

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

**KENYA YOUTH EMPLOYMENT AND
OPPORTUNITIES PROJECT CREDIT
NUMBER: IDA-58120**

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

**NATIONAL INDUSTRIAL TRAINING
AUTHORITY (NITA)**

PARLIAMENT
OF KENYA
LIBRARY

PARLIAMENTARY ASSEMBLY
MEMBERS LAID

DATE: 05 DEC 2024 DAY: _____

TABLED BY: DEPUTY MAJORITY
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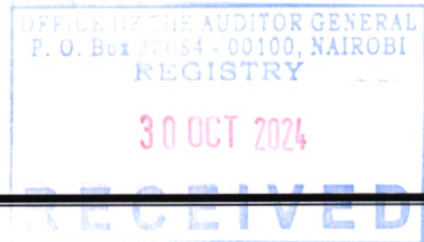
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**PROJECT NAME: KENYA YOUTH EMPLOYMENT AND OPPORTUNITIES
PROJECT**

IMPLEMENTING ENTITY: NATIONAL INDUSTRIAL TRAINING AUTHORITY

PROJECT CREDIT NUMBER: IDA-5812-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)**

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***KENYA YOUTH EMPLOYMENT AND OPPORTUNITIES PROJECT-NATIONAL
INDUSTRIAL TRAINING AUTHORITY
Annual Report and Financial Statements for the financial year ended June 30, 2024***

1. Acronyms and Definition of Terms

CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
CT	County Treasury
NT	National Treasury
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
WB	World Bank
Comparative FY	Financial year preceding the current financial year.
KYEOP	Kenya Youth Employment and Opportunities Project
NITA	National Industrial Training Authority
OAG	Office of the Auditor General
MYSA	Ministry of Youth Affairs, Sports and The Arts
ML&SP	Ministry of Labour and Social Protection
MSEA	Micro Small Enterprise Authority

KENYA YOUTH EMPLOYMENT AND OPPORTUNITIES PROJECT-NATIONAL INDUSTRIAL TRAINING AUTHORITY

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2. Project Information and Overall Performance

2.1 Name and registered office

The project's official name is Kenya Youth Employment and Opportunities Project

Objective: The key objective of the project is to increase employment and earnings opportunities for the targeted youth.

Address: The project headquarters offices are in Nairobi, Country, Kenya. The address of its registered office is:

Commercial Street, Industrial Area Nairobi.

P.O Box 74494-00200, Nairobi.

The project also has offices/branches as follows:

Mombasa, Kisumu, Nakuru, Kware, Kilifi, Mandera, Kakamega, Migori, Turkana, Nyandarua, Kitui, Kiambu. Wajir, Kisii, Bungoma, Nairobi and Machakos

Contacts: The following are the project contacts, P.O. Box: 74494-00200, Nairobi, Telephone: (254) 020-2695586/9 E-mail: directorgeneral@nita.go.ke :Website: www.nita.go.ke

2.2 Project Information

Project Start Date:	20/05/2016
Project End Date:	31/08/2023
Project Manager:	Mr. Joseph Kinuthia
Project Sponsor:	International Development Association

2.3 Project Overview

Line Ministry/State Department of the project	The project is under the overall supervision of the Ministry of Youth Affairs, Sports and The Arts (MYSA). NITA-KYEOP reports through its line Ministry, the Ministry of Labour and Social Protection (ML&SP)
Project number	5812-KE
Strategic goals of the project	The strategic goals of the project are as follows: (i) Increase Employment for Youth (ii) Increase Earning Opportunities for Youth
Summary of Project Strategies for achievement of strategic goals	The project management aims to achieve the goals through the following means: (i) Improving Youth Employability (ii) Support for Job Creation (iii) Improving Labour Market Information (iv) Strengthening Youth Policy Development and Project Management

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Other important background information of the project	The Project consists of four components to be implemented by four agencies. Component 1, being implemented by NITA and MYSA addresses the skills mismatch of youth by engaging training providers and private sector employers to offer training and work experience to targeted youth. Component 2, being implemented by Micro Small Enterprise Authority (MSEA), responds to the need for job creation with initiatives to help launch new businesses, support innovative approaches to improve job and earning opportunities among the hard to serve youth. Component 3 being implemented by ML&SP, plans to improve access to and quality of labour market information. Component 4, being implemented by MYSA provides support for strengthening youth policy development, monitoring and evaluation and general supervision of the entire project.
Areas that the project was formed to intervene	The project was formed to intervene in the following areas: a) Training and work experience in formal sector through targeted training to beneficiaries in the area of job specific and internships. b) Training and work experience in the informal sector through provision of training especially suitable for vulnerable youths with limited education in the area of job specific and internships aimed at: i)Upgrading of master craft skills and ii) Developing and updating NITA certification standards for traditional apprenticeship trades.
Project duration	The project started on 20/05/2016 and is expected to run until 31/08/2023 with an extension up to 29, February 2024 to clear all the commitments.

