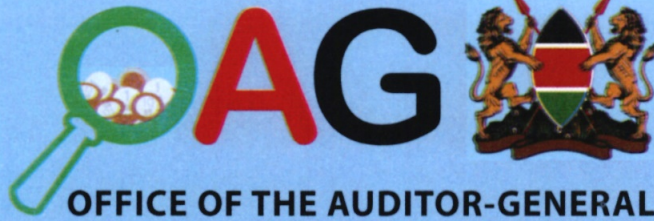
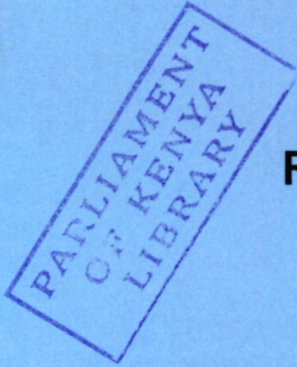


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability



REPORT

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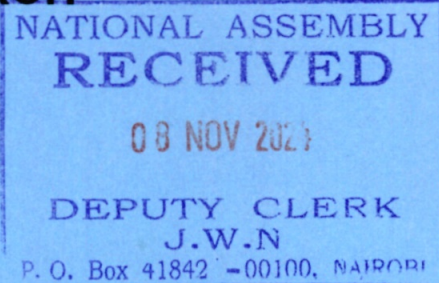
THE AUDITOR-GENERAL

ON

**EASTERN AND SOUTHERN AFRICA HIGHER
EDUCATION CENTRES OF EXCELLENCE (ACE II)
PROJECT (CREDIT NO.5798-KE)**

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

**STATE DEPARTMENT FOR HIGHER EDUCATION
AND RESEARCH**



THE NATIONAL ASSEMBLY
BADOUS LAID
DATE: 04 DEC 2024 DAY: WEDNESDAY
HON. OWEN BATA
DAVID



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY

24 OCT 2024

RECEIVED

**PROJECT NAME: EASTERN AND SOUTHERN AFRICA HIGHER EDUCATION
CENTRES OF EXCELLENCE (ACEII) PROJECT**

**IMPLEMENTING ENTITY: MINISTRY OF EDUCATION
STATE DEPARTMENT FOR HIGHER EDUCATION AND RESEARCH**

PROJECT CREDIT NUMBER: 5798-KE

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)**

*Eastern and Southern Africa Higher Education Centers of Excellence (ACEII) Project
Annual Report and Financial Statements for the financial year ended June 30, 2024*

*Eastern and Southern Africa Higher Education Centers of Excellence (ACEII) Project
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1. Acronyms and Glossary of Terms

ACEII	Eastern and Southern Africa Higher Education Centres of Excellence II
CBK	Central Bank of Kenya
CESAAM	Centre of Excellence in Sustainable Agriculture & Agribusiness Management
CPA	Certified Public Accountant
DLI	Direct Link Indicators
DLR	Disbursed Link Results
EMCA	Environmental Management and Co-ordination Act
ESMP	Environmental and Social Management Plan
GOK	Government of Kenya
IAS	International Accounting Standards
ICPAK	Institute of Certified Public Accountants of Kenya
IDA	International Development Association
INSEFOODS	Centre of Excellence in Sustainable Use of Insects as Foods and Feeds
NEMA	National Environment Management Authority
PTRE	Centre of Excellence for Phytochemicals, Textile and Renewable Energy
WB	World Bank
XDR	Special Drawing Rights

2. Project Information and Overall Performance

2.1 Name and registered office

Name

The project's official name is Eastern and Southern Africa Higher Education Centres of Excellence (ACEII) project.

Objective

The key objective of the project is to strengthen selected Eastern and Southern Africa Higher Education Institutions to deliver quality post graduate education and build collaborative research capacity in the regional priority areas. In Kenya, the selected implementing institutions are: Moi, Jaramogi Oginga Odinga and Egerton universities.

Address

The project headquarters offices are in Nairobi city, Nairobi County, Kenya.

The address of its registered office is:

Ministry of Education Headquarters,
Jogoo House 'B'
Harambee Avenue
P.O Box 9583-00200, Nairobi.

The project also has offices/branches as follows:

- Moi University - project implementation
- Jaramogi Oginga Odinga University - project implementation
- Egerton University - project implementation

Contacts: The following are the project contacts

P.O. Box: 9583-00200

Telephone: (254) 722586164

E-mail: paul.mungai@yahoo.com

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Project information and overall performance (continued)

2.2 Project Information

Project Start Date:	The project start date is 01.02.17
Project End Date:	The project end date is 31.12.23
Project Manager:	The project manager is Mr Paul Mungai
Project Sponsor:	The project sponsor is International Development Association

2.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of the Education Ministry. (State Department for Higher Education and Research)
Project number	IDA Credit 5798-KE
Strategic goals of the project	The strategic goals of the project are as follows: i) To strengthen selected Eastern and Southern Africa Higher Education Institutions to deliver quality post graduate education and build collaborative research capacity in the regional priority areas
Achievement of strategic goals	The project management aims to achieve the goals through the following means: (i) Build institutional capacity to provide quality post graduate education with relevance to the labour market. (ii) Develop and enhance partnerships with other academic institutions (national, regional, international) to pursue academic excellence. (iii) Develop and enhance partnerships with industry and private sector to generate greater impact.
Other important background information of the project	The project is in line with vision 2030, objectives for relevance in education to assist the country attain mid-level industrialization

***Eastern and Southern Africa Higher Education Centers of Excellence (ACEII) Project
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<p>Current situation that the project was formed to intervene</p>	<p>The project was formed to intervene in the following areas:</p> <ul style="list-style-type: none"> (i) The project was formed to address the issue of few skilled post graduates being produced in Sub Saharan Africa especially in Science & Technology in order to meet the requirements for expansion and diversifying the region’s economy. (ii) Apart from addressing the issue of few numbers of graduates being produced in Science, Technology and Mathematics in the region, the project seeks to address the issue of relevance and quality of courses offered which are currently contributing to a mismatch between the graduates produced and the labour market requirements especially in science and technology courses.
<p>Project duration</p>	<p>The project started on 1st February 2017 and ended on 31 December 2023 with an implementation grace period of up to 30th April, 2024</p>

Project Information and Overall Performance (Continued)

2.4 Bankers

The following are the bankers for the current year:

- (i) Central bank of Kenya (for State Department of Higher Education and Research)
- (ii) Central bank of Kenya (US Dollar Special Project Account for receiving donor funds)

2.5 Auditors

The project is audited by the - Auditor-General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084 – 00100

Nairobi

2.6 Roles and Responsibilities

Names	Title designation	Key qualification	Responsibilities
Dr. Beatrice Muganda Inyangala	Principal Secretary	B.Ed and M. Phil in Planning and Economics of Education; PhD from the University of Athens International Institute of Educational Planning in Paris, France	Chairing of the National steering committee of the project. Overall policy direction on the management of the project.
Paul Mungai	Deputy Director of Education	Masters	Project Coordination at the Ministry.
Prof. Ambrose. K Kiprop	Professor	Professor	Center Leader-PTRE Project: Moi University.
Prof. Darius Andika	Acting Director	Professor	Center Leader-INSEFOODS Project: Jaramogi Oginga

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			Odinga University.
Prof. George Owuor	Professor	Professor	Center Leader- CESAAM Project Egerton University.
Margaret Kariuki	Senior Deputy Accountant General	Masters; CPA(K)	Withdrawal Application, Processing payments for disbursements from Ministry to the various project accounts. Preparation of Financial Statements.
Nancy Mateli	Project Accountant	Bachelors Degree (Finance Option), CPA(K)	Processing of payments

2.7 Funding summary

The Project is for duration of six years from 2017 to 2023 with an approved budget of XDR13.7 Million equivalent to Kshs. 1,917,405,000 as highlighted in the table below:

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 June 2024)		Undrawn balance to date	
	XDR	Kshs	XDR	Kshs	XDR	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A)-(B)
(i) Loan						
International Development Association of the World bank	12,800,000	1,826,100,000	12,800,000	2,009,870,542	0	0
(ii) Counterpart funds						
Government of Kenya	626,960	91,305,000	409,441	59,627,464	217,519	31,677,536
Total	13,426,960	1,917,405,000	13,209,441	2,069,498,006	217,519	31,677,536

Project information and overall performance (continued)

B. Application of Funds

Application 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)	
	XDR	Kshs		XDR	Kshs
	(A)	(A')		(A)-(B)	(A')-(B')
(i) Loan					
International Development Association	12,800,000	2,009,870,542	2,009,870,542	0	0
(ii) Counterpart funds					
Government of Kenya	409,441	59,627,464	59,627,464	217,519	31,677,536
Total	13,209,441	2,069,498,006	2,069,498,006	217,519	31,677,536

*Eastern and Southern Africa Higher Education Centers of Excellence (ACEII) Project
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Project information and overall performance (continued)

2.8 Summary of Overall Project Performance:

i) *Budget performance against actual amounts for the current year and for cumulative to-date*

During the year under review the project utilised 94% of the GoK budget and 99% of donor budget provided.

