| | 2019/20 | | | 2018/19 | Cumulative to- date |
|---|-------------------------------------|--------------------------------|---------------------------|---------------------------|---------------------------|
| | Payments made by the Entity in Cash | Payments made by third parties | Total Payments | | |
| | KShs | KShs | KShs | KShs | KShs |
| Office equipment ,other supplies and services | 17,187,633 | - | 17,187,633 | - | 17,187,633 |
| Communication, supplies and services | 993,000 | - | 993,000 | - | 993,000 |
| Domestic travel and subsistence | 17,254,289 | - | 17,254,289 | 102,898,399 | 129,615,759 |
| Foreign travel and subsistence | - | - | - | - | - |
| Printing, advertising and – information supplies & services | 5,520,571 | - | 5,520,571 | 13,945,438 | 26,429,672 |
| Rentals of produced assets | - | - | - | - | - |
| Training payments | 1,159,345 | - | 1,159,345 | 18,342,779 | 37,579,745 |
| Hospitality supplies and services | 5,191,860 | - | 5,191,860 | 6,995,670 | 34,902,209 |
| Insurance costs | - | - | - | - | - |
| Consultancy services | 109,176,796 | - | 109,176,796 | 119,034,712 | 238,946,508 |
| Other operating payments | - | - | - | - | - |
| Fuel and motor vehicle maintenance | 1,710,000 | - | 1,710,000 | 1,427,904 | 3,397,904 |
| Routine maintenance- – other assets | - | - | - | - | - |
| Exchange rate losses/gains (net) | - | - | - | - | - |
| Total | <u>158,193,495</u> | <u>=</u> | <u>158,193,495</u> | <u>262,144,903</u> | <u>489,052,430</u> |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.9. SOCIAL SECURITY BENEFITS

| | 2019/20 | | | 2018/19 | Cumulative to-date |
|--|-------------------------------------|--------------------------------|----------------|----------|--------------------|
| | Payments made by the Entity in Cash | Payments made by third parties | Total Payments | | |
| | KShs | KShs | KShs | KShs | KShs |
| Government pension and retirement benefits | - | - | - | - | - |
| Social security benefits in cash and in kind | - | - | - | - | - |
| Employer social benefits in cash and in kind | - | - | - | - | - |
| Total | = | = | = | = | = |

9.10. ACQUISITION OF NON-FINANCIAL ASSETS

| | 2019/20 | | | 2018/19 | Cumulative to-date |
|---|-------------------------------------|--------------------------------|----------------|---------|--------------------|
| | Payments made by the Entity in Cash | Payments made by third parties | Total Payments | | |
| | KShs | KShs | KShs | KShs | KShs |
| Purchase of buildings | - | - | - | - | - |
| Construction of buildings | - | - | - | - | - |
| Refurbishment of buildings | - | - | - | - | - |
| Construction of roads | - | - | - | - | - |
| Construction of civil works | - | - | - | - | - |
| Overhaul & refurbishment of construction and civil works | - | - | - | - | - |
| Purchase of vehicles & other transport equipment | - | - | - | - | - |
| Overhaul of vehicles & other transport equipment | - | - | - | - | - |
| Purchase of household furniture & institutional equipment | - | - | - | - | - |
| Purchase of office furniture & general equipment | - | - | - | - | - |
| Purchase of specialised plant, equipment and machinery | - | - | - | - | - |

**Secondary Education Quality Improvement Project
Reports and Financial Statements
For the financial year ended 30 June,2020**

| | 2019/20 | | | 2018/19 | Cumulative to-date |
|--|---|----|---|-------------------|-----------------------|
| | Payments made by the Entity Cash | in | Payments made by third parties | Total Payments | |
| Rehabilitation & renovation of plant, equipment & machinery | - | | - | - | - |
| Purchase of certified seeds, breeding stock and live animals | - | | - | - | - |
| Research, studies, project preparation, design & supervision | - | | - | - | - |
| Rehabilitation of civil works | - | | - | - | - |
| Acquisition of strategic stocks | - | | - | - | - |
| Acquisition of land | - | | - | - | - |
| Acquisition of other intangible assets | - | | - | - | - |
| Total | = | | = | = | = |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.11. TRANSFERS TO OTHER GOVERNMENT ENTITIES

