

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

THE NATIONAL ASSEMBLY
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MONDAY

OF

TABLED
BY:

DEPUTY MAJORITY WHIP
HON. NAOMI NIAPO

CLERK-AT
THE-TABLE:

J. LEMERELLE

THE AUDITOR-GENERAL

ON

PARLIAMENT
OF KENYA
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**PROMOTION OF YOUTH EMPLOYMENT AND
VOCATIONAL TRAINING IN KENYA (TVET I & II)
REFERENCE: LOAN NO. BMZ NO. 2016 67 211 &
BMZ NO. 2016 65 298 AND PROJECT GRANT
REFERENCE: NO.1930 05 527**

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

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

15 OCT 2024

RECEIVED



**PROMOTION OF YOUTH EMPLOYMENT AND VOCATIONAL TRAINING IN
KENYA**

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

PROJECT CREDIT NUMBER: BMZ No.2016 67 211, BMZ NO. 2016 65 298

GRANT NO: 1930 05 527

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30 JUNE, 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
Annual Report and Financial Statements for the financial year ended 30 June, 2024

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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.
GoK	Government of Kenya
TVET	Technical Vocational Education and Training
SMART	Specific, Measurable, Achievable, Realistic and Time-Bound
MDAs	Ministries, Departments and Agencies
IFMIS	Integrated Financial Management Information System
TVETA	Technical and Vocational Education and Training Authority
OSHA	Occupational Safety and Health Act
CSR	Corporate Social Responsibility
IT	Information Technology
ICT	Information Communication Technology

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.

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
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:	21.02. 2020
Project End Date:	31.06. 2026
Project Coordinator:	Mr. Samuel Waweru
Project Sponsor:	Gok- Kfw

2.3 Project Overview

Line Ministry and State/ County Department	State department of TVET
Project Number Grant Number	BMZ No.2016 67 211, BMZ NO. 2016 65 298 BMZ No. 1930 05 527
Strategic goals of the project	The strategic goals of the project is to enhance employability of youth through dual training. (i) Establish centres of excellence in duo training (ii) Improve the image of TVET (iii) 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	a) The challenges in the sector are well documented. They include low penetration due to inadequate facilities; capacity of trainers is not commensurate with the modern technology in the entire sector country wide. b) The consequences have been poor perception of TVET training, poor tools impacting on quality of training. The Government has put interventions in place including, capitation support, infrastructure support and supply of the Art equipment. This project will augment Governments efforts in all areas of deficiency.

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Annual Report and Financial Statements for the financial year ended 30 June, 2024*

Areas that the project was formed to intervene	<p>The project was formed to intervene in the following problems/gaps:</p> <ul style="list-style-type: none"> (i) Rehabilitation extension and/or construction of essential TVET buildings (ii) Procurement of tools in support of cooperative training (iii) Training of trainers on use and maintenance of equipment (iv) Development and procurement of teaching, learning and assessment materials and tools (v) Provision of Scholarships
Project duration	Six 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
Niras Africa Limited	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	Acting project Coordinator
Arc. Mwangi Kiragu	Senior Supt Architect	Master of Art Urban Management	in charge of liaison with the implementing consultants on architectural designs

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Peter G. Kamau	Senior supt. Quantity surveyor	Bachelor of Science quantity Surveying	In charge of liaison with the implementing consultants on material quantities
Benson Mureithi	Senior Deputy Accountant General	Msc Commerce, Certified Public Accountant	Head of Accounting Unit
Joseph Kuria	Assistant Accountant General	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	Bachelor of Art Commerce	Project Supply Chain Officer

2.7 Funding summary

The Project is for a duration of six years from 2020 to 2026 with an approved budget of Euros 22,737,947 equivalent to Kshs 2,773,120,000 as highlighted in the table below:

*Promotion of Youth Employment and Vocational Training in Kenya
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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>
GRANT SUMMARY						
KfW - Germany	2,000,000	243,920,000	1,034,886	126,214,716	965,114	117,705,284
Total Grants	2,000,000	243,920,000	1,034,886	126,214,716	965,114	117,705,284
LOAN SUMMARY						
KfW - Germany	20,000,000	2,439,200,000	4,005,066	488,457,840	15,994,934	1,950,742,160
Total Loans	20,000,000	2,439,200,000	4,005,066	488,457,840	15,994,934	1,950,742,160
COUNTER PART FUNDS						
Counter Part funds Government of Kenya	737,947	90,000,000	472,922	57,677,626	265,025	32,322,374
Total Funding Summary	22,737,947	2,773,120,000	5,512,875	672,350,182	17,225,072	2,100,769,818

Project information and overall performance (continued)

B. Application of Funds

Source of funds	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>(B)</i>	<i>(B')</i>	<i>(A)-(B)</i>	<i>(A')-(B')</i>
GRANT SUMMARY				
KfW - Germany	1,034,886	126,214,716	965,114	117,705,284
Total Grants	1,034,886	126,214,716	965,114	117,705,284
LOAN SUMMARY				
KfW - Germany	4,005,066	488,457,840	15,994,934	1,950,742,160
Total Loans	4,005,066	488,457,840	15,994,934	1,950,742,160
Counter Part funds				
Counter Part funds Government of Kenya	472,922	57,677,626	265,025	32,322,374
Total Funding Summary	5,512,875	672,350,182	17,225,072	2,100,769,818

Project information and overall performance (continued)

2.8 Summary of Overall Project Performance:

- i) *The overall budget absorption for the project was 39% with the actual expenditure being Ksh.240,637,419 against an approved budget of Ksh. 625,000,000 bringing the cumulative expenditure for the project since inception to Ksh.672,350,182*
- ii) *Physical progress based on outputs and outcomes since project commencement,*

Key Activities	Outputs	Progress
i. Rehabilitation extension and/or construction of essential TVET buildings	<p>Construction of autobody building and welding workshop at Thika TTI</p> <p>Construction of automotive mechatronics workshop at Nairobi TTI</p> <p>Construction of industrial mechatronics workshop at Kiambu Institute of science and technology</p> <p>Construction of dormitory at Kiambu Institute of science and technology</p>	<p>Thika is at 65% completion level</p> <p>Nairobi TTI is at 62% completion level</p> <p>Kiambu Institute of science and technology</p> <p>Is at 60% completion level</p>
ii. Procurement of training equipment and tools	<p>Procurement of training equipment - Training Equipment for Industrial Mechatronics - KIST</p> <p>Procurement of training equipment (Specialized Electronics for Industrial Mechatronics - KIST)</p> <p>Procurement of training equipment (Nairobi TTI Automotive Mechatronics and</p>	<p>Equipment available for use to 200 trainees in dual training</p> <p>Wifi accessible to the entire population of the three institutions</p>

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	Thika Automotive Body building and repair)	
	Procurement of training equipment (IT, Software)	
	Procurement of Solar Powered MESH Wifi Hot Spot and Internet Connectivity	
	Procurement of Furniture for TVET Colleges	
	Procurement of training equipment (IT, Hardware)	60 trainers trained
iii.	Training of trainers on use and maintenance of equipment	Training of trainers completed in Preventive maintenance, workshop management, Occupational Safety & health.
iv.	Development and procurement of teaching, learning and assessment materials and tools	Three CBET programmes adapted to dual training available for use nationally
v.	Improve the image of TVET	Three CBET programmes in dual training developed
	Dual TVET communication strategy	

- iii) The absorption rate for the year under review was 39% against 29% for the year ended 30th June 2023 and 21% for year ended 30th June 2022
- 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/ plan are to:

- a) Construction of autobody building and welding workshop at Thika TTI
- b) Construction of automotive mechatronics workshop at Nairobi TTI
- c) Construction of industrial mechatronics workshop at Kiambu Institute of science and technology
- d) Construction of dormitory at Kiambu Institute of science and technology
- e) Provision of furniture for workshops
- f) Provision of IT equipment for training
- g) Provide equipment for automotive mechatronics and autobody building
- h) Provide ICT network hardware, software and internet connectivity
- i) Provision of specialized equipment for industrial mechatronics

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.