Receipts/Payments Item	Budget 2023/2024	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a-b	d=b/a%
Receipts				
Transfer from Government entities	6,000,000	5,672,220	327,780	94.54%
Proceeds from borrowings	423,000,000	422,382,770	617,230	99.85%
Total Receipts	429,000,000	428,054,990	945,010	99.78%

Receipts/Payments Item	Original Budget Cumulative to date	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a-b	d=b/a%
Receipts				
Transfer from Government entities	97,305,000	59,627,464	37,677,536	61.28%
Proceeds from borrowings	2,249,100,000	2,009,870,542	239,229,458	89.36%
Total Receipts	2,346,405,000	2,069,498,006	276,906,994	88.20%

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The budget difference of transfer of government entities of 61.26% is as a result of underfunding of the exchequer.

The budget difference of 89.36% of the proceeds from borrowing is as a result of the exchange rates during budget allocation and time for disbursement of the exchequer

ii) *Physical progress based on outputs and outcomes since project commencement,*

The project is progressed well and came to an end. All the implementing entities have since achieved various Direct linked results, have the results verified and been able to get funds on time for their activities.

The Disbursements made to the universities are as a result of having achieved results which are measurable and / verified by independent verifiers. There is therefore value for all funds disbursed for this particular project.

iii) *Absorption Rate*

FINANCIAL YEAR	ABSORPTION OF PROJECT RESOURCES(%)		
	IDA	GOK	AVERAGE
2016/17	100	0	100
2017/18	100	58	79
2018/19	100	81	90.5
2019/20	56	53	54.5
2020/21	80	76	78
2021/22	76.16	88.01	82.085
2022/23	42.57	55.45	49.01
2023/24	99.85	94.54	97

iv) *Implementation challenges and recommendation*

Implementation Challenges

- There was low rate of enrolment of Post-graduate regional female students due to sociocultural issues. some of the challenges included unforeseen expectations like care of expectant female students and nursing care for those with babies.
- Lengthy process for the approval of the MOUs
- Limited resources for the programme upscale and extension to other universities.
- Inadequate capacity for patenting and commercialization of the research outputs

- COVID-19 Pandemic delayed project activities including exchanges and students research progress

Recommendations/Next Steps

- There is need for the programmes to encourage/support female applicants and make provisions for expectant female students and expectant mothers at the project conception stage. Provide appropriate accommodation to expectant and nursing mothers(students)
- Initiate the process in good time for timely completion of agreement signing.
- Alignment of the project to the university institutional structures. There is a need to attract more fee-paying students to enhance programme sustainability. This can be done through guarantee high quality training, programme Accreditation and rigorous marketing.
- Need to Enhance University/Industry/government partnership (problem solving research, leverage government funding, commercialization of research products) and create more room for sensitization on Patenting of research outputs and involve KIPPI and KENIA in the process of patenting and output commercialisation.
- Use of online engagements and automation

2.9 Summary of Project Compliance:

Since commencement of the project, it has not had any instances of non- Compliance. Implementation of the project is done by the three centres of excellence in Kenya.

3. Statement of Performance against Project's Predetermined Objectives

Introduction

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

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

- a) Build institutional capacity to provide quality post-graduate education with relevance to the labour market;
- b) Build institutional capacity to conduct high quality applied research, relevant to addressing key development challenge/priority;
- c) Develop and enhance partnerships with industry and the private sector to generate greater impact
- d) Develop and enhance partnerships with other academic institutions (national, regional and international) to pursue academic excellence.
- e) Improve governance and management of the institution and set up a role model for other higher education institutions; and
- f) Deliver outreach, and create an impact, to society by delivering excellent teaching and producing high quality applied research.

Progress on attainment of strategic development objectives

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

**Eastern and Southern Africa Higher Education Centers of Excellence (ACEII) Project
Annual Report and Financial Statements for the financial year ended June 30, 2024**

Below we provide the progress on attaining the stated objectives:

Project	Objective	Out Come	Indicator	Performance (23/24)	% Achieved
Eastern and Southern Africa Higher Education Centres of Excellence	Project meets the criteria for regional IDA allocation	Institutional readiness	Disbursed Link Result 1.1: Completion of Effectiveness Conditions	All the three projects achieved effectiveness in the first year. Disbursed Link Result for a Total USD 1,800,000	100%
			Disbursed Link Result 1.2 Development of the Project Implementation Plans	All the three projects developed implementation plans. Disbursed Link Result for a Total USD 1,500,000	100%
	Build institutional capacity to provide quality post-graduate education with relevance to the labor market;	Excellence in education and research capacity and development impact	Disbursed Link Result 2.2 Number of students (both national and regional) enrolled by the ACEs in Master's and PhD programs	Total Students Enrolled 868 Postgraduate Students (220 PhD, 648 Msc.) Total short courses Trainees: 881 trainees	100%
			Disbursed Link Result 2.3 Number of accreditation of Programmes	A total of 46 programmes were accredited as follows; <ul style="list-style-type: none"> Nationally accredited: 38 Internationally accredited: 6 Regionally accredited: 2. 	100%
			Disbursed Link Result 2.5 Number of peer reviewed journals published	609 peer reviewed journals published	100%
			Disbursed Link Result 2.7 Externally Generated funds	Total externally generated funds amounts to \$ 8,421,294.61 from	100%

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

				external sources as shown below INSEFOODS- 1,222,939. 61 CESAAM- 3,200,000.00 PTRE- 3,998,355. 00 TOTAL- 8,421,294.61	
			Disbursed Link Result 2.8 PASET Benchmarking	All the centres achieved the PASET benchmarking indicator.	100%
	Develop and enhance partnerships with industry, the private sector to generate greater impact	Partnerships with industry and the private sector to generate greater impact	Disbursed Link Result 2.4 Number of partnerships with industry and the private sector to generate greater impact	The three centres develop active partnerships with 10 Industry, 40 Academic and Research institutions and 5 local community partnerships during the period of implementation.	100%
	Develop and enhance partnerships with other academic institutions (national, regional and international) to pursue academic excellence.	Partnerships with other academic institutions (national, regional and international) to pursue academic excellence	Disbursed Link Result 2.6 Number of Staff and Student Exchange undertaken	A total of 329 staff and student participated in the exchange programs	100%
	Improve governance	Timely, transparent and	Disbursed Link Result 3.1: Timely	The centers have achieved total withdrawals	100%

***Eastern and Southern Africa Higher Education Centers of Excellence (ACEII) Project
Annual Report and Financial Statements for the financial year ended June 30, 2024***

	and management of the institution	institutionally reviewed Financial Management	withdrawal applications		
			Disbursed Link Result 3.2: Functioning Audit committee	The centers have Functioning Council Audit committees. (Successfully verified audit done for the year	100%
			Disbursed Link Result 3.3 Functioning Internal Audit unit	The centers have Functioning Internal Audit unit.	100%
			Disbursed Link Result 3.4 Transparency of Financial Management	The centers have achieved the Disbursed Link Result	100%
		Timely and audited Procurement	Disbursed Link Result 4.1 Timely procurement audit	This Disbursed Link Result has been achieved	100%
			Disbursed Link Result 4.2 Timely and Satisfactory Procurement Process	This Disbursed Link Result has been achieved	100%

4. Environmental and Sustainability reporting

Eastern and Southern Africa Higher Education Centres of Excellence (ACEII) exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy. Below is a brief highlight of our activities that drive towards sustainability.

