

REPUBLIC OF KENYA



*Enhancing Accountability*



THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 12 APR 2023	DAY: Wed
TABLED BY: Deputy LDM Hon. Owen Baya	
CLERK-AT THE TABLE:	Mado

OF

THE AUDITOR-GENERAL

ON

**KENYA GPE COVID-19 LEARNING  
CONTINUITY IN BASIC EDUCATION  
PROJECT (GRANT ID. P174059 AND  
CREDIT NO. TFB03336)**

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

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







OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
REGISTRY

01 DEC 2022

RECEIVED

**PROJECT NAME: KENYA GPE COVID 19 LEARNING CONTINUITY IN BASIC  
EDUCATION PROJECT.**

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

**PROJECT GRANT ID: P174059  
CREDIT NUMBER. TF B03336**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

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



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1. PROJECT INFORMATION AND OVERALL PERFORMANCE

1.1 Name and registered office

**Name**

The project's official name is Kenya GPE Covid-19 Learning Continuity in Basic Education Project

**Objective**

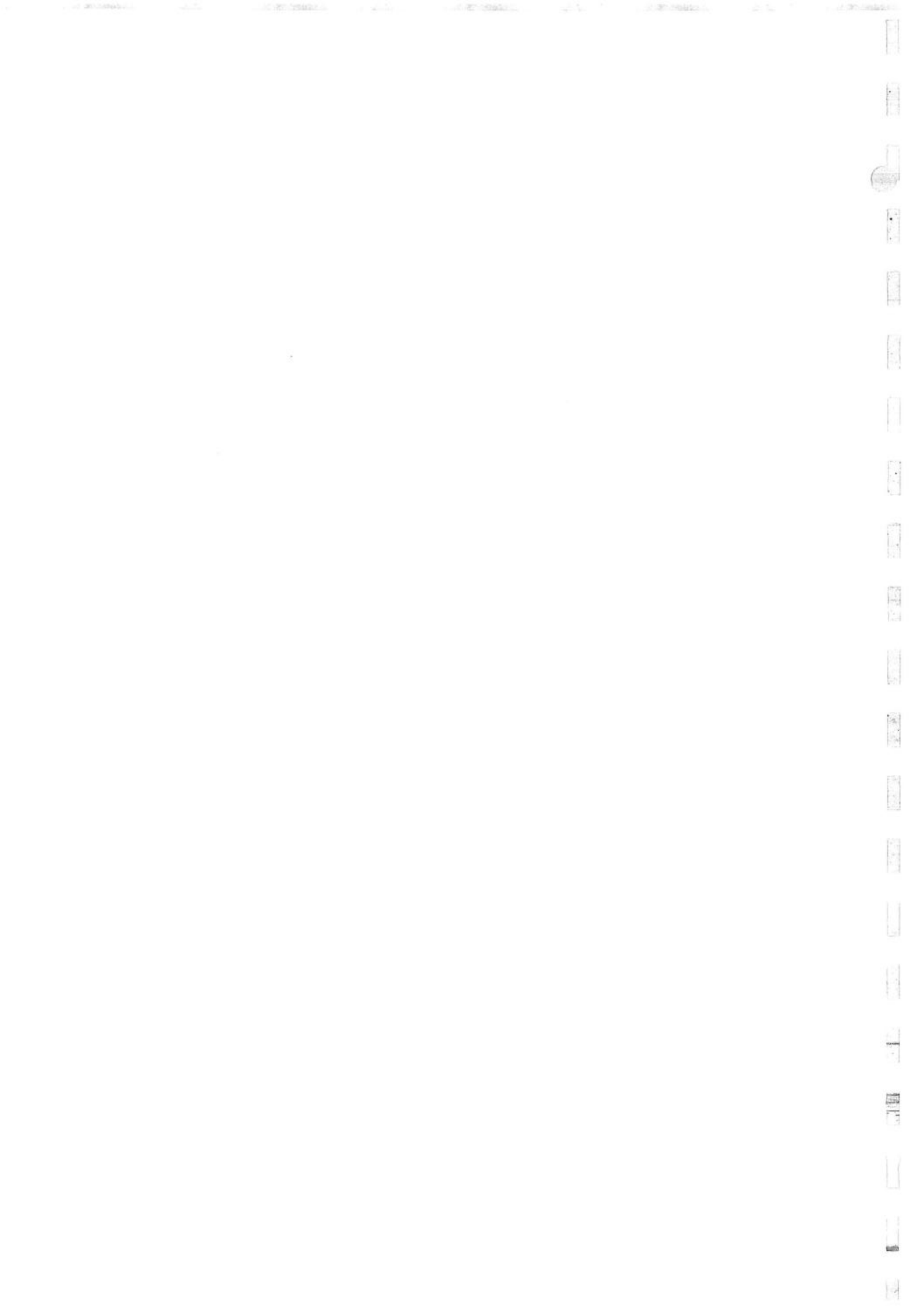
The key objective of the project is to enhance access to online and distance learning for all students in primary and secondary schools and facilitate a smooth transition in the return to school for targeted vulnerable students.

**Address:** The project headquarters office is located in Nairobi County, Kenya.

The address of its registered office is:

Jogoo House,  
Harambee Avenue,  
Nairobi.

**Contacts:** The following are the project contacts  
P.O Box 30040, 00100  
NAIROBI





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

**1.2 Project Information**

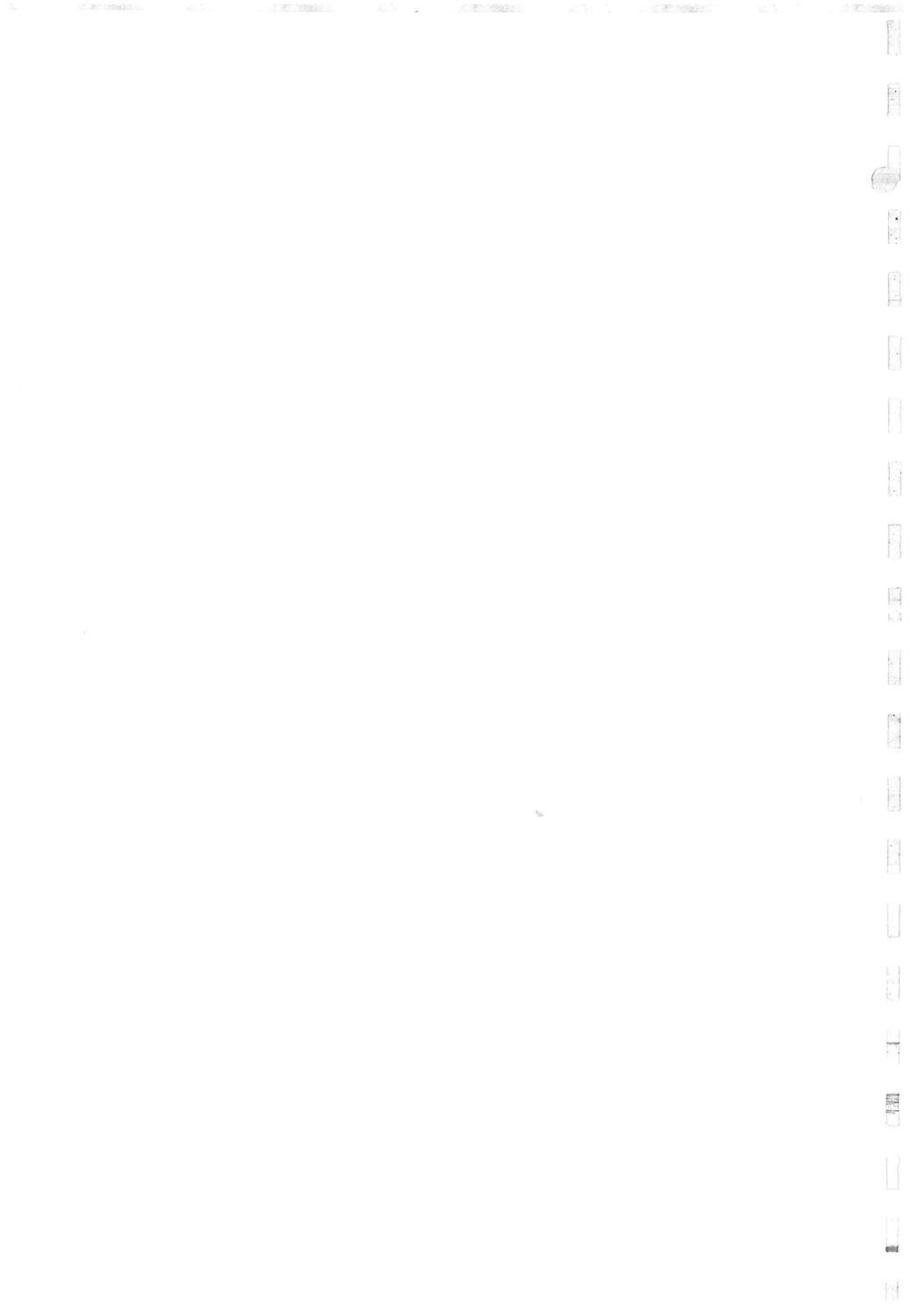
<b>Project Start Date:</b>	The project start date is 20 07.2020
<b>Project End Date:</b>	The project end date is 31.12.2021
<b>Project Manager:</b>	M/s Martha Ekirapa
<b>Project Sponsor:</b>	The project sponsor is International Development Association, Global Partners of Education of the entire grant of USD 10.8Million.

