

REPUBLIC OF KENYA



*Enhancing Accountability*

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<b>REPORT</b>	
DATE: 14 FEB 2023	DAY: WED
TABLE OF BY:	Deputy leader, Majority Party Hon Owen Bayo, MP
CLERK-AT THE TABLE:	Miriam Muto

**THE AUDITOR-GENERAL**

**ON**

**TEACHERS SERVICE COMMISSION**

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



OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
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**TEACHERS SERVICE COMMISSION**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED**  
**JUNE 30, 2023**

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



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**1. Acronyms and Glossary of Terms**

AIE	Authority to Incur Expenditure
BETA	Bottom up Economic Transformation Agenda
CFO	Chief Finance Officer
HAU	Head of Accounting Unit
ICT	Information Communication Technology
IPSAS	International Public Sector Accounting Standards
KPEELP	Kenya Primary Education Equity in Learning Program
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
PFM	Public Finance Management
SEQIP	Secondary Education Quality Improvement Project
TSC	Teachers Service Commission

## **2. Key Entity Information and Management**

### **(a) Background information**

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

#### **Vision**

A motivated, ethical and globally competitive teacher

#### **Mission**

To regulate, maintain and manage the teaching service through sound policies and operational excellence for quality teaching and lifelong learning

#### **Core Values**

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

#### **Functions and Mandate**

The Commission is mandated to perform the following functions:

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

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**THE COMMISSIONERS**



**Dr. Jamleck Muturi John  
Chairman**



**Leila Abdi Ali  
Vice Chairperson**



**Mbage Njuguna Ng'ang'a  
Commissioner**



**Timon Oyucho  
Commissioner**



**Annceta G. Wafukho  
Commissioner**



**Salesa Adan Abudo  
Commissioner**



**Christine K. Kahindi  
Commissioner**



**Dr. Nicodemus Ojuma Anyang  
Commissioner**



**Sharon Jelagat Kisire  
Commissioner**



**Dr. Nancy Njeri Macharia, CBS  
Commission Secretary/CEO**

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**Duties of the Commissioners**

The Commissioners provide strategic directions; objectives and values that ensure policies and practices are in place to implement governance and effective control over the Commission's assets and operations. The Commissioners meet regularly to continually review and monitor the Commission's progress with respect to strategic direction and operational effectiveness.

In accordance with the powers conferred on the Commission under Article 252(d) of the Constitution and Section 13 of TSC Act 2012, the Commission has established four (4) Committees to support the Board in proper execution of its mandate as follows:

**Field Services Committee**

The function of this committee is to recommend to the Board formulation and/or review of policies and to enhance Teacher professionalism, conduct and performance and decentralized functions.

**Finance Committee**

To recommend to the Board financial management policies, procedures and strategies aimed at maintaining the financial accountability and integrity of the Commission and oversight budget implementation.

**Human Resources Committee**

To consider and recommend to the Board formulation and/or review of Human Resource Policies, appropriate organization structure, staff establishment and terms and conditions of service for employees.

**Strategy and Innovation Committee**

To advise the Board on the development and implementation of strategic initiatives, policies and innovative reforms for effective service delivery, evaluate performance reports and Monitor implementation of the TSC strategic Plan.

The Committees meet regularly to continually review and monitor the Commission's progress with respect to strategic direction and operational effectiveness. In this regard the Commission has established the following governance committees with special mandates to assist in the execution of the Commission's programs.

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**Key Management**



**Dr Nancy Njeri Macharia**  
**Commission Secretary/CEO**



**Ibrahim Mumin**  
**Director (Admin.Services)**



**CPA Cheptumo Ayabei,**  
**Director (Finance & Accounts)**



**Charles Gichira**  
**Director (ICT)**



**Dr Reuben N. Mugwuku**  
**Director (QAS)**



**Cavin Anyuor**  
**Director (LL & IR)**



**Dr Julius O. Olayo**  
**Director (HRM&D)**



**Gabriel Mathenge**  
**Director (Operations)**



**Evaleen Mitei**  
**Ag Director**  
**(Field Services)**



**CPA. Benjamin Mainga**  
**Ag Director**  
**(Internal Audit)**



**Antonina Lentoijoni**  
**Ag Director**  
**(Staffing)**

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**Key Management**

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

**Staffing**

The Directorate is responsible for recruitment, posting, deployment, promotion and transfer of teachers in basic public learning institutions. The Directorate has the responsibility to ensure equitable distribution and optimal utilisation of teachers.

**Administrative Services**

The Directorate offers an overarching support services to the service areas of the Commission for effective implementation of the Commission's mandate. The support is in the areas of facility management and logistical services. To this end, the Directorate manages the physical infrastructure, employee welfare and safety, and records.

**Finance and Accounts**

The Directorate is responsible for prudent financial management as required under the Public Finance Management Act through application of sound principles, systems and techniques in accounting. It is also in charge of budgetary control as well as preparation of the Commission's financial statements. To mitigate the risks on insufficient budgetary allocation, the Directorate is also responsible for growing the TSC's financial resource base and enhancing efficiency in the mobilisation and utilisation of resources for sustainable teaching service.

**Information Communication and Technology**

The Directorate is responsible for the creation of an appropriate technological environment to support the effective and efficient execution of the Commission's mandate. It develops and implements ICT related policies, guidelines, standards and procedures as well as advise the Commission on new technologies and innovations.

**Quality Assurance and Standards**

The Directorate is responsible for enhancing compliance of quality assurance and standards in the teaching service, teacher performance evaluation to improve quality of teaching services in basic education learning institutions. It is also responsible for programmes that promote continuous teacher professional development and appraisal

**Human Resource Management and Development**

The Directorate has the responsibility to effectively manage the human resources of the Commission through implementation of appropriate Policy guidelines. Among other initiatives, the Directorate implements strategies for optimal utilization of the human resource to enhance productivity at all levels of the Commission. The strategies employed in this regard include; effective human resource

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planning, succession management, payroll management, employee motivation and the promotion of best practices in human resource management.

**Internal Audit**

The Internal Audit Directorate offers an independent, objective assurance and consulting services designed to enhance institutional risk management, controls and governance processes in the Commission. It is also responsible for spearheading good corporate Governance practices within the Commission. Further, the Directorate contributes to the enhancement of the internal control systems that promote efficiency and effective service delivery.

**Legal, Labour and Industrial Relations**

The Directorate is responsible for offering legal support services including labour and industrial relations to the Commission. This includes representation of the Commission in court and in tribunals, rendering legal advisory, drafting and /or vetting of legal instruments including contracts, agreements and developing subsidiary legislations. The Directorate also ensures proper development and interpretation of the laws and regulations governing the operations of the Commission. Further, the Directorate is responsible for the strategies that enhance industrial harmony in the teaching sector.

**Field Services**

The Directorate is responsible for coordinating the teacher conduct and professionalism function of the Commission and implementing strategies to improve professionalism and compliance with regulations governing the teaching service.

**Operations**

The Directorate is responsible for coordinating the activities between Board and management on behalf of the Commission Secretary. The Directorate offers support to the Commission Secretary by ensuring effective planning, coordinating decentralised functions, monitoring and evaluation and timely reporting. In addition, the Directorate ensures responsiveness to customer and stakeholder concerns and promotes strategies for positive corporate brand.

**(b) Fiduciary Management**

The key management personnel who held office during the financial year ended 30 June 2023 and who had direct fiduciary responsibility were:

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<b>Designation</b>	<b>Name</b>
1. Secretary/CEO	Dr. Nancy Njeri Macharia, CBS
2. Director - Administration	Mr. Ibrahim Mumin Gedi, OGW
3. Director - Finance and Accounts	CPA. Cheptumo Ayabei
4. Director - HRM & D	Dr. Julius O. Olayo
5. Director - ICT	Mr. Charles Gichira
6. Director - QAS	Dr. Reuben Nthamburi
7. Director – Legal, Labour and Industrial Relations	Mr. Cavin Anyuor
8. Director – Operations	Mr. Gabriel Mathenge
9. Ag Director - Field Services	M/s. Evaleen Mitei
10. Ag Director - Internal Audit	CPA. Benjamin Mainga
11. Ag Director - Staffing	M/s Antonina Lentoijoni

**(c) Fiduciary Oversight Arrangements**

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

**(d) Headquarters**

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

**(e) Contacts**

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

**(f) Bankers**

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

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2. National Bank of Kenya  
National Bank of Kenya Building  
Harambee Avenue  
P. O. Box 41862 – 00200  
Nairobi, Kenya

**(g) Independent Auditors**

Auditor-General  
Office of the Auditor General  
Anniversary Towers, University Way  
P. O. Box 30084  
GPO - 00100  
Nairobi, Kenya

**(h) Principal Legal Adviser**

The Attorney General  
State Law Office and Department for Justice  
Harambee Avenue  
P. O. Box 40112  
City Square – 00200  
Nairobi, Kenya

### **3. Statement of Governance**

#### **1. Key Leadership**

The Commission consists of a Chairperson and eight members appointed in accordance with the TSC Act 2012. In addition, the Commission has established committees under five thematic areas namely: Strategy and Innovation, Finance, Field Services, Audit and Human Resource. The Board provides overall leadership on the implementation of the Strategic Plan.

#### **Commission Secretary**

The Commission Secretary is the Chief Executive, head of secretariat, the accounting officer and the link between the Board and management.

#### **Management operations**

The Commission is structured into Directorates, Divisions and Sections/Units or as directed by the Board. Commissions' operations are carried out through directorate and each director signs performance contract instruments aligned to Strategic plan with the Commission secretary. To ensure successful implementation of the set targets, every directorate is expected to submit quarterly performance reports to the Commission secretary.

On financial management functions every director is assigned the responsibility of being an AIE holder for the directorate. This essentially assigns each director financial responsibility over the expenditure of their directorate. Further, Strategic Programmes objective and targets are also delivered through directorates which makes them the nerve centres for Commissions' operations.

#### **2. Audit Committee**

The Public Finance Management Act, 2012 and Public Finance Management Regulation, 2015 requires that each public entity shall establish an Audit Committee (AC). The Commission's AC forms a key element in the governance process through providing an independent expert assessment of the activities of management, the quality of the risk management, financial reporting and financial management. The AC reports to the Board and is the functional supervisory unit of the Internal Audit Directorate.

#### **Composition**

The Audit Committee is composed of 4 members as follows;

- a) Two (2) independent audit committee members sourced competitively, one of whom is the Chair.
- b) One (1) Commissioner.
- c) A representative of the National Treasury.

**Terms of office of members (including Chairs)**

The term of the Audit Committee is 3 years, renewable once as provided for in the PFM Guidelines on Audit Committee for National Government. The Commission appointed its first Independent Audit Committee in February, 2017. The Chair and independent member's term were renewed for a final term of 3 years which ended on 10<sup>th</sup> February, 2023 after which a competitive recruitment was initiated for their replacement.

**Meetings of the Audit Committee**

The Audit Committee held a total of 6 meetings between 1<sup>st</sup> July 2022 and 30<sup>th</sup> June 2023.

**Role of the Audit Committee**

The Audit Committee plays a key role with respect to the integrity of the Commission's financial information, its system of governance, risk and internal controls, and the legal and ethical conduct of management and employees.

**3. Risk Management**

The Commission has established governance structures, risk management processes and systems of internal control. The Board views risk management as integral to the execution of the Commission's mandate and has set the appropriate tone at the top with respect to risk culture by communicating and inculcating risk-based Strategic Planning, performance management and decision making.

The Commission has continued to integrate and embed risk management processes and systems in its activities and programmes through implementation of its Risk Management Policy and Framework (RMPF), enabling achievement of enterprise-wide risk management. This systematic and proactive approach has ensured protection from internal and external threats, minimized effects of uncertainties whilst maximizing opportunities in achieving the Commission's mandate, aimed at creating short and long-term value.

In pursuit of its vision, mission and strategic objectives, the Commission recognizes its appetite for risk varies according to different categories of risks, defined as strategic, operational, financial, reputational, compliance, political & environmental, technological and project- related risks.

The Board provides oversight over risk management by ensuring that risk management strategies and policies are in place and effective internal control measures are established to mitigate risks to acceptable levels. Internal Audit function provides the board and executive management with independent objective assurance on the effectiveness of the policies, procedures and controls.

### **Management of Conflict of Interest**

The Commission acknowledges that situations of actual or perceived conflict of interest can arise and should be managed by applying the principles of openness, integrity and disclosure. The Board has formal procedures for managing conflicts of interest provided in the TSC integrity policy.

All employees have an obligation to avoid and disclose interests, activities, relationships and influences that can compromise their objectivity and impartiality in the performance of their duties, declare gifts received in line of duty as guided by the policy, as well as comply to Declaration of Income, Assets and Liabilities (DIALs) requirement.

During the period under review, there was no any conflict of interest recorded in all the meeting's agenda both at Board and management level. Employees were compliant to online Declaration of Income, Assets and Liabilities for the 2019/2021 cycle.

### **Compliance**

In regard to compliance with the internal policies and controls, there were no material violation of policies, guidelines or controls that were reported during the period under review.

#### **4. Report on recent training and development in governance for those in key leadership.**

One of the key contributors for the long-term success of an organization are the people. Leadership skills are an essential component in positioning executives to make thoughtful and strategic decisions about their organization's mission and goals, and properly allocate resources to achieve those directives.

Governance training provides the Board and Management with a thorough understanding of their fiduciary duties of acting in good faith, serving the best interests of the organization and offering an in-depth look into the leaders' roles and legal liabilities.

During the year under review, the Commission was able to conduct 6 trainings for the Board and Management on various dates on issues touching on the following good governance areas:

- Strategic Planning and Management
- Enhancing Leadership, Capacity and Mindset shift Management
- Leadership Development
- Risk Management
- National Value for Board and Management on National Corruption Prevention Committee
- Executive Leadership Summit

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**5. Statement on compliance with laws and Regulations**

The Commission is in compliance with statutory and regulatory requirements as spelt out in the Constitution, the Teachers Service Commission Act, the Basic Education Act, the Public Finance Management Act, the Public Procurement and Asset Disposal Act, the Code of regulation for Teachers among others. The operations of the Board are defined in the Board Charter which clearly outlines the roles, responsibilities and functions for the members and its Committees. This is intended to facilitate efficient decision making of the Board in discharging its duties and responsibilities.

The Commission therefore performs its functions in accordance with the best practices anchored in principles of accountability and transparency as well as adherence to the relevant laws and regulations.

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#### 4. Chairman's Statement



I am delighted to present the Annual Report and Financial Statements of the Teachers Service Commission for the fiscal year 2022-2023. The preparation and presentation of the report is in line with Section 81 of Public Finance Management Act 2012.

The Commission successfully implemented the 2019-2023 Strategic Plan, developed and launched the 2023-2027 strategic plan which sets the Commission's agenda for the next five years. Over the period under review, key achievements realized were: development of a Policy framework for entry requirements to teaching service; development of a Teacher Induction, Mentorship, and Coaching (TIMEC) Policy to institutionalise the (TIMEC) programme and Review of the Teacher Performance Appraisal and Development (TPAD) tool.