1. Sustainability strategy and profile

a) Institutionalisation

The centres are designed to be part of the higher education institutions whereby the bulk of the staff are employees of the universities. The project complements with the facilities of the university such as library, offices, laboratories and equipment among others. University management provide an enabling environment for the centres to operate effectively and efficiently. Assets from the project will form part of university infrastructure and they will be utilized appropriately and well-maintained using university resources.

b) Capacity building

The project has highly skilled human resource who will be involved in implementation of the project. This expertise will be instrumental in capacity building, operation of the equipment as well as maintenance. The centres will also continue to offer short-courses targeting business community, industry and other higher education institutions, which will be a source of revenue.

c) Resource mobilization

Performance based financing model makes the universities attract more resources, whereby the record of accomplishment of the milestones makes the project to attract more funding. The centres will continue develop fund-raising capacity and innovative ways to generate revenue to support their development needs. Moreover, the innovations from the incubation will earn the centres royalties where they will own some equity from the start-ups in the incubation hub. The core team members of the project could also form a consortium, which will be involved in consultancies to attract funds for the centre. Accredited programmes by the project is open for self-sponsored students both local and international students who could enrol, fee paying hence earn the university income and increase its visibility.

d) Partnerships and collaboration

The project aims to strengthen institutions through a strong focus on building collaborations and networks among the participating project and their host institutions, as well as partnerships with other public institutions and the private sector. The existing partnerships and collaborations between private and public institutions will be strengthened and new ones established. This will enhance sharing of resources, complementarity of service delivery, knowledge sharing and revenue generation.

e) Stakeholder involvement

Engagement of stakeholders promotes continuity of services and goods from research undertakings. Stakeholders will form a key role in product development and uptake thus enhances commercialization.

2. Environmental performance

The project primarily focused on quality enhancements of the faculty skills, curriculum development and improvement of learning resources. Environmental impact of the project is low since there is no new land acquisition for the project. The centres are located within the existing institutions. However, some of the project undertook some rehabilitation and extensions of the facilities in the institution. Construction capped at a maximum of 25 percent of the funding. Each selected centre prepared an Environmental and Social Management Plan (ESMP) that was reviewed by the Bank Safeguards specialist and cleared. The ESMPs have been disclosed in each institution in the country, and by the Bank. Safe disposal of Asbestos removed from graduate student's hostels during renovation was undertaken through National Environment Management Authority (NEMA) approval at Egerton University.

3. Employee welfare

The employee welfare is guided by the Human Resources Policies and Procedures manual for the public service as developed by the Public Service Commission. The organisation should also rely on this policy manual on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA)

4. Market place practices-

a) Responsible Supply chain and supplier relations-

The project is guided by the service charter for the state department for university education and research to maintain good business practices, treat its own suppliers responsibly by honouring contracts and respecting payment practices.

b) Responsible ethical practices

The project is guided by chapter six of the Kenya constitution 2010 on how to maintain ethical and anti- corruption practices and responsible political involvement.

c) Regulatory impact assessment

Safeguard citizen and stakeholder's rights by ensuring proper disposal of waste as guided by Environmental Management and Co-ordination Act No. 8 of 1999 (EMCA)

5. Community Engagements

One of the project development objectives was to deliver outreach, and create an impact, to the society by delivering excellent teaching and producing high quality applied research. This has been achieved through involvement in the community activities and trainings. For instance, PTRE has conducted 2 outreach activities to Small Medium Enterprises (SMEs) to improve the cottage textile industry through application of natural dyes and installation biogas unit at the community level. At Egerton University, the seeds of gold program help in the knowledge dissemination.

5. Statement of Project Management responsibilities

The Principal Secretary for the Ministry of Education, State Department of Higher Education and Research and the Project Coordinator for Eastern and Southern Africa Higher Education Centres of Excellence (ACEII) Project are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year ended on June 30, 2024.

This responsibility includes (i) Maintaining adequate financial management arrangement 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

*Eastern and Southern Africa Higher Education Centers of Excellence (ACEII) Project
Annual Report and Financial Statements for the financial year ended June 30, 2024*

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 (v)Making accounting estimates that are reasonable in the circumstances.

The Principal Secretary for the Ministry of Education, State Department of Higher Education and Research and the Project Coordinator for Eastern and Southern Africa Higher Education Centres of Excellence (ACEII) Project 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.

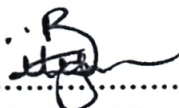
The Principal Secretary for the Ministry of Education, State Department of Higher Education and Research and the Project Coordinator for Eastern and Southern Africa Higher Education Centres of Excellence (ACEII) Project are of the opinion that the Project's financial statements give a true and fair view of the state of 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 of Higher Education and Research and the Project Coordinator for Eastern and Southern Africa Higher Education Centres of Excellence (ACEII) Project further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

The Principal Secretary for the Ministry of Education, State Department of Higher Education and Research and the Project Coordinator for Eastern and Southern Africa Higher Education Centres of Excellence (ACEII) Project 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/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

*Eastern and Southern Africa Higher Education Centers of Excellence (ACEII) Project
Annual Report and Financial Statements for the financial year ended June 30, 2024*

Approval of the Project Financial Statements

The Project financial statements were approved by the Principal Secretary for the Ministry of Education, State Department of Higher Education and Research and the Project Coordinator for Eastern and Southern Africa Higher Education Centres of Excellence (ACEII) Project on 16/9/24 2024 and signed by them.

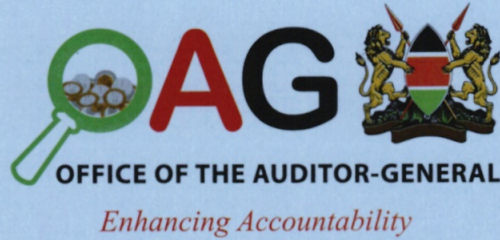

.....
**Dr. Beatrice M.
Inyangala
Principal Secretary**


.....
**Paul Mungai
Project Coordinator**


.....
**Margaret Kariuki
Project Accountant
ICPAK Member No: 4291**

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON EASTERN AND SOUTHERN AFRICA HIGHER EDUCATION CENTRES OF EXCELLENCE (ACE II) PROJECT (CREDIT NO.5798-KE) FOR THE YEAR ENDED 30 JUNE, 2024 - STATE DEPARTMENT FOR HIGHER EDUCATION AND RESEARCH

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 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.

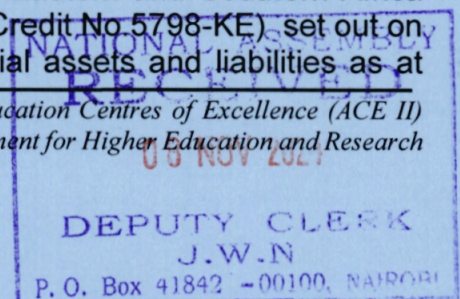
The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report when read together constitute the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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Eastern and Southern Africa Higher Education Centres of Excellence (ACE II) Project (Credit No 5798-KE) set out on page 1 to 30, which comprise of the statement of financial assets and liabilities as at

Report of the Auditor-General on Eastern and Southern Africa Higher Education Centres of Excellence (ACE II) Project (Credit No.5798-KE) for the year ended 30 June, 2024 - State Department for Higher Education and Research



30 June, 2024, and the statement of receipts and payments, statement of cash flows and 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 Eastern and Southern Africa Higher Education Centres of Excellence (ACE II) Project (Credit No.5798-KE) 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) and comply with the Public Finance Management Act, 2012 and the Financing Agreement No.5798-KE dated 4 July, 2016 between International Development Association and the Republic of Kenya.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Eastern and Southern Africa Higher Education Centres of Excellence (ACE II) Project (Credit No.5798-KE) Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audit of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, Management had not resolved the issues nor given any explanation for the failure to implement the recommendations.

Other Information

Conclusion

The Management is responsible for the other information set out on page v to xxiii which comprise of the project information and overall performance, statement of performance against project's predetermined objectives, environmental and sustainability reporting, and statement of Project Management responsibilities. The Other Information does not include the financial statements and my audit report thereon.