2.4 Bankers

The following are the bankers for the project:

- (i) Kenya Commercial Bank

- Equity Bank suspense account

- Cooperative Bank suspense account

2.5 Independent Auditor

The project is audited by the Office of the Auditor General (OAG)

KENYA YOUTH EMPLOYMENT AND OPPORTUNITIES PROJECT-NATIONAL INDUSTRIAL TRAINING AUTHORITY



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

2.6 Roles and Responsibilities

List the different people who are working on the project. This list would include the project manager and all the key stakeholders who will be involved with the project. Also, record their role, their positions, and their contact information.






Names	Title designation	Key qualification	Responsibilities
 Hon, Aden Noor Ali MBS	Chairman National Industrial Training Board	<ul style="list-style-type: none"> • Holds a Master’s degree in Executive Leadership from Moi University Kenya. • Former Chairman, National Transport Safety Authority Board. • He has served as a board member at the Transport Licencing Appeals board for over 6 years. 	Chairman National Industrial Training Board
 Carolyn C. Rutto	Member – National Industrial Training Board Representing COTU (K)	<ul style="list-style-type: none"> • Certificate Public Relations (RGI) • P1 Certificate (Kericho Teachers T. College) • 2nd Assistant Secretary General – Central Organization of Trade Unions, COTU (K). • Member - General Wages Council. • Member of reconciliation committee • Counter Trafficking Advisory Committee (CTIP). • National Advisory Committee on person with disability • Assistant National Women leader - Kenya Electrical Trades and Allied Union (KETAWU). • 2019 to date - County revenue collection coordinated and relationship officer Kenya Power. 	Chairperson - AD HOC Steering Committee of the Board Charged with the Overall Stewardship of NITA-KYEOP
 Gilda Atieno Odera	Member National Industrial Training Board Representing FKE	Consultant Director , All About Marketing Ltd Current Vice President , Federation of Kenya Employees Current Board Member , University Funds Board Panel Member & Chair of Business Process Committee in the Health Feb 2019- June 2020 - Reform Panel of Experts, Kenya	-Member - AD HOC Steering Committee of the Board Charged with the Overall Stewardship of NITA-KYEOP

KENYA YOUTH EMPLOYMENT AND OPPORTUNITIES PROJECT-NATIONAL INDUSTRIAL TRAINING AUTHORITY
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		<p>2016 to 2019 - Council Member, Kenya National Quality Authority</p> <p>2012 to 2019 - Board Director, National Hospital Insurance Fund</p> <p>2013 to 2015 - Board Member, Public Procurement Administrative Review Board</p> <p>Current Part- time PhD Candidate, Public Policy Administration, MA in Leading Innovation and Change, (University of York St John, United Kingdom) Degree in Sociology (UON)</p>	
 <p>Apollo Ng'ang'a Kiarii</p>	<p>Member– National Industrial Training Board representing FKE</p>	<ul style="list-style-type: none"> • HRM - Institute of HRM • Kenya Institute of Management • The Technical University of Kenya • Chief Executive Officer - Kenya Tea Growers Association (KTGA) • Management Board Member – Federation of Kenya Employers • Member – Tea Industry Task Force 	<p>-Member - AD HOC Steering Committee of the Board Charged with the Overall Stewardship of NITA-KYEOP</p>
 <p>Rev. Brother Joel Kandie Chebii, OGW</p>	<p>Member – National Industrial Training Board Representing COTU (K)</p>	<p>Higher level Diploma Entrepreneurship Education in Kenya (ILO)</p> <p>Diploma in Vocational and Technical Training of Trainers (ILO)</p> <p>Diploma in Theology</p> <p>Vice Chairman General of COTU Kenya</p> <p>2000 to 1995: National General Secretary of Tailors and Textiles Workers Union.</p> <p>1990 to 1986: Elected National Chairman of Tailors and Textiles Workers Union</p> <p>1986 to 1989 - Assistant National Treasurer for Tailors and Textiles: Workers Union as well as COTU (K) Board member.</p>	<p>-Member - AD HOC Steering Committee of the Board Charged with the Overall Stewardship of NITA-KYEOP</p>

