



REPUBLIC OF KENYA

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Director General
Director Secondary Education
Director Schools Audit
Regional Directors of Education
County Directors of Education
Sub-County Directors of Education
All Principals - Public Secondary Schools

**IMPLEMENTATION OF INTERNATIONAL PUBLIC SECTOR ACCOUNTING
STANDARDS (IPSAS) IN PUBLIC SECONDARY SCHOOLS IN KENYA**

1.0 INTRODUCTION

The government has and continues to implement reforms in the management of public finances to enhance transparency and accountability in the utilization of public resources. As part of this reform process, the Public Sector Accounting Standards Board (PSASB) under the National Treasury that is mandated with setting generally accepted accounting standards for public sector entities and state organs has prescribed a financial reporting format (template) for use by Public Secondary Schools in Kenya. The accounting format is aligned to the International Public Sector Accounting Standards (IPSAS) and best practices.

The IPSAS template will promote uniformity, transparency and accountability for capitation and other resources at the schools. It will also promote understandability, completeness and comparability of both financial and non-financial information prepared by public secondary schools.

1.1 Purpose of the Circular

The purpose of this circular therefore is;

1. To communicate the adoption of the IPSAS reporting format for public secondary schools;
2. To forward the template prescribed by PSASB together with guidelines for application.

1.2 REPORTING REQUIREMENTS

1.2.1 Alignment of Schools Financial Reporting Calendar Year & Effective Date

The current school financial reporting calendar year is aligned to the academic calendar which runs from 1st January to 31st December.

However, The Public Finance Management Act 2012 and Regulations 2015, states that the accounts of National Government Entities shall record transactions which take place during a financial year running from the 1st of July to 30th June. Section 87 of the Basic Education Act, 2013 also states that; the Financial Year of the Department of Education shall be the government Financial Year.

Therefore the schools financial reporting period shall be from 1st July to 30th June effective from **30th June 2021** and subsequent periods

All Public Secondary School Principals should therefore ensure that the financial statements for the period conform to the new template and stipulated dates.

1.2.2 Transitioning and Annual Reporting.

For purposes of transitioning the first set of financial statements shall be prepared as follows;

1. Schools that have submitted their financial statements for the financial year ending **31st December 2020** shall prepare six (6) months financial statements up from **1st January 2021** to **30th June 2021**.
2. Schools that have not submitted their financial statements for the year 2020 shall prepare the statements for a period of eighteen (18) months from **1st January 2020** to **30th June 2021**.

The financial statements should be ready by 30th September 2021 in compliance with Section 81 of the PFM Act, 2012. The guidelines provide transitional clauses for seamless transition of the financial reporting for format and period.

Every head of a Public Secondary School shall prepare financial report as per the financial reporting template and shall contain both financial and non-financial information in the format prescribed by the PSASB and template.

Every head of a Public Secondary School shall prepare a report for each quarter of the financial year in respect of the school and submit the same to the County Schools Auditor not later than the 15th day of the subsequent month.

2.0 GUIDELINES ON PREPARATION OF FINANCIAL STATEMENTS BY SCHOOLS UNDER THE IPSAS CASH REPORTING FRAMEWORK

The Public Sector Accounting Standards Board, in collaboration with the National Treasury and the Ministry of Education has developed guidelines to assist public secondary schools to prepare financial statements under the IPSAS cash reporting framework. These guidelines give a step-by-step process on the preparation of financial reports using the template.

3.0 AVAILABILITY OF THE FINANCIAL REPORTING TEMPLATES & GUIDELINES

The template together with the guidelines can be obtained from the National Treasury's website on www.treasury.go.ke, the PSASB's website on www.pasb.go.ke, the Ministry of Education's website on www.education.go.ke and Teachers Service Commission website, www.tsc.go.ke

4.0 TECHNICAL ASSISTANCE

The Ministry will also organize sensitization programmes for officers Heads of Schools, Bursars, Board of Managements, Non-Financial Managers and Stakeholders. To ensure successful implementation, the Ministry of Education in conjunction with the National Treasury and the PSASB shall continuously monitor the transition progress and give guidance where necessary.



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