

REPUBLIC OF KENYA



*Enhancing Accountability*

PARLIAMENT  
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THE NATIONAL ASSEMBLY  
**REPORT**  
DATE: 05 DEC 2023  
DAY: WED  
Tabled BY: Hon Naomi Wago, MP  
Deputy majority whip  
OF  
Clerk THE TABLE: Inzogu mwale

**THE AUDITOR-GENERAL**

**ON**

**GOK/UNICEF EDUCATION FOR YOUNG  
PEOPLE PROGRAMME**

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

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



30 SEP 2023

RECEIVED



**PROJECT NAME: GOK UNICEF EDUCATION FOR YOUNG PEOPLE PROGRAMME**

**IMPLEMENTING ENTITY: MINISTRY OF EDUCATION  
STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION.**

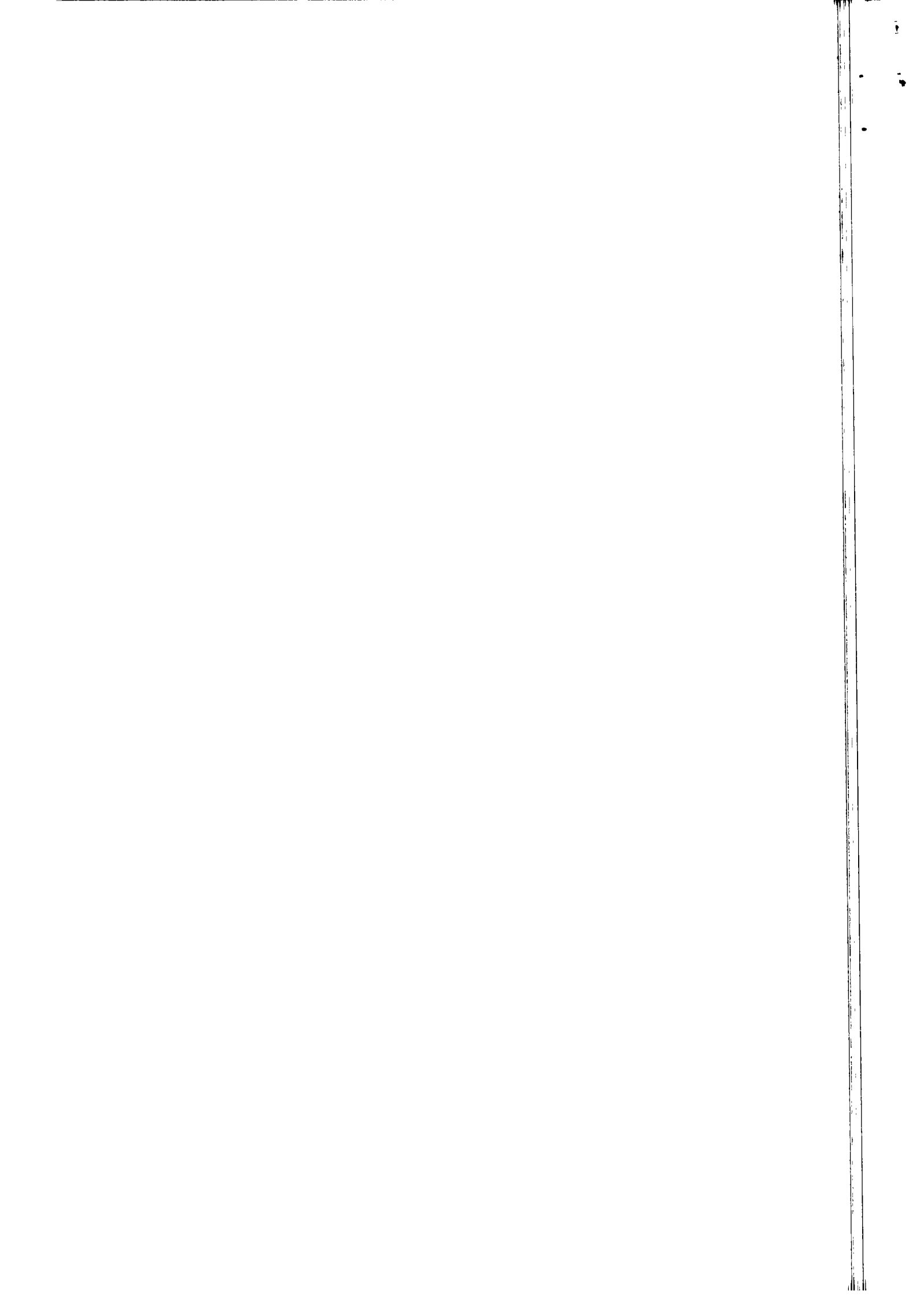
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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**30 JUNE, 2023**

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**GOK/UNICEF EDUCATION FOR YOUNG PEOPLE PROGRAMME.**  
**Annual Report and Financial Statements for the financial year ended 30 June, 2023**

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**1. ACRONYMS AND GLOSSARY OF TERMS**

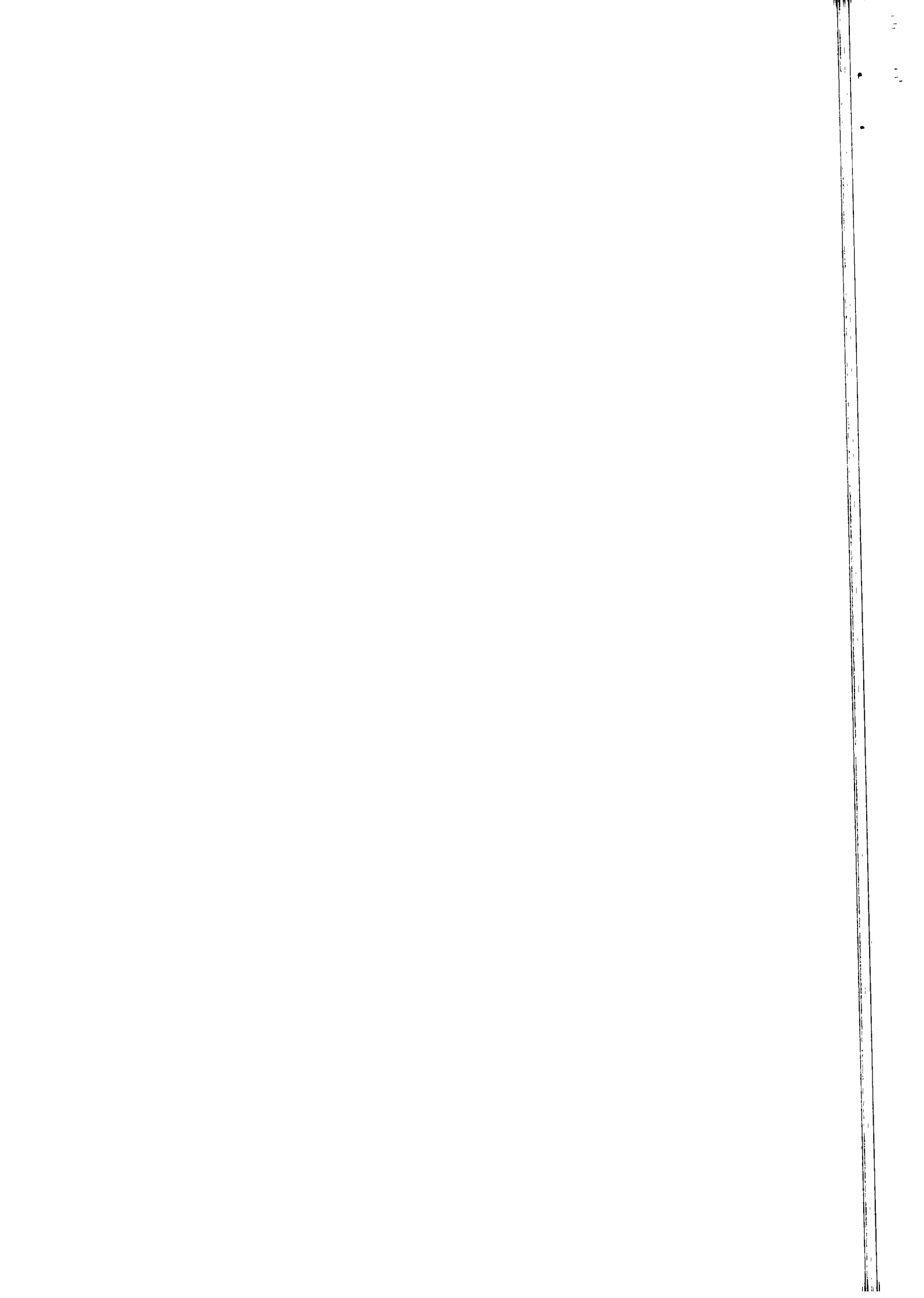
**ECDE** Early Childhood Development Education

**ESIA** Education and Social Impact Assessment

**GOK** Government of Kenya

**PFM** Public Finance Management

**UNICEF** United Nations Children Fund



## **2. PROJECT INFORMATION AND OVERALL PERFORMANCE**

### **2.1 Name and registered office**

#### **Name**

The project's official name is Early Childhood Development and Education (ECDE) Policy Framework.

#### **Objective**

The key objective of the project is the key objective of the project is to develop evidence based National Early Childhood Development and Education policy to facilitate the implementation of ECDE mainstreaming and provision of quality and accessible ECDE services

#### **Address**

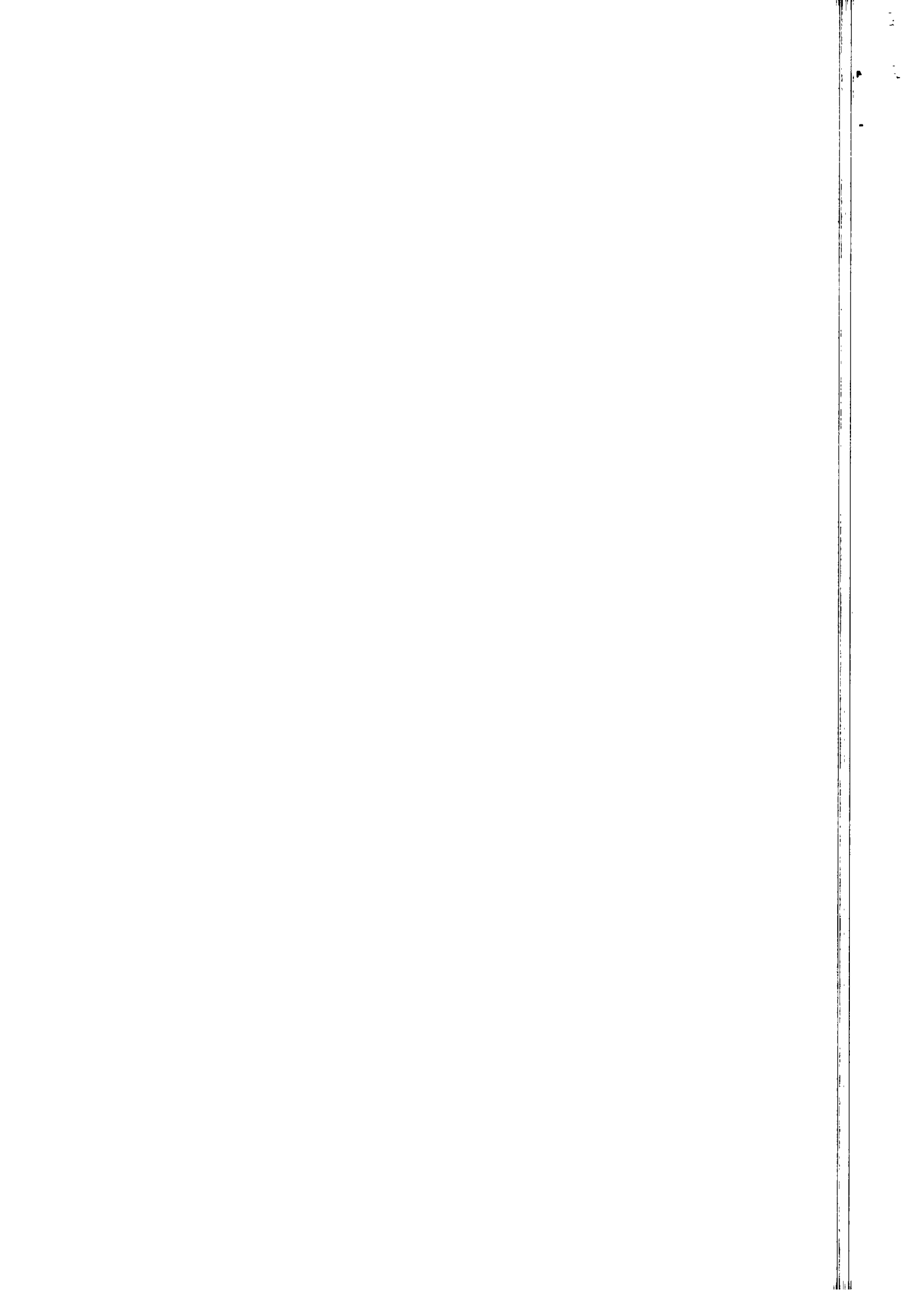
The project headquarters offices are in Nairobi, Nairobi County, Kenya.

