

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

PARLIAMENT
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THE NATIONAL ASSEMBLY

DATE: 08 JUL 2023 Thursday

OF

TABLED BY: Hon. Samuel Chepkongei, MP

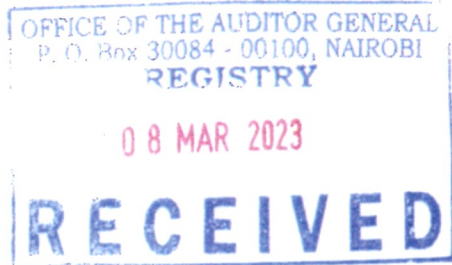
CLERK AT THE TABLE: Joyce Kempele

THE AUDITOR-GENERAL

ON

**COVID-19 MONITORING IMPACTS ON
LEARNING OUTCOMES (MILO) PROJECT**

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



PROJECT NAME: COVID-19 MONITORING IMPACTS ON
LEARNING OUTCOMES (MILO)

IMPLEMENTING ENTITY: THE KENYA NATIONAL EXAMINATIONS
COUNCIL

**PROJECT GRANT/CREDIT
NUMBER:** 4500439558

PROJECT REPORT AND FINANCIAL STATEMENTS

FOR FOURTEEN MONTHS PERIOD FROM 28 MAY 2021 TO 31 JULY 2022

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



**COVID-19 MONITORING IMPACTS ON LEARNING OUTCOMES (MILO) PROJECT
PROJECT REPORT AND FINANCIAL STATEMENTS FOR FOURTEEN MONTHS
PERIOD FROM 28 MAY 2021 TO 31 JULY 2022**



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PROJECT REPORT AND FINANCIAL STATEMENTS FOR FOURTEEN MONTHS
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1. KEY ENTITY INFORMATION

1.1 Incorporation

The Kenya National Examinations Council (KNEC) is a State Corporation in the Ministry of Education (MoE), established through the Kenya National Examinations Council Act Chapter 225A of 1980. This Act was repealed in 2012 and replaced with the Kenya National Examinations Council Act No.29 of 2012.

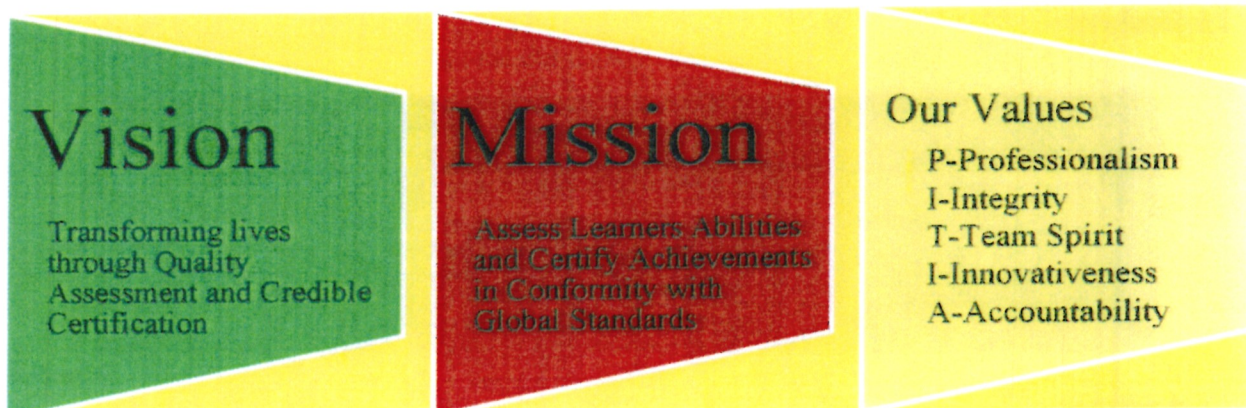
1.2 Mandate

KNEC is mandated to conduct school and post school examinations and assessments and certify learners on their achievements within the territory of Kenya.

1.3 Core functions

The mandate of the Council according to Section 10 of the KNEC Act No. 29 of 2012 is to:

- 1.0.1 Set and maintain examination standards.
- 1.0.2 Conduct public academic examinations.
- 1.0.3 Award certificates and diplomas to candidates.
- 1.0.4 Confirm authenticity of certificates or diplomas issued by the Council.
- 1.0.5 Undertake research on educational assessment.
- 1.0.6 Advise any public institution on the development and use of any
- 1.0.7 system of assessment when requested to do so.
- 1.0.8 Promote the international recognition of the qualifications conferred by Council.
- 1.0.9 Advise the Government on any policy decision that is relevant to or has implications on the functions of the Council or the administration of examinations in Kenya.





