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TEACHERS SERVICE COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30 JUNE 2021

 THE NATIONAL ASSEMBLY PAPERS LAID		
DATE:	11 APR 2023	DAY: TUESDAY
TABLED BY:	Hon Owen Baya, MP Deputy leader Majority	
CLERK-AT THE-TABLE:	Esther Ngingo	

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

CONTENT

I.	KEY COMMISSION INFORMATION AND MANAGEMENT _____	1
II.	FOREWARD BY THE COMMISSION CHAIRMAN _____	5
III.	STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES _____	7
IV.	CORPORATE GOVERNANCE STATEMENT _____	0
V.	CORPORATE SOCIAL RESPONSIBILITY STATEMENT _____	13
VI.	STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES _____	14
VII.	REPORT OF THE INDEPENDENT AUDITORS ON TEACHERS SERVICE COMMISSION _____	16
VIII.	STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30th JUNE 2021 _____	26
IX.	STATEMENT OF ASSETS AND LIABILITIES AS AT 30th JUNE 2021 _____	27
X.	STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30th JUNE 2021 _____	28
XI.	SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED _____	29
XII.	SUMMARY STATEMENT OF APPROPRIATION: RECURRENT _____	31
XIII.	SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT _____	32
XIV.	BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES _____	33
XV.	SIGNIFICANT ACCOUNTING POLICIES _____	35
XVI.	NOTES TO THE FINANCIAL STATEMENTS _____	39
XVII.	OTHER IMPORTANT DISCLOSURES _____	44
XVIII.	PROGRESS ON FOLLOW UP OF AUDITOR'S RECOMMENDATIONS _____	45

I. KEY COMMISSION INFORMATION AND MANAGEMENT

(a) Background Information

Teachers Service Commission is established under Article 237 of the Constitution of Kenya. The mandate of the Commission is buttressed by the TSC Act 2012 to perform teacher management functions.

Vision

To be a transformative teaching service for quality education

Mission

To professionalize the teaching service for quality education and development

Core Values

- Professionalism
- Customer focus
- Integrity
- Innovativeness
- Team spirit

Functions and Mandate

The Commission is mandated to perform the following functions:

- (a) Register trained teachers.
- (b) Recruit and employ registered teachers.
- (c) Assign teachers employed by the Commission for service in any public school or institution.
- (d) Promote and transfer teachers.
- (e) Exercise disciplinary control over teachers.
- (f) Terminate the employment of teachers.
- (g) Review the standards of education and training of persons entering the teaching service.
- (h) Review the demand for and supply of teachers.
- (i) Advise the national government on matters relating to the teaching profession.



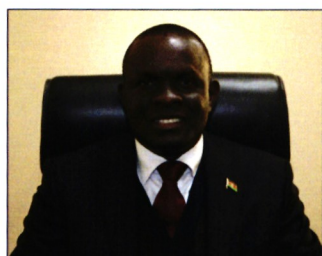
Dr. Jamleck Muturi John
CHAIRPERSON



Leila A Ali
VICE-CHAIRPERSON



Mbage Njuguna Ng'ang'a
COMMISSIONER



Timon Oyucho
COMMISSIONER



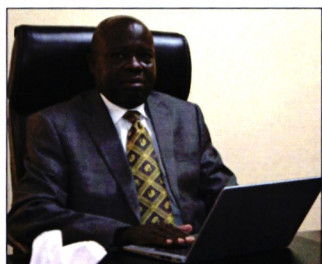
Anneceta Wafukho
COMMISSIONER



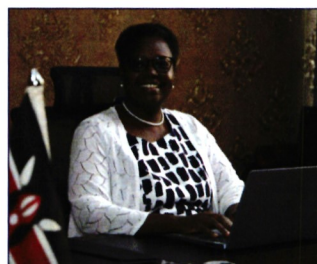
Salesa Abudo
COMMISSIONER



Christine Kahindi
COMMISSIONER



Dr. Nichodemus Anyang
COMMISSIONER



Sharon Kisire
COMMISSIONER



Dr. Nancy Njeri Macharia, CBS
COMMISSION SECRETARY

(b) Key Management

The Commission’s operations were carried out under the following Directorates during the period under review:

- Administrative Services
- Finance and Accounts
- Human Resource Management and Development
- Field Services
- Quality Assurance
- Information Communication Technology
- Internal Audit
- Staffing
- Legal Services

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2021 and who had direct fiduciary responsibility were:

Designation	Name
(1) Secretary/CEO	Dr. Nancy Njeri Macharia, CBS
(2) Deputy Secretary/CEO	Dr. Kennedy Mulunda
(3) Director - Administration	Mr. Ibrahim Mumin Gedi, OGW
(4) Director - Finance and Accounts	CPA. Cheptumo Ayabei
(5) Director - HRM & D	Dr. Julius O. Olayo
(6) Director - Field Services	Mrs. Mary Rotich
(7) Director - ICT	Mr. Charles Gichira
(8) Director - Internal Audit	CPA. Isaac K. Ng’ang’a
(9) Director - QAS	Dr. Reuben Nthamburi
(10) Director - Staffing	Mrs. Rita W. Wahome
(11) Ag. Director – Legal, Labour and Industrial Relations	Mr. Cavin Anyuor

(d) Fiduciary Oversight Arrangements

Roles of Audit Committee: The Committee offers assurance to the Board that all financial and non-financial internal control and risk management functions are operating effectively and reliably. It also offers independent review of the Commission’s reporting functions to assure the integrity of its financial reports in compliance with legislative and regulatory requirements.

(e) HeadQuarters

TEACHERS SERVICE COMMISSION
TSC House,
Kilimanjaro Road,
Upper Hill,
Nairobi, Kenya.

(f) Contacts

Private Bag -00100 Nairobi.
Telephone: (254) 020 289 2000
E-mail: info@tsc.go.ke
Website: www.tsc.go.ke.

(g) Bankers

- (1) Central Bank of Kenya,
Haile Selassie Avenue,
Box 60000 – 00200,
Nairobi, Kenya.
- (2) National Bank of Kenya,
National Bank of Kenya Building,
Harambee Avenue,
Box 41862 – 00200,
Nairobi, Kenya.

(h) Independent Auditors

Auditor-General
Anniversary Towers, University Way
Box 30084 - 00100
Nairobi, Kenya.

(i) Principal Legal Adviser

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

II. FOREWARD BY THE COMMISSION CHAIRMAN

I am delighted to present the Annual Report and the Financial Statement of the Teacher's Service Commission for the fiscal year 2020-2021. The preparation and presentation of the report is in line with Section 81 of Public Finance Management Act 2012.

In the 2020/2021 financial year, gross budget allocation from The National Treasury was Kshs. 275.1 Billion. This was mainly recurrent but included Kshs. 240 Million as Development Budget. The total recurrent expenditure for the period was Kshs. 275 Billion. While Kshs. 119 Million was spent on development, compensation to employees recorded the highest expenditure of Kshs. 274 Billion of the total budget allocated. Through these budgetary provisions, the Commission was able to execute its mandate and deliver services in teacher management.

In an effort to attain Sustainable Development Goal 4 (SDG 4) on provision of quality education, the Government has greatly supported the Commission's mandate of increasing the supply of qualified teachers in learning institutions. During the year under review, the Commission was able to recruit 24,774 teachers. This comprised of 6,000 additional teachers to support the 100% transition from Primary to Secondary school initiative, and 6,474 for replacement of teachers who exited service during the year. In addition, the Commission institutionalised teacher internship program as a strategy to cope with the ever growing teacher demand as well as giving prospective teachers an opportunity to acquire practical skills. Through this programme, the Commission recruited a total of 12,300 teacher interns which comprised of 4,300 primary school and 8,000 secondary school interns respectively.

The Commission has established a database on registered teachers by qualification and level of education. During the year under review a total of 42,573 new teachers were registered. This was a decrease of 12% from the 48,218 registered during the 2019/2020 period. In addition, 83 teachers were deregistered due to violation of the Code of Regulations for Teachers.

The Commission also implemented the final phase of the Collective Bargaining Agreement (CBA) (2017-2021), where teachers benefitted from the revised salary award at a cost of Ksh. 9.5 Billion.

During the period under review, Capacity building for teachers on Competence Based Curriculum (CBC) was carried out and a total of 50,000 teachers were equipped with necessary skills for effective implementation of the new curriculum. In addition, 100,000 teachers were trained on Teacher Professional Development (TPD) modules in order to enhance their capacity in curriculum delivery.

In pursuit of achieving the strategic goal of service delivery re-engineering, the Commission digitised 100,000 records, rolled out 3 modules of Human Resource Management Information System (HRMIS) and 150 staff members were trained.

During the period the Commission encountered a few emerging issues and some implementation challenges as follows:

- (i) Disruption of services as a result of the COVID 19 pandemic.
- (ii) Austerity measures which affected the Commission's programmes and activities.
- (iii) Teacher shortage.