The address of its registered office is:

Early Childhood Development and Education Project  
Ministry of Education  
Jogoo House 'B'  
Harambee Avenue  
P.O. Box 30040 -00100 Nairobi

**Contacts:** The following are the project contacts

Telephone: Nairobi 3318581  
E-mail: [ps@education.go.ke](mailto:ps@education.go.ke)  
Website: [www.education.go.ke](http://www.education.go.ke)



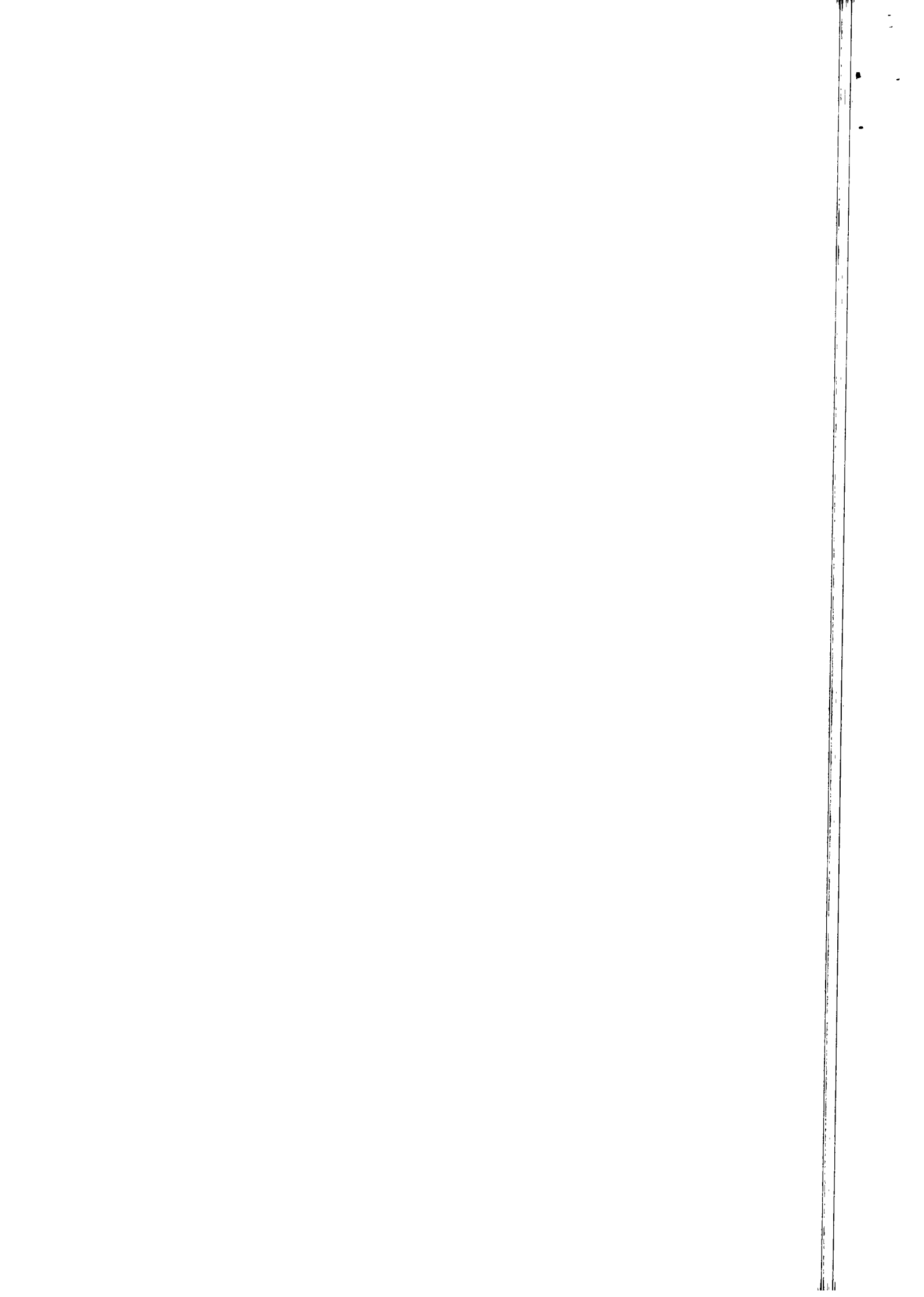
**Project information and overall performance (continued)**

**2.2 Project Information**

<b>Project Start Date:</b>	The project start date is 22/09/2006
<b>Project End Date:</b>	The project end date is on going
<b>Project Manager:</b>	The focal person is the Director projects Coordination and delivery
<b>Project Sponsor:</b>	The program sponsors is the Government of Kenya (GOK), which will contribute 10% and provide technical staff and UNICEF Kenya which contributes 90%.

**2.3 Project Overview**

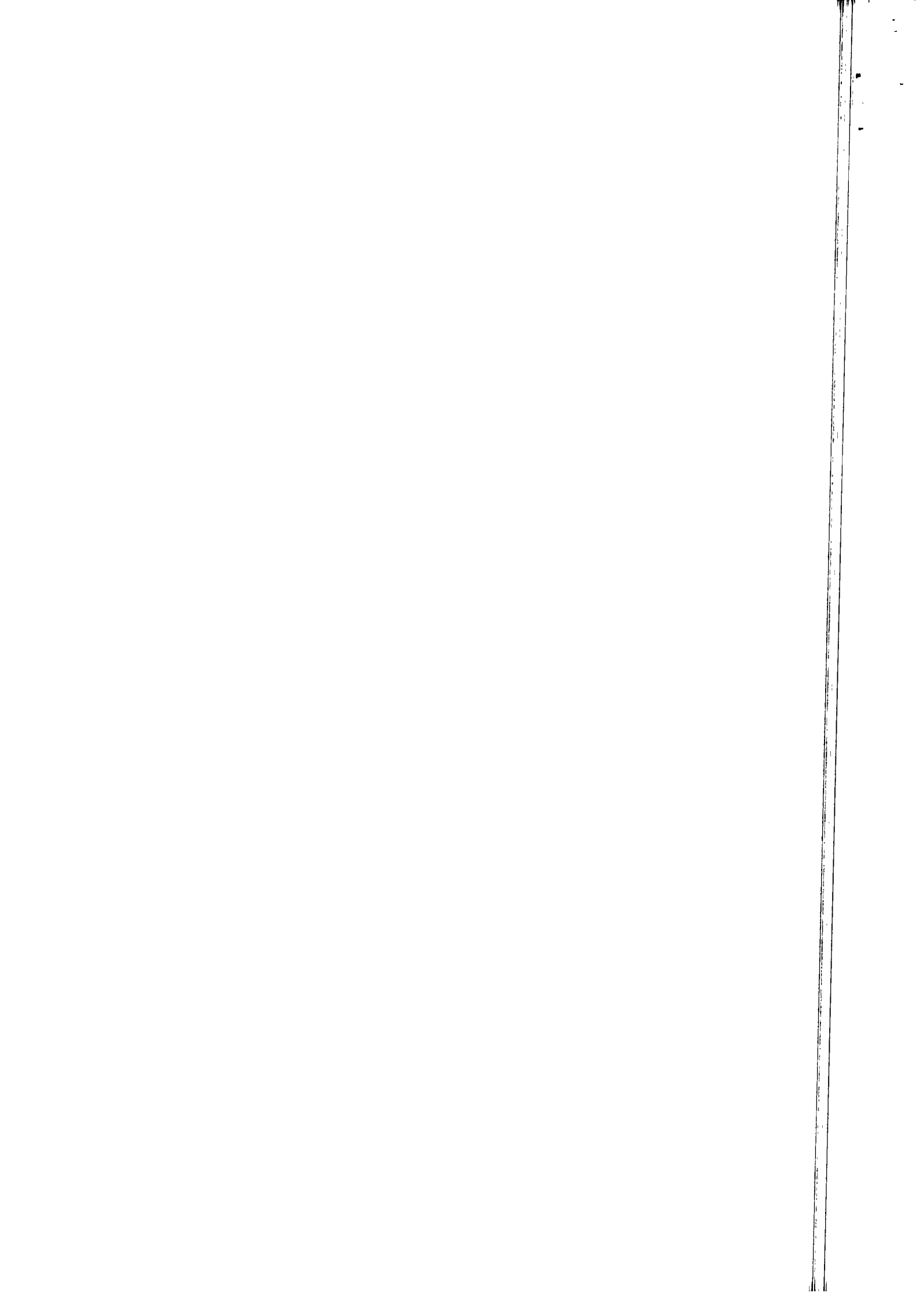
Line Ministry/State Department of the project	The project is under the supervision of the Ministry. Of Education, State Department for Basic Education
Project number	This is a program hence no project number.
Strategic goals of the project	The strategic goals of the project are as follows: (i) To expand Early Childhood Development and Education services (ii) To improve Early Childhood Development and Education especially for the most vulnerable and the disadvantaged children.
Achievement of strategic goals	The project management aims to achieve the goals through the following means: (i) Consultative meetings with County Governments and other ECDE service providers on the development of the ECDE Policy (ii) Hold stakeholders forum to disseminate the draft National ECDE Policy (iii) Printing and Policy implementation As at the reporting date, consultative meetings were held with County Governments and other education stakeholders. County forums were conducted from 14 <sup>th</sup> to 21 <sup>st</sup> March, 2016 targeting



**GOK/UNICEF EDUCATION FOR YOUNG PEOPLE PROGRAMME.**

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	<p>470 County representatives (10 from each County) as part of consultation to uphold the spirit of the Constitution and in line with the Ministry's core values. 56% of the participants attended the forums. Regional Forums were conducted from 31<sup>st</sup> July to 6<sup>th</sup> August 2016 in 9 regions namely Mombasa, Garissa, Machakos, Nakuru, Nyeri, Embu, Kisumu, Eldoret and Kakamega to disseminate the policy and there was 100% attendance reaching 667 stakeholders. Service Standard Guidelines to operationalize the ECDE Policy were developed in April 2017.</p>
Other important background information of the project	<p>The Program shall achieve the above strategic goals :</p> <p>Globally over the last decade, there is increased consensus on investing in the early years of life. Early childhood years, which starts prenatally through to 8 years, are the most important for a child's survival, growth and development. During the formative years, the children's emotional, intellectual, social and physical development are well established and it is at this period when the brain develops rapidly.</p> <p>The Constitution of Kenya, 2010 safeguards the rights of every child. The Bill of Rights prescribes the entitlements of everybody including the child. Article 53 of the Constitution highlights key fundamental rights of the child including right to: a name and nationality from birth; free and compulsory basic education; basic nutrition, shelter and health care; and to protection from abuse, neglect, harmful cultural practices, and all forms of violence.</p> <p>Once printed, disseminated and effectively implemented, the ECDE Policy will ensure all girls and boys have access to equitable and inclusive quality early childhood development, care and pre-primary education so that they are ready for school.</p>
Current situation that the project was formed to intervene	<p>The project was formed to intervene in the following areas:</p> <ul style="list-style-type: none"><li>(i) To align the Early Childhood Development care and pre-primary education to the Constitution of Kenya, 2010 in the context of a devolved system of governance.</li><li>(ii) To ensure uniformity in the provision of ECDE services across the 47 Counties</li></ul>
Project duration	<p>The program started on 22<sup>nd</sup> September 2015 and is ongoing.</p>



## **Project Information and Overall Performance (Continued)**

### **2.4 Bankers**

The following are the bankers for the current year:

Kenya Commercial Bank  
K.I.C.C Branch  
A/C NO. 1102291331  
P.O BOX 46950-00100  
Nairobi, Kenya.

