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REPORT

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THE AUDITOR-GENERAL

DATE: 24 DEC 2024

WEDNESDAY

TABLED
BY:

HON. OWEN BANDA

ON

DAVID

**PROMOTION OF YOUTH EMPLOYMENT AND
VOCATIONAL TRAINING IN KENYA (PHASE II)
PROJECT LOAN NO. BMZ 2018 65 120**

**FOR THE YEAR ENDED
30 JUNE, 2024**

**STATE DEPARTMENT FOR TECHNICAL,
VOCATIONAL EDUCATION AND TRAINING**



**PROMOTION OF YOUTH EMPLOYMENT AND VOCATIONAL TRAINING IN
KENYA (PHASE II)**

**MINISTRY OF EDUCATION
STATE DEPARTMENT FOR TECHNICAL, VOCATIONAL EDUCATION AND
TRAINING**

PROJECT CREDIT NUMBER: BMZ No: 2018 65 120

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2024

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

Promotion of Youth Employment and Vocational Training in Kenya (Phase II)
Annual Report and Financial Statements for the financial year ended 30 June, 2024

Table Contents	Page
1. Acronyms and Definition of Terms.....	ii
2. Project Information and Overall Performance.....	iii
3. Statement of Performance against Project's Predetermined Objectives	xii
4. Environmental and Sustainability Reporting.....	xiv
5. Statement of Project Management Responsibilities	xvi
6. Report of the Independent Auditor on Financial Statements for Promotion of Youth Employment and Vocational Training in Kenya (Phase II)	xix
7. Statement of Receipts and Payments for the Year Ended 30th June 2024.....	1
8. Statement of Financial Assets and Liabilities as at 30 th June 2024.....	3
9. Statement of Cash flows for the year ended 30 th June 2024.....	4
10. Statement of Comparison of Budget and Actual Amounts for the Year ended 30 th June 24.5	
11. Significant Accounting Policies.....	6
12. Notes to the Financial Statements.....	13
13. Annexes	19

Promotion of Youth Employment and Vocational Training in Kenya (Phase II)
Annual Report and Financial Statements for the financial year ended 30 June, 2024

1. Acronyms and Definition of Terms

CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
CT	County Treasury
NT	National Treasury
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
WB	World Bank
Comparative FY	Financial year preceding the current financial year.
SDTVET	State Department Technical Vocational Education and Training
SMART	Specific, Measurable, Achievable, Realistic and Time-Bound
OSHA	Occupational Safety and Health Act
IFMIS	Integrated Financial Management Information System
MDAs	Ministries, Departments and Agencies
GoK	Government of Kenya

2. Project Information and Overall Performance

2.1 Name and registered office

Name

The project's official name is 'Promotion of Youth Employment and Vocational Training in Kenya, (Phase II)'

Objective

Establish Centres of excellence for cooperative training at selected public Technical Vocational Education and Training institutes that shall offer high quality labor market oriented training to Kenyan youth in specific trades with a strong engagement of surrounding industries for improved employment

Address

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

The address of its registered office is:

Ministry of Education, State Department of Vocational and Technical Training,

Jogoo House B 8th Floor

P.O. Box 9583-00200

Nairobi, Kenya

Contacts: The following are the project contacts

P.O. Box: 9583-00200

Telephone: (254) 0203318581

E-mail: psvtt@education.go.ke

Website: www.education.go.ke

Project information and overall performance (continued)

2.2 Project Information

Project Start Date:	The project start date is 01.11.2022
Project End Date:	The project end date is 31.10.2025
Project Coordinator:	Mr. Samuel Waweru
Project Sponsor:	The project sponsor is GoK and KfW Development Bank (Germany)

2.3 Project Overview

Line Ministry and State/ County Department	State Department of Technical, Vocational and Education Training (SDTVET)
Project number	Loan BMZ No. 2018 65 120
Strategic goals of the project	The strategic goals of the project are to enhance employability of youth through dual training: (i) Establish centres of excellence in duo training (ii) Enhance participation of industry in training
Summary of Project Strategies for achievement of strategic goals	The project management aims to achieve the goals through the following means: (i) Infrastructure expansion (ii) Enhance training equipment (iii) Capacity building of TVET trainers
Other important background information of the project	The project Phase II Targets 1.Kitale National Polytechnic – Agricultural Machinery 2.Ramogi Institute of Applied Technology - Refrigeration 3.Ekerubo Geitai - Solar Energy and Agricultural plant Technician 4. Bumbe Technical Training Institute - Automotive Mechatronics

Promotion of Youth Employment and Vocational Training in Kenya (Phase II)
Annual Report and Financial Statements for the financial year ended 30 June, 2024

Areas that the project was formed to intervene	The project was formed to intervene in the following areas: <ul style="list-style-type: none">(i) To equip Youth with relevant labour market oriented skills.(ii) Increase transition of youth from basic education into Technical and Vocational Education and Training and reduce unemployment(iii) Improve the quality and relevance of Technical and Vocational Education and Training for employable labour
Project duration	Three Years