Going forward, the 2023- 2027 strategic plan developed seeks to: Reduce the national teacher shortage by 100% of the baseline by Recruiting and equitably distribute additional teachers; strengthen curriculum implementation in learning Institutions; strengthen teacher competencies and promote positive conduct through Teacher In-service programmes; Improvement of teacher professionalism and integrity; enhance the Automation of business processes and decentralisation of services to improve responsiveness and service delivery to the customers and; Strengthen the legal and Policy framework.

Change of Education System Transition from the Knowledge Objective Based Curriculum (8-4-4) to the Competency-Based Curriculum (6-3-3-3) resulted to establishment of new structures in the education system. The change in the education system affected the staffing of schools as it required more teachers for implementation. Further, for effective delivery of the new curriculum, teachers required capacity building programmes to improve their pedagogical content knowledge.

Additionally, introduction of new learning areas and curriculum increased competing stakeholder interests in the key functions of the Commission impacting the implementation of the plan. The areas that stakeholders demonstrated interest included institutional management, teacher recruitment, promotion, deployment and transfer.

The Commission shall establish mechanisms to close in the gaps realized during the period in partnership with all levels of Government and education stakeholders. In response to emerging trends in education, the Commission will seek to review its legislative framework and develop relevant policy frameworks that will ensure smooth implementation of our mandate and provision of quality Teaching in all public basic education institutions.

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I wish to appreciate the National Government for the support extended to the Commission. I deeply appreciate the Board, management, secretariat staff and teachers for their dedication to quality service delivery and their contribution towards provision of quality education.



.....  
**DR JAMLECK MUTURI JOHN**  
**CHAIRMAN**  
**TEACHERS SERVICE COMMISSION**  
**29-09-2023**

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**5. Statement by the Commission Secretary / Accounting Officer**



I am honoured to present the Teachers Service Commission Annual Report and Financial Statements for the period 1st July 2022 to 30th June 2023. The report highlights the overall performance and the strides made in fulfilling the Commission's mandate during the period.

The Commission's approved Budget was Kshs 300.195 billion of which Kshs 299.12 billion was for recurrent expenditure and Kshs. 1.076 billion was for Development Expenditure. The Recurrent Expenditure is made up of Kshs. 297.08 billion for Compensation to Employees and Kshs. 2.032 billion for Operations and Maintenance.

In the FY 2022/23, the Commission pursued a number of interventions aimed at improving quality teaching; Ensuring equitable distribution of teachers across the country; Developing and implementing appropriate programmes for continuous professional development for teachers and; Setting appropriate standards for persons entering teaching service.

Key achievement realized was the recruitment of 15,000 teachers on permanent and pensionable terms and 26,000 intern teachers bringing the total number of teachers to 360,635. The recruitment was a key milestone in the Kenya Kwanza bottom-up economic transformation agenda that consciously view education as the ultimate means of ensuring an equitable society. The initiative provides a chance for every child to fulfil their potential and rise to the highest level of accomplishment irrespective of social background. During the same period, 8,367 teachers were deployed to Junior Secondary from primary schools. To ensure successful implementation of Competency Based Curriculum and Competency Based Assessment, the Commission trained a total of 104,386 teachers and Heads of Institutions for Junior Secondary Schools (JSS).

During the period under review, the Commission automated some of its processes to enhance efficiency and effectiveness in service delivery. Among the systems developed and rolled out are: The Electronic Document Management System (EDMS) where all the secretariat staff files and 94.5% of the active teachers' files had been digitised; The Human Resource Management System (HRMIS) that manages teacher recruitment, leave applications, and transfers; An upgrade of the Teacher Registration System to enhance information on teacher profile; Development of ICT Business Continuity and Disaster Recovery Plan.

To provide adequate infrastructure in the field and to enhance service delivery in the decentralized units, construction of TSC County office at Bomet has been completed and construction works for Kilifi and Machakos TSC County Offices are on-going. This will enable the Commission to effectively discharge its decentralized functions.

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Some of the challenges encountered during the period include: The downturn in economic performance leading to limited resources and frequent financial austerity measures by the National Government. Inevitably, this resulted in budget cuts to state entities seriously affecting the implementation of key programmes. Additionally, the increase in primary school enrolment due to 100% entry target coupled with the above constraints has led to a significant teacher shortage.

Some of the emerging issues included: - Domiciling of Junior secondary in primary schools and the secondary school intake under 8-4-4 exerting great pressure on existing teachers and infrastructure; new learning areas in CBC necessitating retooling of existing teachers; low uptake of ICT Integration in teaching and learning due to inadequate infrastructure and teaching staff and; some Mental Health Issues reported among teachers and students thus posing a serious threat to teachers and learners.

Going forward, it is therefore recommended that the Commission: - in partnership with the National Government recruit additional 111,870 teachers to bridge the gap in teacher shortage in the next five years; work with Universities, Technical and Vocational Education and Training Institutions (TVETs), and other training institutions for training on the new learning areas.

In conclusion, I wish to thank the National Government, The Ministry of Education and all Education Stakeholders for the support accorded to the Commission to realize our mandate. I also wish to thank the Chairperson and the Commissioners for their strategic oversight role during implementation period. Lastly, I wish to thank the secretariat staff for their commitment and tireless efforts that enabled effective execution of Commission's targets and objectives.



.....  
**DR. NANCY NJERI MACHARIA, CBS**  
**Secretary/ Chief Executive**  
**Teachers Service Commission**  
**29-09-2023**

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**6. Statement of Performance Against Predetermined Objectives for the Fy 2022/2023**

<b>PROGRAMME/ SUB PROGRAMME</b>	<b>OBJECTIVE</b>	<b>OUTCOME</b>	<b>INDICATOR</b>	<b>PERFORMANCE</b>
<b>PROGRAMME 1 : TEACHER RESOURCE MANAGEMENT</b>				
<b>Teacher Resource Management- primary</b>	To reduce the teacher shortage at the basic education learning institutions	Improved Learner Performance	Number of Intern teachers recruited	In the FY 22/23 4,000 intern teachers were recruited.
			Number of teachers recruited	In the FY 22/23 2,000 teachers were recruited.
<b>Teacher Resource Management- Secondary</b>	To reduce the teacher shortage at the basic education learning institutions	Improved Learner Performance	Number of Intern teachers recruited	In the FY 22/23 22,000 intern teachers were recruited.
			Number of teachers recruited	In the FY 22/23 13,000 teachers were recruited.
			Number of newly recruited teachers posted to schools with high shortage	In the FY 22/23 1,222 teachers were recruited and posted to schools with high shortage
			Number of teachers trained on SBTSS	In the FY 22/23 52,109 teachers were trained on SBTSS
			Number of schools on peer to peer support in SBTSS	In the FY 22/23 9,000 schools were on peer to peer support in SBTSS
<b>Teacher management - Tertiary</b>	To reduce the teacher shortage at the basic education learning institutions	Improved Learner Performance	Number of tutors deployed	In the FY 22/23 67 tutors were deployed
<b>PROGRAMME 2 : GOVERNANCE AND STANDARDS</b>				
<b>Quality Assurance and standards</b>	To improve the level of legal compliance on teaching standards	Improved Quality Learning	Percentage of Teachers appraised on TPAD	In the FY 22/23, 87.73% teachers were complying with the teaching standards
			Percentage of PC implementations by learning institutions	In the FY 22/23 93.80% learning institutions were on performance contract.
			Number of field officers sensitized on the revised TPAD	In the FY 22/23, 1,500 officers were trained on the revised TPAD
	To improve professionalism in the teaching service and reduce cases of	Improved Quality Learning	Number of Master Trainers and TOTs Trained on TIMEC	In the FY 22/23, 2,234 Master Trainers and Trainer of Trainers (TOT) trained on Teacher Induction Mentorship and Coaching (TIMEC)

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<b>PROGRAMME/ SUB PROGRAMME</b>	<b>OBJECTIVE</b>	<b>OUTCOME</b>	<b>INDICATOR</b>	<b>PERFORMANCE</b>
	indiscipline among teachers		Number of newly appointed heads of institutions trained on coaching and mentorship	In the FY 22/23, 11,623 newly appointed heads of institutions trained on coaching and mentorship
			Percentage of discipline cases determined within 3 month	In the FY 22/23, 70% of the discipline cases determined within 3 month
<b>Teacher Capacity Development</b>	To improve the quality of teaching services in Basic Education learning institutions	Improved Quality Learning	Proportion of Teachers on TPD modules	In the FY 22/23, 34% of teachers undertook the TPD modules
			Number of teachers trained in Competency Based Curriculum	In the FY 22/23, 81,000 teachers were trained on CBC
			Number of school administrators trained on CBC	In the FY 22/23, 23,000 school administrators were trained on CBC
<b>PROGRAMME 3: GENERAL ADMINISTRATION, PLANNING AND SUPPORT SERVICES</b>				
<b>Policy Planning and support Services</b>	To improve the quality of teacher support infrastructure and data management at the County and Sub-county levels	Improved Service Delivery	Percentage Completion of Revision of the Strategic Plan	In the FY 22/23 10 county offices were equipped
			Number of County offices Constructed	In the FY 22/23 the Construction of Kilifi and Machakos County Offices Ongoing
<b>Field Services</b>	To improve professionalism in the teaching service and reduce cases of indiscipline among teachers	Improved Quality Learning	Percentage of schools assessed	In the FY 22/23 30% of registered discipline cases were determined and finalized.
			Proportion of schools implementing Teacher Induction, Mentorship and Coaching (TIMEC)	In the FY 22/23 30% of schools were implementing the TIMEC program
<b>Automation of TSC operations</b>	To Automate the core TSC processes	Improved Service Delivery	Number of computers/Laptops Procured	In the FY 22/23 133 computers/Laptops were procured

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<b>PROGRAMME/ SUB PROGRAMME</b>	<b>OBJECTIVE</b>	<b>OUTCOME</b>	<b>INDICATOR</b>	<b>PERFORMANCE</b>
	and ensure that the systems are secure		Number of databases integrated	In the FY 22/23 3 data bases were integrated
			Number of employee records digitized	In the FY 22/23, 54,000 records were digitized
			Percentage Completion of Tier III Center	In the FY 22/23 80% has already been done and the project is ongoing

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## 7. Management Discussion and Analysis

The Commission successfully implemented the 2019-2023 TSC Strategic Plan whose aims were to provide a roadmap for implementation of Commission mandate and a basis for resource allocation. Programme objective and priority targets were delivered within three Strategic Focus Areas namely: Teacher Competence, Conduct and Performance Management, Reforms and Innovations in provision of teaching Service and Service Delivery Re-engineering. At the same time, strategic objectives, and targets were redefined to address national education goals and emerging national priorities that include the shift towards a Competency Based Curriculum and realization of 100 percent transition from primary to secondary school.

During the last five years the Commission's expenditure to implement the following focus areas was as shown in the table below:

### TEACHERS SERVICE COMMISSION

STRATEGIC PILLARS	Actual Expenditure (Kshs Millions)					Total
	2018/19	2019/20	2020/21	2021/22	2022/23	
Reforms and Innovations in the Provision of Teaching Service	233,837	249,322	266,857	280,889	289,209	1,320,114
Teacher Competence, Conduct and Performance	445	391	895	1026	723	3,480
Service Delivery Re-Engineering	6,526	6,381	6,782	7,038	6,512	33,239
<b>Total Expenditure for Vote 2091 Teachers Service Commission</b>	<b>240,808</b>	<b>256,094</b>	<b>274,534</b>	<b>288,953</b>	<b>296,444</b>	<b>1,356,833</b>

#### 7.1. Reforms and Innovations in the Provision of Teaching Service

Strategic Objective was to reduce the teacher shortage at the basic education learning institutions with expected outcome being effective curriculum coverage for all learners at the basic education learning institutions.

During the 2018/19 to 2022/2023 period, a total of 30,000 teachers were recruited on permanent and pensionable terms bringing the total to 360,635 teachers. Internship policy framework was established and rolled out to guide on internship programs for teachers and 54,300 intern teachers were recruited.

Under this Pillar, kshs 1.32 trillion was utilized for Teacher Resource Planning programme which entail compensation of employees, recruitment of teachers, intern teachers and promotion of teachers.

## Teachers Service Commission

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Key drivers were the 2017-2023 teachers CBA, recruitment of teachers for 100% transition from primary to secondary school and recent recruitment of 41,000 teachers under the Bottom Economic Transformation Agenda (BETA).

<b>Table 1: TEACHERS RECRUITED FROM 2018/19-2022/23</b>			
<b>YEAR</b>	<b>INSTITUTIONS</b>		
	<b>PRIMARY</b>	<b>POST-PRIMARY</b>	<b>TOTAL</b>
2018/19	-	5,000.00	5,000
2019/20	-	5,000.00	5,000
2021/22	-	5,000.00	5,000
2022/2023	2,000.00	13,000.00	15,000
<b>Total</b>	<b>2,000.00</b>	<b>28,000.00</b>	<b>30,000</b>

<b>Table 2: INTERN TEACHERS RECRUITED FROM 2018/19-2022/23</b>			
<b>FY</b>	<b>INSTITUTIONS</b>		
	<b>PRIMARY</b>	<b>POST-PRIMARY</b>	<b>TOTAL</b>
2018/19	-	-	-
2019/20	4,300	6,000	10,300
2020/21	4,000	8,000	12,000
2021/22	2,000	4,000	6,000
2022/23	4,000	22,000	26,000
<b>Total</b>	<b>14,300</b>	<b>40,000</b>	<b>54,300</b>

#### 7.2. Teacher Competence, Conduct and Performance

This pillar sought to reduce the teacher shortage at the basic education learning institutions and to improve equity and efficiency in the utilization of the teaching resource. Activities undertaken included teacher performance management, dispensation of discipline, Teacher induction, Mentoring and coaching (TIMEC) and capacity building of teachers. Other activities included SEQIP and KPEELP. During the period, a total of Kshs 3.38 billion was utilized to undertake governance and standards programmes.

The achievements realized during the period were as follows: -

##### 7.2.1. Maintenance of Teaching Standards:

A Policy framework for entry requirements to teaching service was developed. All Principals, Tutors from Teacher Training Colleges and Deans from 60 out of 90 universities were sensitized on the legal and Policy framework on teaching standards. Additionally, between FY 2018/19 and FY 2020/21 a total of 136,703 teachers were registered. In the same period, the Commission deregistered 274 teachers pursuant to the provision of Section 30(1) of the TSC Act.

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**7.2.2. Performance Management**

The Teacher Performance Appraisal and Development (TPAD) tool was reviewed and all teachers in public primary and post-primary institutions were sensitized. In addition, 95% of teachers were evaluated using the tool against the 89.2% reported at the baseline. The teacher appraisal system has enhanced teacher performance as demonstrated through increased teacher-learner contact time, effective lesson preparation, time management and the use of teaching and learning materials in curriculum delivery. In addition, 52,966 teachers and 1,542 field staff were trained on the revised performance management tools.

**7.2.3. Teacher Induction, Mentorship, and Coaching (TIMEC)**

A Teacher Induction, Mentorship, and Coaching (TIMEC) Policy was developed to institutionalize the induction, mentorship and coaching programme. A total of 56,519 teachers were sensitized on the programme. The Commission also built capacity of 1,712 field officers, 28,741 Board of Management (BOMs) and 38,354 heads of institutions in management of teacher conduct.