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1.4 Registered Office

 New Mitihani House, South C- Nairobi
 Tel: +254 - 020-202143412
 **Mobile:** 0720741004/0723333566 /0771813972/ 0772069891/ 0772069882/
0771813866/0771814259/ 0771814060/ 0771814105

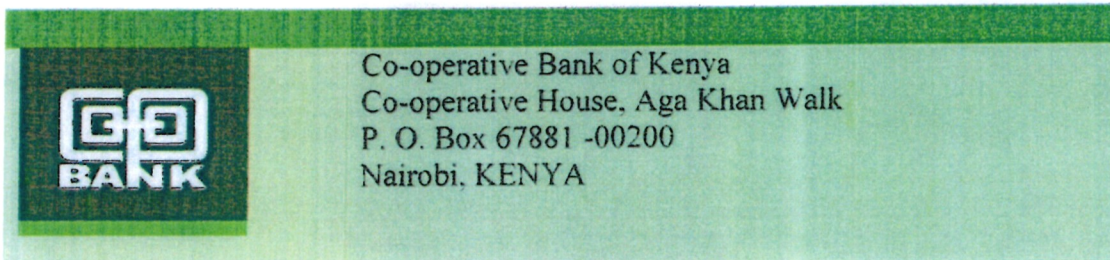
KNEC CONTACTS

 Tel: +254 020 3317412 / 3317413 / 3317419 / 3317427 / 3341027
3341050 / 3341071 / 3341098 / 3341113 / 2213381
 Fax: +254-020- 2226032
 Website: www.knec.ac.ke
 E-mail address: info@knec.ac.ke
 Facebook: Kenya National Examinations Council
 Twitter: KNEC@ExamsCouncil
 Mobile: 0720741001 / 0732333860

Other Offices

 Mitihani House, Dennis Pritt Road, Kilimani
 Tel: +254 - 020-2713874 / 020-2713894 / 020-2713845 / 020-2711536
 Mobile: 0703448667/073433

1.5 Bankers



1.6 Auditors



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



**COVID-19 MONITORING IMPACTS ON LEARNING OUTCOMES (MILO) PROJECT
PROJECT REPORT AND FINANCIAL STATEMENTS FOR FOURTEEN MONTHS
PERIOD FROM 28 MAY 2021 TO 31 JULY 2022**

2. PROJECT INFORMATION AND OVERALL PERFORMANCE

2.1 Background

The Kenya National Examinations Council (KNEC) has been implementing the Monitoring Impacts on Learning Outcomes (MILO) in partnership with the UNESCO Institute for Statistics (UIS) and the Australian Council for Educational Research (ACER). The Kenya National Examinations Council (KNEC) mandated the National Assessment Centre, a unit within KNEC, to undertake all the MILO project activities as the MILO National Centre in Kenya. Other countries which participated in the project were: Burkina Faso, Burundi, Côte d'Ivoire, Senegal and Zambia.

The key objective of the project is to measure learning outcomes in six countries in Africa, to analyse the long-term impact of COVID-19 on learning and to evaluate the effectiveness of distance learning mechanisms utilised during school closures.

In Kenya, the Project was carried out among Class 7 learners from two hundred and fifty (250) schools. Randomly sampled across the 47 counties of the Republic of Kenya. The MILO Reading (English) and Mathematics assessments, as well as the NASMLA (2019) Class 7 Mathematics assessment (selected response section) were administered.

2.2 Aims of the MILO

The overriding aims of the MILO were to:

- a) Evaluate the impact of COVID-19 on learning outcomes and measure the learning loss by reporting against SDG indicator 4.1.1b;
- b) Identify the impact of different distance learning mechanisms put in place to remediate the learning disruption generated by COVID-19 ;
- c) Expand the UIS bank of items for primary education; and
- d) Generate a toolkit so that assessment results can be scaled to international benchmarks, reporting against SDG 4.1.1.b.



**COVID-19 MONITORING IMPACTS ON LEARNING OUTCOMES (MILO) PROJECT
PROJECT REPORT AND FINANCIAL STATEMENTS FOR FOURTEEN MONTHS
PERIOD FROM 28 MAY 2021 TO 31 JULY 2022**

