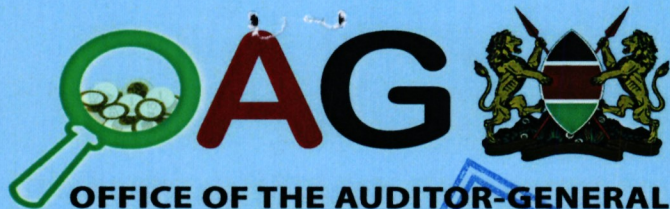


REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**SECONDARY EDUCATION QUALITY  
IMPROVEMENT PROJECT  
(CREDIT NO.6138 - KE)**

**FOR THE YEAR ENDED  
30 JUNE, 2021**

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

PARLIAMENT  
OF KENYA  
LIBRARY

THE NATIONAL ASSEMBLY  
PAPERS L.AID

DATE: 10 FEB 2022

TABLED BY: LDM

CLERK-A: B. Inyaka

THE-TABLE:

DAY: Thurs





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

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

**CREDIT NUMBER. 61380KE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**30 JUNE, 2021**

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

**Secondary Education Quality Improvement Project**  
**Reports and Financial Statements**  
**For the year ended 30 June, 2021**

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

### **1.1 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 project headquarters offices are at the County, Ministry of Education, Located in Nairobi City County, Kenya.

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](http://www.education.go.ke)

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**PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)**

**1.1 Project Information**

<b>Project Start Date:</b>	The project start date is <b>27/9/2017</b>
<b>Project End Date:</b>	The project end date is <b>31/12/2023</b>
<b>Project Manager:</b>	The project manager is <b>Ms Jane Mbugua</b>
<b>Project Sponsor:</b>	The project sponsor is <b>International Development Association (IDA)</b>

**1.2 Project Overview**

Line Ministry/State Department of the project	The project is under the supervision of the Ministry of Education, State Department for Early Learning and Basic Education.
Project number	P160083
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.
Achievement of strategic goals	The project management aims to achieve the goals through the following means: (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 110 sub counties in 30 counties in vulnerable and marginalized areas. The project is being implemented by the Ministry of Education, State department for Early Learning and 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 (CEMASTEA).
Current situation 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 reform support.
Project duration	27 September 2017 to 31 December 2023

**PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)**

**1.3 Bankers**

The following are the bankers for the current year:

**1. Local currency accounts.**

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

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

**2. Foreign Currency Accounts**

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

(ii) Central Bank of Kenya – Account No.1000368427  
Haile Selassie Avenue,  
P.O Box 60000-0200,  
Nairobi, Kenya

**1.4 Auditors**

The project is audited by:

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

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**1.5 Roles and Responsibilities**

<b>Names</b>	<b>Title designation</b>	<b>Key qualification</b>	<b>Responsibilities</b>	<b>Contact Information</b>
Elijah Mungai	Ag. Director Project Coordination and Delivery	Master in Education	Providing Leadership in project coordination and Delivery	Mobile: 0722 446 226  Email: <a href="mailto:ekarismungai2@gmail.com">ekarismungai2@gmail.com</a>
Jane Mbugua	Deputy Director Education (National Project Coordinator)	Master in planning and Economics	Project M	Mobile: 0723 925 251  Email: <a href="mailto:janmbug@gmail.com">janmbug@gmail.com</a>
Grace Njoki	Principal Accountant	CPA (K) , MSC Finance	Project Accountant	Mobile: 0723 316 840  Email: <a href="mailto:gracewanjiku@ymail.com">gracewanjiku@ymail.com</a>
John Ongosi	Deputy Director Education	Master in Education	Lead for component 2 ( Improving retention in upper primary and transition school in targeted areas)	Mobile: 0722 724126  Email: <a href="mailto:ongosijohn@gmail.com">ongosijohn@gmail.com</a>
Catherine Micheni	Deputy Director Education	Master in Education	Lead for Component 3 (System reform support)	Mobile: 0719 448 255  Email: <a href="mailto:cmicheni45@gmail.com">cmicheni45@gmail.com</a>
Kezziah Wandera	Deputy Director Education	Master in Education	Lead for Component 4 (Project management, coordination, and monitoring and evaluation.	Mobile: 0722 945 735  Email: <a href="mailto:kezwandera@gmail.com">kezwandera@gmail.com</a>

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**PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)**

**1.6 Funding summary**

The Project is for duration of six (6) years from 2017 to 2023 with an approved budget of Euros 175.5 Million equivalent to KShs 20 billion as highlighted in the table below:

**A. Source of Funds.**

Source of funds	Donor Commitment-		Amount received to date – (30, June 2021)		Undrawn balance to date	
	<i>Donor currency (Euros)</i>	<i>KShs</i>	<i>Donor currency (Euros)</i>	<i>KShs</i>	<i>Donor currency KShs</i>	<i>KShs</i>
	<i>(A)</i>	<i>(A')</i>	<i>(B)</i>	<i>(B')</i>	<i>(A)-(B)</i>	<i>(A)-(B)</i>
<b>(i) Loan</b>						
<b>International Development Association</b>	175,500,000	20,000,000,000	45,840,400	5,770,268,840	129,659,600	14,229,731,160
<b>Total</b>	<b>175,500,000</b>	<b>20,000,000,000</b>	<b>45,840,400</b>	<b>5,770,268,840</b>	<b>129,659,600</b>	<b>14,229,731,160</b>

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**PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)**

**A. Source of Funds**

Source of funds	Donor Commitment-		Amount received to date – (June,30 2021)		Undrawn balance to date	
	<i>Donor currency (Euros)</i>	<i>KShs</i>	<i>Donor currency (Euros)</i>	<i>KShs</i>	<i>Donor currency (Euros)</i>	<i>KShs</i>
	(A)	(A')	(B)	(B')	(A)-(B)	(A)-(B)
<b>(i) Loan</b>						
<b>International Development Association</b>	175,500,000	20,000,000,000	45,840,400	5,770,268,840	129,659,600	14,229,731,160
<b>Total</b>	<b>175,500,000</b>	<b>20,000,000,000</b>	<b>45,840,400</b>	<b>5,770,268,840</b>	<b>129,659,600</b>	<b>14,229,731,160</b>

**B. Application of Funds**

Application of funds	Amount received to date – (30 June ,2021)		Cumulative Amount paid to date – (30, June 2021)	Unutilised balance to date ( 30 June,2021)	
	<i>Donor currency (Euros)</i>	<i>Kshs</i>		<i>Donor currency</i>	<i>Kshs</i>
	(A)	(A')		(B)	(A)-(B)
<b>(i) Loan</b>					
<b>International Development Association.</b>	45,840,400	5,770,268,840	3,354,301,068	22,405,184	2,415,967,782
<b>Total</b>	<b>45,840,400</b>	<b>5,770,268,840</b>	<b>3,354,301,068</b>	<b>22,405,184</b>	<b>2,415,967,782</b>

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**PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)**

**1.7 Summary of Overall Project Performance**

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

During the year under review, the project received **Kshs. 2,508,632,985** against a cumulative expenditure of **Kshs 842,462,321**.

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

The Table below shows the project Physical progress based on outputs, outcomes and impacts since its inception.

