

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 08 JUN 2024	Thursday
TABLED BY: Hon. Wago Naomi, MP Deputy Majority Whip	
CLERK AT THE TABLE: M. Mado	

**THE AUDITOR-GENERAL**

**ON**

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OF KENYA  
LIBRARY

**KENYA SCHOOL OF GOVERNMENT**

**FOR THE YEAR ENDED  
30 JUNE, 2023**

OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
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## **KENYA SCHOOL OF GOVERNMENT**

### **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**30TH JUNE, 2023**

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

**KENYA SCHOOL OF GOVERNMENT**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2023**

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#### **1. ACRONYMS, ABBREVIATIONS AND GLOSSARY OF TERMS**

##### **A: ACRONYMS AND ABBREVIATIONS**

CEO	Chief Executive Officer
CBK	Central Bank of Kenya
CBS	Chief of the Order of the Burning Spear
DG	Director General
Dr.	Doctor
EBS	Elder of the Order of the Burning Spear
GTI	Government Training Institutes
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
KSG	Kenya School of Government
KIA	Kenya Institute of Administration
KDLC	Kenya Development Learning Centre
NT	National Treasury
OAG	Office of the Auditor General
PFM	Public Finance Management
Prof.	Professor
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations

##### **B: Glossary of Terms**

**Fiduciary Management-** Members of Management directly entrusted with the responsibility of financial resources of the organisation

**Comparative Year-** Means the prior period.

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#### I KEY ENTITY INFORMATION AND MANAGEMENT

##### a. Establishment of the School

The Kenya School of Government (KSG) was established by the KSG Act No. 9 of 2012. It came into effect on 1st July 2012. The KSG is the successor to the former Kenya Institute of Administration (KIA), the former Kenya Development Learning Centre (KDLC), and the former Government Training Institutes (GTIs) Baringo, Embu, Matuga and Mombasa. The School therefore has four (4) Campuses.

##### b. Principal Activities

The principal activity of the School is transformation of the Public Service by inculcating national values and developing core skills and competencies for quality service delivery in the Public Service.

##### c. Key Management

The School's day to day management is under the following key organs:

- i. Council members
- i. Director General/ CEO
- ii. Management

##### d. Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were;

i Director General	Prof. Ludeki Chweya PhD.,CBS
ii. Director Finance & Administration	Prof. Nura Mohamed PhD.,EBS
iii. Director Academic Affairs	Dr. Josphine Mwanzia
iv Director-Baringo Campus	Dr. Solomon Letangule
v Director- Matuga Campus	Dr. John Bii
vi Director- Mombasa Campus	Dr. Tom Wanyama
vii Director- Embu Campus	Dr. Anne Kangethe
viii Director - e-Learning and Development	Mr. Joseph Ndung'u
ix Director- Learning and Development	Dr. Rachael Ngesa

##### e. Fiduciary Oversight Arrangements

Kenya School of Government has established an audit committee composed of four council members and head of internal audit department being the secretary of the committee. Their role is to provide oversight responsibility in ensuring the School adheres to the statutory regulations and the approved policies and procedures of the School as well as other relevant government policies, procedures and pronouncement issued from time to time. Further, the Ministry of Public Service and Gender receives the performance of the School on a quarterly basis as a monitoring tool on the performance of the School.

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**f. Headquarters**

P.O.Box 23030-00604  
Lower Kabete  
NAIROBI, KENYA

**g. Contacts**

Telephone: +254-020-4015000  
254-727-496698  
Email: [directorgeneral@ksg.ac.ke](mailto:directorgeneral@ksg.ac.ke)  
Website: [www.ksg.ac.ke](http://www.ksg.ac.ke)

**h. Bankers**

Kenya Commercial Bank Ltd  
P.O Box 14959-00800  
Nairobi, Kenya

National Bank  
P.O Box 14959-00800  
Nairobi, Kenya

Central Bank of Kenya  
Haile Selassie Avenue  
P.O.Box 60000,00200  
Nairobi, Kenya

**i. Independent Auditors**

Auditor General  
Office of the Auditor General  
Anniversary Towers, University Way  
P.O.Box 30084-00100  
Nairobi, Kenya

**j Principal Legal Advisor**

The Attorney General  
State Law Office  
Harambee Avenue  
P.O.Box 40112-00200  
Nairobi, Kenya

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**II COUNCIL MEMBERS**



**Commissioner Njoki Kahiga 67 Years. Effective 13/07/ 2022 upto 19/1/24**

Holds a Master of Science in Human Resource Management from the University of Salford, UK; Bachelor of Education, University of Nairobi. She is a Honorary Fellow of Institute of Certified Public Secretaries of Kenya (ICPSK) and a Fellow of Kenya Institute of Management (KIM). Ms Kahiga has many years experience in public service in various levels through to the position of Ag. Permanent Secretary Ministry of State for Public Service. She has held the positions of Commissioner Kenya Law Reform Commission. Since 2019, she has been the Chairperson of the Women Enterprise Fund



**Micah Origa - Council Member Representing Principal Secretary, The National Treasury 45 Years**

Micah Origa holds a Master of Science Degree (MSC Finance) from the University of Nairobi, Master of Business Administration (MBA) and a Bachelor of Commerce (B.Com) degree. He is also Certified Public Accountant (CPA- K). Mr. Origa has wide experience in public sector budget formulation, preparation, implementation and monitoring.

He has sat in several other Boards over the last ten years. He is a member in the audit and risk as well as finance and general purpose committees.



**Joseph Musyoki - Member Representing Commission for University Education 54 Years**

Joseph Musyoki is a holder of a Master of Science Degree (Zoology) and a Bachelor of Education Degree from Kenyatta University. Mr. Musyoki has vast experience, spanning over 20 years, in research and higher education quality assurance. He is currently in charge of Institutional Accreditation at the Commission for University Education. He is the chairperson for finance and general purpose and a member in the learning and development committees respectively.



**Dr. Ruth Agesa- Member representing Ministry of Education 60 years effective Exited in February 2023**

Dr. Ruth Agesa, holds a Doctor of Philosophy (Ph.D) in Peace and Conflict studies from Masinde Muliro University of Science and Technology, Masters in International Studies from University of Nairobi Bachelor of music from Kenyatta University. She has vast experience in the Education sector.



**Gatwiri Kiri - Member 44 Years**

Ms. Gatwiri holds a Master's of International Business Administration, Strategic Management Entrepreneurship and a bachelor of Science degree (marketing) from United States International University. Currently she is a Managing Director at Inforparts Technologies Limited. She is the Chairperson for the Human Resource Committee and a member of Finance and General Purpose committee

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**COUNCIL MEMBERS (Continue)**



**Mr. Denis M. Mutahi – Alternate to the Principal Secretary, Ministry of Public Service and Gender 53 Years**

Mr. Mutahi holds a Master's of Science in Human Resource Planning and Development and a Bachelors of Education. He is career civil servant with over 20 years of civil service experience and currently serving as a Director of Human Resource Management and Development, State Department for Public Service. He is a member in the Human Resource Committee, Risk and audit, Learning and development and Finance and General Purpose committee.



**Linnet Mirehane 57 Years. Effective 13th July 2022**

Ms. Linnet Mirehane - Joined KSG Council on 13th July, 2022. The Council Member has a background in education and has served for several years as a Non-Executive Director of the National Bank of Kenya (NBK) where she served as the Chairperson of the NBK Staff Pension Fund. She is a member of the Institute of Directors, Insurance Institute of Kenya, Women on Boards Network, and Suluhu Mediation Centre



**Commissioner Mary Mwiandi 65 years. Effective 30th January 2023**

Dr. Mary C. Mwiandi, Ph.D, MBS a Commissioner in the Public Service Commission since 2019. Dr. Mwiandi who joined KSG Council in January 2023 has a background in education and has served as a lecturer in University of Nairobi. She is a community leader and has been a member of the Board of Management of Kenya Marine and Fisheries Research Institute (KMFRI) and various school management boards



**Prof. Ludeki Chweya PhD CBS -Director General and CEO 61 Years**

Prof. Ludeki Chweya holds a Doctor of Philosophy (Ph.D.) degree in Political Studies from Queen's University at Kingston, Ontario, the Masters of Arts degree in Government from the University of Nairobi, and the Bachelor of Arts (BA) in Political Science and Arabic Language from the University of Nairobi. Prof. Chweya has vast experience in university teaching and research in International Relations and Political Economy.

Prof. Chweya has many years of experience in public sector management and policy development acquired mostly when he served as Permanent Secretary in the Government of Kenya.



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#### **III KEY MANAGEMENT TEAM**



**Prof. Ludeki Chweya PhD.,CBS**

**Director General and CEO**

Prof. Ludeki Chweya holds a Doctor of Philosophy (Ph.D.) degree in Political Studies from Queen's University at Kingston, Ontario, the Masters of Arts degree in Government from the University of Nairobi, and the Bachelor of Arts (BA) in Political Science and Arabic Language from the University of Nairobi. Prof. Chweya has vast experience in university teaching and research in International Relations and Political Economy. Prof. Chweya has many years of experience in public sector management and policy development acquired mostly when he served as Permanent Secretary in the Government of Kenya.



**Dr. Josphine Mwanzia**

**Director Academic Affairs**

Dr. Josephine Mwanzia holds a Ph.D in Education from Victoria University of Wellington, Master of Education (Educational Management) from Universiti Brunei Darussalam and Bachelor of Education, Arts University of Nairobi.



**Prof. Nura Mohamed PhD.,EBS**

**Director - Finance and Administration**

Prof. Nura Mohamed holds a Doctor of Philosophy in Financial Economics from Central University, the Master of Business Administration (MBA) in Finance from Nairobi University and the Bachelor of Commerce in Finance from the same University. Prof. Mohamed has experience in research, and development of curricula and training material.



**Dr. Florence Kithinji**

**Ag. Director- Matuga Campus**

Dr. Florence Kithinji holds a Doctor of Philosophy in Education, a Masters Degree in Education (Administration and Planning), and a Bachelor of Education (Arts). She has over 33 years experience in the Public Service in the areas of leadership, strategic planning, coaching and mentorship and case study writing. She has a wealth of experience in ethics, values and integrity.

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#### KEY MANAGEMENT TEAM



**Dr. Tom Oundo Wanyama**

**Director- Mombasa Campus**

Dr. Tom Oundo Wanyama holds a Ph.D in Environmental Sociology from Kenyatta University, Master of Arts in Sociology and a Bachelor of Arts from the same University. Dr. Wanyama has experience in capacity development in the Public Sector, Training and Consultancy.



**Eng. Joseph Ndung'u**

**Director - e-Learning and Development**

Mr. Joseph Ndung'u holds the Master of Business Administration from Moi University and Bachelor of Science (Electrical Engineering) from University of Nairobi. Mr. Ndung'u has a wealth of experience in management, planning and organization of information and communication technology.



**Dr. Anne Kangethe**

**Director - Embu Campus**

Dr. Kang'ethe holds a PhD and a Master's of Science degree in Entrepreneurship (JKUAT), and Bachelors of Education Degree (University of Nairobi). She has worked in the Public Service for over Twenty (20) years. She has a wide experience in Management Consultancy, Research and capacity building in the Public Service. She has published Articles on various topical Public Service issues in Peer Reviewed Journals and presented papers in both National and International Conferences.



**Dr. Rachel Ngesa**

**Director- Learning and Development**

Dr. Rachel Ngesa holds a Doctor of Philosophy (Ph.D.), Master of Education (Med) and a Bachelor of Education (Science) from Kenyatta University. Dr. Ngesa has over 26 years' vast experience in public sector strategic leadership and management, training, research, case study development and program development for educational and training institutions.



**Dr. John Bii**

**Director- Baringo Campus**

Dr. John Bii holds a Doctor of Philosophy (Ph.D.) in Business Administration (strategic management and e-commerce) from Kabarak University Kenya and Master of Business Administration majoring in strategic management from Mt. Kenya University. He has wide experience in the Public Sector.

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#### **IV CHAIRPERSON'S REPORT**



#### **Introduction**

I am pleased to present the Kenya School of Government 2022/2023 Annual report. We are immensely grateful to the Government, our staff, participants, suppliers, donors, sponsors and collaborators for their continued commitment in supporting us as we empower the Public Service. Your support inspires and gives us the impetus to drive the institution forward towards its anticipation of a transformed public service capable of delivering social economic and governance agenda of the Country.

#### **Strategic Focus**

We have put in place strategies to take advantage of opportunities in the markets we operate in. We firmly believe that implementation of these strategies will enable the School to achieve her desired financial performance in the coming years.

#### **Business Environment**

The school put in place sustainable plans of action premised on our strategic plan. We also believe that our core values of responsiveness, creativity and innovation, integrity, inclusivity, commitment and excellence shall guide us through. These values remain at the nerve center of our strategy going forward. Our stakeholders can, therefore, look forward to the future with confidence.

#### **Financial performance**

During the year 2022/2023, the School made a deficit of Kshs. 232.4M against a restated deficit of Ksh 20.2M made last year.

#### **Sustainability reporting areas of focus**

Our sustainability is anchored on our vision, mission and core values which determine the strategic objectives of the school. Our role and aim is to create value for stakeholders and the society. This is through tax remittance, corporate social responsibility and socio-economic empowerment of marginalized groups and environmental conservation. The Council and management ensure that all operations of the school are anchored on tenets of integrity, fairness and good corporate governance. Various policies have been established by the council as a guiding framework and oversight of the Corporation operations.

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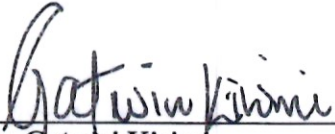
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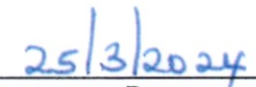
**Future outlook**

As we look to the future, we remain optimistic about the opportunities that lie ahead. We believe that KSG is well-positioned to take advantage of emerging trends and we are committed to pursuing growth opportunities that will benefit our stakeholders. We are focusing on the future to sustain excellence and maintain our position. We will continue to build on our connections and partnerships across training, consultancy, research and advisory services to grow our capacity and influence and firmly establish our place in the world.