**1.3 Project Overview**

Line Ministry/State Department of the project	The project is under the supervision of State Department for Early Learning & Basic Education.
Project number	<b>P174059</b>
Strategic goals of the project	(i)To enhance access to online and distance learning for all students in primary and secondary schools and (ii) facilitate a smooth transition in the return to school for targeted vulnerable students.
Achievement of strategic goals	The project management aims to achieve the goals through the following means:  (i) Expand partnerships with relevant radio, TV and print providers, including affordable subscription packages, to enhance coverage of online and distance learning particularly in most rural, arid and semi-arid regions and informal centres (ii) Acquire relevant online supplementary Learning materials from external parties for all grades\ (iii) Strengthen the e-cloud/ digital media facility for online and distance learning



	<p>interventions</p> <p>(iv) Training teachers in interactive remote learning Acquire online supplementary</p> <p>(v) Develop integrated monitoring and evaluation system for the remote learning interventions</p> <p>(vi) Top up the existing National school meals program (SMP) to enhance targeted nutrition support, and to expand the SMP coverage</p> <p>(vii) Implement a blended face to face and online based Psychosocial support service</p> <p>(viii) Conduct a learning assessment when schools reopen to inform actions for lagging students.</p>
<p>Other important background information of the project</p>	<p>The COVID-19 LCBE project is aligned with the Kenya Country Partnership Strategy (CPS) and the World Bank Group (WBG) mission to end extreme poverty and boost shared prosperity. In responding to a key domain in the Kenya CPS, 2014–2018<sup>1</sup> that aims at building human capital through education and training and boosting shared prosperity, this project is prepared as an emergency response to the COVID-19 crisis to support continued learning during the COVID-19 pandemic, and to mitigate a deepened learning crisis beyond the pandemic. The project is consistent with the WBG’s Human Capital Project (HCP), of which Kenya is considered an “accelerator country”. Kenya needs to accelerate education reforms and educational attainment as a means of increasing human capital accumulation; address wide regional disparities (including in gender) particularly for the arid, semi-arid regions and informal settlements in urban centres; and improve the efficiency of spending. The project is also aligned with the Kenya Basic Education COVID 19 Emergency Response Plan, 2020.</p> <p>The project interventions are conceptualized within an existing education ecosystem, where key education reforms are still ongoing despite the COVID-19 crisis. The project is therefore not conceived as just an emergency short-term response; instead, in line with the MoE’s COVID-19 plan, it also includes a medium-term set of interventions to protect</p>



Kenya GPE Covid-19 Learning Continuity In Basic Education Project *Reports and Financial Statements*

*For the financial year ended 30 June 2022*

	the education system and to build additional resilience for a crisis that is still unfolding and that will affect Kenya's society and economy for an uncertain period.
Current situation that the project was formed to intervene	<p>The project was formed to intervene in the following areas:</p> <p>(i) continued learning for all students during the COVID-19 crisis, and beyond; (ii) production and delivery of online lessons, and provision of teaching and learning resources; (iii) re-enrolment of learners when schools re-open, and conducting of learning assessments; (iv) provision of scholarships for vulnerable students, and psychosocial support to learners, teachers and the overall school community; (v) ensuring the safety and wellbeing of learners and teachers including children with special educational needs and disabilities; (vi) hiring and placing of additional teachers in understaffed counties; and (vii) support for MoE staff (in various Directorates) and teachers to prepare for recovery and reopening.</p>
Project duration	The project started on 20th July 2020 and is expected to run until 31 December 2021





## PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

### 1.4 Bankers

The following are the bankers for the current year:

- (i) Designated account: Central Bank of Kenya  
Head Office, Haile Selassie  
Account No. 1000472324
- (ii) Project Accounts: Central Bank of Kenya  
Haile Selassie  
Account No. 1000470728

### 1.5 Auditors

The project is audited by the:

Auditor-General  
Anniversary Towers, University Way  
P.O. Box 30084  
Nairobi

### 1.6 Roles and Responsibilities

List the different people who will be working on the project. This list would include the project manager and all the key stakeholders who will be involved with the project. Also, record their role, their positions, and their contact information.

Names	Title designation	Key qualification	Responsibilities
Elijah Mungai	Director Project Coordination and Delivery	Master's Degree	Project Manager
Martha Ekirapa	Deputy Director of Education/	Master's Degree	National Project Coordinator



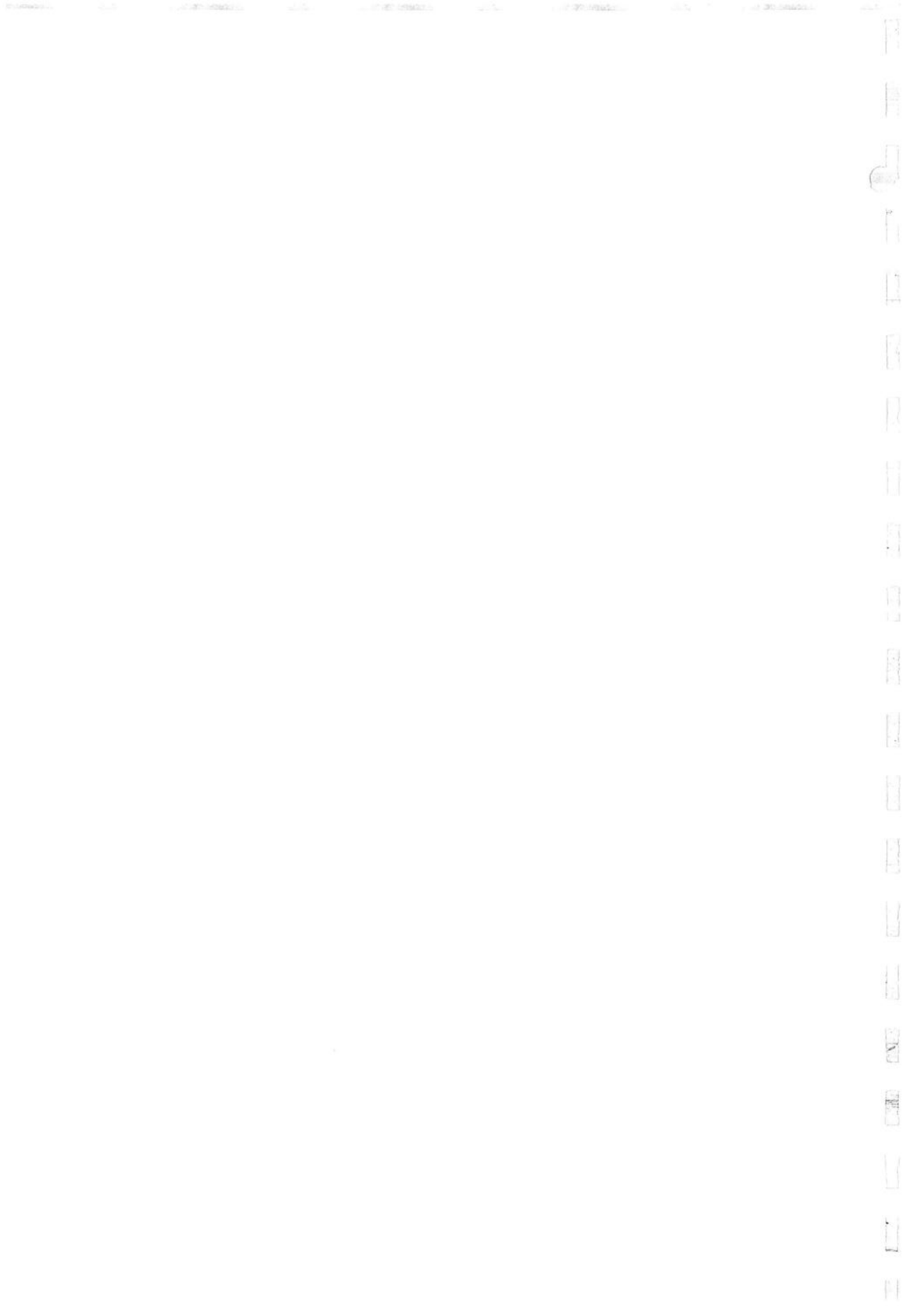
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	National Project Coordinator		
Hellen Boruett	Assistant Director of Education	Master's Degree	Component 1 Lead
Peter Gachathi	Deputy director of education	Master's Degree	Component 2 Lead
Bartholomew Lumbasi	Deputy Director of Education	Master's Degree	Component 3 Lead
Eunice Gachoka	Deputy Director, E-Learning, KICD	Master's Degree	KICD Component Lead
Dr. Assumpta matei	Ag. Coordinator National Assessment Centre, KNEC	Doctorate Degree	KNEC Component Lead
Irene Ochieng	Internal Auditor, TSC	Bachelor's Degree	TSC Component Lead