### **2.5 Auditors**

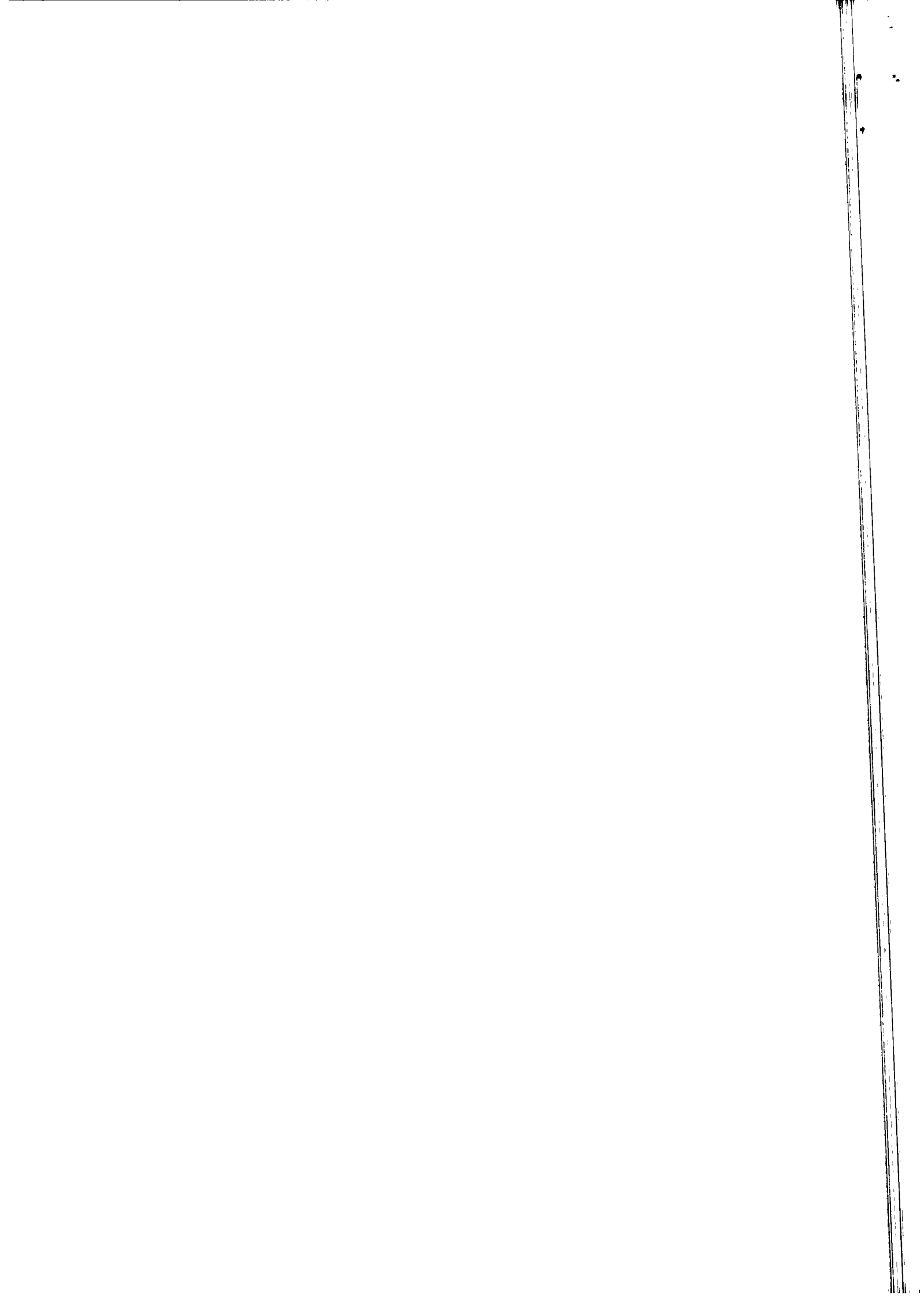
Auditor-General  
Anniversary towers, University Way.  
P.O Box 30084 -00100  
Nairobi, Kenya.

### **2.6 Roles and Responsibilities**

<b>Names</b>	<b>Title designation</b>	<b>Key qualification</b>	<b>Responsibilities</b>
Elijah Mungai	Director Project coordination and Delivery	Masters Education Planning	Director Projects
Grace Wanjiku 0723316840 gracewanjiku@ymail.com	Project Accountant	CPA(K), BCOM, MSC Finance	Management of the finance functions of the Program.

### **2.7 Funding summary**

The Project has been in operation for a duration of fourteen years from 2006 with a total funding of Kshs. **1,662,735,983** as highlighted in the table below.



**GOK/UNICEF EDUCATION FOR YOUNG PEOPLE PROGRAMME.**  
**Annual Report and Financial Statements for the financial year ended 30 June, 2023**

**Project information and overall performance (continued)**

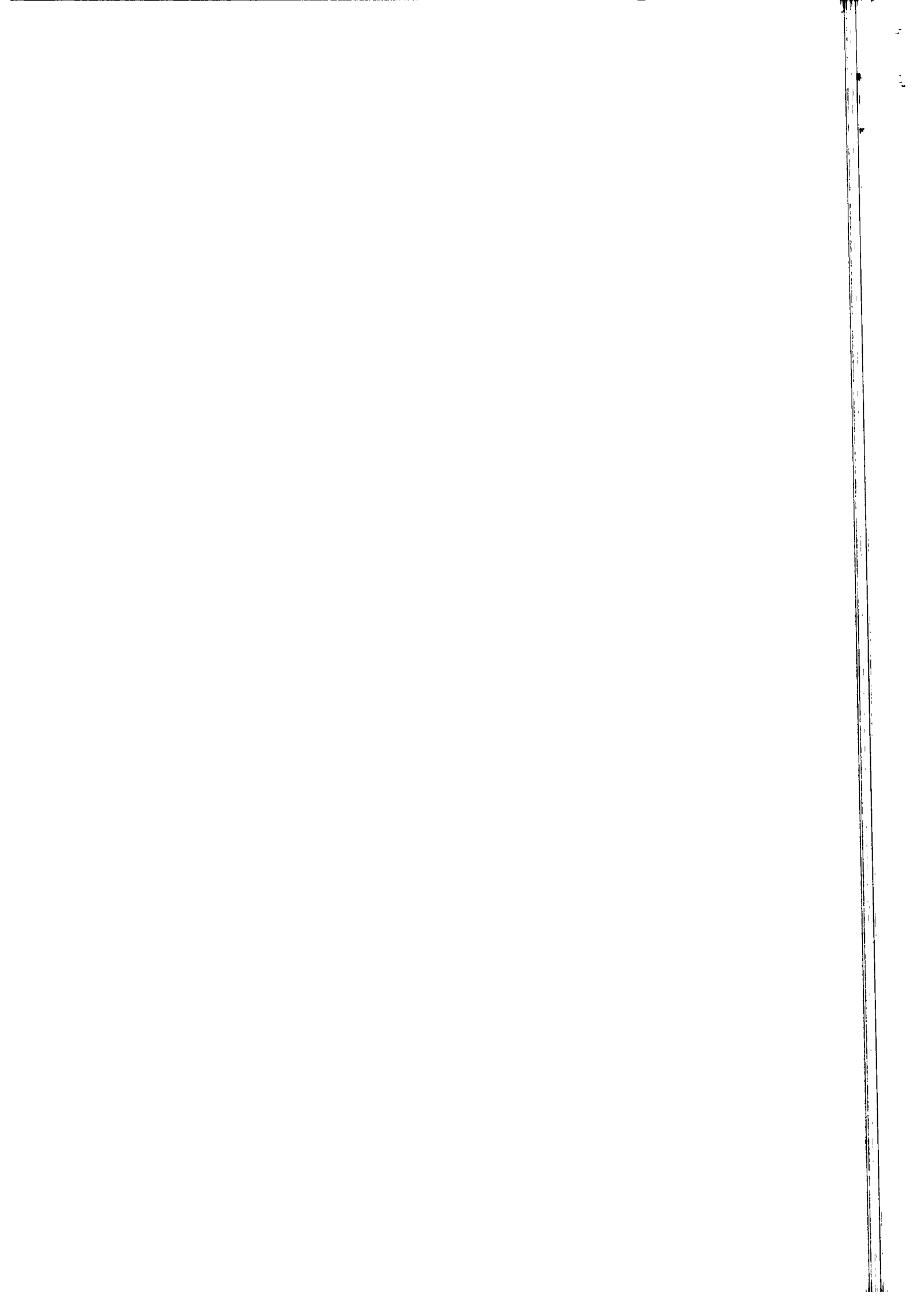
Below is the funding summary:

**A. Source of Funds**

Source of funds	Donor Commitment-		Amount received to date – (30 June 2023)		Undrawn balance to date	
	Donor currency (A)	Kshs (A')	Donor currency Kshs (B)	Kshs (B')	Donor currency Kshs (A)-(B)	Kshs (A)-(B)
(i) Grant						
UNICEF GRANT- AIA	-	710,095,979	-	710,095,979		-
UNICEF GRANT-REVENUE	-	952,640,004		952,640,004		-
<b>Total</b>	<b>-</b>	<b>1,662,735,983</b>	<b>-</b>	<b>1,662,735,983</b>		<b>-</b>

**B. Application of Funds**

Application of funds	Amount received to date – (30 <sup>th</sup> June 2023)		Cumulative amount paid to date – (30 <sup>th</sup> June 2023)		Unutilised balance to date (30th June 2023)	
	Donor currency (A)	Kshs (A')	Donor currency Kshs (B')	Kshs (B')	Donor currency (A)-(B)	Kshs (A)-(B)
(i) Grant						
UNICEF GRANT- AIA	-	710,095,979	-	710,095,979		
UNICEF GRANT-REVENUE	-	952,640,004		952,640,004		
<b>Total</b>	<b>-</b>	<b>1,662,735,983</b>	<b>-</b>	<b>1,662,735,983</b>		<b>-</b>



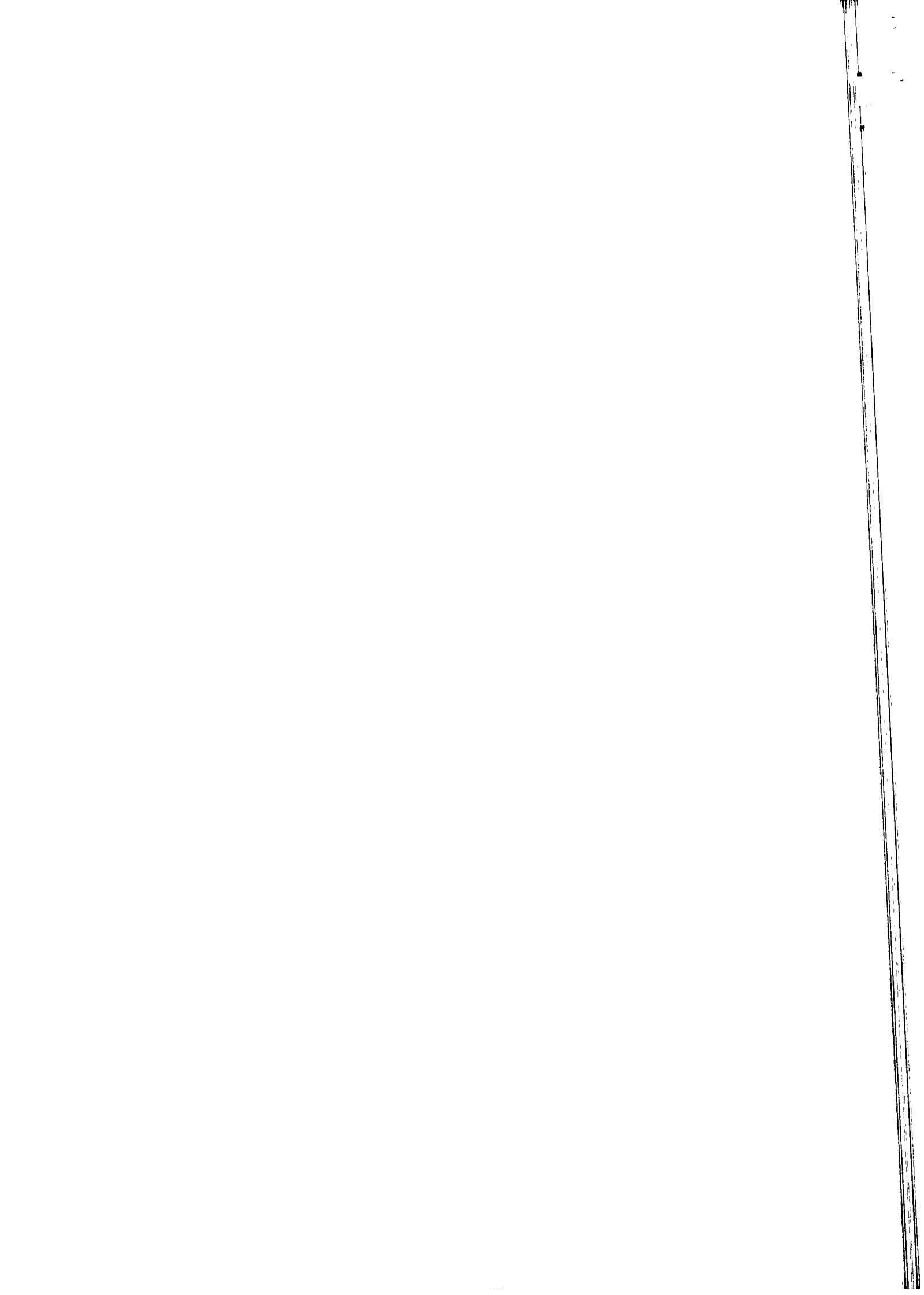
**Project information and overall performance (continued)**

**2.8 Summary of Overall Project Performance:**

During the year under review, the project did not receive any funding from UNICEF.