- (iv) Inadequate office accommodation in the Counties and Sub-Counties.
- (v) Inadequate funding to facilitate operations and to implement Commission programmes in the field.

Following the above challenges, the Commission recommends the following: -

- (i) Government to provide additional funds for teacher recruitment and other priority programmes.
- (ii) Timely release of allocated funds by the National Treasury to fast track the training of teachers on CBC and other priority programmes.
- (iii) On its part, the Commission will continually Undertake stakeholder engagement and sensitization on the Commission's mandate.
- (iv) Construct/lease more offices in the counties and sub-counties and establish common standards to ensure that all offices have a similar work space and furnishings across the Counties to save on costs.
- (v) Provide required infrastructure necessary for efficient service delivery at the county and sub-county levels.

In conclusion, I wish to register our appreciation to the Government, various State and Non-State institutions, partners and stakeholders for the invaluable support throughout this period.

My profound gratitude goes out to the Commissioners, the Management and staff of the Teachers Service Commission for their dedication and commitment that led to remarkable achievements during the year.



DR. JAMLECK MUTURI JOHN

COMMISSION CHAIRMAN

Date: 24-09-2021

III. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

The Teachers Service Commission is mandated under article 237 of the Constitution to register trained teachers, recruit and deploy teachers, assign teachers employed by the Commission, exercise disciplinary control over registered teachers, terminate employment of teachers, review the standards of education and training of persons entering the teaching service, review demand for and supply of teachers and advise the National Government on matters relating to the teaching profession.

In executing this mandate, the Commission identified three key strategic goals as stipulated in its 2019-2023 strategic plan. Each of the goals has strategic objectives which form the basis of its programmes and effectively the budget execution.

The Commission's key development objectives as stipulated in the strategic plan 2019-2023 are:

Goal 1: Teacher Competency Conduct and Performance Management

- (a) To improve the level of legal compliance on teaching standards.
- (b) To improve the quality of teaching services in basic education learning institutions.
- (c) To improve professionalism in the teaching service and reduce cases of indiscipline among teachers.
- (d) To improve the quality of teacher support infrastructure and data management at the County and Sub-county levels.

Goal 2: Reforms and Innovations in Provision of Teaching Services

- (a) To reduce the teacher shortage at the basic education learning institutions.
- (b) To improve equity and efficiency in Utilisation of the teaching resource.
- (c) To grow the TSC Financial resource base.
- (d) To improve Corporate Governance in teacher management.

Goal 3: Service Delivery Re-engineering

- (a) To optimize the human resource and productivity in the Commission.
- (b) To establish information security and ICT Disaster Recovery Systems.
- (c) To Automate the core TSC processes.

Progress Made on Attainment of The Strategic Development Objectives

For purposes of implementing and cascading the above development objectives to specific Directorates, the objectives were made specific, measurable, achievable, and realistic and time bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement.

The progress made in attaining the stated objectives based on each programme is shown in table below:

Programme	Objective	Outcome	Indicator	Performance
Teacher Resource Management-Primary	To reduce the teacher shortage at the basic education learning institutions	Improved Teaching Service	(i) Number of Teachers Replaced (ii) Number of Intern Teachers Recruited	In the FY 20/21 6,593 teachers were replaced and 4,175 intern teachers were recruited.
Teacher Resource Management-Secondary	To reduce the teacher shortage at the basic education learning institutions	Improved Teaching Service	(i) Number of teachers recruited (ii) Number of Teachers Replaced (iii) Number of Intern Teachers Recruited	In the FY 20/21 we recruited 5,000 teachers, 1,531 teachers were replaced and 8,031 intern teachers were recruited.
Quality Assurance and Standards	(i) To improve the level of legal compliance on teaching standards (ii) To improve the quality of teaching services in basic education learning institutions	Quality teaching service	(iii) Percentage of teachers complying with teaching standards (iv) Percentage level of implementation of performance contract by learning institutions	In the FY 20/21, 95% of teachers were complying with the teaching standards 100% of all the learning institutions were on performance contract.
Teacher Professional Development	(i) To improve the quality of teaching services in basic education learning institutions (ii) To improve professionalism in the teaching service and reduce cases of indiscipline among teachers	Improved professionalism in the teaching service	(i) Number of teachers on mentorship program. (ii) Percentage of Teachers Complying with the Code of Regulations and Code of Conduct and Ethics (iii) Number of field officers and BoMs trained on regulation and skills on management of teacher conduct	In the FY 20/21, target was not fully met due to budgetary constraints and effects of COVID 19 pandemic. In the FY 20/21, 95% of teachers were complying with the code of regulation and code of conduct and ethics. In the FY 20/21, the target number of 4,080 of field offices and BoM were trained.
Teacher Capacity Development	To improve equity and efficiency in utilisation of the teaching resource	Enhanced Teacher Capacity in curriculum delivery	(i) Number of teachers trained on TPD modules (ii) Number of teachers trained in Competency Based Curriculum	In the FY 20/21 a total of 100,000 teachers were trained on TPD modules, 50,000 were trained on CBC

Programme	Objective	Outcome	Indicator	Performance
Policy Planning and Support Services	(i) To improve the quality of teacher support infrastructure and data management at the County and Sub-county levels (ii) To optimize the human resource and productivity in the Commission	Enhanced service delivery	Number of County offices constructed Number of staff trained	In the FY 20/21 the targeted 1 county office was constructed. In the FY 20/21 210 staff were trained in different Specialised areas of service delivery.
Field Services	To improve professionalism in the teaching service and reduce cases of indiscipline among teachers	Discipline cases dispensed	Percentage of registered discipline cases determined and finalized within three months.	42% of registered discipline cases were determined and finalized. Target not achieved due to expiry of the term of the board and surge of the COVID-19 affecting hearing of cases.
Automation of TSC operations	(i) To Automate the core TSC processes (ii) To improve the quality of teacher support infrastructure and data management at the County and Sub-county levels (iii) To establish information security and ICT Disaster Recovery Systems	Number of records digitised HRM processes Automated Business Continuity service	Number of records digitised Number of modules rolled out on HRMIS Number of staff sensitized on HRMIS	In the FY 20/21 100,000 records were digitised 3 Modules of the HRMIS were rolled out in FY 20/21. In the FY 20/21, 150 members of staff were sensitized on HRMIS..

Some of the challenges experienced by the Commission during the implementation of its programmes during the financial year include; austerity measures by the National Treasury reducing most of the budget items and effect of COVID-19 pandemic and the resultant guidelines on its management by the Ministry of Health which interfered with work schedule.

IV. CORPORATE GOVERNANCE STATEMENT

Corporate governance is the process and structure by which an organisation is directed and controlled with the ultimate aim of achieving long term value to key stakeholders while taking into account the interest of other interested parties. The Commissioners and management of Teachers Service Commission are committed to achieving and demonstrating the highest standards of corporate governance.

The Commission has continued to be committed to high corporate governance standards and effective service delivery and ethics within the organisation by abiding with the laws and statutory regulations.

The employees of the Commission are guided by the code of conduct approved by the Commission.

The Commission

The Commission consist of a chairperson and eight other members appointed in accordance with constitution and the Teachers Service Commission Act 2012. They possess qualification and a wide range of expertise and experience that enable them to effectively contribute in their capacities as members. They are appointed by the President following a competitive process.

The Commission Secretariat is headed by a Secretary who is also its Chief Executive and the Accounting officer. She implements the decisions of the Commission.

Duties of the Commissioners

The Commissioners provide strategic directions; objectives and values that ensure policies and practices are in place to implement governance and effective control over the Commission's assets and operations.

The Commissioners meet regularly to continually review and monitor the Commission's progress with respect to strategic direction and operational effectiveness.

In this regard the Commission has established the following governance committees with special mandates to assist in the execution of the Commission's programmes.