**1.7 Funding summary**

The Project duration is one year with an approved budget of US\$ 10.8 Million equivalents to KES 1,178,942,670 billion at the exchange rate of 1USD=KES109.1613 as highlighted in the table below;



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

**A. Source of Funds**

Source of funds	Donor Commitment-		Amount received to date – (30 June 2022)		Undrawn balance to date	
	Donor currency USD	KShs	Donor currency USD	KShs	Donor currency USD	KShs
(i) Grant	(A)	(A')	(B)	(B')	(A)-(B)	(A)-(B)
GPE	10,800,000	1,178,942,670	10,799,997.49	1,178,942,396	2.51	274
<b>Total</b>	<b>10,800,000</b>	<b>1,178,942,670</b>	<b>10,799,997.49</b>	<b>1,178,942,396</b>	<b>2.51</b>	<b>274</b>





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

**B. Application of Funds**

Application of funds	Amount received to date – (30 June 2022)		Cumulative Amount paid to date – (30 June 2022)	Unutilised balance to date (30 June 2022)	
	Donor currency USD	Kshs		Donor currency USD	Kshs
	(A)	(A')	(B')	(A)-(B)	(A')-(B')
<b>(i) Grant</b>					
GPE	10,799,997.49	1,178,942,396	1,120,364,592	2.51	58,577,804
<b>Total</b>	<b>10,799,997.49</b>	<b>1,178,942,396</b>	<b>1,120,364,592</b>	<b>2.51</b>	<b>58,577,804</b>

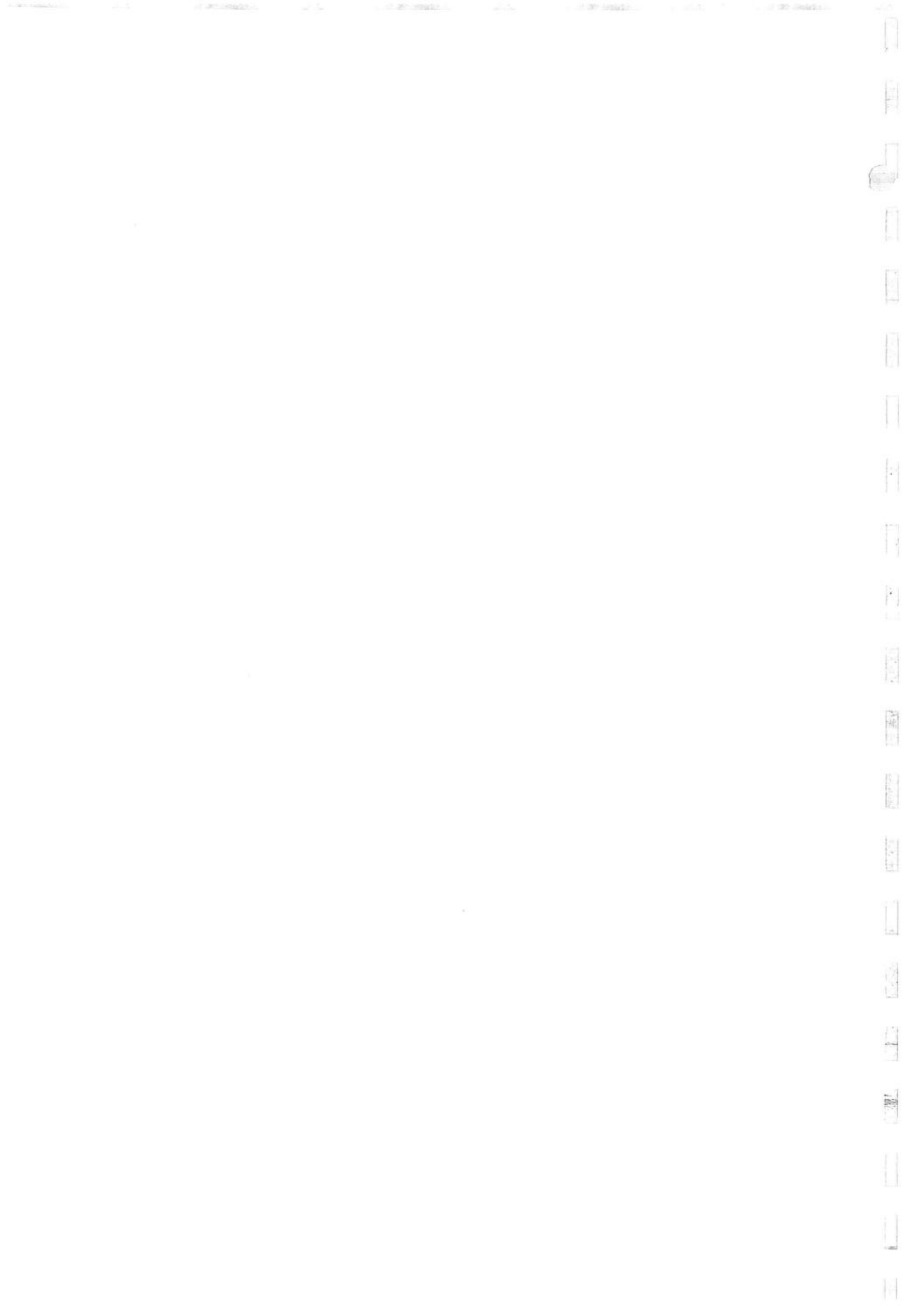


## PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

### 1.8 Summary of Overall Project Performance:

- i) Budget performance against actual amounts for current year was only 64 percent. Cumulatively, the disbursement is relatively at 99.8 percent and actual expenditure of 64 percent compared to the project remaining life which is now 6 months
- ii) Physical progress based on outputs, outcomes and impacts since project commencement.
  - KICD has broadcast lessons via TV, radio and Kenya Education Cloud, sustaining the learning among learners. Cumulatively, a total of 3760 interactive lessons are now available against a target of 3665.
  - Grade 3 and 4 online contents for supplementary materials in 17 learning areas has been acquired.
  - TSC has trained a total of 101, 701 teachers in interactive online methodologies.
  - Tools for monitoring remote learning for learners, teachers and key informants have been developed.
  - 3475 schools drawn from ASAL Counties, Urban slums and SNE schools have benefitted from the expanded SMP. And a total of 1, 841,555 pupils have benefitted from the fortified meals.
  - A total of 8, 256,571 primary school learners from grades 1 to 8 were assessed when schools reopened after the long closures. The assessment helped to assess the learning gaps that enabled the teachers to provide remedial measures.
- iii) The Project interventions have had a remarkable impact in terms of value for money within a very short time, as is evident from the above stated indicators that have been realized.
- iv) The project absorption rate for the financial year ended 30 June 2021 is at 64%.
- v) The project implementation challenges recommendation and way forward are as follows:
  - a) COVID- 19 restrictions caused delays in procurements of some goods and services. And some of the procurement methods involved were lengthy due to the thresholds involved especially the recruitment of the service provider for the psychosocial support.