**2.9 Summary of Project Compliance:**

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



### **3. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETERMINED OBJECTIVES**

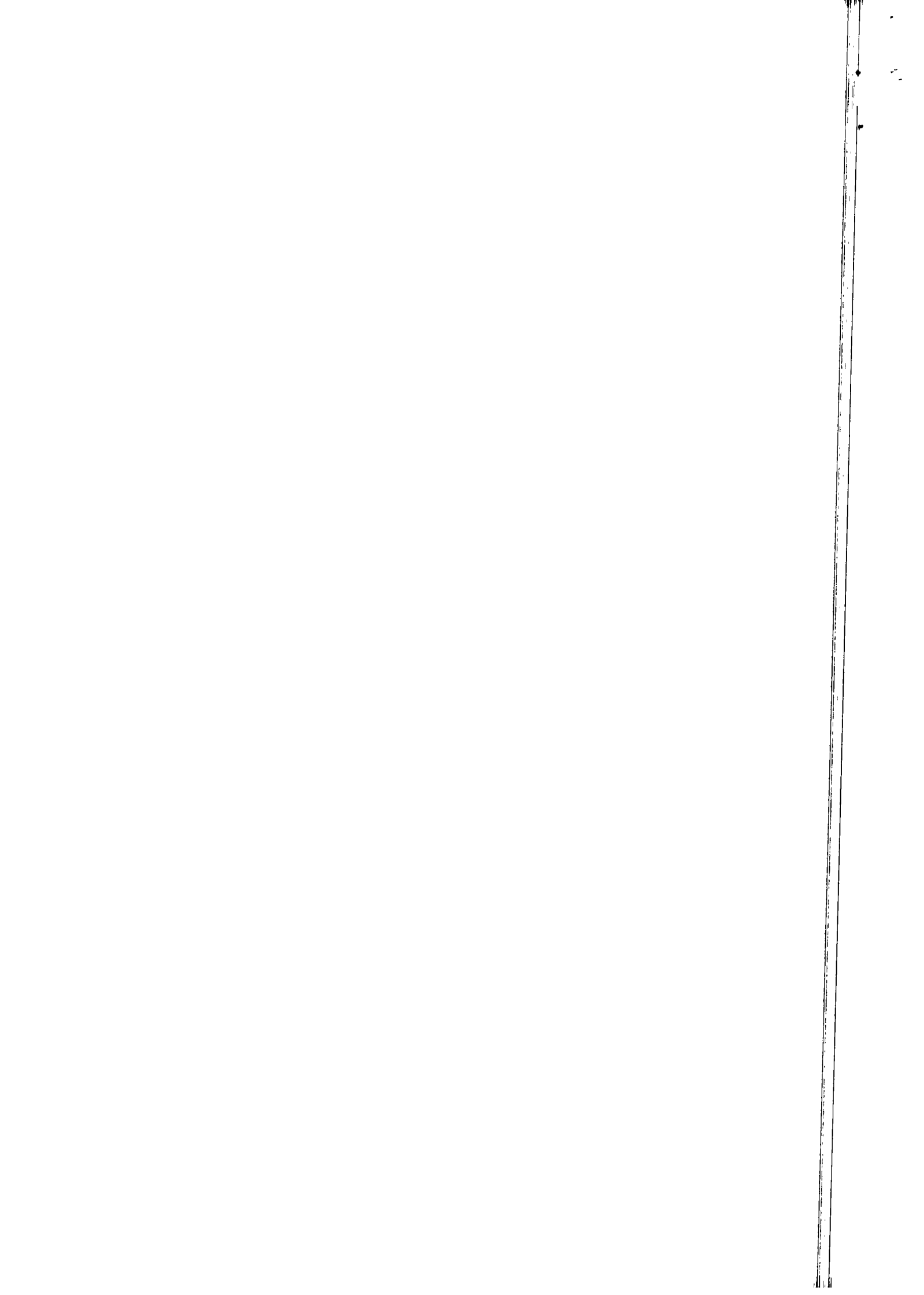
#### **Introduction**

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

In the case of GOK/UNICEF project, the objectives are not clear as the project has not for three subsequent financial years.

#### **Progress on attainment of strategic development objectives**

As stated above, the objectives of the project are not clear.



#### **4 . ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

The project has been inactive for three financial years hence its difficult to ascertain if its meeting the objectives outlined in this section. That is,

- 1. Sustainability strategy and profile**
- 2. Environmental performance**
- 3. Employee welfare**

There is no existing Project coordinating unit and the structures for the project are not clear.

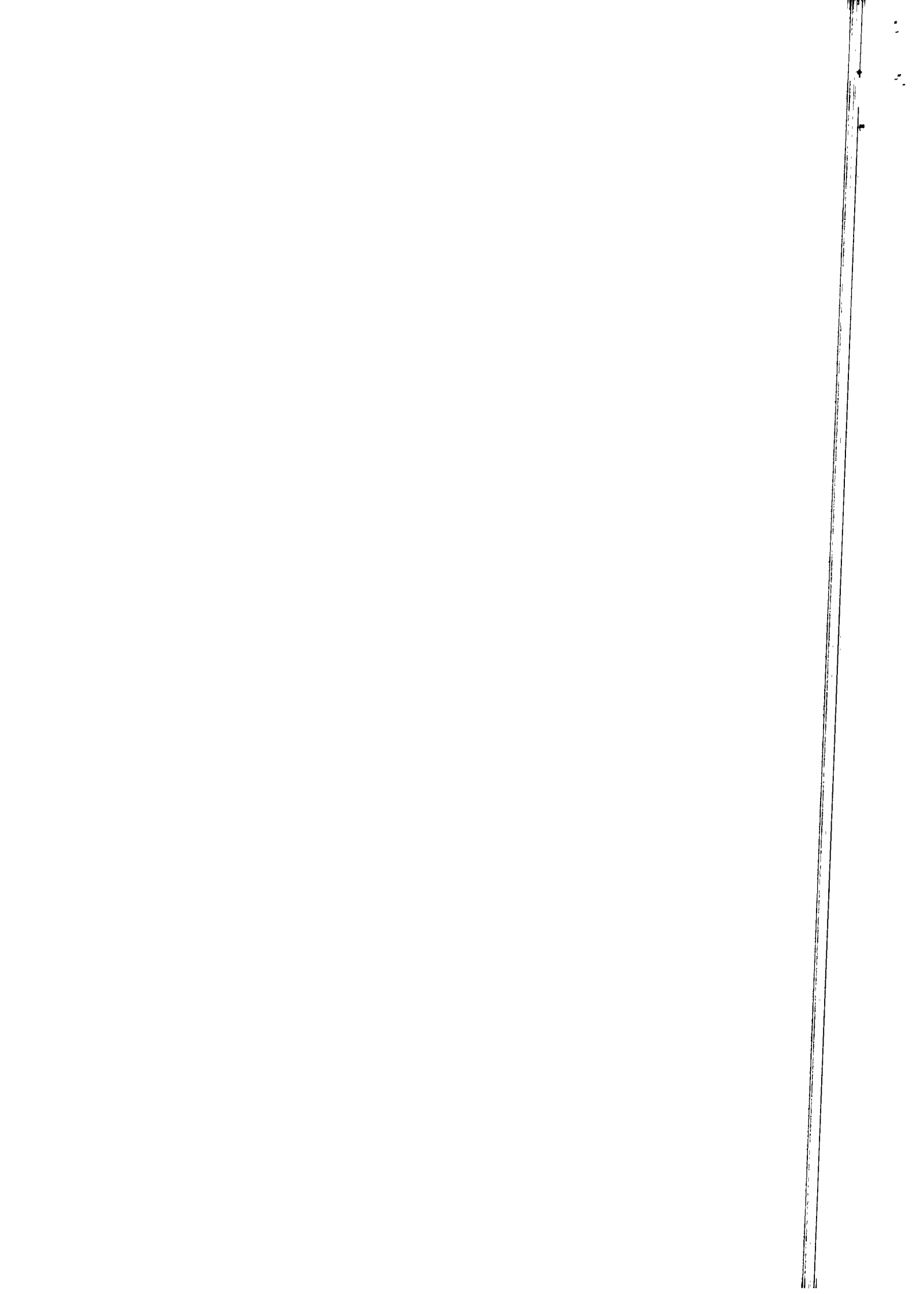
#### **4. Market place practices-**

**This outlined issues in this section are not relevant to the project. That is;**

- a) Responsible Supply chain and supplier relations-**
- b) Responsible ethical practices**
- c) Regulatory impact assessment**

#### **5. Community Engagements**

The project has not been operational for the last four financial years hence there has no community engagements.



## **5. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES**

The Principal Secretary for State Department for Basic Education and the Project Coordinator for **GOK/UNICEF** project are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year ended on **30 June, 2023**. This responsibility includes: (i) maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Project; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Project; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

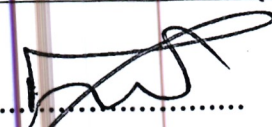
The Principal Secretary for the State Department for Basic Education and the Project Coordinator for **GOK/UNICEF** project accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in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


The Principal Secretary for State Department for Basic Education and the Project Coordinator for **GOK/UNICEF** project are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year ended **30 June, 2023** and of the Project's financial position as at that date. The Principal Secretary for the State Department for Early Learning and Basic Education and the Project Coordinator for **GOK/UNICEF** project further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.


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

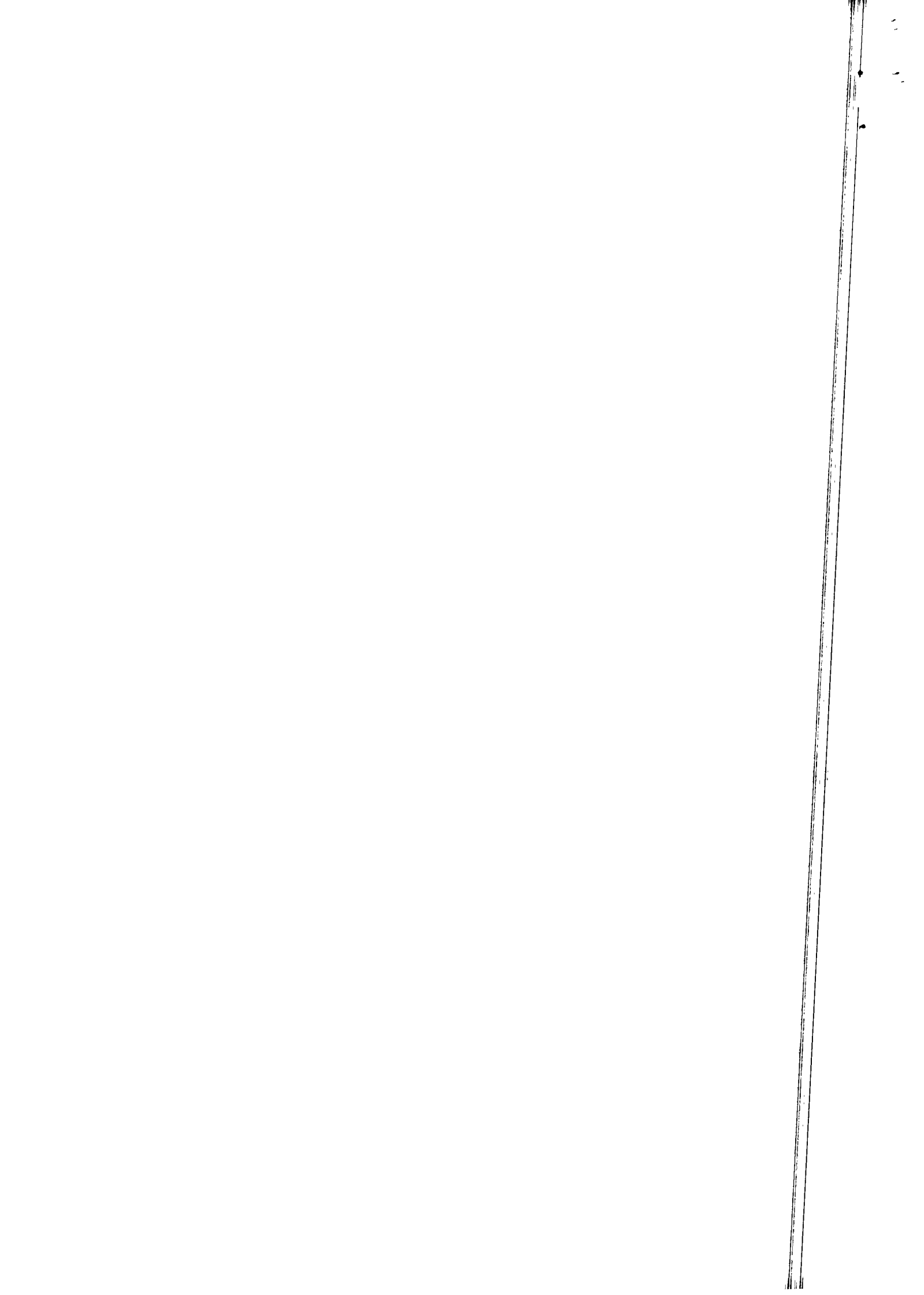
### **Approval of the Project financial statements**

The Project financial statements were approved by the Principal Secretary for State Department for Basic Education and the Project Coordinator for **GOK/UNICEF** project 26/9/ 2023 and signed by them.