Audit Committee Membership

(1) Rodgers Kinoti M'Ariba	Chairperson
(2) - Kenneth M. Juma	Member
(3) Comm. Albert Fred Ekirapa (Retired on 21/3/2021)	Member
(4) Elizabeth W. Kiano	Member (National Treasury)
(5) Isaac K. Ng'ang'a	Secretary

Human Resource Committee Membership

(1) Comm. Kinoti Imanyara (Retired on 21/3/2021)	Chairperson
(2) Comm. A.F. Ekirapa (Retired on 21/3/2021)	Member

(3)	Comm. Leila Abdi Ali	Member
(4)	Comm. Mbage Njuguna Ng'ang'a	Member
(5)	Dr.Nancy Njeri Macharia, CBS	Secretary
(6)	Dr. Julius O. Olayo	Member
(7)	C. Ayabei	Member
(8)	Rita W. Wahome	Member
(9)	Dr. Reuben Nthamburi	Member
(10)	Charles Gichira	Member

Field Services Committee Membership

(1)	Comm. Tache Bonsa Gollo (Retired on 21/3/2021)	Chairman
(2)	Comm. Kinoti Imanyara (Retired on 21/3/2021)	Member
(3)	Comm. A.F. Ekirapa (Retired on 21/3/2021)	Member
(4)	Comm. Mbage Njuguna Ng'ang'a	Member
(5)	Dr.Nancy Njeri Macharia, CBS	Secretary
(6)	Mary Rotich	Member
(7)	Mumin Gedi, OGW	Member
(8)	C. Ayabei	Member
(9)	Rita W. Wahome	Member

Finance Committee Membership

(1)	Comm. Beatrice Adu(Retired on 21/3/2021)	Chairman
(2)	Comm. Kinoti Imanyara (Retired on 21/3/2021)	Member
(3)	Comm. Tache Bonsa Gollo (Retired on 21/3/2021)	Member
(4)	Comm. Leila Abdi Ali	Member
(5)	Dr.Nancy Njeri Macharia, CBS	Secretary
(6)	Dr. Julius O. Olayo	Member
(7)	C. Ayabei	Member
(8)	Mary Rotich	Member
(9)	Mumin Gedi, OGW	Member
(10)	Charles Gichira	Member
(11)	Rita W. Wahome	Member
(12)	Dr. Reuben Nthamburi	Member

Strategy and Innovation Committee Membership

- | | | |
|------|--|-----------|
| (1) | Comm. Mbarak Twahir, FKIM (Retired on 21/3/2021) | Chairman |
| (2) | Comm. Tache Bonsa Gollo (Retired on 21/3/2021) | Member |
| (3) | Comm. Albert Fred Ekirapa (Retired on 21/3/2021) | Member |
| (4) | Comm. Kinoti Imanyara (Retired on 21/3/2021) | Member |
| (5) | Comm. Leila Abdi Ali | Member |
| (6) | Comm. Mbage Njuguna Ng'ang'a | Member |
| (7) | Dr.Nancy Njeri Macharia, CBS | Secretary |
| (8) | Mumin Gedi, OGW | Member |
| (9) | Dr. Reuben Nthamburi | Member |
| (10) | Charles Gichira | Member |

V. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The Commission takes ultimate responsibility for Corporate Social Responsibilities (CSR) and is committed to developing and implementing appropriate policies while adhering to a fundamental commitment to create and sustain long term value for teachers and all stakeholders.

We recognise that our social, environmental and ethical conduct has an important impact to our clients, we, therefore, take our CSR seriously and are committed to advancing our policies and systems to ensure we address and monitor all aspects of CSR that are relevant to our mandate. These include good ethical behaviour, concern for employees' health and safety, care for the environment and community involvement.

We strive to maintain a productive and open dialogue with all parties who may have an interest in our activities including; key stakeholders, suppliers and employees. We conduct regular customer satisfaction surveys and actively encourage feedback from our employees.

There is an elaborate programme through our Wellness section to provide information, education and psychosocial support on HIV & AIDS, drug and substance abuse, teachers on depression and Voluntary Counselling and Testing (VCT) services to our employees and members of the community. We are reviewing our CSR strategy with a view of expanding it to benefit more teachers and the community in general.

During the year under review, the Commission did not carry out any Corporate Social Responsibilities due to the COVID-19 pandemic and in observance of the resultant guidelines on its management by the Ministry of Health.

VI. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2012 and Section 40 of the Teachers Service Commission Act, 2012 requires that, at the end of each financial year, the accounting officer for Teachers Service Commission shall prepare financial statements in respect of the Commission. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the Teachers Service Commission is responsible for the preparation and presentation of the Commission's financial statements, which give a true and fair view of the state of affairs of the Commission for and as at the end of the financial year ended on June 30th 2021. This responsibilities 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 entity.
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud.
- (iv) Safeguarding the assets of the Commission.
- (v) Selecting and applying appropriate accounting policies.
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the Teachers Service Commission accepts responsibility for the Commission's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the Commission's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30th 2021, and of the Commission's financial position as at that date. The Accounting Officer in charge of the Teachers Service Commission further confirms the completeness of the accounting records maintained for the Commission, which have been relied upon in the preparation of the Commission's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the Teachers Service Commission confirms that the Commission has complied fully with applicable Government Regulations and the terms of external financing covenants and that the Commission's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the Commission's financial statements have been prepared in a

form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the Financial Statements

The Commission's financial statements were approved and signed by the Accounting Officer on 24th September, 2021.



DR. NANCY NJERI MACHARIA, CBS

COMMISSION SECRETARY

Date: 24-09-2021



CPA. CHEPTUMO AYABEI

DIRECTOR (FINANCE AND ACCOUNTS)

ICPAK MEMBER NUMBER: 8372

Date: 24-09-2021

VII. REPORT OF THE INDEPENDENT AUDITORS ON TEACHERS SERVICE COMMISSION

REPUBLIC OF KENYA

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Anniversary Towers
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON TEACHERS SERVICE COMMISSION FOR THE YEAR ENDED 30th JUN E, 2021

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, gazetted notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal 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 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 Teachers Service Commission set out on pages 23 to 48, which comprise of the statement of assets and liabilities as at

Report of the Auditor-General on Teachers Service Commission for the year ended 30th June, 2021

30th June, 2021, statement of receipts and payments, statement of cash flows and the summary statement of appropriation: recurrent and development combined for the year then ended, and a summary of significant accounting policies, notes to the financial statements and other important disclosures 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 Teachers Service Commission as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Teachers Service Commission Act, 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Long Outstanding Accounts Receivables - Cash Losses

The statement of assets and liabilities reflects an accounts receivables balance of Kshs.867,537,156 which includes cash losses amounting to Kshs.2,928,398. As previously reported the cash losses occurred between the years 1988 and 2000 and the matter was investigated whereby the Director of Public Prosecutions directed the suspect be charged with the offence of stealing by servant contrary to Section 280 of the Penal Code. Review of the matter during the year under review indicates that all teachers are paid by electronic funds transfers through their respective bank accounts and the Commission has reported that there are no longer cash losses reported. However, the lost cash had not been recovered.

In the circumstances, the recoverability of cash loss amounting to Kshs.2,928,398 could not be confirmed.

2. Property, Plant and Equipment Schedule

As disclosed in Annex XV - other important disclosures to the financial statements, property, plant and equipment balance of Kshs.4,764,948,850 as at 30 June, 2021 includes a balance of Kshs.88,096 being the residual value of one (1) motor vehicle procured in 2004 at a cost of Kshs.2,085,869. A review of the matter in January, 2018 had revealed that the vehicle had earlier been auctioned by auctioneers after obtaining a duplicate log book No.20063490279 from Kenya Revenue Authority. Although the Commission repossessed the vehicle, the case is still pending in court.

In the circumstances, it has not been possible to confirm whether property, plant and equipment balance of Kshs.4,764,948,850 is fairly stated.

3. Unauthorized Expenditure on Insurance Costs

As disclosed in Note 5 to the financial statements, the statement of receipts and payments reflects use of goods and services balance amounting to Kshs.763,764,040. The amount includes insurance costs of Kshs.47,793,308 which further includes payments amounting

Report of the Auditor-General on Teachers Service Commission for the year ended 30th June, 2021

to Kshs.7,005,775 in respect of compensation under the Work Injury Benefits Act (WIBA), 2007. However, the paid claims were approved for payment by the Chief Executive Officer in 2018 and 2019, but the claims had not been included as pending bills in the financial year 2019/2020. Further, no documentation was provided to show the approved budget reallocation to support the payment.

Consequently, the validity of the insurance costs of Kshs.7,005,775 could not be ascertained.

4. Unsupported Accounts Payables

As disclosed in Note 10 to the financial statements, the statement of assets and liabilities as at 30 June, 2021 reflects accounts payables balance of Kshs.459,795,093 which includes a clearance account balance of Kshs.405,647,139. The balance constitutes unexplained sundry creditors balance of Kshs.46,013,489, unsupported returned salaries of Kshs.25,958,415, returned EFT payments of Kshs.36,765,251, and unsupported stale cheques amounting to Kshs.4,509,310 which have been supported by listings showing outstanding transactions, dating back to financial year 2015/2016 and earlier. The clearance accounts of Kshs.405,647,139 has minimal movement over the last twelve months and no explanation was provided for the same.

Further, the balance of Kshs.459,795,093 includes an Inter-Ministerial Agency Accounts balance of Kshs.45,738,914. However, the reported amounts differs with the corresponding amounts in the State Department for Early Learning and Basic Education's financial statements balance of Kshs.9,537,963 leading to an unreconciled variance of Kshs.36,200,951.

In the circumstances, the accuracy of the accounts payable balance of Kshs.459,795,093 could not be confirmed.

5. Accounts Receivables

5.1 Long Outstanding Salary Advances

As disclosed in Note 9 to the financial statements, the statement of assets and liabilities reflects accounts receivables balance of Kshs.867,537,156 which includes an amount of Kshs.10,531,874 in respect of salary advances. However, the salary advances balance includes an amount of Kshs.2,125,414 described as undefined recoveries whose composition and support documents were not provided for audit review. Further, an amount of Kshs.4,264,665 in respect of one hundred and forty-five (145) staff had no movement over the last twelve months. It was noted that some of the staff with outstanding balances had received additional salary advances during the year under review. Management did not give any reason for non-recovery of the salary advances.

