

REPUBLIC OF KENYA



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REPORT

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DATE: 14 OCT 2025

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TUESDAY

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BY:

DEPUTY MAJORITY LEADER

HON. OWEN BATA

PRESENT AT
THE TABLE:

A. SHIBUKO

SECONDARY EDUCATION QUALITY
IMPROVEMENT PROJECT

(CREDIT NO.6138-KE)

FOR THE YEAR ENDED

30 JUNE, 2025

STATE DEPARTMENT FOR BASIC EDUCATION



YOMPIA RAHAYATI M. FITRI

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**PROJECT NAME: SECONDARY EDUCATION QUALITY IMPROVEMENT
PROJECT**

IMPLEMENTING ENTITY: STATE DEPARTMENT FOR BASIC EDUCATION

PROJECT GRANT/CREDIT NUMBER: 6138-KE

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)**

Secondary Education Quality Improvement Project
Annual Report and Financial Statements for the financial year ended 30 June, 2025

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Acronyms and Definition of Terms

AIE	Authority to Incur Expenditure
CBK	Central Bank of Kenya
CEMASTEА	Centre for Mathematics Science and Technology in Africa
Comparative FY	Financial year preceding the current financial year
CPA	Certified Public Accountant
GoK	Government of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IMF	International Monetary Fund
IPF	Investment Project Financing
IPSAS	International Public Sector Accounting Standards
JKF	Jomo Kenyatta Foundation
KICD	Kenya Institute of Curriculum Development
KNEC	Kenya National Examination Council
NT	National Treasury
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
RBF	Results based Financing
SDBE	State Department for Basic Education
SEQIP	Secondary Education Quality Improvement Project
TSC	Teachers Service Commission
WB	World Bank

2. PROJECT INFORMATION AND OVERALL PERFORMANCE

2.1 Name and registered office

Name

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

Objective

The key objective of the project is to Improve Student Learning and Transition from primary to Secondary Education in the targeted areas

Address

The address of its registered office is:

**Jogoo House B
Harambee Avenue
Nairobi.**

Contacts:

The following are the project contacts

Telephone: (254) 02318581

E-mail: [ps@education .go.ke](mailto:ps@education.go.ke)

Website: www.education.go.ke

Project information and overall performance (continued)

2.2 Project Information

Project Start Date:	27/9/2017
Project End Date:	31/12/2024
Project Coordinator:	Ms Jane Mbugua
Project Sponsor:	International Development Association (IDA)

2.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of the Ministry of Education, State Department for Basic Education.
Credit Number	6138-KE
Strategic goals of the project	The project activities are aligned with the Government strategic objective of providing quality basic education for Kenya's sustainable development.
Summary of Project Strategies for achievement of strategic goals	The project management aims to achieve the goals through the following means: <ul style="list-style-type: none"> (i) Average student test score in science subjects at form 2 at public schools in target sub counties. (ii) Average student test score in mathematics at form 2 at public schools in target sub counties Average student test score (iii) Transition rate from primary to secondary schools in targeted sub- counties.
Other important background information of the project	The project is being implemented in 7,852 primary schools and 2,147 secondary schools from 135 sub counties in 30 counties in vulnerable and marginalized areas. The project is being implemented by the Ministry of Education, State department for Basic Education as the main implementing partner in collaboration with Teachers Service Commission (TSC), Kenya Institute of Curriculum Development (KICD), Kenya National Examination Council (KNEC) and Centre for Mathematics, Science and Technology Education in Africa (CEMASTEAs).

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Areas that the project was formed to intervene	The project was formed to intervene in the following areas: (i) Improving quality of teaching in targeted areas (ii) Improving retention in upper primary school and transition to secondary school in targeted areas. (iii) System reforms support.
Project duration	7 Years (27 th September 2017 to 31 st December 2024)

Project Information and Overall Performance (Continued)

2.4 The following are the bankers for the project:

(i) Local currency Accounts

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

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

(c) Equity Bank – Account No. 0810283759770
Equity centre,
P.O BOX 75104 – 00200
Nairobi, Kenya.

(ii) Foreign Currency Accounts

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

(b) Central Bank of Kenya – Account No.1000368427
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**

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2.6 Roles and Responsibilities

Names	Title designation	Key qualification	Responsibilities	Contact Information
Elijah Mungai	Director Project Coordination and Delivery	Master in Education	Providing Leadership in project coordination and Delivery	Mobile: 0722 446 226 Email:ekarismungai2@gmail.com
Jane Mbugua	Director Education (National Project Coordinator)	Master in planning and Economics	Project Manager	Mobile: 0723 925 251 Email:janmbug@gmail.com
Grace Njoki	Principal Accountant	CPA (K) ,BCOM, MSC Finance	Project Accountant	Mobile: 0723 316 840 Email: gracewanjiku@ymail.com
John Ongosi	Director Education	Master in Education	Lead for component 2 (Improving retention in upper primary and transition school in targeted areas)	Mobile: 0722 724126 Email: ongosijohn@gmail.com
Abednego Kamandi	Deputy Director Education	Master in Education	Lead for Component 3 (System reform support)	Mobile: 0727 444 645 Email: abednegokamandi5@gmail.com
Kezziah Muthara	Deputy Director Education	Master in Education	Lead for Component 4 (Project management, coordination, and monitoring and evaluation.	Mobile: 0725 881 168 Email:kezziahmuthara@gmail.com

2.7 Funding summary

The Project is for duration of seven (7) years from 2017 to 2024 with an approved budget of Euros 175.5 Million equivalent to Kshs. 20 billion. The project is jointly implemented by the State Department for Basic Education (SDBE) and the Teachers Service commission (TSC)

The allocation between the implementing partners is Euros 155,320,000 (Kshs. 17,700,284,900) for SDBE and Euros 20,180,000 (Kshs.2,299,715,100) for TSC .

