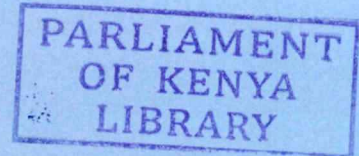


REPUBLIC OF KENYA



Enhancing Accountability



REPORT

OF

THE AUDITOR-GENERAL


ON

**DEVELOPMENT OF SCHOOLS
INFRASTRUCTURE IN NYAMIRA COUNTY
PROJECT, CREDIT NUMBER: KF LOAN 853**

FOR THE YEAR ENDED

30 JUNE, 2025

STATE DEPARTMENT FOR BASIC EDUCATION

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 04 NOV 2025	DAY: TUESDAY
TABLED BY:	LOM
CLERK-AT THE-TABLE:	Benson Inzoto

THE NATIONAL ASSEMBLY
PARLIAMENTARY BUILDING
ISLAMABAD

DATE: _____ DAY _____

BY _____	CHIEF CLERK
BY _____	SECRETARY



**PROJECT NAME: DEVELOPMENT OF SCHOOLS INFRASTRUCTURE IN
NYAMIRA COUNTY PROJECT**

IMPLEMENTING ENTITY: STATE DEPARTMENT FOR BASIC EDUCATION

CREDIT NUMBER: KF LOAN 853

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30 JUNE 2025

**Transitional IPSAS Financial Statements Prepared in accordance with the Accrual Basis of Accounting
Method under the International Public Sector Accounting Standards (IPSAS)**

*Development of Schools Infrastructure in Nyamira County Project
Annual Report and Financial Statements for the financial year ended 30 June, 2025*

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*Development of Schools Infrastructure in Nyamira County Project
Annual Report and Financial Statements for the financial year ended 30 June, 2025*

1. ACRONYMS AND DEFINITION OF TERMS

DSINCP	Development of School Infrastructure in Nyamira County Project.
CBK	Central Bank of Kenya
CPA	Certified Public Accountant
ICPAK	Institute of Certified Public Accountants of Kenya
HAU	Head of Accounting Unit.
FO	Finance Officer.
SCFO	Senior Chief Finance Officer
HSCM	Head Supply Chain Management
SCMO	Supply Chain Management Officer.
DDE	Deputy Director Education
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
WB	World Bank
Comparative FY	Financial year preceding the current financial year.

2. PROJECT INFORMATION AND OVERALL PERFORMANCE

2.1 Name and registered office

Name

The project's official name is **Development of Schools Infrastructure in Nyamira County Project**.

Objective

The key objective of the project is to enhance access, retention, transition and equity in Education.

Address

The project headquarters offices are in Nairobi County Kenya.

The address of its registered office is:

**Ministry of Education
State Department for Basic Education
Jogoo House "B"
P. O. Box 30040- 00100,
Nairobi, Kenya.**

Contacts:

The following are the project contacts

P.O. Box: 30040-00100, Nairobi

Telephone: (254) 331581

E-mail: ps@education.go.ke

Website: www.education.go.ke

*Development of Schools Infrastructure in Nyamira County Project
Annual Report and Financial Statements for the financial year ended 30 June, 2025*

Project information and overall performance (continued)

2.2 Project Information

Project Start Date:	31 st December, 2019
Project End Date:	31 st December, 2025
Project Coordinator:	Mr. John Ongosi
Project Development Partner:	Kuwait Fund for Arab Economic Development (KFAED)

2.3 Project Overview

Line Ministry or State departments/ County Department	Ministry of Education State Department for Basic Education
Project number	KF Loan 853
Strategic goals of the project	The strategic goals of the project are as follows: (i) Improve access and equity in schools in the county (ii) Improve retention in schools through provision of learning friendly facilities in safe school environments. (iii) Improve transition rates from primary to junior schools and from junior to senior schools in Nyamira County. (iv) Improve quality of teaching and learning in science subjects in the beneficiary schools through construction and equipment of 46 science laboratories, 23 Integrated Learning Resource Centres, 41 ICT Laboratories, 164 classrooms and 26 Libraries.
Summary of Project Strategies for achievement of strategic goals	The project management aims to achieve the goals through the following means: (i) Establishment of individual infrastructure needs and priorities. (ii) Allocation of facilities and commensurate funding according to the priorities of the schools (iii) Design and Construction of the facilities. (iv) Supervise and monitor constructions at the various school sites.
Other important background information of the project	The project was designed to reconstruct/rehabilitate school facilities that were destroyed or damaged following the post-

***Development of Schools Infrastructure in Nyamira County Project
Annual Report and Financial Statements for the financial year ended 30 June, 2025***

	<p>election violence in 2007/2008 that affected a number of schools in Nyamira County.</p> <p>Besides the destruction, some schools served as host and accommodation centres for children and families fleeing from the tea plantations. Consequently, the leadership of Nyamira County initiated an intervention to rehabilitate and reconstruct learning institutions that bore the brunt of the post-election violence of 2008 while serving as rescue centres and accommodation for internally displaced persons.</p> <p>The ministry of Education carried out needs assessment and selected six (6) primary schools and twenty one (21) secondary schools, which were affected most by the post-election violence and earmarked them for reconstruction. The Kuwait Government extended a loan of Ksh.1.5 billion for the purpose. However, over time, the Government of Kenya through other initiatives and community contribution, funded the rehabilitation and construction of the said schools.</p> <p>Having addressed the problem of schools affected by the 2007 post-election violence, in a meeting between the leadership of the County in April, 2018, it was agreed that the scope of the project be increased to cover 68 Educational Institutions in the entire Nyamira County considering the demand for education in the county in line with the increasing population. The Educational Institutions were spread across the 5 Sub-Counties in Nyamira County and comprised 44 Secondary Schools and 24 Primary Schools.</p>
<p>Areas that the project was formed to intervene</p>	<p>The project was formed to intervene in the following problems/gaps:</p> <ul style="list-style-type: none"> (i) Provision of facilities according to school needs and priorities. (ii) Construction/rehabilitation of school facilities. (iii) Provision of furniture and equipment.
<p>Project duration</p>	<p>4 Years (The project end date was extended to 31st December, 2025 due to late start)</p>

Project Information and Overall Performance (Continued)

2.4 Bankers

Central Bank of Kenya – Account No.1000740698
Haile Selassie Avenue,
P.O Box 60000-0200,
Nairobi, Kenya.