During the 12 months to 30 June 2020, we transferred funds to reporting government entities as shown below:

| | 2019/20 | | | 2018/19 | Cumulative to-date |
|--|-------------------------------------|--------------------------------|--------------------|--------------------|----------------------|
| | Payments made by the Entity in Cash | Payments made by third parties | Total Payments | | |
| | KShs | KShs | KShs | KShs | KShs |
| Transfers to National Government entities | | | | | |
| KICD | - | - | - | 370,595,607 | 508,595,607 |
| KNEC | 364,866,310 | - | 364,866,310 | 184,681,133 | 590,970,468 |
| | 364,866,310 | - | 364,866,310 | 555,276,740 | 1,099,566,075 |
| Transfers to County Government | | | | | |
| AIES to Counties | 2,616,350 | - | 2,616,350 | 56,804,828 | 59,421,178 |
| | 2,616,350 | - | 2,616,350 | 56,804,828 | 59,421,178 |
| TOTAL | 367,482,660 | = | 367,482,660 | 612,081,568 | 1,158,987,253 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.12. OTHER GRANTS AND TRANSFERS AND PAYMENTS

| | 2019/20 | | | 2018/19 | Cumulative to-date |
|---|-------------------------------------|--------------------------------|--------------------|----------|--------------------|
| | Payments made by the Entity in Cash | Payments made by third parties | Total Payments | | |
| | KShs | KShs | KShs | KShs | KShs |
| Grants for scholarships | 906,927,284 | - | 906,927,284 | - | 906,927,284 |
| Transfers to lower levels of government e.g schools | - | - | - | - | - |
| Miscellaneous payments | - | - | - | - | - |
| Total | 906,927,284 | - | 906,927,284 | = | 906,927,284 |

The grants for scholarship were transferred to Equity Group Foundation being the institution contracted to administer scholarship.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.13. CASH AND CASH EQUIVALENTS CARRIED FORWARD

| | 2019/20 | 2018/19 |
|---|---------|-----------------------------|
| | KShs | KShs |
| Bank accounts A/c No 1000387912 | | 1,066,566,689 |
| Bank accounts A/c No 1000387939 | | 766,034,024 |
| Bank accounts A/c No 1000368427 | | 6,792 |
| Outstanding imprests and Advances to counties | | 4,272,218 |
| Total | | <u>1,836,879,722</u> |

The project has two accounts spread within the project implementation area and two foreign currency designated accounts managed by the National Treasury as listed below:

9.13 A Bank Accounts

Project Bank Accounts

| | 2019/20 | 2018/19 |
|--|---------------------------|-----------------------------|
| | KShs | KShs |
| <u>Foreign Currency Accounts</u> | | |
| Central Bank of Kenya [A/c No 1000356669] | - | - |
| Central Bank of Kenya [A/c No 1000368427] | 6,792 | 6,792 |
| Total Foreign Currency balances | <u>6,792</u> | <u>6,792</u> |
| <u>Local Currency Accounts</u> | | |
| Central Bank of Kenya A/c No 1000387912 | 627,671,218 | 1,066,566,689 |
| Central Bank of Kenya A/c) A/c No 1000387939 | 121,898,241 | 766,034,024 |
| Total local currency balances | <u>749,569,459</u> | <u>1,832,600,712</u> |
| Total bank account balances | <u>749,576,251</u> | <u>1,832,607,504</u> |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Special Deposit Accounts

The balances in the Project's Special Deposit Account(s) as at 30 June ,2020 are not included in the Statement of Financial Assets since they are below the line items and are yet to be drawn into the Exchequer Account as a voted provision.

Below is the Special Deposit Account (SDA) movement schedule which shows the flow of funds that were voted in the year. These funds have been reported as loans/grants received in the year under the Statement of Receipts and Payments.