Project Information and Overall Performance (Continued)

2.4 Bankers

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

2.5 Independent Auditor

The project is audited by the:

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

2.6 Roles and Responsibilities

Names	Title designation	Key qualification	Responsibilities
M/S GOPA INFRA	Implementing Consultants	International Consultancy	Support Ministry of Education on implementation of all aspects of the project (designs, scholarships, equipment etc)
Samuel Waweru	Deputy Director Technical Education	Msc – Computer Based Information Systems	Deputy project Coordinator

Promotion of Youth Employment and Vocational Training in Kenya (Phase II)
Annual Report and Financial Statements for the financial year ended 30 June, 2024

Arc. Mwangi Kiragu	Senior Architect	Supt	Master of Art Urban Management	in charge of liaison with the implementing consultants on architectural designs
Peter G. Kamau	Senior supt. Quantity surveyor	Quantity	Bachelor of Science quantity Surveying	In charge of liaison with the implementing consultants on material quantities
Benson Mureithi	Senior Deputy Accountant General	Deputy	Msc Commerce, Certified Public Accountant	Head of Accounting Unit
Joseph Kuria	Principal Accountant		Msc Commerce, Certified Public Accountant	Project Accountant
David Tande	Finance officer		Bachelor of Art Commerce Certified Public Accountant	Project Finance Officer
Ali Bocha	Supply chain Management officer	chain	Bachelor of Art Commerce	Project Supply Chain Officer

2.7 Funding summary

The Project is for a duration of three years from 2022 to 2025 with an approved budget of Euros 12,200,000 equivalent to Kshs 1,403,000,000 as highlighted in the table below:

Promotion of Youth Employment and Vocational Training in Kenya (Phase II)
Annual Report and Financial Statements for the financial year ended 30 June, 2024

Project information and overall performance (continued)

Below is the funding summary:

A. Source of Funds

Source of funds	Donor Commitment-		Amount received to date – (30 th June, 2024)		Undrawn balance to date (30 th June, 2024)	
	<i>Donor currency (Eur)</i>	<i>KShs</i>	<i>Donor currency (Eur)</i>	<i>KShs</i>	<i>Donor currency (Eur)</i>	<i>KShs</i>
	<i>(A)</i>	<i>(A')</i>	<i>(B)</i>	<i>(B')</i>	<i>(A)-(B)</i>	<i>(A')-(B')</i>
LOAN SUMMARY						
KfW - Germany	12,000,000	1,380,000,000	349,218	40,160,040	11,650,782	1,339,839,960
Total Loans	12,000,000	1,380,000,000	349,218	40,160,040	11,650,782	1,339,839,960
Counter Part funds						
Counter Part funds Government of Kenya	200,000	23,000,000	199,916	22,990,369	84	9,631
Total Funding Summary	12,200,000	1,403,000,000	549,134	63,150,409	11,650,866	1,339,849,591

Promotion of Youth Employment and Vocational Training in Kenya (Phase II)
Annual Report and Financial Statements for the financial year ended 30 June, 2024

Project information and overall performance (continued)

B. Application of Funds

Source of funds	Amount received to date – (30 th June, 2024)		Cumulative Amount paid to date – (30 th June, 2024)		Unutilised balance to date (30 th June, 2024)	
	<i>Donor currency (Eur)</i>	<i>KShs</i>	<i>Donor currency (Eur)</i>	<i>KShs</i>	<i>Donor currency (Eur)</i>	<i>KShs</i>
	<i>(A)</i>	<i>(A')</i>	<i>(B)</i>	<i>(B')</i>	<i>(A)-(B)</i>	<i>(A')-(B')</i>
LOAN SUMMARY						
KfW - Germany	349,218	40,160,040	349,218	40,160,040	11,650,782	1,339,839,960
Total Loans	349,218	40,160,040	349,218	40,160,040	11,650,782	1,339,839,960
Counter Part funds						
Counter Part funds Government of Kenya	199,916	22,990,369	199,916	22,990,369	84	9,631
Total Funding Summary	549,134	63,150,409	549,134	63,150,409	11,650,866	1,339,849,591

*Promotion of Youth Employment and Vocational Training in Kenya (Phase II)
Annual Report and Financial Statements for the financial year ended 30 June, 2024*

Project information and overall performance (continued)

2.8 Summary of Overall Project Performance:

- i) *The overall budget absorption for the project was Ksh. 40,160,040 against an approved budget of KSh. 97,000,000 representing a 41% absorption rate. This brought the total cumulative expenditure since project inception to Ksh. 63,150,409.*
- ii) *Physical progress based on outputs and outcomes since project commencement,*

Outcome	Output	Progress
Kenyan youth have successfully completed high-quality labor market-oriented TVET training newly established CoE for cooperative training.	Construction- and Rehabilitation of training workshops	Structural drawings and designs together with BoQs done
	The technical equipment of the workshops and other rooms is installed and operational	Specifications for equipment developed
	The staff of the CoEs are trained in the usage and maintenance of the equipment as well as the sustainable operation of the CoE	Pending procurement of equipment
	Strengthened private sector supports to TVET training	
	Development and implementation of incubation center concept	Incubation center concept developed

