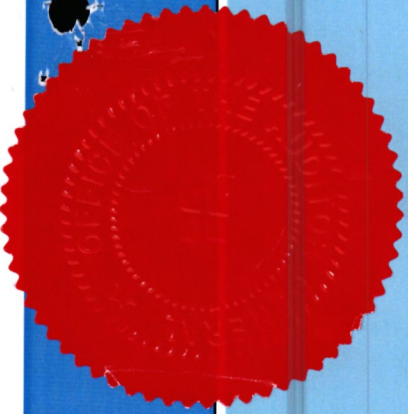


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REPORT


**THE NATIONAL ASSEMBLY
PAPERS LAID**

DATE: 01 FEB 2022

DAY:

Tuesday

OF

**TABLED
BY:**

LOM

**CLERK-AT
THE-TABLE:**

G. Chebet

THE AUDITOR-GENERAL

ON

**TECHNICAL AND VOCATIONAL EDUCATION
AND TRAINING AUTHORITY**

**FOR THE YEAR ENDED
30 JUNE, 2020**



**TECHNICAL AND VOCATIONAL EDUCATION
AND TRAINING AUTHORITY**

**TECHNICAL AND VOCATIONAL EDUCATION AND
TRAINING AUTHORITY**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDEND 30 JUNE 2020

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

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KEY ENTITY INFORMATION AND MANAGEMENT

i. Background information

The Technical and Vocational Education and Training Authority (TVETA) is a State Corporation established by the Technical and Vocational Education and Training (TVET) Act No 29 of 2013 (*Kenya Gazette Supplement* No. 44) which commenced on 24 June 2013. TVETA is a regulatory body whose mandate is to regulate and coordinate the TVET sector through accreditation of institutions, programs and trainers as well as assure quality, access, equity and relevance in education and training. TVETA is domiciled in the Ministry of Education, State Department of Vocational and Technical Training.

ii. Principal Activities

Vision Statement

A competitive market driven TVET system delivering competent workforce for sustainable development.

Mission Statement

To develop a TVET system that meets national needs and aspirations

Strategic Objectives

The strategic objectives of TVETA are to:

- i. Enhance TVET quality and relevance
- ii. Promote access and equity in TVET
- iii. Strengthen governance and management
- iv. Mobilize financial resources for the Authority

Section 7 of the TVET Act, 2013 gives the powers and functions of the Authority. The Authority's functions are therefore to:

- i) Regulate and coordinate training under TVET Act, 2013;
- ii) Inspect, register and license training institutions;
- iii) Accredite and inspect programmes and courses;
- iv) Assure quality and relevance in programmes of training;
- v) Prescribe the minimum criteria for admission to training institutions and programmes to promote access, equity and gender parity;
- vi) Collect, examine and publish information relating to training;
- vii) Determine the national technical and vocational training objectives;
- viii) Recognize and equate qualifications awarded by local or foreign technical and vocational education institutions' in accordance with the Standards and guidelines set out by the Authority from time to time;
- ix) Undertake, or cause to be undertaken, regular monitoring, evaluation and inspection of training and institutions to ensure compliance with set standards and guidelines;

iii. Key Management

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

- The Board of Directors
- The Director General/ Chief Executive Officer
- Heads of Directorates/Sections

iv. Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2020 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Director General	Dr. Kipkirui Langat
2.	Deputy Director (Outreach Services)	Bibiana Otieno
3.	Assistant Director Finance and Accounts	Emmanuel Korir
4.	Internal Auditor	David Njoroge

v. Fiduciary Oversight Arrangements

The Authority has the following 3 Board Committees;

- i. Technical Committee,
- ii. Finance and General-Purpose Committee
- iii. Audit and Risk Committee

i. Technical Committee

The Technical committee develops and review plans and guidelines for the effective implementation of the provisions of the TVET Act 2013, review TVET training regulations, standards and guidelines, accredit training institutions, assessment centres, foreign institutions, training programmes, trainers, assessors and verifiers and approve the process of introduction of new and review of training programmes

ii. Finance and General-Purpose Committee

The Finance and General-Purpose Committee has direct oversight on the finance activities of the Authority. The Committee reviews the budget, finance reports, procurement plans and reports before presentation to the full Board for deliberation and approval.

iii. Audit and Risk Committee

The Audit and Risk Committee evaluate adequacy of management procedures with regard to issues relating to risk management, control and governance, review and assess the adequacy and compliance of the Authority's policies and procedures for identifying, assessing and managing risks (financial, legal, ethical, safety, reputational or other). For the purposes of this paragraph, 'risk' is defined as any circumstance that may prevent the Authority from achieving its objectives

vi. Entity Headquarters

P.O. Box 35625-00100
Utalii House, 8th Floor
Utalii Street
Nairobi, KENYA

vii. Entity Contacts

Telephone: (254) 202392140
E-mail: info@tveta.go.ke
Website: www.tveta.go.ke

viii. Entity Bankers

Kenya Commercial Bank Ltd.
Kipande House Branch
P.O. Box 30012-00100
Nairobi, Kenya

ix. Independent Auditors

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

x. Principal Legal Adviser

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

THE BOARD OF DIRECTORS



Prof. Ahmed Ferej, Chairman
(TVETA Board)

Prof. Ahmed Ferej (Board Chair)

Prof. Ferej was appointed as a TVETA Board Member on 25th April 2014. He is the Current TVETA Board Chairman. He holds a PhD in Education (TVET and Entrepreneurship) from the University of Illinois in the US (1994). He completed a Diploma in Mechanical and Electrical Engineering as well as a technical teacher's certificate at the Kenya Polytechnic in 1975. He is a Senior Lecturer at the University of Eldoret, in the Department of Technology Education. Prof. Ferej has over 30 years' professional experience in the field of education and training, mostly TVET, where he has taught at the technical secondary, middle college and university levels. He has contributed to national curriculum development. He has supervised several Master's Degree and PhD candidates and served as external examiner for Kabarak University and Gold Coast University in Ghana.



MS. Evelyn Anupi (Alternate to Principal Secretary, State Department for Vocational and Technical Training, Ministry of Education)

Evelyn Anupi is a Chief Economist at the Ministry of Education (State Department for Vocational and Technical Training). She holds Masters of Arts Degree (Development Economics) and B.A. (Hons) Degrees from Moi University. MS Anupi has over 20 years as an economist in the public sector. Prior to her current appointment at the State Department for Vocational and technical training Ms. Anupi worked as Economist/Statistician in the State department for early learning and basic education Ms. Anupi has researched and published in areas of Poverty, Planning and Public expenditure tracking. Her areas of interest include Poverty and Vulnerability, Gender mainstreaming, Public Policy, Education and training reforms, Planning and Budgeting, Monitoring and Evaluation



Eng. Catherine A. Nyambala

Eng. Catherine A. Nyambala (Chair - Audit and Risk Committee)

was appointed as a TVETA Board Member on 25th April 2014. She is the Founder of STEM Africa – an organization that promotes careers and innovation in Science, Technology, Engineering and Mathematics. STEM Africa's goal is to see a new generation in Science and Technology in Africa with the goal of reducing poverty. An alumna of the US State Department and Fortune Global Women's Mentoring Program (2010), Catherine was mentored by Marissa Mayer (Yahoo CEO) at Google. She has got experience in Energy, Telecoms and Manufacturing and has been successful in implementing Strategic Quality Management at the Kenya Electricity Generating Company. She holds a BSc in Electrical Engineering and an MBA in Operations Management. She is a Business Excellence and Innovation Management Expert and has been a participant in several local and international Innovation Awards including the Royal Academy of Engineering, the Kenya ICT Board, Bata legacy Award amongst others



Prof Faith Muli

Prof Faith Muli (Chair – Technical Committee)

Prof. Muli was appointed as a TVETA Board Member on 25th April, 2014. She is an Associate Professor of Pathology in the field of Medical Microbiology and holds a PhD degree from the University of Manchester, UK. She has a wealth of experience in academia, research, technical diagnostics and consultancy. She has taught at Kenyatta University, Jomo Kenyatta University of Science and Technology, Egerton University, Moi University Faculty of Health Sciences at Moi Teaching and Referral Hospital and Kenya Methodist University. She has published extensively in internationally recognized journals and has presented many papers at

international, regional and local conferences. She has also served as a WHO consultant in Curriculum review for training on the control and management of HIV/AIDS in Kenya, Ethiopia and Tanzania under the Africa Regional Capacity Building on HIV/AIDS Network project (ARCAN).



Prof. Hazel Gachunga

Prof. Hazel Gachunga (Chair – Finance and General Purpose Committee)

Prof. Gachunga was appointed as a TVETA Board Member on 25th April, 2014. She is a Senior Lecturer at the Jomo Kenyatta University of Agriculture and Technology and has a considerably wide teaching, research and consultancy experience in the areas of Leadership, Change Management, Human Resource Management, and Organizational Behaviour amongst others. She is a holder of a Doctorate from the University of Nairobi/University of Sheffield and alumni of IESE on international faculty development and executive programs management. She has also conducted extensive research in the areas of leadership. Prof. Gachunga is a board member at the Institute of Human Resource Management Kenya. She is a certified Balanced Score Card expert and Change Management Professional.