Special Deposit Accounts Movement Schedule

| | 2019/20 | 2018/19 |
|---|---------------------|-------------------------|
| | KShs | KShs |
| (i) A/c Name Secondary Education Quality Improvement Project.[A/c No. 1000356669] | | |
| Opening balance | - | 9220.11 |
| Total amount deposited in the account | - | 1,539,882,979.89 |
| Total amount withdrawn (as per Statement of Receipts & Payments) | = | <u>1,539,892,200.00</u> |
| Closing balance (as per SDA bank account reconciliation attached) | = | = |
| (ii) A/c Name Secondary Education Quality Improvement Project-DLI [A/c No. 1000368427] | | |
| Opening balance (as per the SDA reconciliation) | 6,792 | - |
| Total amount deposited in the account | 345,520,825 | 766,040,816 |
| Total amount withdrawn (as per Statement of Receipts & Payments) | <u>345,520,825</u> | <u>766,034,024</u> |
| Closing balance (as per SDA bank account reconciliation attached) | <u>6,792</u> | <u>6,792</u> |

The Special Deposit Account(s) reconciliation statement(s) has (have) been attached as *Appendix* support these closing balances.

9.13B Cash In Hand

| | 2019/20 | 2018/19 |
|----------------------------|---------|---------|
| | KShs | KShs |
| Location 1 | - | - |
| Location 2 | - | - |
| Total cash balances | = | = |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.13C Cash equivalents (short-term deposits)

| | 2019/20 | 2018/19 |
|--------------|---------|---------|
| | KShs | KShs |
| | - | - |
| | | |
| Total | = | = |

9.14. OUTSTANDING IMPRESTS AND ADVANCES

| <i>Name of Officer or Institution</i> | <i>Amount Taken</i> | <i>Due Date of Surrender</i> | <i>Amount Surrendered</i> | <i>Balance 2020</i> | <i>Balance 2019</i> |
|---------------------------------------|---------------------|------------------------------|---------------------------|---------------------|---------------------|
| <i>Outstanding imprests</i> | | | | 169,300 | 645,200 |
| <i>Outstanding county AIES</i> | | | | 51,558 | 3,627,018 |
| | | | | | |
| Total | | = | = | 220,858 | 4,272,218 |

*Details of the account receivables are in ANNEX 5 of the financial statements.

9.15. FUND BALANCE BROUGHT FORWARD

| | 2019/20 | 2018/19 |
|--|----------------------|--------------------|
| | KShs | KShs |
| Bank accounts | 1,836,879,722 | 348,375,212 |
| Cash in hand | | |
| Cash equivalents (short-term deposits) | | |
| Outstanding imprests and advances | | |
| Total | 1,836,879,722 | 348,375,212 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.16. PRIOR YEAR ADJUSTMENT

| | Balance b/f FY 2018/2019 as per Financial statements | Adjustments | Adjusted Balance b/f FY 2018/2019 |
|---------------------------|--|----------------|---|
| Description of the error | Kshs | Kshs | Kshs |
| Bank account Balances | 1,836,879,722 | (6,792) | 1,836,872,930 |
| Cash in hand | - | - | - |
| Accounts Payables | - | - | - |
| Receivables | - | - | - |
| Others (<i>specify</i>) | - | - | - |
| | 1,836,879,722 | (6,792) | 1,836,872,930 |

CHANGES IN RECEIVABLE

| Description of the error | 2019 - 2020 | 2018 - 2019 |
|---|-------------|-------------|
| | KShs | KShs |
| Outstanding Imprest as at 1 st July 2019 (A) | - | - |
| Imprest issued during the year (B) | - | - |
| Imprest surrendered during the Year (C) | - | - |
| Net changes in account receivables D= A+B-C | - | - |

9.17. CHANGES IN ACCOUNTS PAYABLE – DEPOSITS AND RETENTIONS

| Description of the error | 2019 - 2020 | 2018 - 2019 |
|--|-------------|-------------|
| | KShs | KShs |
| Deposit and Retentions as at 1 st July 2019 (A) | - | - |
| Deposit and Retentions held during the year (B) | - | - |
| Deposit and Retentions paid during the Year (C) | - | - |
| Net changes in account receivables D= A+B-C | - | - |