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"> <li>● TSC recruited 2,506 teachers since the FY 2017</li> <li>● Teacher shortage reduced by 547 in primary schools</li> <li>● 1,959 for secondary schools</li> </ul>
	Pedagogical Content Knowledge (PCK) of Teachers Teaching Mathematics, Science and English Enhanced	<ul style="list-style-type: none"> <li>● Trained 22942 SME teachers in 68 cluster centers.</li> <li>● SBTSS operational in 2,000 primary schools and 500 secondary schools</li> <li>● Trained 22942 SME teachers in 68 cluster centers.</li> <li>● SBTSS operational in 2,000 primary schools and 500 secondary schools</li> </ul>
	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"> <li>● 2,254,782 Science, Mathematics and English Text Books distributed to Grades 7&amp; 8 Learners in 7,852 primary schools 4,329,0</li> <li>● 57 Were distributed to learners in Forms 1-4 in 2,147 Secondary schools</li> <li>● 85% and above schools are reporting a 1:1 textbook ratio</li> </ul>

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<p>Improving Retention In Upper Primary School And Transition To Secondary School In Targeted Areas</p>	<p>Improved School Learning environment</p>	<ul style="list-style-type: none"> <li>• The Design and Construction and Supervision Consultants hired</li> <li>• A needs Assessment for infrastructure conducted in about 3,000 Primary schools, 1,000 Secondary schools and 75 schools for learners with special needs.</li> <li>• The Environmental and Social Management plans developed and approved by both the World Bank and NEMA</li> <li>• Drawing and design for construction of classrooms, laboratories and sanitation facilities developed and approved by the Ministry of Public Works</li> </ul>
	<p>Increased Retention and Transition of Poor and Vulnerable Children in Upper Primary</p>	<ul style="list-style-type: none"> <li>• 6,675 out of Gender Champions in 7,582 in targeted primary schools</li> <li>220 Chiefs, 32 MOE/TSC National Staff and 224 Field Officers (MoE&amp; TSC)</li> </ul>
	<p>Improved school attendance and retention of learners from poor households and vulnerable backgrounds in upper primary education</p>	<p>1,478,135 girls from the primary schools in the 110 Sub-Counties have been provided with Sanitary towels</p>
	<p>Enhanced Transition And Retention of Poor and Vulnerable Learners in Secondary Education</p>	<p>Scholarships provided to 18,000 Elimu scholarship beneficiaries</p>
<p>To introduce and roll out CBC from grades 4-9</p>	<p>Curriculum for Grades 4 to 9 Attuned and Responsive to Social Economic Reality of Kenya in place</p>	<ul style="list-style-type: none"> <li>• Curriculum designs for Grades 4 to 6 developed</li> <li>• Draft Curriculum designs for Grades 7 to 9 developed</li> <li>• Curriculum designs for Grades 4 to 6</li> </ul>

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		<p>adapted for SNE learners</p> <ul style="list-style-type: none"> <li>• Curriculum designs for Grades 4 to 6 validated and approved</li> <li>• 70,000 grade 4 teachers trained on CBC</li> <li>• 70,000 teachers trained on CBC</li> <li>• Competency Based Curricula (CBC) rolled out in grades 4 and 5</li> <li>• Curriculum support Materials approved and distributed to schools</li> </ul>
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"> <li>• Stakeholders sensitized on CBA</li> <li>• 70,000 grade 4 teachers trained on CBA</li> <li>• 70,000 teachers trained on CBA</li> <li>• Internet Security servers procured</li> <li>• NEC staff trained on internet security and item development</li> </ul>
To enhance evidence-based decision making	Improved Sector governance	<ul style="list-style-type: none"> <li>• Prevalence of GBSV and policy framework prepared.</li> <li>• Baseline survey for high drop out rates for upper Primary grades 7 and 8 and Sub County Specific Advocacy Salient issues developed</li> <li>• Capacity Assessment of Jomo Kenyatta Foundation conducted on Coordinate Management and Regulation of scholarships</li> </ul>

**(iii.) Comment on value-for-money achievements**

Through the initiative under SEQIP, the Ministry initiated a Centralized procurement of core text books for the primary and secondary schools, data verification before every disbursement done for FPE and FDSE funds and stringent guidelines for inclusion in the FPE and FDSE database. This initiative ensures savings and efficiency in the achievement of the desired educational outcomes.

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**(iv.) Absorption rate for each year since the commencement of the project.**

<b>Financial Year</b>	<b>Exchequer Issues (Reciepts) Kshs</b>	<b>Fund Balances b/fwd Kshs.</b>	<b>Total Receipts Kshs</b>	<b>Expenditure Kshs</b>	<b>Absorption Rate</b>
2016/17	51,512,424	-	51,512,424	14,176,607	27.52%
2017/18	558,676,453	37,335,817	596,012,270	247,637,058	41.55%
2018/19	2,305,926,153	348,375,212	2,654,301,365	817,421,643	30.8%
2019/20	345,520,825	1,836,879,722	2,182,400,547	1,432,603,439	65.64%
2020/21	2,508,632,985	749,790,317	3,258,423,302	842,462,321	25.85%
<b>TOTAL</b>	<b>5,770,268,840</b>			<b>3,354,301,058</b>	

**(v) List the implementation challenges and recommended way forward.**

<b>Challenges</b>	<b>Mitigation Measures</b>
1.Prolonged Procurement process has delayed implementation of project activities across component	1.Fast-tracking the signing of contracts
2.Inadequate funds for some components such as infrastructure and scholarship	2.Reallocation of funds for the component
3.Scholars dropping out of the program	3.Fast tracking of implementation of mentorship and gender sensitization activities
4.Inadequate funds for procurement of assistive devices for all SNE learners	4.Additional funding for procurement of assistive devices
5. Inability to carry out activities during the school term due to unavailability of teachers	5.All activities have been scheduled to take place during midterm breaks and school holidays
6.limited interaction with teachers, learners and Cluster Resource Teams due to COVID 19 restrictions.( only one term)	6.Retaining more resource persons
7.Teachers were not able to create remote learning due to limited basic digital literacy, and low/ lack of internet connectivity	7.Train the teachers on digital literacy
8.Low absorption of funds	8.Fast tracking implementation of project activities

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**1.8 Summary of Project Compliance:**

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

## **2. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETRMINED OBJECTIVES**

### **Introduction**

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

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

- a. To Improve Quality of Education in the targeted areas
- b. Improving Retention In Upper Primary School And Transition To Secondary School In Targeted Areas To introduce and roll out CBC from grades 4-9
- c. Strengthening of Monitoring Learner Achievement and National Examinations
- d. To enhance evidence-based decision making

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

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

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project	Objective	Project Outcome	Indicator	Outputs
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	<ul style="list-style-type: none"> <li>• TSC recruited 2,506 teachers since the FY 2017</li> <li>• Teacher shortage reduced by 547 in primary schools</li> <li>• 1,959 for secondary schools</li> </ul>
		Pedagogical Content Knowledge (PCK) of Teachers Teaching Mathematics, Science and English Enhanced	The number of targeted primary and secondary schools in which SBTSS has been operationalized	<ul style="list-style-type: none"> <li>• Trained 22942 SME teachers in 68 cluster centers.</li> <li>• SBTSS operational in 2,000 primary schools and 500 secondary schools</li> <li>• Trained 22942 SME teachers in 68 cluster centers.</li> <li>• SBTSS operational in 2,000 primary schools and 500 secondary schools</li> </ul>
		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	<ul style="list-style-type: none"> <li>• 2,254,782 Science, Mathematics and English Text Books distributed to Grades 7&amp; 8 Learners in 7,852 primary schools 4,329,0</li> <li>• 57 Were distributed to learners in Forms 1-4 in 2,147 Secondary schools</li> <li>• 85% and above schools are reporting a</li> </ul>

### **3. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/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 competition 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.

#### **b) 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.

#### **c) Responsible marketing and advertisement**

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)

**d) Product stewardship**

To ensure value for money and Economy all the required Goods and Services are delivered as per the contract specifications and requirements. Thus, in order to ensure adherence to this, the organization appoints adhoc inspection and acceptance committee to receive and verify the goods/services are as per the contract. This ensures the consumers receives their goods/services in the right quality, right time, right quantity, at the right cost and right place.

**4. 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.

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

**The Principal Secretary** for the **State Department for Early Learning and Basic Education** and the **Project Coordinator** for **Secondary Education Quality Improvement (SEQIP)** 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, 2021.

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 Early Learning and Basic Education** and the **Project Coordinator** for **Secondary Education Quality Improvement (SEQIP)** 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 Early Learning and Basic Education** and the **Project Coordinator** for **Secondary Education Quality Improvement (SEQIP)** 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, 2021, 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 **Secondary Education Quality Improvement (SEQIP)** further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the

**Secondary Education Quality Improvement Project  
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preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

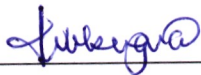
**The Principal Secretary** for the **State Department for Early Learning and Basic Education** and the **Project Coordinator** for **Secondary Education Quality Improvement (SEQIP)** confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing 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.