**7.2.4. Competency Based Curriculum and Competency**

To ensure the successful implementation of Competency Based Curriculum and Competency Based Assessment, the Commission used a multi-agency approach to retool 229,000 primary school teachers and 55,125 teachers for Junior Secondary Schools (JSS). The total number of teachers retooled for the new curriculum represents 82% of the total number of teachers employed by the Commission. The Commission also rolled out remote learning as an innovative strategy for alternative mode of curriculum implementation and sensitized 163,938 teachers.

**7.2.5. Teacher Career Growth and Progression**

The teachers career progression is currently guided by the Career Guidelines which came into force in November 2017 replacing the schemes of service. This is in line with the job evaluation which was undertaken by the Salary and Remuneration Commission (SRC). The Job Evaluation introduced a new grading structure for teachers which is currently being implemented through a four-year CBA signed between the Commission and the teachers' Unions. The policy on promotion seek to recognize or reward effort, align teachers for succession management/career progression and to motivate employees to perform better for quality education. During the period under review, **35,306** teachers were promoted on competitive selection as shown in table 3.

**Table 3: Trends in teacher promoted from 2018/2019 – 2022/2023**

<b>YEAR</b>	<b>NUMBER PROMOTED</b>
2018/2019	16
2019/2020	3,795
2020/2021	17,530
2021/2022	2,734
2022/2023	11,231
<b>TOTAL</b>	<b>35,306</b>

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### **7.3. Service Delivery Re-Engineering**

The Commission has been re-engineering its services by automating key processes in a bid to increase efficiency and reduce turnaround time in communication and service delivery to its key stakeholders. In an endeavour to improve service delivery, the Commission trained 3,000 secretariat staff and also reorganized its structure to enhance coordination and reporting. To provide adequate infrastructure in the field and to enhance service delivery, construction of county office at Bomet was completed and construction of offices at Kilifi and Machakos commenced. This will enable the Commission to effectively discharge its decentralized functions.

Under this pillar a total of Ksh.32.9 billion was utilized for compensation to secretariat staff, operations and maintenance expenditure, automation and Field Services. To facilitate decentralization of commission functions Kshs 1.158 billion was expended on Field services.

#### **7.3.1. Automation of TSC Operations**

The Commission upgraded some of its ICT infrastructure and information security both at the headquarters and counties at a cost of Kshs 1.1 billion. Key projects undertaken included acquisition of a co-location site for Disaster Recovery (DR).

During the period under review, the Commission implemented the Information Security (IS) policy and installed Software Defined-Wide Area Network (SDWAN) equipment both at the headquarters and county offices. The other key milestone was the development and deployment of Electronic Document Management System (EDMS) at the headquarters where a total of 319,169 files were scanned, indexed and are digitally accessible via EDMS Application. Further, a Bulk SMS system was implemented to facilitate rapid message delivery on critical Commission messages to staff and teachers.

### **7.4. Challenges**

- Limited Resources and Frequent Financial Austerity Measures
- Teacher Shortage
- COVID-19 pandemic
- Mental Health issues among teachers
- Competing Stakeholder Interests

### **7.5 Emerging Issues**

#### **Competency-Based Curriculum**

Transition from the Knowledge Objective Based Curriculum (8-4-4) to the Competency-Based Curriculum (6-3-3-3) resulting to establishment of new structures in the education system.

#### **Commission's Projects**

The commission has 2 ongoing Projects; these are construction of Machakos and Kilifi TSC County offices. Both projects are funded through exchequer releases.

**1. Construction of Machakos TSC County office.**

The project commenced on 28<sup>th</sup> June, 2022 with a running project period of 60 weeks and was envisaged to be completed by September 2023. The project cost is Kshs. 57,663,447 and amount spent as at June 2023 Kshs. 17,730,491. The project completion rate as at June 2023 was 28% and is expected to be completed in March 2024.



*Fig. 1 on-going construction of Machakos TSC county office*

**2. Construction of Kilifi TSC County office**

The project commenced on 22<sup>nd</sup> August, 2022 with a running project period of 60 weeks and was envisaged to be completed by September 2023. The project cost is Kshs. 64,900,000 and amount spent as at June 2023 Kshs. 26,921,268. The project completion rate as at June 2023 was 35% and is expected to be completed in March 2024.



*Fig.2 on-going construction of Kilifi TSC county office*

## **8. Environmental and Sustainability Reporting**

### **a) Sustainability strategy and profile**

#### **b) Employee welfare**

During the financial year 2022/2023 the following activities took place to improve the welfare of the employees:

#### **a) Human Resource Policies & Procedures (HRP) Manual for Secretariat Staff**

The Human Resource Policies & Procedures (HRP) Manual was reviewed in year 2022/2023 as part of the Commission's effort to have in place policies that reflect changes affecting human resource management and development. The manual details key procedures of Human Resource function which include terms and conditions of employment, performance management, code of conduct, salaries and allowances, medical benefits, leave, training and development, health and safety, employee separation and terminal benefits.

#### **b) Gender ratio**

The Commission considers the gender ratio in their appointments as demonstrated in the appointment of twenty-seven (27) newly appointed Secretariat Staff in the month of January 2023 which comprised 13 females and 14 males.

#### **c) Mentorship and Coaching**

Mentorship and Coaching training program for Master trainers, Mentor and Mentees took place in January 2023. 13 master trainers, 19 mentors and 30 mentees attended the training. This program has been continuous within the Directorates with reporting on progress between the mentor and mentee with the help of Master trainers. This program is aimed at improving skills.

#### **d) Staff induction programme for newly employed Staff**

During the month of January 2023 all the twenty-seven (27) newly employed staff were taken through an induction programme from all the Directorates in the Commission. This was to enable them manage their careers in their respective Directorates where they were posted.

#### **e) Performance Recognition, Reward and Sanctions Policy.**

The policy was reviewed in the financial year 2022/2023 to provide a basis for recognizing exemplary performance by employees in order to provide a culture that supports effective performance at individual and team level. The Policy classified the awards into excellence achievement awards that include individual and team awards.

f) Improving Skills and Managing Career

The Commission conducted a Training Needs Assessment (TNA) with a total number of 2,847 respondents against a total population of 2,955 Commission Secretariat Staff. This helps in identifying gaps in knowledge, skills and abilities within the Secretariat. It helps to determine the training and development requirements necessary to bridge those gaps and enhance performance. In addition, Subscription fees to professional bodies for officers at TSC Grade 5 and above is paid to support and encourage professional development.

g) Safety and Occupational Safety and Health Act (OSHA) compliance

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

**c) Operational practices/Market place practices**

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

- Timely payments to the contractors.
- Effective contract management through monitoring and evaluation to ensure value for money.
- Undertake proper disposal of waste through use of E-waste mechanisms as provided by NEMA.
- Sensitizing the Preference and Reservation Groups (Youth, Women and Persons with Disability) on the access to Government opportunities.
- Undertake its procurement processes through transparency, fairness, equitably, competitively and cost-effectively.

**d) Corporate social responsibility statement**

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

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

These include good ethical behaviour, concern for employees' health and safety, care for the environment and community involvement.

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

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

## **9. Statement of Management Responsibilities**

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

The Accounting Officer in charge of the Teachers Service Commission is responsible for the preparation and presentation of the Commission's financial statements, which give a true and fair view of the state of affairs of the Commission for and as at the end of the financial year ended on June 30, 2023. This responsibility includes:

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

The Accounting Officer in charge of the Teachers Service Commission accepts responsibility for the Commission's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the Commission's financial statements give a true and fair view of the state of entity's transactions during the financial year ended 30 June, 2023, and of the Commission's financial position as at that date. The Accounting Officer in charge of the Teachers Service Commission further confirms the completeness of the accounting records maintained for the Commission, which have been relied upon in the preparation of the Commission's financial statements as well as the adequacy of the systems of internal financial control.

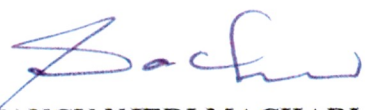
The Accounting Officer in charge of the Teachers Service Commission confirms that the Commission has complied fully with applicable Government Regulations and the terms of external financing covenants and that the Commission's funds received during the year under audit were used for the eligible purposes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

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with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

**Approval of the financial statements**

The Commission's financial statements were approved and signed by the Accounting Officer on 29<sup>th</sup> September, 2023.



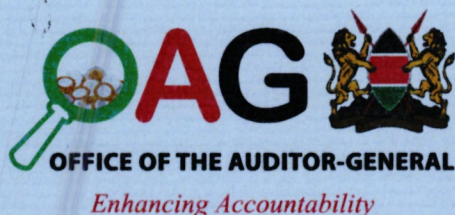
**DR. NANCY NJERI MACHARIA, CBS**  
**COMMISSION SECRETARY**  
**Date: 29-09-2023**



**CPA. CHEPTUMO AYABEI**  
**DIRECTOR (FINANCE AND ACCOUNTS)**  
**ICPAK MEMBER NUMBER: 8372**  
**Date: 29-09-2023**

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## REPORT OF THE AUDITOR-GENERAL ON TEACHERS SERVICE COMMISSION FOR THE YEAR ENDED 30 JUNE, 2023

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Opinion

I have audited the accompanying financial statements of Teachers Service Commission set out on pages 1 to 44, which comprise of the statement of financial assets and financial liabilities as at 30 June, 2023, 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, notes to the financial statements and other important disclosures in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Teachers Service Commission as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the Teachers Service Commission Act, 2012.

### **Basis for Opinion**

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

### **Emphasis of Matter**

#### **1. Pending Bills**

Annexure II, listing of pending bills to the financial statements reflects pending accounts payable balance of Kshs.2,463,219,054 as at 30 June, 2023. Management, however, did not explain the reasons for the failure to settle the bills during the year. Failure to settle bills during the year in which they relate to distorts the financial statements and adversely affects the budgetary provisions for the subsequent year as they form a first charge to the budget.

#### **2. Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final expenditure budget and actual on comparable basis of Kshs.300,195,393,998 and Kshs.296,443,857,899 respectively, resulting to budget under absorption of Kshs.3,751,536,099 or 1% of the budget.

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

My opinion is however, not modified in respect of these matters.

### **Key Audit Matters**

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

## **Other Matter**

### **1. Long Outstanding Payables**

The statement of financial assets and financial liabilities reflects accounts payables balance of Kshs.124,600,140 as disclosed in Note 11 to the financial statements. Included in the balance are amounts of Kshs.3,507,894 and Kshs.121,092,246 in respect of Ap liabilities and clearance account respectively. Review of the payables aging analysis revealed a balance of Kshs.18,483,699 or 15% had been outstanding for over a year.

In the circumstances, the Commission is at risk of incurring penalties for failure to settle its obligations as and when they fall due.

### **2. Prior Year Matters**

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

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Operations of Car Loan and Mortgage Fund**

The statement of financial assets and financial liabilities reflects cash and cash equivalents balance of Kshs.2,200,479,754 as disclosed in Note 9A to the financial statements. The balance includes the Commission's car and mortgage fund bank balance of Kshs.556,345,338. The following unsatisfactory matters were however noted:-

##### **1.1 Lack of Fund Governing Regulations**

During the year under review, the Fund reflected mortgage loan advances receivable balance of Kshs.278,614,386. The Fund commenced operations in 2012 as a cash backed Fund and converted to a revolving Fund in 2021/2022. However, the Fund operates through a memorandum of understanding between National Bank of Kenya and the Commission dated 17 February, 2022 as the regulations to govern the management of the Fund have not been developed, contrary to the requirements of Circular No. SRC/ADM/CIR/1/13 Vol III (128) dated 17 December, 2014.

## **1.2 Failure to Prepare and Submit Separate Fund Financial Statements**

The Management did not prepare and submit for audit separate car and mortgage fund financial statements. This is contrary to the Section 81(4)(a) of the Public Finance Management Act, 2012 which requires that, not later than three months after the end of each financial year, the accounting officer for the entity shall; submit the entity's financial statements to the Auditor General and a copy of the statement to the Controller of Budget, The National Treasury and the Commission on Revenue Allocation.

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

## **2. Failure to Surrender Unspent Funds for Re-Voting**

The statement of financial assets and financial liabilities reflects accounts receivables balance of Kshs.917,042,222 as disclosed in Note 10 to the financial statements which includes a balance of Kshs.162,042,114 in respect of County disbursements. Included in this amount is Kshs.119,413,077 that was not returned to the Commission headquarter bank account as of 30 June, 2023 for re-voting as stipulated in Regulation 117(2) of the Public Finance Management (National Government) Regulations, 2015. As at the time of concluding the audit in December, 2023, Kshs.106,875,300 had been returned into the headquarter bank account leaving a balance of Kshs.12,537,777.

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

## **3. Delays in Completion of Machakos and Kilifi County Offices**

The Commission signed agreements for the construction of the two County offices in Machakos and Kilifi Counties on 13 July, 2022 and 28 June, 2022 at the costs of Kshs.57,663,447 and Kshs.64,900,000 respectively. Both contracts were for a period of sixty (60) weeks with estimated completion dates of 5 September, 2023 and 21, August, 2023 for Machakos and Kilifi County offices respectively. As at the time of audit in the month of November, 2023, which was past the estimated completion dates, the progress was at 33% and 40% completion levels for Machakos offices and Kilifi offices respectively. Management attributed the delay in projects' completion to delayed payments due to realignment of the 2022/2023 financial year budget.

Although extensions of the contracts for the construction of the two County offices in Machakos and Kilifi were granted up to 8 May, 2024 and 1 May, 2024 respectively, it was not feasible that works will be completed within the revised contract periods.

In the circumstances, value for money may not be realized within the revised contract periods for the construction of the two County offices.

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

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

## **Conclusion**

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

## **Basis for Conclusion**

### **Salary Overpayments**

The statement of financial assets and liabilities reflects accounts receivables balance of Kshs.917,042,222 as disclosed in Note 10 to the financial statements. Included in the balance is Kshs.449,152,146 in respect of salary over payment. Review of the aging analysis on the salary overpayment provided for audit revealed that overpayments amounting to Kshs.358,796,308 or 80% had been outstanding for periods exceeding one year. Management indicated that the overpayment had grown over the years due to manual and previous reporting systems that were inefficient. Further, Management through various mechanisms adopted recovery of salary overpayments, amounting to Kshs.108,096,613 for the year under review from payroll and other avenues. Although progress has been made in the recovery of the salary overpayments, further effort is required in recovering the outstanding amounts.

In the circumstances, the controls over recovery of salary overpayments are weak.