**Recommendation-** For future, the Supervising Agency can relax rules during emergencies. For the acquisition of goods from abroad, the bidders had to use the cargo flights.



- b) Inability to reach vulnerable learners using the established remote learning channels in the dissemination of content.

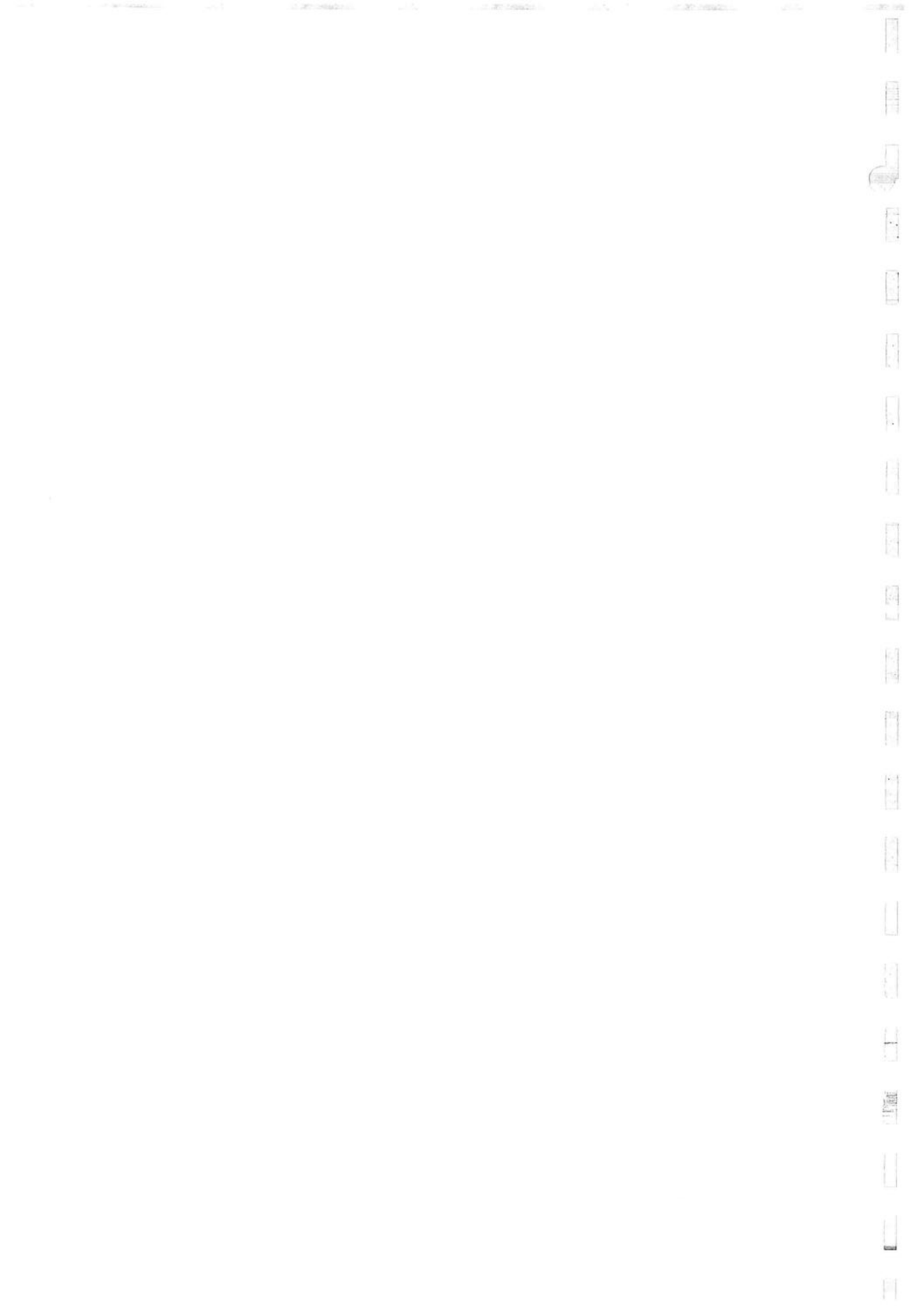
**Recommendation-** community radios were used to reach the most vulnerable learners.

- c) Risk of Fiduciary issues

**Recommendation-** IFRs were prepared every quarter, and Internal Audits conducted as required.

#### 1.9 Summary of Project Compliance:

- i) The project has fully complied with the financing agreement with the IDA in terms of utilization of donor funds





## 2. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETERMINED OBJECTIVES

### Introduction

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

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

- a) To enhance access to online and distance learning for all students in primary and secondary schools  
To train teachers in using remote learning methodologies (online and distance learning methods).
- b) To provide learners with access to school meals and nutrition for at least 151 learning days in a year (male, female)
- c) To provide a blended face to face and online based psychosocial support services to learners, teachers and parents
- d) To conduct a learning assessment once schools reopen

### 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:

Project	Objective	Outcome	Indicator	Performance
COVID-19 LCBE	To enhance access to online and distance learning for all students in primary and secondary	Enhance access to online and distance learning for all students	Number of interactive lessons available for learners.	In the FY 2020/2021, 3760 lessons are available



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	schools			against a target of 3665.
COVID-19 LCBE	To train teachers trained in using remote learning methodologies (online and distance learning methods).	To enhance teachers capacity in remote learning methodologies	Number of teachers trained.	In the FY 2020/2021, 101,700 teachers were trained against a target of 150,000 teachers.
COVID-19 LCBE	To provide learners with access to school meals and nutrition for at least 151 learning days in a year (male, female)	Enhance school attendance and retention	Number of learners provided with school meals.	In the FY 2020/2021, 1,841,555 learners were provided with school meals.
COVID-19 LCBE	To provide a blended face to face and online based psychosocial support services to learners, teachers and parents	Promote the psychosocial wellbeing of learners	Number of learners provided with the psychosocial support.	The intervention is ongoing with the training of teachers being conducted before the learners are provided with the service. This was due to the delay of the procurement of the service



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				provider as a result of the lengthy procurement process.
COVID-19 LCBE	To conduct a learning assessment once schools reopen	Establish learning gap of learners and provide remedial action	Number of learners assessed.	In the FY 2020/2021, 8,256,571 Learners were assessed.





### 3. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

The Project is well aligned with the Global Partnership for Education goals and the project resources will be targeted more to the most marginalized groups, including schools with children with disabilities, schools in rural and nomadic communities in the Arid and Semi-Arid Lands (ASAL) with low female enrolment as well as schools in urban poor settlements.

#### 1. Sustainability strategy and profile -

The Project will use Government systems to ensure sustainability of the activities beyond the project life.

#### 2. Environmental performance and potentially affected social groups. Various strategies of addressing social issues have been clearly elaborated in the two documents.

An Environmental and Social Management Framework (ESMF) and VGMP have been prepared in consultation with key stakeholders

#### 3. Employee welfare

A full-time project coordination unit has been put in place throughout the entire period of the project. This team comprises of Government employees who are facilitated in terms of their welfare by Government. However, for day-to-day operations, the Project caters for it.

#### 4. Market place practices-

The Project strictly adheres to the GOK and World bank procurement practices and Issues of disclosure of information are strictly followed.

#### 5. Community Engagements-

The implementation of project activities involved participation of a majority of key education stakeholders. Involvement of parents, Politicians, entire Government leadership has been quite helpful in sustaining the Project gains.