- iii) *Indicate the absorption rate for the year under review was 41% against 114% for the previous financial year*
- iv) *Lengthy payment procedure is the leading challenge occasioning delays in implementation and consequently the budget absorption.*

2.9 Summary of Project Compliance:

- i) The project complied with all the laws and regulations in place as is required and thus did not experience any cases of non – compliance in the year under review.
- ii) The project has in place a Project Steering Committee to oversee the implementation of the project by the project coordinating unit and the project consultant, all of whom are guided by a singular objective of ensuring a successful implementation of the project within the set guidelines, laws and regulations governing project implementation in the country.

3. Statement of Performance against Project's Predetermined Objectives

Introduction

Section 81(2)(f) /Section 164 (2)(f) of the Public Finance Management Act, 2012, requires that the Accounting Officer include a statement of the national/county government entity's performance against predetermined objectives at the end of each financial year.

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

- a) Construct and/or rehabilitate of four training workshops
- b) Install and operationalize technical equipment for four course programs
- c) Trained staff of TVET institutions in the usage and maintenance of the equipment as well as the sustainable operation of the CoE
- d) Strengthen private sector supports to TVET training delivery
- e) Development and implement an incubation center concept

Progress on the attainment of strategic development objectives

To implement and cascade the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic, and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified to track progress and performance measurement.

*Promotion of Youth Employment and Vocational Training in Kenya (Phase II)
Annual Report and Financial Statements for the financial year ended 30 June, 2024*

Below, we provide the progress on attaining the stated objectives: (

Project	Objective	Outcome	Indicator	Performance
Promotion of youth employment and vocational training in Kenya	Construct and/or rehabilitate of four training workshops	Increase quality of TVET training	Four workshops or rehabilitated constructed	Structural drawings BoQs and designs developed
	Install and operationalize technical equipment for four course programs	Increase relevance of TVET training	Equipment for three course programmes procures and installed	Specifications for tools and equipment developed
	Trained staff of TVET institutions in the usage and maintenance of the equipment as well as the sustainable operation of the CoE	Enhance relevance of TVET training	Trainers and technicians trained on equipment utilization and maintenance	Pending procurement of equipment
	Strengthen private sector supports to TVET training delivery	Increase employability of TVET graduates	Increased collaborations between beneficiary institutions and industries	Partnerships between industry and beneficiary institutions increased by %
	Development and implement an incubation center concept		Number of incubation centres and startups	Concept on incubation centre developed

4. Environmental and Sustainability Reporting

i. Sustainability strategy and profile

The government has provided support for the project by committing resources to the project in terms of human capital and space. To ensure full ownership and appreciation of the project, the trainers, institution managers and the policy makers are part of the governance structure of the implementation of the project.

ii. Environmental performance

The state department has a draft policy of greening of TVET. The TVET institutions are integrating green skills into their programs, offering courses in renewable energy, sustainable agriculture, water conservation, and waste management.

The project is contributing towards use of renewable energy using solar power to supplement the grid power supply in the planned training workshops.

iii. Employee welfare

The welfare management of the project implementation team under the ministry of education is guided by the following legal and regulatory documents

- Public Service Commission (PSC) Act, 2017 and Regulations: Governs fair and transparent recruitment processes, setting standards for job advertising, interviews, and appointments.
- HR Policies and Procedures Manual (2016): Provides guidelines for recruitment, performance management, employee welfare, and dispute resolution.
- Diversity Policy (2016): Ensures inclusive and fair hiring practices reflective of Kenya's demographic diversity.

The project adheres to the Occupational Safety and Health Act (OSHA) 2007, ensuring a safe working environment. Compliance includes accessible facilities for persons with disabilities and gender-sensitive policies to maintain an inclusive workplace.

iv. Marketplace practices-

a) Responsible Supply chain and supplier relations-

The project follows the Public Procurement and Assets Disposal Act of 2015 and KfW procurement guidelines in all the project procurement activities.

Tenders will be advertised in the newspaper, at the ministry of education website and the development partner's website.

b) Responsible ethical practices

All key project implementors have strategically placed corruption boxes, dedicated emails and telephone numbers for reporting corruption cases.

All key project implementors, have posters and signage to indicate corruption free zones. Sensitization is done to staff students and other stakeholders during forums such as staff meetings.

c) Regulatory impact assessment

The implementation of the project has complied with regulations concerning access by communities to resources such as water ways, community paths and roads.

v. Community Engagements

The project has been involved in several CSR activities including:
Mentoring of other TVET institutions on dual training

5. Statement of Project Management Responsibilities

The Principal Secretary for the Ministry of Education State Department for Technical, Vocational Education and Training and the Project Coordinator are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for the financial year ended on June 30, 2024.