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

### **Responsibilities of Management and Commissioners**

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

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

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

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

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

### **Auditor-General's Responsibilities for the Audit**

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

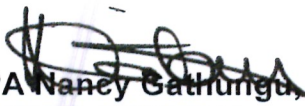
Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Commission to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Commission to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
FCPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

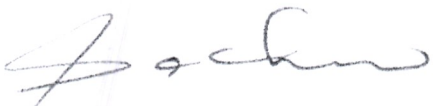
**15 January, 2024**

*Teachers Service Commission  
Annual Report and Financial Statements for the year ended 30th June 2023*

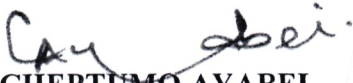
**11. Statement of Receipts and Payments for the Year ended 30<sup>th</sup> June 2023**

	Note	2022/2023	2021/2022
		Kshs	Kshs
<b>RECEIPTS</b>			
Exchequer releases - Recurrent	1A	295,372,221,103	288,404,467,790
Exchequer releases - Development	1B	4,100,000	2,344,500
Exchequer releases - SEQIP	1C	790,250,820	272,376,218
Exchequer releases - KPEELP	1D	120,000,000	-
Proceeds from Sale of Non-Financial Assets	2	5,005,000	7,036,600
Other Receipts	3	745,202,913	725,595,194
<b>TOTAL REVENUES</b>		<b>297,036,779,836</b>	<b>289,411,820,302</b>
<b>PAYMENTS</b>			
Compensation of Employees	4	294,326,791,100	286,687,983,132
Use of goods and services (Recurrent)	5	1,162,153,225	1,739,822,651
Use of goods and services (SEQIP)	6	773,015,266	317,841,547
Use of goods and services (KPEELP)	7	27,749,544	-
Acquisition of Assets	8	154,148,764	206,455,687
<b>TOTAL PAYMENTS</b>		<b>296,443,857,899</b>	<b>288,952,103,017</b>
<b>SURPLUS/DEFICIT</b>		<b>592,921,937</b>	<b>459,717,285</b>

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 29<sup>th</sup> September, 2023 and signed by:



**DR. NANCY NJERI MACHARIA, CBS**  
**COMMISSION SECRETARY**  
Date: 29-09-2023



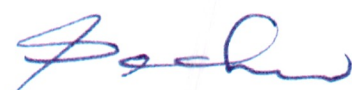
**CPA. CHEPTUMO AYABEI**  
**DIRECTOR (FINANCE AND ACCOUNTS)**  
**ICPAK MEMBER NUMBER: 8372**  
Date: 29-09-2023


*Teachers Service Commission  
Annual Report and Financial Statements for the year ended 30th June 2023*


**12. Statement of Financial Assets And Financial Liabilities As At 30th June 2023**

	Note	2022/2023	2021/2022
		Kshs	Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	9A	2,200,479,754	1,750,770,936
Cash Balances	9B	15,042	41
<b>Total Cash And Cash Equivalents</b>		<b>2,200,494,796</b>	<b>1,750,770,977</b>
Accounts Receivables	10	917,042,222	852,488,748
<b>TOTAL FINANCIAL ASSETS</b>		<b>3,117,537,018</b>	<b>2,603,259,725</b>
<b>LESS: FINANCIAL LIABILITIES</b>			
Accounts Payables	11	124,600,140	433,128,747
<b>NET FINANCIAL ASSETS</b>		<b>2,992,936,878</b>	<b>2,170,130,978</b>
<b>REPRESENTED BY</b>			
<b>Fund balance b/fwd</b>	12	<b>2,170,130,978</b>	<b>1,710,413,694</b>
<b>Surplus/Deficit for the year</b>		<b>592,921,937</b>	<b>459,717,284</b>
<b>Prior year adjustments</b>	13	<b>229,883,961</b>	-
<b>NET FINANCIAL POSITION</b>		<b>2,992,936,876</b>	<b>2,170,130,978</b>

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 29<sup>th</sup> September, 2023 and signed by:

  
.....  
DR. NANCY NJERI MACHARIA, CBS  
COMMISSION SECRETARY  
Date: 29-09-2023

  
.....  
CPA. CHEPTUMO AYABEI  
DIRECTOR (FINANCE AND ACCOUNTS)  
ICPAK MEMBER NUMBER: 8372  
Date: 29-09-2023

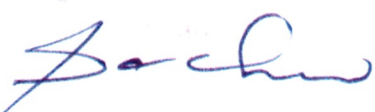
  
.....  
DR. JAMLECK MUTURI JOHN  
COMMISSION CHAIRMAN  
Date: 29-09-2023


*Teachers Service Commission  
Annual Report and Financial Statements for the year ended 30th June 2023*

**13. Statement of Cash Flows For The Year Ended 30th June 2023**

	Note	2022/2023	2021/2022
		Kshs	Kshs
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts for operating income</b>			
Exchequer releases - Recurrent	1A	295,372,221,103	288,404,467,790
Exchequer releases - Development	1B	4,100,000	2,344,500
Exchequer releases - (SEQIP)	1C	790,250,820	272,376,218
Exchequer releases - (KPEELP)	1D	120,000,000	-
Other Revenues	3	745,202,913	725,595,194
		<b>297,031,774,836</b>	<b>289,404,783,702</b>
<b>Payments for operating expenses</b>			
Compensation of Employees	4	294,326,791,100	286,687,983,132
Use of goods and services	5	1,162,153,225	1,739,822,651
SEQIP Expenses	6	773,015,266	317,841,547
KPEELP Expenses	7	27,749,544	-
		<b>296,289,709,135</b>	<b>288,745,647,330</b>
<b>Adjusted for:</b>			
Changes in receivables	14	(64,553,474)	15,048,409
Changes in payables	15	(308,528,607)	(26,666,348)
Prior year adjustments	13	229,883,960	-
<b>Net cash flows from operating activities</b>		<b>598,867,582</b>	<b>647,518,433</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	2	5,005,000	7,036,600
Acquisition of Assets	8	154,148,764	206,455,687
<b>Net cash flows from Investing Activities</b>		<b>(149,143,766)</b>	<b>(199,419,087)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>449,723,819</b>	<b>448,099,346</b>
<b>Cash and cash equivalent at BEGINNING of the Year</b>		<b>1,750,770,977</b>	<b>1,302,671,632</b>
<b>Cash and cash equivalent at END of the Year</b>		<b>2,200,494,796</b>	<b>1,750,770,978</b>

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 29<sup>th</sup> September, 2023 and signed by:

  
**DR. NANCY NJERI MACHARIA, CBS**  
**COMMISSION SECRETARY**  
**Date: 29-09-2023**

  
**CPA. CHEPTUMO AYABEI**  
**DIRECTOR (FINANCE AND ACCOUNTS)**  
**ICPAK MEMBER NUMBER: 8372**  
**Date: 29-09-2023**

*Teachers Service Commission*  
*Annual Report and Financial Statements for the year ended 30th June 2023*

**14. Statement of Comparison of Budget and Actual Amounts for FY 2022/2023**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on	% of
	a	b	c=a+b	Comparable Basis	Utilization
	Kshs	Kshs	Kshs	d	e=d/c %
<b>RECEIPTS</b>					
Exchequer releases (Recurrent)	297,171,000,000	1,283,393,998	298,454,393,998	295,372,221,103	99%
Exchequer releases (Development)	56,000,000	(30,000,000)	26,000,000	4,100,000	16%
Exchequer releases (SEQIP)	600,000,000	300,000,000	900,000,000	790,250,820	88%
Exchequer releases (KPEELP)	-	120,000,000	120,000,000	120,000,000	100%
Other Receipts - Collected as AIA	547,000,000	148,000,000	695,000,000	750,207,913	108%
<b>TOTAL RECEIPTS</b>	<b>298,374,000,000</b>	<b>1,821,393,998</b>	<b>300,195,393,998</b>	<b>297,036,779,836</b>	
<b>PAYMENTS</b>					
Compensation of Employees	295,705,000,000	1,381,946,000	297,086,946,000	294,326,791,100	99%
Use of goods and services	1,732,000,000	13,447,998	1,745,447,998	1,162,153,225	67%
Use of goods and services (SEQIP)	600,000,000	300,000,000	900,000,000	773,015,266	86%
Use of goods and services (KPEELP)	-	120,000,000	120,000,000	27,749,544	23%
Acquisition of Assets	337,000,000	6,000,000	343,000,000	154,148,764	45%
<b>TOTAL PAYMENTS</b>	<b>298,374,000,000</b>	<b>1,821,393,998</b>	<b>300,195,393,998</b>	<b>296,443,857,899</b>	

*Teachers Service Commission*  
*Annual Report and Financial Statements for the year ended 30th June 2023*

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**Variance analysis:**

**Receipts**

*16% under development – this resulted from non-requisition of entire budgeted exchequer due to delays in construction works.*

*88% under SEQIP - – this resulted from non-requisition of entire budgeted exchequer due to late provision of Supplementary budget.*

**Expenditures**

*67% under use of goods and services - Treasury withdrew system rights therefore we were not able to initiate most payment*

*86% under SEQIP – the Project received additional funds in June 2023 and had very limited time to absorb all the funds*

*23% under KPEELP – the Project was provided with budgetary allocation in June 2023 through the Supplementary budget and had very limited time to absorb the budget allocation*

*45% under Acquisition of Assets - this resulted from no completion of various contracts that had been budgeted for in the financial year.*

The entity financial statements were approved on 29<sup>th</sup> September, 2023 and signed by:



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

**Date: 29-09-2023**



**CPA. CHEPTUMO AYABEI**  
**DIRECTOR (FINANCE AND ACCOUNTS)**

**ICPAK MEMBER NUMBER: 8372**

**Date: 29-09-2023**

*Teachers Service Commission  
Annual Report and Financial Statements for the year ended 30th June 2023*

**14. (a) Statement of Comparison of Budget and Actual Amounts: Recurrent for FY 2022/2023**

Receipt/Expense Item	Original Budget a Kshs	Adjustments b Kshs	Final Budget c=a+b Kshs	Actual on Comparable Basis d Kshs	% of Utilization e=d/c %
<b>RECEIPTS</b>					
Exchequer releases	297,171,000,000	1,283,393,998	298,454,393,998	295,372,221,103	99%
Other Receipts - Collected as AIA	547,000,000	118,000,000	665,000,000	720,207,913	108%
<b>TOTAL RECEIPTS</b>	<b>297,718,000,000</b>	<b>1,401,393,998</b>	<b>299,119,393,998</b>	<b>296,092,429,016</b>	
<b>PAYMENTS</b>					
Compensation of Employees	295,705,000,000	1,381,946,000	297,086,946,000	294,326,791,100	99%
Use of goods and services	1,732,000,000	13,447,998	1,745,447,998	1,162,153,225	67%
Acquisition of Assets	281,000,000	6,000,000	287,000,000	119,071,246	41%
<b>TOTAL PAYMENTS</b>	<b>297,718,000,000</b>	<b>1,401,393,998</b>	<b>299,119,393,998</b>	<b>295,608,015,571</b>	

**Variance analysis:**

**Expenditures**

67% under use of goods and services – this resulted from no completion of various contracts that had been budgeted for in the financial year.

41% under Acquisition of Assets - this resulted from no completion of some contracts that had been budgeted for in the financial year.

*Teachers Service Commission*  
*Annual Report and Financial Statements for the year ended 30th June 2023*

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The entity financial statements were approved on 29<sup>th</sup> September, 2023 and signed by:



**DR. NANCY NJERI MACHARIA, CBS**  
**COMMISSION SECRETARY**  
**Date: 29-09-2023**



**CPA. CHEPTUMO AYABEI**  
**DIRECTOR (FINANCE AND ACCOUNTS)**  
**ICPAK MEMBER NUMBER: 8372**  
**Date: 29-09-2023**

*Teachers Service Commission  
Annual Report and Financial Statements for the year ended 30th June 2023*

**14. (b) Statement of Comparison of Budget and Actual Amounts: Development for FY 2022/2023**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% of Utilization
	a Kshs	b Kshs	c=a+b Kshs	d Kshs	e=d/c %
<b>RECEIPTS</b>					
Exchequer releases Development	56,000,000	(30,000,000)	26,000,000	4,100,000	16%
Exchequer releases SEQIP	600,000,000	300,000,000	900,000,000	790,250,820	88%
Exchequer releases KPEELP	-	120,000,000	120,000,000	120,000,000	100%
Other Receipts - Collected as AIA	-	30,000,000	30,000,000	30,000,000	100%
<b>TOTAL RECEIPTS</b>	<b>656,000,000</b>	<b>420,000,000</b>	<b>1,076,000,000</b>	<b>944,350,820</b>	
<b>PAYMENTS</b>					
Use of goods and services (SEQIP)	600,000,000	300,000,000	900,000,000	773,015,266	86%
Use of goods and services (KPEELP)	-	120,000,000	120,000,000	27,749,544	23%
Acquisition of Assets	56,000,000	-	56,000,000	35,077,518	63%
<b>TOTAL PAYMENTS</b>	<b>656,000,000</b>	<b>420,000,000</b>	<b>1,076,000,000</b>	<b>835,842,328</b>	

*Teachers Service Commission*  
*Annual Report and Financial Statements for the year ended 30th June 2023*

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**Variance analysis:**

**Receipts**

*16% under development – this resulted from non-requisition of entire budgeted exchequer due to delays in construction works.*

*88% under SEQIP - – this resulted from non-requisition of entire budgeted exchequer due to late provision of Supplementary budget.*


**Expenditures**


*86% under SEQIP – the Project received additional funds in June 2023 and had very limited time to absorb all the funds*

*23% under KPEELP – the Project was provided with budgetary allocation in June 2023 through the Supplementary budget and had very limited time to absorb the budget allocation*

*63% under Acquisition of Assets - this resulted from no completion of various contracts that had been budgeted for in the financial year.*

The entity financial statements were approved on 29<sup>th</sup> September, 2023 and signed by:

  
**DR. NANCY NJERI MACHARIA, CBS**  
**COMMISSION SECRETARY**  
**Date: 29-09-2023**

  
**CPA. CHEPTUMO AYABEI**  
**DIRECTOR (FINANCE AND ACCOUNTS)**  
**ICPAK MEMBER NUMBER: 8372**  
**Date: 29-09-2023**

*Teachers Service Commission  
Annual Report and Financial Statements for the year ended 30th June 2023*

**14. (c) Budget Execution by Programmes and Sub-Programmes for FY 2022/2023**

<b>Programme/Sub-programme</b>	<b>Original Budget</b>	<b>Adjustments</b>	<b>Final Budget</b>	<b>Actual Cumulative</b>	<b>% of Utilization</b>
	<b>a</b>	<b>b</b>	<b>c=a+b</b>	<b>d</b>	<b>e=d/c %</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	
<b>Teacher Resource Management</b>	<b>289,973,311,780</b>	<b>1,788,574,120</b>	<b>291,761,885,900</b>	<b>289,209,081,718</b>	<b>99%</b>
Teacher Management- Primary	180,606,092,949	(471,867,524)	180,134,225,425	177,709,219,616	99%
Teacher management - Secondary	106,904,575,771	2,803,842,444	109,708,418,215	109,580,619,842	100%
Teacher management - Tertiary	2,462,643,060	(543,400,800)	1,919,242,260	1,919,242,260	100%
<b>Governance and Standards</b>	<b>1,160,989,106</b>	<b>(5,964,944)</b>	<b>1,155,024,162</b>	<b>723,174,082</b>	<b>63%</b>
Quality assurance and standards	1,737,973	(881,929)	856,044	836,005	98%
Teacher professional development	8,604,307	(535,000)	8,069,307	4,594,476	57%
Teacher capacity development	1,150,646,826	(4,548,015)	1,146,098,811	717,743,601	63%
<b>General Administration, Planning and Support Services</b>	<b>7,239,699,114</b>	<b>38,784,822</b>	<b>7,278,483,936</b>	<b>6,511,602,099</b>	<b>89%</b>
Policy, Planning and Support Service	6,761,386,398	104,360,205	6,865,746,603	6,149,531,169	90%
Field Services	209,306,062	(53,300,538)	156,005,524	142,217,393	91%
Automation of TSC Operations	269,006,654	(12,274,845)	256,731,809	219,853,537	86%
	<b>298,374,000,000</b>	<b>1,821,393,998</b>	<b>300,195,393,998</b>	<b>296,443,857,899</b>	

## **15. Notes to the Financial Statements**

### **1. Statement of Compliance and Basis of Preparation**

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

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

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

### **2. Reporting Entity**

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

- i) Kenya Secondary Education Quality Improvement Project (SEQIP) - Component 1: Subcomponents 1.1 and 1.2*
- ii) Kenya Primary Education Equity in Learning Program (KPEELP)*

### **3. Reporting Currency**

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

*Teachers Service Commission*  
*Annual Report and Financial Statements for the year ended 30th June 2023*

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**Significant Accounting Policies**

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

**a) Recognition of Receipts**

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

**(i) Transfers from the Exchequer**

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

**(ii) External Assistance**

External assistance is received through grants and loans from multilateral and bilateral development partners. Grants and loans shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the Commission or by the beneficiary. In case of grant/loan in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice. A similar recognition criterion is applied for loans received in the form of a direct payment. During the year ended 30<sup>th</sup> June 2023, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

**(iii) Other receipts**

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

**b) Recognition of payments**

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

**i) Compensation of Employees**

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

*Teachers Service Commission*  
*Annual Report and Financial Statements for the year ended 30th June 2023*

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**Significant Accounting Policies (Continued)**

**ii) Use of Goods and Services**

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

**iii) Acquisition of Fixed Assets**

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

**iv) In-kind contributions**

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

**c) Cash and Cash Equivalents**

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

**d) Imprests and advances**

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

**Significant Accounting Policies (Continued)**

**e) Third party deposits and retention**

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

**f) Pending Bills**

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

**g) Budget**

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits and retentions, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament in *June 2022 for the period 1<sup>st</sup> July 2022 to 30<sup>th</sup> June 2023* as required by Law and there were two supplementary adjustments to the original budget during the year.