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 <p>Theresa Wasike</p>	<p>Acting Director General</p>	<ul style="list-style-type: none"> • M.A in the international Relations –KIEV STATE UNIVERISITY • Over 25 years’ experience in Public Administration in various Ministries specifically; <ul style="list-style-type: none"> -Ministry of Labour and Social Protection, Department for Skills Development -Ministry of Water, Sanitation and Irrigation, -Field Administration, Ministry of Interior and Coordination of National Government. • Currently the Ag.Director General, National Industrial Training Authority. 	<p>Overall stewardship of the Authority’s Activities including Finance and Administration</p>
 <p>Joseph Kinuthia</p>	<p>Project Coordinator</p>	<ul style="list-style-type: none"> • Bachelor of Science • CPA(K) 	<p>General management of all project inputs, outputs and related activities under Component 1 of the KYEOP</p>
 <p>Teresa Lagat</p>	<p>Manager Internal Audit</p>	<ul style="list-style-type: none"> • MBA from University of Nairobi • CFE, CPA (K) 	<p>Manage all the internal audits of the Project</p>
 <p>Julius Ndenge</p>	<p>Manager Accounts</p>	<ul style="list-style-type: none"> • MBA from Kenyatta University • Bachelor of Commerce (Finance) • CPA (K) 	<p>Manage all the financial and accounting activities of the Authority</p>
 <p>Elvina Osodo</p>	<p>Manager, Supply Chain Management</p>	<ul style="list-style-type: none"> • MBA in Procurement and Supply Chain Management from University of Nairobi, BBA(Entrepreneurship)KEMU • Diploma in Procurement and Supply Chain Management 	<p>Manage all the procurement activities of the Authority</p>

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 Everlyne Siriya	Project Accountant	<ul style="list-style-type: none"> • Bachelor of Business Management from Moi University. • CPA(K) 	Manage all the financial and accounting activities of the KYEOP-NITA component.
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2.7 Funding summary

The Project is for duration of 6 years from 2016 to 2023 with an approved budget of US\$ 26,969,829 (SDR 20,277,000) equivalent to Kshs 3,794,655,299 as highlighted in the table below:

Below is the funding summary:

Project information and overall performance (continued)

A. Source of Funds

Source of funds	Donor Commitment		Amount received to date – (30 th June 2024)		Undrawn balance to date	
	Donor currency	Kshs	Donor currency Kshs	Kshs	Donor currency Kshs	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A') - (B')
(i) Grant						
International Development Association	26,969,829	3,794,655,299	21,676,807	2,886,661,512	5,293,022	907,993,787
Total	26,969,829	3,794,655,299	21,676,807	2,886,661,512	5,293,022	907,993,787

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)	
	Donor currency	Kshs	Donor currency	Kshs	Donor currency	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Grant						
International Development Association	21,676,807	2,886,661,512	20,703,248	2,804,146,677	973,559	82,514,835
	21,676,807	2,886,661,512	20,703,248	2,804,146,677	973,559	82,514,835

NOTE:

The total cumulative amount paid to date (30th June 2024) of Ksh 2,804,146,677 excludes an amount of Kshs. 79,565,444 transferred to the National Treasury/consolidated funds as per the PFM Act of 2012 74(6)(d)

KENYA YOUTH EMPLOYMENT AND OPPORTUNITIES PROJECT-NATIONAL INDUSTRIAL TRAINING AUTHORITY

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

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,*

Budget vs actual expenditure

YEAR	BUDGET(Kshs.)	ACTUAL EXPENDITURES(Kshs.)
2016/2017	100,000,000	36,019,037
2017/2018	217,980,963	133,310,259
2018/2019	928,187,007	518,719,342
2019/2020	1,376,746,062	1,140,669,670
2020/2021	1,033,473,937	580,680,647
2021/2022	575,808,289	290,909,383
2022/2023	241,739,202	86,707,727
2023/2024	96,696,057	17,130,612
Cumulative	4,570,631,517	2,804,146,677

Note

Actual expenditures of Ksh 2,804,146,677 excludes an amount of Kshs. 79,565,444 transferred to the National Treasury/consolidated funds as per the PFM Act of 2012 74(6)(d).

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

Indicators	Planned Before restructuring	Planned After restructuring	Achieved	% Achieved
Number of beneficiary youth receiving life skills, technical, and entrepreneurship training and internships (After restructuring NITA was in charge Quality Assurance during training.)	70,000	55,000	63,500	115.45%
Number of beneficiary youths obtaining a skills certification	35,000	27,500	33,418	121.52%
Number of new trade standards and testing instruments developed for traditional apprenticeship and Number of new trade standards and testing instruments revised for traditional apprenticeship	50	50	50	100%

KENYA YOUTH EMPLOYMENT AND OPPORTUNITIES PROJECT-NATIONAL INDUSTRIAL TRAINING AUTHORITY

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

Number of craftsmen who participated in upgrading and obtain MCs certification	1,000	1,000	1,061	106.1%
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iii) *Indicate the absorption rate for each year since the commencement of the project.*