**In Conclusion**

I take this opportunity to thank my colleagues in the Council for the relentless support you have continued to offer, the management team for your unfailing commitment and dedication and our stakeholders who includes our clients and suppliers' for their continued faith and support of the growth of the School.

  
\_\_\_\_\_  
Ms. Gatwiri Kirimi  
CHAIRPERSON- FGCP

  
\_\_\_\_\_  
Date

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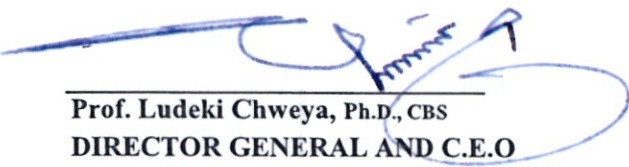
**V REPORT OF THE DIRECTOR GENERAL**




KSG achieved various milestones in training, research and advisory services, consultancy and public outreach programs. We trained 14,755 public officers from both levels of Government, carried out 31 consultancies in public service, 15 research activities and developed 15 policy advisory briefs and developed a policy framework on outreach services and conducted a baseline survey on Access to Uptake of Access to Government Procurement Opportunities among the Youth in Kenya, and reviewed and roll out curriculum on Sustainable Approaches to Eradication of Female Genital Mutilation (FGM).

During the period under review, the School realized revenue amounting to Kshs. 1.9 billion against a target of Kshs. 2.7 billion representing 70% of the target. On the other hand this represents 12% revenue decline from Ksh 2.2 billion generated last financial year. The School made a deficit of Ksh 232.4M against a restated deficit of Ksh 20.2M made last year .

I wish to thank KSG Council led by the Chairperson for its support and guidance in steering the School. I wish to thank our customers and suppliers' for the confidence they have in the School. I also wish to appreciate members of Management and staff of KSG without whom, these results

  
\_\_\_\_\_  
**Prof. Ludeki Chweya, Ph.D., CBS**  
**DIRECTOR GENERAL AND C.E.O**

  
\_\_\_\_\_  
**Date**

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**VI STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES**

Section 81 subsection 2(f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives.

In line with KSG's Vision and Mission, four key result areas, which reflect KSG's mandate and responsibilities in the realization of Kenya Vision 2030 have been identified and has been the pillars of this Strategic Plan FY 2018/2019- 2022/2023. The Key Result Areas are:

1. Capacity Building of the Public Service
2. Consultancy
3. Research and Advisory services
4. Institutional Transformation and Positioning

KSG will deliver on the Key Result Areas by implementing the following Strategic Objectives:

- 1 Develop and implement relevant training programs
- 2 Promote research, scholarship and innovation
- 3 Enhance evidence-based research advisory services
- 4 Expand consultancy services to support delivery of quality services
- 5 Develop suitable infrastructure
- 6 Enhance corporate visibility and positioning of the School
- 7 Enhance good corporate governance and management in the School
- 8 Strengthen the human resource capacity of the School
- 9 Ensure financial sustainability of the School

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	<b>KEY RESULT AREA</b>	<b>STRATEGIC OBJECTIVE</b>	<b>KEY PERFORMANCE INDICATOR</b>	<b>ACTIVITIES</b>	<b>ACHIEVEMENT S</b>
1.	<b>Training</b>	Develop and Roll out appropriate training programs	Number of new training programs developed and implemented	Develop and roll out new programs	<p><b><i>Developed the following new programs:</i></b></p> <p>a. Management of Macro, Small and Medium Enterprises</p> <p>b. Induction Program for Government Liaison Officers</p> <p>c. Financial reporting under International Public Sector Accounting Standards (IPSAS) Accrual</p> <p>d. Salary Administration, Grading Structure &amp; Payroll Management</p> <p>e. Enterprise Risk Management</p> <p>f. Finance for Non Finance Managers</p> <p>g. Leadership Program for Spouses of Governors</p> <p>h. Management of Discipline and Disciplinary Process in Public Sector</p> <p>i. Leadership Program for Heads of Universities</p> <p>j. Management of Educational Institutions</p> <p>k. Human Resource Planning Program for County Governments</p> <p>l. Wellness and Self Care Program</p> <p>m. Governance and Management of Cities and Urban areas</p> <p><b><i>Rolled out the following new programs:</i></b></p> <p>a. Salary Administration, Grading Structure &amp; Payroll Management</p> <p>b. Management of Discipline and Disciplinary Process in Public Sector</p> <p>c. Induction Program for Government Liaison Officers</p> <p>d. Financial reporting under International Public Sector Accounting Standards (IPSAS) Accrual</p>

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	<b>KEY RESULT AREA</b>	<b>STRATEGIC OBJECTIVE</b>	<b>KEY PERFORMANCE INDICATOR</b>	<b>ACTIVITIES</b>	<b>ACHIEVEMENT S</b>
		Conduct and implement Training Needs Assessment in areas of competency	TNA Reports	Number of TNA undertaken and implemented	Conducted Training Needs Assessment (TNA) in the following areas of competency requirement: Governance and Management of Cities and Urban areas; Human Resource Managers in the Public Service; and Management of Educational Institutions.
2.	<b>Research and Advisory services</b>	Undertake research in areas aligned to national development priorities	Report in research undertaken in place	Number of research undertaken	<p><i>The School undertook research on:</i></p> <p>a. General Elections in Kenya: An Assessment of Trends, Risk Factors, and Potential Election Violence Hotspots Areas and Understanding and Managing Conflicts in the Arid and Semi-Arid Areas of Kenya: A Case of Samburu County.</p> <p>b. Peace building policies and frameworks in Kenya (ACCORD, 2022).</p> <p>c. Leveraging on Research Methods for effective public participation. A study of Kitui County, Kenya</p> <p>d. Strengthening disaster management for sustainable future.</p> <p>e. Juxtaposing strategic planning with climate action: Is there a strategy gap in planning for Kenyan state corporations' inaction?</p> <p>f. Hazards in Harnessing Blue Economy Resources</p> <p>g. Application of Cyber Security Measures in County Governments in Kenya</p> <p>h. Writing the wrongs: Navigating enablers and constraints to women economic empowerment in Kenya</p> <p>i. Effective public participation</p> <p>j. Climate Change –Conflict Nexus</p>



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KEY RESULT AREA	STRATEGIC OBJECTIVE	KEY PERFORMANCE INDICATOR	ACTIVITIES	ACHIEVEMENT S
				h. DRC-Rwanda Blame game : Role of Kenya in Kevin Lekapua December 2022 March 2023
				k. Increasing Access to Primary Health Care in Hard to Reach Populations: A Case Study of Beyond Zero Mobile Clinics
				l. Nexus between Organizational Culture and Job Performance in the Public Service: A Study of Department of Finance and
				m. Factors Influencing The Implementation Of The National Food And Nutrition Security
	Secure copyrights for five KSG products and develop a publications policy	Approved Publications Policy	Approved Publications Policy	The School developed a publications policy.
		Report on number of copyrights secured	Number of copyrights secured	Secured copyrights for eleven (11) KSG products: Project planning and management; Agricultural policy formulation & legislative drafting course; Management of public enterprises; Management skills Course; Leadership program for National Transformation; Project Development and Management; Public Sector Finance Management; Records Management Course; Strategic Leadership Development Program; Senior Management Course; and Management Course for Office Administrators.
	Organize conferences, symposia, public lectures and seminars		Number of fora held	<b><i>The School held symposia on on emerging issues in the public service:</i></b>
				a. Emerging Issues in The Kenyan Economy Post COVID-19
				b. Mainstreaming the Sustainable Development Goals in the Curricula of Schools of Public Administration in Africa
		Number of policy briefs developed	Develop policy briefs in strategic priority areas of public services	The School developed fifteen (15) policy briefs.

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	<b>KEY RESULT AREA</b>	<b>STRATEGIC OBJECTIVE</b>	<b>KEY PERFORMANCE INDICATOR</b>	<b>ACTIVITIES</b>	<b>ACHIEVEMENT S</b>
3.	<b>Consultancy</b>	Expand consultancy services to support delivery of quality service	Number of consultancies undertaken	Undertake consultancy in strategic priority areas of public service, including the 'Big 4' Agenda	<p><b><i>The School carried out the following consultancies:</i></b></p> <p>a. Psychometric for Communication Authority, KIPPRA and Hosting services for eLearning - Office of the Data Commissioner.</p> <p>b. CEO Recruitment: - Special Economic Zones Authority (SEZA).</p> <p>c. Internal Communications Policy: Kenya Roads Board.</p> <p>d. Development of Strategic Plan for Border Control and Operations Coordination Committee (BCOCC).</p> <p>e. Development of Strategic Plan for the Sacco Societies Regulatory Authority (SASRA)</p> <p>f. Staff Establishment for County Government of Migori</p> <p>g. Executive recruitment for Elgeyo Marakwet</p> <p>h. Technical assistance on performance contracting - County Government of Makeni</p> <p>i. Development of Strategic Plan - Office of the County Attorney, Nyeri</p> <p>j. Digitization of Data Protection Program</p>
			Number of linkages and collaborations	Deepen linkages and collaborations for consultancy services	<p><b><i>KSG established collaborative frameworks with:</i></b></p> <p>a. National School of Government of the Republic of South Africa</p>
	<b>Institutional capacity</b>	Develop suitable infrastructure	Annual implementation	Improve physical	<p><b><i>The School:</i></b></p> <p>a. Furnished the Ultra-Modern Complex in Mombasa Campus;</p> <p>b. Completed construction of foundation floor for the Convention Centre in Embu campus (24% completed)</p> <p>c. Completed construction of first floor of the tuition block in Baringo campus (22% completed)</p>

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	KEY RESULT AREA	STRATEGIC OBJECTIVE	KEY PERFORMANCE INDICATOR	ACTIVITIES	ACHIEVEMENT S
4.					d. Completed construction of first floor of the tuition block in Matuga campus (18% completed).
			Integrate ICT in the business operations of the school.	Implementation of ERP for selected modules	KSG continued to implement ERP modules developed in previous years. These are the modules:
					a. Human Resource;
					b. Procurement;
					c. Finance;
					d. Housekeeping;
e. Timetabling' and					
f. Admissions.					
No. of innovative software, supportive infrastructure implemented, and staff trained	Develop innovative software, supportive infrastructure implemented, and staff trained	In 2022/2023, KSG:			
		a. Upgraded PHP version 5.2 (Old software code) to PHP version 8 (Latest software code) of the Knowledge Management Hub which is developed on Open-Source which is more flexible and customised .			
		b. Updated and implemented a Learning Management System (LMS) offering capacity building programs.			

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	<b>KEY RESULT AREA</b>	<b>STRATEGIC OBJECTIVE</b>	<b>KEY PERFORMANCE INDICATOR</b>	<b>ACTIVITIES</b>	<b>ACHIEVEMENT S</b>
		Enhance good corporate governance in the School	Risk Management	Policies developed	Developed a policy on Risk Management and Monitoring, Evaluation, Reporting and Learning (MERL).
			Strengthen Quality Management System	Maintain ISO 9001:2015 certification	Maintained the ISO 9001:2015 certification
		Strengthen the human resource capacity of the school	Strengthen Performance management system	Review and implement the performance appraisal and staff recognition guidelines	The School implemented the provisions of performance based rewards and sanctions through:
					a. Performance Improvement Plan;
					b. Non training interventions;
					c. Sanctions;
				d. Counselling; and	
				e. Online recognition.	
		Ensure financial sustainability	Strengthen Internal controls	% of increase in revenue	The School has in place a Resource Mobilization and a pricing policy in place and is being implemented.

# **KENYA SCHOOL OF GOVERNMENT**

## **Annual Report and Financial Statements**

### **For the year ended June 30, 2023**

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#### **VII CORPORATE GOVERNANCE STATEMENT**

Good corporate governance is a fundamental part of the culture and practices by which an organization is operated, regulated and controlled so as to fulfill its goals and objectives in a manner that adds value and benefits all its stakeholders.

The Council of the Kenya School of Government is responsible for School's governance. Both the Council and senior management of the School are committed to the highest levels of corporate governance, which it considers critical in achieving the School's mandate. Accordingly, the School therefore fosters a culture that values and rewards the highest ethical standards and personal and corporate integrity. The Council also has a charter that is reviewed from time to time within a period not exceeding five years.

#### **The Role of the Council**

The Council's responsibilities are broadly set out in the State Corporations Act, Cap.446 Laws of Kenya as well as The Kenya School of Government Act, 2012 that constitutes the School as a state corporation. Specifically, the Council defines the School's strategies, objectives and values and ensures that its procedures and practices are in tandem to ensure effective control over strategic, financial, operational and compliance issues.

The Directors bring a wealth of experience and knowledge to the Council's deliberations. Except for direction and guidance on general policy, the Council delegates authority of its day-to-day activities to the Management through the Director General. The Council nonetheless is responsible for the overall stewardship of the School and assumes responsibility for effective direction and control.

#### **Composition and removal of the Council**

The Council comprises nine members including the Director General. Four of the Council members are independent non-executive members including the Chairman. All non-executive council members retire after a term of three (3) years from the date of appointment and are eligible for re- appointment for one more term. With the exception of Director General, the remaining four Council members are institutional representatives bringing on board closely-knit interests, experiences and balance from and by key School stakeholders.

The Council members above shall cease to be members if they become bankrupt, incapacitated, resigns in writing or is criminally convicted.

#### **Council Meetings**

The Council schedule of meetings is prepared annually in advance. The Council holds its regular meetings at least once every three months and special meetings may be called when necessary.