**Approval of the Project financial statements**

The Project financial statements were approved by the **Principal Secretary** for the **State Department for Early Learning and Basic Education** and the **Project Coordinator** for **Secondary Education Quality Improvement (SEQIP)** on 30<sup>th</sup> SEPT. 2021 and signed by them.



Principal Secretary  
Name: **DR. JULIUS JWAN**



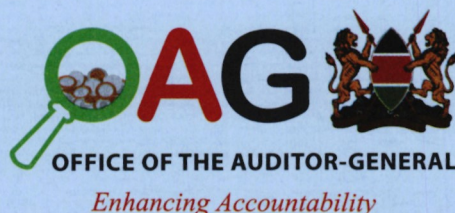
Project Coordinator  
Name: **JANE MBUGUA**



Project Accountant:  
Name: **GRACE NJOKI**  
ICPAK Member Number: **8829**

# REPUBLIC OF KENYA

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

## **REPORT OF THE AUDITOR-GENERAL ON SECONDARY EDUCATION QUALITY IMPROVEMENT PROJECT (CREDIT NO.6138 - KE) FOR THE YEAR ENDED 30 JUNE, 2021 - STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION**

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### **PREAMBLE**

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

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

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

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution 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 set out on pages 1 to 25, which comprise the statement of financial assets as at 30 June, 2021, statement of receipts and payments, statement of cash flows, and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Secondary Education Quality Improvement Project as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Financing Agreement No. IDA 61380-KE dated 27 September, 2017 between the Republic of Kenya and the International Development Association and Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

The special account statements for the year ended 30 June, 2020 reflected proceeds from external development partners of Kshs.350,207,487. However, the statement of receipt and payments for the year reflected proceeds from loans from external development partners totaling Kshs.345,520,825 resulting to an unreconciled variance of Kshs.4,686,662 between the two set of records.

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

### **Key Audit Matters**

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

### **Other Matter**

### **Project Performance**

During the year under review, the external development partners released Kshs.2,508,632,985 while only Kshs.842,462,321 was utilized resulting to an

underabsorption of Kshs.1,666,170,664 or 66.42%. This implies some of the Project activities were not implemented and therefore the planned objectives of the Project may not have been achieved.

Further, the Project duration was for a period of six (6) years from 2017 to 2023 and therefore as of time of audit 71% of the Project timeline had lapsed yet the critical infrastructural works was yet to start. This would negatively impact on the achievement of Project goals.

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

### Conclusion

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

### Basis for Conclusion

#### 1.0. Suspended Infrastructural Works Procurement

The Ministry of Education is implementing the Kenya Secondary Education Quality Improvement Project with support from the World Bank. The Project runs for 6 years from 7 December, 2017. The Project's Development Objective is to improve student learning in secondary education and transition from primary to secondary education, in the targeted areas. The targeted beneficiaries are 7,852 public primary and 2,147 secondary schools from 110 sub-counties across 30 counties that are educationally and economically disadvantaged. This Project entails improving the quality of teaching in targeted areas, in increase in pupil's retention in upper primary school and transition to secondary school in targeted areas, facilitate system reform support and overall project management, coordination, monitoring and evaluation. The chronology of events, procedures and eventual suspension of the implementation is as detailed below:

Review of the project procurement process revealed the following anomalies:

- i. The evaluation of the bids was done after 83 days of closure and opening of the bids. This contravened Section 80(6) of the Public Procurement and Assets Disposal Act, 2015 which stipulates that evaluation must be done within 30 days of the opening the tender.
- ii. The evaluation committee made corrections and amendments to some of the bids which was in contravention of Section 82 of the Public Procurement and Assets Disposal Act, 2015 which prohibits corrections of errors and amendment by a tender evaluation committee.

- iii. Two of the evaluation committee members registered discontent to the amendments of bids and declined to sign the evaluation report but the report was finalized without addressing the dissenting views.
- iv. The procurement process had directly utilized Kshs.6,260,000 and unqualified manhours before the stoppage of the contracting process. There is risk in potential loss of the amounts should the project be repeated.

Further, as at 30 November, 2021, the contracts were yet to be signed consequent upon which the projects risk cost overruns (monetary and otherwise) as a result of contracts taking too long before they are signed. The risk includes:

- Expiry of the bids (the quoted prices- Bills of Quantities) which had a validity timeline of 180 days.
- Expiry of the bid securities which were for one year period.
- The possibility of the tender being declared to be a mis-procurement by the World Bank.
- Legal tussles between the contractors and the Government, section 45.4 of the bids documents states; "Until a formal contract is prepared and executed, the letter of acceptance shall constitute a bidding contract". (Letters of acceptance were sent to the beneficiaries on 18 December, 2020).
- Costs of processing the tenders, that include Advertisement/Addendums Kshs.716,832, Tender evaluation Kshs.5,543,800 totaling to Kshs.6,260,632 may end up being sunk costs.
- Claims arising from contractors for failure to obtain contracts on time in order to start implementation.

To date the contracts with service providers have not been signed and the infrastructure components remain unimplemented.

In the circumstance, I could not confirm whether the project achieved value for money on the funds disbursed during the year.

## **2.0 Non-Compliance with Budget**

The approved Project's total budget for the year ended 30 June, 2021 was Kshs.611,669,353 against which expenditure totaling Kshs.1,432,603,439 was incurred resulting to over-expenditure of Kshs.820,934,086 or 234% of the budget. Management has not disclosed the source of the additional funds or the reason for the over-expenditure, and has not provided documentations in support of authorization of the additional budget. No approvals in line with Public Finance Management Act, 2012 for additional budget were availed for audit review and therefore the legality of the expenditure could not be confirmed.

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

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

### **Conclusion**

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

### **Basis for Conclusion**

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

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

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

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective manner in line with Article 229(6).

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

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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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


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

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

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

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

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

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

**Nairobi**

**28 December, 2021**

**Secondary Education Quality Improvement Project  
Reports and Financial Statements  
For the year ended 30 June, 2021**

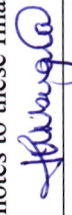
**6. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE, 2021.**

Note	2020/2021		2019/2020		Total	Cumulative to-date (From inception)
	Receipts and payments controlled by the entity KShs	Payments made by third parties KShs	Receipts and payment controlled by the entity KShs	Payments made by third parties KShs		
<b>RECEIPTS</b>						
1. Loan from external development partners	2,508,632,985	-	345,520,825	-	345,520,825	5,770,268,840
<b>TOTAL RECEIPTS</b>	<b>2,508,632,985</b>	<b>-</b>	<b>345,520,825</b>	<b>-</b>	<b>345,520,825</b>	<b>5,770,268,840</b>
<b>PAYMENTS</b>						
2. Purchase of goods and services	278,918,248	-	158,193,485	-	158,193,485	774,106,276
3. Acquisition of non-financial assets	25,358,325	-	-	-	-	32,899,325
4. Transfers to other government entities	538,185,748	-	367,482,660	-	367,482,660	1,640,368,173
5. Other grants and transfers and payments	-	-	906,927,284	-	906,927,284	906,927,284
<b>TOTAL PAYMENTS</b>	<b>842,462,321</b>	<b>-</b>	<b>1,432,603,429</b>	<b>-</b>	<b>1,432,603,429</b>	<b>3,354,301,058</b>
<b>SURPLUS/(DEFICIT)</b>	<b>1,666,170,664</b>	<b>-</b>	<b>(1,087,082,614)</b>	<b>-</b>	<b>(1,087,082,614)</b>	<b>2,415,967,782</b>

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



**Principal Secretary**  
Name: DR. JULIUS JWAN



**Project Coordinator**  
Name: JANE MBUGUA

**Project Accountant**  
Name: GRACE NJOKI  
ICPAK Member Number: 8829

Secondary Education Quality Improvement Project  
 Reports and Financial Statements  
 For the year ended 30 June, 2021

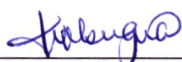
7. STATEMENT OF FINANCIAL ASSETS AS AT 30 JUNE, 2021