The Funding summary for the project's components implemented at the SDBE is as below:

:

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Project information and overall performance (continued)

Below is the funding summary:

A. Source of Funds

Source of funds	Development Partner Commitment		Amount received to date – (30 June, 2025)		Undrawn balance to date	
	Development Partner currency (Euros)	Kshs	Development Partner currency (Euros)	Kshs	Development Partner currency (Euros)	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A') - (B')
(i) Loan						
International Development Association (IDA)	155,320,000	17,700,284,900	144,591,773	18,031,938,342	NIL	NIL
Total	155,320,000	17,700,284,900	144,591,773	18,031,938,342	NIL	NIL

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 (Euros)	Kshs	Development Partner currency (Euros)	Kshs	Development Partner currency (Euros)	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Loan						
International Development Association	144,591,773	18,031,938,342	117,419,460	18,008,002,970	849,204	129,474,621
Total	144,591,773	18,031,938,342	117,419,460	18,008,002,970	849,204	129,474,621

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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

During the year under review, the project received **Kshs. 236,658,374** against the cumulative Expenditure of **Kshs. 1,603,724,317**. The Project had opening balances amounting to **Kshs. 1,417,191,424** and an additional deposits to the account of **ksks. 79,349,140**, which was utilised against the allocated budget. The cumulative absorption rate to date is 76%.

ii) Physical progress based on outputs and outcomes since project commencement,

Objective	Project Outcome	Outputs
To Improve Quality of Education in the targeted areas	Reduced Science, Mathematics and English Teacher Shortages in Targeted Sub Counties	<ul style="list-style-type: none"> ● Teacher shortage has reduced by 4,734 in Science, Mathematics and English subjects. ● A total of 1,300 recruited and deployed in primary schools ● A total of 3,434 recruited and deployed in secondary schools ● Live streaming of lessons being conducted in 32 principal schools and 160 satellite schools.
	Pedagogical Content Knowledge (PCK) of Teachers Teaching Mathematics, Science and English Enhanced	<ul style="list-style-type: none"> ● Trained 51,950 SME teachers in 68 cluster centers. ● SBTSS operational in 6,500 primary schools and 2,000 secondary schools
	Improved Learner: textbook ratio in Science, English and Mathematics text books in Public Secondary (Form 1-4) and Primary Schools (Grades 7 and 8) and SNE Learners Support Enhanced through Instructional and Learning Materials	<ul style="list-style-type: none"> ● 2,254,782 Science, Mathematics and English Text Books distributed to Grades 7& 8 Learners in 7,852 primary schools ● 4,527,847 Science, Mathematics and English Text Books distributed to learners in 2,147 targeted secondary schools

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		<ul style="list-style-type: none"> • 82% and above schools are reporting a 1:1 textbook ratio • 3,529 learners with special needs and disabilities in the 3 categories (visual impairment, Physical Impairment and Hearing Impairment) have benefitted from provision of assistive devices.
Improving Retention In Upper Primary School And Transition To Secondary School In Targeted Areas	Improved School Learning environment	<ul style="list-style-type: none"> • The Design and Construction and Supervision Consultants hired • A needs Assessment for infrastructure conducted in about 3,000 Primary schools, 1,000 Secondary schools and 75 schools for learners with special needs. • The Environmental and Social Management plans developed and approved by both the World Bank and NEMA • Drawing and design for construction of classrooms, laboratories and sanitation facilities developed and approved by the Ministry of Public Works. • Progress of civil construction works stands at 83%. • A total of 800 (42.2%) sanitation facilities have been completed and handed over. • A total of 613 (58.2%) of classrooms have been completed and handed over as well as 384(44.5%). • Construction of the ultra- modern training facility at CEMASTE A is at 70%
	Increased Retention and Transition of Poor and Vulnerable Children in Upper Primary	<ul style="list-style-type: none"> • 7,990 out of Gender Champions in 7,582 in targeted primary schools • 220 Chiefs, 32 MOE/TSC National Staff and 224 Field Officers (MoE& TSC).

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		<ul style="list-style-type: none"> • Advocacy and community mobilisation conducted in 1,476 location in 135 Sub-counties across 30 Counties.
	Improved school attendance and retention of learners from poor households and vulnerable backgrounds in upper primary education	1,648,876 girls from the primary schools in the 135 Sub-Counties have been provided with Sanitary towels
	Enhanced Transition And Retention of Poor and Vulnerable Learners in Secondary Education	<p>Scholarships provided to 18,000 Elimu scholarship beneficiaries in two cohorts of 9,000 each.</p> <p>Cohort 1 of Elimu Scholarship beneficiaries sat for KCSE in 2023 and Cohort 2 in 2024</p>
To introduce and roll out CBC from grades 4-9	Curriculum for Grades 4 to 9 Attuned and Responsive to Social Economic Reality of Kenya in place	<ul style="list-style-type: none"> • Curriculum designs for Grades 4 to 6 developed • Draft Curriculum designs for Grades 7 to 9 developed • Curriculum designs for Grades 4 to 6 adapted for SNE learners • Curriculum designs for Grades 4 to 6 validated and approved • 70,000 grade 4 teachers trained on CBC • 70,000 teachers trained on CBC • Competency Based Curricula (CBC) rolled out in grades 4 and 5 • Curriculum support Materials approved and distributed to schools • CBC was rolled out in Grade 4 in 2020 and is currently in Grade 9
Strengthening of Monitoring Learner Achievement and National Examinations	Formative Assessment (CBA) System for Basic education Developed and Implemented	<p>CBA Frame work Developed</p> <ul style="list-style-type: none"> • Stakeholders sensitized on CBA • 70,000 grade 4 teachers trained on CBA • 70,000 teachers trained on CBA • All Grade 9 teachers have been retooled • Internet Security servers procured • NEC staff trained on internet security and item development. • Web- based portal for standardized items and uploading the scores established • National Assessments have been conducted (KPLEA, KPSEA, KILEA)

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To enhance evidence-based decision making	Improved Sector governance	<ul style="list-style-type: none"> • Prevalence of GBSV and policy framework prepared. • Baseline survey for high dropout rates for upper Primary grades 7 and 8 and Sub County Specific Advocacy Salient issues developed • Capacity Assessment of Jomo Kenyatta Foundation conducted on Coordinate Management and Regulation of scholarships. • Baseline, Midline and End line studies for SEQIP have been conducted.
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iii) Indicate the absorption rate for each year since the commencement of the project.

Financial Year	Approved Budget (Kshs)	Expenditure (Kshs)	% Absorption
2016/17	300,000,000	14,176,607	5%
2017/18	641,940,396	247,637,058	39%
2018/19	2,511,669,353	817,421,643	33%
2019/20	611,669,353	1,432,603,439	234%
2020/21	2,508,633,000	842,462,321	34%
2021/22	3,700,000,000	3,304,971,376	89%
2022/23	8,300,000,000	6,917,986,692	83%
2023/24	2,700,000,000	2,827,019,517	105%
2024/25	1,660,000,000	1,603,724,317	97%
	22,773,912,102	18,008,002,970	76% (Average)

iv) List the implementation challenges and recommend the next steps.