Below is the attendance of the meetings by the Council Members:

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**VII CORPORATE GOVERNANCE STATEMENT**

	<b>Council Member</b>	<b>No. of meetings held in the year</b>	<b>No. of meetings attended</b>	<b>% of attendance</b>
1	Comm'r Njoki Kahiga	5	4	80%
2	Ms.Linnet Mirehane	5	4	80%
3	Mr. Joseph Musyoki	5	3	60%
4	Mr. Micah Origa	5	4	80%
5	Mr. Denis Mutahi	5	5	100%
6	Ms. Gatwiri Kirimi	5	4	80%
7	Comm'r Mary Mwiandi	5	0	0%
8	Dr. Ruth Agesa	5	3	60%

<b>Special council meeting.</b>				
	<b>Council Member</b>	<b>No. of meetings held</b>	<b>No. of meetings</b>	<b>% of attendance</b>
1	Comm'r Njoki Kahiga	2	0	0%
2	Ms.Linnet Mirehane	2	0	0%
3	Mr. Joseph Musyoki	2	2	100%
4	Mr. Micah Origa	2	2	100%
5	Mr. Denis Mutahi	2	2	100%
6	Ms. Gatwiri Kirimi	2	0	0%
7	Comm'r Mary Mwiandi	2	0	0%
8	Dr. Ruth Agesa	2	2	100%

**COMMITTEES OF THE COUNCIL**

The Council has the following Committees that meet under defined terms of reference set by the Council. This is intended to facilitate efficient decision-making of the Council in discharging its duties and responsibilities.

**(a) Risk and Audit Committee**

The Committee assists the Council in fulfilling its corporate governance responsibilities and in particular to strengthen the effectiveness of the internal audit function; maintaining oversight on internal control systems; provision of general oversight in risk and compliance matters; and ensuring quality, integrity, effectiveness and reliability of the School's risk management framework.

Below is the attendance of meetings by the Committee

**KENYA SCHOOL OF GOVERNMENT**  
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**VII CORPORATE GOVERNANCE STATEMENT**

	<b>Council Member</b>	<b>No. of meetings held in the year</b>	<b>No. of meetings attended</b>	<b>% of attendance</b>
1	Ms.Linnet Mirehane	4	1	25%
2	Denis Mutahi	4	4	100%
3	Micah Origa	4	4	100%
4	Charles Tirok (Co-opted)	4	2	50%
5	Mr. Joseph Musyoki	4	4	100%
6	Dr. Ruth Agesa	4	2	50%

**(b) Learning and Development Committee**

The Committee's mandate is to ensure the Learning and Development in general is functional. Specifically, the Committee's responsibilities include identifying learning service challenges and opportunities in the School and ensuring that they are resolved; review any changes on policy issues on standards, quality assurance and research; liaise with the stake holders on matters of quality of training curriculum; and undertake comprehensive quarterly evaluation of standards, quality assurance programs in the School.

Below is the attendance of the committee members in the meetings:

	<b>Council Member</b>	<b>No. of meetings held in the year</b>	<b>No. of meetings attended</b>	<b>% of attendance</b>
1	Ms.Linnet Mirehane	4	4	100%
2	Ms. Gatwiri Kirimi	4	4	100%
3	Mr. Denis Mutahi	4	4	100%
4	Mr. Joseph Musyoki	4	4	100%
6	Dr. Ruth Agesa	4	2	50%

**c) Human Resource Committee**

The Committee reviews and provides recommendations on issues relating to all human resource matters including career progression, performance management, training needs, staff recruitment, staff placement, promotions, demotions, discipline, and staff welfare.

Below is the attendance of the committee members in the meetings:

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**VII CORPORATE GOVERNANCE STATEMENT**

	<b>Council Member</b>	<b>No. of meetings held in the year</b>	<b>No. of meetings attended</b>	<b>% of attendance</b>
1	Gatwiri Kirimi	8	7	88%
2	Ms.Linnet Mirehane	8	6	75%
3	Mr. Denis Mutahi	8	8	100%
4	Prof. Michael Lokuruka	8	4	50%
5	Mr. Micah Origa	8	2	25%
6	Dr. Ruth Agesa	8	3	38%

**(d) Finance and General Purpose Committee**

The Committee assists the Council to fulfill its oversight responsibilities relating to the School's finance, information and technology, procurement and related activities.

Below is the attendance of the committee members in the meetings:

	<b>Council Member</b>	<b>No. of meetings held in the year</b>	<b>No. of meetings attended</b>	<b>% of attendance</b>
1	Ms. Gatwiri Kirimi	8	7	88%
2	Mr. Micah Origa	8	8	100%
3	Mr. Denis Mutahi	8	8	100%
4	Charles Tirok (Co-opted)	8	8	100%

**Succession Plan**

In order to ensure succession planning and management in the Council, the School has a mechanism of ensuring a staggered appointment or rotation of Council members so as to ensure proper skills mix and infusion of skills and experience from time to time.

**Induction and Training**

The School recognizes the importance of having a well informed and fully empowered Council and Management. In this regard, relevant training and capacity development opportunities are organized to equip Council Members and staff with skills and knowledge necessary to effectively perform their responsibilities.



**KENYA SCHOOL OF GOVERNMENT**  
**Annual Report and Financial Statements**  
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**VII CORPORATE GOVERNANCE STATEMENT**

**Conflict of Interest and Ethics**

The Council Members and management are required to make disclosures of any transaction in which they have interest and which would constitute a conflict of interest and abstain from voting for the case of Council members when such matters are being considered. Further, the Council and the management are required to adhere to ethical standards that govern the School's activities. In order to ensure compliance each council member is required to declare in writing before commencement of each meeting whether he or she has any conflict on any of the agenda before them. This is documented in the minutes as well.

**Council Remuneration**

The Council members are entitled to sitting and other allowances (where applicable) for every meeting attended, within the set Government guidelines. The aggregate amount of emoluments paid to the Council Members during the financial year for services rendered are disclosed in the financial statements.

**Council Performance**

The Council invites State Corporations Advisory Committee to carry out evaluation of the Council on an annual basis. The Council also carry's out self evaluation annually to review and audit its role and success or otherwise to meet the challenges envisaged at the beginning of each year as guided by the Council Charter.

# **KENYA SCHOOL OF GOVERNMENT**

## **Annual Report and Financial Statements**

### **For the year ended June 30, 2023**

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#### **VIII MANAGEMENT DISCUSSION AND ANALYSIS**

##### **1 Operational and financial performance**

Since emergence of COVID 19 pandemic in March 2020, the School has continued to offer online courses to ensure sustainance and adopt to the changes in the industry. Since introduction of online programs the school has trained more than 5000 participants.

The Kenya School of Government in line with her mandate of ensuring public service transformation, developed additional thirteen new training programs. These new training programs were occasioned by the rapidly evolving work environment having been conceptualized through a rigorous stakeholder validation process during the curricula development period.

During the year the school rolled out the following programs ; Saraly Administration, Grading Structure & Payroll Mangement , Management of Discipline and Disciplinary Process in Public Service, Induction Program for Government Liaison Officers.

One of the mandates of the School is to carry out research. During the year, several research projects were carried out in partnership with variours sponsors. These includes General Elections in Kenya: An assessment of Treds, Risk Factors, and Potential Election Violence Hotspots Areas and Undertaking and Managing Conflict in the Arid and Semi-Arid Areas of Kenya- A case of Samburu County. Secondly; Peace building policies and framework in Kenya (ACCORD, 2022) among others.

In order to ensure financial sustainability, the school has deployed regorous debt collection strategies which includes having senior members of staff including directors visiting clients to collect debts

The school also entered into various Linkages and Collaborations with a view of deepening her consultancy services. These includes a collabration with the National School of Government of the Republic of South Africa.

##### **2 Compliance with statutory requirements**

The School in its business affairs complies with the statutory regulations such as Public Finance Management Act, 2012 and abides by all Government laws accordingly. The School has continued to comply with all statutory requirements on a monthly basis.

##### **3 Major risks facing the School**

- i. The School's major risk is operational risk attributed by reduction in budgets for National and County Government as a result of austerity measures. This has led to low numbers of participants enrollment
- ii. The School also encountered liquidity risk during the year. However, the management has adopted very aggressive strategies to collect debts including constituting a high level team comprising of among others Directors to collect debts.

# KENYA SCHOOL OF GOVERNMENT

## Annual Report and Financial Statements

### For the year ended June 30, 2023

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#### IX CORPORATE SOCIAL RESPONSIBILITY/ SUSTAINABILITY REPORTING

Kenya School of Government exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy which is founded on training, research and advisory services, consultancy services, institutional strengthening and positioning, human capital and talent management and financial growth and sustainability; putting the customer citizens first, delivering relevant services and improving operational excellence. Below is a brief highlight of the School's achievements:

##### 1 Sustainability strategy and profile

Our sustainability is anchored on our vision, statement of purpose and core values which determine the strategic objectives of the School. Our role is to ensure that our business and by extension our various stakeholders are able to grow in a sustainable manner and not in the short term.

Our aim is to create value for shareholders and the society alike and in order to achieve this; we focus on several key areas:

- a. **Economic:** Kenya School of Government continues to contribute to the economy through the remittance of taxes such as a pay as you earn (PAYE), withholding tax, withholding vat excise duty and value added tax (VAT).
- b. **Socio-Economic:** The School has continued to engage AGPO mostly women, youths and persons with disability through request for quotations method of procurement.

##### 2 Environmental performance

KSG invested in indigenous, medicinal and fruit trees that were planted during the rainy season across campuses.

##### 3 Employee welfare

The School has Human Resource Management Policy and Procedure Manual seek to assist the School in implementation of its strategic plan to be consistent with the legal framework governing employer-employee relationship in Kenya and internationally recognized best practice. The purpose of the manual is to facilitate the attraction, development and retention of high performing staff. The policy is reviewed from time to time.

The School has continued to train staff on short courses both held within the School and outside the School such as professional bodies in order to improve skills to staff. Further, the School has continued to reimburse fees for those who out of their own initiative have embarked on a course relevant to their duties in order to manage careers.

##### 4 Market place practices

The School has ensured that:

- a. **Responsible competition practice:** In order to ensure responsible competition practices with issues like anti-corruption, the School has been ensuring that it undertakes all its activities within the laws of Kenya. Also in order to ensure fair competition and respect for competitors the School has continued to engage the Government for assistance that they may require.

# KENYA SCHOOL OF GOVERNMENT

## Annual Report and Financial Statements

### For the year ended June 30, 2023

---

#### IX CORPORATE SOCIAL RESPONSIBILITY/ SUSTAINABILITY REPORTING

- b. **Responsible supply chain and supplier relations** : The School has ensured that it complies with Public Procurement and Asset Disposal Act 2015 while carrying out procurement operations in order to ensure good business practice. Further, the School has a procurement and procedure manual that guides operations in procurement.
- c. **Responsible marketing and advertisement**: The School has been carrying out advertisements on "my Gov" platform as well as on its website for new and existing programs.
- d. **Product stewardship**: In order to protect consumer rights and interests, our customers are provided with information regarding the course requirements before admission and during the commencement of the course. Further, the School ensures confidentiality while interacting with customers.

#### 5 Community engagement

The School participates in many activities in its effort to contribute socially to the society in which it operates

- a. The Kenya School of Government Lower Kabete organized a visit to Makimei children's home situated nearby, with enthusiastic engagement from its staff members. As a demonstration of their support for Makimei Children's Home, KSG made generous contributions of vital provisions, encompassing food, toiletries, and diapers. The establishment, known as Makimei Children's Home, was officially founded in 2006 in response to the pressing need to provide support for orphaned and vulnerable children.



- b. The Kenya School of Governemnt Embu Campus held a tree-planting activity on May 3, 2023, with the assistance of staff members and students from St. Marks Kiria Primary School in the Mbeere South Constituency. The region's forest cover was to be improved by this action. Additionally, Embu Campus paid a visit to the local women's prison and left donations there as well.

# KENYA SCHOOL OF GOVERNMENT

## Annual Report and Financial Statements

### For the year ended June 30, 2023

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#### IX CORPORATE SOCIAL RESPONSIBILITY/ SUSTAINABILITY REPORTING



The Kenya School of Government Mombasa held a cleanup day aimed at promoting environmental conservation and keeping the city clean. The KSG Mombasa Campus demonstrated its commitment to the cause by donating broomsticks to support the initiative. The event brought together partners from both private and public domains, and the KSG actively engaged with the organizers, providing logistical support and encouraging its staff to participate



# **KENYA SCHOOL OF GOVERNMENT**

## **Annual Report and Financial Statements**

### **For the year ended June 30, 2023**

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#### **X REPORT OF THE COUNCIL**

The Council submit their report together with the financial statements of Kenys School of Government for the year ended June 30, 2023 which show the state of the School's affairs.

#### **Principal activities**

The Principal activities of the School has continued to be according to Article 5(2) of the KSG Act 2012 which is to provide training, research and consultancy services designed to inform public policy, promote national development and standards of competence and integrity in the public service.

#### **Results**

The results of the School for the year ended June 30, 2023 are set out on page 30. Below is a summary of the performance of the School during the year.

	2023 kshs	2022 kshs
Total Revenue	1,901,567,391	2,150,769,111
Total Expenditure	(2,178,844,130)	(1,962,023,702)
Other gains/ losses	44,860,442	(3,296,665)
Corporation tax	-	(205,630,819)
<b>Deficit for the year</b>	<u><u>(232,416,297)</u></u>	<u><u>(20,182,075)</u></u>

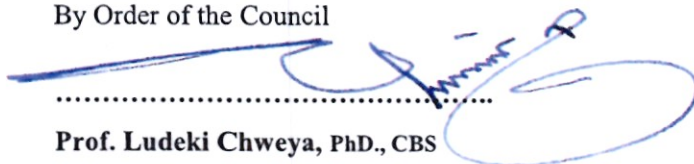
#### **Council Members**

The Council members who served during the year are shown on pages 8-9 in accordance with the Kenya School of Government Act 2012. During the year One Council members retired while Two Council members were appointed.