Basis for Conclusion

Unconfirmed Disbursement of Counterpart Funding

Review of the progress on attainment of stated objectives and counterpart funds disclosed in the financial statements reflects 100% achievement of the performance targets. However, Management failed to provide confirmed disbursement bank statements of counterpart funds showing the opening balance, dates, currency and closing balances withdrawn as at 30 June, 2024.

In connection with my audit on the Eastern and Southern Africa Higher Education Centres of Excellence (ACE II) Project 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. In my opinion except for the matter described in the Basis for Conclusion, I confirm that it is not materially inconsistent with the financial statements.

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. Failure to Open a Project Bank Account

During the financial year, Management did not open a Project bank account for the GoK counterpart funds. This was contrary to Regulation 76(1) of the Public Finance Management (National Government) Regulations, 2015 stipulates that for the purpose of disbursement of project funds, there shall be opened and maintained a project account for every project at 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. No such exemption was provided for audit.

In the circumstances, Management was in breach of the law.

2. Irregular Expenditure on Laptops and IPADs

The statement of receipts and payments reflects acquisition of non-financial assets amount of Kshs.4,014,220 as disclosed in Note 4 to the financial statements which includes amounts of Kshs.2,995,920 and Kshs.920,000 in respect of procurement of six

(6) MacBook laptops and two (2) computer IPAD 4 respectively. However, examination of supporting documentation revealed that, whereas the procurement plan estimated price for each MacBook Laptop and each IPAD 4 was an amount of Kshs.180,000 and Kshs.360,000 respectively. Management acquired each MacBook laptop and computer IPAD 4 at a cost of Kshs.499,320 and Kshs.460,000, respectively. This resulted to an expenditure of Kshs.2,115,920 which was not supported by an approved and updated procurement plan. This was contrary to Regulation 51(2) of the Public Finance Management (National Government) Regulations, 2015 which requires that expenditure commitments for goods and services shall be controlled against spending and procurement plans approved by the responsible Accounting Officer, based on allocations and allotments from approved budgets.

In the circumstances, value for money on the procurements amounting to Kshs.2,995,920 and Kshs.920,000 in respect of six (6) MacBook laptops and two (2) computer IPAD 4 respectively 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 and based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of International Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Incomplete Fixed Assets Register

Annex 3 to the financial statements reflects a balance of Kshs.30,490,153 in respect of summary of fixed assets. Review of the fixed assets register revealed incomplete details as it did not disclose: individual assets purchased using ACE II resources; tag number; delivery or installation date; payment voucher number; acquisition cost and responsible officer. This was contrary to Regulation 143(1) of Public Finance Management (National Government) Regulations, 2015 and Appendix 6(a) of the of the Guidelines on Asset and Liability Management in the Public Sector. These laws prescribe: that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws and; a standard fixed assets register template for entities in the public sector.

In the circumstances, the effectiveness of internal controls on the fixed assets could not be confirmed.

2. Failure to Raise Receipt Vouchers

The statement of receipts and payments reflects transfers from Government entities amounting to Kshs.5,672,220 as disclosed in Note 1 to the financial statements. However, the State Department for Higher Education and Research has not been raising receipt vouchers for specific users (individual projects and the State Department for Higher Education and Research separately) to account for the actual receipts of funds for all the users of the resources. This was contrary to Regulation 104(1) of the Public Finance Management (National Government) Regulations, 2015 which states that, 'all receipts and payments vouchers of public moneys shall be properly supported by pre-numbered receipt and payment vouchers and shall be supported by the appropriate authority and documentation. Further, the receipt disclosed is a balancing amount and not supported'.

In the circumstances, the effectiveness of internal controls on notifications of exchequer issuance and raising of receipt vouchers could not be confirmed.

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 International Development Association, 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 Management's report on pages v to xxiii is consistent with the financial statements.

Basis for Conclusion

The International Development Association 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 the 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 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

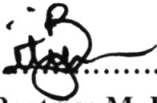
28 October, 2024

7. Statement of Receipts and Payments for the year ended 30th June 2024.

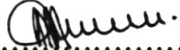
	Note	Receipts and payments controlled by the entity	Payments made by third parties	Total	Receipts and payment controlled by the entity	Payments made by third parties	Total	Cumulative to-date (From inception)
		2023-2024			2022-2023			
		Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Receipts								
Transfer from Government entities	1	5,672,220	-	5,672,220	8,649,300	-	8,649,300	59,627,464
Loan from external development partners	2	-	422,382,770	422,382,770	-	106,435,858	106,435,858	2,009,870,542
Total receipts		5,672,220	422,382,770	428,054,990	8,649,300	106,435,858	115,085,158	2,069,498,006
Payments								
Purchase of goods and services	3	1,658,000	-	1,658,000	8,339,300	-	8,339,300	29,137,111
Acquisition of non-financial assets	4	4,014,220	-	4,014,220	310,000	-	310,000	30,490,153
Transfers to other government entities	5	-	422,382,770	422,382,770	-	106,435,858	106,435,858	2,009,870,542
Total payments		5,672,220	422,382,770	428,054,990	8,649,300	106,435,858	115,085,158	2,069,498,006
Surplus/ (deficit)		-	-	-	-	-	-	-

***Eastern and Southern Africa Higher Education Centers of Excellence (ACEII) Project
Annual Report and Financial Statements for the financial year ended June 30, 2024***

In accordance with IAS 8 (Accounting policies, changes in accounting estimates, and errors) the 2023/2024 financials comparative balances FY 2022/2023 have been amended to reflect the actual expenditure incurred in the comparative year. During the financial year 2022/2023 the expenditure on purchase of non-financial assets was overstated by Kshs 2,995,920.


.....
Dr. Beatrice M. Inyangala
Principal Secretary


.....
Paul Mungai
Project Coordinator



.....
CPA Margaret Kariuki
Project Accountant
ICPAK Member No: 4291

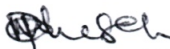
*Eastern and Southern Africa Higher Education Centers of Excellence (ACEII) Project
Annual Report and Financial Statements for the financial year ended June 30, 2024*


3. Statement of Financial Assets as at 30th June 2024

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Financial Assets			
Cash and Cash equivalents			
Bank Balances	6.A	-	-
Cash Balances	6. B	-	-
Cash equivalents (Short-term deposits)	6.C	-	-
Total Cash and Cash equivalents		-	-
Imprests and Advances	7	-	-
Total Financial Assets		-	-
Financial Liabilities			
Deposits and Retention monies	8	-	-
Net Assets		-	-
Represented By			
Fund Balance B/fwd.	9	-	-
Prior Year adjustments	10	-	-
Surplus/(Deficit) for the Year		-	-
Net Financial Position		-	-

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 16/9/2024 and signed by:


.....
Dr. Beatrice M. Inyangala
Principal Secretary


.....
Paul Mungai
Project Coordinator


.....
CPA Margaret Kariuki
Project Accountant
ICPAK Member No: 4291

*Eastern and Southern Africa Higher Education Centers of Excellence (ACEII) Project
Annual Report and Financial Statements for the financial year ended June 30, 2024*

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

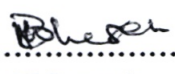
Description	Notes	2023-2024	2022-2023
		Kshs	Kshs
Cashflow from operating activities			
Receipts			
Transfer from government entities	1	5,672,220	8,649,300
Total receipts		5,672,220	8,649,300
Payments			
Purchase of goods and services	3	(1,658,000)	(8,339,300)
Transfers to other government entities	5	(422,382,770)	(106,435,858)
Total Payments		(424,040,770)	(114,775,158)
Adjustments during the year			
Prior year adjustments	10	-	-
Decrease/(increase) in accounts receivable		-	-
Increase/(decrease) in accounts payable:	1	-	-
Net cash flow from operating activities		(418,368,550)	(106,125,858)
Cashflow from investing activities			
Acquisition of non-financial assets	4	(4,014,220)	(310,000)
Net cash flows from investing activities		(4,014,220)	(310,000)
Cash flow from financing activities			
Proceeds from foreign borrowings	2	422,382,770	106,435,858
Net cash flow from financing activities		422,382,770	106,435,858
Net increase in cash and cash equivalents		-	-
Cash and cash equivalent at beginning of the year	11	-	-
Cash and cash equivalent at end of the year	11	-	-

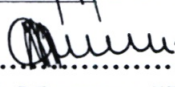
In accordance with IAS 8 (Accounting policies, changes in accounting estimates, and errors) the 2023/2024 financials comparative balances FY 2022/2023 have been amended to reflect the actual expenditure incurred in the comparative year. During the financial year 2022/2023 the expenditure on purchase of non-financial assets was overstated by Kshs 2,995,920.