2.5 Independent Auditor

The project is audited by:

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

2.6 Roles and Responsibilities

No	Names	Title designation	Key qualification	Responsibilities
1.	Elijah Mungai	DE	Education Specialist	Head of DPCAD
2.	John Ongosi	DE	Education Specialist	National Project Coordinator
3.	Gilbert Oloo	DDE	Education Specialist	DPC
4.	Chris Okoth	DDE	Education Specialist	PIU member
5.	Kezziah Muthara	DDE	Education Specialist	PIU member
6.	Hilder Kaaria	HSCM	Supply Chain Management	Head Procurement
7.	Paul Mutua	SCMO	Supply Chain Management	Project Procurement Officer
8.	Emilio Mukira	SDAG	Accountant	Head Accounting Unit
9.	Grace Njoki	AAG	Accountant	Project Accountant
10.	Wekesa Khaoya	SCFO	Finance	Head Of Finance
11.	Dorcas Anyanga	FO	Finance	Project Finance Officer

2.7 Funding summary

The Project is for a duration of 6 years from 2020 to 2025 with an approved budget of **4,500,000 Kuwait Dinars** equivalent to **Kshs 1,957,500,000 (Ex. Rate 435** as at the time of signing the Contracts) and **Kshs. 164,099,462** GoK counterpart funds (Ten percent **(10%)** of the civil works, and seven percent **(7%)** of Educational Furniture and Equipment ,Computers and Laboratories equipment).

The project is on its first year of implementation as highlighted in the table below:

Project information and overall performance (continued)

Below is the funding summary:

A. Source of Funds

Source of funds	Development Partner Commitme		Amount received to date – (30 June, 2025)		Undrawn balance to date	
	Development Partner currency (Kuwait Dinars)	Kshs	Development Partner currency	Kshs	Development Partner currency (Kuwait Dinars)	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A') - (B')
(i) Loan						
Kuwait Fund for Arab Economic Development (KFAED)	4,500,000	1,957,500,000	627,262	265,317,220	3,872,738	1,692,182,780
(ii) Counterpart funds						
Government of Kenya	-	164,099,462	-	38,322,173	-	125,777,289
Total	4,500,000	2,121,599,462	627,262	303,639,393	3,872,738	1,817,960,069

Project information and overall performance (continued)

B. Application of Funds

Application of funds	Amount received to date – (30 June, 2025)		Cumulative amount paid to date – (30 June, 2025)		Unutilised balance to date (30 June, 2025)	
	Development Partner currency(Kuwait Dinars)	<i>Kshs</i>	Development Partner currency(Kuwait Dinars)	<i>Kshs</i>	Development Partner currency(Kuwait Dinars)	<i>Kshs</i>
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Loan						
Kuwait Fund for Arab Economic Development (KFAED)	627,262	265,317,220	627,262	265,317,220	-	-
(ii) Counterpart funds						
Government of Kenya		38,322,173		35,551,214		2,770,959
Total	627,262	303,639,393	627,262	300,868,434	-	2,770,959

Project information and overall performance (continued)

2.8 Summary of Overall Project Performance:

- i) *Budget performance against actual amounts for the current year and for cumulative to-date,*

The project is on the first year of implementation. The amount allocated for the financial year 2024/25 was **Kshs. 474,000,000**. The total expenditure was **Kshs. 276,970,610** and an overall absorption rate of **60%**.

- ii) *Physical progress based on outputs and outcomes since project commencement,*
Construction activities across the Lots officially commenced on 22nd July 2024. The progress in construction of the facilities was at various stages across the sites. As at 30 June, 2025, the overall completion status for civil works was 30%.

- iii) *Indicate the absorption rate for each year since the commencement of the project.*
As indicated in part (ii) above, the project is on its first year of implementation with an absorption rate of **60%** against the allocated budget of **Kshs. 474,000,000**.

- iv) *List the implementation challenges and recommend the next steps.*
Since 2012 the project had experienced challenges that significantly affected implementation as initially projected. These were mainly due to process bottlenecks in; the procurement process under the previous Ministerial Tender Committee, the multiple layers entailed in processing payments and individual breaches Lots 5, 11 and 20 where contracts termination awaited no objection from the Kuwait Fund for Arab Economic Development. In, some schools, the management changed the initial project sites to spaces with significant variations in topography and soil conditions. Furthermore, some sites were swampy yet the designs were generic. These necessitated revision of the designs; in most cases with additional contract costs.

2.9 Summary of Project Compliance:

The project implementation teams included technical support by the Design and Construction Supervision Consultants (D&CSCs). The D&CSCs supported implementation protocols and made sure the designs were sound in their architectural, structural, mechanical and electrical components. Construction activities were preceded by School Infrastructure Needs Assessment (SINA) which enabled objective prioritization and identification of school projects. The SINA Report informed the allocation of funds according to the current critical school needs. Generally, the project had adhered to laws and policies that govern building construction in Kenya.

3. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETERMINED OBJECTIVES

Introduction

Section 81(2)(f) /Section 164 (2)(f) of the Public Finance Management Act, 2012, requires that the Accounting Officer include a statement of the national government entity's performance against predetermined objectives at the end of each financial year.

The project was aligned to the goal of enhancing access and equity in Education and Training as prioritized in the Medium Term Plan. In addition the project was geared to improve the quality of teaching and learning in science subjects.