Absorption rate for each year

YEAR	BUDGET(Kshs.)	ACTUAL EXPENDITURES(Kshs.)	ABSORPTION RATE
2016/2017	100,000,000	36,019,037	36%
2017/2018	217,980,963	133,310,259	61%
2018/2019	928,187,007	518,719,342	56%
2019/2020	1,376,746,062	1,140,669,670	83%
2020/2021	1,033,473,937	580,680,647	56%
2021/2022	575,808,289	290,909,383	51%
2022/2023	241,739,202	86,707,727	36%
2023/2024	96,696,057	17,130,612	18%
Cumulative	4,570,631,517	2,804,146,677	

Note

Actual expenditures of Ksh 2,804,146,677 excludes an amount of Kshs. 79,565,444 transferred to the National Treasury/consolidated funds as per the PFM Act of 2012 74(6)(d).

iv) *List the implementation challenges and recommend the next steps.*

High number of youths failing to report for assessment.

Many youths have been submitting booking applications for assessment. Thereafter when invited for assessment they fail to report for assessment.

Recommendations.

- a. Introduce additional conditions during the admission of youths to the project. Where possible due diligence should be carried out confirm their commitments
- b. Liaise with local leaders to confirm whether the applicants are needy youths.
- c. Pay some bonus to youths who pass the assessment. This is likely to encourage them to report for assessment and improve their performance

2.9 Summary of Project Compliance:

- - No significant cases of non-compliance with applicable laws and regulations, and essential external financing agreements/covenants were reported in the financial year.

KENYA YOUTH EMPLOYMENT AND OPPORTUNITIES PROJECT-NATIONAL INDUSTRIAL TRAINING AUTHORITY
Annual Report and Financial Statements for the financial year ended June 30, 2024

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) To train 55000 youths in formal and informal sector on Job Specific Training within 5 five years
- b) Assess and certify 27500 youths in formal and informal sector after Job Specific Training
- c) To upskill 1000 craftsmen within five years
- d) To develop 20 new trade standards and testing instruments and revise 30 standards for traditional apprenticeships

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.

Below we provide the progress on attaining the stated objectives in FY 23/24

Project	Objective	Outcome	Indicator	Performance
NITA –Kenya Youth Employment and Opportunity Project(KYEOP)	Gazettement of 27 Occupational Competency Standards (OCS) and testing instruments	Gazetted training and assessment Standards	The no of Occupational Competency Standards (OCS) and testing instruments gazetted.	The 27 documents gazetted.

4. Environmental and Sustainability Reporting

The project is not directly involved in corporate social activities; however, the Authority is actively involved in supporting the society as elaborated below.

i.Sustainability strategy and profile

Kenya's global competitiveness depends on its ability to create a human resource base that is constantly subjected to skills upgrading, NITA is awake to this fact and continues to provide strategic leadership in the development and advancement of the industrial skills ecosystem to ensure systemic, deliberate and innovative policy formulation and mobilization of resources to intensively and effectively drive the skills development agenda in the industry.

Since establishment, what milestones has NITA achieved in its quest to improve the industrial training sector locally;

a) Homecare Management Programme: - Since the inception of the NITA coordinated HCM programme in December 2020, a total of 11 Cohorts have been trained. Cohort-1 undertook training from 7th to 27th December 2020 while Cohort-11 undertook training from 17th January to 6th February 2022. A total of 79,003 girls have been successfully trained and assessed during the 11 Cohorts where Cohort-1 had 1291 trainees while cohort-11 had 9,672 trainees. The Cohort that recorded the highest no. of trainees was Cohort-5 which had 10,450 trainees. Similarly, there has been a steady increase in the number of registered participating training institutions with Cohort-1 having 17 participating institutions while Cohort-11 had 104 institutions. It is expected that with the stabilization of the economic environment and the reduced surge on Covid-19 infections in the country, the number of trainees is likely to increase drastically in the year 2022 as compared to 2021.

b) Train at least 10,000 Youth and Women in Textiles and Apparels within the EPZ and other industries:- Cumulatively, the Authority trained 10,700 youth and women (Q1-3,405 and Q2-7,295). This was due to enrollment of persons for Trade Test assessment, Cycle 6 KYEOP project and Generation Project in the following Textile trades;- Dressmaker, Tailor, Machine Knitter and Sewing Machine operators and upholstery.

c) The Authority enhanced skills of 1,133 workers possessed by in housing and construction against a quarter target of 2,750. Cumulatively, the Authority enhanced skills of 1,691 (Q1-558 and Q2-1,133) workers. This was as a result of slow resumption of training programs in this sector after re-opening of the economy shut by COVID pandemic.