	Note	2020-2021	2019-2020
		KShs	KShs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	6.A	2,414,074,806	749,569,459
Cash Balances		-	-
Cash Equivalents (short-term deposits)		-	-
<b>Total Cash and Cash Equivalents</b>		<b>2,414,074,806</b>	<b>749,569,459</b>
Accounts Receivables	7	1,886,176	220,858
<b>TOTAL FINANCIAL ASSETS</b>		<b>2,415,960,982</b>	<b>749,790,317</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd	8	749,790,317	1,836,879,722
Surplus/(Deficit) for the year		1,666,170,664	(1,087,082,614)
<b>NET FINANCIAL POSITION</b>		<b>2,415,960,982</b>	<b>749,790,317</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 30<sup>th</sup> SEPT 2021 and signed by:



Principal Secretary  
 Name : DR. JULIUS JWAN



Project Coordinator  
 Name: JANE MBUGUA



Project Accountant  
 Name: GRACE NJOKI  
 ICPAK Member No.8829

**Secondary Education Quality Improvement Project**  
**Reports and Financial Statements**  
**For the year ended 30 June, 2021**

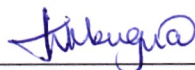
**8. STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30 JUNE, 2021**

		2020-2021	2019-2020
	Note	KShs	KShs
<b>CASHFLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts from operating activities</b>			
Transfer from Government entities		-	-
Proceeds from domestic and foreign grants		-	-
Miscellaneous receipts			-
<b>Payments from operating activities</b>			
Purchase of goods and services	2.	(278,918,248)	(158,193,495)
Transfers to other government entities	4.	(538,185,748)	(367,482,660)
Other grants and transfers	5.	-	(906,927,284)
<b>Adjustments during the year</b>			
Change in receivables	7	(1,886,176)	
Adjustments during the year			(6,791)
<b>Net cash flow from operating activities</b>		<b>(818,990,172)</b>	<b>(1,432,610,230)</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Assets	3.	(25,358,325)	-
<b>Net cash flows from Investing Activities</b>		<b>(25,358,325)</b>	<b>-</b>
<b>CASHFLOW FROM BORROWING ACTIVITIES</b>			
Proceeds from Foreign Borrowings	1.	2,508,632,985	345,520,825
<b>Net cash flow from financing activities</b>		<b>2,508,632,985</b>	<b>345,520,825</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>1,664,284,488</b>	<b>(1,087,089,405)</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>	6	<b>749,790,317</b>	<b>1,836,879,722</b>
<b>Cash and cash equivalent at END of the year</b>	6	<b>2,414,074,805</b>	<b>749,790,317</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30<sup>TH</sup> SEPT. 2021 and signed by:



**Principal Secretary**  
**NAME: DR JULIUS JWAN**



**Project Coordinator**  
**NAME: JANE MBUGUA**



**Project Accountant**  
**NAME: GRACE NJOKI**  
**ICPAK Member No.8829**

**Secondary Education Quality Improvement Project**  
**Reports and Financial Statements**  
**For the year ended 30 June, 2021**

**9. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE, 2021**

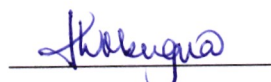
Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	D	e=c-d	f=d/c %
	Kshs	kshs	Kshs	Kshs	Kshs	
<b>Receipts</b>						
Proceeds from borrowings	4,000,000,000	1,491,367,000	2,508,633,000	2,508,632,985	15	100%
<b>Total Receipts</b>						
<b>Payments</b>						
Purchase of goods and services	4,000,000,000	1,491,367,000	2,508,633,000	278,918,248	-	
Acquisition of non-financial assets	-	-	-	25,358,325	-	
Transfers to other government entities	-	-	-	538,185,748	-	
Other grants and transfers	-	-	-	-	-	
<b>Total Payments</b>	<b>4,000,000,000</b>	<b>1,491,367,000</b>	<b>2,508,633,000</b>	<b>842,462,321</b>	<b>1,666,170,664</b>	<b>34%</b>

**Note:** The significant budget utilisation/performance differences in the last column are explained in Annex 1 to these financial statements.



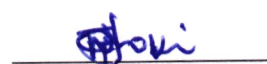
Principal Secretary

NAME: **DR JULIUS JWAN**



Project Coordinator

NAME: **JANE MBUGUA**



Project Accountant

NAME: **GRACE NJOKI**

**ICPAK Member No: 8829**

## **10. SIGNIFICANT ACCOUNTING POLICIES**

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

### **10.1 Basis of Preparation**

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

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

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

### **10.3 Reporting entity**

The financial statements are for Secondary Education Quality Improvement (SEQIP) Project under National Government of Kenya. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012 .

#### **10.3.1 Reporting currency**

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

**10.4 Significant Accounting Policies**

**a) Recognition of receipts**

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

**i) Transfers from the Exchequer**

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

**ii) External Assistance**

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

**iii) Other receipts**

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

**b) Donations and grants**

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

**Significant Accounting Policies (Continued)**

**c) Proceeds from borrowing**

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

**d) Undrawn external assistance**

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

**e) Recognition of payments**

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

**i) Compensation of employees**

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

**ii) Use of goods and services**

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

**Significant Accounting Policies (Continued)**

**iii) Interest on borrowing**

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

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

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

**v) Acquisition of fixed assets**

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

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

**f) In-kind donations**

In-kind contributions are donations that are made to the Project in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably

determined, the Project includes such value in the statement of receipts and payments both as receipts and as payments in equal and opposite amounts; otherwise, the contribution is not recorded.

**Significant Accounting Policies (Continued)**

**g) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank

account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**Restriction on cash**

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

**h) Accounts receivable**

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

**Significant Accounting Policies (Continued)**

**i) Contingent Liabilities**

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) A present obligation that arises from past events but is not recognised because:
  - i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
  - ii) The amount of the obligation cannot be measured with sufficient reliability.

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships,

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. Section 89 (2) (i) of the PFM Act requires the National Government to report on the payments made, or losses incurred, by the county government to meet contingent liabilities as a result of loans during the financial year, including payments made in respect of loan write-offs or waiver of interest on loans

**j) 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.

**Significant Accounting Policies (Continued)**

**k) Pending bills**

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as ‘memorandum’ or ‘off-balance’ items to provide a sense of the overall net cash position of the Project at the end of the year. When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

**l) Budget**

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

A high-level assessment of the Project’s actual performance against the comparable budget for the financial year/period under review has been included in an annex to these financial statements.

**m) Third party payments**

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

During the financial year ended 30 June, 2021 no loan disbursements were received in form of direct payments from third parties.

**Significant Accounting Policies (Continued)**

**n) Exchange rate differences**

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

**o) Comparative figures**

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

**p) Subsequent events**

There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended June 30, 2021.

**q) Errors**

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. Restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

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**11. NOTES TO THE FINANCIAL STATEMENTS**

**1. LOAN FROM EXTERNAL DEVELOPMENT PARTNERS**

During the 12 months to 30 June 2021 we received funding from development partners in form of loans negotiated by the National Treasury donors as detailed in the table below:

Name of Donor	Date received	Amount in loan currency	Loans received in cash	Loans received as direct payment	Total amount in KShs	
		Euros	KShs	KShs	2020/21	2019/20
<b>Loans Received from Multilateral Donors (International Organisations)</b>						
International Development Association (IDA)	30 <sup>th</sup> December 2020	17,585,713	2,394,525,198	-	2,394,525,198	345,520,825
International Development Association (IDA)	11 <sup>th</sup> March 2021	875,000	114,107,788	-	114,107,788	
<b>Total</b>		<b>18,460,713</b>	<b>2,508,632,985</b>	<b>-</b>	<b>2,508,632,985</b>	<b>345,520,825</b>