2.3 Project Overview

Project Start Date:	The project start date is 28/05/2021
Project End Date:	The project end date is 31/07/2022
Project Manager:	The project manager is Francis Otieno
Project Sponsor:	The project sponsor is UNESCO Institute for Statistics (UIS) and the Australian Council for Educational Research (ACER).
Address	The address of the Donor's registered office is: UNESCO Institute for Statistics (UIS) UIS-Montreal 5255 elles, 7 th Floor 5256 H3T 2B1 Montreal, CANADA
Line Ministry of the project	The project is under the supervision of the Ministry of Education.
Strategic goals of the project	(i) To ensure continued learning for children, particularly those most marginalized, through the development, dissemination, and delivery of new and existing approaches to respond to the COVID-19 pandemic. (ii) To determine the impact of the COVID-19 pandemic on learning and evaluate the effectiveness of distance learning mechanisms utilised during school closures.
Achievement of strategic goals	(i) To evaluate the impact of COVID-19 on learning outcomes and measure the learning loss by reporting against SDG indicator 4.1.1b; (ii) To identify the impact of different distance learning mechanisms put in place to remediate the learning disruption generated by COVID-19; (iii) To expand the UIS bank of items for primary education; and Generate a toolkit so that assessment results can be scaled to international benchmarks, reporting against SDG 4.1.1.b.



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Project Information and Overall Performance (Continued)

2.4 Roles and Responsibilities

Project manager and the key stakeholders who were involved with the project are as follows:

Names	Title designation	Key Qualification	Responsibilities
Dr. David Njengere	Chief Executive Officer	Ph.D.	KNEC Accounting officer
Francis Otieno	Project Manager	Msc.	Coordinator, National Assessment Centre
Mr. Abraham Oloo	Financial Controller	CPA (K)	Head of Finance
Mr. Harrison Waweru	Chief Accountant	CPA (K)	Project Accountant



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PERIOD FROM 28 MAY 2021 TO 31 JULY 2022**

3. FUNDING SUMMARY:

The Project was for duration of 14 months from 28/05/2021 to 30/07/2022 with an approved budget of US\$ 287,483.15 equivalent to Kshs.27,285,860 as highlighted in the table below:

3.1 Source of Funds

Source of funds	Donor Commitment-		Amount received to date – (31 July 2022)		Undrawn balance to date	
	Donor currency (USD)	KShs	Donor currency KShs	KShs	Donor currency KShs	KShs
	(A)	(A')	(B)	(B')	(A)-(B)	(A)-(B)
(i) Grant						
UNESCO Institute for Statistics (UIS)	287,433.15	27,285,860	287,433.15	27,285,860	81,963	7,780,740

3.2 Application of Funds

Application funds	of	Amount received to date – (31 July 2022)		Cumulative Amount paid to date – (31 July 2022)	Unutilized balance to date (31 July 2022)	
		Donor currency	Kshs		Donor currency	Kshs
		(A)	(A')		(B')	(A)-(B)
(i) Grant						
UNESCO for (UIS)	Institute for Statistics	287,433.15	27,285,860	19,505,120	81,963	7,780,740



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PROJECT REPORT AND FINANCIAL STATEMENTS FOR FOURTEEN MONTHS
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4. Summary of Overall Project Performance:

	Activity	Status
4.1	Constitution of a National Centre for MILO	The National Assessment Centre (NAC) was mandated to be the National Centre for MILO and the Coordinator, National Assessment Centre appointed as the Focal person and the National Project Manager for the MILO.
4.2	Liaising with UIS and ACER to enable implementation of the Project	This was done during weekly meetings between the UIS, ACER and the National Assessment Centre team. Brief on implementation and guidance was also given through e mails.
4.3	Providing Psychometric data from the National Assessment System for Monitoring Learner Achievement (NASMLA) Grade 7 in Reading and Mathematics to ACER (technical partner).	This was done as per the schedule.
4.4	Training of National Project Managers, Data Managers and Data Administrators	The National Centre attended training for the three categories of participants during the scheduled dates.
4.5	Submission of the Final national and MILO assessment tools	This was done as per the schedule.
4.6	Printing of Assessment tools, including MILO Test booklets and Questionnaires	This was done as scheduled.
4.7	Training of Test Administrators and Quality Monitors	This was done on 4th June 2021.
4.8	Test Administration	This was carried out from 7 th to 11 th June 2021.
4.9	Data entry for the National Assessment (2021), and UIS MILO test booklet, Student and School Questionnaire using data management software by ACER	Data was captured and cleaned as scheduled using the ACER Maple by 15th July 2021. The data submission package was uploaded onto My cloud on 16/7/2021. The zip file is named "Database Submission Package_2021_07_16_KEN_040400". ACER confirmed receipt on 19/7/2021.
4.10	MILO System Questionnaire	This was completed by the Senior official from the Ministry of Education and ACER confirmed receipt on 15th July 2021.