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

Project	Objective	Outcome	Indicator	Performance
Promotion of youth employment and Vocational training in Kenya	1. Construction of autobody building and welding workshop at Thika TTI	Increase access and quality of training	Percent completion	Completion increased from 24 % to 65%
	2. Construction of automotive mechatronics workshop at Nairobi TTI	Increase access and quality of training	percent completion	Completion increased from 23 % to 62%
	3. Construction of industrial mechatronics workshop at Kiambu Institute of science and technology	Increase access and quality of training	percent completion	Completion increased from 22% to 62%
	4. Construction of dormitory at Kiambu Institute of science and technology	Increase access and quality of training	percent completion	Completion increased from 22% to 62%

*Promotion of Youth Employment and Vocational Training in Kenya
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	5. Provision of furniture for workshops	Increase access and quality and image of TVET	equipment	Furniture provided to the three institutions
	6. Provision of IT equipment for training	Increased relevance in TVET	Number of IT equipment	IT equipment provided to the three institutions
	7. Provision of specialized equipment for industrial mechatronics	Increased quality and relevance in TVET	Number Industrial mechatronics equipment	Specifications for equipment developed
	8. Provide equipment for automotive mechatronics and autobody building	Increased quality and relevance in TVET	Number automotive mechatronics equipment	Specifications for equipment developed
	9. Provide ICT network hardware, software and internet connectivity	Increased relevance in TVET	Functional campus wide network connected to the internet	Specifications for equipment 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. In the project training has been provided to the three institutions on business plan development and the institutions are currently developing business plans to ensure sustainability of the project. 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 by providing solar powered IT equipment; specifically, solar powered mesh wifi to all three institutions.

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 are 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 through the State Department has been involved in several CSR activities including:

The project as part of the State Department successfully pooled together Kshs. 1.3 Million and assisted 129 victims of the flooding menace who resided in Makadara Sub-county in Nairobi County in June 2024. The assistance provided both immediate and long-term benefits to the affected community including;

- **Immediate Relief:** Provided urgent financial support for basic needs like shelter, food, and medical care.
- **Community Recovery:** Aided in rebuilding efforts, helping victims restore their lives and homes.
- **Psychosocial Support:** Offered emotional comfort and strengthened community solidarity.

The project was also involved in 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 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 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.

The Principal Secretary for the State Department for Technical, Vocational Education and Training and the Project Coordinator confirm that the Project has complied fully with

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

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.

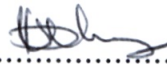
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Approval of the Project Financial Statements

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



Dr. Esther T. Muoria
Principal Secretary



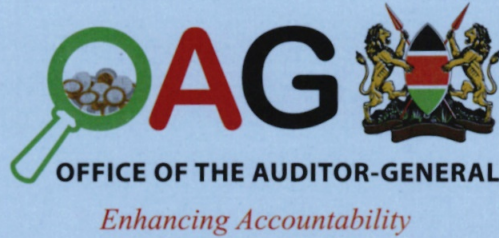
Samuel Waweru
Ag. Project Coordinator



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 (TVET I & II) REFERENCE: LOAN NO. BMZ NO. 2016 67 211 & BMZ NO. 2016 65 298 AND PROJECT GRANT REFERENCE: NO.1930 05 527 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 Project (TVET I & II) Loan Reference No. BMZ No. 2016 67 211 & BMZ No. 2016 65 298 and Project Grant Reference: No. 1930 05 527 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 Project (TVET I & II) Loan Reference No. BMZ 2016 67 211 & BMZ No. 2016 65 298 and Project Grant Reference No. 1930 05 527 - State Department for Technical, Vocational Education and Training set out on pages 1 to 25, which comprise of the statement of financial assets and liabilities as at 30 June, 2024, 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 Project (TVET I & II) Loan Reference No. BMZ 2016 67 211 & BMZ No. 2016 65 298 and Project Grant Reference No. 1930 05 527 - 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 2016 67 211, No. BMZ 2016 65 298 and Grant No. 1930 05 527 respectively between Kreditanstalt für Wiederaufbau (KfW) and the Government of Kenya dated 21 February, 2020 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 Project (TVET I & II) Loan Reference No. BMZ 2016 67 211 & BMZ No. 2016 65 298 and Project Grant Reference No. 1930 05 527 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 amount on a comparable basis of Kshs.625,000,000 and Kshs.240,637,419 respectively, resulting to an under-funding of Kshs.384,362,581 or 61% of the budget.