A comparison of the actual performance against the comparable budget for the financial year under review has been included in the financial statements. Government Development Projects are budgeted for under the MDAs but receive budgeted funds as transfers and account for them separately. These transfers are recognised as inter-entity transfers.

**h) Comparative Figures**

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

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**Significant Accounting Policies (Continued)**

**i) Subsequent Events**

There have been no events after the financial year end with a significant impact on the financial statements for the year ended 30<sup>th</sup> June 2023.

**j) Prior Period Adjustment**

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

**k) Related Party Transactions**

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

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

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

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**NOTES TO THE FINANCIAL STATEMENTS**

**1A EXCHEQUER RELEASES - RECURRENT**

	<b>2022/2023</b>	<b>2021/2022</b>
<b>Description and reference of the transfer</b>	<b>Kshs</b>	<b>Kshs</b>
Total Exchequer Releases for quarter 1	62,815,956,384	72,660,056,828
Total Exchequer Releases for quarter 2	69,716,242,946	72,011,571,856
Total Exchequer Releases for quarter 3	75,831,160,683	65,775,589,384
Total Exchequer Releases for quarter 4	87,008,861,090	77,957,249,722
<b>Total</b>	<b>295,372,221,103</b>	<b>288,404,467,790</b>

**1B EXCHEQUER RELEASES - DEVELOPMENT**

	<b>2022/2023</b>	<b>2021/2022</b>
<b>Description and reference of the transfer</b>	<b>Kshs</b>	<b>Kshs</b>
Total Exchequer Releases for quarter 1	-	-
Total Exchequer Releases for quarter 2	-	2,344,500
Total Exchequer Releases for quarter 3	-	-
Total Exchequer Releases for quarter 4	4,100,000	-
<b>Total</b>	<b>4,100,000</b>	<b>2,344,500</b>

**1C EXCHEQUER RELEASES - SEQIP**

	<b>2022/2023</b>	<b>2021/2022</b>
<b>Description and reference of the transfer</b>	<b>Kshs</b>	<b>Kshs</b>
Total Exchequer Releases for quarter 1	194,493,920	-
Total Exchequer Releases for quarter 2	280,502,297	-
Total Exchequer Releases for quarter 3	125,003,783	156,766,614
Total Exchequer Releases for quarter 4	190,250,820	115,609,604
<b>Total</b>	<b>790,250,820</b>	<b>272,376,218</b>

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**1D EXCHEQUER RELEASES –KPEELP**

	2022/2023	2021/2022
Description and reference of the transfer	Kshs	Kshs
Total Exchequer Releases for quarter 1	-	-
Total Exchequer Releases for quarter 2	-	-
Total Exchequer Releases for quarter 3	-	-
Total Exchequer Releases for quarter 4	120,000,000	-
<b>Total</b>	<b>120,000,000</b>	<b>-</b>

**2 PROCEEDS FROM SALE OF NON-FINANCIAL ASSETS**

	2022/2023	2021/2022
Description	Kshs	Kshs
Receipts from Sale of Motor Vehicle and other Transport Equipment	5,005,000	7,036,600
<b>Total</b>	<b>5,005,000</b>	<b>7,036,600</b>

**3 OTHER REVENUES**

	2022/2023	2021/2022
Description	Kshs	Kshs
Interest Received	9,225,799	19,671,683
Rental Income- collected as AIA	6,844,132	7,300,875
Commission on Third parties - Collected as AIA	694,999,400	631,708,333
Other receipts- collected as AIA	34,133,582	66,914,303
<b>Total</b>	<b>745,202,913</b>	<b>725,595,194</b>

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**4 COMPENSATION OF EMPLOYEES**

	<b>2022/2023</b>	<b>2021/2022</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
Basic Salaries - Permanent Employees	192,137,482,526	185,788,265,979
Basic Wages - Contractual Employees	3,555,040,509	1,415,267,368
Personal Allowances paid as part of Salary	82,505,388,653	83,047,910,365
Personal Allowances paid as Reimbursements	7,303,245	66,522,867
Employer contribution to staff pension scheme	558,581,646	563,788,060
Employer Contributions to National Social Security Schemes	10,204,682	9,776,555
Employer Contributions to Medical insurance Schemes	15,552,789,840	15,796,451,938
<b>Total</b>	<b>294,326,791,101</b>	<b>286,687,983,132</b>

**5 USE OF GOODS AND SERVICES (RECURRENT)**

	<b>2022/2023</b>	<b>2021/2022</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
Utilities, Supplies and Services	26,680,032	27,995,996
Communication, Supplies and Services	34,816,996	31,465,431
Domestic Travel and Subsistence, and Other Transportation Costs	37,582,436	177,045,876
Foreign Travel and Subsistence, and other transportation costs	17,177,815	35,410,979
Printing, Advertising and Information Supplies and Services	1,476,349	6,339,964
Rentals of Produced Assets	37,236,367	51,044,297
Training Expenses	723,876,958	1,018,506,840
Hospitality Supplies and Services	25,510,195	30,300,971
Insurance Costs	58,848,629	156,993,158
Specialised Materials and Supplies	1,654,775	3,856,750
Office and General Supplies and Services	24,743,299	7,099,072
Fuel Oil and Lubricants	50,024,091	65,735,378
Other Operating Expenses	52,050,297	51,774,451
Routine Maintenance - Vehicles	49,284,081	55,246,025
Routine Maintenance - Other Assets	21,190,905	21,007,463
<b>Total</b>	<b>1,162,153,225</b>	<b>1,739,822,651</b>

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**6 USE OF GOODS AND SERVICES (SEQIP PROJECT)**

	2022/2023	2021/2022
Description	Kshs	Kshs
Communication, Supplies and Services	88,000	136,000
Domestic Travel and Subsistence, and Other Transportation Costs	550,427,538	189,936,676
Foreign Travel and Subsistence, and Other Transportation Costs	-	3,705,315
Printing, Advertising and Information Supplies and Services	275,202	1,764,000
Training Expenses	195,990,905	118,538,728
Hospitality Supplies and Servi	-	83,500
Office and General Supplies and Services	-	-
Fuel Oil and Lubricants	9,609,269	2,063,760
Other Operating Expenses	5,441,017	1,613,568
Routine Maintenance - Vehicles	-	-
Acquisition of Assets	11,183,335	-
<b>TOTAL</b>	<b>773,015,266</b>	<b>317,841,547</b>

**7 USE OF GOODS AND SERVICES (KPEELP)**

	2022/2023	2021/2022
Description	Kshs	Kshs
Communication, Supplies and Services	434,785	-
Domestic Travel and Subsistence, and Other Transportation Costs	16,637,519	-
Foreign Travel and Subsistence, and Other Transportation Costs	-	-
Printing, Advertising and Information Supplies and Services	-	-
Training Expenses	5,327,000	-
Hospitality Supplies and Services	4,997,307	-
Office and General Supplies and Services	195,000	-
Fuel Oil and Lubricants	-	-
Other Operating Expenses	157,933	-
Routine Maintenance - Vehicles	-	-
<b>TOTAL</b>	<b>27,749,544</b>	<b>-</b>

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**8 ACQUISITION OF ASSETS**

	2022/2023	2021/2022
Description	Kshs	Kshs
Construction of Building	35,077,518	18,414,366
Refurbishment of Buildings	4,196,993	4,181,310
Purchase of Motor Vehicles	-	39,984,400
Purchase of Office Furniture and General Equipment	11,794,030	10,679,839
Purchase of Computers, Printers and other IT Equipment	23,526,400	-
Purchase of Specialised Plant, Equipment and Machinery	79,553,823	133,195,772
<b>Total</b>	<b>154,148,764</b>	<b>206,455,687</b>

**9A Bank Accounts**

		2022/2023	2021/2022
Name of Bank, Account No. & currency	Type of Account	Kshs	Kshs
<i>National Bank of Kenya- Secretariat A/C No.01001005707400 ,KShs</i>	Recurrent	15,778,723	15,779,783
<i>National Bank of Kenya- Teachers A/C No.01001000905000 ,KShs</i>	Recurrent	597,550,643	262,946,218
<i>Central Bank of Kenya, 1000181117,KShs</i>	Recurrent	105,677	3,687,771
<i>Central Bank of Kenya-SEQIP A/C No. 1000370882,KShs</i>	Project	43,088,973	47,357,368
<i>Central Bank of Kenya-TSC- DLI A/C No. 1000635487</i>	Project	87,610,400	-
<i>National Bank of Kenya- TSC Car &amp; Mortgage Scheme A/C No.01098083109301 ,KShs</i>	Escrow	556,345,338	520,999,796
<i>National Bank of Kenya- Teachers Registration Fees A/C No.0100100050001 ,KShs</i>	Revenue	-	-
<i>National Bank of Kenya, 01400000905000, Call Deposit Kes – TSC</i>	Deposits	900,000,000	900,000,000
<b>Total</b>		<b>2,200,479,754</b>	<b>1,750,770,936</b>

**9B Cash in hand**

	2022/2023	2021/2022
Analysis	Kshs	Kshs
TSC Cash Office - Recurrent	15,042	41
TSC Cash Office - Development	-	-
<b>Total</b>	<b>15,042</b>	<b>41</b>

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**10 Accounts Receivables**

	<b>2022/2023</b>	<b>2021/2022</b>
<i>Description</i>	<b>Kshs</b>	<b>Kshs</b>
Government Imprests	3,839,214	3,769,855
Domestic Debtors & Advances	2,244,989	1,526,741
County Disbursements	162,042,114	67,156,978
Mortgage Loan advances	278,614,386	304,734,248
Salary Overpayment	449,152,156	466,892,922
Other Receivables	21,149,363	8,408,004
<b>Total</b>	<b>917,042,222</b>	<b>852,488,748</b>

**11 Accounts Payables**

	<b>2022/2023</b>	<b>2021/2022</b>
<i>Description</i>	<b>Kshs</b>	<b>Kshs</b>
Ap liabilities	3,507,894	-
Clearance Account	121,092,246	399,616,822
Inter-Ministerial Agency Accounts	-	33,511,925
<b>TOTAL</b>	<b>124,600,140</b>	<b>433,128,747</b>

**12 Balances Brought Forward**

	<b>2022/2023</b>	<b>2021/2022</b>
<i>Description</i>	<b>Kshs</b>	<b>Kshs</b>
Opening Balance Bank	1,750,770,936	1,302,670,081
Opening Balance Cash	41	1,551
Opening Balance Accounts Receivables	852,488,748	867,537,157
Opening Balance - Accounts Payables	(433,128,747)	(459,795,095)
<b>Total</b>	<b>2,170,130,978</b>	<b>1,710,413,694</b>

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**13 Prior Year Adjustments**

	<b>Balance b/f FY 2021/2022 as per audited financial statements</b>	<b>Adjustments during the Year</b>	<b>Adjusted Balance b/f 2021/2022</b>
<i>Description</i>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Bank	1,750,770,936	-	1,750,770,936
Cash	41	-	41
Accounts Receivables	852,488,748	203,268,170	1,055,756,918
Accounts payables	(433,128,747)	26,615,790	(406,512,957)
<b>Total</b>	<b>2,170,130,978</b>	<b>229,883,960</b>	<b>2,400,014,938</b>

**14 (Increase)/ Decrease In Receivable**

	<b>2022/2023</b>	<b>2021/2022</b>
<i>Description</i>	<b>Kshs</b>	<b>Kshs</b>
Receivables as at 1st July	852,488,748	867,537,157
Receivables as at 30th June	917,042,222	852,488,748
<b>(Increase)/ Decrease in Receivables</b>	<b>(64,553,474)</b>	<b>15,048,409</b>

**15 Increase/ (Decrease) In Accounts Payable**

	<b>2022/2023</b>	<b>2021/2022</b>
<i>Description</i>	<b>Kshs</b>	<b>Kshs</b>
Payables as at 1st July	433,128,747	459,795,095
Payables as at 30th June	124,600,140	433,128,747
<b>(Increase)/ Decrease in Payables</b>	<b>(308,528,607)</b>	<b>(26,666,348)</b>

**16 Other Important Disclosures**

	<b>Balance b/f 2021/2022</b>	<b>Additions for the period</b>	<b>Paid during the year</b>	<b>Balance c/f 2022/2023</b>
<i>Description</i>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Construction of Buildings	-	-	-	-
Construction of Civil Works	-	1,572,200	-	1,572,200
Supply of Goods	-	21,857,536	-	21,857,536
Supply of Services	-	2,439,789,318	-	2,439,789,318
<b>Total</b>	<b>-</b>	<b>2,463,219,054</b>	<b>-</b>	<b>2,463,219,054</b>

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**Notes to the Financial Statements (Continued)**