  
.....  
Name: **Dr. Belio Kipsang**  
Principal Secretary

  
.....  
Name: **Elijah Mungai**  
Director Projects

  
.....  
Name **Grace W. Njoki**  
Project Accountant  
ICPAK Member No:8829





7. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE, 2023

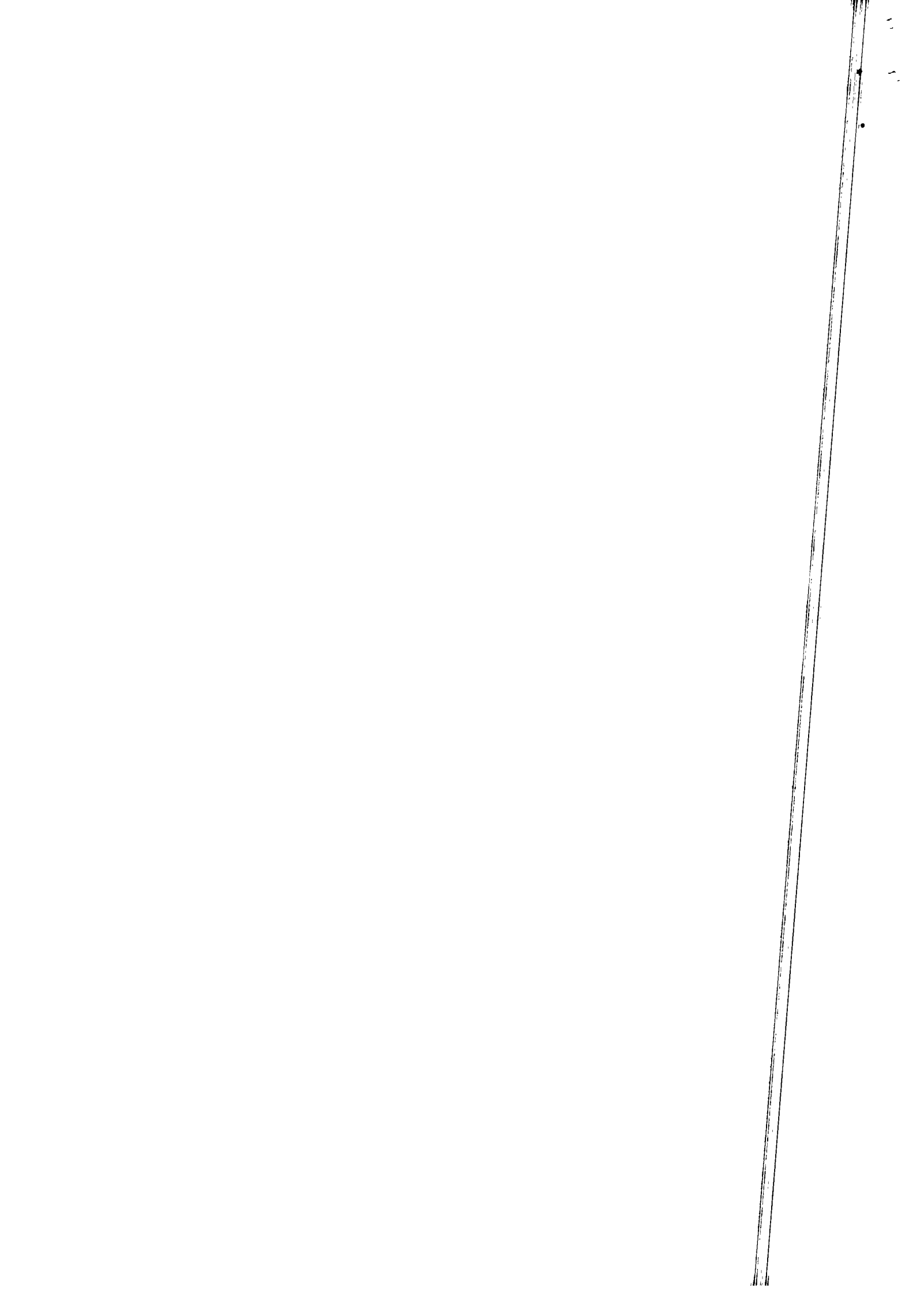
Note	2022-2023		2021-2022		Cumulative to-date (From inception)
	Receipts and payments controlled by the entity	Payments made by third parties	Receipts and payments controlled by the entity	Payments made by third parties	
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
<b>Receipts</b>					
Receipts from government of Kenya	1.	-	-	-	27,263,873
Proceeds from domestic and foreign grants	2.	-	-	-	1,662,735,984
<b>Total receipts</b>		-	-	-	<b>1,689,999,857</b>
<b>Payments</b>					
Purchase of goods and services	3.	-	-	-	1,364,750,686
<b>Total payments</b>		-	-	-	<b>1,364,750,686</b>
<b>Surplus/ (deficit)</b>		-	-	-	<b>325,249,171</b>

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

.....  
  
 Name: Dr. Belio Kipsang  
 Principal Secretary

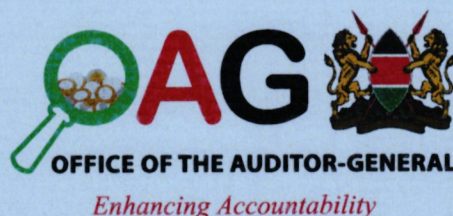
.....  
  
 Name: Elijah Mungai  
 Director Projects

.....  
  
 Name Grace W. Njoki  
 Project Accountant  
 ICPAK Member No:8829



# REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



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

## **REPORT OF THE AUDITOR-GENERAL ON GOK/UNICEF EDUCATION FOR YOUNG PEOPLE PROGRAMME – STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION 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 Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of GOK/UNICEF Education for Young People Programme – State Department for Early Learning and Basic Education set out on pages 1 to 16, which comprise the statement of financial assets as at

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*Report of the Auditor-General on GoK/UNICEF Education for Young People Programme – State Department for Early Learning and Basic Education for the year ended 30 June, 2023*

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 and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of GOK/UNICEF Education for Young People Programme - State Department for Early Learning and Basic Education 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 GOK/UNICEF Country Programme Action Plan, 2014-2016 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1.0 Errors in the Annual Report and Financial Statements**

Review of the annual report and financial statements revealed the following anomalies;

- i. The cover page does not indicate the accounting framework on which the annual report and financial statements have been prepared;
- ii. Details on the program grant/credit number have not been indicated on the cover page of the annual report and financial statements;
- iii. The Programme funding summary does not reflect the donor commitment and amount received to date in donor currency as prescribed by the reporting template issued by the Public Sector Accounting Standards Board;

In the circumstances, the annual report and financial statements do not comply with the requirements of the reporting template as prescribed by the Public Sector Accounting Standards Board.

#### **2.0 Long Outstanding Payment in Bank Not Recorded in the Cashbook**

The statement of financial assets reflects cash and cash equivalents balance of Kshs.1,077,215 as disclosed in Note 5 to the financial statements. However, the bank reconciliation statement as at 30 June, 2023 reflects payments in bank statements for the year 2016 not recorded in cash book of Kshs.503,350. Further, the details of the transactions and nature of payments were not disclosed.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.1,077,215 could not be confirmed.

#### **3.0 Unsupported Accumulated Surplus**

As previously reported, the statement of receipts and payments reflects an accumulated surplus balance of Kshs.325,249,171. However, the accumulated surplus of

Kshs.1,077,215 was not included in the fund balance brought forward in the financial year 2021/2022 in the statement of financial assets, resulting to an unexplained variance of Kshs.324,171,956. The Programme management did not provide explanation on how the surplus was treated.

In the circumstances, the accuracy, occurrence and completeness of the accumulated surplus of Kshs.325,249,171 could not be confirmed.

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

### **Key Audit Matters**

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

### **Other Matter**

#### **Prior Year Matters**

Several issues were raised in the audit report of the previous year. However, Management has not resolved the issues nor given any explanation for failure to adhere to provision of IPSAS cash basis and the National Treasury's Circulars.

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **Failure to Transfer Unspent Funds to Consolidated Fund**

The statement of financial assets reflects cash and cash equivalents balance of Kshs.1,077,215 as disclosed in Note 5 to the financial statements. However, the bank balance has remained unspent for four (4) consecutive years and has not been paid back to the Consolidated Fund. This is contrary to Regulation 74(6)(c) of the Public Finance Management (National Government) Regulations, 2015 which provides that 'an

Accounting Officer of a national government entity shall in the absence of any instructions to the contrary, ensure that any unexpended balance standing in the credit of the Programme account is paid into the Consolidated Fund’.

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

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **Undisclosed Status of the Programme**

According to the annual report and financial statements, the Programme started in September, 2006 with the objective of expanding and improving early childhood development and education for the most vulnerable and disadvantaged children. The Government of Kenya was required to contribute 10% while UNICEF was to provide 90% of the funds. However, it was observed that for over two (2) years, the Programme had not been budgeted within the State Department budget with the last expenditure being incurred in the financial year 2019-2020. Further, there was no status report on the Programme implementation and therefore the extent of UNICEF contribution could not be confirmed.

In the circumstances, the status of the Programme as at 30 June, 2023 could not be confirmed.

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

## **Responsibilities of Management and those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance 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 Programme'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 Programme or to cease operations.

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

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

Those charged with governance are responsible for overseeing the Programme 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 of Kenya. 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 controls 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, Programme's of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Programme 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 Programme's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Programme to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Programme to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

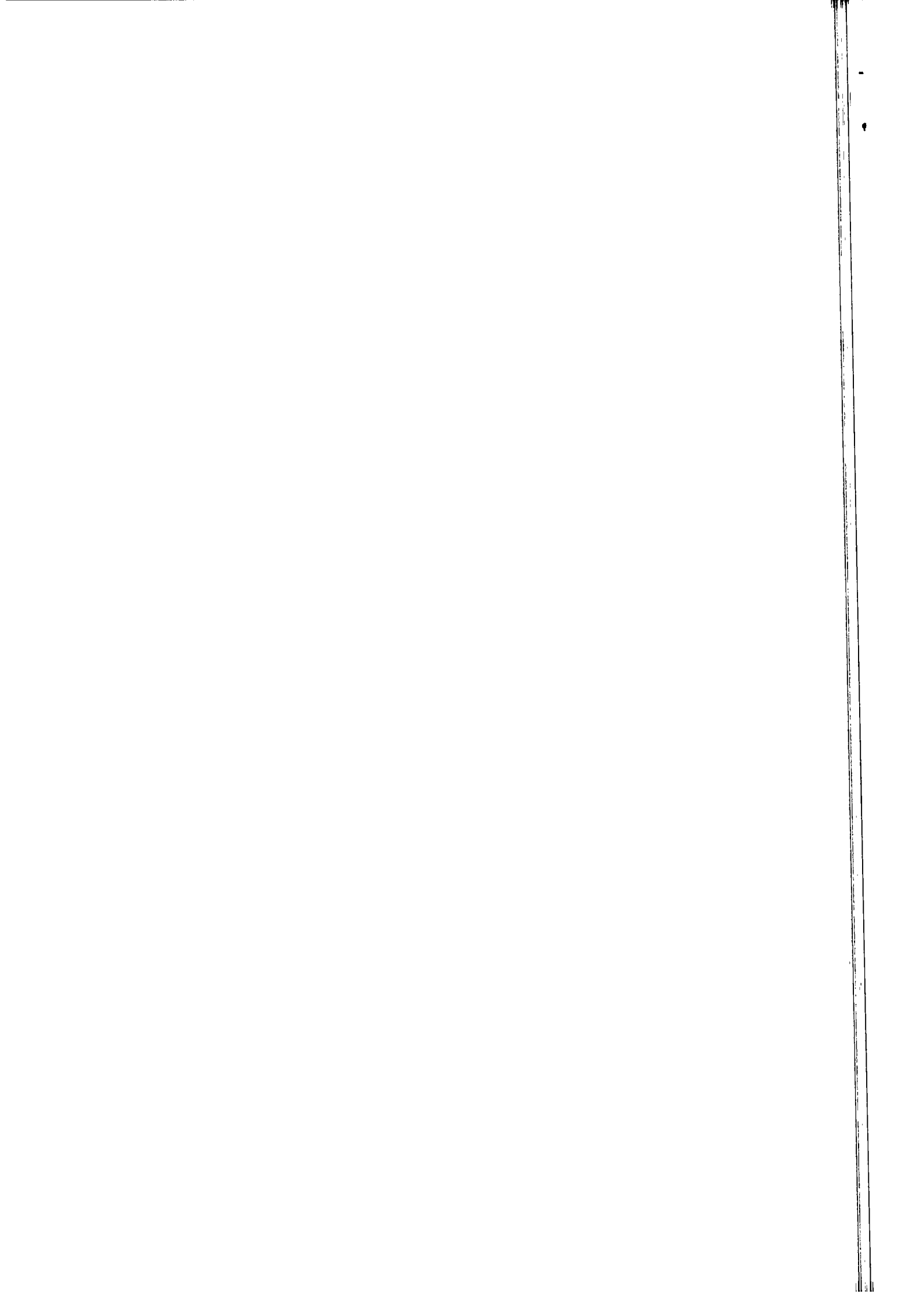
I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that are identified during the audit.