#### 4. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

**The Principal Secretary** for the State Department for Early Learning and Basic Education and the **Project Coordinator** for GPE Covid-19 Learning Continuity in Basic Education Project are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year (period) ended on June 30, 2022.

This responsibility includes (i) Maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the project; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the project; (v) Selecting and applying appropriate accounting policies; and (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 GPE Covid-19 Learning Continuity in Basic Education Project accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

**The Principal Secretary** for the State Department for Early Learning and Basic Education and the **Project Coordinator** for GPE Covid-19 Learning Continuity in Basic Education Project are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year/period ended June 30, 2022, 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 GPE Covid-19 Learning Continuity in Basic Education Project further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.



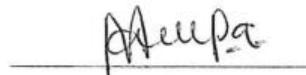
**The Principal Secretary** for the State Department for Early Learning and Basic Education and the **Project Coordinator** for GPE Covid-19 Learning Continuity in Basic Education Project confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

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

The Project financial statements were approved by **The Principal Secretary** for the State Department for Early Learning and Basic Education and the **Project Coordinator** for GPE Covid-19 Learning Continuity in Basic Education Project on 30TH SEPTEMBER 2022 and signed by them.



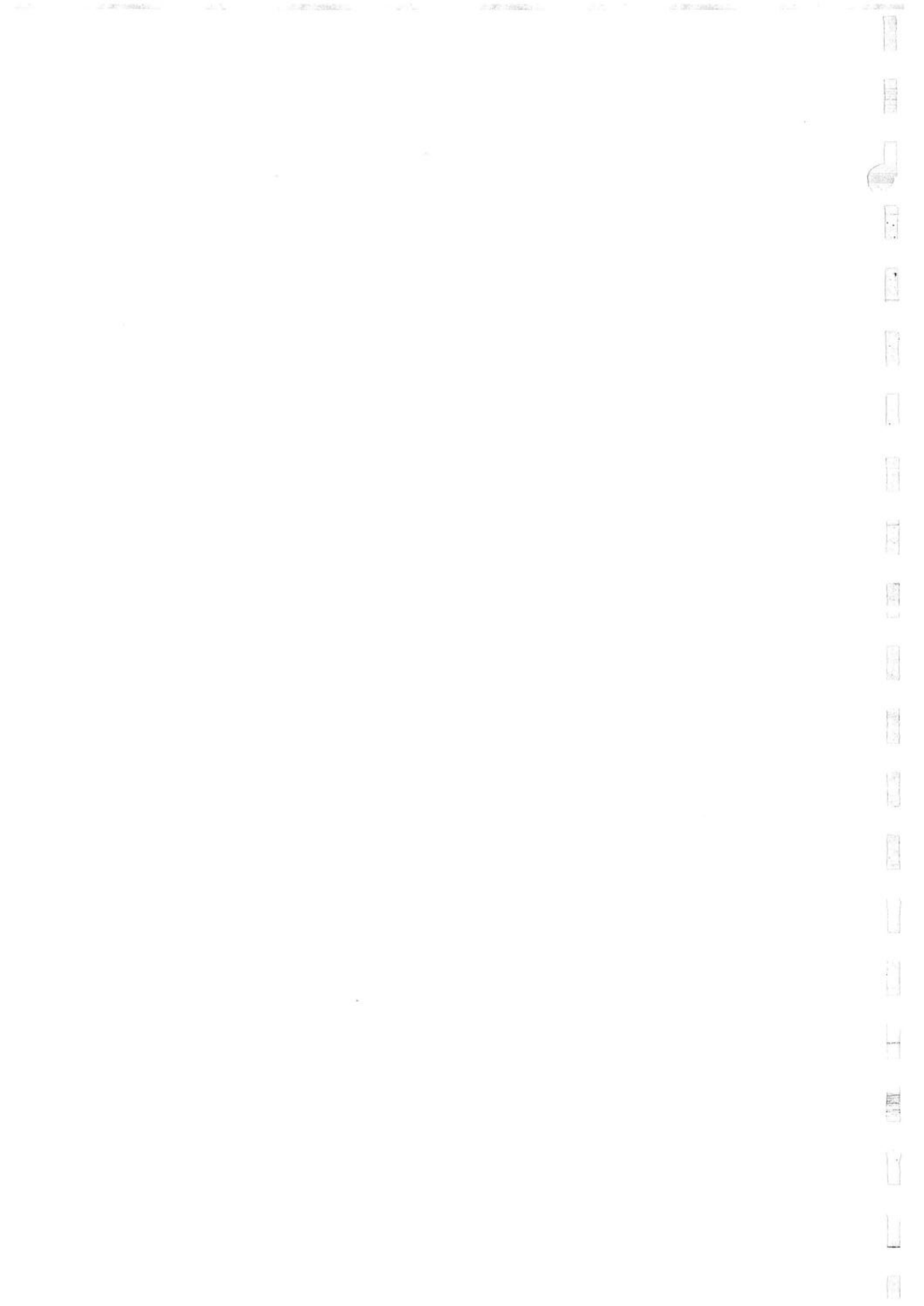
Dr. Julius Jwan  
Principal Secretary



Martha Ekirapa  
Project Coordinator



Fredrick Aoko  
Project Accountant:  
ICPAK Member Number: 17566





# REPUBLIC OF KENYA

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Anniversary Towers  
Monrovia Street  
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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON KENYA GPE COVID-19 LEARNING CONTINUITY IN BASIC EDUCATION PROJECT (GRANT ID. P174059 AND CREDIT NO. TFB03336) FOR THE YEAR ENDED 30 JUNE, 2022 - 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 the intended purpose.
- C. Report on the Effectiveness of Internal Controls, Risk Management, and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient, and effective operations of the entity.

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

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



## REPORT ON THE FINANCIAL STATEMENTS

### Qualified Opinion

I have audited the accompanying financial statements of Kenya GPE Covid-19 Learning Continuity in Basic Education Project, set out on pages 1 to 20, which comprise of the statement of financial assets as at 30 June, 2022, the statement of receipts and payments, the 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 Kenya GPE Covid-19 Learning Continuity in Basic Education Project as at 30 June, 2022 and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Cash Basis) and comply with the Grant ID. P174059 and Credit No. TFB03336 dated 20 July, 2020 between the Republic of Kenya and the International Development Association (IDA) and the Public Finance Management Act, 2012.

### Basis for Qualified Opinion

#### 1.0 Irregular Expenditure on Fortified Meals

The statement of receipts and payments reflects cumulative expenditure to date of Kshs.874,718,669 in respect of transfers to other Government entities as disclosed in Note 11.5 to the financial statements. Included in this amount is the expenditure of Kshs.199,998,500 being transfers to the Directorate of Primary Education for purchase of fortified meals under the Covid-19 Learning Continuity Basic Education Project. The following anomalies were noted: -

#### 1.1 Inconsistencies in the List of Enrolment for Beneficiary Schools

Examination of documents provided for audit revealed a list of two hundred and eighty thousand, three hundred and thirty-one (280,331) students in the beneficiary schools which was used as a basis for the purchase of the 61,525 bags of corn soya blend. However, the enrolment numbers in the beneficiary schools and the enrolment as per the approved list had material variances. In all the sampled schools, the enrolment was higher than the numbers quoted in the contract. The basis of the enrolment list used to do the procurement could not be confirmed.

#### 1.2 Irregularities in Procurement and Distribution of Fortified Meals

The Project Management made a request for procurement of food commodities on 27 September, 2021. The Principal Secretary approved an amount of 53,751 bags of 25kg each at a cost of Kshs.3,665 amounting to Kshs.196,997,415 on the procurement

*Report of the Auditor-General on Kenya GPE Covid-19 Learning Continuity in Basic Education Project. (Credit No. TFB03336 and Grant ID. P174059) for the year ended 30 June, 2022 - State Department for Early Learning and Basic Education*



of corn soya blend. This was adjusted in the revised budget via letter reference MOE/PRC/G7/1/4/VOL.II/13 to 60,615 bags of 25kg each at a cost of Kshs.3,250 per bag amounting to Kshs.196,998,750. The Project Management did not provide justification for the adjustments for audit. The Project Management procured the food commodity through the State Department for Public Works framework contracts vide letter reference SDPW/SB/53/7 of 20 April, 2021.