Sammy Koskei Milgo

Mr. Sammy Milgo (Director)

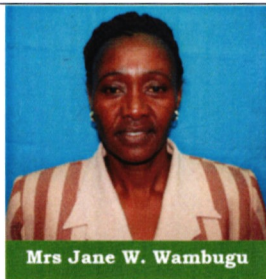
Mr. Milgo holds a BSc. degree in Food Science and Technology (University of Nairobi, 1984), MSc. in Food Science & Technology (State University of Gent, Belgium, 1997), Advanced Certificate in Quality Management (Singapore, 2000) and Executive Masters' in Business Administration (MBA - Strategic Management option) (Moi University, 2012). Currently, he is pursuing a PhD in Climate Change and Adaptation (PhD - CCA) (Institute of Climate Change and Adaptation, University of Nairobi). Sammy has over nineteen (19) years' experience in Standardization (Standards, Metrology & Quality Assurance), and Conformity Assessment (Inspection, Testing, Certification, Proficiency Testing) activities having worked for the National Standards Body KEBS, in various functional areas and rising from the position of Assistant Quality Assurance Officer (1985) to Managing Director/CEO of Kenya Accreditation Service (KENAS), a statutory organization of government that reports to the Ministry of Industry, Trade and Cooperatives (MOITC).



Burua Sanga Shumaa

Mr. Burua Sanga Shumaa (Director)

Currently serving as Business Development Manager at Centum Learning Limited based in Nairobi. Sanga is a holder of BSc (Hons) Mechanical Engineering from Jomo Kenyatta University of Agriculture and Technology (JKUAT) and MSc. in Human Resource Development and Performance Management from the University of Leicester, UK. With over 20 years of experience in the Oil and Gas industry, Sanga brings on board a wealth of experience in People Leadership, Performance Supervisory Essentials, Emotional Intelligence, Competence Observation, GAP Analysis, Assessment & verification, and Competence Assurance Management system- CAMS Assessor in the Oil, Gas and Petrochemical industry. His experience is drawn from the Kenya Petroleum Refineries Limited (KPRL), where he served as Refinery Operator and later as Mombasa Terminal Superintendent with Caltex Oil. Thereafter, he took on the role of SOP and Training Specialist with Chevron for East & West Africa, before relocating to the middle East, where he worked with SABIC in Saudi Arabia, as well as ADNOC in Abu Dhabi, UAE at BOROUGE Petrochemical. In his leadership roles, Sanga has initiated the design and delivery of a tailor-made coaching and mentorship program and made it available to coaches/mentors/SMEs to help support employees' development, with the structures, procedures, skills and tools to effectively support the development programs



Mrs Jane W. Wambugu

Jane Wambugu(Alternate to Cabinet Secretary-National Treasury and Planning)

Mrs. Wambugu was appointed Alternate Director to the Cabinet Secretary, National Treasury and Planning where she is currently serving as a Chief Accountant. She has served in various Government Ministries as an Accountant with 10 years' experience as a Certified Public Accountant. Mrs Wambugu has also worked as a Project Accountant in Energy Sector donor funded projects in the Ministry of Energy for 4 years and 2 years as Ag, Deputy Head of Accounts Unit. She has also served as Deputy Head of Accounts unit in the Ministry of Tourism for 2 years. Mrs Wambugu is a holder of a Master's Degree in Business Administration (Finance), Certified Public Accountant and a member of Institute of Public Accountants (ICPAK).



Dr. Kipkirui Langat (Director General/CEO)

Dr. Langat was appointed the first Director General of TVET Authority on 30th April 2015. He has a wealth of experience from both public and private sector. He has close to 20 years' experience in TVET sector having joined Rift Valley Training Institute as Assistant lecturer in the Department of Automotive Engineering in 1996. He was promoted to a position of lecturer and appointed head of Department in 1998. He joined Eldoret Polytechnic in 2002 as a lecturer in the Department of Mechanical Engineering before being appointed Deputy Dean of students a year later. In 2004 he joined Egerton University as a lecturer in the Department of Industrial and Energy Engineering. While in Egerton University, he was instrumental in implementation and reviewing Bachelor of Industrial Technology programme where he was programme coordinator, and Examination and Timetabling officer until 2008. In 2009, he was appointed programme coordinator for Twinning Programme between Western Michigan University, USA and Egerton University. He was also among a team of experts who developed Bachelor of Technology in Mechanical Engineering and Bachelor of Philosophy in Mechanical Engineering at the Technical University of Kenya. He was a subject panel for Diploma and Higher National Diploma in Mechanical Engineering between 1999 and 2004 at Kenya Institute of Education.

In the last 10 years, Dr. Langat has been working with United Nations Environment Programme (UNEP) in developing policies and guidelines for transport emissions in East Africa Region. He was instrumental in the training of motor vehicle inspectors in Kenya and Rwanda. Since 2014, he has been advising East African Community in harmonization of standards for importation of used motor vehicles in the region. He is a member of Technical Committee on Road Transport Standards at the Kenya Bureau of Standards and a consultant for Boston Garage Equipment UK since 2007. He holds Bachelor of Education in Technology Education, Master of Philosophy in Technology Education (Automotive Technology) and Master of Business Administration (Strategic Management) all from Moi University, and Doctor of Philosophy in Engineering Systems and Management from Egerton University. He is a fellow member of Institution of Engineering Technologists and Technicians (IET) of Kenya. He has widely published in the areas of transport emissions and TVET

MANAGEMENT TEAM



Dr. Kipkirui Langat, PhD. FIETK
Director General/CEO

The Director General is the Chief Executive Officer overseeing the day to day operations of TVETA. Provides visionary leadership in the management of TVETA and is responsible for the operations of the Authority in accordance with the policies specified by the Board



Mr Fred Oanda
Deputy Director Accreditation Services

The Head of Accreditation is in charge of policies and Strategies for accreditation, he coordinates inspection, accreditation and approval of trainers, assessors, verifiers, training centres, Institutions and Programmes



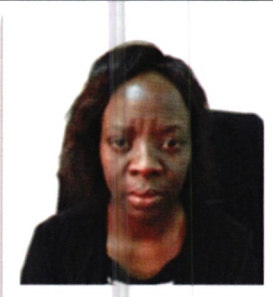
Mr. Edward Mburu, MITM
Deputy Director Standards Development

The Head of Standards development is in charge of designing the process and guidelines of admission in TVET training. He leads in the process of evaluating the training systems in formal and informal sector and also Maintaining sector skills advisory committees from key industry stakeholders to facilitate occupational standards development.



M/s Josephine Kasera
Deputy Director Compliance and Enforcement

The Head of Compliance and enforcement coordinates quality audit inspection for institutions, trainers and programmes and also evaluating quality audit reports and training programmes for training providers and making recommendations.



Mrs. Bibiana Otieno
Deputy Director Outreach Services

The Head of outreach Services is in charge of organizing development programmes for capacity building and sensitization of TVET providers, coordinating development and maintenance of TVET information, education and communication (IEC) materials and coordinating dissemination of TVET research findings, regulations, standards and guidelines to TVET providers and stakeholders.



Dr. Otta Osawa
Deputy Director Research and Development

The Head of Research and Policy coordinates planning, analysing and reviewing the impact of various policies on TVET. This includes development and identification of impediments to TVET development with an objective of developing appropriate policy interventions for TVET development. In addition, the office undertakes data collection and research activities.



Timothy Nyongesa
Deputy Director Strategy and Planning

The Head of Policy and planning coordinates review and updating of the Authority's long term strategic plans, ensuring they are aligned to the National and International TVET policies and measuring performance of their implementation. In addition, the office coordinates the development and review of performance contracts as well as monitoring and evaluation activities of the Authority.



CPA Emmanuel Korir
Assistant Director Finance and Accounts

The Head of Finance and Accounts develops and reviews financial policies and procedures to enhance internal controls as well as ensuring compliance with relevant laws, regulations and procedures in management of financial resources, the office also prepare financial reports to management and advising on financial implications and consequences of management decisions



CPA David Njoroge
Internal Auditor

The Head of internal Audit develops and ensures implementation of Audit strategies, policies and procedures, prepares risk based annual audits and evaluates progress and effectiveness of action taken to implement audit recommendations received from both internal and external audits.

CHAIRMAN'S STATEMENT

The Technical and Vocational Education and Training Authority (TVETA) is now in the fifth cycle of annual financial reporting which it has judiciously done in the previous four cycles. This is a reflection of our commitment to operate within the prevailing financial management framework. It is therefore with great pleasure that I present the fifth annual report and financial statements of the Authority for the year ended 30th June 2020.

To align with the Big Four Agenda and other national priorities, we reviewed our strategic plan during the financial year. We are aware that the shift in focus comes with opportunities for the TVET sector as an enabler. The review of the strategic plan provided a good opportunity to undertake a fresh situational analysis to capture the current reality. TVETA shall remain part of the growth in the sector through sustained accreditation services and quality assurance to ensure value for money by the wider public as they endeavor to acquire the required technical skills.

So far, the Authority has demonstrated its ability to deliver its core mandate, however, we still want to make the customer experience more easily accessible as they interact with our services. This is the reason why the reporting period reflects quite a substantive investment in Information Communication Technology (ICT) as part of our efforts to strengthen the organizational capacity in Automation by deploying the Management Information System (MIS) and the Enterprise Resource and Planning (ERP) systems. Other initiatives that were done include the capacity building, provision of the necessary support equipment and support resources and provision of a conducive work environment. This was also achieved by the sustained support from our development partners whose input assisted the authority to meet the set targets. In this regard we are looking forward for new frontiers in development of more partnerships and collaborations to further enhance the delivery of our core services. The political goodwill towards TVET in the country has also created unprecedented interest and a new impetus for the growth of the sub sector and a great interest by the development partners which we look forward to engaging more.