*Secondary Education Quality Improvement Project
Reports and Financial Statements
For the financial year ended 30 June, 2020*

10. OTHER IMPORTANT DISCLOSURES

10.1 PENDING ACCOUNTS PAYABLE (See Annex 2A)

| | Balance b/f FY 2018/2019 | Additions for the period | Paid during the year | Balance c/f FY 2019/2020 |
|-----------------------------|-----------------------------|-----------------------------|-------------------------|-----------------------------|
| Description | Kshs | Kshs | Kshs | Kshs |
| Construction of buildings | - | - | (xxx) | xxx |
| Construction of civil works | - | - | (xxx) | xxx |
| Supply of goods | - | 24,181,188 | (-) | 24,565,188 |
| Supply of services | - | 65,156,388 | (-) | 64,772,388 |
| Total | - | 89,337,576 | (-) | 89,337,576 |

10.2 PENDING STAFF PAYABLES (See Annex 2B)

| | Balance b/f FY 2018/2019 | Additions for the period | Paid during the year | Balance c/f FY 2019/2020 |
|-----------------------|-----------------------------|-----------------------------|-------------------------|-----------------------------|
| Description | Kshs | Kshs | Kshs | Kshs |
| Senior management | - | - | (-) | - |
| Middle management | - | - | (-) | - |
| Unionisable employees | - | - | (-) | - |
| Others | - | - | (-) | - |
| Total | - | - | (-) | - |

10.3 OTHER PENDING PAYABLES (See Annex 2C)

| | Balance b/f FY 2018/2019 | Additions for the period | Paid during the year | Balance c/f FY 2019/2020 |
|---|-----------------------------|-----------------------------|-------------------------|-----------------------------|
| Description | Kshs | Kshs | Kshs | Kshs |
| Amounts due to National Government entities | - | - | (-) | - |
| Amounts due to County Government entities | - | - | (-) | - |
| Amounts due to third parties | - | - | (-) | - |
| Total | - | - | (-) | - |

*Secondary Education Quality Improvement Project
Reports and Financial Statements
For the financial year ended 30 June, 2020*

OTHER IMPORTANT DISCLOSURES (Continued)

10.4 External Assistance

| Description | FY 2019/2020 | FY 2018/2019 |
|---|--------------|--------------|
| | Kshs | Kshs |
| External assistance received in cash | - | - |
| External assistance received as loans and grants | - | - |
| External assistance received in kind- as payment by third parties | - | - |
| Total | - | - |

a) External assistance relating loans and grants

| Description | FY 2019/2020 | FY 2018/2019 |
|--|--------------|--------------|
| | Kshs | Kshs |
| External assistance received as loans | - | - |
| External assistance received as grants | - | - |
| Total | - | - |

b) Undrawn external assistance

| Description | Purpose for which the undrawn external assistance may be used | FY 2019/2020 | FY 2018/2019 |
|--------------------------------------|---|--------------|--------------|
| | | Kshs | Kshs |
| Undrawn external assistance - loans | | - | - |
| Undrawn external assistance - grants | | - | - |
| Total | | - | - |

c. Classes of providers of external assistance

| Description | FY 2019/2020 | FY 2018/2019 |
|---------------------------------------|--------------|--------------|
| | Kshs | Kshs |
| Multilateral donors | - | - |
| Bilateral donors | - | - |
| International assistance organization | - | - |
| NGOs | - | - |
| National Assistance Organization | - | - |
| Total | - | - |

*Secondary Education Quality Improvement Project
Reports and Financial Statements
For the financial year ended 30 June,2020*