The key objectives of the project are to:

- a) Provide 164 classrooms in the targeted schools.
- b) Provide 23 Integrated Learning Resource Centres for Junior Schools and 46 Science Laboratories for Senior Schools in the County.
- c) Provide 41 ICT Laboratories in the targeted schools.
- d) Provide 26 Libraries in the targeted schools.
- e) Provide 36 Administrative Offices in the targeted schools.
- f) Provide 27 Staff Rooms in the targeted schools.
- g) Provide 11 Dormitory Blocks (10 No 2 Level and 1 No 3 Level) in the targeted schools.
- h) Provide furniture and equipment for the constructed facilities in the targeted schools

Progress on the attainment of strategic development objectives

The project outcomes were:

- i. Improved access and equity in schools in the county
- ii. Improved quality of teaching and learning in science subjects

These were to be attained as a result of provision of tuition and boarding facilities, furniture and equipment. The overall completion status for civil works was at 30% in June, 2025.

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

Project	Objective	Outcome	Indicator	Performance
Development of Schools Infrastructure in Nyamira County Project (DSINCP)	To Provide 164 classrooms in the targeted schools.	Improved access and equity in Basic Education for the County.	% improvement in students' enrolment in the County. Improvement index in students' performance in science subjects in the targeted schools.	Overall completion status for civil works was at 30% in June, 2025.
	Provide 23 Integrated Learning Resource Centres for Junior Schools and 46 Science Laboratories for Senior Schools in the County.	Improved Student learning	Average student performance scores in science subjects	Overall completion status for civil works was at 30% in June, 2025.
	Provide 41 ICT Laboratories in the targeted schools.	Improved Student learning	Average student performance scores	Overall completion status for civil works was at 30% in June, 2025.
	Provide 26 Libraries in the targeted schools.	Improved Student learning	Average student performance scores	Overall completion status for civil works was at 30% in June, 2025.
	Provide 36 Administrative Offices in the targeted schools.	Improved School teaching and learning environment	Average student performance scores	Overall completion status for civil works was at 30% in June, 2025.

	Provide 27 Staff Rooms in the targeted schools.	Improved School teaching and learning environment	Average student performance scores	Overall completion status for civil works was at 30% in June, 2025.
	Provide 11 Dormitory Blocks (10 No 2 Level and 1 No 3 Level) in the targeted schools.	Improved Student learning	Average student performance scores	Overall completion status for civil works was at 30% in June, 2025.
	Provide furniture and equipment for the constructed facilities in the targeted schools	Improved Student learning	Average student performance scores	Overall completion status for civil works was at 30% in June, 2025.

4. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

The project design included implementation of Environmental, Social, Health and Safety (ESHS) measures. These were aptly articulated in the contractor's terms of reference and listed as part of the elements they quoted for in the Bills of Quantities. The contractors were mandatorily required to enlist ESHS specialists as part of their key experts. This was in part intended to ensure that construction activities did not degrade or distort natural environmental conditions in the schools.

4.1. Sustainability strategy and profile

The National Environmental Management Authority (NEMA) Regulations were adopted as policy guidelines for ensuring environmental sustainability in the project. In this regard the project provided Environmental and Social Impact Assessment (ESIA) Reports (per school) which were approved by NEMA.

4.2. Environmental performance

In keeping with the requirements, Environmental and Social Impact Assessments (ESIAs) were carried out in all the 68 schools where constructions were to take place. The ESIA Reports were approved before commencement of the works. In each of the 21 Lots, the respective contractors had Environmental and Social Management Plans (ESMPs) which they were implementing under the supervision of the Design and Construction Supervision Consultants.

4.3. Employee welfare

With regard to safety at the project sites the Directorate of Occupational Health and Safety Services (DOSHS) measures for prevention or mitigation of effects of accidents in construction sites were in force under the project. In addition project implementation arrangements were aligned to ensure observance of Labour Laws and adherence to the Work Injury Benefits Act (WIBA).

Prior to commencement of works, contractors were sensitized to ensure inclusion by equitably hiring both men and women and the vulnerable groups from the community in the County. The sensitization also included legal requirements pertaining to the Occupational Safety and Health Act of 2007 (OSHA) and WIBA.

School Managements empowered to perform monitoring and supervisory roles within their jurisdictions.

The Contractors were expected to train their personnel and ensure morning toolbox talks on each day before commencement of site activities. The training of workers included sensitization on reporting channels. Adherence to regulations and legal requirements was supervised by the Design and Construction Supervision Consultants.

4.4. Marketplace practices-

a) Responsible Supply chain and supplier relations

The Organization ensures an open channel communication by posting any relevant information to suppliers through the official website. In addition, in case of complex tenders the organization normally organizes a pre-bid meeting to share information with prospective bidders. In regard to implementing signed contracts the organization has a unit of officers overseeing contract management which ensures timely delivery and payment of suppliers in accordance with the contract.

b) Responsible ethical practices

The organization is guided by core procurement principles which guide the procurement namely; Value for money, Economy, Integrity, Fit for purpose, Efficiency, Transparency and Fairness. In this regard Open competitive approach to market is the Organizations preferred approach as it provides all eligible prospective competitors/bidders with timely and adequate advertisement of our opportunities.

c) Regulatory impact assessment

The organization as guided by the Core Procurement Principle on fairness and transparency, all opportunities are placed in the widely circulated dailies, posted in the organization official website.

4.5. Community Engagements

The community was engaged in a number of aspects during implementation of the project. These included; social assessments, project launch, contracting of casual labourers and dissemination of reports. In addition, contractors were encouraged to procure locally available materials in accordance with the specifications. Major engagements took place at Sub-County/Constituency level. For example; after monitoring of projects sites, the reports were disseminated to stakeholders in each of the four constituencies in the second week of April, 2025.

5. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The Principal Secretary for the State Department for Basic Education and the **Project Coordinator** 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 the financial year ended on 30 June 2025.

This responsibility includes (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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 (v) Making accounting estimates that are reasonable in the circumstances.

The Principal Secretary for the State Department for Basic Education and the **Project Coordinator** accept responsibility for the Project's financial statements, which have been prepared on the accrual basis method of financial reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

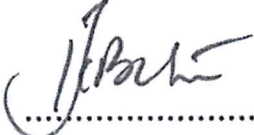
The Principal Secretary for the State Department for Basic Education and the **Project Coordinator** are of the opinion that the Project's financial statements give a true and fair view of the state of the Project's transactions during the financial year ended **30 June ,2025** and of the Project's financial position as at that date. **The Principal Secretary** for the State Department for Basic Education and the **Project Coordinator** 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 and the adequacy of the systems of internal financial control.