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 16/9/2024 and signed by:

.....

Dr. Beatrice M. Inyangala
Principal Secretary

.....

Paul Mungai
Project Coordinator

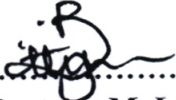
.....

CPA Margaret Kariuki
Project Accountant
ICPAK Member No: 4291

*Eastern and Southern Africa Higher Education Centers of Excellence (ACEII) Project
Annual Report and Financial Statements for the financial year ended June 30, 2024*

10. Statement of Comparison of Budget and Actual amounts for the year ended 30th June 2024

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
Receipts						
Transfer from Government entities	6,000,000	-	6,000,000	5,672,220	327,780	94.54%
Proceeds from domestic and foreign grants						
Proceeds from borrowings	423,000,000	-	423,000,000	422,382,770	617,230	99.85%
Total Receipts	429,000,000		429,000,000	428,054,990	1,012,210	99.76%
Payments						
Purchase of goods and services	6,000,000	-	6,000,000	5,672,220	327,780	94.54%
Transfer to other government entities	423,000,000	-	423,000,000	422,382,770	617,230	99.85%
Total Payments	429,000,000		429,000,000	428,054,990	1,012,210	99.78%
Surplus or Deficit	-	-	-	-	-	-

Note: The significant budget utilisation/performance differences in the last column are explained in Annex 1 to these financial statements.


.....
Dr. Beatrice M. Inyangala
Principal Secretary


.....
Paul Mungai
Project Coordinator


.....
CPA Margaret Kariuki
Project Accountant
ICPAK Member No:

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 the Project Eastern and Southern Africa Higher Education Centres of Excellence (ACEII) Project under the State Department of University Education And Research. The financial statements are for the reporting entity Eastern and Southern Africa Higher Education Centres of Excellence (ACEII) Project as required by Section 81 of the PFM Act, 2012 .

c) Reporting currency

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

d) Recognition of receipts

Eastern and Southern Africa Higher Education Centres of Excellence (ACEII) Project recognises all receipts from the various sources when the event occurs, and the related cash has actually been received.

i) Transfers from the Exchequer

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

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

These include Appropriation-in-Aid and relates to receipts such as proceeds from disposal of assets and sale of tender documents. These are recognized in the financial statements at the time 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 a payment advice is received by the recipient entity or by the beneficiary. In case of grant/donation in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice.

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

e) Recognition of payments

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

i) Compensation to employees

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

Significant Accounting Policies (Continued)

ii) Use of goods and services

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

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)

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

v) Acquisition of fixed assets

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

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

f) In-kind donations

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

Significant Accounting Policies (Continued)

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.

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 Disbursed 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:

Significant Accounting Policies (Continued)

- 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.

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 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.

Significant Accounting Policies (Continued)

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*.

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. During the year, there were no loan disbursements that were received in form of Disbursed payments from third parties.

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 the functional currency using the exchange rates prevailing at the dates of the transactions. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of receipts and payments.

Significant Accounting Policies (Continued)

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). There were no prior period adjustments.

*Eastern and Southern Africa Higher Education Centers of Excellence (ACEII) Project
Annual Report and Financial Statements for the financial year ended June 30, 2024*

12. Notes to the Financial Statements

1. Transfers from Government entities

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

Description	KShs	KShs	Cumulative to-date (from inception)
	2023-2024	2022-2023	
<i>Counterpart funding through Ministry of Education</i>			
Counterpart funds Quarter 1	-	-	-
Counterpart funds Quarter 2	2,995,920	1,014,400	5,038,520
Counterpart funds Quarter 3	625,800	4,415,800	5,642,000
Counterpart funds Quarter 4	2,050,500	3,219,100	48,946,944
Total	<u>5,672,220</u>	<u>8,649,300</u>	<u>59,627,464</u>

In accordance with IAS 8 (Accounting policies, changes in accounting estimates, and errors) the 2023/2024 financials comparative balances FY 2022/2023 have been amended to reflect the actual expenditure incurred in the comparative year. During the financial year 2022/2023 the expenditure on purchase of non-financial assets was overstated by Kshs 2,995,920

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 form of loans negotiated by the National Treasury as detailed in the table below:

Name of Donor	Date received	FY2023/2024						Cumulative to date
		Amount received in donor currency	Grants received in cash	Grants received as Disbursed payment	Grants received in kind	Total amount in Kshs	Total amount in Kshs	
		XDR	Kshs	Kshs	Kshs	2023-2024	2022-2023	
International Development Association of The World Bank	FY2023/2024	2,214,381.47	422,382,770.75	-	-	422,382,770.75	106,435,858	2,009,870,542.75
Total		2,214,381.47	422,382,770.75	-	-	422,382,770.75	106,435,858	2,009,870,542.75

Notes to the Financial Statements (Continued)

3. Purchase of Goods and Services

	2023/2024			2022/2023	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs	Kshs	Kshs	Kshs	Kshs
Domestic travel and subsistence	1,658,000	-	1,658,000	5,078,700	17,307,860
Fuel for transport	-	-	-	170,000	270,000
Printing, advertising, and information supplies	-	-	-	2,600	867,220
Training payments	-	-	-	-	475,600
Hospitality supplies and services	-	-	-	3,020,000	3,365,100
Purchase of Tyres	-	-	-	-	396,294
Purchase of Tonners	-	-	-	68,000	405,500
Routine maintenance – vehicles and other transport equipment	-	-	-	-	6,049,737
Total	<u>1,658,000</u>	=	<u>1,658,000</u>	<u>8,339,300</u>	<u>29,137,311</u>

Notes to the Financial Statements (Continued)

4. Acquisition of Non-Financial Assets

	Payments made in Cash	Payments made by third parties	Total payments	Total payments	Cumulative to-date
		2023-2024		2022-2023	
	Kshs.	Kshs.	Kshs	Kshs	Kshs
Purchase of buildings	-	-	-	-	-
Purchase of vehicles & other transport equipment	-	-	-	-	22,180,900
Purchase of office furniture & general equipment	98,300	-	98,300	310,000	2,987,913
Purchase of computers	3,915,920	-	3,915,920	-	5,321,340
Total	<u>4,014,220</u>	=	<u>4,014,220</u>	<u>310,000</u>	<u>30,490,153</u>

In accordance with IAS 8 (Accounting policies, changes in accounting estimates, and errors) the 2023/2024 financials comparative balances FY 2022/2023 have been amended to reflect the actual expenditure incurred in the comparative year. During the financial year 2022/2023 the expenditure on purchase of non-financial assets was overstated by Kshs 2,995,920

Notes to the Financial Statements (Continued)

5. Transfers to other Government Entities

During the financial period to 30 June 2024, we transferred funds to reporting government entities as shown below:

	Payments made in Cash	Payments made by third parties	Total payments	Total payments	Cumulative to date
		2023-2024		2022-2023	
	Kshs	Kshs	Kshs	Kshs	Kshs
Transfers to National Government entities					
Sustainable use of insects as food and Feeds project. (INSEFOODS) Implementing entity: Jaramogi Oginga Odinga University	241,365,057.00	-	54,053,759.20	54,053,759.20	690,315,438.20
Center of Excellence in phytochemicals, Textiles and Renewable Energy project.(PTRE) Implementing entity: Moi University	76,516,731.00	-	24,054,645.00	24,054,645.00	659,063,709.00
Center of Excellence in Sustainable Agriculture & Agribusiness Management project. (CESAAM). Implementing entity: Egerton University.	104,500,982.75	-	28,327,453.80	28,327,453.80	660,491,395.55
Total	<u>422,382,770.75</u>	=	<u>106,435,858</u>	<u>106,435,858</u>	<u>2,009,870,542.75</u>

(We have confirmed that the beneficiary institutions have received the funds and have recorded these as inter-entity receipts. We have attached these duly signed confirmations as an Appendix to the financial statements).