OTHER IMPORTANT DISCLOSURES (Continued)

d. Non-monetary external assistance

| | FY 2019/2020 | FY 2018/2019 |
|--------------|--------------|--------------|
| Description | Kshs | Kshs |
| Goods | - | - |
| Services | - | - |
| Total | - | - |

e Purpose and use of external assistance

| PAYMENTS MADE BY THIRD PARTIES | FY 2019/2020 | FY 2018/2019 |
|--|--------------|--------------|
| | Kshs | Kshs |
| Compensation of Employees | - | - |
| Use of goods and services | - | - |
| Subsidies | - | - |
| Transfers to Other Government Units | - | - |
| Other grants and transfers | - | - |
| Social Security Benefits | - | - |
| Acquisition of Assets | - | - |
| Finance Costs, including Loan Interest | - | - |
| Repayment of principal on Domestic and Foreign borrowing | - | - |
| Other Payments | - | - |
| TOTAL | - | - |

f. External Assistance paid by Third Parties on behalf of the Entity by Source

This relates to external assistance paid directly by third parties to settle obligations on behalf of the entity

| | FY 2019/2020 | FY 2018/2019 |
|---------------------------------------|--------------|--------------|
| Description | Kshs | Kshs |
| National government | - | - |
| Multilateral donors | - | - |
| Bilateral donors | - | - |
| International assistance organization | - | - |
| NGOs | - | - |
| National Assistance Organization | - | - |
| Total | - | - |

*Secondary Education Quality Improvement Project
Reports and Financial Statements
For the financial year ended 30 June,2020*

11. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S RECOMMENDATIONS

| s/no | Issue | Observation and auditors recommendation | Management comments | Focal point person to resolve the issue | Status | Time frame |
|------|----------------------------|--|--|---|------------|----------------------------|
| 1. | Special account statements | Proceeds from loans from development partners differed from the amount reflected in the special account statements | Special account movement schedules provided. | HAU | Unresolved | 30 th June 2019 |



Principal Secretary

Date



Project Coordinator

23/12/2020

Date

*Secondary Education Quality Improvement Project
Reports and Financial Statements
For the financial year ended 30 June,2020*

ANNEX 1 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS

| | Final Budget | Actual on Comparable Basis | Budget Utilization Difference | % of Utilization | Comments on Variance |
|---|--------------------|----------------------------|-------------------------------|------------------|--|
| | a | b | c=a-b | d=b/a % | |
| Receipts | | | | | |
| Transfer from Government entities | - | - | - | - | |
| Proceeds from domestic and foreign grants | - | - | - | - | |
| Proceeds from borrowings | 611,669,353 | 345,520,825 | 266,148,528 | 43.5% | Covid 19 Pandemic affected most of activities that had been planned during the year. |
| Miscellaneous receipts | - | - | - | - | |
| Total Receipts | 611,669,353 | 345,520,825 | 266,148,528 | 43.5% | |
| Payments | | | | | |
| Compensation of employees | - | - | - | - | |
| Purchase of goods and services | 611,669,353 | 1,432,603,439 | (820,934,086) | - | Revision of the budget during supplementary estimates left a deficit balance. |
| | | | | | |
| Total payments | 611,669,353 | 1,432,603,439 | (820,934,086) | | |

*Secondary Education Quality Improvement Project
Reports and Financial Statements
For the financial year ended 30 June,2020*