**COVID-19 MONITORING IMPACTS ON LEARNING OUTCOMES (MILO) PROJECT
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PERIOD FROM 28 MAY 2021 TO 31 JULY 2022**

Summary of Overall Project Performance (continued)

	Activity	Status
4.11	Data Analyses and Report Writing	This was done by the ACER and NOT Kenya as per the work plan submitted by Kenya to the UIS.
4.12	Standard Setting for the MILO Assessment	Twelve subject experts (6 for Reading and 6 for Mathematics) were nominated to participate in standard setting. The nominated participants, as well as the National Centre team, were trained on standard setting. The standard setting was conducted on 7 th and 13 th September, 2021. The National Centre participated in standard setting as observers. The setting of benchmarks was conducted on 20 th September 2021 by Reading and Mathematics experts. One Reading and One Mathematics expert from the Kenya National Examinations Council participated. Two representatives from the National Centre also participated in this exercise.
4.13	Capacity Building: Module 1.a • High Quality Assessment Items- Reading • High Quality Assessment Items- Mathematics	This was carried out in August/ September 2021. A total of 6 officers (3 for Reading and 3 for Mathematics) from the Kenya National Examinations Council were trained.
4.14	Capacity Building Module 2: Psychometric Methods: Introduction to Educational Measurement	This was carried out and completed as scheduled. Five officers from the National Centre were trained.
4.15	Validation of the outputs	This was done online as the UIS and ACER presented both the international and national outputs and reports to the MILO countries.
4.16	Review of Draft Reports submitted by ACER	Discussions on the outputs and the findings were done during the presentation of the Draft National Report by ACER. However, Kenya is yet to further interrogate the report and come up with policy briefs for dissemination to relevant stakeholders in education.
	Launch of the International Report	This was done by UIS, ACER and the participating countries in December, 2021
	National dissemination of the MILO Report	Undertaken by sponsor
	Printing of the MILO National report	Undertaken by sponsor



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PROJECT REPORT AND FINANCIAL STATEMENTS FOR FOURTEEN MONTHS
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Summary of Overall Project Performance (continued)

4.20 **Observations**

4.20.1 According to the work plan submitted by Kenya and approved by the UIS, Kenya had envisaged to undertake data analysis, and report writing, alongside other technical work. This has been the practice in the SEACMEQ Project. However, data analysis and report were done by ACER. Thus, could partly explain the savings from the project.

4.20.2 National Dissemination of the findings of the MILO was envisaged to be in the last QTR of the 2021/22 FY through national and county dialogues. This activity had not been allocated funds in the work plan due to budgetary constraints.

4.21 **Financial Report**

Kenya National Examinations Council was facilitated with **Kes.27,285,860** for the implementation of MILO project. **Kshs.13,833,056** was utilized towards Data collection and **Kes.5,672,064** utilized on data entry and scoring exercise. Data analysis and report writing was conducted by UNESCO resulting to **Kes.7,780,740** as un-utilized funds.

5. Statement of Performance against Project's Predetermined Objectives

5.1 **Introduction**

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

The key objective of the project is to measure learning outcomes in six countries in Africa to analyse the long-term impact of COVID-19 on learning and to evaluate the effectiveness of distance learning mechanisms utilized during school closures.

5.2 **Progress on attainment of Strategic Development Objectives**

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



**COVID-19 MONITORING IMPACTS ON LEARNING OUTCOMES (MILO) PROJECT
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	Activity	Status
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4.14	Capacity Building Module 2: Psychometric Methods: Introduction to Educational Measurement	This was carried out and completed as scheduled. Five officers from the National Centre were trained.
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Summary of Overall Project Performance (continued)

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6.2 Progress on attainment of Strategic Development Objectives

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



**COVID-19 MONITORING IMPACTS ON LEARNING OUTCOMES (MILO) PROJECT
PROJECT REPORT AND FINANCIAL STATEMENTS FOR FOURTEEN MONTHS
PERIOD FROM 28 MAY 2021 TO 31 JULY 2022**

7. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The Chief Executive Officer and the Financial Controller of The Kenya National Examinations Council for MILO 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 project life (period) on July 31, 2022.

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 Chief Executive Officer and the Financial Controller of The Kenya National Examinations Council for MILO 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 Chief Executive Officer and the Financial Controller of The Kenya National Examinations Council for MILO 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/period ended July 31, 2022, and of the Project's financial position as at that date. The Chief Executive Officer and the Financial Controller of The Kenya National Examinations Council for MILO 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 Chief Executive Officer and the Financial Controller of The Kenya National Examinations Council for MILO project confirms that:

- (i) the Project has complied fully with applicable Government Regulations and the terms of external financing covenants; and
- (ii) the 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.