The Principal Secretary for the State Department for Basic Education and the **Project Coordinator** 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 under audit were used for the eligible purposes for which they were intended and were properly accounted for.

*Development of Schools Infrastructure in Nyamira County Project
Annual Report and Financial Statements for the financial year ended 30 June, 2025*

Approval of the Project Financial Statements

The Project financial statements were approved by **The Principal Secretary** for the State Department for Basic of Education for the and the **Project Coordinator** on 29/9/ 2025 and signed by:



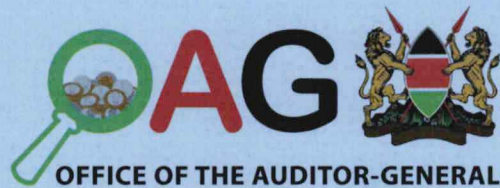
.....
Name: Amb. (Prof.) Julius K. Bitok, CBS
Principal Secretary



.....
Name: John Ongosi
National Project Coordinator

REPUBLIC OF KENYA

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Anniversary Towers
Monrovia Street
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NAIROBI

Enhancing Accountability

REPORT OF THE AUDITOR-GENERAL ON DEVELOPMENT OF SCHOOLS INFRASTRUCTURE IN NYAMIRA COUNTY PROJECT, CREDIT NUMBER: KF LOAN 853 FOR THE YEAR ENDED 30 JUNE, 2025 – STATE DEPARTMENT FOR BASIC EDUCATION

PREAMBLE

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

- A. Report on 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 the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- 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, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities 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 Development of Schools Infrastructure in Nyamira County Project, Credit No. KF Loan 853 – State Department for

Report of the Auditor-General on Development of Schools Infrastructure in Nyamira County Project, Credit Number: KF Loan 853 for the year ended 30 June, 2025 - State Department for Basic Education

Basic Education set out on pages 1 to 23, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, 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 Development of Schools Infrastructure in Nyamira County Project, Credit No. KF Loan 853 as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with the Financing Agreement Credit No. KF Loan 853 between Kuwait Fund for Arab Economic Development and the Government of the Republic of Kenya dated 15 July, 2012 and the Public Finance Management Act, 2012.

Basis for Opinion

Expired Performance Bank and Advance Payment Guarantees

The statement of financial position reflects contractors advance payments of Kshs.24,264,383 as disclosed in Note 11 to the financial statements. Included in the balance are advance payment guarantees for two contractors totalling Kshs.10,149,477. However, the guarantees had expired on 29 April, 2025 and 18 July, 2025 and had not been renewed contrary to Regulation 136(2c) of Public Procurement and Asset Disposal Regulations, 2020 which requires the head of procuring entity to ensure that the bank guarantee does not lapse unless the contractor has done a commensurate work or has supplied goods of equivalent value to the guarantee. Further, one of the contractors had failed to mobilize after receiving the advance payment amounting to Kshs.4,203,550.

Further, Management did not recover the advance payments from certified works of four contractors paid an amount Kshs.75,791,839 for. This was contrary to Regulation 136(2)(d) of the Public Procurement and Asset Disposal Regulations, 2020 which requires any payments made to the contractor to be done in a manner to reduce the advance payment progressively.

In the circumstances, Management was in breach of the law while the recoverability of the contractors' advance payments of Kshs.24,264,383 could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Development of School Infrastructure in Nyamira County Project, Credit No. KF Loan 853 Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing

audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.474,000,000 and Kshs.290,511,393 respectively, resulting to an under-funding of Kshs.183,488,607 or 39% of the budget.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matter described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Information

Conclusion

The Management is responsible for the Other Information set out on pages iii to xix which comprise Project Information and Overall Performance, Statement of Performance Against Project's Predetermined Objectives, Environmental and Sustainability Reporting and the Statement of Project Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

Basis for Conclusion

In connection with my audit on the Project financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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 effects of the matter described in the Basis for Conclusion on the 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

Stalled and Slow Progress of Works

The statement of financial performance, reflects certified works of Kshs.220,841,473. However, review of the documents provided for audit revealed that the project had a start date of 22 July, 2024 and an end date of 22 January, 2025 which was extended to 31 December, 2025. Further, the Project had a budget amount of Kshs.2,121,599,462, out of which only Kshs.303,639,393 had been utilized as at 30 June, 2025. Review of the project consultant status report for the period of May-June, 2025 revealed that implementation of project activities was at 30% as at 30 June, 2025 with only six (6) months left to project closure. The report further, showed that the consultant had certified works of Kshs.411,987,267 or 28% of the project contract sum of Kshs.1,479,095,475. According to the consultant report, nine (9) contractors were not on site, one (1) never mobilized after signing the contract, two (2) contractors had stalled projects while four (4) showed slow progress. Management did not indicate action taken to terminate contracts undertaken by contractors who never mobilized, or whose works were slow, contrary to Section 139(1)(b) of the Public Procurement and Asset Disposal Act, 2015 which provides that a procuring entity may terminate a procurement contract if the supplier or contractor "fails to meet the contractual obligations or does not perform as required".

In addition, the audit established that processing of payments to contractors took a minimum of three (3) months, thereby delaying implementation of activities and risking increased project cost and extended completion periods.

In the circumstances, value for money may not be achieved on Kshs.220,841,473 spent on the project. Further, the project may not be completed on time and attain its objectives. The audit was conducted in accordance with ISSAIs 3000 and 4000. The Standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, 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 governance were not effective.

Basis for Conclusion

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Conclusion

As required by the Kuwait Fund for Arab Economic Development I report based on my audit that 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:

- i. Information given in the Management report on pages iii to x is consistent with the financial statements;
- ii. Adequate accounting records have been kept by the Project, so far as appears from the examination of those records; and
- iii. The Project's financial statements are in agreement with the accounting records and returns.

Basis for Conclusion

The Kuwait Fund for Arab Economic Development requires that I report on the legal or regulatory requirements, or on performance information disclosed. These matters require expressing a separate opinion as to the Project's compliance with laws and regulations. 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 (Accrual

Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Project's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention 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 comply with the authorities which govern them and that public resources are applied in an effective way.