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

**2. PURCHASE OF GOODS AND SERVICES**

	2020/2021			2019/2020	
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	Cumulative to-date
	KShs	KShs	KShs	KShs	KShs
Office Equipment, Utilities, supplies and services	1,767,730	-	1,767,730	17,187,633	18,955,363
Communication, supplies and services	2,995,000	-	2,995,000	993,000	3,988,000
Domestic travel and subsistence	28,072,893	-	28,072,893	17,254,289	160,558,345
Printing, advertising and information supplies	13,421,088	-	13,421,088	5,520,571	40,555,367
Training payments	44,626,144	-	44,626,144	1,159,345	84,767,188
Hospitality supplies and services	2,698,066	-	2,698,066	5,191,860	37,600,275
Consultancy Services	183,162,326	-	183,162,326	109,176,796	422,108,834
Fuel and Motor vehicle Maintenance	2,175,000	-	2,175,000	1,710,000	5,572,904
<b>Total</b>	<b>278,918,248</b>	<b>=</b>	<b>278,918,248</b>	<b>158,193,495</b>	<b>774,106,276</b>

**3. ACQUISITION OF NON-FINANCIAL ASSETS**

	2020/21			2019/20	
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	Cumulative to-date
	KShs	KShs	KShs	KShs	KShs
Purchase of Project vehicles	25,358,325	-	25,358,325	-	32,899,325
<b>Total</b>	<b>25,358,325</b>	<b>-</b>	<b>25,358,325</b>	<b>-</b>	<b>32,899,325</b>

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

**4. TRANSFERS TO OTHER GOVERNMENT ENTITIES**

During the 12 months to 30 June 2021, we transferred funds to reporting government entities as shown below:

	2020/21			2019/20	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	KShs	KShs	KShs	KShs	KShs
<b>Transfers to National Government entities</b>					
KICD	513,637,203	-	513,637,203		1,022,232,810
KNEC	-	-	-	364,866,310	590,970,468
	<b>513,637,203</b>	<b>-</b>	<b>513,637,203</b>	<b>364,866,310</b>	<b>1,613,203,278</b>
<b>Transfers to County Governments</b>					
AIES to Counties	24,548,545	-	24,548,545	2,616,350	27,164,895
<b>TOTAL</b>	<b>538,185,748</b>	<b>=</b>	<b>538,185,748</b>	<b>367,482,660</b>	<b>1,640,368,173</b>

**5. OTHER GRANTS AND TRANSFERS AND PAYMENTS**

	2020/21			2019/20	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	KShs	KShs	KShs	KShs	KShs
Grants for scholarships	-	-	-	906,927,284	906,927,284
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>906,927,284</b>	<b>906,927,284</b>

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

**6. CASH AND CASH EQUIVALENTS**

	2020/21	2019/20
	KShs	KShs
Bank accounts A/c No. 1000387912	2,386,450,100	627,671,218
Bank Account A/c No. 1000387939	27,624,706	121,898,241
<b>Total</b>	<b><u>2,414,074,806</u></b>	<b><u>749,569,459</u></b>

The project has two (2) project accounts spread within the project implementation area and two (2) foreign currency designated accounts managed by the National Treasury as listed below:

**6. a Bank Accounts**

**Project Bank Accounts**

	2020/21	2019/20
	KShs	KShs
<b><u>Foreign Currency Accounts</u></b>		
Central Bank of Kenya (A/c No. 1000356669 )	-	-
Central Bank of Kenya (A/c No. 1000368427)	6,792	6,792
<b>Total Foreign Currency balances</b>	<b><u>6,792</u></b>	<b><u>6,792</u></b>
<b><u>Local Currency Accounts</u></b>		
Central Bank of Kenya (A/c No. 1000387912)	2,386,450,100	627,671,218
Central Bank of Kenya (A/c No. 1000387939)	27,624,706	121,898,241
<b>Total local currency balances</b>	<b><u>2,414,074,806</u></b>	<b><u>749,569,459</u></b>
<b>Total bank account balances</b>	<b><u>2,414,081,598</u></b>	<b><u>749,576,251</u></b>

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

**Special Deposit Accounts**

The balances in the Project's Special Deposit Account(s) as at 30 June ,2021 are not included in the Statement of Financial Assets since they are below the line items and are yet to be drawn into the Exchequer Account as a voted provision.

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

**Special Deposit Accounts Movement Schedule**

	2020/21	2019/20
	KShs	KShs
<b>(i) A/C Name : Secondary Education Quality Improvement Project (A/c No. 1000356669)</b>		
Opening balance	-	-
Total amount deposited in the account	2,394,525,197.75	-
Total amount withdrawn (as per Statement of Receipts & Payments)	<b>2,394,525,197.75</b>	=
<b>Closing balance (as per SDA bank account reconciliation attached)</b>	=	=
<b>(ii) (i) A/C Name : Secondary Education Quality Improvement Project (A/c No. 1000368427)</b>		
Opening balance (as per the SDA reconciliation)	6,792	6,792
Total amount deposited in the account	114,107,787	345,520,825
Total amount withdrawn (as per Statement of Receipts & Payments)	<b><u>114,107,787</u></b>	<b><u>345,520,825</u></b>
<b>Closing balance (as per SDA bank account reconciliation attached)</b>	<b><u>6,792</u></b>	<b><u>6,792</u></b>

The Special Deposit Account(s) reconciliation statement(s) has (have) been attached as **Appendix 1** support these closing balances.

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

**7. ACCOUNTS RECEIVABLES**

<i>Description</i>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>Kshs</b>	<b>Kshs</b>
Government Imprests	1,702,716	169,300
Advances to Counties	183,460	51,558
<b>Total</b>	<b>1,886,176</b>	<b>220,858</b>

**7a: BREAKDOWN OF GOVERNMENT IMPRESTS**

<b>S/NO</b>	<b>Name of Officer or Institution</b>	<b>WARRANT NO</b>	<b>AMOUNT (KSHS)</b>	<b>DATE SURRENDERED</b>
1	MWANAISHA SHABAN	4195475	42,000	9-Jul-21
2	SARAH OBWOCHA	4263038	24,500	26-Jul-21
3	ROSE NDAMBIRI	4263040	31,500	26-Jul-21
4	ROSE NDAMBIRI	4128351	14,700	26-Jul-21
5	LORNA KWABOKA	4195492	19,600	26-Jul-21
6	ELIPHAS MUGIRA	4263036	42,000	5-Aug-21
7	PETER KAMAU	42630421	47,900	3-Aug-21
8	LUCYLINE NTHIIRI	4263027	67,200	12-Jul-21
9	QAMAR HUSSEIN	4195493	24,500	12-Jul-21
10	ELIAS OMILLO	4263026	31,500	24-Aug-21
11	JOSHUA KILUNDO	4195452	800	13-Sep-21
12	DORCAS MUTINDA	4287691	645,408	26-Aug-21
13	KEZZIA WANDERA	4287660	645,408	9-Sep-21
14	BENSON MAINGI	4263016	14,700	9-Jul-21
14	LORNA KWABOKA	3970004	30,000	
15	KENNETH NDUNGU	4195474	21,000	
		<b>TOTAL</b>	<b>1,702,716</b>	

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

**7b. OUTSTANDING ADVANCES TO COUNTIES**

<b>S/NO.</b>	<b>COUNTY</b>	<b>TOTAL AIES(KSHS)</b>	<b>EXPENDITURE RETURNS (KSHS)</b>	<b>AMOUNT RETURNED - RTGS(KSHS)</b>	<b>BALANCES AS AT 30 JUNE 2021(KSHS)</b>
1.	BUSIA	1,200,950	1,098,950	<b>22,000</b>	80,000
2.	BOMET	546,700	537,700		9,000
3.	ISIOLO	682,350	679,805		2,545
4.	HOMABAY	430,300	352,300		78,000
5.	KWALE	795,050	793,050		2,000
6.	MACHAKOS	429,200	428,250		950
7.	TAITA TAVETA	280,850	280,650		200
8.	MANDERA	1,372,900	1,314,900	<b>57,000</b>	1,000
9.	WEST POKOT	945,350	944,470		880
10.	MIGORI	607,550	606,280		1,270
11.	NANDI	428,350	424,000		4,350
12.	TANA RIVER	727,000	681,735	<b>42,000</b>	3,265
	<b>TOTAL</b>	<b>8,446,550</b>	<b>8,142,090</b>	<b>121,000</b>	<b>183,460</b>