5.2 County Disbursements

Further, the accounts receivables balance of Kshs.867,537,156 includes a balance of Kshs.475,068,169 in respect of disbursements to Counties. However, the breakdown of the amounts owed by each county was not provided for audit review. Available records revealed that the reconciled county and regional bank balances totalled to

Report of the Auditor-General on Teachers' Service Commission for the year ended 30th June, 2021

Kshs.34,575,199 representing un-surrendered AIEs issued to the counties. The amount has however not been reconciled to the outstanding county disbursement balance of Kshs.475,068,169.

5.3 Other Receivables

In addition, the account receivables balance of Kshs.867,537,156 includes an amount of Kshs.370,924,085 in respect of other receivables which further includes an amount of Kshs.352,853,152 relating to salary overpayments. However, the origin and the build-up of the salary overpayments have not been explained.

The balance also includes receivables totalling to Kshs.10,416,781 which had no recoveries or repayments in the last twenty-four months casting doubts on the recovery or realization of the amount.

In the circumstances, the accuracy and completeness of the accounts receivables balance of Kshs.867,537,156 reflected in the statement of assets and liabilities as at 30 June, 2021 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The summary statement of appropriation: development reflects final receipts budget and actual on comparable basis of Kshs.240,000,000 and Kshs.40,000,000 respectively resulting to an under-funding of Kshs.200,000,000 or 83% of the budget. Further, the statement reflects final expenditure budget and actual on comparable basis of Kshs.240,000,000 and Kshs.117,677,710 respectively resulting to an under-expenditure of Kshs.122,322,290 or 51% of the budget.

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

Report of the Auditor-General on Teachers Service Commission for the year ended 30th June, 2021

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. Failure to Deduct and Remit Pay-As-You-Earn (PAYE) from Employees

During the year under review, Management did not deduct Pay As You Earn (PAYE) tax due from five thousand and twelve (5412) Commission's staffs and twenty-five (25) Secretariat's staffs with a gross pay amounting to Kshs.2,194,204,398 and Kshs.12,608,086 respectively.

Review of the Commission's payrolls revealed that employees with special needs, as prescribed under Section 11(3) of the Persons with Disabilities Act, 2003 are denoted by codes 2-9 under the special needs field in the Integrated Payroll and Personnel Database (IPPD), but the above referenced employees code was zero (0), denoting that they are not people with special needs and had not been exempted from paying income tax by the Kenya Revenue Authority. Failure to deduct and remit Pay As You Earn (PAYE) tax is contrary to the Income Tax Act CAP 470.

Consequently, Management was in breach of the law.

2. Non-Compliance with Public Finance Management Act, 2012

During the year under review, Management granted a rent waiver of Kshs.621,622 to one of the Commission's tenants due to COVID-19 challenges which had affected its business. The tenant was supposed to pay an annual rent of Kshs.1,896,060 as per the lease agreement but this was reduced to Kshs.1,274,438. The Commission did not provide any evidence of seeking authority from The National Treasury. This is contrary to Section 77 of the Public Finance Management Act, 2012 which requires an entity to seek authority from The National Treasury for any waiver or write-off for any amount owing.

Consequently, Management was in breach of the law.

3. Irregular Issuance of Imprest

The statement of assets and liabilities reflects accounts receivables balance of Kshs.867,537,156 which as disclosed in Note 9 to the financial statements includes outstanding imprests balance of Kshs.11,013,028 out of which a balance of Kshs.1,255,655 was owed by eight officers who had more than one imprest. This contravenes Regulation 93(4)(b) of the Public Finance Management (National

Government) Regulations, 2015 which requires the accounting officer to ensure that the applicant has no outstanding imprests before issuing additional imprests.

Consequently, 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

Recovery of Salary Overpayments

Review of the detailed analysis of the payroll provided for the financial year 2020/2021 revealed that, thirty-two (32) teachers had an outstanding 'salary overpayment' balance amounting to Kshs.33,780,614. However, the repayment period for the recovery of the outstanding amounts is beyond the retirement age of the respective teachers. The recoverability of the balance is therefore doubtful as detailed in **Appendix I**.

In the circumstances, the existence of an effective internal control to safeguard loss of public resources could 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 control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and Commissioners

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

Report of the Auditor-General on Teachers Service Commission for the year ended 30th June, 2021

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

In preparing the financial statements, Management is responsible for assessing the Commission's ability to continue to sustain its services, disclosing as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Commission or 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 Commissioners are responsible for overseeing the Commission'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 control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in

Report of the Auditor-General on Teachers Service Commission for the year ended 30th June, 2021

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

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

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

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

Report of the Auditor-General on Teachers Service Commission for the year ended 30th June, 2021

- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

22 April, 2022

Report of the Auditor-General on Teachers Service Commission for the year ended 30 June, 2021

Appendix I: OUTSTANDING OVERPAYMENT

Payroll No.	Name	ED-Code	Monthly Recoveries Kshs.	Outstanding Balance as at 30 June, 2021 Kshs.
362258	Mr Kiptoo Mark Kemboi	990	9,065.00	4,816,513.70
286543	Mr Mwakale Goodwell Samuel	990	8,220.65	3,350,497.85
252211	Mr Omwai Saphan Ochieng	990	7,101.35	2,267,010.85
188220	Mrs Nyakora Rosebellah Nyanchoka	990	8,643.00	2,469,457.00
215745	Mr Makau Peter Maundu	990	8,221.00	2,270,759.00
332861	Mr Kamau Peter Kariuki	990	11,740.80	2,045,745.20
285638	Mr Gichunji Gidraph Mwangi	990	13,609.65	1,880,419.20
208861	Mr Tuva Edison Konde	990	8,083.35	1,128,157.40
201619	Mrs Muoki Esther Mumbua	990	8,220.65	1,034,872.45
234765	Mrs Makori Agnes Nyambane	990	19,924.00	2,093,643.00
265346	Mr Mutwa Daniel Ngaŕa	990	9,065.00	928,893.00
216760	Mrs Mogire Jane Kerubo	990	8,220.65	724,760.30
298065	Mr Ontomwa Henry Tinga	990	9,586.80	785,592.70
271057	Mr Kamemia Samson Maruki	990	3,548.00	203,548.00
288240	Miss Kiruka Dorothy Wanjiku	990	3,000.00	310,464.00
204595	Mr Muthiani Donald Wambua	990	8,221.00	136,350.00
220422	Mr Olaka Henry Oduor	990	3,448.35	224,993.15
269467	Mrs Kivuva Beatrice Kanini Ndavi	990	3,448.00	217,623.00
286407	Mr Kariuki James Irungu	990	7,101.30	274,278.80
380010	Mr Matiri Silas Mbayah	990	15,000.00	2,471,470.65
298715	Mr M'lingera Joachim Mungathia	990	20,757.35	666,205.00
288243	Mrs Moriasi Alice Bosibori	990	10,135.00	542,335.20
285541	Mr Rintari Stephen Nteere	990	3,800.00	145,198.00
187759	Mr Musyoka Paul Mutemi	990	15,874.65	409,069.20
210047	Mr Yator David Changwony	990	8,083.35	167,892.35
225403	Mr Muthoka Titus Muasya	990	9,585.00	311,364.00
227730	Mr Mwatu Samson Mutuku	990	10,717.00	192,140.00
187294	Mr Galana Omar Hiribae	990	20,204.30	326,480.85
224712	Mr Mulle Rolland Mativo V	990	8,643.00	307,532.35
316909	Mr M'inoti Gideon Muriiki	990	12,551.35	732,893.85
269877	Mrs Shioso Beatrice Khasoha	990	3,448.35	199,704.45
215191	Mr Mutua Peter Kioko	990	15,000.00	144,749.15
Total				33,780,613.65

Report of the Auditor-General on Teachers Service Commission for the year ended 30 June, 2021

VIII. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30th JUNE 2021

	Note	2020/2021 Kshs	2019/2020 Kshs
RECEIPTS			
Exchequer Releases (Recurrent)	1A	274,402,784,137	255,340,525,927
Exchequer Releases (Development)	1B	-	347,526,267
Proceeds from Sale of Assets	2	400,000	-
Other Revenues	3	646,154,688	634,097,140
TOTAL REVENUES		<u>275,049,338,825</u>	<u>256,322,149,334</u>
PAYMENTS			
Compensation of Employees	4	274,201,344,412	254,450,751,830
Use of Goods and Services	5	763,764,040	844,115,248
SEQIP Expenses	6	97,300,033	271,065,923
Acquisition of Assets	7	199,465,484	366,407,822
TOTAL PAYMENTS		<u>275,261,873,969</u>	<u>255,932,340,823</u>
DEFICIT/SURPLUS		<u>(212,535,144)</u>	<u>389,808,511</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 24th September, 2021 and signed by:

DR. NANCY NJERI MACHARIA, CBS
COMMISSION SECRETARY

Date: 24-09-2021

CPA. CHEPTUMO AYABEI
DIRECTOR (FINANCE AND ACCOUNTS)


ICPAK MEMBER NUMBER: 8372


Date: 24-09-2021

IX. STATEMENT OF ASSETS AND LIABILITIES AS AT 30th JUNE 2021

	Note	2020/2021 Kshs	2019/2020 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	8A	1,302,670,081	1,543,695,633
Cash Balances	8B	1,551	23,451
Total Cash and Cash Equivalents		1,302,671,631	1,543,719,084
Accounts Receivables	9	867,537,156	847,227,280
TOTAL FINANCIAL ASSETS		2,170,208,787	2,390,946,364
LESS: FINANCIAL LIABILITIES			
Accounts Payables	10	459,795,093	457,530,008
NET FINANCIAL ASSETS		<u>1,710,413,694</u>	<u>1,933,416,356</u>
REPRESENTED BY			
Fund balance B/fwd	11	1,933,416,357	1,543,607,845
Deficit/Surplus for the Year		(212,535,144)	389,808,511
Prior Year Adjustments	13	(10,467,519)	-
NET FINANCIAL POSITION		<u>1,710,413,694</u>	<u>1,933,416,356</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 24th September, 2021 and signed by:


DR. NANCY NJERI MACHARIA, CBS
COMMISSION SECRETARY
Date: 24-09-2021



CPA. CHEPTUMO AYABEI
DIRECTOR (FINANCE AND ACCOUNTS)
ICPAK MEMBER NUMBER: 8372
Date: 24-09-2021

X. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30th JUNE 2021

	Note	2020/2021	2019/2020
		Kshs	Kshs
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts for Operating Income			
Exchequer Releases (Recurrent)	1A	274,402,784,137	255,340,525,927
Exchequer Releases (Development)	1B	-	347,526,267
Other Revenues	3	646,154,688	634,097,140
		<u>275,048,938,825</u>	<u>256,322,149,334</u>
Payments for Operating Expenses			
Compensation of Employees	4	274,201,344,412	254,450,751,830
Use of Goods and Services	5	763,764,040	844,115,248
SEQIP Expenses	6	97,300,033	271,065,923
		<u>275,062,408,485</u>	<u>255,565,933,001</u>
Adjusted for:			
Decrease/(Increase) in Accounts Receivable	14	(20,309,877)	(470,541,328)
Increase/(Decrease) in Accounts Payable	15	2,265,087	61,510,178
Prior Year Adjustments	13	(10,467,519)	-
Net Cash Flows from Operating Activities		(41,981,969)	347,185,183
CASHFLOWS FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	400,000	-
Acquisition of Assets	7	(199,465,484)	(366,407,822)
Net cash flows from Investing Activities		(199,065,484)	(366,407,822)
NET DECREASE/INCREASE IN CASH AND CASH EQUIVALENT		(241,047,453)	(19,222,639)
Cash and Cash Equivalent at BEGINNING of the Year		1,543,719,084	1,562,941,723
Cash and Cash Equivalent at END of the Year		<u>1,302,671,631</u>	<u>1,543,719,084</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 24th September, 2021 and signed by:


 DR. NANCY NJERI MACHARIA, CBS
 COMMISSION SECRETARY
 Date: 24-09-2021


 CPA. CHEPTUMO AYABEI
 DIRECTOR (FINANCE AND ACCOUNTS)
 ICPAK MEMBER NUMBER: 8372
 Date: 24-09-2021

XI. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

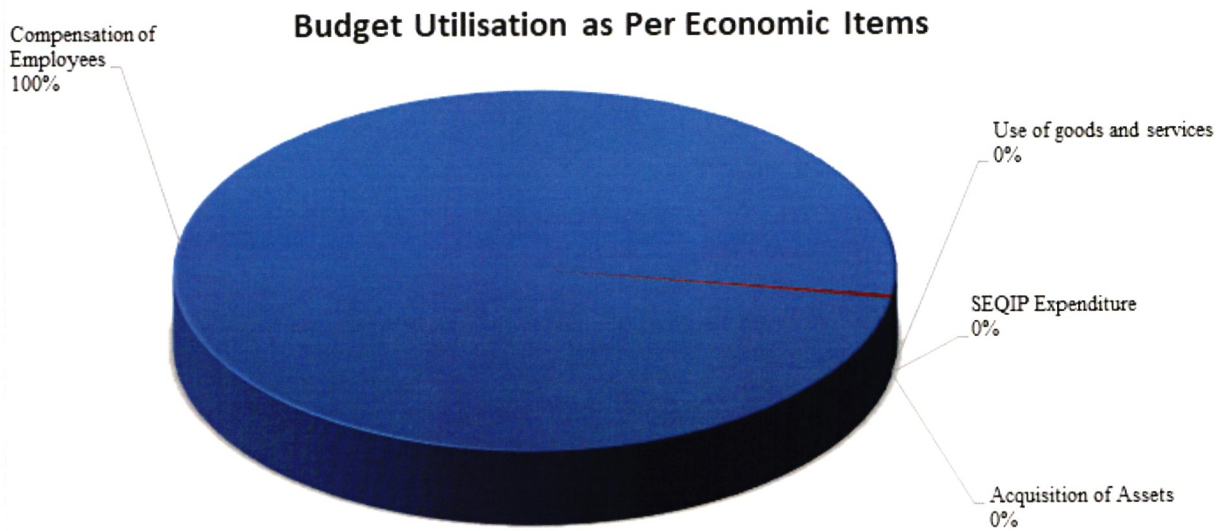
Revenue/Expense Item	a Original Budget Kshs	b Adjustments Kshs	c=a+b Final Budget Kshs	d Actual on Comparable Basis Kshs	e=c-d Budget Utilisation Difference Kshs	f=d/c % % of Utilisation Difference to Final Budget
RECEIPTS						
Exchequer Releases (Recurrent)	264,975,584,137	9,427,200,000	274,402,784,137	274,402,784,137	-	100%
Exchequer Releases (Development)	600,000,000	(400,000,000)	200,000,000	-	200,000,000	0%
Receipts Collected as AIA	517,000,000	70,000,000	587,000,000	646,554,688	(59,554,688)	110%
Total Receipts	<u>266,092,584,137</u>	<u>9,097,200,000</u>	<u>275,189,784,137</u>	<u>275,049,338,825</u>	<u>140,445,312</u>	<u>100%</u>
Payments						
Compensation of Employees	263,624,839,000	9,500,000,000	273,124,839,000	274,201,344,412	(1,076,505,412)	100%
Use of Goods and Services	1,530,745,137	(72,800,000)	1,457,945,137	763,764,040	694,181,097	52%
SEQIP Expenditure	600,000,000	(400,000,000)	200,000,000	97,300,033	102,699,967	50%
Acquisition of Assets	337,000,000	70,000,000	407,000,000	199,465,484	207,534,516	49%
Grand Total	<u>266,092,584,137</u>	<u>9,097,200,000</u>	<u>275,189,784,137</u>	<u>275,261,873,969</u>	<u>(72,089,832)</u>	<u>100%</u>

Commentary on significant Under-Utilisation/Over-Utilisation

- (i) The under absorption at 52% of the budget for operations and maintenance was due reduced operations as a result of the COVID – 19 pandemic.
- (ii) The under absorption at 49% of Acquisition of the fixed assets budget was as a result of the rigorous procurement processes and effects of the COVID – 19 pandemic.
- (iii) The under-utilisation at 50% for SEQIP was as a result of reduced project activities due to COVID – 19 pandemic.

BUDGET UTILISATION AS PER ECONOMIC ITEMS

ECONOMIC ITEMS	Actual Payments
	Kshs
Compensation of Employees	274,201,344,412
Use of Goods and Services	763,764,040
SEQIP Expenditure	97,300,033
Acquisition of Assets	199,465,484
Total Payments	275,261,873,969



XII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT

Revenue/Expense Item	Original Budget a Kshs	Adjustments b Kshs	Final Budget c=a+b Kshs	Actual on Comparable Basis d Kshs	Budget Utilisation Difference e=d-c Kshs	% of Utilisation Difference to Final Budget f=d/c %
RECEIPTS						
Exchequer Releases	264,975,584,137	9,427,200,000	274,402,784,137	274,402,784,137	-	100%
Receipts Collected as AIA	517,000,000	30,000,000	547,000,000	606,554,688	(59,554,688)	111%
Total Receipts	265,492,584,137	9,457,200,000	274,949,784,137	275,009,338,825	(59,554,688)	100%
PAYMENTS						
Compensation of Employees	263,624,839,000	9,500,000,000	273,124,839,000	274,201,344,412	(1,076,505,412)	100%
Use of Goods and Services	1,530,745,137	(72,800,000)	1,457,945,137	763,764,040	694,181,097	52%
Acquisition of Assets	337,000,000	30,000,000	367,000,000	179,087,807	187,912,193	49%
Grand Total	265,492,584,137	9,457,200,000	274,949,784,137	275,144,196,259	(194,412,122)	100%

Commentary on significant under-Utilisation/over-Utilisation

- (i) The under absorption at 52% of the budget for operations and maintenance was due reduced operations as a result of the COVID – 19 pandemic.
- (ii) The under absorption at 49% of Acquisition of the fixed assets budget was as a result of the rigorous procurement processes and effects of the COVID – 19 pandemic.