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

19 October, 2023



**GOK/UNICEF EDUCATION FOR YOUNG PEOPLE PROGRAMME.**  
**Annual Report and Financial Statements for the financial year ended 30 June, 2023**

**8. STATEMENT OF FINANCIAL ASSETS AS AT 30 JUNE, 2023**

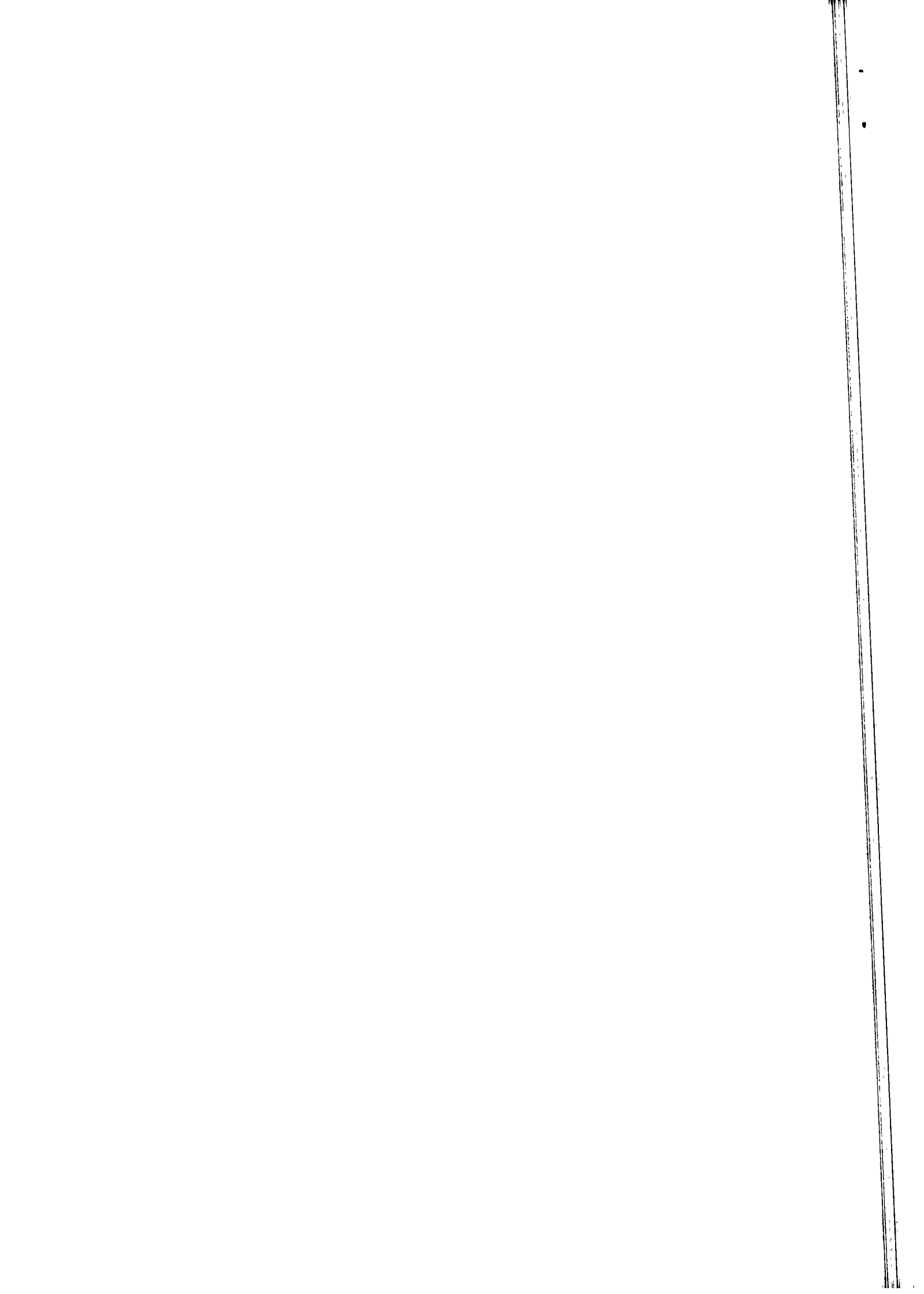
Description	Note	2022-2023	2021-2022
		Kshs	Kshs
<b>Financial Assets</b>			
<b>Cash and Cash equivalents</b>			
Bank Balances	5.	1,077,215	1,077,215
Cash Balances		-	-
Cash equivalents (Short-term deposits)		-	-
<b>Total Cash and Cash equivalents</b>		<b>1,077,215</b>	<b>1,077,215</b>
Imprests and Advances		-	-
<b>Total Financial Assets</b>		<b>1,077,215</b>	<b>1,077,215</b>
<b>Financial Liabilities</b>			
Deposits and Retention monies		-	-
<b>Net Assets</b>		<b>1,077,215</b>	<b>1,077,215</b>
<b>Represented By</b>			
Fund Balance B/fwd.	6	1,077,215	1,077,215
Prior Year adjustments		-	-
Surplus/(Deficit) for the Year		-	-
<b>Net Financial Position</b>		<b>1,077,215</b>	<b>1,077,215</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 29/6/2023 and signed by:

.....  
 Name : Dr. Belio Kipsang  
 Principal Secretary

.....  
 Name: Elijah Mungai  
 Director Projects

.....  
 Name Grace W. Njoki  
 Project Accountant  
 ICPAK Member No:8829



**GOK/UNICEF EDUCATION FOR YOUNG PEOPLE PROGRAMME.**  
**Annual Report and Financial Statements for the financial year ended 30 June, 2023**

**9. STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30 JUNE, 2023**

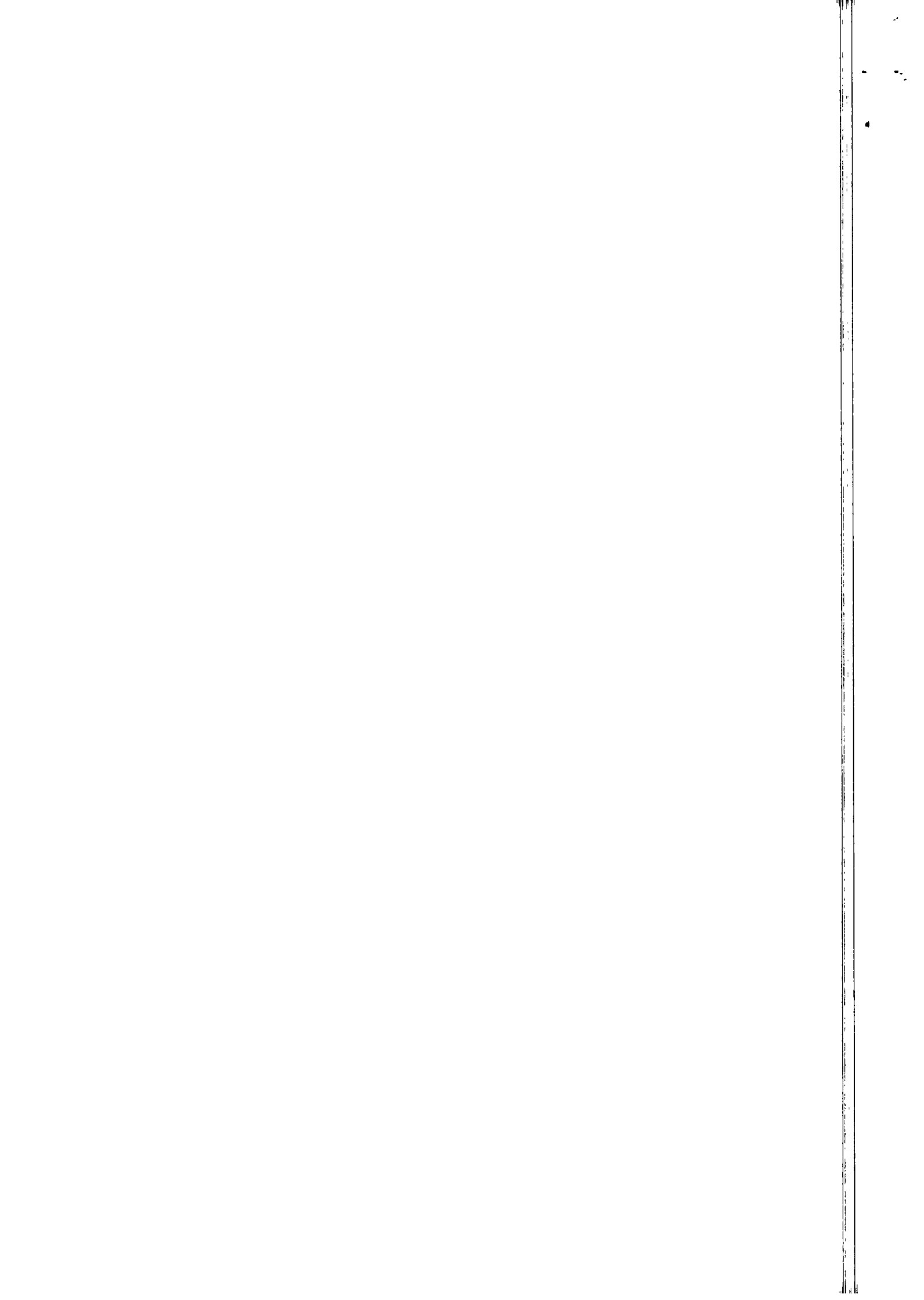
Description	Notes	2022-2023	2021-2022
		Kshs	Kshs
<b>Cashflow from operating activities</b>			
<b>Receipts</b>			
Receipts from Government of Kenya	1.	-	-
Proceeds from domestic and foreign grants	2.	-	-
<b>Total receipts</b>		-	-
<b>Payments</b>			
Purchase of goods and services	3.	-	-
<b>Total Payments</b>		-	-
<b>Adjustments during the year</b>			
Prior year adjustments		-	-
<b>Net cash flow from operating activities</b>		-	-
<b>Cashflow from investing activities</b>			
Acquisition of non-financial assets		-	-
<b>Net cash flows from investing activities</b>		-	-
<b>Cash flow from financing activities</b>			
Proceeds from foreign borrowings		-	-
<b>Net cash flow from financing activities</b>		-	-
<b>Net increase in cash and cash equivalents</b>		-	-
<b>Cash and cash equivalent at beginning of the year</b>	5.	1,077,215	1,077,215
<b>Cash and cash equivalent at end of the year</b>		1,077,215	1,077,215

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 26/9/2023 and signed by:

.....  
 Name : Dr. Belio Kipsang  
 Principal Secretary

.....  
 Name: Elijah Mungai  
 Director Projects

.....  
 Name Grace W. Njoki  
 Project Accountant  
 ICPAK Member No:8829





**GOKUJNICFF EDUCATION FOR YOUNG PEOPLE PROGRAMME.**  
**Annual Report and Financial Statements for the financial year ended 30 June, 2023**

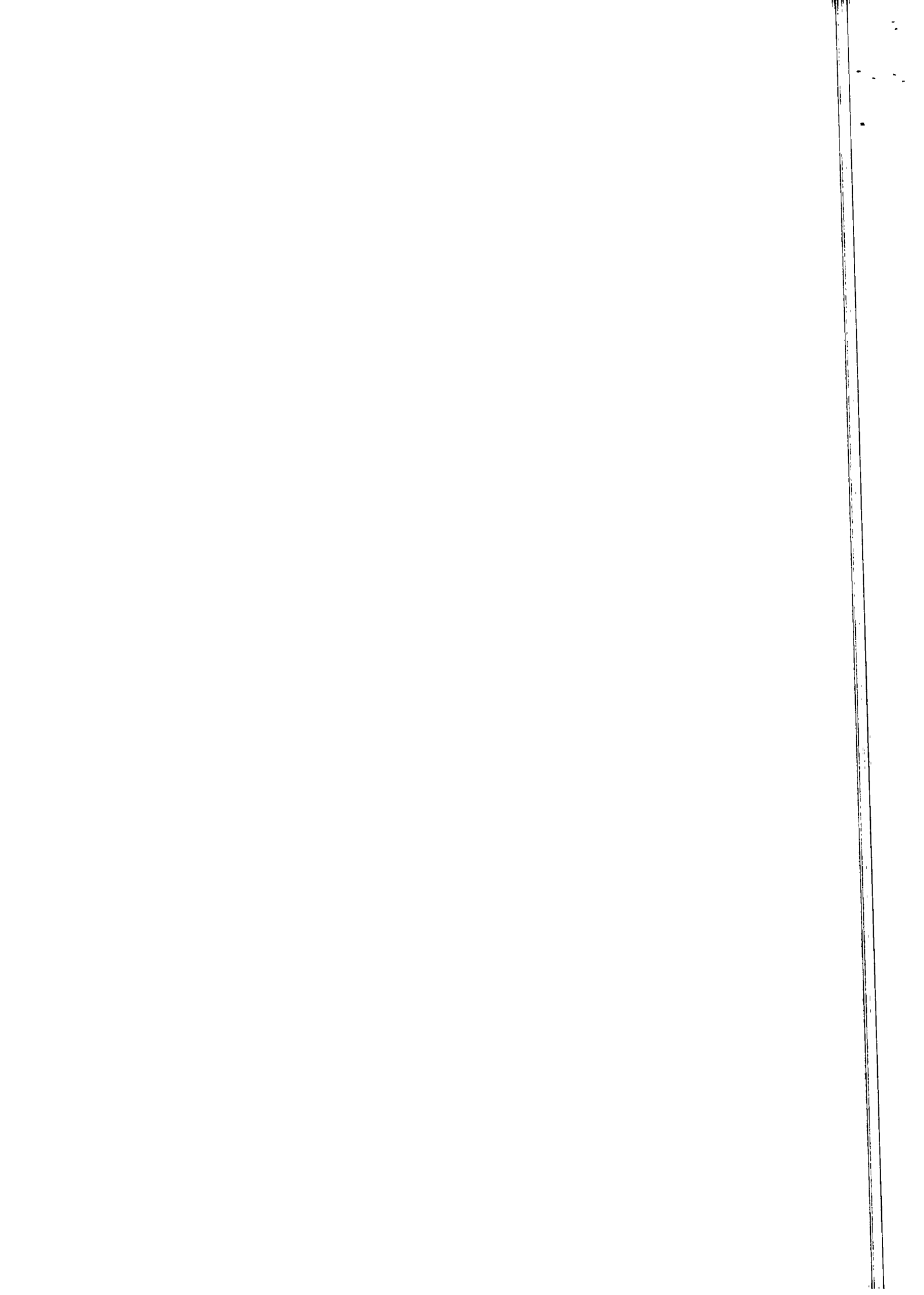
**10. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2023**

