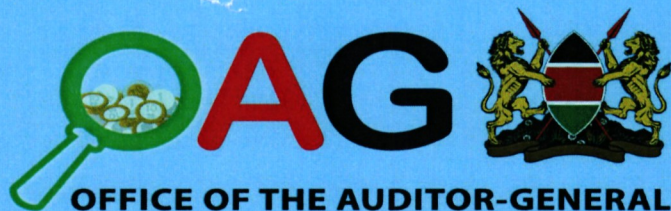


REPUBLIC OF KENYA



Enhancing Accountability

REPORT

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DATE: 10 FEB 2022 DAY: Thurs

TABLED BY: LDM
B. Inzofu

THE AUDITOR-GENERAL

ON

**PROMOTION OF YOUTH EMPLOYMENT
AND VOCATIONAL TRAINING IN KENYA
PROJECT, LOAN REFERENCE: BMZ NO.2016
67 211 & BMZ NO. 2016 65 298 AND PROJECT
GRANT REFERENCE NO.1930 05 527**

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

**STATE DEPARTMENT FOR VOCATIONAL
AND TECHNICAL TRAINING**



**PROMOTION OF YOUTH EMPLOYMENT AND VOCATIONAL TRAINING IN
KENYA (TVET I & II)**

**IMPLEMENTING ENTITY: MINISTRY OF EDUCATION
(STATE DEPARTMENT OF VOCATIONAL AND TECHNICAL TRAINING)**

**PROJECT LOAN NUMBER: BMZ No: 2016 67 211 & BMZ No. 2016 65 298
PROJECT GRANT REFERENCE NUMBER: 1930 05 527**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2021

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

Promotion of Youth Employment and Vocational Training in Kenya (TVET I & II Project)
Reports and Financial Statements
For the year ended 30 June, 2021

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1. PROJECT INFORMATION AND OVERALL PERFORMANCE

1.1 Name and registered office

Name: The name of the project is ‘Promotion of Youth Employment and Vocational Training in Kenya (TVET I& II)’.

Objective: The key objective of the project is to equip Youth with relevant skills that support attainment of the big four agenda.

Address: The project headquarters offices are Nairobi (city), Nairobi County, Kenya.

The address of its registered office is:

Ministry of Education, State Department of Vocational and Technical Training,
Jogoo House B 8th Floor
P.O. Box 9583-00200
Nairobi, Kenya

Contacts: The following are the project contacts

Telephone: (254) 722492972
E-mail: psvtt@education.go.ke
Website: www.education.go.ke

PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

1.2 Project Information

Project Start Date:	The project start date is 21.02.2020
Project End Date:	The project end date is 31.12.2023
Project Manager:	The project manager is Ms. Lina Ayako
Project Sponsor:	The project sponsor is GoK and KfW Development Bank (Germany)

1.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of the Ministry of Education, State Department of Vocational and Technical Training (SDVTT)
Project Reference number	Loan BMZ No. 2016 67 211 & BMZ No.2016 65 298 Grant Reference : 1930 05 527
Project Statement	The challenges in the sector are well documented. They include low penetration due to inadequate facilities; capacity of trainers is not commensurate with the modern technology in the entire sector country wide. The consequences have been poor perception of TVET training, poor tools impacting on quality of training. The Government has put interventions in place including, capitation support, infrastructure support and supply of the State of the Art equipment. This project will augment Governments efforts in all areas of deficiency.
Relevance of the project	<ul style="list-style-type: none"> i) The project’s economic and social benefit is to equip the youth with necessary skills, to address the challenges of youth unemployment emanating from skills mismatch between the training and needs of the industry. ii) It will open a pathway to a demographic dividend for development that will improve Kenya’s competitiveness, raise household incomes, and ultimately reduce poverty. iii) Reduction in poverty will transform Kenya into “a newly-industrializing, middle income country providing a high quality of life to all its citizens in a clean and secure environment as envisioned in