**COVID-19 MONITORING IMPACTS ON LEARNING OUTCOMES (MILO) PROJECT
PROJECT REPORT AND FINANCIAL STATEMENTS FOR FOURTEEN MONTHS
PERIOD FROM 28 MAY 2021 TO 31 JULY 2022**

Approval of the Project financial statements

The Project financial statements were approved by the Council Chairman, Chief Executive Officer of The Kenya National Examinations Council and the KNEC Financial Controller on 06 March, 2023 and signed by them.

**Dr David Njengere, MBS
Chief Executive Officer**

Date: 06 March, 2023.

**CPA Abraham K. Oloo
Head of Finance
ICPAK No: 2743**

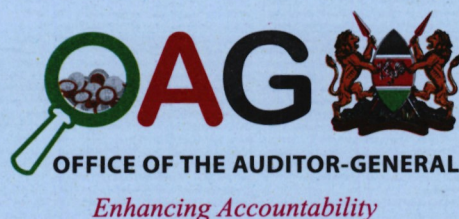
Date: 06 March, 2023

**Prof. Juluis O. Nyabundi, OGW
Chairman of the Council**

Date: 06 March, 2023

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON COVID-19 MONITORING IMPACTS ON LEARNING OUTCOMES (MILO) PROJECT FOR THE YEAR ENDED 30 JUNE, 2022 - KENYA NATIONAL EXAMINATIONS COUNCIL

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 Projects 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 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 Covid-19 Monitoring Impacts on Learning Outcomes (Milo) Project- Kenya National Examinations Council set out on pages 1 to 12, which comprise of the statement of financial assets and liabilities as at

Report of the Auditor-General on Covid-19 Monitoring Impacts on Learning Outcomes (Milo) Project - Kenya National Examinations Council for the year ended 30 June, 2022

30 June, 2022, and the statement of receipts and payments, statement of cash flows and statement of comparative budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Covid-19 Monitoring Impacts On Learning Outcomes (Milo) Project- Kenya National Examinations Council as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the Financing Agreement dated 28 May, 2021.

Basis for Qualified Opinion

1.0 Errors in the Annual Report and Financial Statements

The annual report and financial statements prepared and presented for audit had the following presentation and disclosure errors: -

- i. The financial reporting template issued by the Public Sector Accounting Standards Board requires that in the notes the entity presents the proceeds from domestic and foreign grants in both the foreign and local currency. However, the statement of receipts and payments reflects Kshs.27,285,860 in respect to transfers from Government entities which lacks details of the receipts in foreign currency;
- ii. The statement of receipts and payments reflects Kshs.27,285,860 in respect to transfers from Government entities while the statement of comparison of budget and actual amounts reflects proceeds from domestic and foreign grants;
- iii. The statement of receipts and payments reflects surrender of unutilized Projects of Kshs.7,780,740. However, the component surrender of unutilized Projects should be categorized into the major classes of expenditure included in the template issued by the Public Sector Accounting Standards Board; and
- iv. Management has in page 1 of the financial statements referred to project financial statements set out in page 4 to 7, whereas the financial statements are from page 1.

In the circumstances, the annual report and financial statements as prepared and presented does not comply with the template prescribed for donor funded projects and is misleading to the users.

2.0 Unsupported Expenditure on Purchase of Goods and Services

The statement of receipts and payments reflects purchase of goods and services of Kshs.19,505,120 as detailed in Note 3 to the financial statements. However, the payments were unsupported by way of work tickets, fuel receipts, air tickets, back-to-office reports and duly approved imprest requests.

In the circumstances, the accuracy and occurrence of purchase of goods and services expenditure of Kshs.19,505,120 for the year ended 30 June, 2022 could not be confirmed.

3.0 Inaccuracies in Cash and Cash Equivalents

The statement of financial assets and liabilities reflects cash and cash equivalents balance of Kshs.7,780,740 with a zero comparative balance as at 1 July, 2022. The financial statements presented for audit are for fourteen (14) months ending 31 July, 2022 which is not in agreement with the Government financial year reporting period of 30 June. Further, Note 4 in the statement of financial assets and liabilities is titled surrender of unutilized Projects instead of cash and cash equivalents.

In the circumstances, the reported cash and cash equivalents balance of Kshs.7,780,740 as at 30 June, 2022 is misleading.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Covid-19 Monitoring Impacts on Learning Outcomes (Milo) Project - Kenya National Examinations Council Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

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.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1.0 Lack of Separate Books of Accounts

The statement of receipts and payments reflects receipts of Kshs.27,285,860 and payments of Kshs.27,285,860 as disclosed in Note 2 and 3 respectively. However, the Council did not maintain separate books of accounts for the Project as required by the financing agreement between the Council and the UNESCO Institute for Statistics dated 28 May, 2021.