ii.Environmental performance

The Authority is in the process of developing Environmental policy to act as a guide to environmental performance. However, the Authority has outsourced garbage collection agents to facilitate its waste disposal mechanism. Waste disposal is strictly done on a daily basis across the entire Authority which has greatly helped the organization to reduce the challenges of environmental impact.

iii.Employee welfare

The Authority has a detailed Human Resource Manual Policy which acts as principal guidelines on hiring processes in the Authority. Gender ratio and stakeholder engagements are taken into consideration. The Human Resource manual provides for frequent training, appraisal and reward system of staff to enhance their skills at all levels. The Authority has a well-established Health and Safety committee that is in the process of Developing Safety and Compliance Policy.

iv. Marketplace practices-

a) Responsible Supply chain and supplier relations-

The National Industrial Training Authority ensures that;

1. Suppliers list is continuously updated and it's from the list that suppliers and service providers are drawn from time to time as need arises. This ensures equitable distribution of tenders/ quotations.
2. The contracts are monitored and evaluated to achieve value for money in supply and delivery of goods, services and works
3. That suppliers and contractors are paid in time after certification of the goods, services and works delivered.
4. The Suppliers concerns are addressed from time to time as they arise. Training and sensitization for the specialized groups are also undertaken on annual basis. All these enhance supplier relationship.

v. Community Engagements

Corporate Social Responsibility (CSR) is generally understood as being the way through which a company achieves a balance of economic, environmental and social imperatives (“Triple-Bottom-Line- Approach”), while at the same time addressing the expectations of its shareholders and stakeholders.

Through the Female Engineering Sponsorship Committee which oversees the day-to-day running of the Programme, the Authority is working to develop intensive outreach programs in these areas to sensitize the locals on the importance of taking technical course

KENYA YOUTH EMPLOYMENT AND OPPORTUNITIES PROJECT-NATIONAL INDUSTRIAL TRAINING AUTHORITY

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

5. Statement of Project Management Responsibilities

The *Director General* for the Authority (NITA) and the *Project Coordinator* for *Kenya Youth Employment and Opportunities Project (NITA-KYEOP)* 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 arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the project, (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the project, (v) Selecting and applying appropriate accounting policies and (v) Making accounting estimates that are reasonable in the circumstances.

The *Director General* for the Authority (NITA) and the *Project Coordinator* for *Kenya Youth Employment and Opportunities Project (NITA-KYEOP)* 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 *Director General* for the Authority (NITA) and the *Project Coordinator* for *Kenya Youth Employment and Opportunities Project (NITA-KYEOP)* are of the opinion that the Project's financial statements give a true and fair view of the state of the Project's transactions during the financial year ended June 30, 2024, and of the Project's financial position as at that date. The *Director General* for Authority (NITA) and the *Project Coordinator* for *Kenya Youth Employment and Opportunities Project (NITA-KYEOP)* further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements and the adequacy of the systems of internal financial control.

The *Director General* for the Authority (NITA) and the *Project Coordinator* for *Kenya Youth Employment and Opportunities Project (NITA-KYEOP)* confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants and that Project funds received during the financial year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project Financial Statements

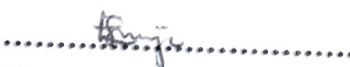
The Project financial statements were approved by the *Director General* for the Authority NITA and the *Project Coordinator* for *Kenya Youth Employment and Opportunities Project (NITA-KYEOP)* on 29th October, 2024 and signed by:



Theresa Wasike
Ag. Director General



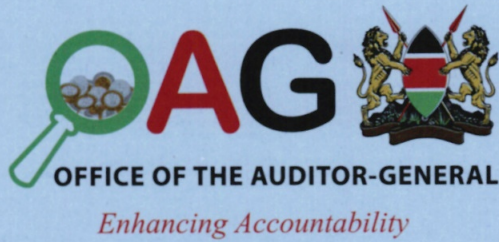
Joseph Kinuthia
Project Coordinator



Everlyne Siriya
Project Accountant
ICPAK Member No: 26770

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON KENYA YOUTH EMPLOYMENT AND OPPORTUNITIES PROJECT CREDIT NUMBER: IDA-58120-KE FOR THE YEAR ENDED 30 JUNE, 2024 - NATIONAL INDUSTRIAL TRAINING AUTHORITY (NITA)

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 the 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 aim to address the Auditor-General's statutory roles and responsibilities 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 Kenya Youth Employment and Opportunities Project Credit No. IDA-58120-KE - National Industrial Training Authority

Report of the Auditor-General on Kenya Youth Employment and Opportunities Project Credit Number: IDA-58120-KE for the year ended 30 June, 2024 - National Industrial Training Authority (NITA)

(NITA) set out on pages 1 to 37 which comprise of the statement of financial assets and liabilities as at 30 June, 2024 and the statement of receipts and payments, statement of cash flows and 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 Kenya Youth Employment and Opportunities Project Credit No.IDA-58120 - National Industrial Training Authority (NITA) 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 Basis) and comply with the Public Finance Management Act, 2012 and the Financing Agreement No. IDA-58120- KE dated 31 October, 2016 between the International Development Association (IDA) and the Government of Kenya.