To ensure compliance with the provisions of the constitution on public participation, the Authority has ensured stakeholder engagement especially in standards development and policy developments and shall endeavor to sustain these engagements in future to ensure that the standards and the policies developed meets the needs of the stakeholders. The authority is proud to report that it has started a process of mapping out of training standards for the various sectors of our economy and this therefore this will guide in the development of the occupational standards that are relevant to needs of the labour market.

The targets in the performance contract are linked to annual work plans developed which are derived from the strategic plan. The targets set in these working documents are the basis for annual staff appraisal while the board continues to be guided by Mwongozo Code of Conduct and the developed board service delivery charters.

The activities of the Authority like any other sector were affected substantially in the fourth quarter by the COVID 19 pandemic, however the authority was able to be innovative by deploying ICT technology through the MIS system to ensure service provision to the public was minimally interrupted. The

available resources were also reallocated to activities that could still be carried out during the period of COVID 19 pandemic.

On behalf of TVETA Board of Directors and staff, I express my sincere gratitude to the Government of Kenya, The Ministry of Education, our development partners and all the stakeholders for the support they have given us during the period ended 30th June 2020. The Technical and Vocational Education and Training Authority (TVETA) is now in the fifth cycle of annual financial reporting which it has judiciously done in the previous four cycles. This is a reflection of our commitment to operate within the prevailing financial management framework. It is therefore with great pleasure that I present the fifth annual report and financial statements of the Authority for the year ended 30th June 2020.

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Pursuant to our corporate vision, we continued to implement our Strategic Plan 2018 – 2022 (Rev. 2019) under the four strategic pillars. Under the quality and relevance pillar, we continued with development of training standards, accreditation of TVET institutions & trainers, and undertaking of compliance and enforcement audits. Under access and inclusivity, we pursued a number of activities to strengthen TVET career guidance and counselling, developed training modules to strengthen the organizational capacity of TVET providers, and capacity built TVET providers to enhance the capacity of county governments in TVET development. To strengthen governance and management, we continued with our journey towards ISO certification, trained the risk management committee and developed the monitoring and evaluation framework. Under the last pillar of funding and financing, we were able to complement our allocation from the National Treasury through collection of A-i-A.

So far, the Authority has demonstrated its ability to deliver its core mandate. However, we still want to make the customer experience more exciting as they interact with our services. This is the reason why the reporting period reflects quite a substantive investment in ICT as part of our efforts to strengthen the organizational capacity in Automation by deploying the MIS and the ERP systems. Other initiatives that were done include capacity building, provision of the necessary support equipment and support resources and provision of a conducive work environment. This was also achieved by the sustained support from our development partners whose input assisted the authority to meet the set targets. In this regard we are looking forward for new frontiers in development of more partnerships and collaborations to further enhance the delivery of our core services. The political goodwill towards TVET in the country has also created unprecedented interest and a new impetus for the growth of the sub sector and a great interest by the development partners which we look forward to engaging more.

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TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING AUTHORITY
Annual Reports and Financial Statements
For the year ended 30 June 2020

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The targets in the performance contract are linked to annual work plans developed which are derived from the strategic plan. The targets set in these working documents are the basis for annual staff appraisal while the board continues to be guided by Mwongozo Code of Conduct and the developed board committee charters.

The activities of the Authority like any other sector were affected substantially in the third and the fourth quarters by the COVID-19 pandemic, however the authority was able to be innovative by deploying ICT technology through the MIS system to ensure service provision to the public was minimally interrupted. The available resources were also reallocated to activities that could still be carried out during the period of COVID-19 pandemic.

On behalf of TVETA Board of Directors and staff, I express my sincere gratitude to the Government of Kenya, The Ministry of Education, our development partners and all the stakeholders for the support they have given us during the period ended 30th June 2020



Prof. Ahmed Ferej

On behalf of the Board of Directors

REPORT OF THE CHIEF EXECUTIVE OFFICER

The Technical and Vocational Education Training Authority (TVETA) will always appreciate the support provided by the Government and development partners by preparing and submitting accurate and timely financial reports. It is thus my pleasure to present the fifth annual report and Financial statements for the period ended 30th June 2020. The Authority's efforts during the reporting period were geared towards the realization of its strategic plan (2018-2022), accreditation of TVET institutions, programs & trainers, development of training standards, enforcing TVET policies, outreach activities, upgrade and enhancement of the use of ICT in our operations and sustaining collaborations and partnerships.

Office equipment and facilities

The renovation work and modernization of the 8th floor office space at Utalii House is now complete. This now provides enough conducive office space for all the staff and operational units of the Authority. During the year the Authority spent Kshs 20.5 million on the renovation bringing the total cost of the renovation to Kshs. 57.7 million. We were also able to procure furniture, office equipment, Computers and Laptops for new staff. In addition, we procured filing equipment for the records management unit thus greatly improving records management which had been identified as an impediment to our ISO 9001:2015 certification.

Staff Capacity

During the year there were several capacity building activities carried out to enhance capacity of the staff to effectively and efficiently carry out their roles. We look forward to enhancing our staff capacity to an optimum level of 70 in-post which shall enable us to deliver much better on our mandate.

Board Evaluation

The TVETA Board undertook review of their performance over the year and went through annual evaluation by State Corporations Advisory Committee (SCAC). This is to ensure compliance with Mwongozo code of Governance for state corporations.

Accreditation of institutions, programs and trainers

To further the Authority's core mandate, we undertook inspection of 334 TVET institutions for registration and licensing leading to a cumulative of 2,210 inspected institutions. During the same period 305 institutions were licensed leading to a cumulative of 1,887 accredited TVET institutions in the country. The Authority has continuously updated the register of TVET institutions to enable the public to know the complying institutions. We were also able to accredit 1829 TVET trainers in the year. The above processes were greatly affected during the third and the fourth quarters of the year due

to the closure of TVET institutions and restriction of movements occasioned by the COVID-19 pandemic, however with the deployment of ICT technology the number of accredited institutions and trainers is expected to increase tremendously in the future.

Quality assurance of TVET

As part of the foundational work for quality assurance, the Authority developed the below listed eight draft standards and guidelines during the financial year.

1. Assessment tools standards and guidelines
2. Assessment Centre Standards and guidelines.
3. TVC and VTC standards and guidelines
4. TVET Manager Training Standards
5. TVET Verifiers Training Standards
6. TVET Instructor Training Standards
7. Entrepreneurship level 5 Training Standards
8. Entrepreneurship level 6 Training Standards

The standards were taken to the stakeholders to give their input which was used to improve these draft standards and guidelines. During the financial year the Board approved a consultancy for mapping out of training standards which had a component of standards review and therefore the 8 standards were to be reviewed afresh before submission to the stakeholder. We were also able to undertake quality audit of 320 institutions to confirm compliance with set training standards, during the said period 30 institutions were closed and 15 issued with noncompliance notices.

Enhancing use of ICT

To enhance internal efficiency and improve our client experience, the Authority initiated the process of procuring an Enterprise Resource and Planning system (ERP) and the Management Information System (MIS) Phase I which was completed and deployed in the FY 2019/20. The MIS system has automated the processes of accreditation of institutions and trainers and capturing of vital statistical data from the TVET institutions which were previously done manually. During the same phase the EPR system was completed and deployed hence automating processes such as Human resource, accounts, procurement, transport and assets management to the system. We were also able to install the CCTV systems, WIFI systems, access control systems, and enhanced the network security by installation and configuration of a firewall system.

World Skills International

To enhance our international participation and contribution to technological innovations by the Kenyan youth, during the Financial year under review Kenya applied for and was successfully admitted to the World Skills International as country No. 84 with the TVET Authority as the lead agency in the country. The Authority and other partners are now working on building the capacity of the country to participate in regional and national skills competitions and ultimately the world skills competitions.

Research and Development

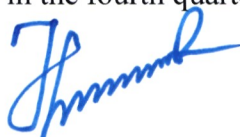
During the financial year the Authority acquired the Kenya Journal of TVET and established the TVET Research Advisory Committee. The publication of KJ-TVET is expected to provide a forum for effective dissemination of research findings in the Kenyan TVET system. To operationalize and manage the activities of the KJ TVET an Editorial board was established. The Editorial Board has established a roadmap for publication of the journal under TVET Authority.

Financial performance

During the period under review, **Kshs 238.80 M** was disbursed to TVETA by the National Treasury and the Authority generated **Kshs 28.89M** as A-I-A, our development partners donated **Kshs 8.76M** to support our activities. Total revenues stood at **Kshs 276.45 M** of which **Kshs 252.66 M** was absorbed hence attaining **91%** utilization. The variance was occasioned by challenges occasioned by COVID-19 pandemic that affected our operations in Q4. It is gratifying to report that the Authority does not have any pending bills from the reporting period and this will be sustained.

The COVID -19 Pandemic affected our operations as well, TVET institutions were closed and movement restrictions were introduced, this affected our activities in Compliance and enforcement, inspection of Institutions for licensing, scheduled stake holder engagements in Standards development and outreach did not take off. This affected our overall performance in Q4.

I want to thank the Board of Directors for their wise counsel, timely guidance and decision making that enabled us to deliver these impressive results despite the challenges occasioned by the COVID-19 pandemic in the fourth quarter of the financial year.