In the circumstances, the Council was in breach of the agreement. Further, the Council risked having the contract terminated due to non-adherence to the terms and conditions of the Agreement with UNESCO Institute for Statistics.

2.0 Delayed Project Implementation

Paragraph 4.4 of the Implementation Partners Agreement between the UNESCO Institute for Statistics and Kenya National Examinations Council signed on 28 May, 2021 provided that the effective date of the agreement is the later date of signature of the agreement and its expiry date is the date of approval by UNESCO Institute for Statistics of the work submitted by the partner. Further, the agreement in Paragraph 5.2.1 provides that the narrative and financial reports should be submitted for approval by 28 August, 2021. However, Management did not submit the report by 28 August, 2021 and justification has been provided.

Further, the summary of overall project performance as reflected in page xiv of the annual report and financial statements states that the launch of the international report was done in December, 2021 an indication that the project had been concluded by then. No justification has been made by Management for the delay in preparation of the annual report and financial statements.

In the circumstances, value for money may not have been realized in the implementation of the project.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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 the 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 Project's ability 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 Project or to cease its 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 Project's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

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 the Project's policies and procedures may deteriorate.

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

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

- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal 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

10 May, 2023



COVID-19 MONITORING IMPACTS ON LEARNING OUTCOMES (MILO) PROJECT
PROJECT REPORT AND FINANCIAL STATEMENTS FOR FOURTEEN MONTHS
PERIOD FROM 28 MAY 2021 TO 31 JULY 2022

9. RECEIPTS AND PAYMENTS

STATEMENT OF RECEIPTS AND PAYMENTS

FOR FOURTEEN MONTHS PERIOD FROM 28 MAY 2021 TO 31 JULY 2022

	Note	KShs
RECEIPTS		
Transfer from Government entities	2	27,285,860
Proceeds from domestic and foreign grants		
Loan from external development partners		-
TOTAL RECEIPTS		27,285,860
PAYMENTS		
Compensation of employees		-
Purchase of goods and services	3	19,505,120
Surrender of unutilized funds	4	7,780,740
Acquisition of non-financial assets		-
Transfers to other government entities		-
Other grants and transfers and payments		-
TOTAL PAYMENTS		27,285,860
SURPLUS/DEFICIT		-

The project Financial Statements set out on pages 4 to 7 were signed on behalf of The Kenya National Examinations Council by:

Dr David Njengere, MBS
Chief Executive Officer

Date: 06 March, 2023.

CPA Abraham K. Oloo
Head of Finance
ICPAK No: 2743

Date: 06 March, 2023

Prof. Juluis O. Nyabundi, OGW
Chairman of the Council

Date: 06 March, 2023



**COVID-19 MONITORING IMPACTS ON LEARNING OUTCOMES (MILO) PROJECT
PROJECT REPORT AND FINANCIAL STATEMENTS FOR FOURTEEN MONTHS
PERIOD FROM 28 MAY 2021 TO 31 JULY 2022**

10. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES

STATEMENT OF FINANCIAL ASSETS AND LIABILITIES AS AT 31 JULY 2022

	30.6.2022	31.7.2022
	KShs	KShs
FINANCIAL ASSETS		
Cash and Cash Equivalents		
Bank Balances	4 7,780,740	-
Cash Balances	-	-
Cash Equivalents	-	-
Total Cash and cash equivalent	7,780,740	-
Accounts receivables – Imprest and Advances	-	-
TOTAL FINANCIAL ASSETS	7,780,740	-
REPRESENTED BY		
Fund balance	7,780,740	-
Surplus/Deficit for the quarter	-	-
Prior year adjustments	-	-
NET FINANCIAL POSITION	7,780,740	-

Dr David Njengere, MBS
Chief Executive Officer

Date: 06 March, 2023.

CPA Abraham K. Oloo
Head of Finance
ICPAK No: 2743

Date: 06 March, 2023

Prof. Juluis O. Nyabundi, OGW
Chairman of the Council

Date: 06 March, 2023



COVID-19 MONITORING IMPACTS ON LEARNING OUTCOMES (MILO) PROJECT
PROJECT REPORT AND FINANCIAL STATEMENTS FOR FOURTEEN MONTHS
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11. STATEMENT OF CASHFLOW