Challenges	Mitigation Measures
1. Teachers were not able to create remote learning due to limited basic digital literacy, and low/ lack of internet connectivity	1. Train the teachers on digital literacy
2. Stalled Projects	2. The Ministry is exploring internal solutions to address the gaps in the incomplete projects and will also seek to leverage additional partnerships to fill these gaps.

2.9 Summary of Project Compliance:

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

3. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETERMINED OBJECTIVES

The Project Development Objective was to improve Student learning in Secondary Education and transition from Primary to Secondary education. The project performance as at the project Closure 31st December, 2024 is as tabulated below

A. The Project Performance Learning Outcomes

Learning Outcomes	Indicators					
	Baseline		End line Actual		End Target	
	Overall	Girls	Overall	Girls	Overall	Girls
Average student test score in Science at Form 2	24.1	23.7	26.1	25.1	27.7	27.3
Biology	17.7	17.5	20.3	19.4	20.35	20.1
Physics	28.5	27.9	30.5	29.5	32.8	32.1
Chemistry	26	25.9	27.6	26.5	29.9	29.8
Average student test score in Mathematics at Form 2	23.4	22	21.7	20.7	25.3	26.9

B. The project performance: The Transition from Primary to Secondary Education

Transition	Indicators					
	Baseline		End line Actual		End Target	
	Overall	Girls	Overall	Girls	Overall	Girls
	77.2	74.9	87.56	88.44	86	83.4

The key development objectives of the project's agreement are to:

- a. Improve Quality of Teaching in the targeted areas
- b. Improve Retention in Upper Primary School and Transition to Secondary School in Targeted Areas.
- c. develop and roll out CBC from grades 4-9
- d. Strengthen Monitoring Learner Achievement and National Examinations
- e. enhance evidence-based decision making

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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. Attainment indicators are identified for reasons of tracking progress and performance measurement.

Below we provide the progress on attaining the stated objectives:

Project	Objective	Outcome	Indicator	Performance
Secondary Education Quality Improvement Project	To improve quality of education in the targeted areas	Reduced Science, Mathematics and English Teacher Shortages in Targeted Sub Counties	10% of new teacher posts, in addition to annual pro rata of teacher posts, recruited for schools with high shortages per the established baseline and on duty. The number of schools implementing Live streaming.	<ul style="list-style-type: none"> Teacher shortage has reduced by 4,734 in Science, Mathematics and English subjects. A total of 1,300 recruited and deployed in primary schools A total of 3,434 recruited and deployed in secondary schools Live streaming of lessons being conducted in 32 principal schools and 160 satellite schools.
		Pedagogical Content Knowledge (PCK) of Teachers Teaching Mathematics,	The number of SME teachers that have been exposed to the new pedagogical skills.	<ul style="list-style-type: none"> Trained 52,109 SME teachers in 68 cluster centers. SBTSS operational in 6,500 primary schools and

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Project	Objective	Outcome	Indicator	Performance
		Science and English Enhanced	The number of targeted primary and secondary schools in which SBTSS has been operationalized	2,000 secondary schools <ul style="list-style-type: none"> ● SBTSS operational in 2,000 primary schools and 500 secondary schools
		Improved Learner: textbook ratio in Science, English and Mathematics text books in Public Secondary (Form 1-4) and Primary Schools (Grades 7 and 8) and SNE Learners Support Enhanced through Instructional and Learning Materials	The percentage of schools reporting student-textbook ratio of 1:1 in science, mathematics, and English at grades 7 and 8 and Form 1 in targeted sub-counties The number assistive devices provided per category	<ul style="list-style-type: none"> ● 2,254,782 Science, Mathematics and English Text Books distributed to Grades 7& 8 Learners in 7,852 primary schools ● 4,527,847 Science, Mathematics and English Text Books distributed to to learners in 2,147 targeted secondary schools ● 85% and above schools are reporting a 1:1 textbook ratio ● 3,529 learners with special needs and disabilities in the 3

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Project	Objective	Outcome	Indicator	Performance
				categories (visual impairment, Physical Impairment and Hearing Impairment) have benefitted from provision of assistive devices
	To improve retention in upper primary school and transition to secondary school in targeted areas.	Improved retention of learners in Upper primary	The number of learners sitting for KCPE in the targeted areas	<ul style="list-style-type: none"> ● 2017-263,151 ● 2018- 277,817 ● 2019- 291,788 ● 2020-292,638 ● 2021-386,404 ● 2022-355,927 ● 2023-375,296
		Improved transition of learners from primary to secondary education	The transition rate of learners in the targeted areas	<ul style="list-style-type: none"> ● 2017-77.2% ● 2019-82.1% ● 2220-84.99% ● 2021-79.21% ● 2022-81.89% ● 2023-87.56%

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Summary Tables on attainment of strategic Objectives

Component 1 Performance Results

Indicator Name/Unit of Measure	Baseline	End Target	Actual End Line
No. of teachers recruited	0	3,500	4,734
No. of female teachers recruited	0	1,247	1,906
No. of male teachers recruited	0	2,253	2,828
No. of teachers trained	0	30,400	52,109
The proportion of schools reporting a student-textbook ratio of 1:1 in targeted sub-counties	0	80%	82%

Overall Summary Implementation Status of the Infrastructure Works

Targeted Areas	School Category	Facilities Description	Targeted Facilities	Completion Status			Percentage Completed
				Not commenced	Incomplete	Completed	
135 sub-counties in 30 counties	Secondary	Classrooms	1,056	33	375	648	61%
		Laboratories	863	37	404	422	49%
	Primary	Sanitation blocks	1,896	476	514	906	48%
		Water infrastructure	36	3	2	31	86%
Total			3,851	549	1,295	2,007	

Sub-Component 2.2 Performance Results

Indicator Name	Unit of Measure	Baseline	End Target	Actual End Line
Sub-component 2.2a: Advocacy, Gender Sensitization and Social Support				
1. Share of primary and secondary schools in targeted sub-counties with gender sensitization orientation conducted and with gender champions designated	%	0	80	93
2. Number of Grade-7 and -8 students receiving sanitary towels and advocacy and mentoring support	Number	0	1,100,000	1,648,876
Sub-component 2.2b: Scholarship and Mentorship				
3. Retention rate of student beneficiaries of scholarship and mentoring support	%	80	90	98.1

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Component 3: System Reforms Performance Results

Indicator Name	Unit of Measure	Baseline	End Target	Actual End Line
Phased roll-out of Competency-Based Curricula (CBC)	Text	0	Roll-out of CBC to Grade 7. Development of new CBC and support materials	Roll-out of CBC for grade 8 and development of curriculum designs up to grade 9 is completed
Establishment of a National Exam Web based-System	Yes/no	No	Yes	Achieved 100%

Component 4. PDO Performance Results

Indicator Name	Unit of Measure	Baseline	End Target	Actual End Line
Policy studies conducted	No.	0	2	3
Establishment and operationalization of Grievance Redressal mechanism	Percentage	0	80	100

4. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

SEQIP is aligned to the Government's aspirations as stipulated in the Kenya Country Partnership Strategy (2014–18) of building human capital by enhancing more learner's complete secondary education.