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	vision 2030.
Scope of the project	<p>Phase I targets</p> <p>The project aims to construct, and equip (upgrade) 3 Institutions as Centres of Excellence.</p> <ol style="list-style-type: none"> 1. Kiambu Institute of Science and Technology (KIST)- Industrial Mechatronics, 2. Nairobi Technical Training Institute - Automotive Mechatronics, 3. Thika Technical Training Institute - Mechatronics. <p>Phase II targets</p> <ol style="list-style-type: none"> 1. Kitale National Polytechnic – Agricultural Machinery 2. Ramogi Institute of Applied Technology - Refrigeration 3. Ekerubo Geitai - Solar Energy 4. Bumbe Technical Training Institute - Automotive Mechatronics <p>It will also involve construction/rehabilitation of buildings, equipment supply and capacity building components.</p>
Project Objectives	<p>The project was formed to intervene in the following areas:</p> <ol style="list-style-type: none"> (i) To equip Youth with relevant skills that support attainment of the big four agenda (ii) Increase transition of youth from basic education into TVET and reduce unemployment (iii) Improve the quality and relevance of TVET for industry
Project Outcome	Kenyan Youth who have successfully completed high-quality labour market –oriented TVET
Project Components	<ol style="list-style-type: none"> 1: Infrastructure measures at supported TVET institutions 2: Procurement of state-of-the-art equipment for training 3: ICT measures at supported TVET institutions 4: Scholarships

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5: Implementation - TVET and private sector	
Project activities and inputs	Indicators
i). Rehabilitation extension and/or construction of essential TVET buildings	% Construction and rehabilitation measures completed % of equipment installed
ii) Procurement of tools in support of cooperative training	No. of trainers trained
iii) Training of trainers on use and maintenance of equipment	
iv) Development and procurement of teaching, learning and assessment materials and tools	% of material developed
v) Provision of Scholarships	No of trainees benefiting from the scholarships.

PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

1.4 Bankers

The project does not have a separate bank account for its operations. It shares the Development Bank account for the State Department of Vocational and Technical Training at the Central Bank of Kenya.

1.5 Auditors

Auditor-General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GOP 00100

Nairobi, Kenya

1.6 Roles and Responsibilities

Names	Title designation	Key qualification	Responsibilities
Mr. Tom Mulati	Ag. Director Technical education	MED	Project overall project Coordinator
Niras Africa Limited	Implementing Consultants	International Consultancy	Support MoE on implementation of all aspects of the project (designs, scholarships, equipment etc)
Lina Ayako	Deputy Director Technical Education	Master of Education	Project Coordinator
Samuel Waweru	Deputy Director Technical Education	MA –ICT	Deputy project Coordinator
Eng. Elijah Abeka	Principal Director Technical Education	BSC-Engineering	Assistant Project Coordinator
Arc. Mwangi Kiragu	Senior Supt Architect	MA Urban Management	in charge of liaison with the implementing consultants on architectural designs
Peter G. Kamau	Senior supt. Quantity surveyor	BSC quantity Surveying	In charge of liaison with the implementing consultants on material quantities

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Samuel Muka	Head Of Procurement	BA Commerce	Head of Supply Chain Management
Joseph Kiraita	Head of Accounts	BA Commerce CPA(K)	Head of Accounting Unit
Anthony Masinde	Head of Finance	MBA, CPA(K)	Head of Finance Unit
Carolyn Nyambok	Principal Accountant	MBA, CPA(K)	Project Accountant
David Tande	Finance officer	BA Commerce CPA(K)	Project Finance Officer
Ali Bocha	Supply chain Management officer	BA Commerce	Project Supply Chain Officer
Service providers	Contractors for construction works, Training Providers	N/A	
Institute community	Community parents and other local leaders	N/A	Provide land for construction

Promotion of Youth Employment and Vocational Training in Kenya (TVET I & II Project)
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PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

1.7 Funding summary

The Project is for duration of 4 years from 2020 to 2023 with an approved budget of Euros 22,000,000.00 equivalent to Kshs 2,683,120,000.00 as highlighted in the table below:

Source of Funds

Source of funds	Donor Commitment-		Amount received to date – (30.06.2021)		Undrawn balance to date (30.06.2021)	
	<i>Donor currency Euro (A)</i>	<i>KShs (A')</i>	<i>Donor currency Euro (B)</i>	<i>KShs (B')</i>	<i>Donor currency Euro (A)-(B)</i>	<i>KShs (A')-(B')</i>
(i) KfW Loan	20,000,000	2,439,200,000	147,226	17,955,681	19,852,774	2,421,244,317
(ii) KfW Grant	2,000,000	243,920,000	81,994	10,000,000	1,918,006	233,920,000
(iii) Counter-part funds Government of Kenya	-	90,000,000	-	-	-	90,000,000
Total	22,000,000	2,773,120,000	229,220	27,955,681	21,770,780	2,745,164,317

Promotion of Youth Employment and Vocational Training in Kenya (TVET I & II Project)
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PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