#### **Auditors**

The Auditor General is responsible for the statutory audit of the School in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Council



.....  
**Prof. Ludeki Chweya, PhD., CBS**

**DIRECTOR GENERAL & SECRETARY TO THE BOARD**

**KENYA SCHOOL OF GOVERNMENT**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2023**

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**XI STATEMENT OF COUNCIL RESPONSIBILITIES**

Under the provisions of Section 81 of the Public Finance Management Act, 2012 and Section 17 of the Kenya School of Government Act 2012, KSG Council is required to prepare financial statements which give a true and fair view of the state of affairs at the end of the financial year and the operating results of the School. The Council is also required to ensure that the School keeps proper accounting records which disclose with reasonable accuracy the financial position of the School. The Council is also responsible for safeguarding the assets of the School.

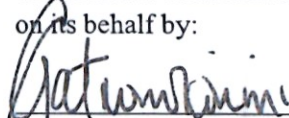
The Council is responsible for the preparation and presentation of the School's financial statements, which give a true and fair view of the state of affairs of the School for and as at the end of the financial year ended on June 30, 2022. The responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the School; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and ensuring that these are free from material misstatements, whether due to error or fraud; (iv) make accounting estimates that are reasonable in the circumstances (v) safe guarding the assets of the School; (vi) selecting and applying appropriate accounting policies.

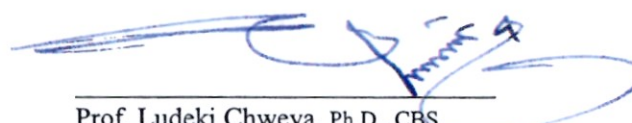
The Council accepts responsibility for the School's financial statements which have been prepared using appropriate accounting policies, supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting standards (IPSAS), and in the manner required by Public Finance Management Act 2012 and the Kenya School of Government Act 2012. The Council is of the opinion that the School's financial statements give true and fair view of the state of the School's transactions during the financial year ended June 30, 2023 and of the School's financial position as at that date. The Council further, confirms the completeness of the accounting records maintained for the School which have been relied upon in the preparation of the School's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Council to indicate that the School will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

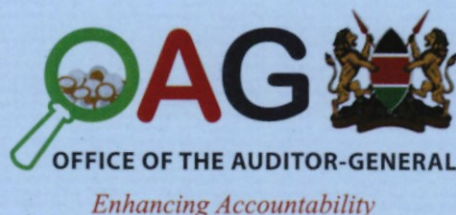
The School's financial statements were approved by the Council on ..... 2023 and signed on its behalf by:

  
\_\_\_\_\_  
**Ms. Gatwiri Kirimi**  
**Chairperson- FGCP**

  
\_\_\_\_\_  
**Prof. Ludeki Chweya, Ph.D., CBS**  
**Director General & Chief Executive Officer**

# REPUBLIC OF KENYA

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NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON KENYA SCHOOL OF GOVERNMENT FOR THE YEAR ENDED 30 JUNE, 2023

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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 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 School of Government set out on pages 30 to 65, which comprise of the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and



other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations, which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kenya School of Government as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Kenya School of Government Act, 2012.

## **Basis for Qualified Opinion**

### **1.0 Unconfirmed Non-Current Assets**

The statement of financial position reflects non-current assets balance of Kshs.8,898,361,544. However, the following observations were made: -

#### **1.1 Excluded Leasehold Land**

The statement of financial position reflects leasehold land balance of Kshs.1,895,651,142 as disclosed in Note 18 to the financial statements. As previously reported, the balance excludes six (6) parcels of land valued at Kshs.1,677,336,407 located at Lower Kabete that were hived off and allocated to private individuals. Although available information indicates that these allocations have since been revoked by a court of law, the School has not obtained the respective ownership documents for the six (6) parcels of land.

#### **1.2 Lack of Ownership Documents for Freehold Parcels of Land**

The statement of financial position reflects property, plant and equipment balance of Kshs.6,998,186,325 as disclosed in Note 17 to the financial statements. As previously reported, included in the balance are freehold parcels of land owned by the School at Mombasa and Matuga campuses valued at Kshs.736,200,000 and Kshs.47,500,000 respectively, whose title deeds were not provided for audit review. Further, the fixed assets register maintained by the School for Mombasa and Matuga did not have information detailing the assets' description, cost, date of acquisition, location, and depreciation charge for the year, accumulated depreciation and net book value of the assets.

In the circumstances, the accuracy, ownership and completeness of the non-current assets balance of Kshs.8,898,361,544 could not be confirmed.

## **2. Unsupported and Long Outstanding Receivables**

The statement of financial position reflects receivables from exchange and non-exchange transactions balance of Kshs.1,653,845,419 as disclosed in Note 23 to the financial statements. This balance includes other receivables of Kshs.20,501,314 and staff debtors

of Kshs.17,790,822 which are not supported by any documentation. Further, the staff debtors balance of Kshs.17,790,822 includes staff rent of Kshs.4,352,381, out of which, Kshs.3,383,028 has been outstanding for over ninety (90) days. In addition, an employee owes the School Kshs.1,042,735 for which Management has not taken any action to recover the outstanding amount.

In the circumstances, the accuracy and completeness of the receivables balance of Kshs.1,653,845,419 could not be confirmed.

### **3. Inaccuracies in Cash and Cash Equivalents**

The statement of financial position reflects cash and cash equivalents balance of Kshs.262,285,680 as disclosed in Note 25 to the financial statements. However, bank reconciliation statements for two (2) bank accounts with balances of Kshs.40,383,349 and Kshs.1,002 were not provided for audit review. Further, the balance in the financial statements excludes an account which had a balance of Kshs.1,750,638 as per the trial balance.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.262,285,680 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya School of Government 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 audit 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 comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.2,709,130,488 and Kshs.1,946,427,833, respectively, resulting to an under-funding of Kshs.762,702,655 or 28% of the budget. Similarly, the School spent Kshs.2,178,844,130 against an approved budget of Kshs.2,703,418,774 resulting to an under absorption of Kshs.524,574,644 or 19% of the budget.

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

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

## **Other Matter**

### **Unresolved Prior Year Matters**

In the audit report of the previous year, several issues were raised under Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management did not resolve the issues nor provided any explanation for the failure to implement the recommendations.

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Delayed Construction of Tuition Block at Kenya School of Government - Baringo Campus**

As previously reported, Kenya School of Government (KSG) entered into a contract on 14 July, 2020 for construction of a tuition block at KSG - Baringo campus at a sum of Kshs.623,474,422. The works were to be completed in one hundred and thirty (130) weeks starting 30 July, 2020 and ending on 29 December, 2022.

However, site visit conducted in the month of February, 2024 revealed that no work has been carried out in the year under review and the contractor had abandoned the site. Further, the status of projects completion report in the financial statements indicates that the project was at 22% completion with total expended amount of Kshs.134,892,648 not supported with any documentation. In addition, no extension of the contract has been given despite the expiry of the contract duration.

In the circumstances, it is doubtful whether the outstanding works will be completed so that the tuition block can serve the intended purpose.

#### **2. Delay in the Construction of a Convention Centre at KSG - Embu Campus**

As previously reported, the construction works for the tuition block at KSG-Embu Campus was awarded on 29 June, 2020 at a sum of Kshs.1,129,696,989. The project was to be completed in one hundred and thirty (130) weeks by 29 December, 2022. However, review of progress reports and physical verification of the project carried out in the month of February, 2024 revealed that the contractor had abandoned the site due to delayed payment of certified works. Further, the project is incomplete and is significantly behind schedule.

In the circumstances, value for money paid to the contractor may not be achieved due to construction delay.

### **3. Delayed Construction of Tuition Block at KSG - Matuga Campus**

The proposed construction of a tuition block at KSG-Matuga was awarded at a contract price of Kshs.745,050,231 for a period of one hundred and fifty-six (156) weeks, commencing 07 July, 2020 and ending on 07 July, 2023. Review of the progress report and physical inspection carried out in the month of February, 2024, revealed that the value of work done and certified was Kshs.91,805,478 representing 17% completion level against 92 weeks or 59% of time lapsed. However, site reports indicate that absence of sub-contractors caused the delay. Further, records indicate structural flaws, material wastage and the Project is significantly behind schedule.

In addition, the Management did not provide revised work plan, therefore the revised date of completion after the previous contract expired could not be confirmed.

In the circumstances, the public may not get value for money on Kshs.91,805,478 spent on the project.

### **4. Stalled Construction of Deputy Director's House at KSG - Baringo Campus**

The contract for the proposed completion works for the Deputy Director's house at Baringo campus referenced No.KSG/BAR/039/2013-2014 was awarded in 2014 at a sum of Kshs.4,426,212. According to the contract, the construction was to be completed by September, 2016. However, site visit carried out in the month of February, 2024 revealed that the contractor had abandoned the site in 2017 due to non-payment of certified works valued at Kshs.2,001,756 as per certificate number 01 of 19 October, 2017. The works done so far have deteriorated.

In the circumstances, value for money on the project may not be achieved and Management may incur additional costs to rehabilitate the house.

### **5. Dilapidated Structures in Matuga Campus**

Audit inspection carried out in the month of February, 2024 revealed that Matuga campus needs maintenance. The conference rooms, offices, hostels, staff houses and washrooms require major repairs and replacement of ceilings, roofs and painting. Further, the Auditorium room's roof had collapsed, resulting in loss of revenue as the facility could not be used.

Further, the use of asbestos was banned in Kenya in 2006 due to an increase in cancer cases. However, several KSG buildings still have old and rusty asbestos roofing including offices, library, laundry, hostels, Kwale hostels, stores, staff houses and computer lab. This poses a health hazard to the public, contaminates soil and water in boreholes.

The poor state of the structures adversely affects the School's image, which may lead to reduced revenue streams, safety concerns may arise and pose health risks to the public.

## **6. Failure to Maintain a Separate Retention Bank Account**

The statement of financial position reflects trade and other payables from exchange balance of Kshs.1,668,724,509 as disclosed in Note 26 to the financial statements. This balance includes retentions of Kshs.108,772,161. The amount decreased from the previous year's balance of Kshs.113,155,341 by Kshs.4,383,180. However, there were no supporting records provided to validate this reduction.

Further, the School does not maintain a separate retention account which would be used to deposit retention money and pay when they fall due. This is contrary to Section 68 (2) of the Public Finance Management Act, 2012 which states that an Accounting Officer shall ensure that all contracts entered into by the entity are lawful and are complied with.

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

## **7. Unsustainable High Wage Bill**

Notes 14 and 17 to the financial statements reflect employee costs amounting to Kshs.1,088,785,595 and general expenses casual wages amounting to Kshs.97,420,977 respectively totaling Kshs.1,186,206,572. As a result, the total employee cost represents 62% of the total revenue of Kshs.1,901,567,391 which exceeded that set limit of 35% contrary to Section 15(2b) of the Public Finance Management Act, 2012, which states that the national government's expenditure on wages and benefits for its public officers shall not exceed 35% of the national government revenue as prescribed by regulations.

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 matters 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**

#### **1. Under-Establishment of Staff**

Review of records revealed an approved staff establishment of nine-hundred and eighty-eight (988) against an in post of five hundred and seven (507) staff members resulting to a shortage of four-hundred and eighty-one (481) members of staff.

Due to this shortage, the Kenya School of Government may not be able to achieve its operational objectives.

## **2. Weak Internal Controls in Revenue Collections**

During the audit several weaknesses in the revenue collection were identified as follows:

- i. The revenue collection starts at the admissions office where proforma invoices are created in the system and sent to Finance for invoicing. However, the system does not retain the proforma data once sent, making it difficult to confirm whether all the proforma invoices that were sent were actually invoiced for revenue recognition.
- ii. The system does not generate reports for all the six (6) campuses. This makes it difficult to generate a consolidated report showing all the rental properties owned by the School, the number of total trainings carried out, conferences, workshops and all the other sale services offered and sales at every campus and department.
- iii. All the committed customer bookings are made at the admissions office and sent to finance for invoicing. However, the data cannot be retrieved from the data entry source once submitted for invoicing. As a result, no confirmation could be done on whether all the booked clients were invoiced.
- iv. Despite the existence of an ERP system, the hospitality and accommodation services have not been automated on all the campuses. Failure to automate the function creates opportunities for mismanagement of facilities and inaccurate revenue recognition at the departmental level.

In the circumstances, the effectiveness of internal control measures on revenue collection are weak and could not be confirmed.

## **3. Failure to Dispose Obsolete Assets in Matuga**

Physical inspection carried out in Matuga campus revealed three (3) motor vehicles had been grounded for several years. The assets continue to deteriorate in value and diminish the expected disposal value. Management did not provide plans put in place to dispose of the assets.

In the circumstances, the effectiveness of controls over fixed assets could not be confirmed.

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 the Council**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material

misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the School's ability to continue 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 School 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.

The Council is responsible for overseeing the School'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. 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 controls 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 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 controls 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 Management.
- Conclude on the appropriateness of 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 School's ability to continue 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 School 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 School to express an opinion on the financial statements.
- Perform such other procedures, as I consider necessary in the circumstances.

I communicate with 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.