The Management is 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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment in order to give an assurance on the

effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

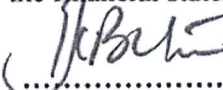
01 October, 2025

*Development of Schools Infrastructure in Nyamira County Project
Annual Report and Financial Statements for the financial year ended 30 June, 2025*


7. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025.

	Notes	2024-25 FY
		Kshs
Revenue		
Revenue Transfers	6	290,511,393
Total revenue		290,511,393
Expenses		
Use of goods and services	7	56,129,137
Certified Works	8	220,841,473
Total expenses		276,970,610
Surplus		13,540,784

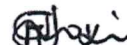
The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements.



**Name: Amb. (Prof.) Julius
K. Bitok, CBS
Principal Secretary**



**Name: John Ongosi
Project Coordinator**




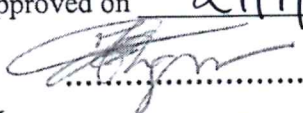
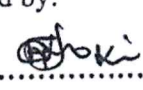
**Name: Grace Njoki
Project Accountant
ICPAK Member No:8829**

*Development of Schools Infrastructure in Nyamira County Project
Annual Report and Financial Statements for the financial year ended 30 June, 2025*

8. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE, 2025

	Note	2024-25FY	1 st July 2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	9	6,098,840	-
Receivables	10	616,000	-
Contractors Advance payments	11	24,264,383	-
Total Current Assets		30,979,223	-
Non-Current Assets			
		-	-
Total Non- Current Assets		-	-
Total Assets (a)		30,979,223	-
Liabilities			
Current Liabilities			
Trade and Other Payables	12	17,438,441	-
Total Current Liabilities		17,438,441	-
Total Liabilities (b)		17,438,441	-
Net Assets (a-b)		13,540,783	
Represented By:			
Accumulated Surplus		13,540,783	-
Total Net Assets		13,540,783	-

The financial statements were approved on 29/9/ 2025 and signed by:

Name: Amb. (Prof.) Julius K. Bitok, CBS
 Principal Secretary

Name: John Ongosi
 Project Coordinator

Name: Grace Njoki
 Project Accountant
 ICPAK Member No:8829

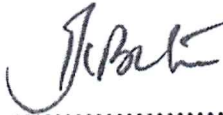
Development of Schools Infrastructure in Nyamira County Project
Annual Report and Financial Statements for the financial year ended 30 June, 2025

9. STATEMENT OF CHANGES IN NET ASSETS

Description	Accumulated Surplus/Deficit
	Kshs
As at 30 June, 2024 (Cash Basis)	-
Adjustments: (to recognize assets and liabilities)	-
As at 1 st July 2024	-
Surplus/(Deficit) for the year	13,540,784
As at 30 June, 2025	13,540,784

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

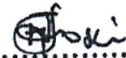
The financial statements were approved on 29/9/ 2025 and signed by:



.....
Name: Amb. (Prof.) Julius K. Bitok, CBS
Principal Secretary



.....
Name: John Ongosi
Project Coordinator



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

10. STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30 JUNE, 2025

Description	Note	2024-25 FY Kshs
Cashflow from operating activities		
Receipts		
Revenue Transfers		38,322,173
Total receipts		38,322,173
Payments		
Use of goods and services		(8,058,696)
Certified Works		(23,548,636)
Transfers to other Government Entities		(616,000)
Total payments		(32,223,332)
Net cash flow from operating activities		6,098,840
Cashflow from investing activities		
Net cash flows from investing activities		-
Cash flow from financing activities		
Net cash flow from financing activities		-
Net increase/Decrease in cash and cash equivalents		6,098,840
Cash and cash equivalent at 1st July 2024		-
Cash and cash equivalent at end June 2025	9	6,098,840

*Development of Schools Infrastructure in Nyamira County Project
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11. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE, 2025

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	A	b	c=a+b	D	e=c-d	f=d/c %
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue Transfers – GoK	74,000,000	-	74,000,000	38,322,173	38,448,786	52%
Revenue Transfers – AIA	679,000,000	279,000,000	400,000,000	252,189,220	147,810,780	63%
Total Revenue	753,000,000	279,000,000	474,000,000	290,511,393	183,488,607	61%
Payments						
Use of goods and services				38,690,696		
Certified Works				245,105,856		
Total Payments	753,000,000	279,000,000	474,000,000	283,796,552	197,029,390	60%
Surplus or Deficit				6,714,841		

Budget notes:

- 1. The overall under absorption of budget is due to the Lengthy procedures of processing payments as the 'payments are made in Kuwait.*
- 2. The changes between the original and final budget is due to budget cuts experienced during the supplementary estimates.*

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	6,714,841
1	Reason for differences	
2	Reason for differences	-
3	Reason for differences	-
4	Reason for differences	-
	Closing Cash and Cash Equivalent as per the statement of Cash flows	6,714,841

12. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

The entity is established by and derives its authority and accountability from PFM Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to enhance access, retention, transition and equity in Education.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with the Public Finance Management Act, 2012 and with the International Public Sector Accounting Standards (IPSAS).

Guiding note during the transition period:

The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS), or the entity has taken advantage of the transitional provisions under IPSAS 33, and therefore these 1st/ 2nd/ 3rd/year financial statements are transitional financial statements and the following elements of the financial statements have not been recognized as the entity has taken advantage of the transition provisions outlined in IPSAS 33. (entity to state the transitional provisions it has applied and the steps being towards full compliance with IPSAS Accrual).

These financial statements were authorized for issue by the accounting officer on **30 August, 2025**.