XIII. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT

Revenue/Expense Item	Original Budget a Kshs	Adjustments b Kshs	Final Budget c=a+b Kshs	Actual on Comparable Basis d Kshs	Budget Utilisation Difference e=c-d Kshs	% of Utilisation Difference f=d/c %
RECEIPTS						
Exchequer Releases	600,000,000	(400,000,000)	200,000,000	-	200,000,000	0%
Receipts Collected as AIA	-	40,000,000	40,000,000	40,000,000	-	100%
Total Receipts	600,000,000	(360,000,000)	240,000,000	40,000,000	200,000,000	17%
Payments						
SEQIP Expenditure	600,000,000	(400,000,000)	200,000,000	97,300,033	102,699,967	49%
Acquisition of Assets	-	40,000,000	40,000,000	20,377,677	19,622,323	51%
Grand Total	600,000,000	(360,000,000)	240,000,000	117,677,710	122,322,290	49%

Commentary on significant under-Utilisation/over-Utilisation

- (i) The under absorption at 51% of Acquisition of the fixed assets budget was as a result of the COVID – 19 pandemic which delayed the construction of the Bomet County office.
- (ii) The under-Utilisation at 49% for SEQIP was as a result of reduced project activities as a result of the COVID – 19 pandemic.

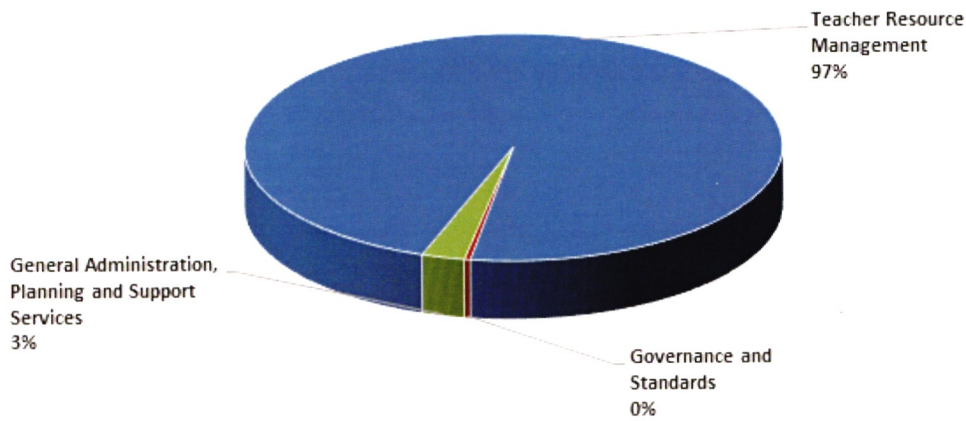
XIV. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget Kshs	Adjustments Kshs	Final Budget Kshs	Actual on comparable basis Kshs	Budget Utilisation difference Kshs
Teacher Resource Management	257,973,381,918	9,086,288,849	267,059,670,767	268,030,315,283	(970,644,516)
Teacher Management- Primary	165,543,176,334	5,595,288,293	171,138,464,627	172,211,813,114	(1,073,348,487)
Teacher Management- Secondary	88,740,779,964	3,491,000,556	92,231,780,520	92,129,080,551	102,699,969
Teacher Management- Tertiary	3,689,425,620	-	3,689,425,620	3,689,421,618	4,002
Governance and Standards	1,005,169,877	(1,934,620)	1,003,235,257	449,920,891	553,314,366
Quality assurance and standards	2,375,049,000	(836,084,000)	1,538,965,000	521,872,000	1,017,093
Teacher professional development	1,744,664	(509,564)	1,235,100	373,200	861,900
Teacher capacity development	1,001,050,164	(588,972)	1,000,461,192	449,025,819	551,435,373
General Admin, Planning and Support Services	7,114,032,342	12,845,771	7,126,878,113	6,781,637,795	345,240,318
Policy, Planning and Support Service	6,613,210,381	36,334,496	6,649,544,877	6,517,072,657	132,472,220
Field Services	198,235,431	(22,893,855)	175,341,576	97,108,218	78,233,358
Automation of TSC Operations	302,586,530	(594,870)	301,991,660	167,456,920	134,534,740
TOTAL	266,092,584,137	9,097,200,000	275,189,784,137	275,261,873,969	(72,089,832)

BUDGET ALLOCATION BY PROGRAMMES

Programmes	Approved Budget Allocation KShs	Actual Payments KShs	Variance KShs
Teacher Resource Management	267,059,670,767	268,030,315,283	(970,644,516)
Governance and Standards	1,003,235,257	449,920,891	553,314,366
General Administration, Planning and Support Services	7,126,878,113	6,781,637,795	345,240,318
Total Payments	<u>275,189,784,137</u>	<u>275,261,873,969</u>	<u>(72,089,832)</u>

BUDGET ALLOCATION BY PROGRAMMES



XV. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with Cash-basis International Public Sector Accounting Standards (IPSAS) as prescribed by the Public Sector Accounting Standards Board (PSASB) and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for;

- (a.) receivables that include imprests and salary advances and
- (b.) payables that include deposits and retentions.

The financial statements comply with and conform to the form of presentation prescribed by the PSASB. The accounting policies adopted have been consistently applied to all the years presented.

2. Reporting Entity

The financial statements are for the Teachers Service Commission. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012 and also comprise of the following development projects implemented by the entity:

- (i) *Kenya Secondary Education Quality Improvement Project (SEQIP) - Component 1: Subcomponents 1.1 and 1.2.*
- (ii) *Kenya Primary Education Development (PRIEDE) project - Component 2: Sub component 2.2.*

3. Reporting Currency

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the Commission and all values are rounded to the nearest one thousand Kenya Shillings.

4. Significant Accounting Policies

The accounting policies set out in this section have been consistently applied by the Commission for all the years presented.

(a.) Recognition of Receipts

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

(i) Transfers from the Exchequer

Transfers from the exchequer are recognised in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the Commission.

(ii) External Assistance

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

Grants and loans shall be recognised in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the Commission.

During the year ended 30th June 2021, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

(iii) Other Receipts

These include Appropriation-in-Aid and relates to receipts such as proceeds from Commission on 3rd parties, rental income, disposal of assets and sale of tender documents. These are recognised in the financial statements the time associated cash is received.

(b.) Recognition of Payments

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

(i) Compensation of Employees

Salaries and wages, allowances, statutory contribution for employees are recognised in the period when the compensation is paid.

(ii) Use of Goods and Services

Goods and services are recognised as payments in the period when the goods/services are paid for. Such expenses, if not paid during the period where goods/services are consumed, shall be disclosed as pending bills.

(iii) Acquisition of Fixed Assets

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

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

5. In-kind Contributions

In-kind contributions are donations that are made to the Commission in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the Commission includes such value in the statement of receipts and payments both as receipts and as payments in equal and opposite amounts; otherwise, the contribution is not recorded.

6. Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash at bank. Bank account balances include amounts held at the Central Bank of Kenya and at National Bank of Kenya as at the end of the financial year.

7. Accounts Receivable

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year are treated as receivables. This is in recognition of the government practice where the imprest payments are recognised as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. The financial statements have been modified to include historical balances that were outstanding when the commission was reporting using IPSAS Accrual. Other accounts receivables are disclosed in the financial statements.

8. Accounts Payable

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognised on an accrual basis (as accounts payables). This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted by National Government Ministries and Agencies. The financial statements have been modified to include historical balances that were outstanding when the commission was reporting using IPSAS Accrual. Other liabilities including pending bills are disclosed in the financial statements.

9. Pending Bills

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

10. Budget

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved

by Parliament on June 2020 for the period 1st July 2020 to 30th June 2021 as required by Law and there were two supplementary adjustments to the original budget during the year.

A comparison of the actual performance against the comparable budget for the financial year under review has been included in the financial statements.

11. Comparative Figures

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

12. Subsequent Events

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

13. Errors

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by:

- (i) Restating the comparative amounts for prior period(s) presented in which the error occurred; or
- (ii) If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

14. Related Party Transactions

Related party relationships are a normal feature of commerce. Specific information with regards to related party transactions is included in the disclosure notes.