### **1.2.1 Purchase of Corn-Soya**

The following anomalies were noted: -

- i. The Project Management invited bids from only one contractor despite having a list of twenty-eight suppliers who had framework contracts with the State Department of Public Works. This was contrary to Section 114(3)(b) of the Public Procurement and Assets Disposal Act, 2015 which provides that a procuring entity should invite mini-competition among persons that have entered into the framework agreement in the respective category;
- ii. The procurement for the blended meals was entered into the procurement plan on the same day that the vendor was awarded the contract for supply of the blended corn-soya mealie;
- iii. The list of schools identified to benefit from the project was amended to include other schools that were not in the list initially;
- iv. Variances were noted in the approved supply list and the actual number of bags supplied;
- v. The Project Management did not provide the schools with clear instructions on the usage. This led to some schools issuing the food stuff to parents for use at home instead of having it made in schools;
- vi. The basis of distribution was not provided. Field verification revealed that some schools were given more than the required amounts leading to the fortified meals expiring before use;
- vii. Documentation on deliveries of the fortified meals were not provided in most of the schools;

### **1.2.2 Supply of Fortified Meals to Counties**

Field inspection conducted in Kajiado, Machakos, Makueni, Kisumu, Homabay, Siaya, Isiolo, Tharaka Nithi, and Meru Counties revealed the following anomalies: -

### **i. Kajiado and Machakos Counties**

The Project Management delivered fortified food amounting to Kshs.2,030,569 and Kshs.1,209,544 to Kajiado and Machakos Counties on 28 and 29 June, 2021 respectively. However, the County Director of Education, Kajiado County was not able to confirm receipt of corn-soya blend received in his County and a visit to sampled schools revealed that no flour was delivered to the primary schools. The delivery to Machakos County Offices vide waybill No.10351 obtained from the CDE office Machakos County was not supported by any distribution list to confirm the distribution of the fortified food. Verification of the identified schools also confirmed the fortified food was not delivered to the schools.

### **ii. Isiolo County**

The Project Management delivered fortified food of Kshs.2,833,266 to Isiolo County. However, data obtained from the County Director of Education at Isiolo County revealed that a total of 845 bags were received resulting in a difference of seventy-two (72) bags.

### **iii. Kisumu County**

The Project Management delivered 1,372 bags at a total cost of Kshs.5,028,772 to Kisumu County. However, the deliveries made could not be confirmed since no documentation was provided for review. Further, the Sub County Directors of Education were not aware of the program as the corn-soya blend flour was directly distributed to schools.

## **1.3 Non-Compliance with the Condition of the Contract -Failure to Provide Performance Security for the Contract**

Clause 3.7.1 of the framework agreement between the winning bidder and the State Department required the tenderer to furnish performance security to procuring entity within thirty (30) days of notification of award or as per the special conditions of contract. Further, Section 142 of the Public Procurement and Asset Disposal Act, 2015 requires the tenderer to provide performance security equivalent to not more than ten percent of the contract amount before signing of the contract. However, there was no performance security for this contract to cover the procuring entity in case of any failure of the contract not being fully executed.

In the circumstances, the Management was in breach of the law and the regularity of Kshs.199,998,500 could not be confirmed.

## **2.0 Irregular Expenditure on Purchase of Electronic News Gathering and Field Production Equipment**

The statement of receipts and payments reflects an amount of Kshs.100,762,639 in respect of acquisition of non-financial assets as disclosed in Note 11.4 to the financial statements. Included in the amount is the expenditure of Kshs.11,916,880 on purchase of electronic news gathering and field production equipment. However, the contract

agreement had not been signed. Further, discrepancies were noted on the local service order, which was dated 25 October, 2021 whilst the delivery notes were dated 16 September, 2021, 23 September, 2021 and 24 September, 2021 respectively, an indication that deliveries were made before issue of local service order.

In the circumstances, the value for money, regularity, occurrence and validity of the expenditure of Kshs.11,916,880 on purchase of electronic news gathering and field production equipment could not be confirmed.

### **3.0 Unreconciled Special Account Statement**

The statement of receipt and payments reflects proceeds from domestic and foreign grants of Kshs.238,265,907 as disclosed in Note 11.1 of the financial statements. However, the corresponding account balance reflected in the special account statement reflects an amount of Kshs.238,499,099 resulting in an unexplained variance of Kshs.233,192.

In the circumstances, the accuracy and completeness of the proceeds from domestic and foreign grants amounting to Kshs.238,265,907 could not be confirmed.

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

#### **Emphasis of Matter**

##### **Budgetary Control and Performance**

The statement of comparative budget and actual amounts reflects the final expenditure budget and actual on a comparable basis of Kshs.564,661,708 and Kshs.516,064,278 respectively resulting in an under-expenditure of Kshs.48,597,430 (or 9%) of the budget which has not been explained by way of a footnote.

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

#### **Key Audit Matters**

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

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

## Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the 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 Unsupported Contract Period Extension

The Project Management entered into a contract for consultancy to provide blended online and face-to-face psychosocial support services at a contract price of Kshs.81,545,886 for a period of sixteen (16) weeks. However, it was observed that the contract was extended by four (4) weeks from the initial sixteen (16) weeks through a request by the Project Coordinator on 28 September, 2021. However, the approvals by the International Development Association (IDA) and the Accounting Officer were not provided for audit. Further, a revised work plan and performance security for the extended period was not provided for audit.

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

### 2.0 Alterations of Procurement Records

The Project Management entered into a contract for consultancy to provide blended online and face-to-face psychosocial support services at a contract price of Kshs.81,545,886. However, it was observed that the evaluation documents provided for audit for the provision of psychosocial consultancy services with a contract sum of Kshs.81,545,886 had score sheets containing arithmetical errors and alterations. The alterations were not countersigned making it difficult to ascertain if they were due to error or fraud. This is contrary to Regulation 102(3) of the Public Finance Management (National Government) Regulations, 2015 which provides that an Accounting Officer shall satisfy himself or herself that where an alteration of a financial record requires the authorization, approval and, or deletion of any transaction or data whether electronic or manual by any means other than in writing, that there is sufficient audit trail which shall identify the person who approved the transaction.

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

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions, and information reflected in the financial statements are in compliance, in all material respects, with the authorities that



govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **Lack of Internal Audit on the Project**

Review of Internal Audit Function revealed that no audit was carried out on the Project and is planned for subsequent year. Further, the Audit Committee of the Ministry did not sit to deliberate on matters relating to the project in the year under review.

In the circumstances, the project did not benefit from the assurance and advisory services from the internal audit function as well as oversight from the Audit Committee.

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

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

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

In preparing the financial statements, Management is responsible for assessing the 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 way.

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

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

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

08 December, 2022



6. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE 2022.