STATEMENT OF CASHFLOW FOR THE PERIOD 28 MAY 2021 TO 31 JULY 2022

	Note	31.7.2022 KShs
Receipts for operating income		
Transfer from Government entities	2	27,285,860
Proceeds from domestic and foreign grants		-
Miscellaneous receipts		-
Payments for operating expenses		
Compensation of employees		-
Purchase of goods and services	3	19,505,120
Social security benefits		-
Transfers to other government entities		-
Other grants and transfers and payments		-
Adjusted for:		
Decrease/ (Increase) in Receivables		-
Net cash flow from operating activities		<u>7,780,740</u>
CASHFLOW FROM INVESTING ACTIVITIES		
Acquisition of non-financial assets		-
Net cash flows from Investing Activities		<u>-</u>
CASHFLOW FROM BORROWING ACTIVITIES		
Loan from external development partners	4	<u>(7,780,740) -</u>
Net cash flow from financing activities		<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENT		<u>-</u>
Cash and cash equivalent		<u>-</u>
Cash and cash equivalent		<u>- -</u>



COVID-19 MONITORING IMPACTS ON LEARNING OUTCOMES (MILO) PROJECT
PROJECT REPORT AND FINANCIAL STATEMENTS FOR FOURTEEN MONTHS
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12. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS

STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS
FOR THE PERIOD 28 MAY 2021 TO JULY 30TH, 2022

Revenue/Expense Item	Cumulative Budget 31.7.2022	Cumulative Actual 31.7.2022	Cumulative Budget Utilisation Difference 31.7.2022	% of Utilisation Difference to Final Budget 31.7.2022
RECEIPTS				
Transfer from Government entities				
Proceeds from domestic and foreign grants	27,285,860	19,505,120	(7,780,740)	-29%
Proceeds from borrowings	-	-	-	0%
Miscellaneous receipts	-	-	-	0%
Total Receipts	27,285,860	19,505,120	(7,780,740)	-29%
PAYMENTS				
Compensation of employees	-	-	-	0%
Purchase of goods and services	27,285,860	19,505,120	(7,780,740)	0%
Acquisition of non-financial assets	-	-	-	0%
Transfers to other government entities	-	-	-	0%
Other grants and transfers and payments	-	-	-	0%
Grand Total	27,285,860	19,505,120	(7,780,740)	0%



**COVID-19 MONITORING IMPACTS ON LEARNING OUTCOMES (MILO) PROJECT
PROJECT REPORT AND FINANCIAL STATEMENTS FOR FOURTEEN MONTHS
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NOTES TO THE FINANCIAL STATEMENTS

13.1 NOTE 1.

Significant Accounting Policies

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

13.1.1 Statement of compliance and basis of preparation

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

13.1.2 Reporting period

The financial statements are presented for a period of fourteen months, which is project implementation period.

13.1.3 Reporting Entity

The financial statements are for the **MONITORING IMPACT ON THE LEARNING OUTCOMES MILO CLASS 7 STUDY** under National Government of Kenya, Ministry of Education, Kenya National Examinations Council in partnership with UNESCO Institute for Statistics. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012.

13.1.4 Reporting currency

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

13.1.5 Recognition of receipts

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

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.



**COVID-19 MONITORING IMPACTS ON LEARNING OUTCOMES (MILO) PROJECT
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Significant Accounting Policies (Continued)

- ii) **External Assistance**
External assistance is received through grants and loans from multilateral and bilateral development partners.
- 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 the time associated cash is received.

13.1.6 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.

13.1.7 Recognition of payments

The Project recognizes all payments when the event occurs, and the related cash has actually been paid out by the Project. There is a high-level summary of payments in Annex 1 page 13-14

13.1.8 Compensation of employees

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

13.1.9 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.

13.1.10 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.



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Significant Accounting Policies (Continued)

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

13.1.11 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.

13.1.12 Imprests and Advances

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

13.1.13 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 recognized 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 page 7*.



**COVID-19 MONITORING IMPACTS ON LEARNING OUTCOMES (MILO) PROJECT
PROJECT REPORT AND FINANCIAL STATEMENTS FOR FOURTEEN MONTHS
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Significant Accounting Policies (Continued)

13.1.14 Third party payments

Included in the receipts and payments, are payments made on its behalf to third parties in form of loans and grants. These payments do not constitute cash receipts and payments.

During the year, Kshs.0.00 billion being loan disbursements were received in form of direct payments from third parties.

13.1.15 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 recognized in the statements of receipts and payments.

13.1.16 Comparative figures

There were no amendments for the previous financial year/period or reconfigured to conform to the required changes in financial statement presentation.

13.1.17 Subsequent events

There have been no events subsequent to the period ended 31 July 2022 with a significant impact on the financial statements for the year ended 31 July 2022.

13.1.18 Prior period adjustments

There have been no prior period adjustments related to errors and other adjustments noted arising from previous year(s).