3. Adoption of New and Revised Standards

- i) ***New and amended standards and interpretations in issue effective in the year ended 30 June 2025.***

Standard	Effective date and impact:
IPSAS 43	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and	<i>Applicable 1st January 2025</i> The Standard requires,

***Development of Schools Infrastructure in Nyamira County Project
Annual Report and Financial Statements for the financial year ended 30 June, 2025***

Standard	Effective date and impact:
Discontinued Operations	<p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure asset</p>
IPSAS 46 Measurement	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>

***Development of Schools Infrastructure in Nyamira County Project
Annual Report and Financial Statements for the financial year ended 30 June, 2025***

ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June, 2025

Standard	Effective date and impact
IPSAS 47- Revenue	<i>Applicable 1st January 2026</i> This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.
IPSAS 48- Transfer Expenses	<i>Applicable 1st January 2026</i> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49- Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.

iii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year .

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that have been acquired using such funds.

ii) Revenue from exchange transactions

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

b) Budget information

The original budget for FY 2024/25 was approved and subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals to conclude the final budget. Accordingly, the entity recorded reduction in appropriations of **Ksh.279,000,000** in the FY 2024/25. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 5 under section 11 of these financial statements.

c) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition or construction of the item of property appropriately according to the acronyms you use in your financial statements plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus, or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Notes to the financial statements

d) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

e) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

f) Research and development costs

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

- The technical feasibility of completing the asset so that the asset will be available for use or sale.
- Its intention to complete and its ability to use or sell the asset.
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset.
- The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

Notes to the financial statements

g) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate).* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity, or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made an irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Notes to the financial statements

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year-end.

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss .

Financial liabilities

Classification

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

h) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method.
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Notes to the financial statements

Inventories (Continued)

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the *Entity*.

i) Provisions

Provisions are recognized when the *Entity* has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the *Entity* expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

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.

Contingent assets

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

j) Nature and purpose of reserves

The *Entity* creates and maintains reserves in terms of specific requirements. (*Entity to state the reserves maintained and appropriate policies adopted*).

k) Changes in accounting policies and estimates

The *Entity* recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

***Development of Schools Infrastructure in Nyamira County Project
Annual Report and Financial Statements for the financial year ended 30 June, 2025***

Notes to the financial statements

l) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

m) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

n) 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.

o) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025.

Notes to the financial statements

5. Significant judgments and sources of estimation uncertainty

The preparation of the *Entity's* financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the *Entity*.
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the asset.
- Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

(Include provisions applicable for your organisation e.g. provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).

*Development of Schools Infrastructure in Nyamira County Project
Annual Report and Financial Statements for the financial year ended 30 June, 2025*

Notes to the financial statements

6. Revenue Transfers

Description	2024/25 FY
	KShs
Unconditional Transfers	
GoK Counter Part funding	38,322,173
Transfers from Development partners	252,189,220
Total Unconditional Transfers	290,511,393

a) Details to Revenue Transfers

Name of The Entity Transferring	Amount recognized to Statement of Financial performance	Amount deferred under deferred income.	Amount moved to Capital fund	Total transfers 2024/25 FY
	Kshs	Kshs	Kshs	Kshs
GOK Funding	38,322,173	-	-	38,322,173
KFAED Loan	252,189,220	-	-	252,189,220
Total	290,511,393	-	-	290,511,393

**Development of Schools Infrastructure in Nyamira County Project
Annual Report and Financial Statements for the financial year ended 30 June, 2025**

Notes to the financial statements

7. Use of Goods and Services

Description	FY 2024/25
	Kshs
Communication, supplies and services	52,527
Domestic travel and subsistence	7,815,300
Fuel and lubricants	770,651
Hospitality supplies and services	738,500
Consultancy Services	46,385,600
Advertising	366,559
Total	56,129,137

8. Certified Works

Description	FY 2024/25
	Kshs
Construction of Classrooms –AIA	197,292,837
Construction of Classrooms –GOK	23,548,636
Total	220,841,473

9. Cash and Cash Equivalents

Description	2024/25 FY	1 st July 2024
	Kshs	Kshs
Cash in Bank	6,098,840	-
Cash on hand	-	-
<i>Others (Specify)</i>	-	-
Total Cash and Cash Equivalents	6,098,840	-

*Development of Schools Infrastructure in Nyamira County Project
Annual Report and Financial Statements for the financial year ended 30 June, 2025*

Notes to the financial statements

Project Bank Accounts

Details	2024/25 FY	1 st July 2024
	Kshs	Kshs
Local Currency Accounts		
Central Bank of Kenya A/C NO. 1000740698	6,098,840	-
Total bank account balances	6,098,840	-

10. Receivables

Description	2024/25FY	1 st July 2024
	Kshs	Kshs
AIE – CDE Nyamira	616,000	-
Total Receivables	616,000	-

Ageing analysis for Receivables

Description	2024- 25 FY		1 st July 2024	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	616,000	100%	-	-
Between 1- 2 years	-	-	-	-
Between 2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total	616,000	100%	-	100%

11. Contractors Advance payments

Description	2024-25 FY	1 st July 2024
	Kshs	Kshs
10% advance payment to contractors	24,264,383	-
Total	24,264,383	-

*Details of contractors advance payments are provided under Annex 3 of the financial statements.

*Development of Schools Infrastructure in Nyamira County Project
Annual Report and Financial Statements for the financial year ended 30 June, 2025*

12. Trade and Other Payables

Description	2024-25 FY	1 st July 2024
	Kshs	Kshs
Trade payables	13,494,559	-
Other payables	3,943,882	-
Total	17,438,441	-

Ageing analysis for Trade and other payables

Ageing analysis: (Trade and other payables)	2024-25 FY	% of the Total	Comparative FY	% of the Total
Under one year	17,438,441	100%	-	-
1-2 years	-	-	-	-
2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total	17,438,441	100%	-	-

*The amount relates to the payments made through the Main Development Account before the opening of Nyamira Project Account amounting to Kshs. 3,943,882 and pending bills amounting to Kshs.13,494,559. This is attached as ANNEX 2 of this financial Statement.