Basis for Opinion

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Youth Employment and Opportunities Project Credit No.IDA-58120-National Industrial Training Authority (NITA) Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion

Emphasis of Matter

1.0. Budgetary Control and Performance

1.1. Budget Under Utilization

The statement of comparison of budget and actual amounts and as disclosed in Annex 2 to the financial statements reflects purchase of goods and services final budget amount of Kshs.93,196,057 and actual expenditure of Kshs.14,162,665 resulting in budget underutilization of Kshs.79,033,392 or 85% of the approved budget. Further, Annex 2 to the financial statements indicates that larger percentage of the budget under-utilized was allocated to training payments whereby there was a decrease in employment milestone and some of the items were not cleared in the annual work plan.

In addition, statement of comparison of budget and actual amounts and Annex 2 reflects compensation of employee final budget of Kshs.3,500,000 while actual expenditure amounted Kshs.2,967,948 resulting to under-utilization of Kshs.532,052. No explanation was provided in for the 15% budget under-utilization.



The statement of comparison of budget and actual amounts and Annex 2 also reflects other grants and other transfers budget over-utilization of Kshs.79,565,444 which relate to underutilized purchase of goods and services of Kshs.79,033,392 and compensation of employee of Kshs.532,052 which was transferred to National Treasury for further submission to the World Bank.

In the circumstances, the under expenditure affected the planned activities and may have affected negatively on service delivery to the public.

My opinion is not modified in respect to this matter.

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

Budget Under Absorption

Section 2.8 on summary of overall project performance reflects cumulative budget of Kshs.4,570,631,517 and cumulative actual expenditure of Kshs.2,804,146,677 in the last eight (8) years resulting to under expenditure of Kshs. 1,766,484,840 or 39% of the project budget.

In the circumstances, the project is unlikely to meet its objectives.

Prior Year Audit Matters

The audit report of the previous year highlighted several issues under the Report on the Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, Annex 1 on prior year Auditor General recommendations indicates that several issues had not been resolved as at 30 June, 2024.

Other Information

Conclusion

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

Basis for Conclusion

In connection with my audit on 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. I have nothing to report in this regard.

REPORT ON THE LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

The audit was conducted in accordance with ISSAIs 3000 and 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion


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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Conclusion

As required by International Development Association (IDA), I report based on my audit that I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit. In my opinion:

- i. Information given in the Management report on pages iii to xvi is consistent with the financial statements;

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

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 Management and those Charged with Governance

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

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements 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

Report of the Auditor-General on Kenya Youth Employment and Opportunities Project Credit Number: IDA-58120-KE for the year ended 30 June, 2024 - National Industrial Training Authority (NITA)

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 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

30 October, 2024

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

	No te	Receipts and payments controlled by the entity	Paym ents made by third partie s	Total	Receipts and payment controlled by the entity	Paym ents made by third parti es	Total	Cumulative to- date (From inception)
		<i>FY 2023/2024</i>			<i>FY 2022/2023</i>			
		Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Receipts								
Proceeds from domestic and foreign grants	1	-	-	-	91,984,582	-	91,984,582	2,886,661,513
Total receipts		-	-	-	91,984,582	-	91,984,582	2,886,661,513
Payments								
Compensation to employees	2	2,967,948		2,967,948	17,085,691		17,085,691	146,834,456
Purchases of goods and services	3	14,162,665		14,162,665	68,728,036		68,728,036	2,508,259,055
Acquisition of non-financial assets	4	-	-	-	894,000	-	894,000	149,053,167
Other grants and transfers /payments	5	79,565,444	-	79,565,444	-	-	-	79,565,444


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Total payments		96,696,057	-	96,696,057	86,707,727	-	86,707,727	2,883,712,122
Surplus/ (deficit)		(96,696,057)	-	(96,696,057)	5,276,855	-	5,276,855	2,949,391


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

NOTE:

The total Cumulative to-date (From inception) of Ksh 2,883,712,122 includes an amount of Kshs. 79,565,444 transferred to the National Treasury/consolidated funds as per the PFM Act of 2012 74(6)(d).