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 project, (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the project, (v) Selecting and applying appropriate accounting policies and (vi) Making accounting estimates that are reasonable in the circumstances.

The Principal Secretary for the Ministry of Education State Department for Technical, Vocational Education and Training and the Project Coordinator accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The Principal Secretary for the Ministry of Education State Department for Technical, Vocational Education and Training. and the Project Coordinator are of the opinion that the Project's financial statements give a true and fair view of the state of the Project's transactions during the financial year ended June 30, 2024, and of the Project's financial position as at that date.

The Principal Secretary for the Ministry of Education State Department for Technical, Vocational Education and Training and the Project Coordinator further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements and the adequacy of the systems of internal financial control.

Promotion of Youth Employment and Vocational Training in Kenya (Phase II)
Annual Report and Financial Statements for the financial year ended 30 June, 2024

The Principal Secretary for the Ministry of Education State Department for Technical, Vocational Education and Training and the Project Coordinator confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants and that Project funds received during the financial year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Promotion of Youth Employment and Vocational Training in Kenya (Phase II)
Annual Report and Financial Statements for the financial year ended 30 June, 2024

Approval of the Project Financial Statements

The Project financial statements were approved by the Principal Secretary for the Ministry of Education State Department for Technical, Vocational Education and Training and the Project Coordinator on _____ 14/10/ 2024 and signed by:



Dr. Esther T. Muoria
Principal Secretary



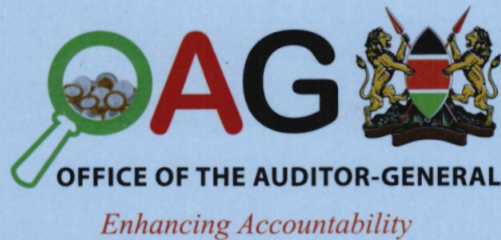
Samuel Waweru
Ag. Project Coordinator



Joseph Kuria
Project Accountant
ICPAK Member No:21552

REPUBLIC OF KENYA

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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON PROMOTION OF YOUTH EMPLOYMENT AND VOCATIONAL TRAINING IN KENYA (PHASE II) PROJECT LOAN NO. BMZ 2018 65 120 FOR THE YEAR ENDED 30 JUNE, 2024 - STATE DEPARTMENT FOR TECHNICAL, VOCATIONAL EDUCATION AND TRAINING

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, is effective in the use of resources, or that its internal control, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

Report of the Auditor-General on Promotion of Youth Employment and Vocational Training in Kenya (Phase II) Project Loan No. BMZ 2018 65 120 for the year ended 30 June, 2024 - State Department for Technical, Vocational Education and Training

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Promotion of Youth Employment and Vocational Training in Kenya (Phase II) Project Loan No. BMZ 2018 65 120 - State Department for Technical, Vocational Education and Training set out on pages 1 to 23, which comprise of the statement of financial assets and liabilities as at 30 June, 2024 and the statement of receipts and payments, 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 Promotion of Youth Employment and Vocational Training in Kenya (Phase II) Project Loan No. BMZ 2018 65 120 - State Department for Technical, Vocational Education and Training, as at 30 June, 2024, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis), the Loan Financing Agreement No. BMZ 2018 65 120 between Kreditanstalt fur Wiederaufbau (KfW) and the Government of Kenya dated 30 December, 2019 and comply with the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Promotion of Youth Employment and Vocational Training in Kenya (Phase II) Project Loan No. BMZ 2018 65 120 - State Department for Technical, Vocational Education and Training Management in accordance with ISSAI 130 on the 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.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.97,000,000 and Kshs.40,160,040 respectively, resulting to an under-funding of Kshs.56,839,960 or 59% of the budget.

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

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several paragraphs were raised under the Report on Lawfulness and Effectiveness in Use of Public Resources. However, Management has not resolved the issues or given any explanation for the failure to adhere to the provisions of the Public Sector Accounting Standards Board template.

Other Information

Conclusion

The Management is responsible for the Other Information set out on pages iii to xviii which comprise Project Information and Overall Performance, Statement of Performance Against Project's Predetermined Objectives, Environmental and Sustainability Reporting and Statement of Project's Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

Basis for Conclusion

In connection with my audit on the Promotion of Youth Employment and Vocational Training in Kenya Project (Phase II) Loan No. BMZ 2018 65 120 - State Department for Technical, Vocational Education and Training financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Delayed Implementation of Project Activities and Slow Absorption

The statement of receipts and payments reflects loan from external development partners of Kshs.40,160,040 as disclosed in Note 2 to the financial statements. The KfW Project under the supervision of the State Department for Vocational, Education and Training had a start date of 01 November, 2022 and an end date of 31 October, 2025. The Project had a loan budget amount of Kshs.1,380,000,000, out of which only Kshs.40,160,040 for consultancy services had been utilized as at 30 June, 2024. The Project has therefore taken off at a very slow pace considering that many activities financed by the donor and which were budgeted for were not carried out during the year and have been carried over to the following fiscal year.