Eastern and Southern Africa Higher Education Centres of Excellence (ACEII) Project
Annual Report and Financial Statements for the financial year ended June 30, 2024

Notes to the Financial Statements (Continued)

6. Cash And Cash equivalents

Description	2023-2024	2022-2023
	Kshs	Kshs
Bank accounts (Note 6A)	-	-
Cash in hand (Note 6B)	-	-
Cash equivalents (short-term deposits) (Note 6C)	-	-
Total	=	=

The Eastern and Southern Africa Higher Education Centres of Excellence (ACEII) Project has no dedicated bank account. All transaction related to the project at the Ministry are done through the state department of university education's main development account at the central bank of Kenya.

6. A Bank Accounts

Project Bank Accounts

Details	2023-2024	2022-2023
	Kshs	Kshs
<u>Foreign Currency Accounts</u>		
Central Bank of Kenya Development [A/c No 1000302712]	-	-
Total Foreign Currency balances	=	=
<u>Local Currency Accounts</u>		
Central Bank of Kenya [A/c No.....]	-	-
Total local currency balances	=	=
Total bank account balances	=	=

Notes to the Financial Statements (Continued)

Special Deposit Accounts

The balances in the Project’s Special Deposit Account(s) as at 30th June 2024 are not included in the Statement of Financial Assets since they are below the line items and are yet to be drawn into the Exchequer Account as a voted provision.

Below is the Special Deposit Account (SDA) movement schedule which shows the flow of funds that were voted in the year. These funds have been reported as loans/grants received in the year under the Statement of Receipts and Payments.

Special Deposit Accounts Movement Schedule

Description	2023-2024	2022-2023
	USD	USD
(i) A/C Name [A/c No. 1000331704]		
Opening balance	51,589.83	51,589.83
Total amount deposited in the account	2,908,344.94	790,580.69
Total amount withdrawn (as per Statement of Receipts & Payments)	<u>(2,959,934.92)</u>	<u>(790,580.54)</u>
Closing balance (as per SDA bank account reconciliation attached)	<u>0</u>	<u>51,589.83</u>

(The Special Deposit Account(s) reconciliation statement(s) has (have) been attached as Annex 5 support these closing balance.

Notes to the Financial Statements (Continued)

6 B Cash in hand

Description	2023-2024	2022-2023
	KShs	KShs
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other locations (<i>specify</i>)	-	-
Total cash in hand balances	=	=

6 C Cash equivalents (short-term deposits)

Description	2023-2024	2022-2023
	Kshs	Kshs
Kenya Commercial Bank [A/C No.....]	-	-
Co-Operative Bank of Kenya [A/C No.....]	-	-
Total	=	=

7. Accounts Receivables

Description	2023-2024	2022-2023
	Kshs	Kshs
Government Imprests	-	-
Salary advances	-	-
Total	-	-

Notes to the Financial Statements (Continued)

8. Payables - Deposits and Retention Monies

Description	2023-2024	2022-2023
	Kshs	Kshs
Retention	-	-
Deposits	-	-
Total	-	-

9. Fund Balance Brought Forward

Description	2023-2024	2022-2023
	Kshs	Kshs
Bank accounts	-	-
Cash in hand	-	-
Cash equivalents (short-term deposits)	-	-
Outstanding imprests and advances	-	-
Total	-	-

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13. Other Important Disclosures

1. External Assistance

	2022-2023	2021-2022
Description	Kshs	Kshs
External assistance received as loans	422,382,770.75	106,435,858
Total	422,382,770.75	106,435,858

a). External assistance relating loans and grants

	FY 2023/2024	FY 2021/2022
Description	Kshs	Kshs
External assistance received as loans	422,382,770.75	106,435,858
Total	422,382,770.75	106,435,858

Eastern and Southern Africa Higher Education Centres of Excellence (ACEII) Project
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Other Important Disclosures (Continued)

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	To strengthen selected Eastern & Southern Africa Higher Education Institutions to deliver quality post graduate education	-	238,612,228
Total		-	238,612,228

c) Classes of providers of external assistance

	FY 2023/2024	FY 2022/2023
Description	Kshs	Kshs
International assistance organization	422,382,770.75	106,435,858
Total	422,382,770.75	106,435,858

Eastern and Southern Africa Higher Education Centres of Excellence (ACEII) Project
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Other Important Disclosures (Continued)

d) Purpose and use of external assistance

Payments made by third parties	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Transfers to other Government entities	422,382,770.75	106,435,858
Total	422,382,770.75	106,435,858

*Eastern and Southern Africa Higher Education Centres of Excellence (ACEII) Project
Annual Report and Financial Statements for the financial year ended June 30, 2024*

14. Prior Year Auditor-General's Recommendations

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
407.	Unsupported Domestic Travel Subsistence	The statement of receipts and payments reflects Kshs. 8,339,300 in respect to purchase of goods and services and as disclosed in Note 3 to the financial statements. This amount includes Kshs. 5,078,700 in respect to domestic travel and subsistence, out of which Kshs. 3,286,500 and Kshs. 974,400 relate to payments made to officers who attended National Steering Committee (NSC) meetings, did appraisal of the ACE II Project implementation held between 19-23 June, 2023 and 6-10 February, 2023 and performed internal audit respectively. However, review of supporting documentation related to domestic travel expenditure revealed that evidence of circulation of notices of the said NSC meetings by NSC chair to NSC members	Pending PAC Resolution	

Eastern and Southern Africa Higher Education Centres of Excellence (ACEII) Project
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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>for 19 June, 2023 were not provided for audit, and no original work tickets were provided to confirm the journeys made. Further, the actual number of people who were involved in NSC activities were more compared to the initial number of members appointed to be NSC members.</p> <p>In the circumstances, the regularity of the expenditure of Kshs.2,854,500 could not be confirmed.</p>		
408.	<p>Variations in the Notes to the Financial Statements for Cumulative Balance</p>	<p>Variations in the Notes to the Financial Statements for Cumulative Balance</p> <p>Note 3 to the financial statements reflects a Nil balance in respect to comparative balance for purchase of tonners. However, the previous year's audited financial statements reflect a balance of Kshs. 337,500 in respect to the same item resulting in unexplained variance of Kshs.</p>	<p>Pending PAC Resolution</p>	

Eastern and Southern Africa Higher Education Centres of Excellence (ACEII) Project
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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)
		337,500. In the circumstances, the accuracy and completeness of the expenditure on toners could not be confirmed.		
409.	Budgetary Control and Performance	The statement of comparison of budget and actual amounts reflects final receipts budget and actual receipts on comparable basis of Kshs. 271,000,000 and Kshs. 118,081,078 respectively, resulting in underfunding of Kshs. 152,918,922 or 56% of the budget. Similarly, the Project spent Kshs. 118,081,078 against a budget of Kshs. 271,000,000, resulting in an under expenditure of Kshs. 152,918,922 or 56% of the budget. The underfunding and under performance affected the planned activities of the Project and may have impacted negatively on service	Pending PAC Resolution	

Eastern and Southern Africa Higher Education Centres of Excellence (ACEII) Project
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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)
		delivery to the public.		
410	Weaknesses in Management of Imprests	Review of documents provided for audit revealed that the Management expensed imprests amounting to Kshs. 5,053,900 when issued. This posed a challenge of tracing imprests issued but not utilized and imprests issued but not surrendered. This is contrary to Regulation 91 (1) and 93(5) of the Public Finance Management (National Government) Regulations, 2015, which states that ‘an imprest means a form of cash advance or a float which the Accounting Officer may authorize to be issued to officers who in the course of duty are required to make payments which cannot conveniently be made through the cash office of a government entity or bank account. A holder of a temporary imprest shall account or surrender the imprest within 7 working days	Pending PAC Resolution	

*Eastern and Southern Africa Higher Education Centres of Excellence (ACEII) Project
Annual Report and Financial Statements for the financial year ended June 30, 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>after returning to duty station’.</p> <p>In the circumstances, Management was in breach of the law.</p>		
411.	Local Purchase Order Issued after Procurement	<p>Review of records revealed that the Project Management requested for quotations for conference facilities on 21 September, 2022 and all the quotations were submitted on 22 September, 2022. The conference facilities were provided between 26 September, 2023 and 8 October, 2022 respectively and invoice of Kshs. 2,964,000 generated on 11 November, 2022. However, the local purchase order for this service was generated 5 months later on 2 March, 2023. This was contrary to Section 106(5) of the Public Procurement and Asset Disposal Act, 2015 which requires a procuring entity while procuring through a request for quotations to place a purchase order with the</p>	Pending PAC Resolution	

Eastern and Southern Africa Higher Education Centres of Excellence (ACEII) Project
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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)
		person submitting the successful quotation and the person submitting the successful quotation to confirm the purchase order in writing'. In the circumstances, Management was in breach of the law.		