A. Application of Funds

Application of funds	Amount received to date – (30 th June 2021)		Cumulative Amount paid to date – (30 th June 2021)	Unutilised balance to date (30 th June 2021)	
	<i>Donor currency Euros</i>	<i>Kshs</i>		<i>Donor currency</i>	<i>Kshs</i>
	(A)	(A')	(B')	(A)-(B)	(A')-(B')
(i) Grant					
KFW - Germany	81,994	10,000,000	10,000,000	19,852,774	2,421,244,317
(i) Loan					
Development partner – KFW - Germany	147,226	17,955,681	17,955,681	1,918,006	233,920,000
(ii) Counterpart funds					
Government of Kenya	-	-	-	-	90,000,000
Total	229,220	27,955,681	27,955,681	21,770,780	2,745,164,317

PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

1.8 Summary of Overall Project Performance:

- i) Budget performance against actual amounts for current year and for cumulative to-date,
- ii) Physical progress based on outputs, outcomes and impacts since project commencement,
- iii) Comment on value-for-money achievements,
- iv) Indicate the absorption rate for each year since the commencement of the project.
- v) List the implementation challenges and recommended way forward.

1.9 Summary of Project Compliance:

- i) Include significant cases of non-compliance with applicable laws and regulations, and essential external financing agreements/covenants,
- ii) Include consequences suffered on account of non-compliance or likely to be suffered.
- iii) Indicate mitigation measures taken or planned to be taken to alleviate the adverse effects of actual or potential consequences of non-compliance.

2. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETERMINED OBJECTIVES

Introduction

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

The challenges in the sector are well documented. They include low penetration due to inadequate facilities; capacity of trainers is not commensurate with the modern technology in the entire sector country wide. The consequences have been poor perception of TVET training, poor tools impacting on quality of training. The Government has put interventions in place including, capitation support, infrastructure support and supply of the State of the Art equipment. This project will augment Governments efforts in all areas of deficiency

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

The project was formed to intervene in the following areas:

- a) To equip Youth with relevant skills that support attainment of the big four agenda
- b) Increase transition of youth from basic education into TVET and reduce unemployment
- c) Improve the quality and relevance of TVET for the industry

Progress on attainment of Strategic development objectives

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

Promotion of Youth Employment and Vocational Training in Kenya (TVET I & II Project)
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Project	Objective	Outcome	Indicator	Performance
The name of the project is Promotion of Youth Employment and Vocational Training in Kenya (TVET I& II)	The key objective of the project is to equip Youth with relevant skills that support attainment of the big four agenda	Kenyan Youth who have successfully completed high-quality labour market –oriented TVET	% Construction and rehabilitation measures completed % of equipment installed No. of trainers trained % of material developed No of trainees benefiting from the scholarships.	In f/y 20/21 The implementation of the project had just started and the project was being put into form,

3. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

The project of Promotion of Youth Employment and Vocational Training in Kenya (TVET I& II) exists to transform lives.

3.1 Sustainability strategy and profile

The sustainable efforts in place include building capacity of the institutions and industry to continue implementing the project. Efforts geared towards enhancing sustainability include development of policy that will guide dual training to enhance quality of training in TVET.

3.2 Environmental performance

The project is based on existing policies that guide environment management. The project will have minimum impact on environment since it will only involve building training infrastructure and training.

3.3 Employee welfare

The project is being implemented in TVET training institutes. Employees involved in the project are those that are in existence. Consultants involved in the project are sourced competitively through advertisements. The institutions comply with the Occupational Safety and Health Act of 2007, (OSHA). The Government policies in use guide on gender inclusivity, capacity building and performance management.

3.4 Market place practices-

The organisation should outline its efforts to:

a) Responsible competition practice.

This is a social good provided to the consumers. Competition is not envisaged. Political goodwill has been key from initiation.

b) Responsible Supply chain and supplier relations-

Project is at the initiation and procurement process is on-going. Suppliers will be managed as per the Public Procurement Act 2005 and the Financial Management Act 2015

c) Responsible marketing and advertisement-

Not applicable

d) Product stewardship-

Consumer rights and stewardship will be observed through private public participation

3.5 Community Engagements

At initiation not yet in place

4. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The Principal Secretary for the State Department for Vocational and Technical Training in the Ministry of Education and the overall project coordinator for the project promotion of youth employment and vocational training are responsible for the preparation and presentation of the project's financial statements, which give a true and fair view of the state of affairs of the project for and as at the end of the financial year ended on June 30 2021. The responsibility includes;

- i. Maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting financial year
- ii. Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the project
- iii. Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud.
- iv. Safeguarding the assets of the project
- v. Selecting and applying appropriate accounting policies and,
- vi. Making accounting estimates that are reasonable in the circumstances

The Principal Secretary for the State Department for Vocational and Technical Training in the Ministry of Education and the overall Project coordination for the project promotion of youth employment and vocational training accept responsibility for the Project financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting Policies in accordance with the international Public Sector Accounting Standards

The Principal Secretary for the State Department for Vocational and Technical Training in the Ministry of Education and the overall Project coordinator for the project promotion of youth employment and vocational training are of the opinion that the Financial statements give a true and fair view of the state of the Project's transactions during the financial year ended 30 June 2021 and of the project's financial position as at that date.