In the circumstances, the Project may not attain its objective as intended.

The audit was conducted in accordance with ISSAIs 3000 and 4000. The standards require 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 comply 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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and 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.

Basis for Conclusion

The audit was conducted in accordance with ISSAIs 2315 and 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Conclusion

As required by the Kreditanstalt für Wiederaufbau (KfW), I report based on my audit, that 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 information given in the reports on pages iii to xviii is consistent with the financial statements.

Basis for Conclusion

The Kreditanstalt für Wiederaufbau (KfW) requires that I report on the legal or regulatory requirements, or on performance information disclosed. These matters require expressing a separate opinion as to Project's compliance with laws and regulations. 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 (Cash Basis) and for maintaining effective internal controls as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, the Management is responsible for assessing the Project's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management is aware of the intention to cease operations.

The 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, the Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the Project's financial reporting process, reviewing the effectiveness of how the Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the INTOSAI Framework of Professional Pronouncements (IFPP). The Framework requires

that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I also I consider the entity's control environment 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.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

25 October, 2024

Promotion of Youth Employment and Vocational Training in Kenya (Phase II)
Annual Report and Financial Statements for the financial year ended 30 June, 2024

7. Statement of Receipts and Payments for the Year Ended 30th June 2024.

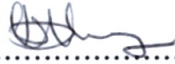
	Note	Receipts and payments controlled by the entity	Receipts and Payments made by third parties	Total	Receipts and payments controlled by the entity	Payments made by third parties	Total	Cumulative to Date (From Inception)
		FY 2023/24			FY 2022/23			
		Kshs	Kshs		Kshs	Kshs		Kshs
RECEIPTS								
Receipts from Government of Kenya	1	-	-	-	8,430,595	-	8,430,595	22,990,369
Loan from External Development Partners	2	-	40,160,040	40,160,040	-	-	-	40,160,040
TOTAL REVENUES		-	40,160,040	40,160,040	8,430,595	-	8,430,595	63,150,409
PAYMENTS								
Purchase of goods and services	3	-	40,160,040	40,160,040	8,430,595	-	8,430,595	63,150,409
TOTAL PAYMENTS		-	40,160,040	40,160,040	8,430,595	-	8,430,595	63,150,409
SURPLUS/DEFICIT		-	-	-	-	-	-	-

Promotion of Youth Employment and Vocational Training in Kenya (Phase II)
Annual Report and Financial Statements for the financial year ended 30 June, 2024

The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements.



.....
Dr. Esther T. Muoria
Principal Secretary



.....
Samuel Waweru
Ag. Project Coordinator



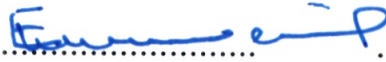
.....
Joseph Kuria
Project Accountant
ICPAK Member No:21552

Promotion of Youth Employment and Vocational Training in Kenya (Phase II)
Annual Report and Financial Statements for the financial year ended 30 June, 2024


8. Statement of Financial Assets and Liabilities as at 30th June 2024

	Note	FY 2023/24	FY 2022/23
		Kshs	Kshs
Bank Balances		-	-
Cash Balances		-	-
Cash Equivalents (Short term deposits)		-	-
Total Cash and Cash equivalents		-	-
Outstanding Imprests & Advances		-	-
TOTAL FINANCIAL ASSETS		-	-
Fund balance b/fwd		-	-
Surplus / (deficit) for the year		-	-
Prior Year Adjustment		-	-
NET FINANCIAL POSITION		-	-


The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 14/06/2024 and signed by:



Dr. Esther T. Muoria
 Principal Secretary



Samuel Waweru
 Ag. Project Coordinator



Joseph Kuria
 Project Accountant
 ICPAK Member No:21552

Promotion of Youth Employment and Vocational Training in Kenya (Phase II)
Annual Report and Financial Statements for the financial year ended 30 June, 2024

9. Statement of Cash flows for the year ended 30th June 2024

	Note	2023- 2024	2022- 2023
		Kshs	Kshs
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts for operating income			
Receipts from Government of Kenya	1	-	8,430,595
		-	8,430,595
Payments for operating expenses			
Use of goods and services	2	- 40,160,040	- 8,430,595
		- 40,160,040	- 8,430,595
Adjusted for:			
Change in Imprests & Advances		-	-
Adjustments during the year		-	-
Net cashflow from operating activities		- 40,160,040	-
CASHFLOW FROM BORROWING ACTIVITIES			
Loan from External Development Partners	3	40,160,040	-
Net cash flow from financing activities		40,160,040	-
NET INCREASE IN CASH AND CASH EQUIVALENT		-	-
Cash and cash equivalent at BEGINNING of the year		-	-
Cash and cash equivalent at END of the year		-	-

Promotion of Youth Employment and Vocational Training in Kenya (Phase II)
Annual Report and Financial Statements for the financial year ended 30 June, 2024