**16.1 Progress on follow up of Prior Years Auditor-General's recommendations.**

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

Ref No. on external audit Report	Issue / Observations from Auditor	Management comments	Status	Time frame
1.0	<p><b>Transactions in System payments but not processed in Payment details</b></p> <p>Review of the Commission's financial statements and analysis of the IFMIS system payment reports processed against the payments made indicate that three hundred and ninety- one (391) transactions amounting to Kshs. 98,309,130 were paid but not captured in the IFMIS payment details as at 30 June, 2022. No Explanation was provided by the Commission Management for the anomaly. In the circumstances, the accuracy, completeness, presentation, and disclosure of the financial statements for the year ended 30 June, 2022 could not be confirmed.</p>	<p>The three hundred and ninety- one (391) transactions amounting to Kshs. 98,309,130 related to payments initiated in July 2022 but related to 2021/2022 financial year. The National Treasury had allowed pending payments relating to 2021/2022 financial year to be processed in IFMIS in early July 2022 and backdated to 30<sup>th</sup> June 2022 before the system was closed. The IFMIS system recorded the transactions in July 2022.</p>	Resolved	
2.0	<p><b>Unreconciled Variances in Cash and Cash Equivalents</b></p> <p>The statement of assets and liabilities reflects bank balance of Kshs. 1,750,770,936 as disclosed in Note 8A to the financial statements. The balance includes National Bank of Kenya – Teachers account balance of Kshs. 262,946,281. Review of the bank reconciliation statement revealed a reconciling item of receipt in the cashbook not recorded in the bank</p>	<p>The reconciling item of receipt in the bank not recorded in the cashbook of Kenya Shillings One Billion (Kshs. 1,000,000,000) was a payment from the Call deposit account to National Bank of Kenya - Teachers account made on 30 June 2022. This was a transfer between two bank accounts of the Commission. The amount was reported in the Call deposit bank reconciliation as a payment in the cashbook not in the bank statement</p>	Resolved	

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Ref No. on external audit Report	Issue / Observations from Auditor	Management comments	Status	Time frame
	<p>of Kshs. 1,000,000,000. No explanation was provided as to how and when the Commission earned the cash which was a call deposit.</p> <p>In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs. 1,750,770,936 as at 30 June, 2022 could not be confirmed.</p>	<p>and in the NBK Teachers bank reconciliation as a receipt in the cashbook not in the bank statement as at 30<sup>th</sup> June 2022. The amount was also not revenue to the Commission but a call on the principal amount.</p>		
3.0	<p><b>Unconfirmed TSC Car and Mortgage Fund</b></p> <p>The statement of assets and liabilities reflects bank balance of Kshs. 1,750,770,936 as disclosed in Note 8A to the financial statements which includes TSC Car and Mortgage bank balance of Kshs. 520,999,796. During the year, the Fund reflected mortgage loan advances receivables balance of Kshs. 304,734,248 (2021- Kshs. 806,062,361) and mortgage/bank loans payables of Kshs. 271,233,343. However, documents to support the movement during the year were not provided for audit. Further, the management does not have regulations governing the management of the Car and Mortgage Fund. As such, it was not possible to confirm whether the Fund is a self- reporting entity or part of the Commission.</p> <p>In the circumstances, the accuracy and completeness, of cash and cash equivalents balance of Kshs.</p>	<p>Prior to 2021/2022 financial year, the TSC Mortgage was operated as cash backed where the Commission would deposit funds in a fixed deposit account in National Bank of Kenya and the bank would advance mortgage loans to staff with the amount in the fixed deposit account acting as security. The amount in the fixed deposit account grew by the amount of interest earned from the mortgage loans advanced and any additional funds deposited by the Commission. During 2021/2022 financial year, the mode of operating the mortgage was changed to a revolving fund where loan advances to staff are charged directly to the account. The movement in the balance in 2021/2022 financial year was as a result of the mortgage loan balance held by TSC staff of Kenya shillings Three hundred and four million seven hundred thirty-four thousand two hundred and forty eight (Kshs. 304,734,248) being directly debited to the mortgage account and the interest earned during the year of Kenya shillings</p>	Resolved	

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Ref No. on external audit Report	Issue / Observations from Auditor	Management comments	Status	Time frame
4.0	<p>1,750,770,936 as at 30 June, 2022 could not be confirmed.</p> <p><b>Accounts Receivables</b></p> <p><b>4.1 Unreconciled Domestic Debtors and Advances</b> As disclosed in Note 9 to the financial statements, the statement of assets and liabilities reflects an accounts receivables balance of Kshs. 852,488,748 which includes an amount of Kshs. 1,526,741 in</p>	<p>nineteen million six hundred seventy-one thousand six hundred and eighty-three (Kshs. 19,671,683). Further, the amount of Kenya shillings Two hundred seventy-one million two hundred thirty-three thousand three hundred and forty three (Kshs. 271,233,343) reported as a payable relate to outstanding balance of payroll deductions in respect of loans advanced to staff by various financial institutions described in IFMIS chart of accounts as mortgage/bank loans.</p> <p>The Car and Mortgage Fund is operated through a Memorandum of Understanding (MoU) between Teachers Service Commission and National Bank of Kenya which set-up the fund to be reported as part of the Commission and not a self-reporting entity. Based on the advice of the auditor, the Commission is developing regulations based on SRC guidelines and to allow for the fund to be self-reporting.</p> <p><b>i) Unreconciled balance - Kshs. 9,005,134</b> From the closing balance of Kenya shillings Ten million five hundred thirty-one thousand eight hundred and seventy-five (Kshs. 10,531,875) in 2020/2021 financial year, an amount of Kenya shillings One million five hundred ninety-one</p>	Resolved	

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Ref No. on external audit Report	Issue / Observations from Auditor	Management comments	Status	Time frame
	<p>respect of domestic debtors and advances. However, prior year closing balance of Kshs. 10,531,875 differ from the current year comparative balance of Kshs. 1,526,741 by unreconciled amount of Kshs. 9,005,134. Further, as previously reported, salary advances balances included an amount of Kshs. 2,125,414 described as undefined recoveries whose composition and supporting documents were not provided for audit.</p> <p>In addition, advances of Kshs. 4,264,665 in respect one hundred and forty-five (145) staff had no movement over the last twenty-four (24) months while some of the staff with outstanding balances had received additional salary advances during the year ended 30 June, 2021. The management did not give an analysis of how the above balances were recovered or written off during the year under review.</p>	<p>thousand one hundred and six (Kshs. 1,591,136) was paid through cash refunds and payroll recoveries. The Commission waived an amount of Kenya shillings Three million three hundred sixty- four thousand two hundred and two (Kshs. 3,364,202) for advances relating to medical ex-gratia assistance. Further, the Commission cleared Kenya shillings Four million two hundred sixty-four thousand six hundred and sixty-five (Kshs. 4,264,665) by reporting the expenditure in 2021/2022 financial year the outstanding advances for salary arrears on underpayment, reinstatement and promotion paid to teachers by payment voucher before adoption of Integrated Personnel and Payroll Database (IPPD) system. The details of the payment vouchers were not captured in then government payroll system (Government Information Technology System) – GITS since in the month of computerization, the teachers were no longer on the payroll for various reasons including death, interdiction, retirement. With adoption of IPPD system, Commission is no longer facing this challenge due to the real time processing of payments and all other advances are being recovered through the payroll.</p>		

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Ref No. on external audit Report	Issue / Observations from Auditor	Management comments	Status	Time frame
		<p><b>ii) Undefined Recoveries</b> The amount of Kenya shillings Two million one hundred twenty-five thousand four hundred and fourteen (Kshs. 2,125,414) relates to Ex-gratia and medical advances that were recovered through the payroll from various staff from July 2020 to June 2021. The Ex-gratia and advances arose where the Commission settled residual hospital bills for teachers to allow for discharge of patients/release of bodies. The teachers were then granted ex-gratia ranging from 50% to 75% of the medical bill depending on availability of funds. The balance was then recorded as an advance against the teacher and recovered from payroll in installments.</p>	Resolved	
		<p><b>iii) Salary advances with no movement</b> The amount of Kenya shillings Four million two hundred sixty-four thousand six hundred and sixty-five (Kshs. 4,264,665) relates salary arrears on underpayment, reinstatement on payroll and promotion paid to teachers in advance which occurred before adoption of Integrated Personnel and Payroll Database (IPPD) system. The details of the payment vouchers could not be captured in then government payroll system (Government Information Technology System) – GITS since in the month of computerization, the teachers were no longer on the payroll for various reasons including</p>	Resolved	

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Ref No. on external audit Report	Issue / Observations from Auditor	Management comments	Status	Time frame
	<p><b>4.2 Unexplained Increase in Salary Overpayment</b>  As disclosed in Note 9 to the financial statements, the statement of assets and liabilities reflects an accounts receivables balance of Kshs. 852,488,748 which includes an amount of Kshs. 466,892,922 in respect of salary overpayment. The amount is an increase of Kshs. 114,039,769 (or 32%) from last year's balance of Kshs. 352,853,153. However, the origin and build-up of the balance has not been explained. Further, ageing analysis was not provided for audit and as such, it is not possible to establish how long these balances have been outstanding. In addition, the management has not demonstrated efforts it has made to recover the salary overpayments, thus the recoverability of this receivable is doubtful.</p>	<p>death, interdiction, retirement. The Commission is no longer facing this challenge due to the real time processing of payments through the IPPD system.</p> <p>This amount was expensed in financial year 2021/2022 since the payments were due to the respective teachers at the time the payment was made.</p> <p>Salary overpayment occurred as a results from delay in stoppage of salary on death, desertion of duty, resignation, transfer of service, transfers, sick leave and absenteeism. The overpayment has grown over the years due to reporting systems that were inefficient due to their manual nature. Once overpayment is recorded, recovery is progressive through: -</p> <ul style="list-style-type: none"> <li>(i) the payroll for teachers who are still in TSC employment.</li> <li>(ii) Mechanisms set out in the Overpayment policy for teachers who are out of TSC employment which include: - <ul style="list-style-type: none"> <li>(a) Issuing demand letters and follow up with the concerned individuals.</li> <li>(b) Liaising with Co-operative Societies to utilize any Sacco savings</li> <li>(c) Liaising with other employers where the teachers are in other employment</li> <li>(d) Liaising with the Ministry of Foreign Affairs and Kenyan Embassies where the teachers are in foreign Countries.</li> </ul> </li> </ul> <p>In order to address the issue of salary overpayment, the Commission has</p>	In progress	

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	<p><b>4.3 Unsupported Receivables Balances</b> As disclosed in Note 9 to the financial statements, the statement of assets and liabilities reflects an accounts receivables balance of Kshs. 852,488,748 which includes County disbursements amount of Kshs. 67,156,978. However, according to disbursement records, the Commission disbursed to the Counties an amount of Kshs. 1,428,212,926 during the year under review resulting in a total amount disbursed and not surrendered from the prior year of Kshs. 1,903,281,195. Management has not supported how the County expenditure returns difference of Kshs. 1,836,124,217 was accounted for.</p>	<p>developed and is implementing an overpayment policy and online services to improve efficiency in reporting mechanism between the Commission Headquarters, field offices and Schools in respect to death, desertion of duty, resignation, transfer of service, retirement, sick leave and absenteeism. The Commission is also in the process of decentralizing some payroll functions to the Counties once the Web based IPPD is rolled out to facilitate faster payroll amendment on cases of death, desertion of duty, resignation, transfer of service, retirement, sick leave and absenteeism. The Commission also conducts overpayment sensitization workshops with the stakeholders to minimize and eradicate occurrence.</p> <p><b>County disbursement</b> The Commission adopted the use of Integrated Financial Management Information System (IFMIS) in 2015/2016 financial year. The Commission issues AIEs to Regional/County directors for operations at the regional/county levels. The Regional/ County directors account for the AIEs by submitting summarized approved quarterly Expenditure returns to TSC headquarters for posting to IFMIS General Ledger and also surrender any unspent balances to TSC headquarters. During 2021/2022 financial year, total Expenditure at the field offices was Kenya shillings One billion two hundred forty seven million seven hundred twenty thousand three hundred twenty-three (Kshs.</p>	Resolved	

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5.0	<p>In the circumstances, the accuracy, completeness, presentation, and disclosure of accounts receivables balance of Kshs. 852,488,748 as at 30 June, 2022 30 June, 2022 could not be confirmed.</p> <p><b>Unsupported Accounts Payables</b> The statement of assets and liabilities reflects the accounts payables balance of Kshs. 433,128,747 as disclosed in Note 10 to the financial statement. The balance includes clearance account balance of Kshs. 399,616,822 which further includes unexplained sundry creditors balance of Kshs.</p>	<p>1,247,720,323). Further, Kenya shillings Two hundred fifty-four million nine hundred twenty-three thousand eight hundred and fifty (Kshs. 254,923,850) in respect of payroll expenditure for June 2021 which had been reported under receivables due to insufficient budget for Compensation of employees in 2020/2021 was treated as a first charge in 2021/2022. In addition, expenditure at the field offices that could not be posted in IFMIS due to budget cuts resulting from austerity measures was posted in IFMIS in 2021/2022 financial year. The county disbursements balance of Kenya shillings Sixty-seven million one hundred fifty-six thousand nine hundred seventy-eight (Kshs. 67,156,978) represents the un surrendered unspent AIEs as at 30 June 2022 and which were surrendered in 2022/2023 financial year.</p> <p>The Commission is exploring possibility of linking the county offices to IFMIS to ensure real time posting of financial transactions and enhance timely reconciliations.</p> <p><b>i) Sundry Creditors</b> The amount of Kenya shillings Forty three million and fourty two thousand one hundred and twenty-two (Kshs. 43,042,122) relates to monies deposited in TSC bank account being; <b>(a)</b> payments made by TSC to various beneficiaries that have been returned as un-applied. This result from incorrect bank</p>	Resolved	

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	<p>43,042,122, unsupported returned salaries of Kshs. 10,209,284, returned EFT payments of Kshs. 278,871, and stale cheques amounting to Kshs. 2,037,905 which have been supported by listings showing outstanding transactions dating back to the financial year 2015/2016 and earlier years. Further, clearance account balance of Kshs. 399,616,822 indicated minimal movement over the last twelve months which was not supported or explained.</p> <p>In the circumstances, the accuracy, completeness, and occurrence of the accounts payable balance of Kshs. 433,128,747 as at 30 June, 2022 could not be confirmed.</p>	<p>details provided by the beneficiaries which include wrong bank accounts, bank account names not matching and dormant bank accounts. The payments are returned by the paying banks without the details of the intended beneficiaries. The Commission liaises with the paying banks to obtain the details in order to contact the beneficiaries to provide correct bank details. (b) Payment to TSC by The National Treasury in respect amounts recovered from pension of teachers with outstanding liabilities. The deposits are made in block amounts without the details of the specific teachers they relate to. The Commission liaises with the National Treasury to provide details of the teacher in order to apply the monies to offset the overpayment recorded against the respective teachers. Progressively, the Commission is continuing to clear the balance which currently stands at Kshs. 5,255,278.10</p> <p><b>ii) Returned Salaries</b>                      The amount of Kenya shillings Ten million two hundred and nine thousand two hundred and eighty-four (Kshs. 10,209,284) represents monies deposited in TSC bank account for monthly payroll salaries paid to employees that are returned by the paying banks as un-applied. This result from incorrect bank details provided by the teachers which include; (a) wrong bank accounts, (b) bank account names</p>	Resolved	