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

19 April, 2024

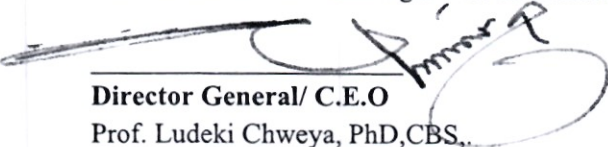
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**XIII STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30.06.23**

	Note	2023 kshs	Restated 2022 kshs
<b>REVENUES</b>			
<b>Revenue from Non exchange transactions</b>			
Government grant	10	376,152,657	457,238,127
<b>Revenue from Exchange transactions</b>			
Training fees		731,843,641	955,982,635
Research and consultancy		281,900,801	69,827,136
Catering and Accomodation		239,279,931	419,954,145
Conferences and Workshops		149,175,303	150,352,131
Other income	11	123,215,058	97,414,937
<b>TOTAL REVENUE</b>		<b>1,901,567,391</b>	<b>2,150,769,111</b>
<b>OPERATING EXPENSES</b>			
Council expenses	12	7,827,024	8,016,608
Employee costs	13	1,088,785,595	1,057,668,293
Repairs and maintenance	14	46,134,239	37,233,450
General Expenses	16	792,535,351	632,156,939
Depreciation & Armortization	19	243,561,921	226,948,412
<b>TOTAL OPERATING EXPENSES</b>		<b>2,178,844,130</b>	<b>1,962,023,702</b>
<b>Other gains/ (losses)</b>			
Gain/ (loss) on disposal/ demolition of assets	15	3,301,292	(1,637,916)
Forex gain/ (loss)		41,559,150	(1,658,749)
		<b>44,860,442</b>	<b>(3,296,665)</b>
<b>Deficit before tax</b>		<b>(232,416,297)</b>	<b>185,448,744</b>
Taxation	27	-	(205,630,819)
<b>Deficit after tax</b>		<b>(232,416,297)</b>	<b>(20,182,075)</b>

The notes set out on pages 36-56 form an integral part of these Financial Statements.

The financial statements as set out on pages 30 to 56 were approved by Council on .....and signed on its behalf by:

  
**Director General/ C.E.O**  
 Prof. Ludeki Chweya, PhD,CBS.

  
**Head of Accounts**  
 ICPAK No.

**Chairperson- FGCP**  
 Ms. Gatwiri Kirimi

Date: 25/3/2024

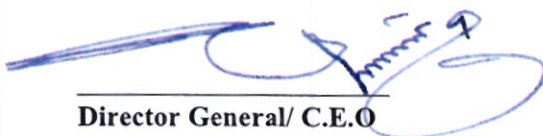
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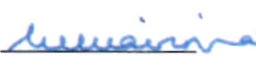
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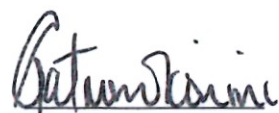
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**XIV STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30.06.23**

	Note	2023 kshs	Restated 2022 kshs
<b>Non- current assets</b>			
Property plant & equipment	17	6,998,186,325	6,999,475,529
Leasehold land	18	1,895,651,142	1,921,097,153
Investments	21	4,524,077	4,507,209
		<u>8,898,361,544</u>	<u>8,925,079,891</u>
<b>Current Assets</b>			
Inventories	22	51,671,906	75,364,564
Receivables from exchange & non exchan	23	1,653,845,419	1,446,130,537
Investments	21	155,421	155,421
Staff car loan & Mortgage	24	145,250,000	145,250,000
Cash and cash equivalent	25	262,285,680	425,886,258
		<u>2,113,208,426</u>	<u>2,092,786,780</u>
<b>Total Assets</b>		<u><u>11,011,569,970</u></u>	<u><u>11,017,866,671</u></u>
<b>Current Liabilities</b>			
Trade and other payables from exchange	26	1,668,724,509	1,409,951,100
Corporation tax	27	198,287,843	205,630,819
		<u>1,867,012,352</u>	<u>1,615,581,919</u>
<b>Net Assets</b>			
Revaluation reserves		4,539,728,060	4,539,728,060
Accumulated surplus		1,051,761,923	1,284,178,220
Deferred Income		3,553,067,635	3,578,378,472
		<u>9,144,557,618</u>	<u>9,402,284,752</u>
<b>Total net assets and liabilities</b>		<u><u>11,011,569,970</u></u>	<u><u>11,017,866,671</u></u>

  
**Director General/ C.E.O**  
 Prof. Ludeki Chweya, PhD,CBS,.

  
**Head of Accounts**  
 ICPAK No.

  
**Chairperson- FGCP**  
 Ms. Gatwiri Kirimi

Date: 25/3/2024

Date: 25/3/2024

Date: 25/3/2024

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**XV STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 30,2023**

	Revaluation reserves Kshs	Accumulated surplus (Restated) Kshs	Development Grant Kshs	Total Kshs
<b>Balance as at 1 July 2021</b>	4,539,728,060	1,304,360,295	3,333,940,654	9,178,029,009
Surplus for the year -Restated		(20,182,075)		(20,182,075)
Additions			320,170,000	320,170,000
Amortisation			(75,732,182)	(75,732,182)
<b>Balance as at 30 June 2022</b>	<b>4,539,728,060</b>	<b>1,284,178,220</b>	<b>3,578,378,472</b>	<b>9,402,284,752</b>
<b>Balance as at 1 July 2022</b>	4,539,728,060	1,284,178,220	3,578,378,472	9,402,284,752
Deficit for the year		(232,416,297)		(232,416,297)
Additions			80,025,000	80,025,000
Amortisation			(105,335,837)	(105,335,837)
<b>Balance as at 30 June 2023</b>	<b>4,539,728,060</b>	<b>1,051,761,923</b>	<b>3,553,067,635</b>	<b>9,144,557,618</b>

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**XVI STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2023**

	Note	2023 Kshs	Restated 2022 Kshs
Operating (deficit)/ surplus		(232,416,297)	(20,182,075)
Depreciation	17	218,115,916	201,502,401
Amortisation of land	18	25,446,011	25,446,011
Amortisation of deferred income		(105,335,837)	(75,732,182)
(Gain)/Loss on disposal of assets	15	(3,301,292)	1,637,916
Operating surplus before working capital changes		(97,491,499)	132,672,071
(Increase)/ decrease in inventories		23,692,658	(27,679,123)
(Increase)/ decrease in trade and other receivables		(207,714,882)	(163,520,087)
Increase/ (decrease) in trade and other payables		258,773,409	220,590,042
<b>Cash generated from operations</b>		<b>(22,740,314)</b>	<b>162,062,903</b>
Interest accrued from Treasury bonds	20	(16,868)	(16,868)
Corporation tax paid	26	(7,342,976)	-
		<b>(30,100,158)</b>	<b>162,046,035</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant & equipment	17	(222,962,850)	(324,495,531)
Insurance compensation for the guest house		9,437,430	-
Proceeds from disposal of property, plant & equipment		-	-
		<b>(213,525,420)</b>	<b>(324,495,531)</b>
<b>FINANCING ACTIVITIES</b>			
Government grant		80,025,000	320,170,000
Net cash generated from financing activities		80,025,000	320,170,000
Increase/ (decrease) in cash and cash equivalent		(163,600,578)	157,720,504
Cash and cash equivalent at the beginning		425,886,258	268,165,754
Cash and cash equivalent at end of the year	24	262,285,680	425,886,258

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**XVII STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023**

	Original Budget Kshs	Adjustments Kshs	Final Budget Kshs	Actual Ksh	Variance Kshs.	% Utilization	NOTE
<b>Revenue</b>							
Government grant	431,456,418	(59,916,000)	371,540,418	372,040,412	(499,994)	100%	
Grant development partners		-	-	4,112,245	(4,112,245)	0%	1
Training fees	933,051,706	16,250,230	949,301,936	731,843,641	217,458,295	77%	
Research and consultancy	213,152,899	(2,000,000)	211,152,899	281,900,801	(70,747,902)	134%	2
Catering & Accomodation	767,328,246	3,251,289	770,579,535	239,279,931	531,299,604	31%	3
Hire of facilities	280,018,673	300,105	280,318,778	149,175,303	131,143,475	53%	4
Other income	137,960,284	(11,723,362)	126,236,922	123,215,058	3,021,864	98%	
Other Gains/(Losses)	-	-		44,860,442	(44,860,442)	0%	
<b>Total Income</b>	<b>2,762,968,226</b>	<b>(53,837,738)</b>	<b>2,709,130,488</b>	<b>1,946,427,833</b>	<b>762,702,655</b>	<b>72%</b>	
<b>Expenses</b>							
Council expenses	20,000,000	-	20,000,000	7,827,024	12,172,976	39%	5
Employee costs	1,488,207,557	(48,310,903)	1,439,896,654	1,088,785,595	351,111,059	76%	
General expenses	810,392,266	4,512,532	814,904,798	792,535,351	22,369,447	97%	
Depreciation and amortisation	376,168,854	(21,428,796)	354,740,059	243,561,921	111,178,138	69%	
Repairs and maintenance	62,627,710	11,249,553	73,877,263	46,134,239	27,743,024	62%	6
<b>Total expenditure</b>	<b>2,757,396,387</b>	<b>(53,977,613)</b>	<b>2,703,418,774</b>	<b>2,178,844,130</b>	<b>524,574,644</b>	<b>81%</b>	
<b>Surplus/ (deficit) for the year</b>	<b>5,571,839</b>	<b>139,875</b>	<b>5,711,714</b>	<b>(232,416,297)</b>			

**NOTES**

**Explanations on utilisations of the budget**

Both revenue and expenditure budgets remained relatively constant and were revised downward by only 2% each

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- 1) *Research and consultancy* - The school hadn't finalised a few consultancies as at the end of the financial year
- 2) *Catering and accommodation* - The participants preferred to be non residents as they undertook online programs
- 3) *Hire of facilities* - Organisations had budget reductions and were therefore not hire conference facilities during the year.
- 4) *Council expenses* - Most of the Council planned trainings did not take place..
- 6) *Repair and maintenance* - The under utilisation of the budget is due to the low number of participants who secured for accommodation leading to fewer repairs.

# KENYA SCHOOL OF GOVERNMENT

## Annual Report and Financial Statements

### For the year ended June 30, 2023

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#### XVIII NOTES TO THE FINANCIAL STATEMENTS

##### 1 General Information

Kenya School of Government is established by and derives its authority and accountability from Kenya School of Government Act 2012. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entities principal activity is to provide training, consultancy, research and advisory services to the Public Service.

##### 2 Statement of Compliance and basis of preparation

The financial statements have been prepared on historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment and financial instruments at fair value, impaired assets at their estimated recoverable amounts and liabilities at their present value where applicable. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAs) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the School's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note No. 5

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the School.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and the International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

##### 3 Adoption of new and revised standards

###### i. New and amended standards and interpretations in issue effective for the year ended 30 June 2023.

Standard	Impact
IPSAS 41: Financial	<p><b>Applicable: 1st January 2023</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held:</li> </ul>



# KENYA SCHOOL OF GOVERNMENT

## Annual Report and Financial Statements

For the year ended June 30, 2023

### NOTES TO THE FINANCIAL STATEMENTS (continued)

Standard	Impact
	<ul style="list-style-type: none"> <li>• Applying a single forward looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul> <p><i>This standard is not applicable to the School as it does not hedge its financial instruments</i></p>
<p><b>IPSAS 42: Social benefits</b></p>	<p><b>Applicable: 1st January 2023.</b></p> <p>The objective of this standard is to improve the relevancy, faithful representatives and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purposes financial reports assess:</p> <ul style="list-style-type: none"> <li>a.) The nature of such social benefits provided by the entity;</li> <li>b.) The key features of the operation of those social benefit schemes;</li> <li>c.) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</li> </ul> <p><i>This standard is not applicable to the School as it does not offer social benefit</i></p>
<p>Amendments to other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1st January 2023:</b></p> <ul style="list-style-type: none"> <li>a.) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</li> <li>b.) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> <li>c.) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</li> </ul> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>

### iii. Early adoption of standards

The School did not adopt early , new or amended standards in year 2022-2023.

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

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**a. Revenue recognition**

**i. Revenue from non-exchange transactions**

The entity recognises revenues from fees when the event occurs to the extent that would give rise to a liability to repay the amount. Other non-exchange revenues are recognised when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

**Transfers from other Government entities**

Revenues from non-exchange transactions with other Government entities are measured at fair value and recognised on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognised in the statement of comprehensive income. Development/ capital grants are recognised in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

**Deferred income**

This relates to grants received from the Government of Kenya and development partners for purposes of capital expenditure. This amount is amortised gradually and the amortised amount recognised in the statement of financial performance at the same rate as depreciation on an annual basis.

**Revenue from exchange transactions**

**1) Rendering of services**

The sale of services is recognised in the year in which the School delivers the service to the customer, the customer has accepted the service and collectability of the related receivables is reasonably assured.

**2) Sale of goods**

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

# KENYA SCHOOL OF GOVERNMENT

## Annual Report and Financial Statements

### For the year ended June 30, 2023

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#### NOTES TO THE FINANCIAL STATEMENTS (continued)

##### 3.) Interest Income

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

##### 4.) Rental Income

This is income arising from letting out the School's houses to mostly its staff.

#### b. Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Costs includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of financial performance as incurred. Where an asset is acquired in a non exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds from the disposal with the net carrying amount of the items, and are recognised in the statement of financial performance.

Freehold land and capital work in progress are not depreciated. Capital work in progress relates mainly to the costs of incomplete works on buildings, other civil works and installations.

Depreciation is provided on the cost/valuation of the assets on straight line basis at rates designed to write down the cost of each asset or revalued amount to its residual values over their estimated useful life. Land with no title is recognised as freehold. The annual rates in use are:

	<b>Rate</b>
Buildings	2.00%
Plant & equipment	12.50%
Furniture & fittings	12.50%
Linen & beddings	12.50%
Motor vehicles	25.00%
Computers	30.00%
Softwares	20.00%
Library books	5.00%
Leasehold land	Over the period of the lease

A full year's depreciation is recognised in the year of purchase and none in the year of disposal.

# KENYA SCHOOL OF GOVERNMENT

## Annual Report and Financial Statements

### For the year ended June 30, 2023

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#### NOTES TO THE FINANCIAL STATEMENTS (continued)

##### c. Leases

Finance lease are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the School. Assets held under a finance lease are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The School also recognises the associated lease liability at the inception of the lease. The liability recognised is measured as the present value of the future minimum lease payments at initial recognition.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the School will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

##### d. Inventories

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

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

**Raw materials:** purchase cost using the weighted average cost method;

**Finished goods and work in progress:** cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity.

After initial recognition, inventories are measured at the lower of cost and net realisable value. The cost of inventories comprises purchase price, import duties, transportation and handling charges and is determined on weighted average price method. Inventories are recognised as an expense when deployed for utilisation or consumption in the ordinary course of operations of the School.