XVI. NOTES TO THE FINANCIAL STATEMENTS

1A EXCHEQUER RELEASES - RECURRENT

Description	2020/2021 Kshs	2019/2020 Kshs
Total Exchequer Releases for Quarter 1	67,452,943,707	62,643,529,043
Total Exchequer Releases for Quarter 2	65,143,302,017	63,101,453,963
Total Exchequer Releases for Quarter 3	65,269,649,802	61,807,333,758
Total Exchequer Releases for Quarter 4	76,536,888,611	67,788,209,163
TOTAL	<u>274,402,784,137</u>	<u>255,340,525,927</u>

1B EXCHEQUER RELEASES - DEVELOPMENT

Total Exchequer Releases for Quarter 1	-	-
Total Exchequer Releases for Quarter 2	-	-
Total Exchequer Releases for Quarter 3	-	347,526,267
Total Exchequer Releases for Quarter 4	-	-
TOTAL	-	<u>347,526,267</u>

2 PROCEEDS FROM SALE OF ASSETS

Receipts from the Sale of Vehicles	400,000	-
TOTAL	<u>400,000</u>	-

3 OTHER REVENUES

Interest Received	9,295,044	9,139,670
Rental Income - Collected as AIA	4,998,152	6,947,616
Commission on Third Parties - Collected as AIA	587,246,060	609,979,734
Other Receipts - Collected as AIA	44,615,432	8,030,120
TOTAL	<u>646,154,688</u>	<u>634,097,140</u>

4 COMPENSATION OF EMPLOYEES

Basic Salaries of Permanent Employees	176,492,231,020	164,718,732,879
Basic Wages of Contractual Employees	2,416,413,998	1,215,413,998
Personal Allowances Paid as Part of Salary	80,489,502,561	78,192,344,978
Personal Allowances Paid as Reimbursements	96,042,901	99,999,999
Employer Contributions to Staff Pension Schemes	880,282,869	849,999,999
Employer Contributions National Social Security Schemes	10,259,992	8,259,992
Employer Contributions to Medical Insurance Schemes	13,816,611,071	9,365,999,985
TOTAL	<u>274,201,344,412</u>	<u>254,450,751,830</u>

5 USE OF GOODS AND SERVICES

Description	2020/2021 Kshs	2019/2020 Kshs
Utilities, Supplies and Services	22,032,545	36,347,962
Communication, Supplies and Services	17,353,294	22,352,920
Domestic Travel and Subsistence	65,694,981	41,764,437
Foreign Travel and Subsistence	-	8,292,119
Printing, Advertising and Information supplies & services	6,782,010	4,045,281
Rent Expenses (County Offices)	33,500,421	29,316,051
Training Expenses	419,677,670	425,346,858
Hospitality Supplies and Services	20,001,504	30,897,608
Insurance Costs	47,793,308	91,839,685
Specialised Materials and services	6,028,288	1,962,022
Office and General Supplies and Services	4,509,962	5,696,713
Fuel Oil and Lubricants	25,894,943	32,361,257
Other Operating Expenses	56,573,381	59,542,321
Routine maintenance – Vehicles and Other Transport equipment	23,833,593	33,181,581
Routine Maintenance – Other Assets	14,088,140	21,168,433
TOTAL	<u>763,764,040</u>	<u>844,115,248</u>

6 SECONDARY EDUCATION QUALITY IMPROVEMENT PROJECT (SEQIP)

Domestic Travel and Subsistence	13,729,150	19,171,759
Communication, supplies and services	23,805,474	1,767,315
Training expenses	54,474,500	245,790,835
Routine maintenance – Vehicles and other transport equipment	5,500	-
Fuel Oil And Lubricants	393,164	-
Office and General Supplies and Services	3,912,990	2,296,000
Other Operating Expenses	979,255	2,040,013
TOTAL	<u>99,300,033</u>	<u>271,065,923</u>

7 ACQUISITION OF ASSETS

Description	2020/2021 Kshs	2019/2020 Kshs
Construction of Buildings	20,377,677	-
Refurbishment of Buildings	19,831,975	9,458,865
Purchase of Vehicles and Other Transport Equipment	-	189,386,675
Purchase of Office Furniture and General Equipment	35,160,944	28,044,507
Purchase of ICT Equipment, Software and Other ICT Assets	124,094,888	139,517,775
TOTAL	<u>199,465,484</u>	<u>366,407,822</u>

8A Bank Accounts

Name of Bank, Account No. & currency	Type of Account	2020/2021 Kshs	2019/2020 Kshs
National Bank of Kenya- Secretariat A/C No.01001005707400c	Recurrent	15,778,723	15,779,773
National Bank of Kenya- Teachers A/C No.01001000905000, KShs	Recurrent	394,723,030	858,192,879
Central Bank of Kenya, 1000181117, KShs	Recurrent	249,513	13,270,924
Central Bank of Kenya-PRIEDE A/C No. 1000291133, KShs	Project	3,393,670	8,720,207
Central Bank of Kenya-SEQIP A/C No. 1000370882, KShs	Project	73,520,235	100,964,534
Central Bank of Kenya-TSC-KENYA GPE COVID 19 Project A/C No. 1000469797, KShs	Project	8,942,550	-
National Bank of Kenya- Fixed Deposit A/C No.01300083109300, KShs	Fixed Deposit	806,062,361	546,767,316
National Bank of Kenya- Teachers Registration Fees A/C No.0100100050001, KShs	Revenue	-	-
Total		<u>1,302,670,081</u>	<u>1,543,695,633</u>

8B Cash in hand

Location and Currency		
Teachers Service Commission HQS – Held in domestic Currency		
TOTAL		

2020/2021	2019/2020
Kshs	Kshs
1,551	23,451
<u>1,551</u>	<u>23,451</u>

9 Accounts Receivables

Government Imprests	
Salary Advances	
County Disbursements	
Other Receivables	
TOTAL	

11,013,028	14,920,238
10,531,874	8,210,390
475,068,169	291,979,799
370,924,085	532,116,853
<u>867,537,156</u>	<u>847,227,280</u>

10 Accounts Payables

Description	
AP Liabilities	
Clearance accounts	
Inter-Ministerial Agency Accounts	
TOTAL	

8,409,042	10,734,330.90
405,647,139	405,121,295
45,738,914	41,674,381
<u>459,795,095</u>	<u>457,530,007</u>

Included in the figure of Kshs. 45,738,914 under Inter-Ministerial Agency Accounts is Kshs 33,685,957 relating to CBC funds from MOE, Kshs. 3,143,207 relating to PRIEDE project and Kshs. 8,909,750 TSC-KENYA GPE COVID 19 project.

11 BALANCES BROUGHT FORWARD

Bank accounts	
Cash in hand	
Accounts Receivables	
Accounts Payables	
TOTAL	

1,543,695,633	1,562,924,388
23,451	17,335
847,227,280	376,685,951
457,530,007	396,019,829
<u>1,933,416,357</u>	<u>1,543,607,845</u>

12 RELATED PARTY DISCLOSURES

Transfers from Ministry of Education (PRIEDE Project)	
Transfers from Ministry of Education (TSC Kenya GPE COVID 19 project)	- -
TOTAL	

99,868,709	28,786,590
200,000,000	-
<u>299,868,709</u>	<u>28,786,590</u>

13 PRIOR YEAR ADJUSTMENTS

Description of the error	Balance b/f FY 2019/2020 as Per Audited Financial Statements	Adjustments During the year relating to Prior periods	Adjusted Balance b/f FY 2019/2020
	Kshs	Kshs	Kshs
Bank account Balances	1,543,695,633	-	1,543,695,633
Cash in hand	23,451	-	23,451
Accounts Payables	457,530,008	-	457,530,008
Receivables	847,227,279	10,467,519	836,759,760
TOTAL	<u>2,848,476,371</u>	<u>10,467,519</u>	<u>2,838,008,852</u>

The prior year adjustment relate to loss of CISCO switches in 2012/2013 financial year. The National Treasury vide letter Ref: AG/3/14/Vol.1 (66) dated 19th March, 2021 grated the Commission authority to write off the loss of Kshs. 10,467,519 which reduced the Commission's accumulated fund.