Dr. Kipkirui Langat, PhD. FIETK

DIRECTOR GENERAL/CHIEF EXECUTIVE OFFICER

TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING AUTHORITY
Annual Reports and Financial Statements
For the year ended 30 June 2020

REVIEW OF AUTHORITY'S PERFORMANCE FY 2019/2020

The Technical and Vocational Education and Training Authority (TVETA) has 4 strategic pillars and objectives within its Strategic Plan for the FY 2018/2019- 2022/2023. These strategic pillars are as follows:

- Pillar 1: Quality and Relevance;
- Pillar 2: Access and Inclusivity;
- Pillar 3: Governance and Management;
- Pillar 4: Funding and Financing;

TVETA develops its annual work plans based on the above 4 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. TVETA achieved its performance targets set for the FY 2019/2020 period for its 4 strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: Quality and relevance	To enhance TVET quality and relevance	No. of training standards developed	Draft at least 5 standards	5 standards drafted
			Stakeholder inputs	Online stakeholder engagement done
			Validated/New standards	5 standards validated
		No. of TVET institutions accredited	Carry out inspection of 350 TVET institutions	334 TVET institutions inspected
			Accredit 300 inspected institutions	305 inspected institutions accredited
		No. of TVET trainers accredited	Accredit 2500 trainers	1829 trainers accredited The variance was affected by COVID-19 in Q4.
		No. of TVET institutions quality audited	Quality audit 330 TVET institutions	320 TVET institutions quality audited. The variance was affected by COVID-19 in Q4
Pillar 2: Access and inclusivity	To Promote access and inclusivity in TVET	No. of activities to strengthen TVET career guidance and counselling	Participate in activities to strengthen TVET career guidance and counselling	Participated in 5 ASK shows and 1 joint event with KUCCPS
	Strengthen the organizational	No. of training modules developed	Develop 3 Leadership and	3 modules developed

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	capacity of TVET providers		Management modules	(Internal Quality Assurance, Leadership & Management and Career guidance)
	Enhance the capacity of county governments in TVET development	No of TVET providers capacity built	500 TVET providers capacity built	176 TVET provider's capacity built. The variance was affected by COVID-19 in Q4
Pillar 3: Governance and management	To Strengthen governance and management	ISO 9001:2015 certification	Development of Standards operating procedures	Standard Operating procedures developed
		No. of ISO internal auditors trained	Train 13 ISO internal auditors	14 ISO internal auditors trained
		No. of risk management committee members trained	Train all risk management committee members	10 risk management committee members trained
		% development of M&E framework	100% development of M&E Framework	M&E framework developed 100%
		No. of internal policies reviewed	Review 5 internal policies	5 internal policies reviewed
		Enhanced use of ICT	Develop MIS and ERP	MIS and ERP developed and operationalised
		Strategic Plan review completed	Complete review of Strategic Plan	Risk assessment of Strategic Plan and Stakeholder involvement in review of Strategic Plan done
Pillar 4: Funding and Financing	To Mobilize financial resources for the Authority	Amount collected as A-i-A	Collect Kshs 25M from registration of TVET institutions	Kshs 28.8M collected from registration of TVET institutions

TVETA has been on performance contract (PC) since FY 2015 – 2016. Just like in the previous financial years, the PC for FY 2019/2020 was used as a tool to implement our strategic plan by capturing the targets as set. All the quarterly performance reports were submitted after discussion by the Board. However, achievement of a number targets was affected by restrictions due to Covid-19 protocols from March 2020. Specifically affected were; inspection of institutions, quality audit, sensitization of TVET providers and stakeholder involvement in training standards development.

CORPORATE GOVERNANCE STATEMENT

The Authority has the Board as the apex decision-making organ, which sets the direction for good corporate governance underpinned by effective leadership, oversight and Management accountability based on a sound and ethical foundation.

The Role of the Board

The Board provides leadership and strategic direction of the Authority. The main responsibilities of the Board are:

- (i) Establishment of the short and long-term goals of the Authority and strategic plans to achieve those goals
- (ii) Approval and review of annual budgets
- (iii) Risk management and compliance by ensuring adequate systems of internal controls are in place
- (iv) Review of financial performance, expenditure and commitments
- (v) Setting and periodically reviewing organisational key performance indicators as well as management performance to effectively discharge this role

Board Size, Composition and Appointment

Section 8(1) of the TVET Act provides for the appointment of a nine-member Board as the governing organ of Authority with the following composition:

- a) a chairperson
- b) the Principal Secretary in the Ministry responsible for finance;
- c) the Principal Secretary in the Ministry responsible for technical and vocational education and training;
- d) the Chief Executive of the Fund
- e) five persons who have proven knowledge and experience in technical and vocational education and training, legal and financial matters of whom at least two and not more than three shall be of the same gender.

The current Board comprises nine [9] members; the Chairman, five [5] independent directors as per section 8(1)(e) of the TVET Act and two [2] directors representing the CS National Treasury and PS State Department for Vocational and Technical Training as well as the Director General. The gender parity status between the female and male is well above the 30% gender equity threshold.

As is practice, the Board is generally constituted taking into account sector requirements, age, gender, diversity of skills, academic qualifications and experience needed to help the Authority achieve its goals and objectives. Five of the current members of the Board, including the Chairman, are independent.

The Chief Finance Officer for the State Department of Vocational and Technical Training CPA Anthony Masinde was co-opted following advice from the Audit and Risk Committee. The Board has

been operating with eight members because the Chief Executive of the TVET Funding Board has not yet been recruited

Board Charter

The Board Charter is critical to the Authority's governance framework, and offers guidance on matters including but not limited to the following; The separation of the roles, functions, responsibilities and powers of the Board and its individual members; Powers delegated to the Board committees; Matters reserved for final decision-making and approval by the Board; Policies and practices of the Board on matters of corporate governance, Directors' declarations and conflict of interest, conduct of Board and Board committee meetings; Nomination, appointment, induction, ongoing training and performance evaluation of the Board and its committees

The Charter is not a substitute or a replacement of any laws and regulations that govern the running of the Organization.

Board Meetings

The Board meets regularly as required to efficiently monitor the implementation of the Authority's planned strategy and approve issues of strategic nature. Specific reviews are also undertaken on operational issues and future planning. During the year under review, the Board held the respective meetings as summarised below:

Name of Board Member	Board Position	Full Board	Finance & General	Technical	Audit & Risk
Prof. Ahmed K. Ferej	Chair	8/8	-	-	-
Evelyn Anupi	Representative –PS VTT	8/8	5/5	3/5	2/5
Prof. Hazel G. Gachunga	Member	6/8	5/5	-	-
Catherine A. Nyambala	Member	6/8	-	4/5	4/5
Prof. Faith Muli	Member	8/8	-	5/5	-
Mr. Sammy Milgo	Member	8/8	-	2/5	5/5
Mr. Burua Sanga	Member	8/8	5/5	5/5	-
Mrs Jane Wambugu	Alternate-CS to National Treasury	7/8	4/5	-	5/5
Dr. Julian Jwan	PS-VTT	1/8	-	-	-
Dr. Kipkirui Langat	Secretary	8/8	4/5	5/5	5
CPA Anthony Masinde	Co-opted (CFO - VTT)	-	2/5	-	1/5
Mr. Victor M. Momanyi	Representative- ISC	5/8	1/5	1/5	5/5

The above table shows the number of meetings attended by individual Board members out of the total number of meetings held.

Board Committees

The Board has three standing Committees with specific delegated authorities and terms of reference. They assist in effectively discharging various business functions and responsibilities and submit reports of their activities to the Board. These committees of the Board are:

- i. Finance and General-Purpose Committee
- ii. Technical Committee
- iii. Audit and Risk Committee

Board Remuneration

During every Board meeting, present Board members are entitled to a sitting allowance, lunch allowance (in lieu of lunch being provided), accommodation allowance and transport allowance where applicable within government set limits for State Corporations. Members are also paid such taxable allowance as approved by the Cabinet Secretary for Education, State Corporations Advisory Committee (SCAC) and the Salaries and Remuneration Commission (SRC) when on official duty in and outside the country. In addition, the Chairman is paid a monthly honorarium

Board Evaluation and Performance

The Board conducts an annual evaluation to assess its effectiveness in discharging its mandate. The process entails a self-evaluation for each director, evaluation of the Chairman to the Board on the overall Board interactions and conduct of business meetings and evaluation of the Chief Executive Officer. During the year, a Board evaluation exercise was carried out and it was conducted by the State Corporations Advisory Committee (SCAC).

Succession Planning

TVETA has established a well thought out succession plan aimed at ensuring business continuity at all levels of the Board and Management. The terms of the members of the Board are scheduled to end at different times.

Conflict of Interest

All Directors are required to inform the Board of any conflicts or potential conflicts of interest they may have in relation to particular items of business; and they are required to absent themselves from discussion or decisions on those matters, unless resolved otherwise by the remaining members of the Board; The Authority maintains a conflict of interest register which is made available in every meeting.

Ethics and Code of Conduct

TVETA recognises the important role ethical standards plays in organisational growth and development. Directors and employee are expected to act with honesty, integrity and fairness in all their dealings with one another and with stakeholders. TVETA has a code of conduct that binds both directors and employees. The Authority collaborates with Ethics and Anti-Corruption Commission (EACC) to entrench the culture of ethics in all its undertakings. Besides, the ongoing implementation of the Mwongozo Code of Governance for State Corporations is a significant step towards deepening corporate governance, professionalism, ethics and integrity in management of TVETA affairs.

Board Induction and Training

Board members undergo regular training and education to enable them fulfill their responsibilities. Upon appointment, individual Board members are taken through an induction process organized by the State Corporations Advisory Council (SCAC).