SEQIP will contribute directly to the twin goals of the World Bank's global strategy: ending extreme poverty and boosting shared prosperity in a sustainable manner.

SEQIP, in particular focuses on transformation of lives for the households in the most educationally and economically disadvantaged areas, by benefitting the poorest and most vulnerable children. Enhancing equity in provision of quality and relevant education is the Ministry's purpose; the driving force behind everything we do. It's what guides us to deliver our strategy. Below is a brief highlight of our activities that drive towards sustainability.

1. Sustainability strategy and profile

The Project is being implemented within the existing government structures to enhance strengthening of the system governance. The project has two Financing models

- (i) The traditional Investment Project Financing(IPF)
- (ii) Results Based Financing (RBF).

The Results- Based Financing model is aimed to support the Government in focusing her efforts on agreed program implementation progress and performance targets. This in turn will lead to a stronger and robust M&E system, improve planning and thus, more efficient allocation of resources. Moreover, lessons learnt on system support, process evaluations for continual adjustments and improvements, will be aligned with government reforms, for sustainability and possible scale-up of project initiatives.

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

- i. The Project enjoys political good will in that:
 - (a) Education is a high priority and
 - (b) There is a strong, steadfast commitment to addressing the acute and chronic deficiencies in school participation at the upper primary and secondary levels, as well as in the quality of service delivery.
- ii. The Government of Kenya led the design of SEQIP, ensuring that the design process is participatory with consultations with a range of internal and external stakeholders.
- iii. During implementation of SEQIP, the Management plans to continue its engagement with internal and external stakeholders, with proactive engagement on program status and performance as well as feedback gathering and redressal. This continuous engagement is likely to help build wide and deep ownership and consensus. Partnership with the private

sector in relevant activities, such as the scholarship program, where the private sector has the advantage of experience and an established management system, adds to implementation sustainability.

- iv. The substantial system reform support and evaluative work to continually improve processes and inform scale-up and policy options will provide a solid foundation for continued implementation of initiatives beyond the project. And
- v. The requirements in terms of additional government budgetary resources for SEQIP initiatives are expected to be minimal, as the initiatives are in line with the Government's education reform agenda.

SEQIP is aligned to the World Bank's Africa Development Strategy priority to accelerate the demographic transition and harness the demographic dividend through reducing extreme poverty and shared boosted prosperity. The Elimu Scholarship Programme aims at improving transition of learners from primary to Secondary education in the targeted Sub-Counties. Participation in secondary school is associated with lowered fertility; by enabling more girls in poor regions to attend secondary school, the project will contribute to this objective. However, the project targeted to benefit 18,000 learners in 2 cohorts of 9,000 learners each. There is therefore need for the government to avail funds to ensure continuity of this programme.

The school Based Teacher Support system has been designed to mirror the Shanghai model of in-service training for teachers. However, the model is only exposed to the teachers in both the primary and secondary education in the targeted areas who are bound to be transferred to other schools for various reasons.

2. Environmental performance

One of the major interventions under Component 2 of the project that is earmarked to improve retention of learners in primary schools and transition of learners from Primary to secondary education is improving school environment through construction of additional classrooms, science laboratories, and sanitation facilities. The implementation of these activities will result in potential environmental and social impacts; the impacts may be reversible, localized, and easily and cost-effectively mitigated. These interventions have triggered World Bank Safeguard Policies; OP/BP 4.01 Environmental Assessment; OP/BP 4.10 Indigenous Peoples and OP/BP 4.11 Physical Cultural Resources.

To this end, the Ministry of Education prepared both the Vulnerable and Marginalised Groups Framework (VMGF) and an Environmental and Social Management (ESMF) which set out the principles, rules, guidelines and procedures to assess the environmental and social impacts. The required supplementary safeguard instruments such as; ESIA's and ESMP's have been prepared. The contractors who will be engaged by the Ministry for the construction works are expected to comply all the environmental, health and safety aspects of the Project at the sub-projects level spelt out in policy on safety and compliance with Occupational Safety and Health Act of 2007,

(OSHA) with the ESMF of the project, country's environmental requirements, and the World Bank's Safeguard Policies and guidelines

3. Employee welfare

The Project Implementation Team comprises of the full time staff who are employees of the implementing agencies drawn from the Ministry of Education (MoE), Teachers Service Commission(TSC), the Kenya Institute of Curriculum Development (KICD), the Kenya National Examinations Council(KNEC) and the Centre for Mathematics, science and Technology in Africa (CEMASTEAM). The staff from MoE are hired in consultation and under the policies of the Public Service Commission in which the one-third gender-rule is adhered to. The rest of the staff from other agencies are hired in accordance to the policies of respective institutions. In addition, the implementation of the project activities is being supported by consulting firms who are recruited through a competitive process.

It was envisaged that project funds would continually support the capacity building of Project implementation team. The MoE Human Resource Department appraises staff annually and provides for their career progression. The mandate of the Directorate of Human Resource management and Development is to ensure compliance with the standards as spelt out in policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA).

4. Market place 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 Practice

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 and also in the World Bank External Website through the Systematic Tracking of Exchange in Procurement (STEP).

5. Community Engagements

The SEQIP activities in different components seeks to ensure increased community participation in problem analysis and planning which in turn motivates and activates communities to address education needs. The wider community support schools in various ways; financially for specific tasks, in-kind contributions with man power for school-related tasks. Parents support learners on return to school leading to low learner absenteeism through indirect or direct costs. The community/ parents hold duty bearers /school managements and teachers to account for delivery of quality education. They support in establishing project support committees, enhancing capacity of each other to fully participate in the project/ matters education and ensuring that they participate in income Generating Activities (IGAs) hence support learners in case of additional financial needs.

There has been a series of consultative engagement with the stakeholders on project activities. For instance, the introduction and roll out of the Competency Based Curriculum and its assessment.

In addition, the beneficiaries of the Elimu Scholarship programme are identified by the Community Selection Advisory Committees.

The Stakeholder Engagement Plan is among the project documents that guide all the implementing agencies on engagement with all the stakeholders.

5. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The Principal Secretary for the State Department for Basic Education and the Project Coordinator for SEQIP project are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year ended on **30 June 2025**.

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 (v) Making accounting estimates that are reasonable in the circumstances.

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


The Principal Secretary for the State Department for Basic Education and the Project Coordinator for SEQIP project are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year ended **30 June, 2025** and of the Project's financial position as at that date. The Principal Secretary for the State Department for Early Learning and Basic Education and the Project Coordinator for SEQIP Project further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

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

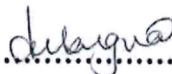
***Secondary Education Quality Improvement Project
Annual Report and Financial Statements for the financial year ended 30 June, 2025***

Approval of the Project Financial Statements

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



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



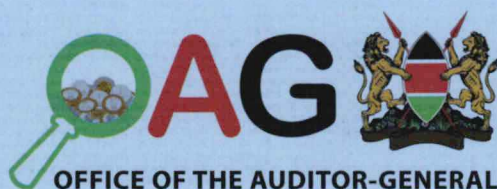
.....
**Name: Jane Mbugua
Project Coordinator**

Secondary Education Quality Improvement Project
Annual Report and Financial Statements for the financial year ended 30 June, 2025

**6. REPORT OF THE INDEPENDENT AUDITOR ON FINANCIAL STATEMENTS FOR
SEQIP PROJECT.**

REPUBLIC OF KENYA

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



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

Enhancing Accountability

REPORT OF THE AUDITOR-GENERAL ON SECONDARY EDUCATION QUALITY IMPROVEMENT PROJECT (CREDIT NO.6138-KE) 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 Secondary Education Quality Improvement Project (Credit No. 6138-KE) - State Department for Basic Education set

out on pages 1 to 28, which comprise of the statement of financial position as at 30 June, 2025, statement of financial performance, statement of changes in net assets, statement of cash flows, 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 Secondary Education Quality Improvement Project (Credit No. 6138-KE) as at 30 June, 2024 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 No. IDA 6138-KE between International Development Association and the Government of the Republic of Kenya dated 27 September, 2017 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Unsupported Consultancy Payments

The statement of financial performance reflects expenditure on use of goods and services of Kshs.569,786,741 as disclosed in Note 7 to the financial statements. The amount includes consultancy services expenditure of Kshs.369,594,074, out of which Kshs. 96,096,584 relates to consultancy works for design, clerks of works and supervision of projects in thirty (30) Counties. However, Management could not confirm the payments were made based on the percentage of works completed as stipulated in the contract documents.

In the circumstances, the validity and value for money on consultancy services expenditure of Kshs.96,096,584 could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Secondary Education Quality Improvement Project Grant Credit No. 6138-KE) 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.

Other Matter

Unresolved Prior Years Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management had not resolved the issues as at 30 June, 2025.

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 xxv which comprise Project Information and Overall Performance, Statement of Performance Against Project's Predetermined Objectives, Environmental and Sustainability Reporting and 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, I confirm that nothing 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

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 overall 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 International Development Association, 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 xxv 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 International Development Association 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

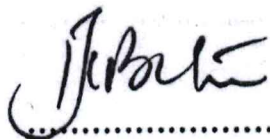
30 September, 2025

*Secondary Education Quality Improvement Project
Annual Report and Financial Statements for the financial year ended 30 June, 2025*

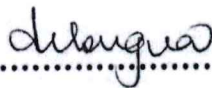
1. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025.

	Notes	2024-2025 FY
		Kshs
Revenue		
Revenue Transfers	6	236,658,374
Total revenue		236,658,374
Expenses		
Use of goods and services	7	569,786,741
Transfer to other Government Entities	8	178,461,036
Other Transfers/Subsidies/Grants(Scholarships)	9	159,281,558
Certified Works	10	696,194,982
Total expenses		1,603,724,317
Deficit		(1,367,065,944)

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: Jane Mbugua
Project Coordinator



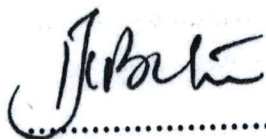
.....
Name: Grace Njoki
Project Accountant
ICPAK Member No: 8829

*Secondary Education Quality Improvement Project
Annual Report and Financial Statements for the financial year ended 30 June, 2025*

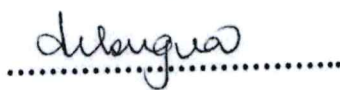
2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE, 2025

	Note	2024-2025 FY	1 st July 2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	11	129,474,620	1,496,540,564
Total Current Assets		129,474,620	1,496,540,564
Non-Current Assets			
		-	-
		-	-
Total Non- Current Assets		-	-
Total Assets (a)		-	-
Liabilities			
Current Liabilities			
Trade and Other Payables	13	-	-
Total Current Liabilities		-	-
Total Liabilities (b)		-	-
Net Assets (a-b)			
Represented By:			
Fund balance B/fwd		1,496,540,564	-
Accumulated Surplus/Deficit		(1,367,065,944)	1,496,540,564
Total Net Assets		129,474,620	1,496,540,564

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



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



Name: Jane Mbugua
Project Coordinator



Name: Grace Njoki
Project Accountant
ICPAK Member No: 8829

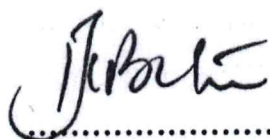
Secondary Education Quality Improvement Project
Annual Report and Financial Statements for the financial year ended 30 June, 2025

3. STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE, 2025

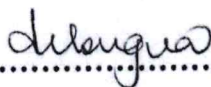
Description	Accumulated Surplus
	Kshs
As at 30 June, 2024 (Cash Basis)	1,417,191,424
Adjustments: (to recognize assets and liabilities)	-
As at 1 st July, 2024	1,417,191,424
Additions to fund balance B/fwd	79,349,139
Surplus/(Deficit) for the year	(1,367,065,944)
As at 30 June, 2025	129,474,620

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: Jane Mbugua
 Project Coordinator**



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

*Secondary Education Quality Improvement Project
Annual Report and Financial Statements for the financial year ended 30 June, 2025*