*Development of Schools Infrastructure in Nyamira County Project
Annual Report and Financial Statements for the financial year ended 30 June, 2025*

Notes to the financial statements

12. Third-Party Deposits

Description	2024-25 FY		1 st July 2024	
	Kshs		Kshs	
Contractor's Retention	2,192,543		-	
			-	
Total deposits	2,192,543		-	
Ageing analysis: (Refundable deposits)	2024-25 FY	% of the Total	Comparative FY	% of the Total
Under one year	2,192,543	100%	-	-
1-2 years	-	-	-	%
2-3 years	-	-	-	%
Over 3 years	-	-	-	%
Total	2,192,543	100%	-	

***The third –party deposits relates to the retention money held in the main deposit account of the Ministry. Details of Third Party Deposits is disclosed under Annex 4 of this Financial Statements.**

Notes to the financial statements

13. Special Deposit Accounts

The Project has no special Account.

14. Related party disclosures

Nature of related party relationships

Entities and other parties related to the *Entity* include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

Government of Kenya

The Government of Kenya is the principal shareholder of the *Entity*, holding 100% of the *Entity's* equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Entity, both domestic and external.

15. Events after the Reporting Period

There were no material adjusting and non-adjusting events after the reporting period.

13. Currency

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs.

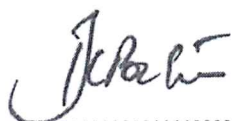
*Development of Schools Infrastructure in Nyamira County Project
Annual Report and Financial Statements for the financial year ended 30 June, 2025*

13. ANNEXES

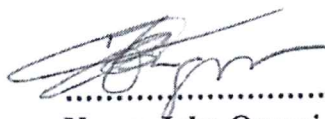
Annex 1: Prior Year Auditor-General's Recommendations

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

*The project is preparing the financial statements for the first year hence no prior year auditor's recommendations



.....
Name: Amb. (Prof.) Julius K. Bitok, CBS
Principal Secretary



.....
Name: John Ongosi
Project Coordinator

*Development of Schools Infrastructure in Nyamira County Project
Annual Report and Financial Statements for the financial year ended 30 June, 2025*

Annex 2. Trade and other payables

a. Trade payables

S/NO.	DETAILS	AMOUNT (Kshs)
1.	Al-Habshi Engineering Consultant- fee note 1	6,564,000
2.	Al-Habshi Engineering Consultant- fee note 2	6,564,000
3.	Government Advertising Agency	366,559
	Total	13,494,559

b. Other payables

S/NO	DETAILS	AMOUNT(Kshs)
1	Godfrey Kieti	18,105
2	Justus Mwanza	31,500
3	Justus Mwanza	36,000
4	Godfrey Kieti	31,500
5	Fred Onsongo	31,500
6	Sarah Obwocha	31,500
7	George Ndolo	31,500
8	Edward Yegon	31,500
9	Mwanaisha Shaban	33,600
10	Paul Mutua	33,600
11	Meshak Otweka	33,600
12	Carolyne Njeri	33,600
13	Andrew Karari	37,800
14	Kezziah Muthara	42,000
15	Grace Njoki	42,000
16	Gilbert Oloo	42,000
17	Mwangi Kiragu	42,000
18	Julia Omollo	56,000
19	Paul Mutua	56,000
20	Meshak Ontweka	56,000
21	Roseline Ndambiri	56,000
22	Mwanaisha Shaban	56,000
23	Carolyne Njeri	56,000

***Development of Schools Infrastructure in Nyamira County Project
Annual Report and Financial Statements for the financial year ended 30 June, 2025***

24	Mark Fande	70,000
25	Gilbert Oloo	70,000
26	Grace Njoki	70,000
27	Olipa Nyairo	70,000
28	Peter Kamau	70,000
29	Kezziah Muthara	70,000
30	John ongosi	84,000
31	John Ongosi	118,200
32	John Ongosi	39,350
33	John Ongosi	100,800
34	Sarah Obwocha	18,900
35	Evans Wandera	15,000
36	Evans Wandera	63,000
37	Geoffrey Kieti	15,000
38	Geoffrey Kieti	63,000
39	Leah Wamae	63,000
40	Harrison Bett	63,000
41	Fredrick Ntanguri	63,000
42	Roseline Wangechi	112,000
43	Paul Mutua	112,000
44	Elijah Kinyua	112,000
45	Sammy Simatwo	112,000
46	Mwanaisha Shaban	112,000
47	Dennis Rembere	112,000
48	Jennifer Waiganjo	112,000
49	Faith Kanana	140,000
50	Mark Fande	140,000
51	Dr. Sugut	168,000
52	John Ongosi	168,000
53	Mwanaisha Shaban	52,527
54	Hilder Kaaria	151,200
55	Jane Mbugua	151,200
56	Justus Mwanza	15,000

*Development of Schools Infrastructure in Nyamira County Project
Annual Report and Financial Statements for the financial year ended 30 June, 2025*

57	Justus Mwanza	56,700
58	Edward Yegon	15,000
59	Edward Yegon	56,700
	Total	3,943,882

Annex 3: Contractors Advance Payments

S/NO	DETAILS	AMOUNT (Kshs)
1.	Skynet Holdings	4,203,550
2.	Samima Holdings	7,438,920
3.	Rhamu Dimtu	5,945,927
4.	Lexpire Kenya Ltd	6,675,985
	Total	24,264,383


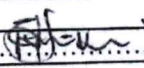
*Development of Schools Infrastructure in Nyamira County Project
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Annex 4: Third Party Deposits.