10. Statement of Comparison of Budget and Actual Amounts for the Year ended 30th June 24

Consolidated	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Utilisation Variance	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
Receipts/Payments Item						
Receipts						
Receipts from Government of Kenya	17,000,000	-	17,000,000	-	17,000,000	0%
Loan from External Development Partners	500,000,000	- 420,000,000	80,000,000	40,160,040	39,839,960	50%
Total Receipts	517,000,000	- 420,000,000	97,000,000	40,160,040	56,839,960	41%
Payments						
Use of goods and services	217,000,000	- 120,000,000	97,000,000	40,160,040	56,839,960	41%
Acquisition of Non-financial Assets	300,000,000	- 300,000,000	-	-	-	0
Total Payments	517,000,000	- 420,000,000	97,000,000	40,160,040	56,839,960	41%

Note: The significant budget utilization/performance differences in the last column are explained in Annex 2 to these financial statements.

11. Significant Accounting Policies

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

a) Statement of compliance and basis of preparation

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

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

b) Reporting entity

The financial statements are for Promotion of Youth Employment and Vocational Training in Kenya (Phase II) under the State Department for Technical, Vocational and Education Training. The financial statements are for the reporting entity Promotion of Youth Employment and Vocational Training in Kenya (Phase II) as required by Section 81/ Section 164 of the PFM Act, 2012.

c) Reporting currency

The financial statements are presented in Kenya Shillings (Kshs), the project's functional and reporting currency. All values are rounded to the nearest Kenya Shilling.

d) Recognition of receipts

Promotion of Youth Employment and Vocational Training in Kenya (Phase II) recognizes all receipts from various sources when an event occurs, and the related cash is received.

i) Transfers from the Exchequer

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

Significant Accounting Policies (continued)

ii) External Assistance

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

iii) Other receipts

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

iv) Donations and grants

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

v) Proceeds from borrowing.

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

vi) Undrawn external assistance

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

Significant Accounting Policies (continued)

e) Recognition of payments

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

i) Compensation to employees

Salaries, wages, Allowances, and Statutory Contributions for employees are recognized when the compensation is paid.

ii) Use of goods and services

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

iii) Interest on borrowing

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

iv) Repayment of borrowing (principal amount)

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

Significant Accounting Policies (continued)

v) Acquisition of fixed assets

The payment on the acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items, respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as a receipt and as a payment. A fixed asset register is maintained by each public entity, and a summary is provided for consolidation purposes. This summary is disclosed as an annexure to the consolidated financial statements.

f) In-kind donations

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

g) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

Significant Accounting Policies (Continued)

h) Restriction on cash

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

i) Imprests and Advances

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

j) Contingent Liabilities

A contingent liability is:

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

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

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

Significant Accounting Policies (Continued)

k) Contingent Assets

Promotion of Youth Employment and Vocational Training in Kenya (Phase II) 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 Promotion of Youth Employment and Vocational Training in Kenya (Phase II) 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.

l) Pending bills

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

m) Budget

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

Significant Accounting Policies (Continued)

n) Third-party payments

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

o) Exchange rate differences

The accounting records are maintained in the functional currency of the primary economic environment in which the Project operates (Kenya Shillings). Transactions in foreign currencies during the year/period are converted into functional currency using the exchange rates prevailing at the dates of the transactions. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statements of receipts and payments.

p) Comparative figures

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

q) Subsequent events

There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended June 30, 2024.

r) Prior period adjustments

Prior period adjustments relate to errors and other adjustments noted arising from previous year(s).

Promotion of Youth Employment and Vocational Training in Kenya (Phase II)
Annual Report and Financial Statements for the financial year ended 30 June, 2024

12. Notes to the Financial Statements

1. Transfers from Government entities

These represent counterpart funding and other receipts from the government as follows:

	2023-2024	2022-2023	Cumulative to Date
	KShs	KShs	KShs
<i>Counterpart funding through State Department for Vocational</i>			
Counterpart funds Quarter 1	-	2,107,649	5,747,592
Counterpart funds Quarter 2	-	2,107,649	5,747,592
Counterpart funds Quarter 3	-	2,107,649	5,747,592
Counterpart funds Quarter 4	-	2,107,649	5,747,592
			-
	=	8,430,595	22,990,368

Promotion of Youth Employment and Vocational Training in Kenya (Phase II)
Annual Report and Financial Statements for the financial year ended 30 June, 2024

Notes to the Financial Statements (Continued)

2. Loan from External Development Partners

During the financial period to 30 June 2024, we received funding from development partners in the form of loans negotiated by the National Treasury, as detailed in the table below:

Name of Donor	FY 2023/24			FY 2022/23	Cumulative to date
	Loans received in cash	Loans received as direct payment*	Total amount in KShs	Total amount in KShs	
	KShs	KShs	KShs	KShs	KShs
Loans Received from Multilateral Donors (International Organisations)					
KfW - Germany		40,160,040	40,160,040	-	40,160,040
Total	-	40,160,040	40,160,040	-	40,160,040