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

Description	Note	2024-2025 FY
		Kshs
Cashflow from operating activities		
Receipts		
Revenue Transfers		-
Total receipts		-
Payments		
Use of goods and services		(569,786,741)
Transfer to other Government Entities		(178,461,036)
Other Transfers /Grants (Scholarships)		(159,281,558)
Certified Works		(696,194,982)
Total payments		(1,603,724,317)
Net cash flow from operating activities		(1,603,724,317)
Cashflow from investing activities		
Acquisition of non-financial assets		(-)
Proceeds from sale of Assets		-
Acquisition of Intangible assets		(-)
Net cash flows from investing activities		-
Cash flow from financing activities		
Proceeds from foreign Borrowings		236,658,374
Net cash flow from financing activities		236,658,374
Net increase/Decrease in cash and cash equivalents		(1,367,065,944)
Cash and cash equivalent at 1st July 2024	11	1,496,540,564
Cash and cash equivalent at end June 2025	11	129,474,620

*Secondary Education Quality Improvement Project
Annual Report and Financial Statements for the financial year ended 30 June, 2025*

**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 %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget Carry overs from previous periods				1,496,540,564		
Receipts						
Revenue Transfers	1,500,000,000	160,000,000	1,660,000,000	236,658,374		104%
Total Revenue	1,500,000,000	160,000,000	1,660,000,000	1,733,198,938	(73,198,938)	104%
Payments						
Use of goods and services				569,786,741		
Transfer to other Government Entities				178,461,036		
Other Transfers/Subsidies/Grants (Scholarships)				159,281,558		
Certified Works				696,194,982		
Total Payments	1,500,000,000	160,000,000	1,660,000,000	1,603,724,317	56,275,683	97%
Surplus or Deficit				129,474,620		

*Secondary Education Quality Improvement Project
Annual Report and Financial Statements for the financial year ended 30 June, 2025*

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	129,474,620
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	129,474,620

**Secondary Education Quality Improvement Project
Annual Report and Financial Statements for the financial year ended 30 June, 2025**

12. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

SEQIP project 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 Improve student learning and transition from primary to secondary school in targeted areas.

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 August 30,2025.

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	<p><i>Applicable 1st January 2025</i></p> <p>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.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>

**Secondary Education Quality Improvement Project
Annual Report and Financial Statements for the financial year ended 30 June, 2025**

Standard	Effective date and impact:
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires, 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: 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>
<p>IPSAS 45- Property Plant and Equipment</p>	<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 assets.</p>
<p>IPSAS 46 Measurement</p>	<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>

Secondary Education Quality Improvement Project
Annual Report and Financial Statements for the financial year ended 30 June, 2025

Notes to the financial statements

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

***Secondary Education Quality Improvement Project
Annual Report and Financial Statements for the financial year ended 30 June, 2025***

Notes to the financial statements

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 2024/2025 was approved . 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 additional appropriations of Kshs. **160,000,000** on the FY 2024/2025 budget . 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

***Secondary Education Quality Improvement Project
Annual Report and Financial Statements for the financial year ended 30 June, 2025***

Notes to the financial statements

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.

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.

*Secondary Education Quality Improvement Project
Annual Report and Financial Statements for the financial year ended 30 June, 2025*

Notes to the financial statements

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.

***Secondary Education Quality Improvement Project
Annual Report and Financial Statements for the financial year ended 30 June, 2025***

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

***Secondary Education Quality Improvement Project
Annual Report and Financial Statements for the financial year ended 30 June, 2025***

or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

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 (ECL) are set out in *Note xx*.

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:

***Secondary Education Quality Improvement Project
Annual Report and Financial Statements for the financial year ended 30 June, 2025***

Notes to the financial statements

- 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.

***Secondary Education Quality Improvement Project
Annual Report and Financial Statements for the financial year ended 30 June, 2025***

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*).

*Secondary Education Quality Improvement Project
Annual Report and Financial Statements for the financial year ended 30 June, 2025*

Notes to the financial statements

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.

l) Employee benefits

Retirement benefit plans

The *Entity* provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

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) Related parties

The *Entity* regards a related party as a person or an entity with the ability to exert control individually or jointly or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the Principal and senior managers.

***Secondary Education Quality Improvement Project
Annual Report and Financial Statements for the financial year ended 30 June, 2025***

Notes to the financial statements

o) Service concession arrangements

The *Entity* analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the *Entity* recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the *Entity* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

p) 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.

q) Subsequent events

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

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

***Secondary Education Quality Improvement Project
Annual Report and Financial Statements for the financial year ended 30 June, 2025***

Notes to the financial statements.

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).

*Secondary Education Quality Improvement Project
Annual Report and Financial Statements for the financial year ended 30 June, 2025*

Notes to the financial statements

6. Revenue Transfers

Description	2024-2025
	FY KShs
Unconditional Transfers	
GoK Counter Part funding	-
Transfers from Development partners	-
Total Unconditional Transfers (a)	-
Conditional Transfers	
Transfers from Development partners (International Development Association)	236,658,374
Total Conditional Transfers (b)	236,658,374
Total Transfers for the Year (a + b)	236,658,374

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 (Current FY)
	Kshs	Kshs	Kshs	Kshs
GOK Funding	-	-	-	-
Development Partner (IDA)	236,658,374	-	-	236,658,374
Subtotal	236,658,374	-	-	236,658,374
Deferred Income realized	-	-	-	-
Transfers in Kind	-	-	-	-
Total	236,658,374	-	-	236,658,374

*Secondary Education Quality Improvement 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

De scription	FY 2024/25
C	Kshs
Consultancy services	369,594,074
Bank charges	
Communication, supplies and services	1,327,017
Domestic travel and subsistence	40,160,700
Fuel and lubricants	3,397,483
General office supplies	2,298,988
Printing, advertising, and information supplies	6,176,272
Training payments	36,915,000
Hospitality supplies and services	1,950,076
Specialized materials and services	106,746,900
Routine maintenance – vehicles and other transport equipment	1,220,230
Total	569,786,741

8. Transfer to Other Government Entities

Description	FY 2024/25
	Kshs
Transfer to KICD	85,142,100
Transfer to KNEC	84,573,478
Transfer to Counties	8,745,458
Total	178,461,036

9. Other Transfers/Subsidies/Grants

Description	FY 2024/25
	Kshs
Scholarship grants	159,281,558
Total	159,281,558

Secondary Education Quality Improvement Project
Annual Report and Financial Statements for the financial year ended 30 June, 2025

Notes to the financial statements

10. Certified Works

Description	FY 2024/25
	Kshs
Construction of Classrooms, Laboratories and Wash facilities	47,380,237
<i>Construction of CEMATEA Ultra-modern Training Centre for Education Managers</i>	648,814,745
Total	696,194,982

11. Cash and Cash Equivalents

Description	2024/25 FY	1 st July
	Kshs	Kshs
Cash in Bank	129,474,620	1,417,191,424
<i>Adjustment to include monies received to the project account after 30 June 2024</i>		79,349,140
Total Cash and Cash Equivalents	129,474,620	1,496,540,564