ANNEX 2A - ANALYSIS OF PENDING BILLS

| Supplier of Goods or Services | Original Amount | Date Contracted | Amount Paid To-Date | Outstanding Balance 2020 | Outstanding Balance 2019 | Comments |
|---|-------------------|-----------------|---------------------|--------------------------|--------------------------|---------------------|
| | A | B | c | d=a-c | | |
| Supply of goods | | | - | | | Paid in 2020/21 fyr |
| 1. Bensta Ltd | 778,000 | | - | 778,000 | | Paid in 2020/21 fyr |
| 2. CMC Motors Group Ltd | 6,181,253 | | - | 6,181,253 | | Paid in 2020/21 fyr |
| 3. Toyota Kenya Ltd | 14,878,965.36 | | - | 14,878,965.36 | | Paid in 2020/21 fyr |
| 4. Panesar Kenya Ltd | 769,990 | | - | 769,990 | | Paid in 2020/21 fyr |
| 5. Prestan general supplies | 167,400 | | - | 167,400 | | Paid in 2020/21 fyr |
| 6. Upstream Sinedel Enterprises | 474,000 | | - | 474,000 | | Paid in 2020/21 fyr |
| 7. Andalmt Agencies | 474,000 | | - | 474,000 | | Paid in 2020/21 fyr |
| Sub-Total | 23,723,608 | | - | 23,723,608 | | |
| Supply of services | | | | | | |
| 8. E Gap Ltd | 3,191,640 | | - | 3,191,640 | | Paid in 2020/21 fyr |
| 9. Dama Services Ltd | 18,649,500 | | - | 18,649,500 | | Paid in 2020/21 fyr |
| 10. Heritage Associates Ltd | 25,891,248 | | - | 25,891,248 | | Paid in 2020/21 fyr |
| 13.Odesey International Ltd | 17,040,000 | | - | 17,040,000 | | Paid in 2020/21 fyr |
| 14.Walter Onditi Ouma | 384,000 | | - | 384,000 | | Paid in 2020/21 fyr |
| 11. Nation Media Group PLC | 99,900 | | - | 99,900 | | Paid in 2020/21 fyr |
| 12. Standard Group PLC | 87,680 | | - | 87,680 | | Paid in 2020/21 fyr |
| 13. Kenya institute of Curriculum Development | 270,000 | | - | 270,000 | | Paid in 2020/21 fyr |
| Sub-Total | 65,613,968 | | - | 65,613,968 | | |
| Grand Total | 89,337,576 | | - | 89,337,576 | | |

*Secondary Education Quality Improvement Project
 Reports and Financial Statements
 For the financial year ended 30 June,2020*

ANNEX 2B - ANALYSIS OF PENDING STAFF BILLS

| Name of Staff | Job Group | Original Amount | Date Payable Contracted | Amount Paid To-Date | Outstanding Balance 2020 | Outstanding Balance 2019 | Comments |
|---|------------------|------------------------|--------------------------------|----------------------------|---------------------------------|---------------------------------|-----------------|
| | | A | b | c | d=a-c | | |
| Permanent Employees - Management | | | | | | | |
| 1. | | | | | | | |
| 2. | | | | | | | |
| 3. | | | | | | | |
| Sub-Total | | | | | | | |
| Permanent Employees – Others | | | | | | | |
| 4. | | | | | | | |
| 5. | | | | | | | |
| 6. | | | | | | | |
| Sub-Total | | | | | | | |
| Temporary employees | | | | | | | |
| 7. | | | | | | | |
| 8. | | | | | | | |
| 9. | | | | | | | |
| Sub-Total | | | | | | | |
| Others (specify) | | | | | | | |
| 10. | | | | | | | |
| 11. | | | | | | | |
| 12. | | | | | | | |
| Sub-Total | | | | | | | |
| Grand Total | | | | | | | |

*Secondary Education Quality Improvement Project
 Reports and Financial Statements
 For the financial year ended 30 June,2020*

ANNEX 2C - ANALYSIS OF OTHER PENDING PAYABLES

| Name | Brief Transaction Description | Original Amount | Date Payable Contracted | Amount Paid To-Date | Outstanding Balance 2020 | Outstanding Balance 2020 | Comments |
|--|--------------------------------------|------------------------|--------------------------------|----------------------------|---------------------------------|---------------------------------|-----------------|
| | | A | b | C | d=a-c | | |
| Amounts due to National Govt Entities | | | | | | | |
| 1. | | | | | | | |
| 2. | | | | | | | |
| 3. | | | | | | | |
| Sub-Total | | | | | | | |
| Amounts due to County Govt Entities | | | | | | | |
| 4. | | | | | | | |
| 5. | | | | | | | |
| 6. | | | | | | | |
| Sub-Total | | | | | | | |
| Amounts due to Third Parties | | | | | | | |
| 7. | | | | | | | |
| 8. | | | | | | | |
| 9. | | | | | | | |
| Sub-Total | | | | | | | |
| Others (specify) | | | | | | | |
| 10. | | | | | | | |
| 11. | | | | | | | |
| 12. | | | | | | | |
| Sub-Total | | | | | | | |
| Grand Total | | | | | | | |

SEQIP Project
Reports and Financial Statements
For the financial year ended 30 June, 2020