During the year the Board undertook various trainings as follows;

- a) Leading the Board
- b) Effective leadership
- c) TVET Study tour to Germany
- d) Effective masters class for Board of Directors

MANAGEMENT DISCUSSION AND ANALYSIS

The achievements are presented based on performance of various departments of the Authority;

- i. Accreditation services
- ii. Compliance and enforcement
- iii. Standards development
- iv. Outreach services
- v. Planning and strategy
- vi. Research and development
- vii. Governance and Management (Corporate service)

i. ACCREDITATION SERVICES

To ensure and assure quality in TVET training, in the reporting period the Authority carried out assessments as tabulated below;

Particulars	FY 2019/2020	Cumulative to 30th June 2020
Assessment of Institutions for registration and licensing	334	2,210
Institutions licensed	305	1,887
Accreditation of trainers	651	1,829
Accreditation of CBET In-Service curricular	1	188

The Authority also evaluated nominees for Council and Board of Governors for appointment by the Cabinet Secretary as per the requirements of the TVET Act 2013.

The register of the accredited trainers and approved CBET curricula are available on the Authority's website www.tveta.go.ke

ii. COMPLIANCE AND ENFORCEMENT

To ensure compliance with set standards, regulations and guidelines, the Authority undertook quality audit in 322 registered institutions as summarised below;

Category	FY 2019/2020	Cumulative to 30th June 2020
National Polytechnic	11	-
Public Technical and Vocational Centres	27	58
Private Technical and Vocational Centres	98	266
Public Vocational Training Centres	186	260
Private Vocational Training Centres	11	38
Grand total	322	622

The Authority also closed 30 Institutions that were non-compliant and 18 institution issued with non-compliance notices.3 Investigation of complaints related to compliance were carried out and reports sent to the respective institutions.

iii. STANDARDS DEVELOPMENT

To enhance access and equity, the Authority developed the following standards to ensure quality training:

- a) Institution Heads (Managers) Standards: The standard guides the curriculum developers in designing a program for Managers of institutions to ensure good leadership in TVET Institutions. It can also be used to prepare their scheme of service.
- b) Training Instructors Standards: The Instructors support the trainers especially in practical training of students in the workshops and laboratories. The standard guides the curriculum developers in designing a program for instructors. It can also be used to prepare their scheme of service; instructor must have at least a craft certificate level 5.
- c) Trainers and Assessors Standards: The trainer provides training and assess trainees both theory and practical. The standard guides the curriculum developers in designing a program for trainers. It can also be used to prepare their scheme of service; a trainer must have at least a degree certificate level 7
- d) Assessment tools Standards: The standard guides the curriculum developer in design of CBET assessment.
- e) Assessment Centre Standards: The standard provides the minimum requirements for CBET assessment centre
- f) Internal and External Verifiers Standards: The verifiers countercheck the assessors to ensure correctness in the evaluation of trainees. The standard guides the curriculum developers in designing a program for verifiers. It can also be used to prepare their scheme of service; a verifier has similar qualification to trainer and must have at least a degree certificate level 7
- g) Entrepreneurship level 4-6 Standards that guide in development of curriculum for entrepreneurs who are expected to undertake business after they acquire various TVET skills.

iv. OUTREACH SERVICES

To strengthen the organizational capacity of TVET providers; the Authority facilitated leadership and management training to TVET-providers. This includes the following activities: To enhance the capacity of the county governments' in TVET development the Authority holds consultative meetings with county governments on TVET development; as well as building the capacity of county government TVET officers

- a) strengthening career guidance and counseling to secondary schools and out of school youth in order to inform prospective trainees and parents about the opportunities within TVET.
- b) 175 TVET Institutions' top management officers were trained.
- c) 69 TVET institutions' Officers and Vocational Training Centre (VTC) managers were trained on Internal Quality Assurance (IQA).
- d) Lobbied for Kenya to be admitted as member to the World Skills International. This was successful.
- e) 3 training manuals developed and approved:
 - Internal Quality Assurance (IQA) Training Manual
 - Leadership, management & Governance Training Manual
 - Career Advice Facilitator manual
- f) Participated in 6 ASK regional shows, drama festivals and Education/careers conferences

v. STRATEGY AND PLANNING

The department of planning and strategy is responsible for aligning internal policies with national, regional and international TVET policy frameworks; developing and reviewing TVETA strategic plan; coordinating performance contracting within the Authority; preparing and submitting performance contract reports to relevant agencies; mobilizing resources for development of training; monitoring and evaluating TVETA performance; and preparing the risk profile of TVETA including mitigation measures

Achievements under the various outputs were as follows;

- a) TVET Quality Assurance Framework (QAF) and Quality Assurance System (QAS) supporting the implementation of the TVET Act were developed and tested
- b) Operationalization of MIS to capture registration, accreditation, monitoring and evaluation of TVET institutions and trainers
- c) Operationalization of ERP to improve on service delivery in Finance and Accounts, Procurement, Human Resource and administration.
- d) TVETA staff capacity building in elements of governance, HRD, quality management and dissemination
- e) Tool to assess the entrepreneurial profile of TVET institutions developed, tested and implemented

vi. RESEARCH AND DEVELOPMENT

The Department of Research and Development conducted a national survey on the distribution of National Polytechnics and public TVET institutions in the country. The survey also identified the trends in enrolment as well as staffing levels and qualifications. The department also procured the Kenya Journal (KJ) of TVET from Rift Valley Technical Training Institute and established an Editorial Board to plan the annual publication of the journal. The activities that were programmed to take place in the fourth quarter were however not undertaken due to the closure of institutions and cessation of movement that were put in place by the government to curb the spread of Covid-19 pandemic.

Additionally, the Department also conducted two research activities in collaboration with UNESCO and ILO.

vii. GOVERNANCE AND MANAGEMENT

(a) mobilization of financial resources

- i. **GOK Grants:** The Authority was able to negotiate for GOK budgetary support FY 2019-2020 through the annual budget process, the funds allocated was Kshs **240M** and Kshs **238.80M** was disbursed.
- ii. **Appropriation in Aid:** Following gazettelement of its fees, the Authority was able to collect Kshs. **28.89M** as accreditation fees
- iii. **Strengthening engagement with development partners:** The Authority implemented projects with development partners. The projects were being supported by development partners as follows:

NICHE project through the Netherlands Government that is assisting in development of;

- a) Quality assurance framework
- b) Management information system (MIS)
- c) Staff capacity building
- d) Tool to assist in entrepreneurial profiling of TVET institutions and gender and
- e) Rebranding of TVET

BEAR II project, Better Education for Africa's Rise II project (Bear II) is a joint initiative of UNESCO and the Republic of Korea and five East African Countries to improve the relevance, quality and Perception of their TVET systems by;

- a) Developing tools for internal quality assurance Mechanisms
- b) Offering training on IQA for identified quality assurance officers for the 6 TTI's identified supported under Bear II
- c) Undertake Monitoring and evaluation and report on key successes, challenges, opportunities and recommendations for review of IQA mechanisms.

ILO BUSY project, this was a partnership between ILO and the Authority to carry out a study on pre-apprenticeship programs for vulnerable and marginalized youth in Busia, Kilifi and Kitui Counties

(b) Compliance with statutory requirements

The Authority complied with statutory requirements through preparation and submission of budgets, Quarterly and annual reports to various state agencies such as the Gender and equality commission, EACC, PPRA and NCPD, preparation and submission of procurement plans, remission of taxes to KRA, regular financial reporting and availing all records for auditing.

(c) Major risks facing the organisation

TVETA continues to implement its risk management framework as part of promoting good governance and enabling continual improvement in decision making. This is achieved through a proactive and robust process of identifying and mitigating risks that may deter achievement of both strategic and operational objectives. Risk management has been integrated in the day to day activities and is considered as a collective responsibility of all staff at the Authority. There is a dedicated team of risk champions who continuously carry out departmental risk assessment, evaluate the risks and prescribe appropriate mitigation measures with the concurrence of risk owners.

On a Quarterly basis the Risk Committee presents to Audit and Risk Committee of the Board strategic risks and the mitigation measures put in place. The Audit and Risk Committee of the board evaluates the strategic risks presented to determine the impact of the residual risks as well as review the effectiveness of mitigation measures already implemented or proposed by management. The resolutions of the Audit and Risk and Committee regarding management efforts in mitigation of risks are thereafter reported to the board of directors. The Board resolutions guide on the improvement of the risk management strategies within TVETA. The Authority has also embraced Risk Based Auditing in its Internal Audit department. Internal Audit department prepares annual Internal Audit work plans based on the risks

assessed and identified in the organization. Through these risk based annual work plans, the department is able to provide assurance to the Board that annual and strategic objectives will be achieved.

During the financial year ending 30th June 2020, functional areas have strived to continuously identify, analyse, treat, monitor and communicate risks associated with all activities or processes to enable the authority minimize on losses and maximize on opportunities. Among the uncertainties encountered in the FY 2019-2020, the outbreak of COVID-19 in the country towards the end of the third quarter and the subsequent measures taken to contain its spread were the greatest threat to the Authority's strategic objectives. However, the Board put in place several mitigation measures that successfully guaranteed continuity of service delivery amidst the pandemic.

CORPORATE SOCIAL RESPONSIBILITY

Our approach to corporate social responsibility (CSR) reflects the steps that we are taking to ensure we are, and remain, a good corporate citizen. Social responsibility encompasses everything we do that has an impact on society around us – it is our values and behavior as an organisation

i. Employee welfare

TVETA uses The Human Resource Manual, the employment Act of 2007, Career Guidelines and the Human Resource ISO standard procedures when undertaking a recruitment process. These policy documents and standards ensure that there is fairness and objectivity in the recruitment process while taking into consideration the requirements in the constitution concerning gender, persons living with disability, the marginalized and other special groups.