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

**8. FUND BALANCE BROUGHT FORWARD**

	2020/2021	2019/20
	KShs	KShs
Bank accounts	749,790,317	1,836,879,722
Cash in hand	-	-
<b>Total</b>	<b>749,790,317</b>	<b>1,836,879,722</b>

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**12. OTHER IMPORTANT DISCLOSURES**

**1. PENDING ACCOUNTS PAYABLE (ANNEX 4)**

	Balance b/f FY 2020/2021	Additions for the period	Paid during the year	Balance c/f FY 2020/2021
Description	Kshs	Kshs	Kshs	Kshs
Supply of goods	23,723,608	-	(23,723,608)	-
Supply of services	65,613,968	-	(65,613,968)	-
<b>Total</b>	<b>89,337,576</b>	<b>-</b>	<b>(89,337,576)</b>	<b>-</b>

**2. EXTERNAL ASSISTANCE**

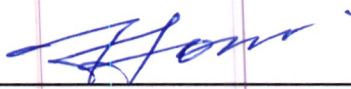
Description	FY 2020/2021 Kshs	FY 2019/2020 Kshs
External assistance received as loans	2,508,632,985	345,520,825
<b>Total</b>	<b>2,508,632,985</b>	<b>345,520,825</b>

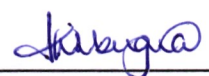
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**13. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S RECOMMENDATIONS**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
421.	Unreconciled Special Account Statement	The variance in the special account balances is as a result of foreign exchange losses	Not Resolved	
422.	Over expenditure and insufficient Budgetary Disclosures	The project had balances carried forward from the previous financial year in addition to the exchequer received during the financial year.	Not Resolved	
423.	Delayed completion of contracted Architectural Designs	Phase 1-5 of the contract for designs had been completed and fully paid by the time of the audit.	Not Resolved	
424.	Outstanding Imprests	The outstanding imprests and AIEs have been surrendered and documents availed for audit review.	Not Resolved	

  
 \_\_\_\_\_  
**Principal Secretary**  
**NAME: DR. JULIUS JWAN**

  
 \_\_\_\_\_  
**Project Coordinator**  
**NAME: JANE MBUGUA**

**Secondary Education Quality Improvement Project (SEQIP)  
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**14.ANNEXES**

**ANNEX1 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS**

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization d=b/a %	Comments on Variance (below 90% and over 100%)
	a	b	c=a-b		
<b>Receipts</b>	<b>Kshs</b>	<b>Kshs.</b>	<b>Kshs.</b>		
Proceeds from domestic and foreign grants	-	-	-	-	
<b>Total Receipts</b>	-	-	-	-	
<b>Payments</b>					
Purchase of goods and services	2,508,632,985	278,918,248			
Acquisition of non-financial assets		25,358,325			
Transfers to other government entities		538,185,748			
<b>Total payments</b>	<b>2,508,632,985</b>	<b>842,462,321</b>	<b>1,666,170,664</b>	<b>34%</b>	<b>The variance was occasioned by implementation challenges associated with infrastructure component of the project which is yet to be sorted out.</b>

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**ANNEX 2 – SUMMARY OF FIXED ASSETS REGISTER**

Asset class	Opening Cost (KShs) 2020/21	Donations in form of assets (KShs) 2020/21	Purchases/ Additions in the Year (KShs) 2020/21	** Disposals in the Year (KShs) 2020/21	Transfers in/(out) Kshs 2020/21	Closing Cost (KShs) 2021
	(a)	(b)	(c)	(d)	(d)	(e) = (a) + (b) + (c) - (d) + (-d)
Motor Vehicles	7,541,000	-	25,358,325	-	-	32,899,325
<b>Total</b>	<b>7,541,000</b>		<b>25,358,325</b>			<b>32,899,325</b>

**Secondary Education Quality Improvement Project (SEQIP)**  
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**ANNEX 3. ANALYSIS OF PENDING BILLS PAID DURING THE YEAR**

Supplier of Goods or Services	Original Amount (Kshs)	Amount Paid To-Date (Kshs.)	Outstanding Balance 2020/21 FYR	Comments
	A	B	A-B	
<b>Supply of goods</b>			-	Paid in 2020/21 fyr
1. Bensta Ltd	778,000	778,000	-	Paid in 2020/21 fyr
2. CMC Motors Group Ltd	6,181,253	6,181,253	-	Paid in 2020/21 fyr
3. Toyota Kenya Ltd	14,878,965	14,878,965	-	Paid in 2020/21 fyr
4. Panesar Kenya Ltd	769,990	769,990	-	Paid in 2020/21 fyr
5. Prestan general supplies	167,400	167,400	-	Paid in 2020/21 fyr
6. UpstreamSinedel Enterprises	474,000	474,000	-	Paid in 2020/21 fyr
7. Andalmta Agencies	474,000	474,000	-	Paid in 2020/21 fyr
<b>Sub-Total</b>	<b>23,723,608</b>	<b>23,723,608</b>	-	
<b>Supply of services</b>				
8. E Gap Ltd	3,191,640	3,191,640	-	Paid in 2020/21 fyr
9. Dama Services Ltd	18,649,500	18,649,500	-	Paid in 2020/21 fyr
10. Heritage Associates Ltd	25,891,248	25,891,248	-	Paid in 2020/21 fyr
13. Odese International Ltd	17,040,000	17,040,000	-	Paid in 2020/21 fyr
14. Walter Onditi Ouma	384,000	384,000	-	Paid in 2020/21 fyr
11. Nation Media Group PLC	99,900	99,900	-	Paid in 2020/21 fyr
12. Standard Group PLC	87,680	87,680	-	Paid in 2020/21 fyr
13. Kenya institute of Curriculum Development	270,000	270,000	-	Paid in 2020/21 fyr
<b>Sub-Total</b>	<b>65,613,968</b>	<b>65,613,968</b>	-	
<b>Grand Total</b>	<b>89,337,576</b>	<b>89,337,576</b>	-	

***Secondary Education Quality Improvement Project  
Reports and Financial Statements  
For the year ended 30 June, 2021***

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**APPENDICES**

- i. Bank Reconciliations
- ii. Special Deposit Account(s) reconciliation statement(s)
- iii. Trial Balance

**SPECIAL ACCOUNT STATEMENT**

For period ending	<b>30TH JUNE, 2021</b>
Account No.	<b>1000356669</b>
Depository Bank	<b>CENTRAL BANK OF KENYA</b>
Address	<b>CBK</b>
Related Loan	<b>(K) SECONDARY EDU. QUALITY IMPROV.</b>
Credit Agreement	<b>6138-KE</b>
Currency	<b>EUR</b>

**Part A - Account Activity**

Beginning balance of 1st July, 2020 as per C.B.K. Ledger Account	0.00
<b>Add:</b>	
Total Amount deposited by World Bank	17,585,713.00
Total Interest earnings if deposited in account	-
Total amount refunded to cover ineligible expenditure	-
<b>Deduct:</b>	
Total amount withdrawn	17,585,713.00
Total service charges if not included above in amount withdrawn	-
Ending balance on 30th June,2021	-

**AUTHORISED REPRESENTATIVE  
CENTRAL BANK OF KENYA**

SIGNATURE: 

DATE

22.07.2021

**AUTHORISED REPRESENTATIVE  
EXTERNAL RESOURCES  
DEPARTMENT-TREASURY**

SIGNATURE: 

DATE

30.07.2021

NOTE: The ending balance as per Central Bank of Kenya Ledger Account and the off-shore Special Account as at 30th June,2021 have been reconciled and a copy of the supporting Reconciliation Statement is attached.