**The amount of Kshs. 79,349,140 includes Kshs. 35,300 outstanding AIE from the financial year 2023/24 which was surrendered as cash and Kshs. 79,313,839 which had earlier been expensed but was later returned to the project account by the Agency and counties after the closure of the FYR 2023/24. Details is provided under Annex 2 of the financial statements.*

Secondary Education Quality Improvement Project
Annual Report and Financial Statements for the financial year ended 30 June, 2025

Notes to the financial statements

12. Project Bank Accounts

Details	2024/25 FY	1 st July 2024
	Kshs	Kshs
Foreign Currency Accounts		
Central Bank of Kenya A/c No.1000356669	-	-
Central Bank of Kenya A/c No.1000368427	1,348,560,123	1,456,520,303
Total Foreign Currency balances	1,348,560,123	1,456,520,303
Local Currency Accounts		
Central Bank of Kenya A/c No. 1000387912	772,162	990,454,259
Central Bank of Kenya A/c No. 1000387939	128,702,458	416,381,510
Equity Bank of Kenya A/c No.0810283759770	-	10,355,654
Total local currency balances	<u>129,474,620</u>	<u>1,417,191,424</u>
Total bank account balances	1,478,034,743	<u>1,417,191,424</u>

13. Trade and Other Payables

Description	2024/25 FY		1 st July 2024	
	Kshs		Kshs	
Trade payables	-		-	
<i>Other payables (specify)</i>	-		-	
Total trade and other payables	-		-	
Ageing analysis: (Trade and other payables)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-		-	

Secondary Education Quality Improvement Project
Annual Report and Financial Statements for the financial year ended 30 June, 2025

Notes to the financial statements

14. Third-Party Deposits

Description	2024-2025 FY		1 st July 2024	
	Kshs		Kshs	
Contractor's Retention	447,862,479		541,674,342	
Total deposits	447,862,479		541,674,342	
Ageing analysis: (Refundable deposits)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	60,660,644	13%	123,765,288	23%
1-2 years	94,933,370	21%	364,622,184	67%
2-3 years	250,842,863	56%	53,286,870	10%
Over 3 years	41,425,602	9%	-	-
Total	447,862,479	100%	541,674,342	100%

**The third party deposits consist of SEQIP contractors retention monies held in the main Deposit account of the State Department.*

Secondary Education Quality Improvement Project
Annual Report and Financial Statements for the financial year ended 30 June, 2025

Notes to the financial statements

15. Special Deposit Accounts

The balances in the Project's Special Deposit Account(s) as of June 30, 2025 are not included in the Statement of Financial Assets since the line items are yet to be drawn into the Exchequer Account as a voted provision.

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

Special Deposit Accounts Movement Schedule

Description	2024-2025 FY	1 st July 2024
	Kshs	Kshs
(i) A/C Name Secondary Education Quality Improvement Project (A/c No. 1000356669)		
Opening balance (as per the SDA reconciliation)	-	-
Total amount deposited in the account	-	-
Total amount withdrawn (as per Statement of Receipts & Payments)	-	-
Closing balance (as per SDA bank account reconciliation attached)	=	=
(ii) A/c Name Secondary Education Quality Improvement Project (A/C		
Opening balance (as per the SDA reconciliation)	1,456,520,303	1,186,328,447
Total amount deposited in the account	-	1,456,520,303
Total amount withdrawn (as per Statement of Receipts & Payments)	(236,658,374)	(1,186,328,447)
Closing balance (as per SDA bank account reconciliation attached)	<u>1,219,816,930</u>	<u>1,456,520,303</u>

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

*Secondary Education Quality Improvement Project
Annual Report and Financial Statements for the financial year ended 30 June, 2025*

Notes to the financial statements

16.Events after the Reporting Period

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

17.Currency

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

Secondary Education Quality Improvement Project

Annual Report and Financial Statements for the financial year ended 30 June, 2025

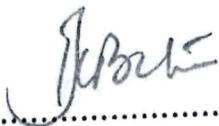
13. ANNEXES

Annex 1: Prior Year Auditor-General's Recommendations

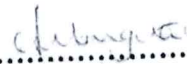
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status (Resolved / Not Resolved)	Timeframe (Put a date when you expect the issue to be resolved)
1.0	Unsupported consultancy payments	The management acknowledges gaps in the design of the project and will address this in subsequent programs.	Not resolved	
1.1	Improper Constitution of contract implementation committee	The committee comprises of infrastructure technical officers. Management will adopt school-based implementation design in future projects	Not resolved	
1.2	Unsupported revision of Contract Durations	The extension of the contracts was based on the challenges cited by the contactors.	Not resolved	
1.3	Projects not commenced	The ministry has put in place measures to deal with delays, stalling and commencement of works.	Not resolved	
1.4	Delay in completion of infrastructure Projects	The ministry has put in place measures to deal with delays, stalling and commencement of works.	Not resolved	
1.5	Stalled Construction Projects	The ministry has put in place measures to deal with delays,	Not resolved	

**Secondary Education Quality Improvement Project
Annual Report and Financial Statements for the financial year ended 30 June, 2025**

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)
		stalling and commencement of works.		
1.6	Poor workmanship and incomplete works	The ministry will ensure that the contractors make good of the defects for the completed facilities before the retention monies can be released.	Not resolved	



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



Name: Jane Mbugua
Project Coordinator

Secondary Education Quality Improvement Project
Annual Report and Financial Statements for the financial year ended 30 June, 2025

Annex 2: Adjustment to the balance brought forward

Description	2024-2025 FY	1 st July 2024
	Kshs	Kshs
Unaccounted AIE – Kilifi County		35,300
Unspent balances - KICD		17,177,690
Unspent balances - KNEC		61,951,609
Unaccounted AIE – Homabay County		8,511
Unaccounted AIE – Machakos County		782
Unaccounted AIE – West Pokot County		196
Unaccounted AIE – Elgeyo Marakwet County		2,296
Unaccounted AIE – Busia County		27,000
Unaccounted AIE –Bomet County		18,669
Unaccounted AIE –Various counties		127,087
Total	-	79,349,140

Annex 3: Other Support Documents

- i. Bank Reconciliations statement as at June 30, 2025
- ii. Board of Survey Report
- iii. Special Deposit Account(s) reconciliation statement(s)