Receipts/Payments Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis D	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
Receipts						
Receipts from Government of Kenya	-	-	-	-	-	-
Proceeds from domestic and foreign grants	-	-	-	-	-	-
<b>Total Receipts</b>	-	-	-	-	-	-
Payments						
Purchase of goods and services	-	-	-	-	-	-
<b>Total Payments</b>	-	-	-	-	-	-
<b>Surplus or Deficit</b>	-	-	-	-	-	-

.....  
**Name: Dr. Belio Kipsang**  
**Principal Secretary**

  
 PP Name Elijah Mungai  
 Director Projects

  
 Name: Grace W. Njoki  
 Project Accountant  
 ICPAK Member No:8829



## **11. SIGNIFICANT ACCOUNTING POLICIES**

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

### **11.1 Statement of compliance and basis of preparation**

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

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

### **11.2 Reporting entity**

The financial statements are for the GOK/UNICEF project under the State Department of Early Learning and Basic Education. The financial statements are for the reporting entity, GOK/UNICEF project as required by Section 81 of the PFM Act, 2012 .

### **11.3 Reporting currency**

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

### **11.4 Recognition of receipts**

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

#### **i) Transfers from the Exchequer**

Transfer from Exchequer is recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.

#### **ii) External Assistance**

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



**Significant Accounting Policies (Continued)**

**iii) Other receipts**

These include Appropriation-in-Aid and relates to receipts such as proceeds from disposal of assets and sale of tender documents. These are recognized in the financial statements at the time associated cash is received.

**iv) Donations and grants**

Grants and donations shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary. In case of grant/donation in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice.

**v) Proceeds from borrowing**

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

**vi) Undrawn external assistance**

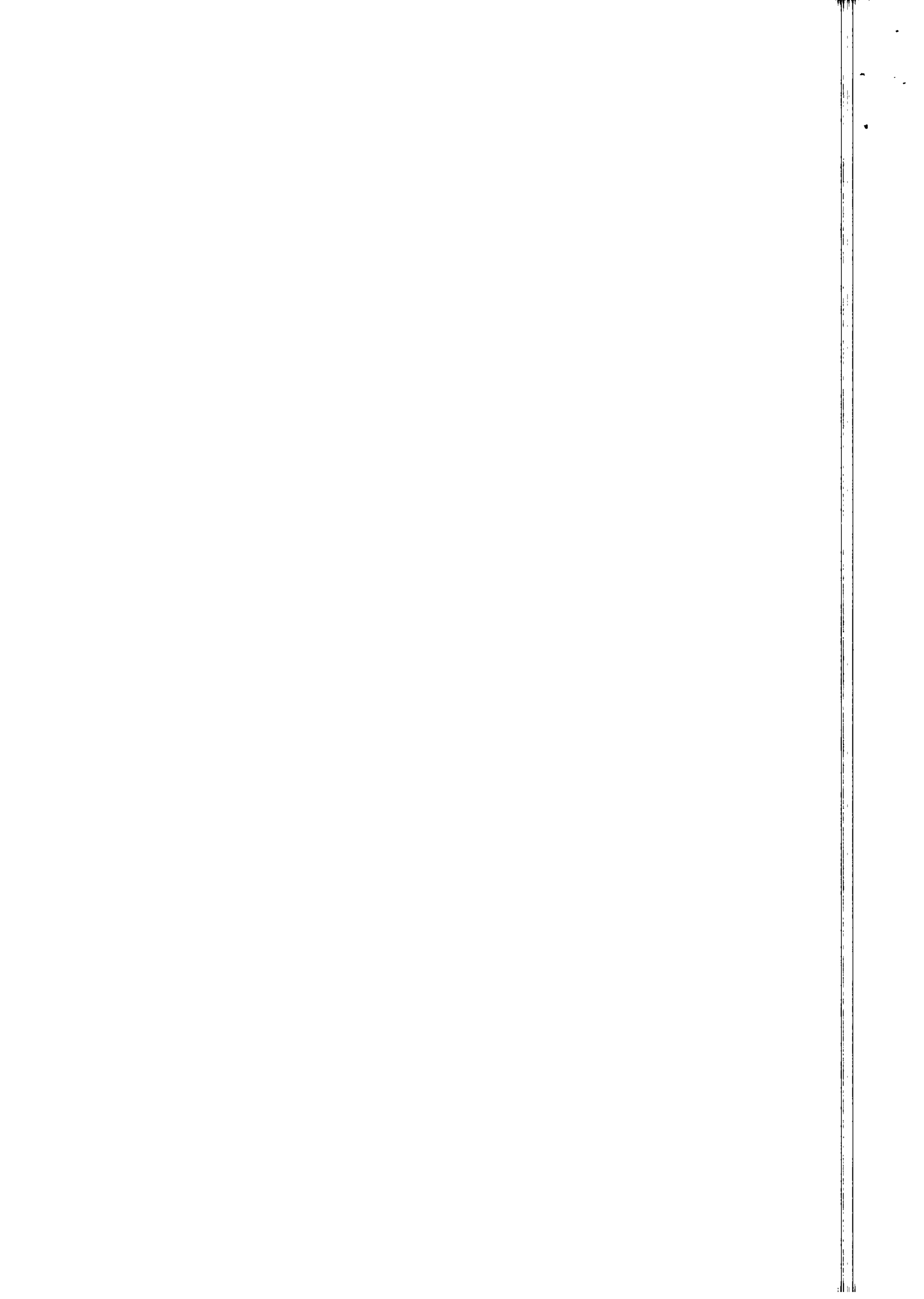
These are loans and grants at reporting date as specified in a binding agreement and relate to funding for the Project currently under development where conditions have been satisfied or their ongoing satisfaction is highly likely and the project is anticipated to continue to completion. An analysis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

**11.5 Recognition of payments**

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

**i) Compensation to employees**

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



**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 consumed and paid for. If not paid for during the period where goods/services are consumed, they shall be disclosed as pending bills.

**iii) Interest on borrowing**

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

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

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

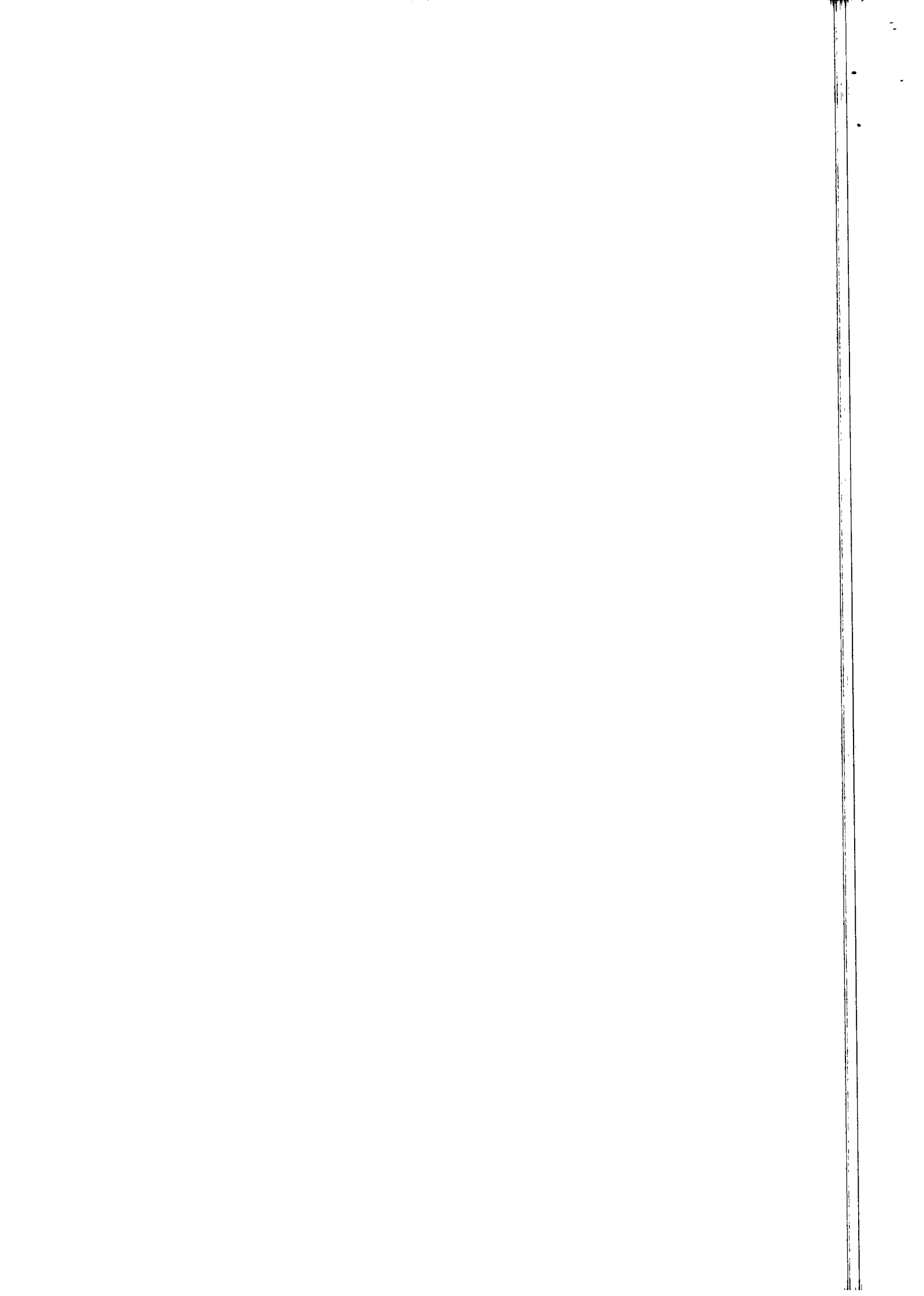
**v) Acquisition of fixed assets**

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

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

**11.6 In-kind donations**

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



## **Significant Accounting Policies (Continued)**

### **11.7 Cash and cash equivalents**

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

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

### **11.8 Restriction on cash**

Restricted cash represents amounts that are limited/restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation. Amounts maintained in deposit bank accounts are restricted for use in refunding third part deposits.