The Authority has endeavored to continuously develop and improve staff skills and competences through trainings. This is done by undertaking a Training Needs Assessment for all staff and implementing the training needs over a period of time. TVETA also undertakes Annual Staff Performance Appraisal for all its staff and the various recommendations given are implemented. All this is done to ensure that all staff grow within the different career cadres that they are in.

TVETA has complied with the OSHA Act of 2007, this has been done through incorporating the Act in our Human Resource Manual, putting up in place a Health and Safety Committee who oversee and ensure that the organization complies with all the health and safety measures required in the Act. We have also gone ahead to procure of a GPA/WIBA and Group Accident cover for all staff.

ii. Market Place Practises

The Authority being a responsible corporate citizen maintains good business practices, treats suppliers responsibly by honoring contracts and respecting payment practices, this includes;

- a. The Authority reserved 30 % of the value of total procurement tenders for youth, women and persons with disabilities during the financial year 2019-2020.
- b. From total procurement budget, two percent (2%) was set aside for persons with disabilities
- c. The Authority submitted reports to Public Procurement Regulatory Authority and National Council for Persons with Disabilities quarterly.
- d. The Authority allocated 40% of the procurement budget to promotion of local content.
The Authority strengthened the function of Procurement in automating the processes by installing the Electronic Resource Planning System

iii. Social responsibility activities

The Authority being a responsible corporate citizen maintains good environmental practices, during the reporting period TVETA staff took part in the East Africa forest challenge whose aim is to support tree planting in Karura forest.

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2020 which show the state of the Technical and Vocational Education and Training Authority's affairs.

Principal activities

The principal activities of the Authority are as outlined in Section 7 of the TVET Act, 2013 and include to:

- i) Regulate and coordinate training under TVET Act, 2013
- ii) Inspect, register and license training institutions;
- iii) Accredite and inspect programmes and courses;
- iv) Assure quality and relevance in programmes of training;
- v) Prescribe the minimum criteria for admission to training institutions and programmes to promote access, equity and gender parity.
- vi) Collect, examine and publish information relating to training;
- vii) Determine the national technical and vocational training objectives;
- viii) Recognize and equate qualifications awarded by local or foreign technical and vocational education institutions' in accordance with the Standards and guidelines set out by the Authority from time to time;
- ix) Undertake, or cause to be undertaken, regular monitoring, evaluation and inspection of training and institutions to ensure compliance with set standards and guidelines;

Results

The results of the entity for the year ended June 30, 2020 are set out on pages 1 to 20

Directors

The members of the Board of Directors who served during the year are shown on page v to vii

Dividends/Surplus remission

The Authority did not make any surplus in form of profit during the year (FY 2019/2020) but had a saving from grant and hence no remittance to the Consolidated Fund. The Same is proposed to be utilized to finance the Authority's capital budget FY 2020/2021.

Auditors

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

By Order of the Board



Dr. Kipkirui Langat PhD. FIETK

Director General/CEO

Date.....

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and (*section 14 of the State Corporations Act*, require the Directors to prepare financial statements in respect of that *entity*, which give a true and fair view of the state of affairs of the *entity* at the end of the financial year/period and the operating results of the *entity* for that year/period. The Directors are also required to ensure that the *entity* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *entity*. The Directors are also responsible for safeguarding the assets of the *entity*.

The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year (period) ended on June 30, 2020. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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 *entity*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act cap 446. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of Authority's transactions during the financial year ended June 30, 2020, and of the Authority's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Authority which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The *entity's* financial statements were approved by the Board on _____ 2020 and signed on its behalf by:



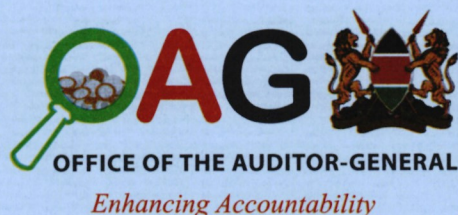
Chairperson of the Board



Director General/CEO

REPUBLIC OF KENYA

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REPORT OF THE AUDITOR-GENERAL ON TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Technical and Vocational Education and Training Authority set out on pages 1 to 20, which comprise the statement of financial position as at 30 June, 2020, statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Technical and Vocational Education and Training Authority as at 30 June, 2020 and its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Technical and Vocational Education and Training Act, 2013.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Technical and Vocational Education and Training Authority 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 judgment, are of most significance in the audit of the financial statements. I have determined that there were not key audit matters to report in the year under review.

Report of the Auditor-General on Technical and Vocational Education and Training Authority for the year ended 30 June, 2020

Other Matter

1.0 Budgetary Control and Performance

1.1 Revenue Budget Analysis

The statement of comparison of budget and actual amounts for the year ended 30 June, 2020 reflects final budgeted and actual revenue on comparable basis totalling Kshs.265,000,000 against revenue totalling Kshs.276,459,469 resulting to net over collection of Kshs.11,459,469 as detailed in the following table:

Final Budget (Kshs.)		Actual on Comparable Basis (Kshs.)	Performance Difference (Over) (Kshs.)	Performance Difference (Under) (Kshs.)	Variance
Revenue					
Non-Exchange Transactions					
Recurrent Grants	240,000,000	238,800,000		1,200,000	(0.05)%
Donor Support	-	8,767,413	8,767,413		-
Exchange Transactions					
Accreditation Fees	25,000,000	28,892,056	3,892,056		15%
Total Revenue	265,000,000	276,459,469	12,659,469	1,200,000	4%

The net over collection mainly resulted from donor support receipts totalling Kshs.8,767,413 for which no provision had been made in the budget. No satisfactory explanation was provided for the failure to budget for the receipts as required by Regulation 31(2)(a) of Public Finance Management Regulations, 2015.

1.2 Expenditure Budget Analysis

The Authority's budgeted expenditure for the year totalled Kshs.265,000,000 against actual expenditure of Kshs.252,523,261 resulting in net under-expenditure of Kshs.12,476,739.

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, 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.

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 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 governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

The Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal 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 governance.

In preparing the financial statements, Management is responsible for assessing the Authority's ability to continue to sustain its services disclosing, as applicable, matters related to sustainability of services using the applicable basis of accounting unless Management is aware of the intention to dissolve the Authority or to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

The Board of directors is responsible for overseeing the financial reporting process, reviewing the effectiveness of how the Authority 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 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 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 noncompliance. 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 Authority's ability to continue as a going concern. 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 Authority to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Authority 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 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

29 December, 2021

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STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2019-2020	2018-2019
Revenue		Kshs	Kshs
Revenue from non-exchange transactions	6	247,567,413	234,858,000
Revenue from exchange transactions	7	28,892,056	19,713,029
Total revenue		276,459,469	254,571,029
Expenses			
Employee costs	8	102,886,198	52,563,627
Board expenses	9	15,880,714	19,440,905
Depreciation and amortization	10	10,988,615	7,583,314
Repairs and maintenance	11	6,465,456	2,539,058
Contracted professional services	12	16,608,866	12,322,217
Accreditation, quality assurance & Standards	13	53,204,679	33,482,125
Administration expenses	14	57,477,348	67,541,513
Total expense		263,511,875	195,472,759
Surplus/(Deficit) for the period		12,947,594	59,098,270

The notes set out on pages 6 to 21 form an integral part of these Financial Statements

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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

Assets	Notes	2019-2020	2018-2019
		Kshs	Kshs
Current assets			
Cash and cash equivalents	15	52,988,463	67,211,622
Receivables from exchange transactions	16	1,274,288	382,240
		54,262,751	67,593,862
Non-current assets			
Property, Plant and Equipment	17	95,536,520	71,100,906
Intangible Assets	18	14,662,400	-
		110,198,920	71,100,906
Total assets		164,461,671	138,694,768
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	19	18,482,207	6,601,955
Total Current Liabilities		18,482,207	6,601,955
Net assets			
Revenue Reserves	20	15,470,642	33,342,621
Capital Fund	21	130,508,822	98,750,192
Total net assets		145,979,464	132,092,813
Total net assets and liabilities		164,461,671	138,694,768

The Financial Statements set out on pages 1 to 21 were signed on behalf of the Board by:

Director General



Dr. Kipkirui Langat

Head of Finance



Emmanuel Korir

Chairman of the Board



Prof. Ahmed Ferej

ICPAK No:9271

Date.....

Date.....

Date.....