The Principal Secretary for the State Department for Vocational and Technical Training in the Ministry of Education and the overall Project coordinator for the project promotion of youth employment and vocational training further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the project financial statements as well as the adequacy of the systems of internal financial control.

The Principal Secretary for the State Department for Vocational and Technical Training in the Ministry of Education and the overall Project coordinator for the project promotion of youth employment and vocational training confirm that the project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds

Promotion of Youth Employment and Vocational Training in Kenya (TVET I & II Project)
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Approval of the Project financial statements


The Project financial statements were approved by the Principal Secretary for the Ministry of Education, State Department of Vocational and Technical Training and the Project Coordinator for the Promotion of Youth Employment and Vocational Training in Kenya and signed on 30 September, 2021



Dr. Margaret Mwakima
Principal Secretary



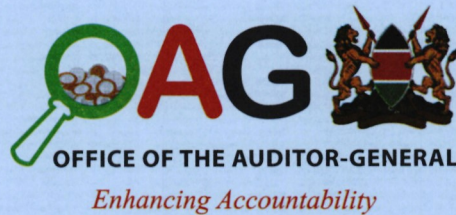
Lina Ayako
Project Coordinator



Carlyne Nyambok
Principal Accountant
ICPAK Member No: 5875

REPUBLIC OF KENYA

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HEADQUARTERS
Anniversary Towers
Monrovia Street
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON PROMOTION OF YOUTH EMPLOYMENT AND VOCATIONAL TRAINING IN KENYA PROJECT, LOAN REFERENCE: BMZ NO.2016 67 211 & BMZ NO.2016 65 298 AND PROJECT GRANT REFERENCE NO.1930 05 527 FOR THE YEAR ENDED 30 JUNE, 2021- STATE DEPARTMENT FOR VOCATIONAL AND TECHNICAL TRAINING

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 control, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Promotion of Youth Employment and Vocational Training in Kenya Project, BMZ loan No.2016 67 211, Promotion of Youth Employment and Vocational Training in Kenya through ICT Project, BMZ Loan No. 2016 65 298 and Project Grant reference no.1930 05 527 set out on pages 1 to 23, which comprise the statement of financial assets as at 30 June, 2021, and statement of receipts and payments, statement of cashflow and statement of comparison of budget and actual amounts for the period then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Promotion of Youth Employment and Vocational Training in Kenya Project as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Loan and Grant Financing Agreements No.2016 67 211 & 2016 65 298 and 2016 65 298 respectively between Kreditanstalt fur Wiederaufbau (KfW) and the Government of Kenya dated 21 February 2020 and Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Promotion of Youth Employment and Vocational Training in Kenya Project's 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 opinion.

Key Audit Matters

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

Other Information

"The Project Management are responsible for the other information, which comprises (the statement of performance against project's predetermined objective, statement of corporate social responsibility/sustainability reporting and the statement of project management's responsibilities." The other information does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance or conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing 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. Procurement and Payment for Consultancy Services

The State Department for Vocational Technical Training contracted consultancy services and paid of Kshs.29,955,681 during the year under review. However, the following anomalies were noted:-

The State Department requested for assistance from KfW in undertaking procurement of consultant on 22 August, 2017 and then advertised for the consultant on 29 August, 2017. This was done before the project financier was identified.

- i. A Tender Agent based in Germany was engaged on an unidentified date to undertake the evaluation on behalf of was the State Department.
- ii. The terms of engagement of the Tender Agent including the contract, procurement process, appointment, remuneration if any and the contractual obligations were not provided for audit review.
- iii. The engagement with KfW to assist in the procurement of the consultant was on 22 August, 2017 which was more than two years before the signing of the Financing Agreement on 21 February, 2020.
- iv. The notification of award was made on 17 July, 2018 to the successful consultant based in Germany and the contract was signed on 9 September, 2020 which was more than two years after notification of award.
- v. The contract was signed between the State Department and a locally incorporated company that was not part of the bidding consortium and which was not the one notified of the award.