Promotion of Youth Employment and Vocational Training in Kenya (Phase II)
Annual Report and Financial Statements for the financial year ended 30 June, 2024

Notes to the Financial Statements (Continued)

3. Purchase of Goods and Services

	FY 2023/24			FY 2022/23	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	KShs	KShs	KShs	KShs	K Shs
Domestic travel and subsistence	-	-	-	7,618,075	17,227,280
Training expenses	-	-	-	812,520	5,763,089
Other operating expenses	-	40,160,040	40,160,040	-	40,160,040
Total	=	<u>40,160,040</u>	<u>40,160,040</u>	<u>8,430,595</u>	<u>63,150,409</u>

Promotion of Youth Employment and Vocational Training in Kenya (Phase II)
Annual Report and Financial Statements for the financial year ended 30 June, 2024

4. External Assistance

	FY 2023-2024	FY 2022 -2023
Description	Kshs.	Kshs.
External Assistance received as grants	-	-
External assistance received as loans	40,160,040	-
Total	40,160,040	-

a). External assistance relating to loans and grants

	FY 2023-2024	FY 2022 -2023
Description	Kshs.	Kshs.
External Assistance received as grants	-	-
External assistance received as loans	40,160,040	-
Total	40,160,040	-

*Promotion of Youth Employment and Vocational Training in Kenya (Phase II)
Annual Report and Financial Statements for the financial year ended 30 June, 2024*

b) Undrawn external assistance

	Purpose for which the undrawn external assistance may be used	FY 2023-2024	FY 2022-2023
Description		Kshs.	Kshs.
Undrawn external assistance - loans	Youth Empowerment	1,339,839,960	-
Total		1,339,839,960	-

c) Classes of providers of external assistance

	FY 2023-2024	FY 2022 -2023
Description	Kshs.	Kshs.
Multilateral Donors - KfW Germany	40,160,040	-
Total	40,160,040	-

d.) Purpose and use of external assistance

	FY 2023-2024	FY 2022-2023
Description	Kshs.	Kshs.
Use of goods and services	40,160,040	-
Total	40,160,040	-

e). External Assistance paid by third parties on behalf of Promotion of Youth Employment and Vocational Training in Kenya (Phase II) by Source

	FY 2023-2024	FY 2022 -2023
Description	Kshs.	Kshs.
Multilateral donors	40,160,040	-
Total	40,160,040	-

Promotion of Youth Employment and Vocational Training in Kenya (Phase II)
Annual Report and Financial Statements for the financial year ended 30 June, 2024

Other Important Disclosures (Continued)

5. Payments By Third Party on Behalf of The Project

5.1 Classification by Source

	FY 2023-2024	FY 2022-2023
Description	Kshs.	Kshs.
Multilateral donors	40,160,040	-
Total	40,160,040	-

5.2 Classification of payments made by Third Parties by Nature of expenses

	FY 2023-2024	FY 2022-2023
Description	Kshs.	Kshs.
Use of goods and services	40,160,040	-
Total	40,160,040	-

Promotion of Youth Employment and Vocational Training in Kenya (Phase II)
Annual Report and Financial Statements for the financial year ended 30 June, 2024

13. Annexes

Annex 1: Prior Year Auditor-General's Recommendations

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
347.	Unapproved Over Expenditure - The statement of comparison of budget and actual amounts reflects an expenditure budget of Kshs.7,400,000 and actual on a comparable basis of Kshs.8,430,595, resulting to an over expenditure of Kshs.1,030,595. However, no authorization was sought from The National Treasury for this overspending. In the circumstances, the regularity of the excess expenditure of Kshs.1,030,595 could not be confirmed.	The over absorption of funds was caused by budget cuts effected on the GoK component from an initial budget of Ksh. 27,000,000 to Ksh. 7,400,000,during the course of the financial year. However, this budget cut was effected when expenditure for the same had already been incurred.	Not Resolved	FY 2024/2025
348.	Overutilization of the Project's GoK Component - The statement of receipts and payments reflects cumulative to date receipts from Government of Kenya amount of Kshs.22,990,369 as disclosed in Note 1 to the financial statements. The Project expensed an amount of Kshs.22,990,369 over the past thirty (30) months against the counterpart funding of	The GoK funds component for the project was heavily underfunded from inception of the project. This caused the exhaustion of the same despite the project still being in its early stages of implementation.	Not Resolved	FY 2024/2025

*Promotion of Youth Employment and Vocational Training in Kenya (Phase II)
Annual Report and Financial Statements for the financial year ended 30 June, 2024*