	Note	2021/2022			2020/2021			Cumulative to-date (From inception)
		Receipts and payments controlled by the entity	Payments made by third parties	Total	Receipts and payment controlled by the entity	Payments made by third parties	Total	
RECEIPTS		KShs	KShs	KShs	KShs	KShs	KShs	
Proceeds from domestic and foreign grants	11.1	238,265,907	-	238,265,907	940,676,489	-	1,178,942,396	
<b>TOTAL RECEIPTS</b>		<b>238,265,907</b>	<b>-</b>	<b>238,265,907</b>	<b>940,676,489</b>	<b>-</b>	<b>1,178,942,396</b>	
PAYMENTS		KShs	KShs	KShs	KShs	KShs	KShs	
Purchase of goods and services	11.3	76,538,421	-	76,538,421	31,370,159	-	107,908,580	
Acquisition of Non-financial Assets	11.4	100,762,639	-	100,762,639	36,974,704	-	137,737,343	
Transfers to other government entities	11.5	338,763,218	-	338,763,218	535,955,451	-	874,718,669	
<b>TOTAL PAYMENTS</b>		<b>516,064,278</b>	<b>-</b>	<b>516,064,278</b>	<b>604,300,314</b>	<b>-</b>	<b>1,120,364,592</b>	
<b>SURPLUS/ (DEFICIT)</b>		<b>(277,798,371)</b>	<b>-</b>	<b>(277,798,371)</b>	<b>336,376,175</b>	<b>-</b>	<b>58,577,804</b>	

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



Dr. Julius Jwan

Principal Secretary



Martha Ekirapa

Project Coordinator



Fredrick Aoko


Project Accountant:



7. STATEMENT OF FINANCIAL ASSETS AS AT 30TH JUNE 2022

	Note	2021-2022 KShs	2020-2021 KShs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	11.6	-	273,709,375
<b>Total Cash and Cash Equivalents</b>		-	<b>273,709,375</b>
Outstanding advances	11.8	-	62,666,800
<b>TOTAL FINANCIAL ASSETS</b>		-	<b>336,376,175</b>
<b>REPRESENTED BY</b>			
Fund Balance b/fwd	11.9	273,172,976	-
Prior year adjustment	12.0	4,625,395	-
Surplus/(Deficit) for the year		(277,798,371)	336,376,175
<b>NET FINANCIAL POSITION</b>		-	<b>336,376,175</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 30th JUNE 2022 and signed by:

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Dr. Julius Jwan  
Principal Secretary

Martha Ekirapa  
Project Coordinator

Fredrick Aoko  
Project Accountant:

ICPAK Member Number: 17566

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8. STATEMENT OF CASHFLOW FOR THE PERIOD 30TH JUNE 2022

	Note	2021-2022 KShs	2020-2021 KShs
<b>CASHFLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts from operating activities</b>			
Proceeds from domestic and foreign grants	11.1	238,265,907	940,676,489
<b>Net Receipts from operating activities</b>		<b>238,265,907</b>	<b>940,676,489</b>
<b>Payments from operating activities</b>			
Purchase of goods and services	11.3	(76,538,421)	(31,370,159)
Transfers to other government entities	11.5	(338,763,218)	(535,955,451)
Decrease/(Increase) in Accounts Receivable	12.10	62,666,800	(62,666,800)
Transfer to National Treasury		(63,203,199)	-
Prior year adjustment		4,625,395	-
<b>Net cash flow from operating activities</b>		<b>(172,946,736)</b>	<b>310,684,079</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Non-financial assets	11.4	(100,762,639)	(36,974,704)
<b>Net cash flows from Investing Activities</b>		<b>(100,762,639)</b>	<b>(36,974,704)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(273,709,375)</b>	<b>273,709,375</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>		<b>273,709,375</b>	<b>-</b>
<b>Cash and cash equivalent at END of the year</b>		<b>-</b>	<b>273,709,375</b>

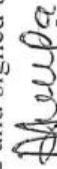
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity

financial statements were approved on 30th SEPT. 2022 and signed by:



Dr. Julius Jwan

Principal Secretary



Martha Ekirapa

Project Coordinator



Fredrick Aoko

Project Accountant:

ICPAK Member Number:17566



9. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS

Receipts/Payments Item	Original Budget (Kshs) a	Adjustments (Kshs) b	Final Budget (Kshs) c=a+b	Actual on Comparable Basis (Kshs) d	Budget Utilization Difference (Kshs) e=c-d	% of Utilization f=d/c %
<b>Receipts</b>						
Transfer from Government entities						
Proceeds from domestic and foreign grants	564,661,708	-	564,661,708	238,265,907	326,395,801	42%
<b>Total Receipts</b>	<b>564,661,708</b>	<b>-</b>	<b>564,661,708</b>	<b>238,265,907</b>	<b>326,395,801</b>	
<b>Payments</b>						
Purchase of goods and services	90,539,680	-	90,539,680	76,538,421	14,001,259	85%
Acquisition of Non-financial Assets	135,358,810		135,358,810	100,762,639	34,596,171	74%
Transfers to other government entities	338,763,218	-	338,763,218	338,763,218	-	100%
Other grants and transfers						
<b>Total Payments</b>	<b>564,661,708</b>	<b>-</b>	<b>564,661,708</b>	<b>516,064,278</b>	<b>48,597,430</b>	<b>90%</b>

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



Dr. Julius Jwan  
Principal Secretary



Martha Ekirapa  
Project Coordinator



Fredrick Aoko  
Project Accountant:

ICPAK Member Number:17566





## **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 the GPE Covid-19 Learning Continuity in Basic Education 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 project does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of 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.



**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, 2022.

**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.





## 11. NOTES TO THE FINANCIAL STATEMENTS

### 11.1 PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

During the 12 months to 30 June 2022, we received grants from donors as detailed in the table below:

Name of Donor	Date received	Amount received in donor currency	Grants received in cash	Grants received as direct payment*	Grants received in kind	Total amount in KShs	
						2021/22	2020/21
						KShs	KShs
		USD	KShs	KShs	KShs	KShs	KShs
GPE		2,146,169.61	238,265.907	-	-	238,265.907	940,676.489
				-	-		
	-					-	-
<b>Total</b>		<b>2,146,169.61</b>	<b>238,265,907</b>	<b>-</b>	<b>-</b>	<b>238,265,907</b>	<b>940,676,489</b>



NOTES TO THE FINANCIAL STATEMENTS (Continued)

1.3 PURCHASE OF GOODS AND SERVICES

	2021/2022			2020/2021	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	KShs	KShs	KShs	KShs	KShs
Consultancy	75,082,120	-	75,082,120	24,463,766	99,545,886
Domestic travel and subsistence	1,145,900	-	1,145,900	4,226,400	5,372,300
Printing, advertising and information supplies	-	-	-	1,767,393	1,767,393
Hospitality supplies and services	302,400	-	302,400	912,600	1,215,000
Routine maintenance-other assets	8,000	-	8,000	-	8,000
<b>Total</b>	<b><u>76,538,420</u></b>	<b><u>-</u></b>	<b><u>76,538,420</u></b>	<b><u>31,370,159</u></b>	<b><u>107,908,579</u></b>

11.4 ACQUISITION OF NON-FINANCIAL ASSETS

	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		Cumulative to-date
			FY 2021/22	FY 2020/21	
	KShs	KShs	KShs	KShs	KShs
ICT Equipment, software and ICT asset	100,762,639	-	100,762,639	36,974,704	137,737,343
<b>Total</b>	<b><u>100,762,639</u></b>		<b><u>100,762,639</u></b>	<b><u>36,974,704</u></b>	<b><u>137,737,343</u></b>



NOTES TO THE FINANCIAL STATEMENTS (Continued)

11.5 TRANSFERS TO OTHER GOVERNMENT ENTITIES

During the 12 months to 30 June 2022, we transferred funds to reporting government entities as shown below:

	2021/22			2020/21	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>					
TSC	40,037,777	-	40,037,777	159,129,153	199,166,930
KNEC	12,455,667	-	12,455,667	86,062,864	98,518,531
KICD	86,271,274	-	86,271,274	90,923,044	177,194,318
DIRECTORATE OF PRIMARY	199,998,500	-	199,998,500	199,840,390	399,838,890
	<b>338,763,218</b>	<b>-</b>	<b>338,763,218</b>	<b>535,955,451</b>	<b>874,718,669</b>

We have confirmed that the beneficiary institutions have received the funds and have recorded these as inter-entity receipts. We have attached these duly signed confirmations as an ANNEX to the financial statements.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

11.6 CASH AND CASH EQUIVALENTS

	2021/22	2020/21
	KShs	KShs
Bank accounts (Note 8.13A)	-	273,709,375
<b>Total</b>	<u>-</u>	<u>273,709,375</u>

The project has one account within the project implementation area and one foreign currency designated account managed by the National Treasury as listed below:

11.7A Bank Accounts

Project Bank Accounts

	2021/22	2020/21
	KShs	KShs
<b><u>Foreign Currency Accounts</u></b>		
Central Bank of Kenya A/c No.1000472324	=	<u>813,604.05</u>
<b>Total Foreign Currency balances</b>	=	<u>813,604.05</u>
<b><u>Local Currency Accounts</u></b>		
Central Bank of Kenya A/c No 1000470728	-	273,709,375
<b>Total local currency balances</b>	=	<u>273,709,375</u>





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

**Special Deposit Accounts**

The balances in the Project’s Special Deposit Account(s) as at 30 June 2022 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**

	2021/22	2020/21
	KShs	KShs
(i) A/C Name [A/c No 1000472324]		
Opening balance	-	-
Total amount deposited in the account	-	9,467,401.93
Total amount withdrawn (as per Statement of Receipts & Payments)	=	8,653,797.88
<b>Closing balance (as per SDA bank account reconciliation attached)</b>	<b>=</b>	<b>813,604.05</b>

The Special Deposit Account reconciliation statement has been attached as *ANNEX 2* support the closing balance.