##### e. Financial Instruments

###### 1.) Financial assets

###### *Initial recognition and measurement*

Financial assets within the scope of IPSAS 29 Financial Instruments: recognition and measurements are classified as financial assets at fair value through surplus or deficit, loans and receivables, held to maturity investments or available for sale financial assets as appropriate. The School determines the classification of its financial assets at initial recognition.

###### *Receivables*

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Losses arising from impairment are recognized in the surplus or deficit.

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

***Held to maturity***

Non derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the School has the positive intention and ability to hold it to maturity. After initial measurement, held to maturity investments are measured at amortised cost using the effective interest method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognised in surplus or deficit.

***Impairment of financial assets***

The School assesses at each reporting date whether there is objective evidence that a financial asset is impaired. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include the following indicators:

- i.) The debtors are experiencing significant financial difficulty;
- ii.) Default or delinquency in interest or principal payments;
- iii.) The probability that debtors will enter bankruptcy or other financial reorganisation;
- iv.) Observable data indicates a measurable decrease in estimated future cash flows.

***2.) Initial recognition and measurement of financial liabilities***

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit as appropriate. The School determines the classification of its financial liabilities at initial recognition. The School determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value plus directly attributable transactions costs.

**f. Nature and purpose of reserves**

The School creates and maintains reserves in terms of revaluation reserves. This reserve is a non cash reserves created to reflect the true value of the asset when the market value of the assets is higher or lower than the book value. Any increase or decrease as a result of revaluation of the asset is posted in this account as per the International Public Sector Accounting Standards.

# **KENYA SCHOOL OF GOVERNMENT**

## **Annual Report and Financial Statements**

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#### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

##### **g. Cash and cash equivalent**

Cash and cash equivalents comprise cash on hand and cash at bank, short term deposits, on call deposits and highly liquid investments within 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 various commercial banks at the end of the financial year.

##### **h. Retirement benefit obligation**

The School operates a defined contribution retirement benefits plan for its employees, The assets are held in a separate trustee administered scheme. The scheme is funded by contributions from both the employees at 7.5% and employer at a rate of 15% of employees basic pay.

The School and the employees also contribute to the National Social Security Fund (NSSF), a national defined contribution scheme. The School's contributions obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. 200 per employee per month.

##### **i. Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. 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 as income or expenses in the period in which they arise.

##### **Budget information**

The original budget for the FY 2022-2023 was approved by the Council in January 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget is presented in the statement of comparison of budget and actual amounts. The adjustments to amounts in the financial statements are made in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts as per the statement of financial performance has been presented on page 33-34 of these financial statements.

# **KENYA SCHOOL OF GOVERNMENT**

## **Annual Report and Financial Statements**

### **For the year ended June 30, 2023**

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#### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

##### **k. Intangible asset**

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in statement of financial performance in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite.

##### **l. Provisions**

Provisions are recognised when the School has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the School expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

##### **1.) Contingent liabilities**

The School does not recognise 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.

##### **2.) Contingent assets**

The School does not recognise 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 School 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 recognised in the financial statements of the period in which the change occurs.

##### **m. Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year June 30, 2023.

##### **n. Currency**

The financial statements are presented in Kenya Shillings (Kshs.).

# KENYA SCHOOL OF GOVERNMENT

## Annual Report and Financial Statements

### For the year ended June 30, 2023

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#### NOTES TO THE FINANCIAL STATEMENTS (continued)

##### **o. Taxes**

###### ***Current income tax***

The School has not provided for taxation as it has applied for exemption under the income tax act through the Cabinet Secretary for the National Treasury.

###### ***Sales tax***

Expenses and assets are recognised net of the amount of sales tax except:

- i.) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable;
- ii.) When receivables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from or payable to the taxation authority is included as part of receivables or payables in the statement of financial position.

##### **p. Comparative figures**

Comparative figures for water bottling sales have been amended to separate between income and expenditure in compliance with IPSAS 1(S.48). Further, other expenses reflected in note 16 have been clarified further by disclosing library expenses separately from other income.

#### **5 Significant Judgement and Sources of Estimation uncertainty**

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

##### **a.) Estimates and assumptions**

The School based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the School. Such changes are reflected in the assumptions when they occur.

##### **b.) Useful lives and residual values**

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

- i.) The condition of the asset based on the assessment of experts employed by the School;
- ii.) The nature of the asset, its susceptibility and adaptability to changes in technology and processes;
- iii.) The nature of the processes in which the asset is deployed;
- iv.) Availability of funding to replace the asset;
- v.) Changes in the market in relation to the asset.



# **KENYA SCHOOL OF GOVERNMENT**

## **Annual Report and Financial Statements**

### **For the year ended June 30, 2023**

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#### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

##### **c.) Provisions**

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material. The School has made a general provision for bad debts at the rate of 11%.

#### **6 Retained Earnings**

The retained earnings represent net income left over to finance the School's activities mainly capital expenses.

#### **7 Related party disclosures**

##### *Nature of related party relationships*

The School regards a related party as a person or an entity with the ability to exert control individually or jointly or to exercise significant influence over the School or vice versa. Related parties include management personnel, their associates and close family members.

##### *Government of Kenya*

The Government of Kenya is the principal shareholder of the School, holding 100% of the School's equity interest. Other related parties include:

- i. The parent ministry- Ministry of Public Service & Gender
- ii. The National Treasury
- iii. County Government
- iv. Key Management

#### **8 FINANCIAL RISK MANAGEMENT**

The School's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The School's overall risk management policies are set out by the Council and implemented by the management, and focus on the unpredictability of changes in the business environment and seeks to minimise the potential adverse effects of such risks on its performance by setting acceptable levels of risk. The School however, does not hedge any risks and that credit is only extended to customers with an established credit history.

The School's financial risk management objectives and policies are detailed below:

##### **i. Market risk**

The Council has put in place an internal audit function to assist in assessing the risk faced by the School on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

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

**i. Market risk (Continue..)**

Market risk is the risk arising from the changes in market prices, such as interest rate and foreign exchange rates which will affect the School's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing the risk rests with the Audit and Risk Committee.

The School's finance department is responsible for development of detailed risk management policies and for the day to day implementation of those policies.

During the year 2022-2023 the school did not face any major market risk.

**ii. Credit Risk**

The School has exposure to credit risk, which is the risk that a customer will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables.

Management assesses the credit quality of each customer taking into account its past experience and other factors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the School's management based on prior experience and their assessment of the current and economic environment.

The carrying amount of financial assets recorded in the financial statements representing the School's maximum exposure to credit risk is made up as follows:

	<b>Total amount Kshs. Kshs</b>	<b>Fully performing Kshs. Kshs</b>	<b>Past due Kshs. Kshs</b>	<b>Impaired Kshs. Kshs</b>
<b>At 30 June 2023</b>				
Receivables from exchange transactions	1,819,971,171	1,819,971,171		-
Receivables from non exchange transactions	38,292,136	38,292,136		-
Bank balances	262,285,680	262,285,680		-
<b>Total</b>	<b>2,120,548,987</b>	<b>2,120,548,987</b>	<b>-</b>	<b>-</b>
<b>At 30 June 2022</b>				
Receivables from exchange transactions	1,586,236,357	1,586,236,357	-	-
Receivables from non exchange transactions	34,380,179	34,380,179	-	-
Bank balances	425,886,258	425,886,258	-	-
<b>Total</b>	<b>2,046,502,794</b>	<b>2,046,502,794</b>	<b>-</b>	<b>-</b>

**KENYA SCHOOL OF GOVERNMENT**  
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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

The customers under the fully performing category are paying their debts as they continue transacting with the School. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the School has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The School has significant concentration of credit risk on amounts due from the National and County Governments.

**iii. Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the School's council. The School manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the School. The amounts disclosed in the table are the contractual undiscounted cash flows.

	<b>Less than 1 month Kshs</b>	<b>Between 1-3 months Kshs</b>	<b>Over 3 months Kshs</b>	<b>Total Kshs</b>
<b>At 30 June 2023</b>				
Trade payables	-	-	805,938,750	805,938,750
Payments received in advance	-	400,217,809	-	400,217,809
Third party payments	-	71,173,380	-	71,173,380
Retentions	-	108,772,161	-	108,772,161
VAT payable	-	25,045,051	-	25,045,051
Audit fees	2,000,000	-	7,500,000	9,500,000
Service Gratuity	-	-	122,033,928	122,033,928
Other payables	117,474,678	8,568,752	-	126,043,430
<b>Total</b>	<b>119,474,678</b>	<b>613,777,153</b>	<b>935,472,678</b>	<b>1,668,724,509</b>
<b>At 30 June 2022</b>				
Trade payables	-	-	601,270,763	601,270,763
Payments received in advance	-	347,484,876	-	347,484,876
Third party payments	-	60,775,562	-	60,775,562
Retentions	-	113,155,341	-	113,155,341
VAT payable	-	46,690,370	-	46,690,370
Audit fees	2,000,000	-	5,500,000	7,500,000
Service Gratuity	-	-	103,618,086	103,618,086
Other payables	114,629,120	14,826,982	-	129,456,102
<b>Total</b>	<b>116,629,120</b>	<b>582,933,131</b>	<b>710,388,849</b>	<b>1,409,951,100</b>

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

**iv. Foreign Currency Risk**

The school has transactional currency exposures which arises through purchase of goods and services that are done in currencies other than local currency. Transactions made in foreign currency are converted to Kenya Shilling at the time of transaction using the prevailing exchange rate.

**v. Interest rate risk**

Interest rate risk is the risk that the School's financial condition may be adversely affected as a result of changes in interest rate levels. The School's interest rate risk arises from bank deposits. This exposes the School's cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the School's deposits.

**vi. Capital Risk Management**

The objective of the School's capital risk management is to safeguard the Council's ability to continue as a going concern. The capital structure comprises of the following funds:

	<b>2023</b>	2022
	<b>Kshs</b>	kshs
Revaluation Reserve	<b>4,539,728,060</b>	4,539,728,060
Accumulated surplus	<b>1,051,761,923</b>	1,489,809,039
Deferred Income	<b>3,553,067,635</b>	3,578,378,472
	<b><u>9,144,557,618</u></b>	<u>9,607,915,571</u>

**9 Transfer from Ministries, departments and agencies**

Name	Amount recognised to statement of comprehensive income Kshs	Amount deferred under deferred income Kshs	Amount recognised in capital fund Kshs	Total grant income during the year Kshs	2021-2022 Kshs
Ministry of Public Service & Gender	371,540,412	80,025,000	-	<b>451,565,412</b>	741,748,128

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

	2023	2022
	kshs	kshs
<b>10 Government grants</b>		
Recurrent grant- development partners	4,112,245	35,660,000
Recurrent grant-G.O.K	372,040,412	421,578,127
	<u>376,152,657</u>	<u>457,238,127</u>
<b>11 Other Income</b>		
Deferred Income	105,335,837	75,732,182
Rent	13,911,430	14,023,761
Interest from investments	1,849,330	4,033,315
Miscellaneous receipts	1,687,180	3,062,152
Water Bottling sales	431,281	563,527
	<u>123,215,058</u>	<u>97,414,937</u>
<b>12 Council expenses</b>		
Chairman Honoraria	977,500	935,000
Sitting allowances	2,620,000	3,520,000
Other expenses	4,229,524	3,561,608
	<u>7,827,024</u>	<u>8,016,608</u>
<b>13 Employee costs</b>		
Salaries and wages	972,268,414	972,101,952
Gratuity	30,933,050	31,081,012
Staff training	4,807,610	4,715,274
Staff medical	76,027,605	44,453,133
Staff welfare	3,655,007	4,783,416
Staff uniform	1,093,909	533,506
	<u>1,088,785,595</u>	<u>1,057,668,293</u>
<b>14 Repairs and maintenance</b>		
Maintenance of building and grounds	26,042,256	19,648,477
Maintenance of borehole	1,677,524	505,275
Maintenance of equipment	8,928,658	8,717,889
Motor vehicle repairs	9,485,801	8,361,809
	<u>46,134,239</u>	<u>37,233,450</u>
<b>15 Disposal of assets</b>		
Gain on disposal of building damaged by fire and collapsed borehole	3,301,292	(1,637,916)
<b>Loss on disposal/ demolition</b>	<u>3,301,292</u>	<u>(1,637,916)</u>

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

	2023	2022
	kshs	kshs
<b>16 General expenses</b>		
Advertising and publicity	1,171,009	(272,384)
Bank charges	2,281,470	2,235,656
Casual wages	97,420,977	92,714,391
Cleaning and sanitation	31,703,284	23,853,742
Conference committees and seminars	4,672,255	3,751,624
Domestic travel	51,135,355	46,372,003
Electricity	29,631,397	34,243,275
External travel costs	45,336,687	1,024,118
Food and ration	298,054,856	246,504,975
Gas and fuel	16,176,583	14,461,917
Field study trips	603,362	1,263,880
Hire of accomodation	3,279,785	8,306,928
Hire of transport	357,527	1,311,972
Hire of consultancy	35,516,576	368,000
ICT costs	26,211,672	19,524,577
Insurance	16,460,224	20,545,809
Legal fees	350,000	(114,470)
Marketing	2,784,406	1,856,029
Performance contracting expenses	206,463	1,540,962
Printing & publishing	56,897	1,481,611
Provision for bad debts	29,931,889	19,825,888
Refined fuels	15,558,155	14,697,061
Research expenses	281,987	2,422,700
Security expenses	6,890,641	7,549,029
Stationery for participants	6,058,663	8,457,827
Stationery for staff	14,450,478	7,247,949
Sundry expense	1,803,949	2,394,313
Telephone and fax	4,781,117	4,259,204
Training and consultancy	18,150,484	18,660,000
Water and conservancy	3,955,005	5,090,227
Hospitality expense	12,444,311	8,550,525
Audit fees	2,000,000	2,000,000
Water bottling costs	9,573,274	6,191,978
Corporate Social Responsibility	370,397	180,175
Library expenses	853,413	630,140
Other expenses	2,020,803	3,025,308
	<u>792,535,351</u>	<u>632,156,939</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