Guidance Notes:

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



Dr. Beatrice M. Inyangala
 Principal Secretary



Paul Mungai
 Project Coordinator

15. Annexes

Annex1 - Variance explanations - Comparative Budget and Actual amounts for FY 2023-2024

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance (below 90% and over 100%)
	a	b	c=a-b	d=b/a %	
Receipts					
Transfer from Government entities	6,000,000	5,672,220	327,780	94.54%	There were no capital expenditure at the headquarters because the project was at its final phase
Proceeds from borrowings	423,000,000	422,382,770	617,230	99.85%	Verification process was done in time and the request for disbursement from the independent verifier received by the ministry which enabled disbursements in time as well to finalize the project
Total Receipts	429,000,000	428,054,990	945,010	99.78%	
Payments					
Purchase of goods and services	6,000,000	5,672,220	327,780	94.54%	There were no capital expenditure at the headquarters because the project is at its final phase
Transfers to other government entities	423,000,000	422,382,770	617,230	99.85%	Verification process was done in time and the request for disbursement from the independent verifier received by the ministry which enabled disbursements in time as well to finalize the project
Total payments	429,000,000	428,054,990	945,010	99.78%	

Eastern and Southern Africa Higher Education Centres of Excellence (ACEII) Project
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Annex 2: Reconciliation of inter-entity transfers

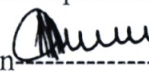
Project Name:		Eastern and Southern Africa Higher Education Centres of Excellence (ACEII) Project	
Break down of transfers from the State Department of University Education and Research			
a.	Government Counterpart funding		
		Bank Statement Date	Amount (Kshs)
	Counterpart funding		5,672,220
			FY2023/2024
		Total	5,672,220
B.	Disbursed payments		
		Bank Statement Date	Amount (Kshs)
			-
		Total	-
C.	Others		
		Bank Statement Date	Amount (Kshs)
	Moi University		76,516,731.00
	Jaramogi Oginga Odinga		241,365,057.00
	Egerton University		104,500,982.75
		Total	422,382,770.75
		Total (A+B+C)	427,987,790.75

The above amounts have been communicated to and reconciled with the Parent Ministry/ State Department

Project Coordinator
 Paul Mungai

Sign 

Head of Accounting Unit
 State Department Higher Education and Research

Sign 

Eastern and Southern Africa Higher Education Centres of Excellence (ACEII) Project Reports and Financial Statements
For the financial year ended June 30, 2022

Annex 3 – Summary of Fixed Assets Register



Asset class	Opening Cost (KShs) 2023/24	Donations in form of assets (KShs) 2023/24	*Purchases/ Additions in the Year (KShs) 2023/24	Disposals in the Year (KShs) 2023/24	Transfer s in/(out) Kshs 2023/24	Closing Cost (KShs) 2024
	(a)	(b)	(c)	(d)	(d)	(e) = (a) + (b) + c - (d) + (-)
Transport equipment	22,180,900	-	-	-	-	22,180,900
Office equipment, furniture and fittings	2,889,613	-	98,300	-	-	2,987,913
ICT Equipment,	1,405,420	-	3,915,920	-	-	5,321,340
Total	26,475,933	-	4,014,220	-	-	30,490,153

In accordance with IAS 8 (Accounting policies, changes in accounting estimates, and errors) the 2023/2024 financials comparative balances FY 2022/2023 have been amended to reflect the actual expenditure incurred in the comparative year. During the financial year 2022/2023 the expenditure on purchase of non-financial assets was overstated by Kshs 2,995,920

Eastern and Southern Africa Higher Education Centres of Excellence (ACEII) Project
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Annex 4: Signed confirmations from beneficiaries in Transfers to Other Government Entities

a. Egerton University

ENTITY NAME:		EGERTON UNIVERSITY		
Note 6 c. Break down of Transfers from the State Department of Education, Ministry of Education				
FY 2023/2024				
6a. Recurrent Grants				
	Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate	
	10-Aug-2023	147,779,688	2023/2024	
	30-Aug-2023	147,779,688	2023/2024	
	12-Sep-2023	147,779,686	2023/2024	
	1-Nov-2023	147,779,688	2023/2024	
	13-Dec-2023	147,779,688	2023/2024	
	8-Jan-2024	147,779,687	2023/2024	
	12-Feb-2024	147,779,687	2023/2024	
	13-Mar-2024	147,779,687	2023/2024	
	12-Apr-2024	147,779,687	2023/2024	
	17-May-2024	147,779,688	2023/2024	
	12-Jun-2024	147,779,688	2023/2024	
	1-Jul-2024	147,779,688	2023/2024	
	10-Jul-2024	269,400,600	2023/2024	
	Total	2,842,756,250		
b. Development Grants				
	Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate	
	4-Mar-2024	50,000,000	2023/2024	
	4-Mar-2024	25,000,000	2023/2024	
	Total	75,000,000		
c. Donor Receipts				
	Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate	
	13-Dec-23	44,061,851	2023/2024	
	9-May-24	60,439,532	2023/2024	
	Total	104,501,383		
The above amounts have been communicated to and reconciled with the parent Ministry				
Chief Finance Officer Egerton University		Head of Accounting Unit State Department of Education Ministry of Education		
Sign		Sign		

**CHIEF FINANCE OFFICER
EGERTON UNIVERSITY**

Eastern and Southern Africa Higher Education Centres of Excellence (ACEII) Project
Annual Report and Financial Statements for the financial year ended June 30, 2024

b. Moi University

MU/FIN/PS/6/VOL.8(31)

23rd May, 2024

The Principal Secretary,
State Department for Higher Education and Research,
Ministry of Education,
P.O. Box 30040 – 00100,
NAIROBI.

Dear Madam,

RE: ACE 11 WORLD BANK PROJECT FUNDS

We acknowledge with thanks receipt of Kshs.20,215,988.00 being ACE 11 World Bank Project funds received on 8th May, 2024 in respect of the above project.

Enclosed please find our official receipt No.KB17 – 000113 for your records.

Yours faithfully,

Prof. Isaac S. Kosgey, Ph.D.

Prof. Isaac S. Kosgey, Ph.D., MBS
VICE - CHANCELLOR

/em

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MU/FIN/PS/6/VOL.7(154)

11th January, 2024

The Principal Secretary,
State Department for Higher Education and Research,
Ministry of Education,
P.O. Box 30040 – 00100,
NAIROBI

Dear

RE: MOI UNIVERSITY ACE II WORLD BANK PROJECT FUNDS

We acknowledge with thanks receipt of Kshs.56,300,743.00 (Kenya Shillings Fifty Six Million Three Hundred Thousand Seven Hundred and Forty Three Only) being ACE II World Bank Project funds received on 16th December, 2023 in respect of the ACE II, PTRE Project activities.

Enclosed please find our official receipt No.KB17 – 000077 for your records.

Yours faithfully,

Prof. Isaac S. Kosgey, Ph.D.