- vi. The payments were made to the local Company who did the invoicing even though they were not party to the contract and there was no apparent contractual obligation.

Under the circumstances, the compliance with Public Procurement and Disposal of Asset Act, 2015 could not be confirmed since the evaluation was done by a third party whose procurement, appointment and terms of engagement including any contractual obligations were not supported for audit verification. Further, the validity of contract with local Company and the payments made in respect of the contract could not be ascertained as the local Company was not part of the consortium at bidding for the service.

2. Exclusion of Consultant from Paying Taxes

The Contract for provision of consultancy services between Kenyan registered the local consultant and the State Department of Vocational and Technical Training signed on 9 September, 2020 at clause 2.4 obligated the State Department to obtain exemption from taxes, duties, levies and other charges that are legally prescribed in the Country. The State Department requested for tax exemption from The National Treasury on behalf of the Contractor on 30 August, 2021 which was yet to be granted. In their response for exemption, on 10 September, 2021, The National Treasury on 10 September, 2021 requested by State Department to apply for exemption indicating the consultancy fee for which the exemption is being sought. No evidence has been provided in support of the application or the granting of the exemption by the relevant authorities.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by Kreditanstalt für Wiederaufbau, (KfW) I report based on my audit, that: -

- i. 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;
- ii. In my opinion, adequate accounting records have been kept by the Project, so far as appears from the examination of those records; and,
- iii. The Project's financial statements are in agreement with the accounting records and returns.

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Project to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Project to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



CPA Nancy Gathungu, CBS
AUDITOR-GENERAL


Nairobi

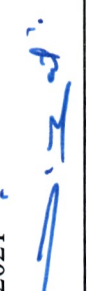
22 December, 2021

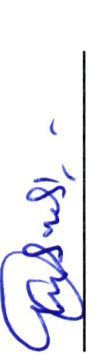
6. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE 2021.

RECEIPTS	Note	2020/2021		2019/2020		Cumulative to-date (From inception)
		Receipts and payments controlled by the entity	Payments made by third parties	Receipts and payment controlled by the entity	Payments made by third parties	
		Kshs	Kshs	Kshs	Kshs	Kshs
Receipts from Government of Kenya		-	-	-	-	-
Proceeds from domestic and foreign grants	11.1		10,000,000			10,000,000
Loan from external development partners (KfW - Germany)	11.2		17,955,681			17,955,681
Miscellaneous receipts		-	-	-	-	-
TOTAL RECEIPTS		-	27,955,681	-	-	27,955,681
PAYMENTS		-	-	-	-	-
Compensation of employees		-	-	-	-	-
Purchase of goods and services (Consultancy)	11.3	-	27,955,681	-	-	27,955,681
Social security benefits		-	-	-	-	-
Acquisition of non-financial assets		-	-	-	-	-
Transfers to other government entities		-	-	-	-	-
Other grants and transfers and payments		-	-	-	-	-
TOTAL PAYMENTS		-	27,955,681	-	-	27,955,681
SURPLUS/(DEFICIT)		-	-	-	-	-

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved and signed on 30 September, 2021.


Dr. Margaret Mwakima
 Principal Secretary


Lina Ayako
 Project Coordinator


Carolyn Nyambok
 Principal Accountant
 ICPAK Member No: 5875

Promotion of Youth Employment and Vocational Training in Kenya (TVET I & II Project)
Reports and Financial Statements
For the year ended 30 June, 2021

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

	Note	2020-2021	2019-2020
		KShs	KShs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances		-	-
Cash Balances		-	-
Cash Equivalents (short-term deposits)		-	-
Total Cash and Cash Equivalents		-	-
Accounts Receivables		-	-
TOTAL FINANCIAL ASSETS		-	-
FINANCIAL LIABILITIES		-	-
Payables- Deposits and Retentions		-	-
NET ASSETS		-	-
REPRESENTED BY		-	-
Fund balance b/fwd		-	-
Prior year adjustments		-	-
Surplus/(Deficit) for the year		-	-
NET FINANCIAL POSITION		-	-

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved and signed on 30 September, 2021.