Report of the Auditor-General on Promotion of Youth Employment and Vocational Training in Kenya Project (TVET I & II) Loan Reference No. BMZ No. 2016 67 211 & BMZ No. 2016 65 298 and Project Grant Reference: No. 1930 05 527 for the year ended 30 June, 2024 - State Department for Technical, Vocational Education and Training

Further, the Project expended Kshs.240,637,419 against an approved budget of Kshs.625,000,000, resulting to under expenditure of Kshs.384,362,581 or 61% of the budget.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

Several issues were raised in the audit report of the previous year. However, Management has not resolved the issues nor given any explanation for failure to adhere to the provisions of IPSAS (Cash Basis) and The National Treasury Circulars.

Other Information

Conclusion

The Management is responsible for the other information set out on pages iii to xix 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 (TVET I & II) Loan Reference No. BMZ 2016 67 211 & BMZ No. 2016 65 298 and Project Grant Reference No. 1930 05 527 - 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 matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Low Absorption of Funds

The funding summary at Note 2.7 page vii under the Project Information and Overall Performance indicates that the Project had a duration of six (6) years from 2020 to 2026 with total donor commitments of Kshs.2,683,120,000. The State Department had received disbursements of Kshs.614,672,556 as at 30 June, 2024, resulting to undrawn balances of Kshs.2,068,447,444, an indication that the Project was only at 25% completion/financing. Failure to fully spend funds already released to the Project may have denied the beneficiaries of the Project critical services.

In the circumstances, the Project may not be completed on time and attain its objectives as intended.

2. Failure to Raise Receipt Vouchers for Receipts from Government of Kenya

The statement of receipts and payments reflects receipt from Government of Kenya amounting to Kshs.19,508,622. Records provided for audit review indicated that the funds were channeled through development bank account of the State Department. However, the receipts were not supported with The National Treasury's itemized Exchequer issuance notifications indicating the amount disbursed to the Project. Further, the Project Management did not raise receipt vouchers to confirm actual receipt of funds.

In the circumstances, the regularity of receipts from Government of Kenya of Kshs.19,508,622 could not be confirmed.

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, 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, I confirm that information given in the Management's report on pages iii to xx is consistent with the financial statements.

Basis for Conclusion

The Financing Agreement requires that I report on the legal or regulatory requirements, or on performance information disclosed. These matters require expressing a separate opinion as to the 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
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	19,508,622		19,508,622	8,596,073	-	8,596,073	57,677,626
Proceeds from Domestic and Foreign Grants	2	-	32,016,536	32,016,536	-	52,684,632	52,684,632	126,214,716
Loan from External Development Partners	3	-	189,112,262	189,112,262	-	207,280,075	207,280,075	488,457,840
TOTAL REVENUES		19,508,622	221,128,797	240,637,419	8,596,073	259,964,707	268,560,780	672,350,182
PAYMENTS								
Purchase of goods and services	4	16,114,782	77,208,450	93,323,232	8,596,073	186,526,005	195,122,078	313,118,940
Acquisition of Non-financial Assets	5	3,393,840	143,920,347	147,314,187	-	73,438,702	73,438,702	359,231,242
TOTAL PAYMENTS		19,508,622	221,128,797	240,637,419	8,596,073	259,964,707	268,560,780	672,350,182
SURPLUS/DEFICIT		-	-	-	-	-	-	-