17. Property, plant & Equipment

	Land Kshs	Buildings Kshs	Work in progress Kshs	Plant & equipment Kshs	Kitchen equipment Kshs	Office equipment Kshs	Motor vehicles Kshs	Furniture & fittings Kshs	Linen & beddings Kshs	Computers & networking Kshs	Library Kshs	Softwares Kshs	Total Kshs
<b>2023</b>													
<b>Cost/Valuation</b>													
As At 1 July 2022	783,700,000	5,184,775,314	1,296,016,153	156,193,793	54,187,212	79,863,239	147,985,415	264,957,357	134,698,690	303,229,104	34,202,771	18,745,215	8,458,554,263
Additions	-	13,401,181	281,889,393	1,494,514	5,283,055	1,671,955	-	9,673,578	6,137,305	4,510,334	202,680	231,536	324,495,531
Transfer from W-I-P	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	(1,949,900)	-	-	-	-	-	-	-	-	-	-	(1,949,900)
As At 30 June 2022	783,700,000	5,196,226,595	1,577,905,546	157,688,307	59,470,267	81,535,194	147,985,415	274,630,935	140,835,995	307,739,438	34,405,451	18,976,751	8,781,099,894
Additions	-	(2,037,200)	90,243,064	24,967,813	4,121,741	6,828,975	-	52,650,944	33,584,258	10,986,870	-	1,616,385	222,962,850
Transfer from W-I-P	-	1,127,192,488	(1,165,825,424)	7,183,125	17,256,359	-	-	14,193,452	-	-	-	-	-
Disposal	-	(4,303,600)	-	(4,722,871)	-	-	-	-	-	-	-	-	(9,026,471)
As At 30 June 2023	783,700,000	6,317,078,283	502,323,186	185,116,374	80,848,367	88,364,169	147,985,415	341,475,331	174,420,253	318,726,308	34,405,451	20,593,136	8,995,036,273
<b>Depreciation</b>													
As At 1 July 2022	-	689,721,115	-	128,141,038	34,057,429	57,293,439	136,728,404	183,074,928	72,935,856	261,824,434	15,716,975	940,336	1,580,433,954
Disposals	-	(311,984)	-	-	-	-	-	-	-	-	-	-	(311,984)
Charge for the year	-	103,924,532	-	14,358,326	7,266,274	5,061,850	4,976,952	27,450,858	13,597,710	22,085,360	1,596,363	1,184,176	201,502,401
As At 30 June 2022	-	793,333,663	-	142,499,364	41,323,703	62,355,289	141,705,356	210,525,786	86,533,566	283,909,794	17,313,338	2,124,512	1,781,624,371
Disposals	-	(602,504)	-	(2,287,829)	-	-	-	-	-	-	-	-	(2,890,333)
Charge for the year	-	126,408,643	-	10,093,542	8,954,163	6,146,162	2,982,171	31,354,278	14,052,563	14,007,371	1,524,563	2,592,454	218,115,910
As At 30 June 2023	-	919,139,802	-	150,305,077	50,277,866	68,501,451	144,687,527	241,880,064	100,586,129	297,917,165	18,837,901	4,716,966	1,996,849,948
<b>Net book value</b>													
As At 30 June 2023	783,700,000	5,397,938,481	502,323,186	34,811,297	30,570,501	19,862,718	3,297,888	99,595,267	73,834,124	20,809,143	15,567,550	15,876,170	6,998,186,325
As At 30 June 2022	783,700,000	4,402,892,932	1,577,905,546	15,188,946	18,146,566	19,179,906	6,280,059	64,105,149	54,302,429	23,829,644	17,092,113	16,852,239	6,999,475,529

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	2023	2022
	kshs	kshs
<b>18 Leasehold land</b>		
At 1 July	1,921,097,153	1,946,543,164
Amotisation charge for the year	<u>(25,446,011)</u>	<u>(25,446,011)</u>
At 30th June	<u><u>1,895,651,142</u></u>	<u><u>1,921,097,153</u></u>

The land in Lower Kabete, Baringo and Embu campuses are on a lease issued by Government for a period of 99 years.

	2023	2022
<b>19 Depreciation and Amortization Expense</b>		
Property, plant and equipment (Note 17)	218115910	201502401
Intangible assets (Note 18)	<u>25,446,011</u>	<u>25,446,011</u>
<b>Total depreciation and amortization</b>	<u><u>243,561,921</u></u>	<u><u>226,948,412</u></u>

**20 The Chairperson's Report was signed by the Chair Finance and General Purpose Committee (FGPC) because at the time of signing the Financial Statements the Chairperson who was in office in 2022/2023 FY had left the office.**

<b>21 Investments</b>		
Treasury bond-30 years @12% P.a-Face value Kshs.5M	4,662,630	4,645,762
Discount amortisation	<u>16,868</u>	<u>16,868</u>
Fair value as at 30th June	<u><u>4,679,498</u></u>	<u><u>4,662,630</u></u>
a. Short term	155,421	155,421
b. Long term	<u>4,524,077</u>	<u>4,507,209</u>
	<u><u>4,679,498</u></u>	<u><u>4,662,630</u></u>
<b>22 Inventories</b>		
Nairobi	16,886,207	22,700,564
Eldi	688,738	1,111,009
Baringo	13,334,352	20,433,784
Embu	2,442,537	16,343,700
Matuga	4,926,763	3,921,903
Mombasa	<u>13,393,309</u>	<u>10,853,604</u>
	<u><u>51,671,906</u></u>	<u><u>75,364,564</u></u>



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

	2023	2022
	kshs	kshs
<b>23 Receivables</b>		
Trade debtors	1,819,971,171	1,586,236,357
Provision for bad debts	<u>(204,417,888)</u>	<u>(174,485,999)</u>
	<b>1,615,553,283</b>	1,411,750,358
Staff debtors	17,790,822	16,669,145
Other receivables	<u>20,501,314</u>	<u>17,711,034</u>
	<b><u>1,653,845,419</u></b>	<b><u>1,446,130,537</u></b>
<b>24 Mortgage and Car loan deposits</b>		
<b>Name of bank</b>		
Kenya Commercial bank- Mortgage lien account	134,250,000	134,250,000
Kenya Commercial bank- Car lien account	<u>11,000,000</u>	<u>11,000,000</u>
	<b><u>145,250,000</u></b>	<b><u>145,250,000</u></b>
<b>25 Cash and cash equivalent</b>	<b>Note</b>	
Bank	24a	
	261,527,394	425,124,591
Petty cash	<u>758,286</u>	<u>761,667</u>
	<b><u>262,285,680</u></b>	<b><u>425,886,258</u></b>

**Detailed analysis of the cash and cash equivalent**

**Current Account**

<b>Name of bank</b>	<b>Bank account No.</b>	<b>Currency</b>		
KCB Corporate	1145987281	Kshs	115,145,975	118,120,799
KCB Corporate	1145987184	USD	103,188,535	132,669,960
KCB Embu	1146029837	Kshs	592,490	839,691
KCB Kwale	1146019173	Kshs	599,990	599,990
KCB Mombasa	1145993303	Kshs	599,990	856,438
KCB Baringo	1145978851	Kshs	599,990	606,690
KCB Nairobi	1107057957	USD	14,035	11,768
KCB Eldi	1107050251	USD	12,338	10,346
KCB Nairobi	1106972732	Kshs	294,870	218,240
KCB Eldi	1106676823	Kshs	99,630	99,630
NBK	01003000909500	Kshs	40,383,349	171,091,039
Cooperative bank	01141588750500	Kshs	<u>(3,798)</u>	-
			<b><u>261,527,394</u></b>	<b><u>425,124,591</u></b>

\* The exchange rate used to convert USD to Kenya Schilling at the end of the period was Kshs. 140.52

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

<b>26 Trade and other payables</b>	<b>2023</b>	<b>2022</b>
Trade payables	805,938,750	601,270,763
Payments received in advance	400,217,809	347,484,876
Third party payments	71,173,380	60,775,562
Retentions	108,772,161	113,155,341
VAT payable	25,045,051	46,690,370
Service Gratuity	122,033,928	103,618,086
Audit fees	9,500,000	7,500,000
PAYE	27,683,047	14,222,576
NHIF	608,702	1,962,752
Helb	41,144	135,023
Withholding Taxes (VAT & Income)	7,942,447	7,728,383
Staff Remittances	81,199,338	90,580,386
Other payables	8,568,752	14,826,982
	<u><u>1,668,724,509</u></u>	<u><u>1,409,951,100</u></u>
<b>27 Corporation tax</b>		
Opening balance	205,630,819	-
Assessment/ tax for the year	-	205,630,819
Withholding taxes	(2,615,023)	-
Tax paid	(4,727,953)	-
<b>Closing balance</b>	<u><u>198,287,843</u></u>	<u><u>205,630,819</u></u>

During 2021/2022, the school was assessed for Corporation Tax by Kenya Revenue Authority. As a result the school was served with Corporation Tax liability of Ksh 205,630,819 relating to 2015/2016 to 2020/2021 financial years. The effect of this adjustment is shown below;

	<b>Effect on 2021/2022 Kshs</b>
Recognition of Corporation Tax	205,630,819
<b>Decrease in Accumulated Surplus</b>	<b>205,630,819</b>
Recognition of Corporation Tax	205,630,819
<b>Increase in Accounts Payable</b>	<b>205,630,819</b>

In the subsequent years, there's no corporation tax payable since the School is in a loss position

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

28	Contingent liabilities	
i.	Julie Nyawira Mathenge sued the Institute over Plot Nos. 11509-11514 Lower Kabete Nairobi. She was allegedly allocated the said plots which stand on the School's plot. She filed a court case HCC No. 679 of 2006 at high court. The titles were revoked through a gazette notice in November 2010 by the Minister of Lands Hon. James Orengo. Judgement was delivered on 17th March, 2022 in favour of the defendants who includes K.S.G.Appellant filed Notice of Appeal against the Judgment to Court of Appeal at Nairobi dated 24th March, 2022	
ii	Mombasa Env. & Land Ct. No. 94 of 2012 – Kalliste Ltd. –vs- A.G, Tulsi Construction Ltd. & KSG - The A.G. (Mombasa Office) who is also a defendant is representing the Government and KSG in the case. The Plaintiff claims that it was allocated land by Government which is directly opposite KSG Mombasa campus where the Ultra Modern Complex is being built and seeks compensation by Government. The A.G. has prepared witnesses and documents (survey plans and witnesses from the Ministry of Lands, Department of Survey and KSG Mombasa) showing that the allocation to the Plaintiff was illegal. The School's efforts to get EACC to be enjoined due to the fraudulent acquisition of KSG land by the Plaintiff have not been successful. Hearing started on January 28, 2020 and is ongoing.	
iii.	Milimani NRB HCCC no. 151 of 2016 ;Fahari Building & Civil Engineering LTD. -vs- the Hon. Attorney General. The Claimant Fahari Building & Civil Engineering Ltd was awarded the contract for construction of the conference facility at the KSG Matuga campus in 2008. Claimant raised issues of re-measurement of the works in 2010 which were dealt with to the satisfaction of the contractor and the client campus in 2011. At the handing over of the building in 2012 Claimant repeated the issue of re-measurements in the hope of a more favourable finding. Remeasurements were done by the Ministry of Public Works in 2013 which Matuga Campus rejected as they were undeserved. Plaintiff claims Kshs 12,554,980 which includes the last moiety retention totaling Kshs 3,416,552. Advocates for the Claimant sort settlement through arbitration. The matter has since been referred to mediation and AG is representing the school.	
iv.	Nairobi ELRC Petition No. 135 Of 2016; Obuya Bagaka –Vs- Kenya School Of Government. The Attorney General (Nairobi Litigation Department) is representing KSG with the support of one external counsel. The Petitioner who was a faculty member at KSG Nairobi filed a case challenging his interdiction and termination of service in October 2016. The claim is for salary and allowances from the date of termination of employment and damages for unfair termination. The Employment court ruled that Obuya Bagaka's dismissal was unfair because proper procedures were not followed and awarded him damages. However, the School appealed and hearing date is yet to be issued.	
v	Employment And Labour Relations Court Nakuru, Cause No. 109 Of 2018; June Chebet –Vs- Director General Kenya School Of Government & Anor. The Claimant June Chebet was a former employee of KSG Baringo Campus who alleges that she was unfairly terminated from employment. She is represented by Sabaya & Associates Advocates of Nakuru. The claim is	