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STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2020

	Revenue reserve Kshs	Capital reserve Kshs	Total Kshs
At July 1, 2018			
Surplus/deficit for the period	1,048,099	72,866,364	73,914,463
Adjustments/Restatement	59,098,270	-	59,098,270
Transfer from accumulated Surplus	-	(919,920)	(919,920)
Grants-capital receipts	-	26,803,748	26,803,748
	(26,803,748)	-	(26,803,748)
At June 30, 2019	33,342,621	98,750,192	132,092,813
At July 1, 2019			
Surplus/deficit for the period	33,342,621	98,750,192	132,092,813
Adjustments/Restatement	12,947,594	-	12,947,594
Transfer from accumulated Surplus	939,059	-	939,059
Grants-capital receipts	-	31,758,630	31,758,630
	(31,758,630)	-	(31,758,630)
At June 30, 2020	15,470,644	130,508,822	145,979,466

Note

Adjustment/restatement of Kshs 939,059 relates to excess provision on Insurance of motor vehicles in the Financial year 2018/2019. This had reduced the surplus reported in the year

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

		2019-2020	2018-2019
	Notes	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Government Grants	6(a)	238,800,000	234,858,000
Donor Support	6(b)	8,767,413	-
Accreditation and other related fees	7	28,892,056	19,713,029
Total receipts		276,459,469	254,571,029
Payments			
Employee costs	8(b)	101,280,319	52,563,627
Board expenses	9	15,880,714	19,440,905
Repairs and Maintenance	11	6,465,456	2,539,058
Contracted professional Services	12	16,108,960	12,322,217
Quality Assurance expenses	13	42,354,679	33,482,125
Administration expenses	14	57,477,348	67,541,513
Increase in receivables from exchange transactions	16(b)	892,048	-
Decrease in payables from exchange transactions	19(b)	136,568	-
Total payments		240,596,092	187,889,445
Net cash flow from operating activities		35,863,377	66,681,584
Cash flow from investing activities			
Purchase of Property, equipment & Intangible Assets	17	(31,758,630)	(26,803,748)
Decrease in non-current receivables	18	(18,328,000)	-
Net cash flow used in investing activities		(50,086,630)	(26,803,748)
Cash flow from Financing activities			
Increase in deposits		-	-
Net cash flow from financing activities		-	-
Net Increase/(decrease) in cash and cash equivalents		(14,223,253)	39,877,836
Cash & cash equivalents as start of the year		67,211,716	27,333,880
Cash & cash equivalents as 30 June		52,988,463	67,211,716

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STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2020

Revenue	Original budget 2019-2020 Kshs	Adjustments 2019-2020 Kshs	Final budget 2019-2020 Kshs	Actual comparable basis 2019-2020 Kshs	Performance difference 2019-2020 Kshs
Non-exchange transactions					
Recurrent Grants	240,000,000	-	240,000,000	238,800,000	(1,200,000)
Donor Support	-	-	-	8,767,413	8,767,413
Exchange transactions					
Accreditation fees	25,000,000	-	25,000,000	28,892,056	3,892,056
Total revenue	265,000,000	-	265,000,000	276,459,469	11,459,469
Expenses					
Employee costs	104,142,984	-	104,142,984	102,886,198	1,256,786
Board expenses	18,249,800	-	18,249,800	15,880,714	2,369,086
Repairs and maintenance	4,000,000	2,126,295	6,126,295	6,465,456	(339,161)
Contracted professional services	19,798,800	(326,295)	19,472,505	16,608,866	2,863,639
Accreditation, quality assurance & Standards	58,947,416	-	58,947,416	53,204,679	5,742,737
Administration expenses	59,861,000	(1,800,000)	58,061,000	57,477,348	583,652
Total expenditure	265,000,000	-	265,000,000	252,523,261	12,476,739
Surplus/(deficit) for the period	-	-	-	23,936,208	(1,017,271)

Budget notes

- i. Exchequer variance of Kshs 1.2 M was due to the National Treasury directive in Q1 that state corporations be allocated funds as per FY 2018-2019 allocation. In the subsequent allocations the shortfall was not disbursed hence the deficit
- ii. Being the year that renewals for trainers and institutions was due, the Authority surpassed its revenue target. This was also boosted by the roll out of the TVET MIS that made registration and payment by trainer's institutions easier.
- iii. Employee costs variance was caused by the resignation of two officers in Legal & human resources whose posts were not filled and also disengagements on casual staff in Q4, contracts for some interns also ended and it was not possible to renew in Q4.
- iv. Boards expenses' variance of 14% was due to the fact that Board meetings in Q4 were held online and planned capacity building trainings were suspended due to COVID 19 pandemic
- v. Contracted professional services is as a result of unpaid Audit fees due to pending finalization of Audit FY 2018/2019, car tracking that was to be done in Q 4 and balances on Insurances on Motor Vehicle and legal fees.
- vi. Quality assurance expenses was affected by closure of Education Institutions due to COVID 19. This affected outreach activities, accreditation, field research and compliance and enforcement.
- vii. Changes between original and final budget is due to reallocations approved by board as per the provisions of the Public Finance Management Act 2012 sec 43 and Public Finance Management (National Government Regulations) 2015 sec 48
- viii. The difference in surplus between the statement of performance and budget comparison is because of depreciation which is a non-cash item, the budget is prepared under cash basis

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Technical and Vocational Education and Training Authority is established by and derives its authority and accountability from the Technical and Vocational Education and Training Act 2013. The Authority is wholly owned by the Government of Kenya and is domiciled in Kenya. The Authority's principal activity is to regulate and coordinate the TVET sector through accreditation of Institutions, programs and trainers as well as assure access, quality, equity and relevance in education and training

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Authority accounting policies.

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

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act Cap 446 and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3 ADOPTION OF NEW AND REVISED STANDARDS

The Authority did not early-adopt any new or amended standards in the year 2020.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees and fines

The Authority recognizes revenues from fees and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement

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of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

The Authority recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

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

b) Budget information

The Authority budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

c) Taxes

The Authority is a non-commercial state corporation and is therefore not subject to the corporate tax regime. No corporation tax is therefore provided in these accounts. However, the Authority remits all other applicable taxes as and when they fall due. This Includes;

- i. PAYE
- ii. Value Added Tax
- iii. Withholding Tax

d) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. During the year the Authority carried out a major verification of its assets and the Asset schedule has been amended accordingly to reflect the true position of its assets. In the previous year various Assets were recorded in different classes and depreciated. The assets have been reclassified and restated accordingly. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

e) Depreciation

Depreciation is calculated on reducing balance at the following rates:

Asset	Rate
Motor Vehicles	25%
Furniture & Fittings	12.5%
Tools & Equipment	12.5%
Computers	30%

f) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

g) Research and development costs

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset

h) Inventories

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

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

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

i) Provisions

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

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

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The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

i. Contingent liabilities

The Authority 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.

As reported in the previous Financial year, the Authority had a dispute with the contractor concerning non-completion of renovation of offices at 8th floor at Utalii House. The Contractor had fallen behind schedules and the Authority invoked section IV: General conditions of contract in bills of quantities (quality control 36-39) and terminated the contract due to non-performance. The 6 months' defects liability period lapsed on 4th August 2019 and a new contractor was brought on board to remedy the defects. The previous contractor was not paid retention monies of Kshs 2,194,358. The Contractor wrote a letter demanding for this payment on 6th August 2019 but the Authority did not honour the claim as a result of the identified defects. The contractor has not appealed the termination and the claim since August 2019 and therefore the Authority considers the issue as settled and that the contingent liability will not materialize. The amount has however been reflected under payables.

ii. Contingent assets

The Authority 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.

j) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements.

i. Revenue Reserves

This is made up of all accumulated surplus for the year arising from non-Utilization of allocated grants and other income surplus

ii. Capital Reserves

The purpose of the reserve is recognizing capital grants received from the Government to enable the Authority procure Assets used to run the operations of the Authority. The is usually made up of surplus retained revenues

k) Changes in accounting policies and estimates

The Authority recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

l) Employee benefits

Retirement benefit plans

The Entity provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

The Authority remits these funds to Jubilee Insurance at 20% of employee's basic pay and to the Director of Pensions at 31 % of basic for staff who are seconded from the Civil service. The Authority also remits statutory (National Social Security) NSSF funds monthly.

m) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

n) Related parties

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

o) 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.

p) Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation. Property, plant and equipment opening balances have been restated to correct misclassification of computers and office equipment respectively.

q) 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 June 30, 2020.

5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

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

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

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6 Revenue from non-exchange transactions	2019-2020	2018-2019
a).Transfers from other Governments-Gifts and Services- in- Kind		
Quarter 1	58,800,000	59,658,000
Quarter 2	60,000,000	57,600,000
Quarter 3	60,000,000	57,600,000
Quarter 4	60,000,000	60,000,000
Total	238,800,000	234,858,000
b). Donor support		
UNESCO-Bear II Project	2,745,000	-
NUFFIC-Capacity Enhancement of TVETA	2,846,732	-
AERES-Teacher training improvement	594,881	-
ILO-BUSY Project	2,580,800	-
Total	8,767,413	-
Total revenue from non-exchange transactions	247,567,413	234,858,000
7 Revenue from exchange transactions		
Accreditation fees	28,892,056	19,713,029
Total revenue from exchange transactions	28,892,056	19,713,029
8 Employee costs		
Basic pay	53,474,679	25,500,649
House allowances	21,162,129	11,726,865
Commuter allowance	8,667,557	4,643,837
Air-time allowance	3,648,237	2,820,000
Entertainment allowance	31,500	241,500
Extraneous allowance	1,017,258	589,740
Non-Practicing allowance	120,000	140,000
Employer NSSF Contribution	134,000	46,100
Leave allowance	1,478,567	50,000
Pension	4,807,707	4,449,546
Gratuity	6,129,666	1,447,421
Casual wages	714,898	907,969
Interns Stipend	1,500,000	-
Total employee costs	102,886,198	52,563,627
8(b) Compensation to employees	102,886,198	
Less – Accrued gratuity (Payables)	(1,605,879)	
Cash flow statement	101,280,319	

The Increase in employee costs in FY 2019-2020 as compared to FY 2018-2019 is because the Authority recruited its staff in December 2018 and therefore paid half year staff salaries in the FY 2018-219 and full year in 2019-2020. Previously the Authority staff were seconded from the Ministry of Education.