Run Date: 19/07/2021  
 CENTRAL BANK OF KENYA  
 BANKI KUU YA KENYA  
 P.O.BOX 60000-0200  
 NAIROBI

Run Time: 13:56:26

STATEMENT OF ACCOUNT

PAGE NO : 1

ACCOUNT NUMBER : 1000356669

ACCOUNT TITLE : (K) SECONDARY EDU. QUALITY IMPROV.  
 30/06/2021

STATEMENT PERIOD: From 01/07/2020 To

NO.	DATE	REFERENCE NO	DETAILS	DEBIT	CREDIT BALANCE
OPENING BAL :				0.00	
NO.	Value Date	Reference.No	Details	Debit	Credit
1	13/11/2020	FT20318FQX1X	FUNDING	0.00	17,585,713.00
2	18/12/2020	FT20353D4RWF	PA125493	-17,585,713.00	0.00

CLOSING BALANCE : 0

END OF ACCOUNT STATEMENT

Favourites

TAM E STMT OF ACCT EPRM

[More Options](#)

[Clear Selection](#)

Account  1000356669

Statement From  20200701

Statement To  20210630

TAM E STMT OF ACCT EPRM

**SPECIAL ACCOUNT STATEMENT**

For period ending	<b>30TH JUNE, 2021</b>
Account No.	<b>1000368427</b>
Depository Bank	<b>CENTRAL BANK OF KENYA</b>
Address	<b>CBK</b>
Related Loan	<b>SEC. EDUC. QUALITY IMPROV. MOE. DLI. DAB</b>
Credit Agreement	<b>6138-KE</b>
Currency	<b>EUR</b>

**Part A - Account Activity**

Beginning balance of 1st July, 2020 as per C.B.K. Ledger Account	58.36
<b>Add:</b>	
Total Amount deposited by World Bank	875,000.00
Total Interest earnings if deposited in account	-
Total amount refunded to cover ineligible expenditure	-
<b>Deduct:</b>	
Total amount withdrawn	875,000.00
Total service charges if not included above in amount withdrawn	-
Ending balance on 30th June, 2021	58.36

**AUTHORISED REPRESENTATIVE  
CENTRAL BANK OF KENYA**

SIGNATURE:

DATE

22.07.2021

**AUTHORISED REPRESENTATIVE  
EXTERNAL RESOURCES  
DEPARTMENT-TREASURY**

SIGNATURE:

DATE

30.07.2021

NOTE: The ending balance as per Central Bank of Kenya Ledger Account and the off-shore Special Account as at 30th June, 2021 have been reconciled and a copy of the supporting Reconciliation Statement is attached.

Run Date: 19/07/2021 Run Time: 13:58:58  
CENTRAL BANK OF KENYA  
BANKI KUU YA KENYA  
P.O.BOX 60000-0200  
NAIROBI  
STATEMENT PERIOD: From 01/07/2020 To

STATEMENT OF ACCOUNT

ACCOUNT NUMBER : 1000368427

ACCOUNT TITLE : SEC.EDUC.QUALITY IMPROV.MOE.DLI.DAB  
30/06/2021

NO.	DATE	REFERENCE NO	DETAILS	DEBIT	CREDIT BALANCE	
OPENING BAL :			58.36			
NO.	Value Date	Reference.No	Details	Debit	Credit	Balance
1	23/02/2021	FT2105484QH8	SEC EDUC Q FUND	0.00	875,000.00	875058.36
2	09/03/2021	FT210683T6H8	PA125589	-875,000.00	0.00	58.36

CLOSING BALANCE : 58.36

END OF ACCOUNT STATEMENT

Favourites

TAM E STMT OF ACCT EPRM

[More Options](#)

[Clear Selection](#)

Find

Account	equals	1000368427
Statement From	equals	20200701
Statement To	equals	20210630

TAM E STMT OF ACCT EPRM



REPUBLIC OF KENYA				
MINISTRY OF EDUCATION				
STATE DEPARTMENT FOR EARLY LEARNING AND				
BANK RECONCILIATION				
AS AT 30/06/2021				
PROPOSED SECONDARY EDUCATION QUALITY IMPROVEMENT PROJECT				
ACCOUNT NO 1000387912				
BANK:	CBK	HARAMBEE	AVENUE	
AC/NO 1000318201		AMOUNT	AMOUNT	AMOUNT
		kshs	kshs	
Balance as per Bank Certificate.....				2,390,249,189.95
Less.....				
1. Payments in the Cash Book not yet recorded in the Bank Statement (Unpresented Cheques).....		7,417,112.00		
2. Receipts in the Bank Statements not yet recorded in Cash Book....		0.00	7,417,112.00	7,417,112.00
Add.....				
3. Payments in the Bank Statement Not yet recorded in the Cash Book.		0.00		
4. Receipts in the Cash Book not yet recorded in the Bank Statement...		3,618,024.00	3,618,024.00	3,618,024.00
<b>BANK BALANCE AS PER CASH BOOK .....</b>				<b>2,386,450,101.95</b>
I certify that I have verified the Bank Balance in the Cash Book with the the Bank Statement and that the above Reconciliation is correct.				
<b>PREPARED BY:..... LORNA..... KWAMBOKA.....</b>				
signature.....				
<b>CHECKED BY :..... GRACE NJOKI.....</b>				
signature.....				



<b>PAYMENTS IN CASHBOOK NOT IN BANK STATEMENT</b>				
<b>AS AT 30/06/2021</b>				
<b>DATE</b>	<b>DETAILS</b>	<b>C/BNO</b>	<b>AMOUNT</b>	<b>DATE CLEARED</b>
24/6/21	WITHOLDING TAX	311	88,480.00	6/7/2021
29/6/21	MARGRET KIGORI	313	426,384.00	5/7/2021
29/6/21	DORCAS MUTINDA	314	645,408.00	5/7/2021
29/6/21	JOHN MATIANGI	315	645,408.00	5/7/2021
29/6/21	JANE NJOKI MAKIMIL	316	304,560.00	5/7/2021
29/6/21	LABAN CYRUS WANJOHI	317	163,944.00	5/7/2021
29/6/21	EDWARD KIPKIRUI	318	203,040.00	5/7/2021
29/6/21	JOSEPHN MWANGI	319	218,592.00	5/7/2021
29/6/21	ANTHONY MAINA MUCH	320	182,736.00	5/7/2021
29/6/21	MARTIN WEKESA	321	638,064.00	5/7/2021
29/6/21	ANDREW RUKARIA	322	820,368.00	5/7/2021
29/6/21	LUCY WAITHIRA MUGWE	323	638,064.00	5/7/2021
29/06/21	ROSELYN WAIRAGU	343	501,984.00	21/7/2021
29/6/21	CDE WEST POKOT	350	130,000.00	8/7/2021
29/6/21	MARGRET KIGORI	353	426,384.00	8/7/2021
29/6/21	HOTHAN YUSUF	355	243,648.00	8/7/2021
29/6/21	REGINA-WAMUNYU KAN	356	501,984.00	5/7/2021
29/6/21	REGINA WAMUNYU KAN	357	136,080.00	8/7/2021
29/06/21	EMILIO GICHIGO	358	501,984.00	21/7/2021
	<b>TOTAL</b>		<b>7,417,112.00</b>	

	JANE NJOKI MAKIMIL		304,560.00	
	LABAN CYRUS WANJOHI		163,944.00	
	EDWARD KIPKIRUI		203,040.00	5/7/21
	JOSEPHN MWANGI		218,592.00	5/7/21
	ANTHONY MAINA MUCH		182,736.00	5/7/21
	MARTIN WEKESA		638,064.00	5/7/21
	ANDREW RUKARIA		820,368.00	5/7/21
	LUCY WAITHIRA MUGWE		638,064.00	5/7/21
	ROSELYN WAIRAGU		501,984.00	21/7/21
	CDE WEST POKOT		130,000.00	8/7/21
	MARGRET KIGORI		426,384.00	8/7/21
	HOTHAN YUSUF		243,648.00	8/7/21
	REGINA-WAMUNYU KAN		501,984.00	5/7/21
	REGINA WAMUNYU KAN		136,080.00	8/7/21
	EMILIO GICHIGO		501,984.00	21/7/21
	<b>TOTAL</b>		<b>7,417,112.00</b>	