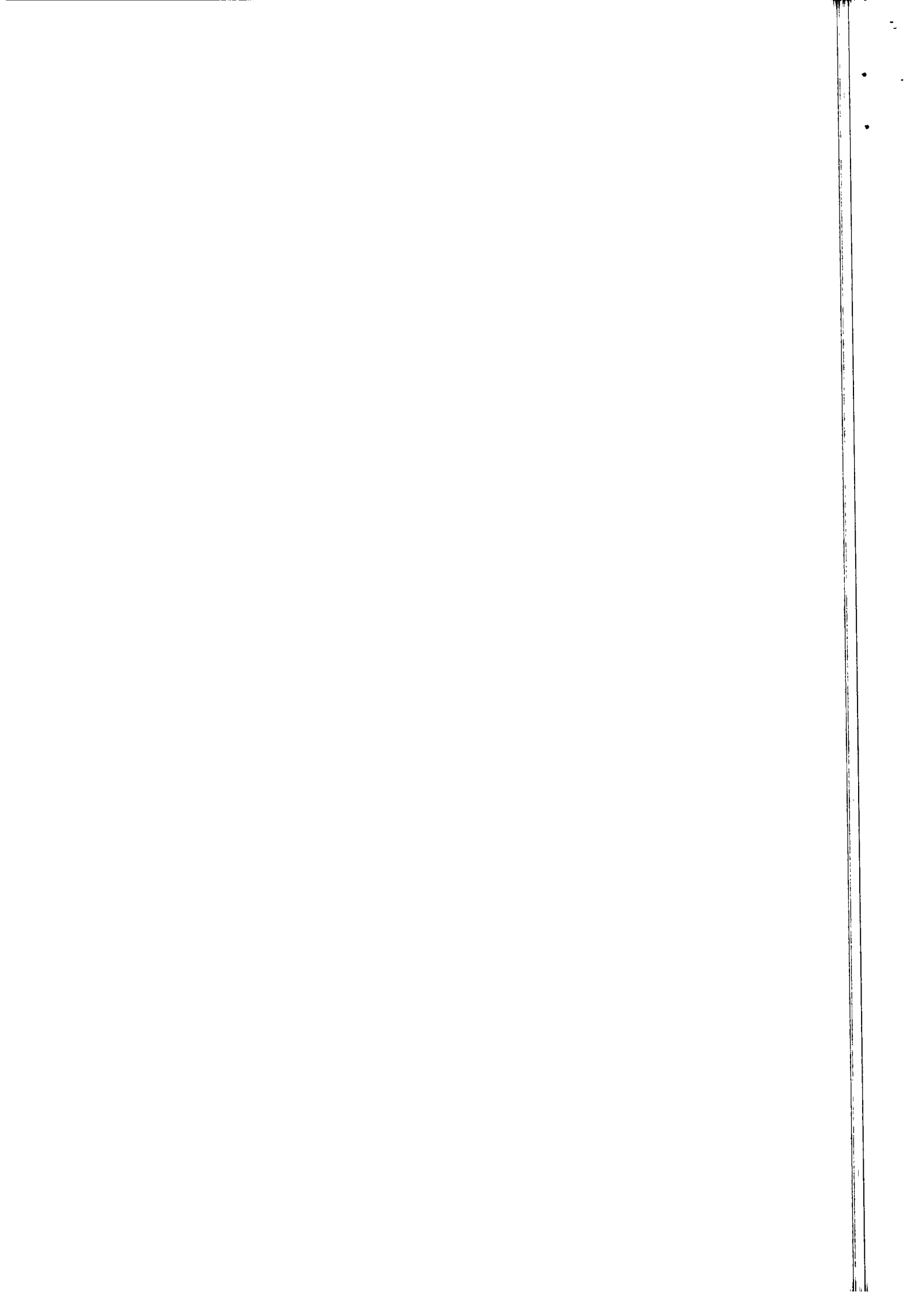
### **11.9 Imprests and Advances**

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

### **11.10 Contingent Liabilities**

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) A present obligation that arises from past events but is not recognised because:



**Significant Accounting Policies (Continued)**

- i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
- ii) The amount of the obligation cannot be measured with sufficient reliability.

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

**11.11 Contingent Assets**

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

**11.12 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' 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.



## **Significant Accounting Policies (Continued)**

### **11.13 Budget**

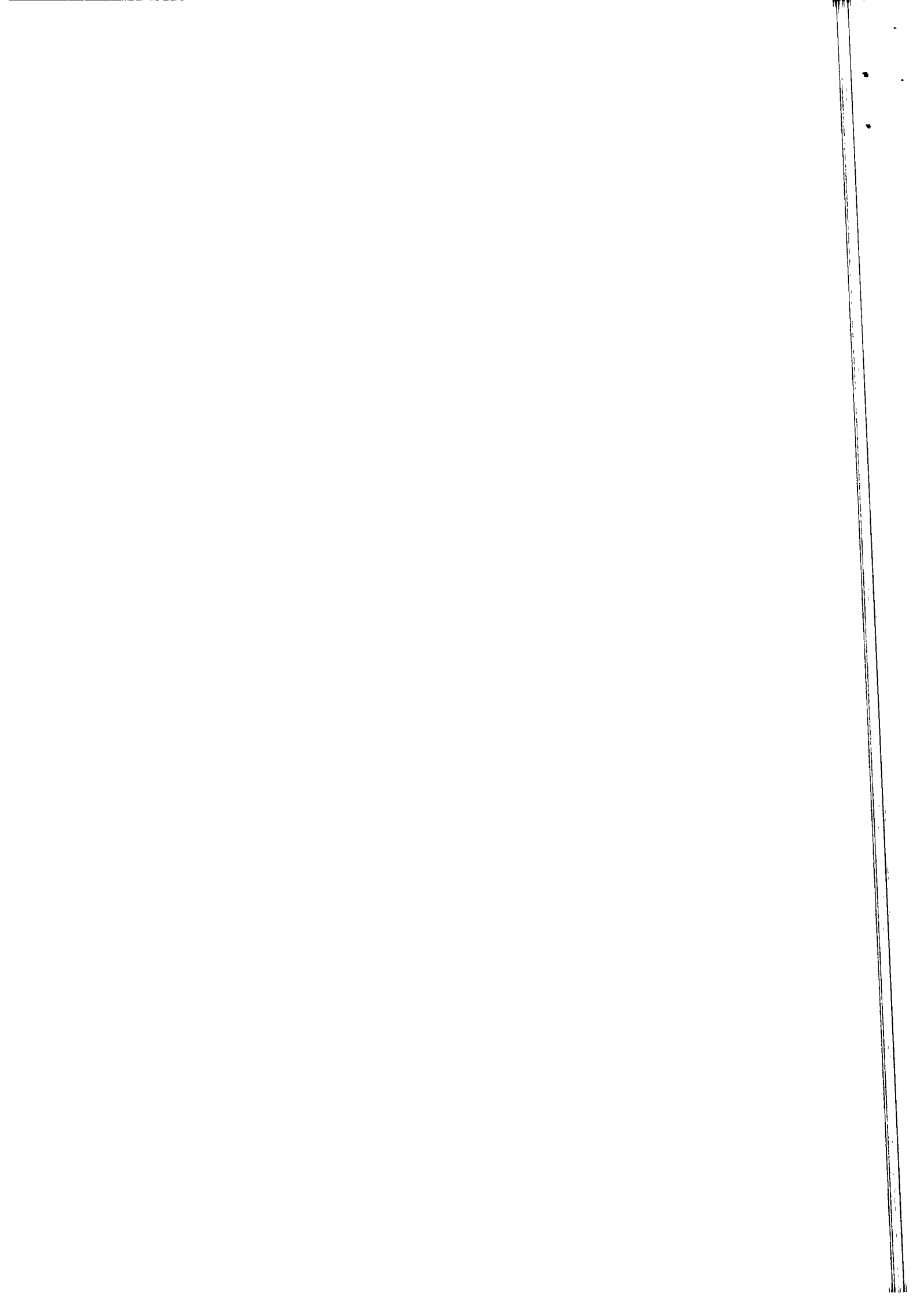
The budget is developed on a comparable accounting basis (cash basis), the same accounts classification basis (except for accounts receivable - outstanding imprest and clearance accounts and accounts payable - deposits, which are accounted for on an accrual basis), and for the same period as the financial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

### **11.14 Third party payments**

Included in the receipts and payments, are payments made on its behalf by to third parties in form of loans and grants. These payments do not constitute cash receipts and payments. and are disclosed in the payment to third parties' column in the statement of receipts and payments. During the year, no loan disbursements were received in form of direct payments from third parties.

### **11.15 Exchange rate differences**

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



**Significant Accounting Policies (Continued)**

**11.16 Comparative figures**

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

**11.17 Subsequent events**

There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended 30 June , 2022.

**11.18 Prior period adjustments**

Prior period adjustments relate to errors and other adjustments noted arising from previous year(s). During the year under review, there was no prior year adjustments.



**GOK/UNICEF EDUCATION FOR YOUNG PEOPLE PROGRAMME.**

**Annual Report and Financial Statements for the financial year ended 30 June, 2023**

**12. NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**1. Receipts from the Government of Kenya.**

These represent counterpart funding and other receipts from government as follows:

<b>Description</b>	<b>KShs</b>	<b>KShs</b>	<b>Cumulative to-date (from inception)</b>
	<b>2022-2023</b>	<b>2021-2022</b>	
<i>Counterpart funding through the State department of Early Learning and Basic Education</i>			
Counterpart funds Quarter 1	-	-	-
Counterpart funds Quarter 2	-	-	-
Counterpart funds Quarter 3	-	-	-
Counterpart funds Quarter 4	-	-	-
<b>Total</b>	-	-	<b>27,263,873</b>



**GOK/UNICEF EDUCATION FOR YOUNG PEOPLE PROGRAMME.**

*Annual Report and Financial Statements for the financial year ended 30 June, 2023*

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

**2. Proceeds From Domestic and Foreign Grants**

During the financial year ended 30 June 2023, no grants were received from donors as detailed in the table below:

Name of Donor	Date received	Amount received in donor currency	Grants received in cash	Grants received as direct payment*	Grants received in kind	Total amount in Kshs	
						2022-2023	2021-2022
						Kshs	Kshs
Grants Received from Multilateral Donors (International Organizations)- UNICEF	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-

**3. Purchase of Goods and Services**

	2022/2023			2021/2022	Cumulative to- date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs	Kshs	Kshs	Kshs	
Early childhood development	-	-	-	-	340,996,522
Nomadic Education	-	-	-	-	120,476,812
Child friendly schools	-	-	-	-	479,728,109
Peace Education	-	-	-	-	344,865,997
Education in Emergencies	-	-	-	-	75,112,316
Bank Charges/Refunds	-	-	-	-	3,570,930
<b>Total</b>	<b>=</b>	<b>=</b>	<b>=</b>	<b>=</b>	<b><u>1,364,750,686</u></b>



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

**4. Fund Balance Brought Forward**

Description	2022-2023	2021-2022
	Kshs	Kshs
Bank accounts	1,077,215	1,077,215
<b>Total</b>	<b>1,077,215</b>	<b>1,077,215</b>

**5. Cash And Cash equivalents**

**Project Bank Account**

Details	2022-2023	2021-2022
	Kshs	Kshs
<u>Local Currency Accounts</u>		
Kenya Commercial Bank 1102291331	1,077,215	1,077,215
<b>Total bank account balances</b>	<b><u>1,077,215</u></b>	<b><u>1,077,215</u></b>

**Special Deposit Accounts**

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

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

**Special Deposit Accounts Movement Schedule**

Description	2022-2023	2021-2022
	Kshs	Kshs
<b>(i) A/C Name: GOK/UNICEF A/C NO.</b>		
Opening balance	419,777.85	419,777.85
Total amount deposited in the account	-	-
Total amount withdrawn (as per Statement of Receipts & Payments)	=	=
<b>Closing balance</b>	<b><u>419,777.85</u></b>	<b><u>419,777.85</u></b>



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

**6. Fund Balance Brought Forward**

Description	2022-2023	2020-2021
	Kshs	Kshs
Bank accounts	1,077,215	1,077,215
<b>Total</b>	<b>1,077,215</b>	<b>1,077,215</b>

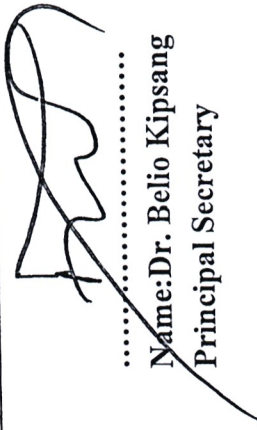


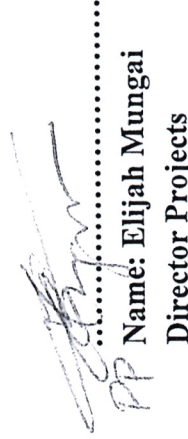
**GOK/UNICEF EDUCATION FOR YOUNG PEOPLE PROGRAMME.**  
**Annual Report and Financial Statements for the financial year ended 30 June, 2023**

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

**13. PRIOR YEAR AUDITOR-GENERAL'S RECOMMENDATIONS**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe:
1.	Accuracy and validity of Cash and Cash equivalents	Necessary adjustments to be made	NOT resolved	
2.	Accumulated surplus	Necessary adjustments to be mad	Not Resolved	

.....  
  
**Name: Dr. Belio Kipsang**  
**Principal Secretary**

.....  
  
**Name: Elijah Mungai**  
**Director Projects**



**GOK/UNICEF EDUCATION FOR YOUNG PEOPLE PROGRAMME.**  
*Annual Report and Financial Statements for the financial year ended 30 June, 2023*

**14. APPENDICES**

**I. Bank reconciliation statement as at June 30, 2023**







PAYMENTS IN BANK NOT IN THE CASH BOOK			
DATE	DETAILS	AMOUNT	REMARKS
30/6/2023			
13/7/2016	Outward payment	503,350.00	
	<b>TOTAL</b>	<b>503,350.00</b>	





25 September 2023  
10:22:23

**ACCOUNT STATEMENT**

Customer:  
Account: 1102291331 GOK UNICEF A C  
Product Name: Public Sector  
Statement Period: 01 JUL 2022 - 30 JUN 2023  
Balance at Period Start 0.00 KES Balance at Period End:

TXN DATE	DESCRIPTION	VALUE DATE	0.00 KES MONEY OUT	MONEY IN	LEDGER BALANCE
01 JUL 2022	BALANCE B/FWD	01 JUL 2022			573,864.70
			=====	=====	=====
			=	=	=
	BALANCE AT PERIOD E ND:		0.00	0.00	573,864.70