Dr. Margaret Mwakima
Principal Secretary

Lina Ayako
Project Coordinator



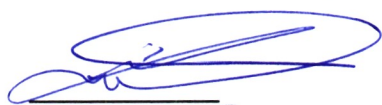
Carolyne Nyambok
Principal Accountant
ICPAK Member No: 5875

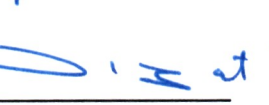
Promotion of Youth Employment and Vocational Training in Kenya (TVET I & II Project)
Reports and Financial Statements
For the year ended 30 June, 2021

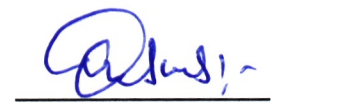
8. STATEMENT OF CASHFLOW FOR THE PERIOD 30TH JUNE 2021

	Note	2020-2021 KShs	2019-2020 KShs
CASHFLOW FROM OPERATING ACTIVITIES			
Receipts from operating activities		-	-
Transfer from Government entities		-	-
Proceeds from domestic and foreign grants	11.1	10,000,000	-
Payments from operating activities		-	-
Compensation of employees		-	-
Purchase of goods and services		-	-
Social security benefits		-	-
Other grants and transfers (GOK)		-	-
Adjustments during the year		-	-
Prior Year Adjustments		-	-
Decrease/(Increase) in Accounts Receivable		-	-
Increase/(Decrease) in Accounts Payable:		-	-
Net cash flow from operating activities		10,000,000	-
CASHFLOW FROM INVESTING ACTIVITIES		-	-
Purchase of Goods and services (consultancy)	11.3	(27,955,681)	-
Net cash flows from Investing Activities		(27,955,681)	-
CASHFLOW FROM BORROWING ACTIVITIES		-	-
Proceeds from Foreign Borrowings	11.2	17,955,681	-
Net cash flow from financing activities		17,955,681	-
NET INCREASE IN CASH AND CASH EQUIVALENTS		-	-
Cash and cash equivalent at BEGINNING of the year		-	-
Cash and cash equivalent at END of the year		-	-

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved and signed on 30 September, 2021


Dr. Margaret Mwakima
 Principal Secretary


Lina Ayako
 Project Coordinator


Carolyne Nyambok
 Principal Accountant
 ICPAK Member No: 5875

Promotion of Youth Employment and Vocational Training in Kenya (TVET I & II Project)
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For the year ended 30 June, 2021

9. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS

Receipts/Payments Item	Original Budget (kshs)	Adjustments (Kshs)	Final Budget(Kshs)	Actual on Comparable Basis (Kshs)	Budget Utilization Difference (Kshs)	% of Utilization
	A	B	c=a+b	d	e=c-d	f=d/c %
Receipts						
Transfer from Government entities	-	-	-	-	-	-
Proceeds from domestic and foreign grants	10,000,000	-	10,000,000	10,000,000	-	100%
Proceeds from borrowings	25,000,000	-	25,000,000	17,955,681	7,044,319	72%
Miscellaneous receipts(GOK)	-	-	-	-	-	-
Total Receipts	35,000,000	-	35,000,000	27,955,681	7,044,319	-
Payments						
Payment for consultancy services for youth empowerment	35,000,000	-	35,000,000	27,955,681	7,044,319	80%
Total Payments	35,000,000	-	35,000,000	27,955,681	7,044,319	-

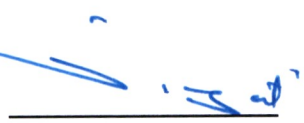
Note:

The under absorption of Kshs. 7,044,319 was under the loan component and the consultant submitted an invoice for equivalent Kshs. 17,755,681 for the services provided upto 30th June 2021

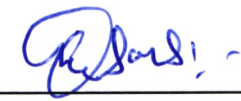
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements and are set out from page 5 to page 10 of this report. The entity financial statements were approved and signed on 30 September, 2021.



Dr. Margaret Mwakima
Principal Secretary



Lina Ayako
Project Coordinator



Carolyn Nyambok
Principal Accountant
ICPAK Member No: 5875

10. SIGNIFICANT ACCOUNTING POLICIES

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

10.1 Basis of Preparation

10.2 Statement of compliance and basis of preparation

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

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

10.3 Reporting entity

The financial statements are for the Project “Promotion of Youth Employment and Vocational Training in Kenya (TVET I& II)” under National Government of Kenya. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012 .