Theresa Wasike
Ag. Director General



Joseph Kinuthia
Project Coordinator



Everlyne Siriya
Project Accountant
ICPAK Member No:26770

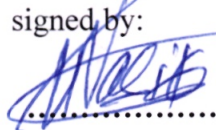
KENYA YOUTH EMPLOYMENT AND OPPORTUNITIES PROJECT-NATIONAL INDUSTRIAL TRAINING AUTHORITY

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

Description	Note	FY 2023/2024	Comparative FY 2022/2023
		Kshs	Kshs
Financial Assets			
Cash and Cash equivalents	6	0	96,696,057
Total Financial Assets (A)		0	96,696,057
Financial Liabilities			
Net Financial Assets (A-B)		0	96,696,057
Represented By			
Fund Balance B/fwd.	7	96,696,057	91,419,202
Surplus/(Deficit) for the Year		(96,696,057)	5,276,855
Net Financial Assets		0	96,696,057


The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 29th October, 2024 and signed by:



Theresa Wasike
Ag. Director General



Joseph Kinuthia
Project Coordinator



Everlyne Siriya
Project Accountant
ICPAK Member No:26770

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

Description	Note	FY 2023/2024	FY 2022/2023
Cash flow from operating activities		Kshs	Kshs
Receipts			
Proceeds from domestic and foreign grants	1	0	91,984,582
Total receipts		0	91,984,582
Payments			
Compensation of employees	2	(2,967,948)	(17,085,691)
Purchase of goods and services	3	(14,162,665)	(68,728,036)
Other grants and transfers	5	(79,565,444)	(0)
Total Payments		(96,696,057)	(85,813,727)
Net receipts/(payments)		(96,696,057)	6,170,855
Adjustments during the year			
Net cash flow from operating activities		(96,696,057)	6,170,855
Cashflow from investing activities			
Acquisition of non-financial assets	4	(0)	(894,000)
Net cash flows from investing activities		0	894,000
Net increase in cash and cash equivalents		(96,696,057)	5,276,855
Cash & cash equivalent at beginning of the year	6	96,696,057	91,419,202
Cash and cash equivalent at end of the year	6	0	96,696,057

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 %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Receipts						
Proceeds from domestic and foreign grants	193,450,000	(193,450,000)	0	0	0	0%
Roll over balance from FY 2022/2023	96,696,057	0	96,696,057	96,696,057	0	0
Total Receipts	290,146,057	(193,450,000)	96,696,057.00	96,696,057	0	0
Payments						
Compensation to employees	5,000,000	(1,500,000)	3,500,000	2,967,948	532,052	85%
Purchase of goods and services	282,946,057	(189,750,000)	93,196,057	14,162,665	79,033,392	15%
Acquisition of non-financial assets	2,200,000	(2,200,000)	0	0	0	0
Other grants and transfers	0	0	0	79,565,444	(79,565,444)	0
Total Payments	290,146,057	193,450,000	96,696,057	96,696,057	0	
Surplus or Deficit						

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

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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 Kenya Youth Employment and Opportunities Project(NITA-KYEOP) under the State Department of Labour and Skills Development. The financial statements are for the reporting entity Kenya Youth Employment and Opportunities Project(NITA-KYEOP) as required by Section 81/ Section 164 of the PFM Act, 2012.

c) Reporting currency

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

d) Recognition of receipts

Kenya Youth Employment and Opportunities Project (NITA-KYEOP) recognizes all receipts from various sources when an event occurs, and the related cash is received.

i) Transfers from the Exchequer

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

ii) External Assistance

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

iii) Other receipts

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

iv) Donations and grants

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

Significant Accounting Policies (continued)

of the grant item and its value determined. The transaction date is the value date indicated on the payment advice.

v) Proceeds from borrowing.

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

vi) Undrawn external assistance

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

e) Recognition of payments

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

i) Compensation to employees

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

ii) Use of goods and services

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

iii) Interest on borrowing

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

iv) Repayment of borrowing (principal amount)

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

v) Acquisition of fixed assets

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

f) Cash and cash equivalents

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Significant Accounting Policies (continued)

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.

g) Restriction on cash

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

h) 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.

i) Pending bills

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

j) 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.*

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Significant Accounting Policies (Continued)

k) Exchange rate differences

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

l) 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.

m) 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.

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12. Notes to the Financial Statements

1. Proceeds From Domestic and Foreign Grants

During the financial period to 30 June 2024, we did not received grants from donors as detailed in the table below:

Name of Donor	Current FY 2023/2024						Comparative FY 2022/2023	Cumulative to date
	Date received	Amount received in donor currency	Grants received in cash	Grants received as direct payment*	Grants received in kind	Total amount	Total Amount	
			Kshs	Kshs	Kshs	Kshs	Kshs	
International Development Association	0	0	0	0	0	0	91,984,582	2,886,661,513
Total	0	0	0	0	0	0	91,984,582	2,886,661,513

Note. The project expenditure is from the rollover balance from the previous Financial Year.