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		<p>not matching and (c) dormant bank accounts. These payments are returned by the paying banks without the full details of the teachers. The Commission liaises with the paying banks to obtain details of the teachers so as to contact them to provide correct bank details. The Commission releases the salaries once the correct details are provided.</p> <p>The Commission is no longer facing this challenge as teachers are required to submit pay-point instructions accompanied with a copy of the bank plate/ copy of ATM card. We are progressively continuing to obtain correct details of the beneficiaries to clear the balance.</p> <p><b>iii) Returned EFT payments</b> The amount of Kenya shillings Two hundred seventy-eight thousand eight hundred and seventy-one (Kshs. 278,871) relates to monies deposited in TSC bank account being (a) payments of 3<sup>rd</sup> party payroll deductions and (b) payments of amounts due to teachers who have left service that are returned by the paying banks as un-applied. This results from incorrect bank details provided by the beneficiaries which include; wrong bank accounts, bank account names not matching and dormant bank accounts. The payments are returned by the paying banks without the details of the intended beneficiaries. The Commission liaises with the paying</p>	In progress	

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		<p>banks to obtain details of the intended beneficiaries in order to contact them to provide correct bank details. We are progressively continuing to obtain correct details of the beneficiaries to clear the balance.</p> <p><b>iv) Stale cheques</b> The amount of Kenya shillings Two million and thirty-seven thousand nine hundred and five (Kshs. 2,037,905) relates to cheques for payments to various beneficiaries that were written back to the Commissions cashbook after remaining unrepresented by the payees within six months. The payments were mainly made through the public trustees and law courts and failed to reach the intended beneficiaries or the beneficiaries fail to present the cheques to the bank for payment. The Commission usually issues replacement cheques once the beneficiaries are contacted. Some of these cheques have remained outstanding due to difficulties in establishing the beneficiaries who are the next of kin to deceased teachers and beneficiaries from Court attachments for child support.</p> <p><b>v) Minimal movement of clearance account balance</b> The minimal movement in the clearance account balance was as a result of clearing the outstanding balances of payroll remittances for 2020/2021 financial year in</p>	<p>Resolved</p> <p>Resolved</p>	

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Ref No. on external audit Report	Issue / Observations from Auditor	Management comments	Status	Time frame
6.0	<p><b>Unexplained Decrease in Employer Contribution to National Social Security Fund (NSSF) and Staff Pension Scheme</b></p> <p>The statement of receipts and payments reflects an amount of Kshs. 286,687,983,132 in respect of compensation of employees as disclosed in Note 4 to the financial statements. Review of the compensation of employees reflects an unexplained decrease of Kshs. 483,437 and Kshs. 316,494,809 contributed by the employer to National Social Security Fund (NSSF) and staff Pension Scheme respectively despite a general increase in compensation of employees of Kshs. 9,296,034,959. An increase in basic pay and allowances should result in a proportionate effect on employer contributions to both N.S.S.F and Staff Pension Scheme. In the circumstances, the completeness and accuracy of compensation of employees' balance could not be confirmed.</p>	<p>2021/2022. This resulted in an almost equal balance of outstanding payroll deductions in 2021/2022.</p> <p>The decline is attributed to payroll expenditure for June 2021 which was not accommodated by the 2020/2021 Personal Emoluments budget. The deficit in the budget against the payroll expenditure was charged to both Employer contributions to N.S.S.F and Staff Pension Scheme since they comprise Compensation to employees' expenditure classification. The increase in basic pay and allowances did not result in a proportionate increase in employer contribution to NSSF as NSSF contribution is a fixed amount of Kenya shillings Two hundred (Kshs 200) per employee.</p>	Resolved	

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Ref No. on external audit Report	Issue / Observations from Auditor	Management comments	Status	Time frame
1.0	<p><b>Other Matter</b></p> <p><b>Long Outstanding Accounts Receivables – Cash Losses</b></p> <p>As previously reported, the statement of assets and liabilities reflects an accounts receivables balance of Kshs. 852,488,748 which includes cash losses amounting to Kshs. 2,928,398 that occurred between the years 1988 and 2000 and the matter was investigated whereby the Director of Public Prosecutions directed the suspect to be charged with the offence of stealing by servant contrary to Section 280 of the Penal Code. Review of the matter during the year under review indicates that all teachers are paid by electronic funds transfers through their respective bank accounts and the Commission has reported there are no longer cash losses reported. However, the lost cash had not been recovered at the time of the audit in November, 2022.</p>	<p><b>Cash Losses</b></p> <p>The cash losses of Kenya shillings Two million nine hundred twenty-eight thousand three hundred ninety-eight (Kshs. 2,928,398) occurred in the period 1988-2000 and the Commission has followed up the matter in the Courts over several years culminating with the Investigating Officer’s letter Ref: CID/IB/SEC/4/3/1/A/VOL.III/64 dated 5/9/2014 indicating the insurmountable challenges in charging the culprits. The Commission, during its meeting held on 24/9/2015 decided it was un-economical to continue with the cases and recommended a write-off through the National Treasury. After several correspondences between the Commission and the National Treasury in respect of the request for approval of a write-off, the National Treasury vide letter Ref: AG/3/149/Vol.1/ (54) dated 13<sup>th</sup> February, 2019 gave guidelines the Commission needed to follow in order to conclude the matter. The Commission followed the guidelines and re-submitted the request vide letter Ref: TSC/FIN/60/VOL.V/20 dated 5<sup>th</sup> March, 2019.</p> <p>The Commission also sought the Attorney General’s legal opinion on the matter and vide letter Ref: AG/CONF/9/29 Vol II (43) dated 10<sup>th</sup> May, 2019, the Attorney General advised on a waiver after all reasonable steps had been taken to</p>	In progress	

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2.0	<p><b>Unconfirmed Property, Plant &amp; Equipment</b></p> <p>As reported in previous years, the property, plant and equipment balance of Kshs. 4,955,290,287 as disclosed in Note 19 on other important disclosures to the financial statements which includes one (1) motor vehicle procured in 2004 at a total cost of Kshs. 2,085,869. A review of the matter in November, 2022 revealed that the vehicle had earlier been</p>	<p>recover the losses. The advice was similar to what the Commissioner's had recommended during their above cited meeting.</p> <p>The Commission vide letter Ref:TSC/FIN/60/VOL.V/68 dated 18<sup>th</sup> February, 2021 resubmitted a request to the National Treasury for authority to write-off the cash losses since it had been determined that reasonable steps were taken for recovery of the cash losses and to pursue the cases would be un economical.</p> <p>The National Treasury vide letter Ref: AG/3/14/Vol.1 (66) dated 19<sup>th</sup> March, 2021 advised the Commission to pursue further efforts as had been advised by the Attorney General.</p> <p>The Commission has further analyzed the cases and isolated those that have been concluded in court in order to reapply for write-off from the National Treasury for the resolved cases.</p>	In progress	
		<p><b>Motor vehicle Net Book Value of Ksh. 88,096</b></p> <p>The Motor Vehicle Registration No. KAR 246L- Nissan Urvan whose residual value is Kenya shillings Eighty-eight thousand and ninety-six (Ksh. 88,096) was repossessed from auctioneers. The original log book was submitted to KRA on 30/6/2011 to verify the rightful owner upon their request vide letter ref: KRA/RTD/TRANS-DUP/10027/0-11 dated 13/6/2011.</p>		

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	<p>auctioned by auctioneers after obtaining a duplicate log book No. 20063490279 from Kenya Revenue Authority. Although the Commission repossessed the vehicle, the case is still pending in court.</p>	<p>The case has been ongoing and after court hearings on diverse dates judgement was delivered on 15<sup>th</sup> September, 2020 where the court ruled that the motor vehicle registration No. KAR 246L be released to the plaintiff. The Commission has appealed the ruling vide the Memorandum of Appeal dated 20<sup>th</sup> November, 2020. On 8<sup>th</sup> July 2021 the High Court delivered its ruling on the application and allowed the application subject to condition that the Commission deposits a Decretal sum of Kenya shillings One million and eighty thousand (Kshs. 1,080,000) in the Court within 30 days from date the ruling was delivered and the Memorandum of Appeal be filed with the High Court Registry within 14 days. On 23<sup>rd</sup> August 2022, the Court ordered and decreed that the continued detention of the Motor Vehicle by the defendant was illegal, the Motor vehicle be released to the plaintiff and judgment for the plaintiff against the defendant for a sum of Kenya shillings One million and eighty thousand (Kshs. 1,080,000) plus costs and interest. The Commission appealed on 26<sup>th</sup> August 2022 and the matter is still pending in court.</p>		

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Ref No. on external audit Report	Issue / Observations from Auditor	Management comments	Status	Time frame
3.0	<p><b>Prior Year Matters</b></p> <p><b>REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES</b></p>	<p><b>(i) Insurance Costs</b> The expenditure of Kshs. 42,493,153 was as a result of increased WIBA claims by teachers and secretariat staff in 2021/2022 financial year. These are claims approved by DOSH and needed to be settled.</p>	Resolved	
1.0	<p><b>Over- Expenditure on Budget – Use of Goods and Services</b> The statement of receipt and payments reflects the use of goods and services expenditure of Kshs. 1,739,822,652 as disclosed in Note 5 to the financial statements. The expenditure includes over-expenditure of Kshs. 163,968,426 on various components for which approvals were not provided for audit.</p> <p>Over-expenditure on budget may lead to unplanned expenditures, pending bills, and budget reallocations. In the circumstances, the regularity and validity of the over-expenditure amounting to Kshs. 163,968,426 could not be confirmed.</p>	<p><b>(ii) Fuel Oil and Lubricants</b> The amount of Kshs. 80,086,876 related to expenditure incurred at the counties from funds disbursed to the counties in 2020/2021. The expenditure was not posted in IFMIS in 2020/2021 due to insufficient budget following the budget cuts by the National Treasury. This expenditure was reported in 2021/2022 financial year.</p> <p><b>(iii) Domestic travel &amp; subsistence</b> The amount of Kshs. 80,086,876 related to expenditure incurred at the counties from funds disbursed to the counties in 2020/2021. The expenditure was not posted in IFMIS in 2020/2021 due to insufficient budget following the budget cuts by the National Treasury. This expenditure was reported in 2021/2022 financial year</p> <p><b>(iv) Hospitality, supplies &amp; services</b> The amount of Kshs. 3,453,231 related to expenditure incurred at the counties from funds disbursed to the counties in 2020/2021. The</p>	Resolved	
			Resolved	

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		<p>expenditure was not posted in IFMIS in 2020/2021 due to insufficient budget following the budget cuts by the National Treasury. This expenditure was reported in 2021/2022 financial year.</p> <p><b>i) Secretariat</b> The four (4) secretariat staff were on boarded on payroll on 2<sup>nd</sup> June 2022 as interns on a salary/ stipend of Kshs. 25,000 per month. The stipend for the month of June 2022 was prorated based on the days in the month the staff worked.</p> <p>The prorated pay was further subjected to NSSF deduction which is tax allowable leaving a taxable pay of Kshs. 23,966.65 which when subjected to tax bracket of 10% resulted in PAYE of 2,396.65 which when monthly relief of Kshs 2,400 was applied, no tax was payable.</p>	Resolved	
2.0	<p><b>Failure to Deduct and Remit Pay-As-You-Earn from employees.</b> During the year under review, Management did not deduct Pay-As-You-Earn (PAYE) due from three thousand, two hundred and eighty-one (3,281) special needs staff, three thousand, seven hundred and eighty-four (3,784) non special needs staff and four (4) Secretariat staff with gross pay amounting to Kshs. 350,930,993, 14,965,126 and Kshs. 96,694 respectively.</p>	<p><b>ii) Teachers</b> The cases were analyzed and categorized as below;</p> <ul style="list-style-type: none"> <li>- The 3,281 teachers with special needs,</li> <li>(a) 2570 were interns whose pay was Kshs. 15,000 per month and Kshs. 20,000 per month for primary school and secondary school respectively. The teaches were taxed but the tax payable was below the monthly relief of Kshs. 2,400.</li> </ul>	Resolved	

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	<p>Review of the Commission's payroll revealed that employees with special needs as prescribed under Section 11 (3) of Persons with Disabilities Act, 2003 are denoted by codes 2-9 under the special needs field in the Integrated Payroll and Personnel Database (IPPD) but the above referenced employees code was zero (0) denoting that they are not people with special needs and had not been exempted from paying income tax by Kenya Revenue Authority. Failure to deduct and remit Pay-As-You-Earn tax is contrary to Income Tax Act CAP 470.</p> <p>In the circumstances, Management was in breach of the law.</p>	<p>(b) 5 were teachers with no special needs and tax was deducted.</p> <p>(c) 706 were teachers with special needs and had been exempted from paying tax.</p> <p>- The 3,784 non special needs,</p> <p>(a) 2092 were interns whose pay was Kshs. 15,000 per month and Kshs. 20,000 per month for primary school and secondary school respectively. The teachers were taxed but the tax payable was below the monthly relief of Kshs. 2,400.</p> <p>(b) 114 were teachers with special needs and had been exempted from paying tax</p> <p>(c) 1578 were teachers with no special needs and tax was deducted.</p>		
3.0	<p><b>Overpayment of Leave Allowance and Salary Arrears</b></p> <p>Review of payroll data for the period under review revealed that twenty-one (21) teachers and seventy-five (75) Secretariat staff were paid leave allowance twice amounting to Kshs. 240,000 and Kshs. 740,000 respectively. Further, the payments were made to teachers and secretariat who were not in hardship areas.</p> <p>In addition, one thousand eight hundred and seven (1,807) Teachers, and one hundred and thirty-five (135) Secretariat staff were paid salary arrears more than</p>	<p>Leave allowance is paid to all teachers and secretariat staff in January of every year. However, teachers/secretariat staff who enter service or are reinstated back on payroll after January when the leave allowance has already been paid, they are paid the allowance as a one off payment (arrears) during the year or subsequent year. The cases referred to were for teachers /secretariat staff who were employed and on boarded or were reinstated back on payroll between February 2021 and December 2021 when the leave allowance for 2021 had already been paid. Considering that these teachers were due leave</p>	Resolved	

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4.0	<p>once during the year amounting to Kshs. 197,214,537 and Kshs. 15,509,930 respectively contrary to Article 201 (d) of the Constitution of Kenya, 2010 which states that public money shall be used in a prudent and responsible way. In the circumstances, Management was in breach of the law.</p> <p><b>Non-Procurement of Group Life Cover</b></p> <p>The statement of receipts and payments reflects an amount of Kshs. 1,739,822,652 in respect of the use of goods and services as disclosed in Note 5 to the financial statements which includes insurance costs amounting to Kshs. 156,993,158. Included in the expenditure is an amount of Kshs. 62,922,122 paid to a Financing institution as a group life cover. The Commission entered into a contract for provision of group life cover with a Financing Institution on 13 May, 2021 for a period of one year, with an expiry date of 13</p>	<p>allowance for 2021, they were paid the allowance in the months between July 2021 and June 2022 and also paid the leave allowance for 2022 in January 2022. The payments were not double/overpayment.</p> <p>The arrears payment to the teachers were for adjustments resulting from the Commission implementing the Career Progression Guidelines, promotion and transfers.</p> <p>The arrears payment to the Secretariat staff were for salary adjustments, adjustments of house allowance, transfer allowance upon deployment from one station to another.</p> <p>The Commission Advertised for the Provision of Group Life Cover and the tender was terminated due to inadequate Budgetary Provisions. The Commission had a budget of Kenya shillings Twenty million (Kshs. 20,000,000) and the Lowest Evaluated bidder quoted Kenya shillings Fifty-seven million one hundred and six thousand seven hundred and sixty (Kshs. 57,106,760). Tender was subsequently awarded when the budget was enhanced.</p>	Resolved	