*Promotion of Youth Employment and Vocational Training in Kenya
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
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 14/07 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
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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	19,508,622	8,596,073
Proceeds from Domestic and Foreign Grants	2	32,016,536	52,684,632
		51,525,157	61,280,705
Payments for operating expenses			
Use of goods and services	4	- 93,323,232	- 195,122,078
		- 93,323,232	- 195,122,078
Adjusted for:			
Change in Imprests & Advances		-	-
Adjustments during the year		-	-
Net cashflow from operating activities		- 41,798,075	- 133,841,373
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Non-financial Assets	5	- 147,314,187	- 73,438,702
Net cash flows from Investing Activities		(147,314,187)	(73,438,702)
CASHFLOW FROM BORROWING ACTIVITIES			
Loan from External Development Partners	3	189,112,262	207,280,075
Net cash flow from financing activities		189,112,262	207,280,075
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		-	-

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10. Statement of Comparison of Budget and Actual Amounts for the Year ended 30th June 2024

Consolidated	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Utilisation Variance	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=f/e %
Receipts/Payments Item						
Receipts						
Receipts from Government of Kenya	25,000,000	-	25,000,000	19,508,622	5,491,378	78%
Proceeds from Domestic and Foreign Grants	125,000,000	25,000,000	100,000,000	32,016,536	67,983,465	32%
Loan from External Development Partners	800,000,000	300,000,000	500,000,000	189,112,262	310,887,739	38%
Total Receipts	950,000,000	325,000,000	625,000,000	240,637,419	384,362,581	39%
Payments						
Use of goods and services	330,000,000	75,000,000	255,000,000	93,323,232	161,676,768	37%
Acquisition of Non-financial Assets	620,000,000	250,000,000	370,000,000	147,314,187	222,685,813	40%
Total Payments	950,000,000	325,000,000	625,000,000	240,637,419	384,362,581	39%

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 under the State Department for Technical, Vocational and Education Training. The financial statements are for Promotion of Youth Employment and Vocational Training in Kenya 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 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.

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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.

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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.

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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.

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Significant Accounting Policies (Continued)

k) Contingent Assets

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

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.

*Promotion of Youth Employment and Vocational Training in Kenya
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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
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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	2,712,515	2,149,018	12,254,766
Counterpart funds Quarter 2	2,570,700	2,149,018	12,112,951
Counterpart funds Quarter 3	2,245,795	2,149,018	11,788,046
Counterpart funds Quarter 4	11,979,612	2,149,018	21,521,863
	<u>19,508,622</u>	<u>8,596,073</u>	<u>57,677,626</u>

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Notes to the Financial Statements (Continued)

2. Proceeds From Domestic and Foreign Grants

During the financial period to 30 June 2024, we received grants from donors as detailed in the table below:

Name of Donor	FY 2023/24						FY 2022/23	Cumulative to date
	Date Received	Amount received in donor currency	Grants received in cash	Grants received as direct payment*	Grants received in kind	Total amount	Total amount	
		EuR	KShs	KShs	KShs	KShs	KShs	
Grants Received from Multilateral Donors								
KfW - Germany		262,517		32,016,536	-	32,016,536	52,684,632	126,214,716
Total	-	262,517	-	32,016,536	-	32,016,536	52,684,632	126,214,716

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Notes to the Financial Statements (Continued)

3. 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
	Date received	Amount in loan currency	Loans received in cash	Loans received as direct payment*	Total amount in KShs	Total amount in KShs	
		EuR	KShs	KShs	KShs	KShs	
Loans Received from Multilateral Donors (International Organizations)							
KfW - Germany		1,550,609		189,112,262	189,112,262	207,280,075	488,457,840
Total		1,550,609	-	189,112,262	189,112,262	207,280,075	488,457,840

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Notes to the Financial Statements (Continued)