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

28	Contingent liabilities	
		for compensation for alleged wrongful termination of employment as well as damages. Ruling was delivered on February 7, 2019 and judgment was for the Claimant. An application for leave to appeal by KSG was filed and is being prosecuted by the AG's Office in Nakuru.
vi		Chief Magistrate's Court Nakuru, Civil Case No. 306 Of 2019 Africa Commercial Motor Group –Vs- Kenya School Of Government & Trident Insurance Company Ltd. - The Attorney General (Nakuru Litigation Department) is representing KSG. The Plaintiff, a motor vehicle repairs company based in Nakuru has filed a claim for payment of the cost of repairs to a KSG motor vehicle in 2017. The claim is for Kshs. 712,765.83 being the cost of repairs one of the School's official vehicles. The Attorney General entered appearance and is monitoring progress in the case. Trident Insurance Company failed to settle the insurance claim filed by KSG due to its status as an almost insolvent company. The Attorney General entered appearance and is monitoring progress in the case.
vii		Chief Magistrate's Court Kabarnet - Civil Suit No. E016, E017,E018,E019,E031 and E037 all of 2022 - Vs John Njau & KSG. The Claims are for compensation for bruises and minor injuries suffered by the SLDP passengers when the KSG bus sped over road bumps due to brake failure on 13th February 2022. Instructions including the driver's statement and other relevant documents have been sent to the AG for filing of effective defences. The Insurers of the School's bus have instructed lawyers to defend the claims.
viii		Arbitration Between Elicon General Contractors Ltd and Kenya School of Government. Elicon General Contractors claimed unpaid balance of the contractual sum totaling Kshs. 23,275,050. The amount includes interest for late payments. The last payment of Kshs. 1,017,458.00 for the final account and retention money was made on July 26,2022. KSG has therefore paid the full contract price. The only dispute is with regard to interest on delayed payments. KSG and Elcion Contractors are pursuing an amicable settlement of the dispute before the Tribunal. Negotiations are ongoing and it is expected that an agreement will be reported to the Tribunal when it meets next in mid-September, 2023
ix		RM'S Court Kabarnet Civil Case No. 31 of 2021. Besko Investments Ltd was unable to complete the construction for lack of capacity due to Covid-19 financing challenges. The company claimed payment for the level of construction it had undertaken. The School disputes the claim and accuses the company of abandoning the building site resulting in loss of materials and breach of contract. The AG's office in Nakuru is representing the School in the case

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**Appendix 1: Implementation Status of Auditor-General's Recommendations**

Reference no. on the external audit report	Issue/ Observation from the auditor	Management comment	Focal point person to designated to resolve the issue	Status
1. Land without ownership documents	The statement of financial position and note 18 to the financial statements reflects property, plant and equipment balance of Kshs. 6,878,120,315. As previously reported, included in the balance are freehold parcels of land owned by the School at Mombasa and Matuga campuses valued at Kshs. 736,200,000 and Kshs. 47,500,000 respectively but whose title deeds were not provided for audit review. Further the fixed assets register maintained by the school did not have information detailing the assets description, cost, date of acquisition, location, depreciation charge for the year, the accumulated depreciation and net book value of the assets.	Follow up is being done	Director General	Unresolved
2. Excluded Leasehold land	The statement of financial position and as disclosed in Note 19 to the financial statements reflects a leasehold land balance of Kshs. 1,921,097,153. As previously reported, the balance excludes six (6) parcels of land valued at Kshs. 1,677,336,407 located at Lower Kabete that were illegally hived off and allocated to private individuals. Although available information indicates that these allocations have since been revoked by a court of law, the School has not taken back possession of the six parcels of land and the respective ownership documents are yet to be obtained.  The circumstances, accuracy and completeness of the leasehold balance	The School is making up a follow up with the Ministry of Lands to ensure receipt of title deeds. Further, the 6 plots were revalued in 2014 hence the amount in the books includes the 6 plots	Director General	Title deed- unresolved Accuracy of balance- Resolved

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**Appendix 1: Implementation Status of Auditor-General's Recommendations**

	of Kshs.1,921,097,153 therefore, could not be confirmed.			
<b>3. Non-valuation of assets of fully depreciated assets</b>	<p>As reported previously, the School carried in its books, assets which are fully depreciated but accrued benefits from their usage. Although the valuation process has commenced and part of the headquarters assets have been valued, the valuation amounts were not incorporated into the financial statements of the year under review.</p> <p>In the circumstances, the accuracy, completeness and ownership of the property, plant and equipment balance of Kshs.6,999,475,529 could not be confirmed.</p>	The School did not incorporate the revaluation in the financial statements as it would have led to violation of IPSAS 17 on Property, Plant & Equipment sections No. 51	Director General	
<b>4. Long outstanding receivables</b>	<p>As disclosed in Note 22 of the financial statement, the statement of financial position reflects a balance of Kshs.1.446,130,537 and Kshs. 1,282,610,450 under receivables for the year ended 30 June, 2022 and 30 June, 2021 respectively. As reported in the previous year receivables balance includes an amount of Kshs.1,209,787,094 that has been outstanding for a period exceeding 90 days. Included in this balance are amounts due from defunct Institutions of Kshs.29,789,627 and foreign customers of Kshs.8,203,437 all totaling Kshs.37,993,064. Management has not explained how the credits were extended to the concerned institutions and individuals despite the school's credit policy requirement of advance payments prior to the commencement of any courses /activities. The receivables balance has increased by Kshs. 163,520,089. Not much effort has been made to recover the balances.</p> <p>In the circumstances, the accuracy and completeness of the receivables balance of kshs. 1,209,787,094 could not be confirmed.</p>	Follow up is being done	Director General	Unresolved

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**Appendix 1: Implementation Status of Auditor-General's Recommendations**

<p><b>5. Budgetary Control and Performance</b></p>	<p>The statement of comparison of budget and actual amounts reflects the final expenditure budget and actual on a comparable basis of Kshs. 2,571,624,856 and Kshs. 1,962,023,702 respectively resulting in an under-expenditure of Kshs. 609,601,154 or 24% of the budget. The under expenditure affected the planned activities of the school and may have impacted negatively on service delivery.</p>		<p>Director General</p>	
<p><b>6. Delayed Construction of Tuition Block at Kenya School of Government (KSG)-Baringo Campus</b></p>	<p>The Kenya School of Government entered into a contract agreement with a local contractor on 14 July, 2020. The contract for the proposed construction of a tuition block at KSG - Baringo campus was at a contract sum of Kshs.623,474,422. The works were to be completed in 130 weeks starting 30 July, 2020 and ending on 29 December, 2022. However, an audit verification exercise of the project carried out in April 2023 established that no work has been carried out in the year under review and that the contractor had abandoned the site at the time of the visit. Further, the status of projects completion report in the financial statements indicates that the project is at 22% completion with a total expended amount of Kshs. 134,892,648, however, the audit could not confirm the accuracy of this amount without supporting documentation. In the circumstances, it remains doubtful whether the outstanding works will be completed at all or within the agreed timeline</p>	<p>Follow up for funding is being done</p>	<p>Director General</p>	<p>Unresolved</p>
	<p>The construction works for the tuition block at KSG-Embu Campus were awarded on 29 June, 2020 to a local contractor at a contract sum of Kshs.1,129,696,989. The project was to be completed in 130 weeks to end on 30 December, 2022. However, a verification exercise of the project was carried out in April 2023 and established that no work has been carried out in the year under review and that the contractor had abandoned the site at the time of the visit. Further, the status of projects completion report in the financial statements indicates that the project is at 22% completion with a total expended amount of Kshs. 134,892,648, however, the audit could not confirm the accuracy of this amount without supporting documentation. In the circumstances, it remains doubtful whether the outstanding works will be completed at all or within the agreed timeline</p>			

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**Appendix 1: Implementation Status of Auditor-General's Recommendations**

<p><b>7. Construction of a Convention Centre at KSG - Embu Campus</b></p>	<p>end on 29 December, 2022. However, a review of progress reports and physical verification of the project carried out in April, 2023 revealed that net payments against certified works stood at Kshs. 264,556,603 or approximately 23% payment for certified works. Further, the contractor had temporarily left the site due to delayed and under payment of certified works. This is an indication that the project was significantly behind schedule. In the circumstances, the value for money paid to the contractor may not be achieved due to construction delay.</p>	<p>Follow up for funding is being done</p>	<p>Director General</p>	<p>Unresolved</p>
<p><b>8. Delayed Construction of Tuition Block at KSG - Matuga Campus</b></p>	<p>The contract for the construction of a tuition block at KSG - Matuga campus was awarded to a local contractor at a contract sum of Kshs.745,050,231.33 for a contract period of 156 weeks commencing on 7 July, 2020 and is expected to be completed by 7 July, 2023. Physical inspection carried out on 17 April 2023, revealed that, approximately 145 weeks after the commencement of the works, the value of works done and certified amounted to Kshs.91,805,478 representing only 13% completion level against 59% of time lapsed. The project, therefore, is significantly behind schedule. No explanation was given for the slow progress of work which may lead to cost escalation. Further, the Management did not provide revised work plan hence, the audit could not confirm the revised date of completion after the previous contract expire. In the circumstances, Management did not get value for money.</p>	<p>Follow up for funding is being done</p>	<p>Director General</p>	<p>Unresolved</p>
	<p>The contract for the proposed completion works for the Deputy Director's house at Baringo campus referenced No. KSG/BAR/039/2013-2014 was awarded in 2014 to a local contractor at a contract sum of</p>			



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**Appendix 1: Implementation Status of Auditor-General's Recommendations**

<p><b>9. Stalled construction of Deputy Director's House at KSG - Baringo Campus</b></p>	<p>Kshs.4,426,212. According to the contract, the construction was to be completed by September, 2016. However, an audit verification exercise carried out in April, 2023 revealed that the contractor abandoned the site in 2017 due to non-payment of certified works valued at Kshs. 2,001,756 as per certificate number 01 of 19 October, 2017. The completed works have since degraded and deteriorated. Management did not provide satisfactory explanations for the failure to complete the project. In the circumstances, value for money on the project may not be achieved.</p>	<p>Follow up is being done</p>	<p>Director General</p>	<p>Unresolved</p>
<p><b>10.Failure to Maintain a Separate Retention Bank Account</b></p>	<p>The statement of financial position and as disclosed in Note 25 to the financial statements reflects the trade and other payables balance of Kshs.1,410,103,100 which includes Kshs 113,155,341 relating to retentions. It was however noted that the school does not maintain a separate retention account which would be used to deposit all contractor's retentions and settle the same as and when they fall due and which would alleviate the current difficulty the school is undergoing in paying contractors for completed projects.The Management was in breach of the law.</p>	<p>The matter is being handled</p>	<p>Director General</p>	<p>Unresolved</p>
<p><b>11. Under-establishment of Staff</b></p>	<p>An audit review revealed that the Kenya School of Government is under-established as seen in the approved staff establishment. The approved staff establishment is 987 staff members while the current in-post members as at 30<sup>th</sup> June, 2022 is 532 leading to a variance of 455 members of staff. In the foregoing, Kenya School of Government may not be able to achieve its operational objectives due to the under-establishment of human capital.The Management was in breach of the law</p>	<p>The matter is being handled</p>	<p>Director General</p>	<p>Unresolved</p>

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**Appendix 1: Implementation Status of Auditor-General's Recommendations**

<p><b>12. Idle Asset - Mombasa Campus</b></p>	<p>The audit established Motor Vehicle of registration number KCK 694U of Model CLA15.200 of Make: MAN purchased on 29<sup>th</sup> September 2017 had clocked 15,495 KM based in KSG Mombasa Campus since the date of purchase had high maintenance costs in the year under review totalling Kshs. 1,087,060.63 and not effectively serving the institution. The accounting officer should ensure there is full utilization of assets in maximizing output</p>	<p>The matter is being handled</p>	<p>Director General</p>	<p>Unresolved</p>
<p><b>13. Composition of the School Council</b></p>	<p>During the financial year under audit review, the School's Council comprised nine members' including the Director General charged with the responsibility of the governance and overall stewardship of the school. However, the Council did not have two representatives from the Public Service Commission and the Kenya Institute for Public Policy Research and Analysis (KIPPRA) as provided in Section 6(1)(h) and (i) of the Kenya School of Government Act, 2012. The School's Council was therefore not properly constituted as per the law.</p>	<p>Follow up is being done</p>	<p>Director General</p>	<p>Unresolved</p>

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**Appendix II: Status of Projects Implementation**

None of the projects undertaken by the School during the year were funded by donors.

**Status of Projects completion**

	Project	Total project cost Kshs.	Total expended to date Kshs.	Completi n % to date	Budget Kshs.	Actual Kshs	Sources of funds
1	Construction of tuition block- Matuga	745,050,231	96,421,465	13%	24,450,000	15,000,000	G.O.K
2	Construction of tuition block- Baringo	623,518,963	134,892,647	22%	32,472,150	20,000,000	G.O.K
3	Contruction of convention centre- Embu	1,129,695,090	264,556,603	23%	73,618,600	45,025,000	G.O.K
		<b>2,498,264,284</b>	<b>495,870,715</b>		<b>130,540,750</b>	<b>80,025,000</b>	

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**Appendix III: Inter entity Transfers**

<b>Break down of Transfers from the State Department of Public Service Youth &amp; Gender Affairs</b>			
<b>FY 22/23</b>			
<b>a. Recurrent Grants</b>			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>FY</u>
	14/09/2022	33,461,700.90	2022/2023
	14/09/2022	33,461,700.90	2022/2023
	07/10/2022	33,461,700.90	2022/2023
	02/12/2022	33,461,702.25	2022/2023
	14/12/2022	33,461,701.00	2022/2023
	30/12/2022	33,461,701.00	2022/2023
	20/06/2023	33,461,699.00	2022/2023
	20/06/2023	33,461,699.00	2022/2023
	20/06/2023	33,461,699.00	2022/2023
	09/06/2023	33,461,700.25	2022/2023
	20/06/2023	36,923,407.30	2022/2023
	-	-	
	-	-	
	<b>Total</b>	<b>371,540,412</b>	
<b>b. Development Grants</b>			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>FY</u>
	04/07/2023	80,025,000	2022/2023
	<b>Total</b>	<b>80,025,000</b>	
<b>c. Direct Payments</b>			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>FY</u>
NONE	-	-	
	<b>Total</b>	<b>-</b>	
<b>d. Donor Receipts</b>			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>FY</u>
NONE			
	<b>Total</b>	<b>-</b>	

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**Appendix IV: Transfers from Other Government Entities**

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Recurrent/Development/ Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others	
State Department of Public Service Youth & Gender Affairs	2022-2023	Recurrent	371,540,412	371,540,412	-	-	-	-	371,540,412
State Department of Public Service Youth & Gender Affairs	2022-2023	Development	80,025,000	-	-	80,025,000	-	-	80,025,000
<b>Total</b>			<b>451,565,412</b>	<b>371,540,412</b>	<b>-</b>	<b>80,025,000</b>	<b>-</b>	<b>-</b>	<b>451,565,412</b>