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9 Board expenses		
Chairman's Honoraria	1,020,000	1,020,000
Sitting and Daily subsistence allowance	9,105,557	10,874,920
Capacity building	5,755,157	7,545,985
Total board expense	15,880,714	19,440,905
10 Depreciation and Amortization		
Property, Plant and equipment	7,323,015	7,583,314
Intangible assets	3,665,600	-
Total depreciation and amortization	10,988,615	7,583,314
11 Repairs and Maintenance		
Building	2,914,930	-
Motor Vehicles	3,078,085	2,068,327
Office Equipment	472,441	470,731
Total repairs and maintenance	6,465,456	2,539,058
12 Contracted Professional Services		
Cleaning Services	40,162	-
Fumigation & Pest control services	300,000	-
Insurance of Motor vehicles	684,635	1,623,665
Internet Connection	2,639,771	1,214,974
Medical Insurance	9,635,942	6,650,223
GPA/WIBA	873,705	907,603
Courier & Postage	165,450	-
Legal services	118,800	231,512
Staff sensitization on health & safety	242,000	475,240
External Audit Services	500,000	500,000
ISO Certification	1,408,401	719,000
Total contracted professional expense	16,608,866	12,322,217
13 Accreditation, quality assurance & standards		
Accreditation of TVET Institutions	10,648,035	13,382,647
Outreach Services	5,546,314	-
Standards Development	19,011,883	-
Compliance & Enforcement	7,539,985	11,834,989
Policy & Planning	6,693,675	-
Research and Development	3,764,787	8,264,490
Total expenses on quality assurance	53,204,679	33,482,126
14 Administrative expenses		
Printing and advertising	6,339,861	4,975,670
Communication services	1,015,213	2,192,081
Accessories for Computers and printers	818,864	999,700
Hospitality Supplies & Services	3,698,644	6,871,646
Local travel and daily subsistence	4,431,347	4,847,607
Foreign travel and daily subsistence	3,296,191	4,620,122
Training	3,922,737	3,105,545
Seminars and Workshops	2,148,200	8,102,960
Office general supplies	2,560,151	2,434,979
Rent	20,916,000	18,498,000

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Fuel and Lubricants	1,720,610	2,342,002
Shows and exhibitions	4,344,123	4,757,789
Annual TVET conference	1,353,868	2,935,212
Uniform and Clothing	551,500	685,400
Bank Charges	360,039	172,800
Total administration expenses	57,477,348	67,541,513
15 Cash and cash equivalents		
A/C No.1164286862-KCB-Operation Account	21,515,607	47,498,593
A/C No.1212502450-KCB-Revenue Account	31,472,856	19,713,029
Total cash and cash equivalents	52,988,463	67,211,622
16 Receivables from exchange transactions		
a) Current Receivables		
Pre-Payments (MIS Hosting)	980,288	382,240
Staff Imprests	119,000	-
Staff Salary Advance	175,000	-
Total Current Receivables	1,274,288	382,240
b) Movement in Current receivables		
As at 30 June 2020	1,274,288	
As at 30 June 2019	382,240	
	892,048	

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17 PROPERTY, PLANT AND EQUIPMENT

Description	Motor Vehicles		Furniture & Fittings		Tools & Equipment		Computers		Work in Progress		Total	
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
Cost												
At 1 July 2018	35,033,357		5,872,310	6,583,817	6,726,760	18,650,120	72,866,364					
Additions	-	-	3,978,708	1,319,000	3,001,500	18,504,540	26,803,748					
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	(141,500)	330,680	(2,281,990)	-	(2,092,810)					
At 30 June 2019	35,033,357	35,033,357	9,709,518	8,233,497	7,446,270	37,154,660	97,577,302					
Additions	-	-	4,931,143	3,865,327	2,383,311	20,578,849	31,758,630					
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	411,480	(411,480)	-	-	-	-	-	-	-
At 30 June 2020	35,033,357	35,033,357	14,640,661	12,510,304	9,418,101	57,733,509	129,335,932					
Depreciation and impairment												
At 1 July 2018	(14,860,734)		(1,316,319)	(2,175,524)	(2,481,517)	-	(20,834,094)					
Depreciation	(5,043,156)		(707,119)	(831,700)	(1,001,339)	-	(7,583,314)					
Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	(104,368)	1,063,480	981,899	-	1,941,011					
At 30 June 2019	(19,903,890)	(19,903,890)	(2,127,806)	(1,943,744)	(2,500,957)	-	(26,476,397)					
Depreciation	(3,782,367)		(1,039,908)	(896,359)	(1,604,381)	-	(7,323,015)					
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-	-	-	-	-
At 30 June 2020	(23,686,257)	(23,686,257)	(3,167,714)	(2,840,103)	(4,105,338)	-	(33,799,412)					
Net book values												
At 30 June 2020	11,347,100	11,347,100	11,472,947	9,670,201	5,312,763	57,733,509	95,536,521					
At 30 June 2019	15,129,467	15,129,467	7,581,712	6,289,753	4,945,313	37,154,660	71,100,905					

Work in progress amounting to Kshs 57,733,509 was the cost of renovating the Authority's offices at the 8th floor of Utalii House, the work was completed in April 2020.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 INTANGIBLE ASSETS-ERP

Description	2019-2020 Kshs	2018-2019 Kshs
Cost		
At beginning of the year	-	-
Additions	18,328,000	-
At end of the year	18,328,000	-
Additions-Internal development	-	-
At end of the year	18,328,000	-
Amortization and impairment		
At the beginning of the year	-	-
Amortization	3,665,600	-
At end of the year	3,665,600	-
Impairment Loss	-	-
At end of the year	3,665,600	-
NBV	14,662,400	-

19 Trade payables from exchange transactions

a) Trade and other payables

Contractor's retention	3,578,907	3,715,475
Employee Benefits (Gratuity)	3,053,300	1,447,421
Provision for audit fee	1,000,000	500,000
Accrued Standards Development Costs	10,850,000	-
Motor Vehicle Insurance	-	939,059
Total trade and other payables from exchange transactions	18,482,207	6,601,955

b) Movement in Trade Payables

Contractor's retention	3,578,907
	3,715,475
	(136,568)
Employee Benefits (Gratuity)	3,053,300
	1,447,421
	1,605,879
Provision for audit fee	1,000,000
	500,000
	500,000
Accrued Standards Development Costs	10,850,000
	-
	10,850,000

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20 Accumulated Surplus

Balance as at 1 July 2019	33,342,620	1,048,099
Surplus/(deficit) for the period	12,947,593	59,098,269
Adjustments/restatements	939,059	-
Transfers from accumulated surplus	-	-
Capital grants	(31,758,630)	(26,803,748)
Balance as at 30 June 2020	15,470,642	33,342,620

21 Capital Reserve Fund

Balance as at 1 July 2019	98,750,192	72,866,364
Surplus/(deficit) for the period	-	-
Adjustments/restatements	-	(919,920)
Transfers from accumulated surplus	31,758,630	26,803,748
Capital grants	-	-
Balance as at 30 June 2020	130,508,822	98,750,192

22 FINANCIAL RISK MANAGEMENT

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The entity's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The entity does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

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

(i) Credit risk

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment.

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the entity's directors, who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

(iii) Market risk

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

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

The Authority's Internal Audit Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those policies.

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

b) Interest rate risk

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

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

23 RELATED PARTY BALANCES

Nature of related party relationships

The Management staff and Members of the Board are for the purposes of this report considered related parties. During the year, management staff and Board members were only paid salaries and board allowances.

The Authority is related to;

- i. The National Government
- ii. The Parent Ministry
- iii. Key Management
- iv. Board of Directors

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Related party transactions

	2019-2020	2018-2019
	Kshs	Kshs
Transactions with related parties		
a) Grants from the Government		
Grants from National Govt	238,800,000	234,858,000
Total	238,800,000	234,858,000
b) Key management compensation		
Directors' emoluments	16,022,714	19,440,905
Compensation to key management	20,774,471	9,205,110
Total	36,797,185	28,646,015

24 DIVIDENDS/SURPLUS REMISSION

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The entity did not make any surplus during the year (FY 2019/2020) but a saving on its grants that it has proposed to utilise to finance its capital budget FY 2020/2021 and hence no remittance to the Consolidated Fund.

25 EVENTS AFTER THE REPORTING PERIOD

There were no material adjusting and non- adjusting events after the reporting period.

26 ULTIMATE AND HOLDING ENTITY

The Authority is a State Corporation under the Ministry of Education, State Department of Vocational and Technical Training. Its ultimate parent is the Government of Kenya.

27 Currency

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

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The Office of the Auditor General has not submitted its Final Audit report FY 2018/2019. Therefore there were no issues for follow up



Director General/C.E. O

Dr. Kipkirui Langat, PhD. FIETK

Date.....

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APPENDIX II: INTER-ENTITY TRANSFERS

	ENTITY NAME:			
	Break down of Transfers from the State Department of Vocational and Technical Training			
	FY 2019/2020			
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>Indicate the FY to which the amounts relate</u>
		16.08.2019	58,800,000	FY 2019/2020
		12.11.2019	60,000,000	FY 2019/2020
		07.02.2020	60,000,000	FY 2019/2020
		03.06.2020	25,648,761	FY 2019/2020
		04.06.2020	34,351,239	FY 2019/2020
		Total	238,800,000	
b.	Donor Receipts	<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>Indicate the FY to which the amounts relate</u>
		08/08/2019	1,407,000	FY 2019/2020
		09/12/2019	594,881	FY 2019/2020
		03/03/2020	731,540	FY 2019/2020
		24/03/2020	1,849,260	FY 2019/2020
		07/04/2020	690,900	FY 2019/2020
		26/05/2020	1,338,000	FY 2019/2020
		18/06/2020	2,155,832	FY 2019/2020
		Total	8,767,413	

The above amounts have been communicated to and reconciled with the parent Ministry

Head of Finance and Accounts

Head of Accounting Unit

TVET Authority

State Department for VTT

Sign.....

Sign.....



10/10/10