**COVID-19 MONITORING IMPACTS ON LEARNING OUTCOMES (MILO) PROJECT
PROJECT REPORT AND FINANCIAL STATEMENTS FOR FOURTEEN MONTHS
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NOTE 2

RECEIPTS

Transfer from Government entity	
JUNE 2021 COOP RECEIPTS- PROJ A/C	19,078,940
COOP OCT 2021 RECEIPTS - PROJ A/C	8,206,920
Total	27,285,860

NOTE 3

PURCHASE OF GOODS & SERVICES

Travel and Subsistence	17,678,070
Conference facility	960,244
Office supplies	856,451
MPESA charges	2,765
Bank charges	7,590
Total	19,505,120

NOTE 4

SURRENDER OF UN-UTILISED FUNDS

Receipts	27,285,860
Purchase Of Goods and Services	(19,505,120)
	7,780,740



**COVID-19 MONITORING IMPACTS ON LEARNING OUTCOMES (MILO) PROJECT
PROJECT REPORT AND FINANCIAL STATEMENTS FOR FOURTEEN MONTHS
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Annex 1-schedule

**NOTE 1:
RECEIPTS**

Description	Reference	Payment Voucher	(KSHS.)
1 June 2021 Coop Receipts- Proj A/C-Final national and MILO assessment tools	RC0000000098		19,078,940
2 Coop Oct 2021 Receipts - Proj A/C-Deliverable 3,4,5 &6.1 (Assessment Data Entry in software provided by ACER)	RC0000000099		8,206,920
		Total	27,285,860

NOTE 2: PURCHASE OF GOODS AND SERVICES

2.1 Subsistence and Travel

Description	Reference	Payment Voucher	(KSHS.)
3 Being grant of imprest to officers (National and Regional Coordinators) participating in the Main Study Data Collection for the Monitoring Impact on the Learning Outcomes MILO Class 7 Study.	The Manager NCBA	PV-30035 Cheque No.605	2,805,800
4 Being payment of DSA to Officers participating in the Main Study Data Collection for the Monitoring Impact on Learning Outcomes Class 7 Study :7-11th June 2021.	The Manager NCBA	PV-30055 Cheque No.605	9,442,370
5 Being grant of imprest during Main Study MILO Class 7 data collection exercise.	The Manager NCBA	PV-30048 Cheque No.605	718,850
6 Being grant of imprest -NASMLA MILO Data Scoring Class 7 25/6-4/7-2021.	The Manager Cooperative Bank of Kenya	PV-30268 Cheque No.606	2,444,770
7 Being grant of imprest to Officers while in a workshop for Data processing for Monitoring Impact on Learning Outcomes MILO Class 7 Study from 10th to 20th July 2021 in Naivasha Morendat.	The Manager Cooperative Bank of Kenya	PV-30534 &PV-33116 Cheque No.610	1,382,280
8 Being reimbursement of subsistence allowances upon attending the NASMLA MILO Data Scoring Class 7 (25/6-4/7/2021).	The Manager NCBA	PV-30269 Cheque No.607	884,000



COVID-19 MONITORING IMPACTS ON LEARNING OUTCOMES (MILO) PROJECT
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2.2 Conference Facility

Description	Reference	Payment Voucher	(KSHS.)
Payment for provision of residential conference facilities at Morendat Training and Conference Centre Naivasha between 10-17th July 2021.	The Manager Cooperative Bank of Kenya	PV-30919 & Pv-33115 Cheque No.609	960,244
		Total	960,244

2.3 Stationery

Description	Reference	Payment Voucher	(KSHS.)
Payment for supply of NASMLA booklets for MILO Class 7 data collection exercise.	The Manager Cooperative Bank (Ramco Printing)	Cheque No.3779 dated PV-31577 & Pv-331682	856,451
		Total	856,451

Total 19,494,765

2.4 MPESA charges

Description	Reference	Payment Voucher	(KSHS.)
MPESA charges	The Manager NCBA	PV-30269 Cheque No.607	770
MPESA charges	The Manager NCBA	PV-30056 Cheque No.605	1,995
		Total	2,765

2.4 Bank charges

Description	Reference	Payment Voucher	(KSHS.)
Bank Charges			7,590
		Total	7,590

Total Expenditure 19,505,120



**COVID-19 MONITORING IMPACTS ON LEARNING OUTCOMES (MILO) PROJECT
PROJECT REPORT AND FINANCIAL STATEMENTS FOR FOURTEEN MONTHS
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2.5: SURRENDER OF UNUTILISED FUNDS

Description	Reference	Payment Voucher	(KSHS.)
14 Surrender of unutilized UNESCO funds upon completion of the project		PV-34085 Cheque No.6212	7,780,740