10.3.1 Reporting currency

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

10.4 Significant Accounting Policies

a) Recognition of receipts

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

i) Transfers from the Exchequer

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

ii) External Assistance

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

iii) Other receipts

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

b) Donations and grants

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

Significant Accounting Policies (Continued)

c) Proceeds from borrowing

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

d) Undrawn external assistance

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

e) Recognition of payments

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

i) Compensation of employees

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

ii) Use of goods and services

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

Significant Accounting Policies (Continued)

iii) Interest on borrowing

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

iv) Repayment of borrowing (principal amount)

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

v) Acquisition of fixed assets

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

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

f) In-kind donations

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

g) Cash and cash equivalents

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

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

Restriction on cash

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

h) Accounts receivable

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

Significant Accounting Policies (Continued)

i)Contingent Liabilities

A contingent liability is:

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

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

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Section 89 (2) (i) of the PFM Act requires the National Government to report on the payments made, or losses incurred, by the county government to meet contingent liabilities as a result of loans during the financial year, including payments made in respect of loan write-offs or waiver of interest on loans

j) Contingent Assets

The Entity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

Significant Accounting Policies (Continued)

k) Pending bills

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

l) Budget

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

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

m) Third party payments

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

During the year Kshs 25 million being loan disbursements and Kshs 10 million in form of Grants were received in form of direct payments from third parties (KFW – Germany).

Significant Accounting Policies (Continued)

n) Exchange rate differences

The accounting records are maintained in the functional currency of the primary economic environment in which the Project operates, Kenya Shillings. Transactions in foreign currencies during the year/period are converted into the functional currency using the exchange rates prevailing at the dates of the transactions. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of receipts and payments. The project contract has a specified exchange rate of 1 Euro being equivalent to kshs. 121.96

o) Comparative figures

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

p) Subsequent events

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

q) Errors

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

Promotion of Youth Employment and Vocational Training in Kenya (TVET I & II Project)
Reports and Financial Statements
For the year ended 30 June, 2021

11. NOTES TO THE FINANCIAL STATEMENTS

11.1 PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

During the 12 months to 30 June 2021 we received grants from donors as detailed in the table below:

Name of Donor	Date received	Amount received in donor currency	Grants received in cash	Grants received as direct payment*	Grants received in kind	Total amount in KShs	
						2020/21	2019/20
			KShs	KShs	KShs	KShs	KShs
Grants Received from Bilateral Donors (Foreign Governments)	-	-	-	-	-	-	-
Insert name of foreign Government	-	-	-	-	-	-	-
Grants Received from Multilateral Donors (International Organizations) KFW – Germany	-	81,994	-	10,000,000	-	10,000,000	-
Insert name of international organization	-	-	-	-	-	-	-
Grants Received from Local Individuals and organizations	-	-	-	-	-	-	-
Insert name of individual or local organization	-	-	-	-	-	-	-
Total	-	81,994	-	10,000,000	-	10,000,000	-

* The direct payment grants represent payments for goods and services done directly by the donor on behalf of the project. Projects should ensure that the adequate documents and support document is requested from the donors to support this grant.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11.2 LOAN FROM EXTERNAL DEVELOPMENT PARTNERS

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

Name of Donor	Date received	Amount in loan currency	Loans received in cash	Loans received as direct payment*	Total amount in KShs	
		Euros	KShs	KShs	2020/21	2019/20
Loans Received from Bilateral Donors (Foreign Governments)						
KfW Development Bank	Various	147,226	-	17,955,681	17,955,681	-
	-	-	-	-	-	-
Loans Received from Multilateral Donors (International Organisations)						
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
Total	-	147,226	-	17,955,681	17,955,681	-

Promotion of Youth Employment and Vocational Training in Kenya (TVET I & II Project)
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For the year ended 30 June, 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11.3 ACQUISITION OF NON-FINANCIAL ASSETS

	2020/21			2019/20	
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	Cumulative to-date
	KShs	KShs	KShs	KShs	KShs
Purchase of Goods and services (consultancy) for youth empowerment	-	27,955,681	27,955,681	-	27,955,681
Purchase of buildings	-	-	-	-	-
Construction of buildings	-	-	-	-	-
Refurbishment of buildings	-	-	-	-	-
Construction of roads	-	-	-	-	-
Construction of civil works	-	-	-	-	-
Overhaul & refurbishment of construction and civil works	-	-	-	-	-
Purchase of vehicles & other transport equipment	-	-	-	-	-
Overhaul of vehicles & other transport equipment	-	-	-	-	-
Purchase of household furniture & institutional equipment	-	-	-	-	-
Purchase of office furniture & general equipment	-	-	-	-	-
Purchase of specialised plant, equipment and machinery	-	-	-	-	-
Rehabilitation & renovation of plant, equipment & machinery	-	-	-	-	-
Rehabilitation of civil works	-	-	-	-	-
Acquisition of strategic stocks	-	-	-	-	-
Acquisition of land	-	-	-	-	-
Acquisition of other intangible assets	-	-	-	-	-
Total	-	27,955,681	27,955,681	-	27,955,681