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1.0	<p>May, 2022. However, upon the expiry of the cover, the Commission did not procure another cover hence resulting in the Commission operating without a group life cover. In the circumstances, Management was in breach of the law.</p> <p><b>REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE</b></p> <p><b>Control Weaknesses in human Resource Management</b>                      The statement of receipts and payments reflect an amount of Kshs. 286,687,983,132 in respect of employee costs as disclosed in Note 4 to the financial statements. However, the following internal control weaknesses over payroll management were noted.</p> <p>(i) Comparison of the National Identification (ID) numbers in the Teachers' payroll against the Integrated Personnel and Payroll Database (IPPD) for MDAs reflects that there were twenty-four (24) employees earning salaries in two entities in the same month.</p> <p>(ii) Examination of the IPPD reflects that one (1) Identification Number, was both in the Teachers' and Secretariat payrolls but with different name. the amount paid during the year was</p>	<p>(i) From Teacher Management Information system (TMIS) data, the Twenty-four (24) teachers are correctly on the Commission's payroll.</p> <p>(ii) The Teachers and Secretariat reviewed and the error was corrected in November 2021.</p> <p>(iii) Bank accounts of employees are entered in the payroll upon the Commission receiving instructions from the employee through;</p> <ul style="list-style-type: none"> <li>▪ A duly completed prescribed bank form which is certified and forwarded by the head of institution;</li> <li>▪ Certified copy of the bank plate and identity card. For the congregation a letter from the congregation head is attached as the account is registered in its (congregations') name.</li> </ul> <p>a) The shared bank accounts identified are for;</p>	Resolved	

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Ref No. on external audit Report	Issue / Observations from Auditor	Management comments	Status	Time frame
2.0	<p>Kshs. 1,520,192 and Kshs. 485,545 for the Secretariat and Teachers' payrolls respectively.</p> <p>(iii) Review of payroll for the month of June, 2022 revealed the existence of seventy-nine (79) employees with similar names, similar bank account numbers but different payroll numbers. The total gross paid amounted to Kshs. 4,263,212. Further, three (3) teachers did not have ID numbers in the staff register.</p> <p>In the circumstances, the internal controls over the management of employees' payroll are weak and susceptible to loss of TSC resources.</p> <p><b>Recovery of Salary Overpayment</b></p> <p>Review of the detailed analysis of the payroll for the period under review revealed that there were eighty-five (85) teachers with outstanding overpayment balance amounting to Kshs. 47,352,946. Further, the outstanding repayment period for these officers will exceed their retirement age of sixty (60) of the end of the contract period. Therefore, recovery of the overpayment is in doubt. Further, the Commission Management did not provide for audit a strategy for the recovery of the overpayments beyond the retirement period.</p>	<ul style="list-style-type: none"> <li>- Brothers and Sisters serving as teachers but are members of catholic based congregations where salary earned are directed into the congregations account.</li> <li>- Spouses serving as teachers who are operating a joint account.</li> </ul> <p>b) The teachers identified as not having ID numbers are foreigners who were employed using alien passport as the identification number. Their identification is captured in the IPPD staff Register</p> <p>The monthly recovery rate for overpayment is a 1/3 of the basic salary of the employee as per Section 19 (3) of the Employment Act, 2007. In order to recover any outstanding overpayment when a teacher retires, the Commission has an agreement with the Secretary of pension to recover any government liability from pension of a retired teacher upon authorization by the teacher in writing. If any balance remains outstanding, recovery is pursued from the retired teacher personally or from estate of the deceased.</p>	Resolved	

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Ref No. on external audit Report	Issue / Observations from Auditor	Management comments	Status	Time frame
	In the circumstances, the existence of internal control to safeguard loss of public resources could not be confirmed.			



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

**Date: 29-09-2023**



**CPA. CHEPTUMO AYABEI  
DIRECTOR (FINANCE AND ACCOUNTS)**

**ICPAK MEMBER NUMBER: 8372**

**Date: 29-09-2023**

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16. Appendix

Annex II – LIST OF PENDING BILLS

<b>NAME</b>	<b>Balance b/f 2021/2022</b>	<b>Additions for the period</b>	<b>Paid during the year</b>	<b>Balance c/f 2022/2023</b>	<b>DESCRIPTION</b>
WATERCORE SERVICES	-	1,572,200.00	-	1,572,200.00	REFURBISHMENT OF BUILDING
<b>Sub- Total</b>	-	<b>1,572,200.00</b>	-	<b>1,572,200.00</b>	
INTERMASS STATIONERS & PRINTERS LIMITED	-	60,000.00	-	60,000.00	STATIONARY
EXTREME KENYA CO. LTD	-	415,500.00	-	415,500.00	ASSET TAGS
NORTHOLT ENTERPRISES	-	876,246.00	-	876,246.00	FILING CABINET +METAL ,4 DRAWER
ECTA KENYA LTD	-	6,900,000.00	-	6,900,000.00	MOTOR VEHICLE PURCHASE
NORTHOLT ENTERPRISES	-	2,176,900.00	-	2,176,900.00	AIRTIME
KENYA LITERATURE BUREAU	-	2,400,000.00	-	2,400,000.00	STATIONARY
REIN SOLUTION LTD	-	2,500,000.00	-	2,500,000.00	STATIONARY
ALLICIA GRAPHICS	-	2,580,000.00	-	2,580,000.00	PHOTOCOPYING PAPERS
COM TWENTY ON LIMITED	-	3,948,890.00	-	3,948,890.00	FIREWALL NETWORK
<b>Sub- Total</b>	-	<b>21,857,536.00</b>	-	<b>21,857,536.00</b>	
MINET KENYA-INS. BROKER	-	3,400,000.00	-	3,400,000.00	WIBA-ADMINISTRATION SERVICES
MINET-TCHER MED INSURANCE	-	8,131,220.45	-	8,131,220.45	MEDICAL ADMINISTRATION
MINET-TCHER MED INSURANCE	-	23,135,776.00	-	23,135,776.00	MEDICAL EX-GRATIA INVOICE NO 113
MINET-TCHER MED INSURANCE	-	69,540,851.00	-	69,540,851.00	MEDICAL EX-GRATIA INVOICE NO 348- DD 8.5.22
MINET-TCHER MED INSURANCE	-	1,000,000,000.00	-	1,000,000,000.00	RQST NO. 20912021- 202200066730 DD 29.06.2022
MINET-TCHER MED INSURANCE	-	1,214,873,579.35	-	1,214,873,579.35	3RD QRT JUNE 2023 TO AUGUST 2023

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POSTAL CORPORATION	-	403,590.00	-	403,590.00	-	403,590.00	POSTAL /COURIER
POSTAL CORPORATION	-	431,065.00	-	431,065.00	-	431,065.00	POSTAL /COURIER
KSG-LOWER KABETE	-	504,600.00	-	504,600.00	-	504,600.00	TRAINING-23RD-30TH JUNE 2023
POSTAL CORP	-	576,985.00	-	576,985.00	-	576,985.00	POSTAL SERVICES
POSTAL CORPORATION	-	664,685.00	-	664,685.00	-	664,685.00	POSTAL /COURIER
POSTAL CORPORATION	-	689,040.00	-	689,040.00	-	689,040.00	POSTAL /COURIER
KPMG	-	834,000.00	-	834,000.00	-	834,000.00	IDEA LICENSES
ISMAX SECURITY	-	934,950.00	-	934,950.00	-	934,950.00	SECURITY
FELTERS INVESTMENT LTD	-	999,500.00	-	999,500.00	-	999,500.00	GENERAL MAINTENANCE
POSTAL CORPORATION	-	1,052,035.00	-	1,052,035.00	-	1,052,035.00	POSTAL /COURIER
KENYA SCHOOL OF GOVT	-	1,180,000.00	-	1,180,000.00	-	1,180,000.00	CONFERENCE FEES
ESAMI	-	1,322,083.10	-	1,322,083.10	-	1,322,083.10	TRAINING- 3RD-7TH JULY 2023
ESAMI	-	1,369,954.75	-	1,369,954.75	-	1,369,954.75	TRAINING 1ST-5TH AUG 2022
KENYA BUREAU OF STANDARD	-	1,392,000.00	-	1,392,000.00	-	1,392,000.00	CONFERENCE FACILITY 13TH-16TH 2023
POSTAL CORPORATION	-	1,424,360.00	-	1,424,360.00	-	1,424,360.00	POSTAL /COURIER
ESAMI	-	1,496,904.85	-	1,496,904.85	-	1,496,904.85	TRAINING 11TH-15TH JULY 2022
ESAMI	-	1,500,550.60	-	1,500,550.60	-	1,500,550.60	TRAINING 18TH-22ND JULY2022
ESAMI	-	1,567,687.50	-	1,567,687.50	-	1,567,687.50	TRAINING 3RD-14TH JULY 2023
ESAMI	-	1,637,491.45	-	1,637,491.45	-	1,637,491.45	TRAINING 1ST-5TH AUG 2022
ESAMI	-	1,747,757.40	-	1,747,757.40	-	1,747,757.40	TRAINING 20TH-24TH JUNE 2022
ZAMARA RISK INSURANCE	-	2,030,000.00	-	2,030,000.00	-	2,030,000.00	WIBA
ZAMARA RISK INSURANCE	-	2,175,000.00	-	2,175,000.00	-	2,175,000.00	WIBA QRT 1 W.E.F-1.9.22-30.11.22
ZAMARA RISK INSURANCE	-	2,175,000.00	-	2,175,000.00	-	2,175,000.00	WIBA QRT 2 W.E.F 1.12.22-28.2.23
ESAMI	-	2,351,531.25	-	2,351,531.25	-	2,351,531.25	TRAINING 3RD-7TH 2023
REALEDGE VENTURES	-	2,832,750.00	-	2,832,750.00	-	2,832,750.00	AIR TICKET
REALEDGE VENTURES	-	3,501,570.00	-	3,501,570.00	-	3,501,570.00	AIR TICKET
LAKE NAIVASHA RESORT	-	4,337,500.00	-	4,337,500.00	-	4,337,500.00	CONFERENCE 17TH-21ST 2023

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ESAMI	-	4,807,575.00	-	4,807,575.00	TRAINING 19TH-30TH JUNE 2023
COUNTY ALLOC. ADDITIONAL	-	7,050,000.00	-	7,050,000.00	VEHICLE MAINTENANCE
TSC	-	9,119,921.00	-	9,119,921.00	AIR TICKETS
COUNTY ALLOC.	-	34,305,600.00	-	34,305,600.00	SNR MGT + S/CNTY DRCTS.WORKSHOP
MARTIN KINOTI	-	370,608.00	-	370,608.00	WIBA- 481905
BERNARD KALAM	-	370,788.45	-	370,788.45	WIBA -241123
MWALIMU NATIONAL SACCO SOCIETY LMIT	-	688,521.60	-	688,521.60	WIBA-510446
THARAKA NITHI TEACHERS SACCO SOCIETY LTD	-	770,252.80	-	770,252.80	WIBA-383267
THARAKA NITHI TEACHERS SACCO SOCIETY LTD	-	844,396.80	-	844,396.80	WIBA-392188
OLLIN SACCO	-	900,388.80	-	900,388.80	WIBA-396431
ISMAL MOHAMUD MUSTAFA	-	1,052,611.20	-	1,052,611.20	WIBA-751723
YAHYA HAJI ABDULLAHI	-	1,752,076.80	-	1,752,076.80	WIBA-421278
HARED I. MOHAMED	-	2,115,456.00	-	2,115,456.00	WIBA-605747
HASSAN M	-	2,967,504.00	-	2,967,504.00	WIBA-443763
MWALIMU SACCO	-	3,027,772.80	-	3,027,772.80	WIBA-420844
PATRICK OBIERO	-	3,512,160.00	-	3,512,160.00	WIBA-805577
AGGREY A WEKESA	-	5,919,667.20	-	5,919,667.20	WIBA-262424
<b>Sub- Total</b>	<b>-</b>	<b>2,439,789,318.15</b>	<b>-</b>	<b>2,439,789,318.15</b>	
<b>Grand Total</b>	<b>-</b>	<b>2,463,219,054.15</b>	<b>-</b>	<b>2,463,219,054.15</b>	

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**Annex II – Summary of Fixed Asset Register**

Asset class	Historical Cost b/f		Additions during the year		Disposals during the year		Historical Cost c/f	
	2021/2022	2022/2023	2022/2023	2022/2023	2022/2023	2022/2023	2022/2023	2022/2023
Description	Kshs		Kshs		Kshs		Kshs	
Land	1,000,000,000	-	-	-	-	-	1,000,000,000	
Construction of Buildings	1,247,687,113	35,077,518	35,077,518	-	-	-	1,282,764,631	
Refurbishment of Buildings	104,412,167	4,196,993	4,196,993	-	-	-	108,609,160	
Transport equipment	986,567,570	-	-	-	25,491,628	-	961,075,942	
Office equipment, furniture and fittings	513,315,372	11,759,635	11,759,635	-	-	-	525,075,007	
		23,526,400	23,526,400	-	-	-		
ICT Equipment	1,103,308,065	79,553,823	79,553,823	-	-	-	1,182,861,888	
<b>Total</b>	<b>4,955,290,287</b>	<b>154,114,369</b>	<b>154,114,369</b>	<b>25,491,628</b>	<b>25,491,628</b>	<b>25,491,628</b>	<b>5,060,386,628</b>	

**Schedule of Motor Vehicles and Motor cycles disposed during 2022/2023 financial year**

Category	Reg. No	Historical Cost
Motor Vehicle	GKA 802X	1,913,470.00
Motor Vehicle	GKA 803X	1,917,991.00
Motor Vehicle	GKA 804X	2,107,394.00
Motor Vehicle	GKA 816X	4,649,709.00
Motor Vehicle	GKA 818X	2,307,666.00
Motor Vehicle	GKA 820X	4,799,529.00
Motor Vehicle	GKB 848D	5,252,000.00
Motor Vehicle	GKA 822X	2,085,869.00
Motor cycle	GKB 112S	229,000.00
Motor cycle	GKB 180S	229,000.00
<b>Total</b>		<b>25,491,628.00</b>

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**Annex 2 – List of Projects implemented by Teachers Service Commission**

<b>Ref</b>	<b>Project Name</b>	<b>Principal activity of the project</b>	<b>Accounting Officer</b>	<b>Project consolidated in these financial statements(yes/no)</b>
<b>1</b>	<b>Secondary Education Quality Improvement Project</b>	To improve student learning in secondary education and transition from primary to secondary education in targeted areas and system capacity to implement education reforms.	<b>C.E.O</b>	<b>Yes</b>
<b>2</b>	<b>Kenya Primary Education Equity in Learning Program</b>	To reduce regional disparities in learning outcomes, improve retention of girls in upper primary education and strengthen systems for delivery of equitable education outcomes	<b>C.E.O</b>	<b>Yes</b>