14 (INCREASE)/ DECREASE IN ACCOUNTS RECEIVABLES

	2020/2021	2019/2020
	Kshs	Kshs
Receivables as at 1 st July	847,227,279	376,685,951
Receivables as at 30 th June	867,537,156	847,227,279
(Increase)/ Decrease in Receivables	<u>(20,309,877)</u>	<u>(470,541,328)</u>

15 INCREASE/ (DECREASE) IN ACCOUNTS PAYABLE

	2020/2021	2019/2020
	Kshs	Kshs
Payables as at 1 st July	457,530,008	396,019,829
Payables as at 30 th June	459,795,095	457,530,008
Increase/ (Decrease) in payables	<u>2,265,087</u>	<u>61,510,179</u>

XVII. OTHER IMPORTANT DISCLOSURES

I. PROPERTY PLANTS AND EQUIPMENTS (PPE) SCHEDULE 2020/2021

Asset Class	Historical Cost b/f (Kshs)	Additions During The Year (Kshs)	Disposals During The Year (Kshs)	Historical Cost C/F (Kshs)
Land	2019/2020 1,000,000,000	2020/2021 20,377,677	2020/2021 -	2020/2021 1,000,000,000
Construction of Buildings	1,208,895,070	20,377,677	-	1,229,272,747
Refurbishment of Buildings	80,398,882	19,831,975	-	100,230,857
Purchase of Vehicles and Other Transport Equipment	965,217,522	-	2,520,102	962,697,420
Purchase of Office Furniture and General Equipment	467,474,589	35,160,944	-	502,635,533
Purchase of ICT Equipment, Software and Other ICT Assets	846,017,405	124,094,888	-	970,112,293
Total	4,568,003,468	199,465,484	2,520,102	4,764,948,850

XVIII. PROGRESS ON FOLLOW UP OF AUDITOR'S RECOMMENDATIONS

The following is the summary of issues raised by the external auditor in their letter and the management comments. Focal persons have been nominated to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Ref No. on External Audit Report	Issue / Observations from Auditor	Management Comments	Focal Point person to Resolve the issue	Status	Time Frame
1	<p>Stores and Cash Losses</p> <p>Note 9 to the financial statements reflect accounts receivables balance of Kshs. 847,227,279 as at 30th June 2020. The figure of Kshs. 847,227,279 includes unrecoverable losses of stores and cash losses amounting to Kshs. 10,487,516 and Kshs. 2,928,398 respectively, which as previously reported occurred between the years 1988 and 2000. The matter was investigated and the Director of Public Prosecutions directed the suspect to be charged with the offence of stealing by person employed in the Public Service contrary to Section 280 of the penal code. A review of the matter during the year under review indicates that the court ruling on 12th March 2019 determined that the accused had no case to answer and that the next defense hearing date was set for 12th June, 2019</p>	<p>Loss of Stores Kshs. 10,487,516</p> <p>These were losses occasioned by theft of stores which the Commission followed up and the suspect was charged at the Kibera Law Courts vide O.B. NO.46/3/6/2013 with the offense of stealing by person employed in public service contrary to section 280 of the penal code. Though the Commission did not have control over the progress of the case, our legal officer followed up the matter and has been able to ascertain from the court records that:</p> <p>(a) On diverse dates all prosecution's witnesses and the defense rendered their respective submissions before Court, and;</p> <p>(b) On 6/3/2020, the judgment was delivered where the Court exonerated the accused from all the charges. The accused was therefore acquitted and the copy of judgment is hereby attached.</p>	Director Legal	Resolved	


Ref No. on External Audit Report	Issue / Observations from Auditor	Management Comments	Focal Point person to Resolve the issue	Status	Time Frame
	<p>which was adjourned to 23rd December, 2019 and later to January 2020.</p> <p>The Management has however indicated that on 6th March, 2020 the judgement was delivered where the court exonerated the accused from all the charges.</p> <p>It is therefore not possible to confirm the recoverability of Kshs. 10,487,516 and Kshs 2,928,398 being the value of stores and cash losses respectively.</p> <p>Consequently, the accuracy of the accounts receivable balance of Kshs. 847,227,279 reflected in the statement of assets and liabilities as at 30th June, 2020 and could not be confirmed.</p>	<p>(c) The Commission sought authority for write off of the loss from the National Treasury vide letter Ref: TSC/FIN/60/VOL.V/68 dated 18th February, 2021.</p> <p>(d) The National Treasury vide letter Ref: AG/3/14/Vol.1 (66) dated 19th March, 2021 granted the Commission authority to write off the loss.</p> <p>Cash Losses Kshs. 2,928,398</p> <p>(i) These were cash losses which occurred in the period 1988-2000 and the Commission followed up the matter in the Courts over several years culminating with the Investigating Officer's letter Ref: CID/IB/SEC/4/3/1/A/VOL. III/64 dated 5/9/2014 indicating the insurmountable challenges in charging the culprits. The Commission, during the Commissioners meeting held on 24/9/2015 decided it was uneconomical to continue with the cases, recommended a write-off and sought for the National Treasury's approval before recognizing the write-off in our books.</p> <p>(ii) After several correspondences between the Commission and the National Treasury in respect of the request for approval of a write-off, the</p>	<p>Director Legal</p> <ul style="list-style-type: none"> • Director Finance 	<p>In Progress</p> <p>In Progress</p>	


Ref No. on External Audit Report	Issue / Observations from Auditor	Management Comments	Focal Point person to Resolve the issue	Status	Time Frame
		<p>National Treasury vide letter Ref: AG/3/149/Vol.1/ (54) dated 13th February, 2019 gave guidelines the Commission needed to follow in order to conclude the matter. The Commission followed the guidelines, re-submitted the request vide letter Ref: TSC/FIN/60/VOL.V/20 dated 5th March, 2019 and as also guided, sought the Attorney General's legal opinion on the matter. Treasury in respect of the request for approval of a write-off, the National Treasury vide letter Ref: AG/3/149/Vol.1/ (54) dated 13th February, 2019 gave guidelines the Commission needed to follow in order to conclude the matter. The Commission followed the guidelines, re-submitted the request vide letter Ref: TSC/FIN/60/VOL.V/20 dated 5th March, 2019 and as also guided, sought the Attorney General's legal opinion on the matter.</p> <p>(iii) The Attorney General vide letter Ref: AG/CONF/9/29 Vol II (43) dated 10th May, 2019 advised on a waiver if all reasonable steps have</p>			

Ref No. on External Audit Report	Issue / Observations from Auditor	Management Comments	Focal Point person to Resolve the issue	Status	Time Frame
		<p>been taken to recover the loss and if it would be uneconomical to continue to pursue the recovery. This is similar to what the Commissioner's had recommended during their above cited meeting.</p> <p>(iv) The Commission vide letter Ref:TSC/FIN/60/VOL.V/68 dated 18th February, 2021 resubmitted a request to the National Treasury for authority to write off the loss since the Commission during a meeting held on 24/09/2015 had determined that reasonable steps had been taken to recover the loss and it would be un economical to continue with the cases.</p> <p>(v) The National Treasury vide letter Ref: AG/3/14/Vol.1 (66) dated 19th March, 2021 advised the Commission to pursue further efforts as had been advised by the Attorney General. The Commission has initiated the process of follow up on the Cash losses of Kshs. 2,928,398.</p>			

Ref No. on External Audit Report	Issue / Observations from Auditor	Management Comments	Focal Point person to Resolve the issue	Status	Time Frame
		(vi) The Commission has since introduced a policy which requires that teachers' monthly salary be paid through bank accounts and currently there are no cash losses since all teachers are paid by Electronic Funds Transfer through their respective bank accounts.			
2	<p>Property, Plant & Equipment</p> <p>As reported in the previous years, the property, plant and equipment schedule balance of Kshs. 4,556,808,968 under Annexure XVI, other important disclosures as at 30th June 2020 includes kshs. 88,096 being the residual value of one (1) motor vehicle procured in 2004 at a total cost of Kshs. 2,085,869. A review of the matter in January 2018 revealed that the vehicle had earlier been taken and auctioned by the auctioneers after obtaining a duplicate log book No. 20063490279 from Kenya Revenue Authority.</p>	<p>Motor vehicle Net Book Value of Kshs. 88,096</p> <p>The Motor Vehicle Registration No. KAR 246L - Nissan Urvan whose residual value is Kshs. 88,096.00 was repossessed from auctioneers. The original log book was submitted to KRA on 30/6/2011 to verify the rightful owner upon their request vide letter ref: KRA/RTD/TRANS-DUP/10027/0-11 dated 13/6/2011.</p> <p>The case has been ongoing and after court hearings on diverse dates judgment was finally delivered on 15th September, 2020, where the court ruled that the motor vehicle registration No. KAR 246L be released to the plaintiff. A copy of the judgment is hereby attached. The Commission has appealed the ruling vide the Memorandum of Appeal dated 20th November, 2020.</p>	<ul style="list-style-type: none"> • Director Legal 	In Progress	

Ref No. on External Audit Report	Issue / Observations from Auditor	Management Comments	Focal Point person to Resolve the issue	Status	Time Frame
	<p>Although the Commission re possessed the vehicle, a case is pending before a court of law. A review of the matter in 2018/2019 indicate that, the Commission (defendant) prepared an application to dismiss the suit for want of prosecution which was heard on 22nd November, 2018. According to the management, the plaintiff objected on the ground that the failure for the matter to proceed was due to the file missing from the registry. The case was not dismissed but set for hearing on 3rd October, 2019. The case was later adjourned to 20th February, 2020. On 15th September, 2020 the court ruled that the motor vehicle be released to the plaintiff but the Commission appealed the ruling on 20 November, 2020. No further updates on the case had been presented for audit review as at the date of this report.</p> <p>In the circumstances, it has not been possible to confirm that the property plant and equipment schedule balance of Kshs. 4,556,808,968 as at 30th June 2020 is fairly stated.</p>				


DR. NANCY NJERI MACHARIA, CBS
COMMISSION SECRETARY
 Date: 24-09-2021


CPA. CHEPTUMO AYABEI
DIRECTOR (FINANCE AND ACCOUNTS)
ICPAK MEMBER NUMBER: 8372
 Date: 24-09-2021