<b>RECEIPTS IN THE CASH BOOK NOT IN BANK</b>			
<b>AS AT 31/05/2021</b>			
<b>DATE</b>	<b>DETAILS</b>	<b>AMOUNT</b>	<b>REMARKS</b>
29/6/21	MARGRET KINGORI	426,384.00	5-Jul-21
29/6/21	DLI CASH BOOK	3,191,640.00	8-Jul-21
	<b>TOTAL</b>	<b>3,618,024.00</b>	

<b>RECEIPTS IN THE CASH BOOK</b>			
<b>AS AT 31/05/2021</b>			
<b>DATE</b>	<b>DETAILS</b>	<b>AMOUNT</b>	<b>REMARKS</b>
29/6/21	MARGRET KINGORI	426,384.00	5-Jul-21
29/6/21	DLI CASH BOOK	3,191,640.00	8-Jul-21
	<b>TOTAL</b>	<b>3,618,024.00</b>	

*Proposed*

				0035001718	STATE DEPT FOR EARLY LEARN B EDU:CBK			
					EASTERN AND SOUTHERN AFRICAN MANAGE			
					/REC/0035001718			
				00018174				
89	29/06/2021	29/06/2021	FT21180Z6HJS	TRFS Payments		256,592.00	0.00	2,395,462,341.95
				0035001723				
					Withholding Tax			
90	30/06/2021	30/06/2021	FT21181KFLWC	Outward RTGS Payment MT 103		426,384.00	0.00	2,395,035,957.95
				0035001726				
					STATE DEPT FOR EARLY LEARN B EDU:999999			
					MONICA MUNYVA NDUI			
				0035001726				
					IMP 4287686			
91	30/06/2021	30/06/2021	FT211818795C	Outward RTGS Payment MT 103		4,786,768.00	0.00	2,390,249,189.95
				0035001725				
					STATE DEPT FOR EARLY LEARN B EDU:999999			



<b>REPUBLIC OF KENYA</b>			
<b>MINISTRY OF EDUCATION</b>			
<b>STATE DEPARTMENT FOR EARLY LEARNING AND BA</b>			
<b>BANK RECONCILIATION</b>			
<b>AS AT 30/06/2021</b>			
<b>STATE DEPARTMENT FOR BASIC EDUCATION 6138KE A/C 1000387939</b>			
<b>BANK:</b>	<b>CBK</b>	<b>HARAMBEE</b>	<b>AVENUE</b>
<b>AC/NO 1000318201</b>	<b>AMOUNT</b>	<b>AMOUNT</b>	<b>AMOUNT</b>
	kshs	kshs	
<b>Balance as per Bank Certificate.....</b>			<b>31,477,006.60</b>
<b>Less.....</b>			
1. Payments in the Cash Book not yet recorded in the Bank Statement (Unpresented Cheques).....	3,852,300.85		
2. Receipts in the Bank Statements not yet recorded in Cash Book.....	0.00	3,852,300.85	3,852,300.85
<b>Add.....</b>			
3. Payments in the Bank Statement Not yet recorded in-the Cash Book.....	0.00		
4. Receipts in the Cash Book not yet recorded in the Bank Statement.....	0.00	0.00	0.00
<b>BANK BALANCE AS PER CASH BOOK .....</b>			<b>27,624,705.75</b>
I certify that I have verified the Bank Balance in the Cash Book with the the Bank Statement and that the above Reconciliation is correct.			
<b>PREPARED BY: .....</b>			
signature.....			
<b>CHECKED BY: .....</b>			
signature.....			

STATE DEPARTMENT FOR BASIC EDUCATION  
 BANK BALANCE AS PER CASH BOOK  
 I certify that I have verified the Bank Balance in the Cash Book with the the Bank Statement and that the above Reconciliation is correct.

<b>PAYMENTS IN CASHBOOK NOT IN BANK STATEMENT</b>				
<b>AS AT 30/06/2021</b>				
<b>DATE</b>	<b>PAYEE</b>	<b>V/NO</b>	<b>AMOUNT</b>	<b>date when they cleared</b>
29/6/21	PHILIP OLUTO	152	14,700.00	5TH JULY 2021
29/6/21	REALEDGEAFRICA VENTURES	151	28,260.00	5TH JULY 2021
29/6/21	JULIUS MANENE	145	37,800.00	5TH JULY 2021
29/6/21	REALEDGEAFRICA VENTURES LT	149	70,670.85	5TH JULY 2021
29/6/21	REGINA WAMUNYU	144	75,600.00	5TH JULY 2021
29/6/21	ROSE WANJIKU GATHECHA	147	84,000.00	5TH JULY 2021
29/6/21	GEORGE KWENYA	148	84,000.00	5TH JULY 2021
29/6/21	ELLABELL-AGENCIES LTD	150	97,530.00	5TH JULY 2021
29/6/21	JULIUS OUMA JWAN	146	109,200.00	5TH JULY 2021
29/6/21	WITHHOLDING TAX	175	58,900.00	6TH JULY 2021
29/6/21	PROPOSED A/C (EGAP)	173	3,191,640.00	6TH JULY 2021
			<b>3,852,300.85</b>	

PAYMENTS IN CASHBOOK NOT IN BANK STATEMENT  
 AS AT 30/06/2021  
 PHILIP OLUTO  
 REALEDGEAFRICA VENTURES  
 JULIUS MANENE  
 REALEDGEAFRICA VENTURES LT  
 REGINA WAMUNYU  
 ROSE WANJIKU GATHECHA  
 GEORGE KWENYA  
 ELLABELL-AGENCIES LTD  
 JULIUS OUMA JWAN  
 WITHHOLDING TAX  
 PROPOSED A/C (EGAP)

14,700.00  
 28,260.00  
 37,800.00  
 70,670.85  
 75,600.00  
 84,000.00  
 84,000.00  
 97,530.00  
 109,200.00  
 58,900.00  
 3,191,640.00  
 3,852,300.85



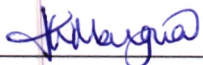
155	30/06/2021	30/06/2021	FT21181L2LFN	STATE DEPT FOR EARLY LEARN B EDU:CBK	ABDIKADIR MOHAMED HASSAN /REC/0200000393 IMP 4287678	Outward RTGS Payment MT 102	14,700.00	0.00	31,545,506.60
					0200000390	STATE DEPT FOR EARLY LEARN B EDU:CBK			
						HALIMA ALI IBRAHIM			
					/REC/0200000390				
					IMP4287679				
156	30/06/2021	30/06/2021	FT21181RFVWF	STATE DEPT FOR EARLY LEARN B EDU:CBK	Outward RTGS Payment MT 102	24,700.00	0.00	31,520,806.60	
					0200000392				
						STATE DEPT FOR EARLY LEARN B EDU:CBK			
						GEOFFREY KAMAU KARIUKI			
					/REC/0200000392				
					IMP4287677				
157	30/06/2021	30/06/2021	FT21181JXLGT	STATE DEPT FOR EARLY LEARN B EDU:CBK	Outward RTGS Payment MT 103	43,800.00	0.00	31,477,006.60	

**SECONDARY EDUCATION QUALITY IMPROVEMENT PROJECT**

**TRIAL BALANCE**

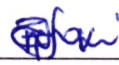
**AS AT 30 JUNE, 2021**

<b>LEDGER ACCOUNT</b>	<b>DEBIT</b>	<b>CREDIT</b>
Loans from Development Partners		2,508,632,985
Fund balance b/fwd		749,790,317
Bank Balances	2,414,074,806	
Account Receivables	1,886,176	
Office Equipment's and Supplies	1,767,730	
Airtime	2,995,000	
Domestic Travel/Daily Subsistence Allowance	28,072,893	
Transfers to Agencies(KICD)	513,637,203	
Purchase of Vehicles	25,358,325	
AIE expenditure	24,548,545	
Training	44,626,144	
Printing and Advertising	13,421,088	
Hospitality expenses	2,698,066	
Consultancy Services	183,162,326	
Fuel	2,175,000	
<b>TOTAL</b>	<b>3,258,423,302</b>	<b>3,258,423,302</b>



**Project Coordinator**

**Name: JANE MBUGUA**



**Project Accountant**

**Name: GRACE NJOKI**

**ICPAK Member No.8829**