S/NO	CONTRACTOR	MR NO	AMOUNT	DATE
1	SKYNET HOLDINGS	D 5109001	43,708.45	2/4/2025
2	ASTRONEA CONST LTD	D 5109002	48,815.05	2/4/2025
3	QUACY PROJECT	D 5109003	57,956.85	2/4/2025
4	LAXMINARAN BUILDING LTD	D 5109004	65,903.40	2/4/2025
5	GRENSTON BUILDING LTD	D 5109005	71,347.05	2/4/2025
6	BITUAN SOLUTIONS LTD	D 5109006	92,290.85	2/4/2025
7	RHAMU DIMTU	D 5109007	95,903.60	2/4/2025
8	ROPI ROPI VENTURES	D 5109008	103,478.95	2/4/2025
9	FLOLLIZ CONTRACTORS	D 5109009	111,369.65	2/4/2025
10	ECCENTRIC INVEST. LTD	D 5109010	129,585.35	2/4/2025
11	SAMIMA INVEST LTD	D 5109011	129,661.80	2/4/2025
12	ARCAD LTD	D 5109012	138,860.95	2/4/2025
13	PASSIVE ENGINEERING LTD	D 5109013	173,117.05	2/4/2025
14	STROIKA CONTRACTORS	D 5109014	176,061.80	2/4/2025
15	DUAL DELUXE DEALING	D 5109015	179,261.70	2/4/2025
16	NYAKWESI ENTERPRISES LTD	D 5109016	28,791.70	16/4/2025
17	ECCENTRIC INVEST. LTD	D 5109017	145,995.85	7/5/2025
18	ARCAD LTD	D 5109018	67,827.95	15/5/2025
19	ROPI ROPI VENTURES	D 5109019	82,340.60	15/5/2025
20	LEXPIRE KENYA LTD	D 5109020	91,058.05	15/5/2025
21	STROIKA CONTRACTORS	D 5109021	159,206.10	15/5/25
	TOTAL		2,192,542.75	

Annex 5. Support Documents

- i. Bank Reconciliations statement as at 30 June ,2025
- ii. Board of Survey Report

	REPUBLIC OF KENYA			
MINISTRY OF EDUCATION				
STATE DEPARTMENT FOR EARLY LEARNING AND BASIC				
BANK RECONCILIATION				
AS AT 30/06/2025				
DEV OF SCHOOL INFRASTR IN NYAMIRA				
BANK:	CBK	HARAMBEE	AVENUE	
AC/NO 1000740698		AMOUNT	AMOUNT	AMOUNT
		kshs	kshs	
Balance as per Bank Certificate.....				3,912,920.95
Less.....				
1. Payments in the Cash Book not yet recorded in the Bank Statement (Unpresented Cheques).....		4,376,210.90		
2. Receipts in the Bank Statements not yet recorded in Cash Book.....		0.00	4,376,210.90	4,376,210.90
Add.....				
3. Payments in the Bank Statement Not yet recorded in the Cash Book.....		0.00		
4. Receipts in the Cash Book not yet recorded in the Bank Statement.....		6,562,130.00	6,562,130.00	6,562,130.00
BANK BALANCE AS PER CASH BOOK				6,098,840.05
I certify that I have verified the Bank Balance in the Cash Book with the the Bank Statement and that the above Reconciliation is correct.				
PREPARED BY: Francis Masp.....				
signature....				
CHECKED BY: GRACE NDIKI.....				
signature.....				

PAYMENTS IN CASHBOOK NOT IN BANK STATEMENT				
AT 30/6/2025				
DATE	PAYEE	V/NO	AMOUNT	REMARKS
28/6/2025	Millicent Swanya	139	44,800.00	
28/6/2025	Godfrey Kieti	140	25,200.00	
28/6/2025	Leah Kariuki	141	44,800.00	
28/6/2025	Nyakwesi	143	397,983.00	
28/6/2025	Rhamu Dimtu	144	1,225,227.90	
28/6/2025	Commissioner of Domestic taxes	145	2,625,600.00	
29/6/2025	Reuben Baraka	180	12,600.00	
	TOTAL		4,376,210.90	

RECEIPTS IN THE CASH BOOK NOT IN BANK				
AS AT 30/06/2025				
DATE	DETAILS	V/NO	AMOUNT	REMARKS
28/6/2025	Exchequer Reciepts	Folio 10	3,936,530.00	
29/6/2025	Exchequer Reciepts	Folio 12	2,625,600.00	
	Total		6,562,130.00	

				PV 00008354			
20	19/06/2025	19/06/2025	FT251706LK7Z	Outward RTGS Payment MT 103	949,714.05	0.00	4,101,720.95
				0670000166			
				STATE DEPT FOR BASIC EDUCATION:999999			
				FLOLIZZ CONTRACTORS LIMITED			
				0670000166			
				PV 00005969/1			
21	25/06/2025	25/06/2025	FT25176R19S8	Outward RTGS Payment MT 103	88,000.00	0.00	4,013,720.95
				0670000168			
				STATE DEPT FOR BASIC EDUCATION:999999			
				GRACE WANJIKU NJOKI			
				0670000168			
				PV 00009944			
22	25/06/2025	25/06/2025	FT25176BGNB4	Outward RTGS Payment MT 103	100,800.00	0.00	3,912,920.95
				0670000167			
				STATE DEPT FOR BASIC EDUCATION:999999			
				FLORENCE AMOIT			

				0670000167			
				IMP5720269/1			
Totals					3,017,785.05	33,600.00	
Closing Balance						3,912,920.95	

Date...01.07.2025.....

Report of the Board of Survey on the Cash and Bank Balances of **SCHOOL INFRASTRUCTURE IN NYAMIRA COUNTY PROJECT**..... as at the close of Business on 30th June, 2025.

The Board, consisting of *(Names and official titles)*

1. Chairman - CARILUS ATENG OGWEL ADE
2. Member - Rosehyne Wairagu DTC
3. Member - Joseph Nguni FO

Assembled at the office of the..... *(time)* on the..... and the following cash was produced:-

Notes	Sh.
Silver	Sh.....
Copper.....	Sh
Cheques (as per details on reverse)	Sh.
Total	Sh.....

It was observed that cheques amounting to Sh.....cts.....had been on hand for more than 14 days prior to the date of the survey. The cash consists of Kenya currency and does not contain any demonetized coin or notes.

The Cash Book reflected the following balances as at the close of business on the **30th June 2025**.

Cash on hand	Sh.NIL.....
Bank Balance	Sh.....6,098,840.05.....
TOTAL	Sh.....6,098,840.05.....

The Bank Certificate of Balance showed a sum of **Kshs.3,912,920.95**..... Standing to the credit of the account on**30.06.2025**.....

The difference between this figure and the Bank Balance as shown by the Cash Book is accounted for in the Bank Reconciliation Statement (F.O.30) attached.

Carilus Ateng Ogwel Ade 01/07/2025
Chairman

Date 01/07/2025

Rosehyne Wairagu DTC
Member of the Board

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