Promotion of Youth Employment and Vocational Training in Kenya (TVET I & II Project)
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For the year ended 30 June, 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11.4 EXTERNAL ASSISTANCE

Description	FY 2020/2021	FY 2019/2020
	Kshs	Kshs
External assistance received as grants	10,000,000	-
External assistance received as loans	17,955,681	-
External assistance received in kind- as payment by third parties	-	-
Total	27,955,681	-

*Promotion of Youth Employment and Vocational Training in Kenya (TVET I & II Project)
Reports and Financial Statements
For the year ended 30 June, 2021*

11.5 OTHER IMPORTANT DISCLOSURES

a) External assistance relating loans and grants

Description	FY 2020/2021 Kshs	FY 2019/2020 Kshs
External assistance received as loans	17,955,681	-
External assistance received as grants	10,000,000	-
Total	27,955,681	-

b) Undrawn external assistance

Description	Purpose for which the undrawn external assistance may be used	FY 2020/2021 Kshs	FY 2019/2020 Kshs
Undrawn external assistance – loans	Youth empowerment	2,421,244,317	-
Undrawn external assistance - grants	TVET student scholarships	233,920,000	-
Total		2,655,164,317	-

c) Classes of providers of external assistance

Description	FY 2020/2021 Kshs	FY 2019/2020 Kshs
Multilateral donors – KFW – Germany	27,955,681	-
Bilateral donors	-	-
National Assistance Organization	-	-
Total	27,955,681	-

Provide details of the reasons for external assistance e.g. Economic development or welfare objective, Emergency relief, Trading activities etc

d) Purpose and use of external assistance

Payments Made by Third Parties	FY 2020/2021 Kshs	FY 2019/2020 Kshs
Compensation of Employees	-	-
Use of goods and services – consultancy	27,955,681	-
Transfers to Other Government Units	-	-
Other grants and transfers	-	-
Acquisition of Assets	-	-
Repayment of principal on Domestic and Foreign borrowing	-	-
TOTAL	27,955,681	-

N/B The above sub-classification will be adopted based on the purpose of the external assistance and how the external assistance was used.

**Promotion of Youth Employment and Vocational Training in Kenya (TVET I & II Project)
Reports and Financial Statements
For the year ended 30 June, 2021**

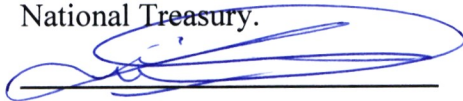
12. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR’S RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	NIL			

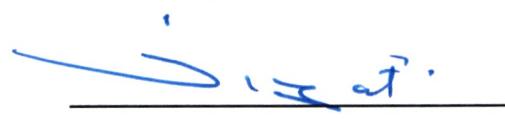
Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.



Principal Secretary

Date 30/9/2021



Project Coordinator

Date 30/9/2021

Promotion of Youth Employment and Vocational Training in Kenya (TVET I & II Project)
Reports and Financial Statements
For the year ended 30 June, 2021

13. ANNEXES

ANNEX1 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance (below 90% and over 100%)
	a	b	c=a-b	d=b/a %	
Receipts					
Transfer from Government entities	-	-	-	-	
Proceeds from domestic and foreign grants	10,000,000	10,000,000	-	100%	Budget under allocation during the period
Proceeds from borrowings	25,000,000	17,955,681	7,044,319	72%	The only amount requested for payment
Miscellaneous receipts	-	-	-	-	
Total Receipts	35,000,000	27,955,681	7,044,319	-	
Payments					
Compensation of employees	-	-	-	-	
Purchase of goods and services	35,000,000	27,955,681	7,044,319	80%	
Social security benefits	-	-	-	-	
Acquisition of non-financial assets	-	-	-	-	
Transfers to other government entities	-	-	-	-	
Other grants and transfers	-	-	-	-	
Total payments	35,000,000	27,955,681	7,044,319	-	

14. GLOSARY

- i) TVET – Technical Vocational Education Training
- ii) SDVTT – State Department of Vocational and Technical Education
- iii) GOK-Government of Kenya
- iv) KfW- Kreditanstalt für Wiederaufbau (German Development Bank)
- v) PFM-Public Finance Management
- vi) OSHA – Occupation, Safety and Health Act
- vii) PSASB – Public Sector Accounting Standards Board