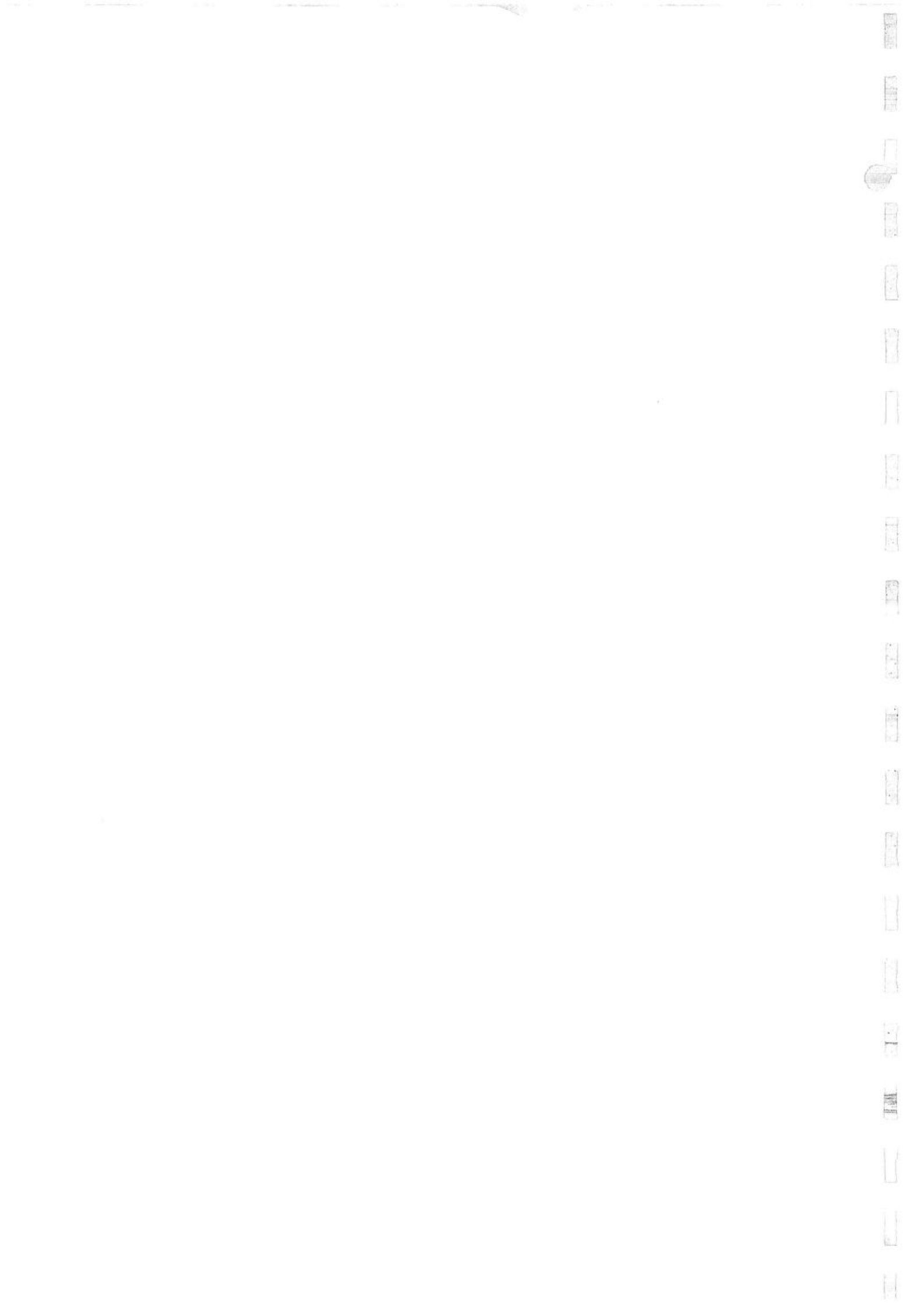
NOTES TO THE FINANCIAL STATEMENTS (Continued)

11.8: BREAKDOWN OF IMPRESTS AND ADVANCES

<i>Name of Officer or Institution</i>	<i>Amount Taken</i>	<i>Due Date of Surrender</i>	<i>Amount Surrendered</i>	<i>Balance 2022</i>	<i>Balance 2021</i>
	<i>Kshs</i>		<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
	<i>a</i>		<i>b</i>	<i>c=a-b</i>	
KICD	86,634,907		86,634,907	-	7,700,707
TSC	40,870,847		40,870,847	-	40,870,847
KNEC	13,937,136		13,937,136	-	13,937,136
DIRECTORATE OF PRIMARY	200,156,610		200,156,610	-	158,110
	341,599,500		341,599,500	-	62,666,800

11.9 FUND BALANCE BROUGHT FORWARD

<b>CASH AND CASH EQUIVALENTS B/FWD</b>	<b>2021/22</b>	<b>2020/21</b>
	<b>KShs</b>	<b>KShs</b>
Bank accounts	273,709,375	-
Outstanding imprests and advances	62,666,800	-
Cash transfer to World bank and Treasury	(63,203,199)	-
<b>Total</b>	<b>273,172,976</b>	<b>-</b>



## 12.0 PRIOR YEAR ADJUSTMENT

	Balance b/f FY 2021/2022 as per Financial statements	Adjustments	Adjusted Balance b/f FY 2020/2021
Description of the error	Kshs	Kshs	Kshs
Novel Technologies Ltd	3,459,617	3,459,617	-
TSC	1,165,778	1,165,778	
	<b>4,625,395</b>	<b>4,625,395</b>	-

Prior year adjustment of Kshs 4,625,395 was money received from the TSC and Novel Technologies Ltd in relation to payments which their expenditures had already been expensed and accounted for in the previous financial year.

## 12.10 CHANGES IN RECEIVABLE

Description of the error	2021-2022	2020-2021
	KShs	KShs
Outstanding Imprest/advance as at 1 <sup>st</sup> July 2021 (A)	62,666,800	-
Imprest/advance issued during the year (B)	-	62,666,800
Imprest/advance surrendered during the Year (C)	(62,666,800)	
Net changes in account receivables D= A+B+C	-	<b>62,666,800</b>



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12. ANNEXES

ANNEX1 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance (below 90% and over 100%)
	a	b	c=a-b	d=b/a %	
<b>Receipts</b>					
Proceeds from domestic and foreign grants	564,661,708	238,265,907	326,395,801	42%	The variance was due to exclusion of cash and cash equivalent balance B/F of Kshs 336,376,175
<b>Total Receipts</b>	<b>564,661,708</b>	<b>238,265,907</b>	<b>326,395,801</b>		
<b>Payments</b>					
Purchase of goods and services	90,539,680	76,538,421	14,001,259	85%	The variance was due to capacity building activity which was not implemented time constrains.
Acquisition of non-financial assets	135,358,810	100,762,639	34,596,171	74%	The variance was caused by failure of the contractor to supply Electronic News Gathering and Electronic Field Production equipment which had been budgeted for.
Transfers to other government entities	338,763,218	338,763,218	-	100%	
<b>Total payments</b>	<b>564,661,708</b>	<b>516,064,278</b>	<b>48,597,430</b>	<b>90%</b>	

APPENDICES

- i. Signed confirmations from beneficiaries in Transfers to Other Government Entities
- ii. Bank Reconciliations statement as at 30<sup>th</sup> June 2022
- iii. Board of Survey Report
- iv. Special Deposit Account(s) reconciliation statement(s)