ANNEX 3 – SUMMARY OF FIXED ASSET REGISTER

| Asset class | Opening Cost (KShs) 2018/19 (a) | *Purchases/Additions in the Year (KShs) 2019/20 (b) | **Disposals in the Year (KShs) 2019/20 (c) | Transfers in/(out) Kshs 2019/20 (d) | Closing Cost (KShs) 2020 (e) = (a) + (b) - (c) + (-) d |
|--|--|--|---|--|---|
| Land | | | | | |
| Buildings and structures | | | | | |
| Transport equipment | | | | | |
| Office equipment, furniture and fittings | | | | | |
| ICT Equipment, | | | | | |
| Other Machinery and Equipment | | | | | |
| Heritage and cultural assets | | | | | |
| Biological assets | | | | | |
| Infrastructure assets roads, rails | | | | | |
| Intangible assets | | | | | |
| Work in Progress | | | | | |
| Total | | | | | |

ANNEX 4 CONTINGENT LIABILITIES REGISTER

| | Nature of contingent liability | Payable to | Currency | Estimated Amount Kshs | Expected date of payment | Remarks |
|----|---------------------------------------|-------------------|-----------------|------------------------------|---------------------------------|----------------|
| 1 | | | | | | |
| 2 | | | | | | |
| 3 | | | | | | |
| 4 | | | | | | |
| 5 | | | | | | |
| 6 | | | | | | |
| 7 | | | | | | |
| 8 | | | | | | |
| 9 | | | | | | |
| 10 | | | | | | |
| 11 | | | | | | |
| 12 | | | | | | |
| | | | | | | |

SEQIP Project
Reports and Financial Statements
For the financial year ended 30 June, 2020

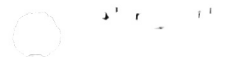
ANNEX 5: OUTSTANDING IMPRESTS AND ADVANCES.

OUTSTANDING IMPRESTS AS AT 30 JUNE, 2020

| S/NO. | ISSUED DATE | P/NO | IFMIS NO. | OFFICERS NAME | DEPART. | FOLIO | WARRANT NO. | AMOUNT KSHS. | EXPECTED DATE OF SURRENDER |
|-------|-------------|------------|-----------|------------------|---------|-------|-------------|-------------------|----------------------------|
| 1 | 03/12/2018 | CAJ 053 | | MUNOKO BOB HARUN | SEQUIP | 47 | 3532466 | 42,000.00 | 14/12/2018 |
| 2 | 08/02/2019 | 2003039464 | 165809 | CHAU JOHN | SEQUIP | 83 | 3523622 | 59,400.00 | 29/02/2019 |
| 3 | 08/02/2019 | 573383 | | FRIDAH KIAMBATI | SEQUIP | 84 | 3523624 | 50,400.00 | 29/02/2019 |
| 8 | 10/6/2019 | 900772 | | STEVE CHITAI | SEQUIP | 306 | 3711773 | 17,500.00 | 21/06/2019 |
| | | | | TOTAL | | | | 169,300.00 | |

OUTSTANDING COUNTY AIES

| S/NO | COUNTY | AIE NO. | SCHOLARSHIP | GENDER CHAMPIONS | TOTAL | RETURNS | RTGS | BALANCE |
|------|---------------------|----------|----------------|------------------|----------------|----------------|---------------|---------------|
| 1 | BUNGOMA COUNTY | A 939405 | 70,000 | | 70,000 | 50,000 | 19,909 | 91 |
| 2 | THARAKA NTHI COUNTY | A 939416 | 70,000 | | 70,000 | 21,983 | | 48,017 |
| 3 | MARSABIT COUNTY | A 939435 | 70,000 | 185,000 | 255,000 | 252,000 | | 3,000 |
| 4 | LAIKIPIA COUNTY | A 939411 | 70,000 | 65,000 | 135,000 | 134,550 | | 450 |
| | TOTAL | | 280,000 | 250,000 | 530,000 | 458,533 | 19,909 | 51,558 |



APPENDICES

- i. Bank Reconciliations
- ii. Special Deposit Account(s) reconciliation statement(s)