Prof. Isaac S. Kosgey, Ph.D., MBS
VICE - CHANCELLOR

c. Jaramogi Oginga Odinga University of Science and Technology



**JARAMOGI OGINGA ODINGA
UNIVERSITY OF SCIENCE AND TECHNOLOGY
OFFICE OF THE VICE-CHANCELLOR**

P.O. Box 210-40601 BONDO
Tel.: 057-2501804 / 2058000
Fax: 057-2523851

Email: vc@jooust.ac.ke
Website: www.jooust.ac.ke

When replying please quote our ref:

Our Ref: JOOUST/PAF/FIN/C/3(7)/44
Your Ref:

Date: 19.8.2024

The Principal Secretary
State Department for Higher Education and Research
Ministry of Education
Jogoo House "B" Harambee Avenue
P. O. Box 9583-00200
NAIROBI

Dear PS,

**RE: CONFIRMATION OF RECEIPT OF FUNDS FROM THE WORLD BANK
FUNDED - ACEII INSEFOODS PROJECT**

Reference is made to e-mail dated 15th August, 2024 on the above subject matter.

We hereby submit the confirmation of the amounts received by the University under the World Bank Funded ACEII INSEFOODS Project from inception to 30th June 2024.

Yours Sincerely,

Prof. Emily Achieng Akuno, OGW
VICE CHANCELLOR

Eastern and Southern Africa Higher Education Centres of Excellence (ACEII) Project
Annual Report and Financial Statements for the financial year ended June 30, 2024

b

Jaramogi Oginga Odinga University of Science and Technology
Africa Center of Excellence in Sustainable use of Insects as food and feeds

Inter-Entity Confirmation Letter

Name of Transferring Entity: Ministry of Education - State Department for Higher Education and Research

Name of Beneficiary Entity: Jaramogi Oginga Odinga University of Science and Technology

Transfer from Foreign Entities									
	Date received	2023-2024	2022-2023	2021-2022	2020-2021	2019-2020	2018-2019	2017-2018	Cumulative to-date
		Kshs	Kshs	Kshs.	Kshs.	Kshs	Kshs	Kshs	Kshs.
Grants Received from Bilateral Donors(Foreign Government)									
State Department	04.04.2019		-	-	-	-		111,595,000	111,595,000
State Department	15.04.2019		-	-	-	8,853,990	39,220,058	259,167	48,333,215
State Department			-	-	-	18,316,327	1,315,641	-	19,631,968
State Department			-	-	-	38,629,994	-	-	38,629,994
State Department	18.02.2021		-	-	89,654,925	-	-	-	89,654,925
State Department	24.03.2022		-	75,000,000	-	-	-	-	75,000,000
State Department	21.04.2022		-	12,051,520	-	-	-	-	12,051,520
State Department	27.04.2023		54,053,759	-	-	-	-	-	54,053,759
State Department	13-12-2023	144,423,646							144,423,646
State Department	08-05-2024	96,941,411							96,941,411
Total		241,365,057	54,053,759	87,051,520	89,654,925	65,800,311	40,535,699	111,854,167	690,315,439

I confirm that the amounts shown above are correct as of the date indicated.

Head of Accounts Department – Ministry of Education- State Department of Higher Education and Research

Name Sign Date

Chief Finance Officer – Jaramogi Oginga Odinga University of Science and Technology (Beneficiary Entity)

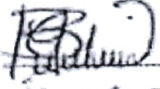
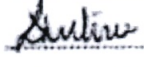
Name CPA George K. Aduda Sign [Signature] Date 21/5/2024



Annex 5. Other support documents

i) Special Deposit Account(s) reconciliation statement(s)

a) Bank statement

SPECIAL ACCOUNT STATEMENT	
For period ending	30th JUNE, 2024
Account No.	1000331704
Depository Bank	CENTRAL BANK OF KENYA.
Address	CENTRAL BANK OF KENYA.
Related Loan	ESAHECE ACE II CR NO. 5798
Credit Agreement	
Currency	USD
Part A - Account Activity	
Beginning balance of 1st July, 2023 as per C.B.K. Ledger Account	51,589.98
Add:	
Total Amount deposited by World Bank	2,908,344.94
Total Interest earnings if deposited in account	
Total amount refunded to cover ineligible expenditure	
Deduct:	
Total amount withdrawn	2,959,934.92
Total service charges if not included above in amount withdrawn	
Ending balance on 30th June, 2024	0.00
AUTHORISED REPRESENTATIVE CENTRAL BANK OF KENYA	SIGNATURE: 
	DATE: 01-08-2024
AUTHORISED REPRESENTATIVE EXTERNAL RESOURCES DEPARTMENT-TREASURY	SIGNATURE: 
	DATE: 02-08-2024

NOTE: The ending balance as per Central Bank of Kenya Ledger Account and the off-shore Special Account as at 30th June, 2024 have been reconciled and a copy of the supporting Reconciliation Statement is attached.

Eastern and Southern Africa Higher Education Centres of Excellence (ACEII) Project
Annual Report and Financial Statements for the financial year ended June 30, 2024

b) Special Deposit Account Bank Reconciliation Statement

**EASTERN AND SOUTHERN AFRICA HIGHER EDUCATION CENTRES OF EXCELLENCE - ACE II
 STATEMENT OF SPECIAL (DESIGNATED) ACCOUNT RECONCILIATION
 FOR THE YEAR ENDED 30 JUNE 2024**

Credit No.: IDA CREDIT NO. 57980-KE

Bank Account No.: 1000331704 held with CENTRAL BANK OF KENYA

	NOTES	AMOUNT USD	AMOUNT USD
1	Amount advanced by IDA		17,645,687.65
	Less:		
2	Total amount documented		17,645,687.65
3	Outstanding amount to be documented		-
	Represented by:		
4	Ending Special account Balance as as 30 June 2024		-
5	Amounts claimed but not credited as at 30 June 2024		-
6	Amounts withdrawn and not claimed		-
7	Service Charges (if not included in lines 5 and 6 above)		-
8	Interest earned (if included in Special Account)		-
9	Total advance to Special Account Year ended 30 June 2024		-


Discrepancy between total appearing on line 3 and 9

-

Notes:

- 1 Explain the discrepancy between totals appearing on lines 3 and 9 above (e.g amount due to be refunded to cover ineligible expenditures paid from the Special/Designated Account)
- 2 Indicate if amount appearing on line 6 is eligible for financing by IDA and provide reasons for not claiming the expenditures

The amount appearing on line 6 is eligible for financing by World Bank and shall be documented in subsequent IFRs


 AUTHORISED REPRESENTATIVE
 RESOURCE MOBILISATION DEPARTMENT
 THE NATIONAL TREASURY

DATE: 02-08-2024

Eastern and Southern Africa Higher Education Centres of Excellence (ACEII) Project
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ii) Credit Account Closure Notification



THE WORLD BANK
IBRD • IDA | WORLD BANK GROUP

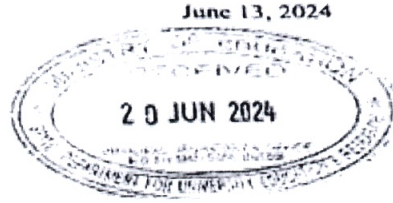
Kenya Country Office
Delta Center, Menengai Road, Upper Hill
P.O. Box 30577
Nairobi

Tel: (254-20) 293 6000
Fax: (254-20) 293 6360 / 361

SUN DHE FIA @ 21/6/2024

Prof. Njuguna Ndung'u
Cabinet Secretary
The National Treasury and Economic Planning
Treasury Building
Nairobi

3-4+
3092 @ 13.13



June 13, 2024

Dear Prof. Ndung'u,

**Re: IDA Credit Financing 5798-KE
Kenya – Eastern and Southern Higher Education Centers of Excellence Project
Closure of the Credit Account**

We refer to the Financing Agreement (the Agreement) dated July 4, 2016, between the Republic of Kenya ("the Recipient"), and the International Development Association ("the Association") for the above referenced credit which closed on December 31, 2023, with a final disbursement deadline date of April 30, 2024. On this final disbursement deadline date, the above Credit Account has been closed.

The final disbursement status by category under the said Credit is as follows:

Category	Description	Amount Disbursed (SDR)
1	Eligible Expenditure Programs under Part 1 of the Project for the Africa Centers of Excellence	12,800,000
	Original amount	12,800,000

We would be grateful if you could acknowledge to us receipt of this letter.

Sincerely,

Handwritten signature of Anne M. Bakilana

Anne M. Bakilana
Acting Head of Office, Kenya
Eastern and Southern Africa Region

Rase
For your Action
9/07/2024

DLUAS RP
FPA
Handwritten signature
24/6/24