4. 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	KShs
Domestic travel and subsistence	6,488,300		6,488,300	5,439,100	14,677,600
Printing, advertising and information supplies & services	660,932		660,932		660,932
Training expenses	2,497,650		2,497,650	823,000	8,014,550
Specialised materials and services	-	28,506,880	28,506,880	83,024,866	111,531,746
Office and general supplies and services	3,967,940		3,967,940	337,500	7,500,504
Fuel Oil and Lubricants / Airline	2,499,960		2,499,960	1,996,473	9,496,273
Other operating expenses			-		9,034,625
Routine maintenance – vehicles and other transport equipment			-		-
Consultancy services: – Technical and professional services		48,701,570	48,701,570	103,501,139	152,202,709
Total	<u>16,114,782</u>	<u>77,208,450</u>	<u>93,323,232</u>	<u>195,122,078</u>	<u>313,118,939</u>

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Notes to the Financial Statements (Continued)

5. Acquisition of Non-Financial Assets

	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	
Construction of buildings		135,197,127	135,197,127	73,438,702	208,635,829
Purchase of vehicles & other transport equipment			-	-	4,899,300
Purchase of office furniture & general equipment	3,393,840	8,723,220	12,117,060	-	145,696,111
Total	<u>3,393,840</u>	<u>143,920,347</u>	<u>147,314,187</u>	<u>73,438,702</u>	<u>359,231,240</u>

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Notes to the Financial Statements (Continued)

Other Important Disclosures

6. Pending Accounts Payable (See Annex 2a)

	Balance b/f from Comparative FY		Additions for the year	Paid during the year	Balance c/f For Current FY
Description	Kshs		Kshs	Kshs	Kshs
Supply of services	nil		539,000	nil	539,000
Total	nil		539,000	nil	539,000

Other Important Disclosures (Continued)

7. External Assistance

	FY 2023-2024	FY 2022 -2023
Description	Kshs.	Kshs.
External Assistance received as grants	32,016,536	52,684,632
External assistance received as loans	189,112,262	207,280,075
Total	221,128,797	259,964,707

a). External assistance relating to loans and grants

	FY 2023-2024	FY 2022 -2023
Description	Kshs	Kshs
External assistance received as loans	189,112,262	52,684,632
External assistance received as grants	32,016,536	207,280,075
Total	221,128,797	259,964,707

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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 - Grants	Youth Empowerment	117,705,284	2,139,854,422
Undrawn external assistance - Loans	Youth Empowerment	1,950,742,160	149,721,820
Total		2,068,447,144	2,289,576,242

c) Classes of providers of external assistance

	FY 2023-2024	FY 2022 -2023
Description	Kshs.	Kshs.
Multilateral Donors - KfW Germany	221,128,797	259,964,707
Total	221,128,797	259,964,707

d.) Purpose and use of external assistance

	FY 2023-2024	FY 2022-2023
Description	Kshs.	Kshs.
Use of goods and services	77,208,450	186,526,005.00
Acquisition of assets	143,920,347	73,438,702.00
Total	221,128,797	259,964,707.00

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

	FY 2023-2024	FY 2022 -2023
Description	Kshs.	Kshs.
Multilateral donors	221,128,797	259,964,707
Total	221,128,797	259,964,707

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Other Important Disclosures (Continued)

8. Payments By Third Party on Behalf of The Project

8.1 Classification by Source

	FY 2023-2024	FY 2022-2023
Description	Kshs.	Kshs.
Multilateral donors	221,128,797	259,964,707
Total	221,128,797	259,964,707

8.2 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	77,208,450	186,526,005.00
Acquisition of assets	143,920,347	73,438,702.00
Total	221,128,797	259,964,707.00

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13. Annexes

Annex 1: Prior Year Auditor-General's Recommendations

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
340.	Unresolved Prior Year Matters - In the audit report for the previous year, several paragraphs were raised under the Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management has not resolved the issues of the prior year matters.	The issue raised under Report on Lawfulness and Effectiveness in Use of Public Resources. The project under the State department appeared before the Parliamentary Accounts Committee on the same and is committed to adhering to the Various recommendations arrived at by the PAC on those issues.	Not Resolved	FY 2024/2025
341.	Failure to Raise Receipt Vouchers for Project Revenue – The statement of			