CENTRAL BANK OF KENYA
BANKI KUU YA KENYA

STATEMENT OF ACCOUNT

CENTRAL BANK OF KENYA

BANKI KUU YA KENYA

P.O.BOX 60000 - 0200

NAIROBI

STATEMENT PERIOD: FROM 01/05/2025 TO 30/06/2025

Rundate : 08/07/2025

Runtime : 12:27:09

Customer Number : 138662

Account Number : 1000387912

Account Name : PROPOSED SECONDARY EDU QUAL IMP PRO(KES)

Opening Balance : 33661.65

No.	Txn Date	Value Date	Reference No	Txn Details	Dr Amt	Cr Amt	Balance
1	18/06/2025	18/06/2025	FT251698SKL9	TRFS Payments	0.00	738,500.00	772,161.65
				00000000			
				PV 00008354			
Totals					0.00	738,500.00	
Closing Balance							772,161.65

PAYMENTS IN CASHBOOK NOT IN BANK STATEMENT				
S AT 31/06/25				
DATE	PAYEE	V/NO	AMOUNT	REMARKS
30/6/2025	Furniture Elegance	7	24,953,143.75	
30/6/2025	Contemporary Ltd	8	25,072,596.40	
30/6/2025	Chanju builders	9	65,770,000.85	
30/6/2025	Furniture Elegance	10	15,201,731.25	
30/6/2025	Contemporary Ltd	11	23,464,811.10	
30/6/2025	Chanju builders	12	1,668,710.50	
30/6/2025	Dama Services	13	29,856,502.65	
	TOTAL		185,987,496.50	



CENTRAL BANK OF KENYA
BANKI KUU YA KENYA

STATEMENT OF ACCOUNT

CENTRAL BANK OF KENYA

BANKI KUU YA KENYA

P.O.BOX 60000 - 0200

NAIROBI

STATEMENT PERIOD: FROM 01/06/2025 TO 08/07/2025

Rundate : 08/07/2025

Runtime : 12:28:43

Customer Number : 138662

Account Number : 1000387939

Account Name : STATE DEPT FOR BASIC ED SEC 6138 KE(KES)

Opening Balance : 78031581.4

No.	Txn Date	Value Date	Reference No	Txn Details	Dr Amt	Cr Amt	Balance
1	19/06/2025	19/06/2025	FT25170ZT5TP	TRFS Payments	0.00	236,658,373.50	314,689,954.90
				00000000			
				PV00009396			
2	03/07/2025	03/07/2025	FT25184MTVBR	TRFS Payments	28,770.85	0.00	314,661,184.05
				0200000641			

IPF

Date...01.07.2025.....

Report of the Board of Survey on the Cash and Bank Balances of **PROPOSED SECONDARY EDUCATION QUALITY IMPROVEMENT PROJECT – SEQIP IPF A/C**..... as at the close of Business on 30th June, 2025.

The Board, consisting of (Names and official titles)

- 1. Chairman- CARILUS AT. ENG. OSWEL ASST. DIRECTOR OF EDUCATION
- 2. Member - Rosehyne Wainogy DAG
- 3. Member - Joseph Nguni

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.....772,161.65.....
TOTAL	Sh.....772,161.65.....

The Bank Certificate of Balance showed a sum of **Kshs.772,161.65**..... 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.

[Signature] 01/07/2025
Chairman

Date 01/07/2025

[Signature]
Member of the Board

DLI

REPUBLIC OF KENYA

F.O. 51

Date...01.07.2025.....

Report of the Board of Survey on the Cash and Bank Balances of STATE DEPARTMENT FOR BASIC ED. 6138KE (SEQIP DLI ACCOUNT)..... as at the close of Business on 30th June, 2025.

The Board, consisting of (Names and official titles)

- 1. Chairman- CARILLUS ATENGI OGWEL ASST. DIRECTOR OF EDUCATION
- 2. Member - ROSELYNE WAMBAGU DAS
- 3. Member -

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.....

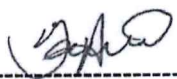
It was observed that cheques amounting to Sh.....cts.....had been on hand for more than 14 days prior to the date of the survey. The cash consists of Kenya currency and does not contain any demonetized coin or notes.

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.....128,702,458.76.....
TOTAL	Sh.....128,702,458.76.....

The Bank Certificate of Balance showed a sum of Kshs.314,689,954.90..... Standing to the credit of the account on30.06.2025.....

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.

 01/07/2025
Chairman

Date 01/07/2025

 
Member of the Board

Special Proposed Sec A/c

Results 1 - 1 of 1

Run Date: CENTRAL BANK OF KENYA
BANKI KUU YA KENYA
P.O. BOX 60000-0200
NAIROBI
STATEMENT PERIOD: From 01/07/2024

Run Time:

STATEMENT OF ACCOUNT

PAGE NO: 1

ACCOUNT NUMBER :

ACCOUNT TITLE : (K) SECONDARY EDU. QUALITY IMPROV.
30/06/2025

NO.	DATE	REFERENCE NO	DETAILS	DEBIT	CREDIT BALANCE
OPENING BAL :				0.00	
NO.	Value Date	Reference.No	Details	Debit	Credit
1				0.00	0.00
CLOSING BALANCE :				0	

END OF ACCOUNT STATEMENT

Favourites

TAME.STMT.OF.ACCT.EPRM

More Options

Find

Clear Selection

Account equals

✓ 1000356669

Statement From equals

✓ 20240701

Statement To equals

✓ 20250630

TAME.STMT.OF.ACCT.EPRM



Special Proposed Sec A/c

Results 1 - 1 of 1

Run Date: Run Time:
CENTRAL BANK OF KENYA
BANKI KCU YA KENYA
P.O. BOX 60000-0200
NAIROBI
STATEMENT PERIOD: From 01/07/2024 To

STATEMENT OF ACCOUNT

PAGE NO : 1

ACCOUNT NUMBER :

ACCOUNT TITLE : (K) SECONDARY EDU. QUALITY IMPROV.
30/06/2025

NO.	DATE	REFERENCE NO	DETAILS	DEBIT	CREDIT BALANCE
OPENING BAL :				0.00	
NO.	Value Date	Reference.No	Details	Debit	Credit
1				0.00	0.00
CLOSING BALANCE :				0	

END OF ACCOUNT STATEMENT

Favourites

TABLE:STMT.OF.ACCT.EPRM		More Options	Find
		Clear Selection	
Account	equals	✓ 1000356669	
Statement From	equals	✓ 20240701	
Statement To	equals	✓ 20250630	
TABLE:STMT.OF.ACCT.EPRM			

CENTRAL BANK OF KENYA

04 JUL 2025

Confirmed *[Signature]*