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Kshs.23,000,000, leaving a balance of Kshs.9,631 for the remaining eighteen (18) months. It is not clear why the Management exhausted the Government counterpart funds yet the Project has not commenced and how the Project will fund the activities in the upcoming months is not clear. Further, the Management did not provide a work plan for the year under audit. In the circumstances, the adequacy of the Government counterpart funding for the remaining eighteen (18) months could not be confirmed.</p>	<p>The management is in the process of requesting for the counterpart funds from the National Treasury so as to implement the project.</p>		
349.	<p>Failure to Open and Maintain a Separate Project Bank Account - The statement of receipts and payments reflects receipts from Government of Kenya amount of Kshs.8,430,595 as disclosed in Note 1 to the financial statements. However, the Project Management did not maintain a specific project bank account as funds received were credited to the Ministry's development bank account instead of a separate project account. It was,</p>	<p>It is true that the project management did not maintain a specific project bank account as funds received were credited to the State Department's bank account instead. The project funds are received consolidated with the state department's development exchequer in the State Department's development account and thus made it difficult to separately</p>	Not Resolved	FY 2024/2025

*Promotion of Youth Employment and Vocational Training in Kenya (Phase II)
Annual Report and Financial Statements for the financial year ended 30 June, 2024*

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>therefore, not possible to trace the receipts to the cash book and in the bank statement. This is contrary to Regulation 76(1) of the Public Finance Management (National Government) Regulations, 2015 which provides that for the purpose of disbursement of project funds, there shall be opened and maintained a project account for every project at the Central Bank of Kenya unless it is exempted by the Cabinet Secretary, in writing, into which all funds shall be kept and such an account shall</p> <p>be known by the name of the project for which it is opened and each project shall maintain only one bank account. Further, the receipts were not supported with respective itemized exchequer issue notifications and receipt vouchers to confirm the receipt of funds.</p> <p>In the circumstances, value for money may not be realized in the implementation of the Project.</p>	<p>itemize exchequer amounts for the project.</p> <p>However the Accounting officer has since written to the National Treasury requesting for separation of the development bank account at the central Bank of Kenya to ensure that each development project has its own dedicated Special Deposit Account to ring fence the project funds.</p>		

*Promotion of Youth Employment and Vocational Training in Kenya (Phase II)
Annual Report and Financial Statements for the financial year ended 30 June, 2024*

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
350.	<p>Slow Pace of Project Take off and Low Absorption of Funds - The KfW project commenced operation on 30 December, 2020 with funding of Kshs.1,380,000,000 for a period of four (4) years. However, as at the closure of the financial year 2022/2023, the project had not taken off and no amount had been drawn or spent. No explanation was provided for the failure to commence the Project as planned.</p> <p>In the circumstances, value for money may not be realized in the implementation of the project.</p>	<p>It's true the project suffered delays which were occasioned by covid 19. The signing of the agreement was on 31 Dec 2020. State department signed a contract for consulting service for phase II on 27/09/2022. However, the consultant has since submitted the inception report and 2nd quarter report. The report detailed the milestone so far attained amongst the start of dual training in the four institutes and need assessment to develop specification and BOQs. The payment for the 1st and 2nd quarter reports have since been paid out during the subsequent financial year.</p>	Not Resolved	FY 2024/2025
351.	<p>Non-Preparation of Progress Reporting to KfW Bank - During the year under review, it was observed that the Project Management did not prepare</p>			

*Promotion of Youth Employment and Vocational Training in Kenya (Phase II)
Annual Report and Financial Statements for the financial year ended 30 June, 2024*

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>quarterly reports on the progress of the Project as stipulated in the loan agreement nor stated any circumstances that are jeopardizing the achievement of the overall objective given that the project is behind the scheduled completion time.</p> <p>In the circumstances, the Management was in breach of the loan agreement.</p>	<p>The State Department received inception and 2nd quarter report from the consultant (Gopa) the report was forwarded to financier KfW and a No Objection response was received from KfW.</p>	<p>Not Resolved</p>	<p>FY 2024/2025</p>



Dr. Esther T. Muoria
Principal Secretary



Samuel Waweru
Ag. Project Coordinator

Promotion of Youth Employment and Vocational Training in Kenya (Phase II)
Annual Report and Financial Statements for the financial year ended 30 June, 2024

Annex 2: Variance explanations - Comparative Budget and Actual Amounts for Current FY

	Final Budget	Actual on Comparable Basis	Utilisation Variance	% of Utilisation	Comments on Variance
	c=a+b	d	e=c-d	f=d/c %	
Receipts					
Receipts from Government of Kenya	17,000,000	-	17,000,000	0%	The nil receipt & utilisation of Exchequer was because the project had already exhausted its GoK component despite the same having been erroneously provided for in the budget
Total Receipts	17,000,000	-	17,000,000		
Payments					
Use of goods and services	97,000,000	40,160,040	56,839,960	41%	The low absorption of funds is because the project is still at its inception stage and tenders to award works under the project are yet to be flouted hence leading to very little expenditure
Total Payments	97,000,000	40,160,040	56,839,960		

Promotion of Youth Employment and Vocational Training in Kenya (Phase II)
Annual Report and Financial Statements for the financial year ended 30 June, 2024

Annex 9: Other Support Documents

i.GOK IFMIS comparison Trial Balance (*Where applicable*)