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
	<p>receipts and payments reflects an amount of Kshs.52,684,632 in respect of proceeds from domestic and foreign grants as disclosed in Note 2 to the financial statements. However, the Project Management did not issue an official receipt for these grants. The receipts were in respect to direct payments to different suppliers for professional consultancy services which were not supported by the respective bank statements. In addition, the amount was not supported by a receipt voucher or disbursement schedule from the donor.</p> <p>In the circumstances, the regularity of the proceeds from domestic and foreign grants of Kshs.52,684,632 could not be confirmed.</p>	<p>The project funds are received consolidated together with the state department's development exchequer in the state department's development account and thus made it difficult to separately itemize exchequer amounts for the project.</p>	<p>Not Resolved</p>	<p>FY 2024/2025</p>

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
N342.	<p>Failure to Open and Maintain a Separate Bank Account - The statement of receipts and payments reflects receipts from Government of Kenya amount of Kshs.8,596,073 as disclosed in Note 1 to the financial statements. However, the Project Management did not maintain a Project bank account as funds received were credited to the Ministry's development bank account instead of a separate project account. It was 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</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 together with the state department's development exchequer in the state department's development account and thus made it technically difficult for the project to issue out official receipts for funds received.</p>	Not Resolved	FY 2024/2025

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
	<p>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 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. In addition, tracing expenditures from the</p> <p>State Department's cash book pertaining to the Project for the period under review was difficult.</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>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
	In the circumstances the Management was in breach of the law.			



Dr. Esther T. Muoria
Principal Secretary



Samuel Waweru
Ag. Project Coordinator

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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	25,000,000	19,508,622	5,491,378	78%	The freeze on procurement of printing services meant that the budget initially allocated for that purpose could not be utilized during the year under review hence we low level of absorption of the GoK Component
Proceeds from Domestic and Foreign Grants	100,000,000	32,016,536	67,983,465	32%	Cancellation of previously flouted international Competitive tenders meant that this grant component could not be adequately absorbed during the year under review
Loan from External Development Partners	500,000,000	189,112,262	310,887,739	38%	Slow pace of construction works and Cancellation of previously flouted international Competitive tenders meant that this grant component could not be adequately absorbed during the year under review
Total Receipts	625,000,000	240,637,419	384,362,581		
Payments					
Use of goods and services	255,000,000	93,323,232	161,676,768	37%	Cancellation of previously flouted international Competitive tenders meant that this grant component could not be adequately absorbed during the year under review

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Acquisition of Non-financial Assets	370,000,000	147,314,187	222,685,813	40%	Slow pace of construction works and Cancellation of previously flouted international Competitive tenders meant that this grant component could not be adequately absorbed during the year under review
Total Payments	625,000,000	240,637,419	384,362,581		

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Supplier of Goods or Services	Date Contracted/ invoiced.	Original Amount	Amount Paid To-Date	Outstanding Balance Current FY	Outstanding Balance Previous FY	Comments
		a	b	c=a-b		
Supply of services						
1. Masada Hotels	Jan 2024	539,000	nil	539,000	nil	
Sub-Total		539,000	nil	539,000	nil	
Grand Total		539,000	nil	539,000	nil	

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Annex 4: Summary of Fixed Assets Register

Asset class	Opening Cost (KShs) 2023	*Purchases/Ad ditions in the Year (KShs) 2023/24	**Disposals in the Year (KShs) 2023/24	Closing Cost (KShs) 2024
	(a)	(b)	(c)	(d)= (a)+ (b)-(c)
Buildings and structures	73,438,702	135,197,127	-	208,635,829
Transport equipment	4,899,300	-	-	4,899,300
Office equipment, furniture and fittings	9,034,625	8,723,220	-	17,757,845
Total	87,372,627	143,920,347	-	231,292,974

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Annex 5: Other Support Documents

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