2. Compensation to Employees

Description	Current FY 2023/2024			Comparative FY 2022/2023	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs	Kshs	Kshs	Kshs	
-					
Basic salaries of employees(Contracted & consultants)	2,967,948	0	2,967,948	17,085,691	146,834,456
Total	2,967,948	0	2,967,948	17,085,691	146,834,456

3. Purchase of Goods and Services

Description	FY 2023/2024			FY 2022/2023	Cumulative to- date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs	Kshs	Kshs	Kshs	Kshs
Utilities, supplies and services	790,634	0	790,634	1,345,119	21,100,243
Communication, supplies and services	30,000	0	30,000	699,750	10,567,457
Domestic travel and subsistence	1,215,000	0	1,215,000	6,890,840	112,273,551
Foreign travel and subsistence	0	0	0	7,750,276	51,452,950
Printing, advertising, and information supplies	0	0	0	146,659	6,023,204
Rentals of produced assets	0	0	0	0	630,000
Training payments	11,046,272	0	11,046,272	39,700,565	2,162,127,599
Hospitality supplies and services	0	0	0	389,000	5,449,460
Insurance costs	(41,000)	0	(41,000)	1,752,139	30,225,280
Other operating payments	27,632	0	27,632	53,505	74,794,599
Routine maintenance – vehicles and other transport equipment	1,094,127	0	1,094,127	9,892,983	33,405,012
Routine maintenance- other assets	0	0	0	107,200	209,700
Total	14,162,665	0	14,162,665	68,728,036	2,508,259,055

[Training payments relate to Stipends to beneficiary youth and Fees for Master Craftsmen and Formal Training Providers for cycle 1, 2 & 4 respectively. Material and centre fees and assessment fees. Other operating payments relate to Bank charges. Domestic travel relates to per diem and air/road fare for project implementation unit members for Quality Assurance of skills training.]

Notes to the Financial Statements (Continued)

4. Acquisition of Non-Financial Assets

Description	Current FY 2023/2024			Comparative FY 2022/2023	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs.	Kshs.	Kshs	Kshs	Kshs
Overhaul of vehicles & other transport equipment	0	0	0	0	77,620,000
Purchase of office furniture & general equipment	0	0	0	894,000	48,213,166
Purchase of specialised plant, equipment and machinery	0	0	0	0	23,220,001
Total	<u>0</u>	<u>0</u>	<u>0</u>	<u>894,000</u>	<u>149,053,167</u>

(There were no acquisition of non-financial assets during the financial year under review)

Notes to the Financial Statements (Continued)

5. Other Grants, Transfers, and Payments

Description	Current FY 2023/2024			Comparative FY 2022/2023	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs	Kshs	Kshs	Kshs	Kshs
<i>Others Specify-To the National Treasury</i>	79,565,444	0	79,565,444	0	79,565,444
Total	79,565,444	0	79,565,444	0	79,565,444

Note: Transfers relates to the unused funds which were transferred to the National Treasury for further submission to the World Bank.

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Notes to the Financial Statements (Continued)

6. Cash And Cash equivalents

Description	Current FY 2023/2024	Comparative FY 2022/2023
	Kshs	Kshs
Bank accounts (Note 11A)	0	96,696,057
Total	<u>0.00</u>	<u>96,696,057</u>

The NITA-KYEOP (project) has one bank account at Kenya Commercial Bank, one suspense accounts at Equity and one Cooperative bank respectively Spread within the project implementation area and one number of foreign currency designated accounts managed by the Ministry of Labour and Social Protection as listed below: The following are the bankers for the project:

6. A Bank Accounts
Project Bank Accounts

Details	Current FY 2023/2024	Comparative FY 2022/2023
	Kshs	Kshs
Kenya Commercial Bank [A/c No.....]	0	96,696,057
Total local currency balances	<u>0</u>	<u>96,696,057</u>
Total bank account balances	<u>0</u>	<u>96,696,057</u>

7. Fund Balance Brought Forward

Description	Current FY 2023/2024	Comparative FY 2022/2023
	Kshs	Kshs
Bank accounts	0	96,696,057
Total	0	96,696,057

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Other Important Disclosures

8. Pending Accounts Payable

	Balance b/f from Comparative FY 2022/2023	Additions for the year	Paid during the year	Balance c/f For Current FY 2023/2024
Description	Kshs	Kshs	Kshs	Kshs
Supply of goods	790,634	0	(790,634)	0
Supply of services	8,736,331	0	(8,736,331)	0
Total	9,526,965	0	(9,526,965)	0

9. External Assistance

	Current FY 2023/2024	Comparative FY 2022/2023
Description	Kshs	Kshs
External assistance received as loans	0	91,994,582
Total	0	91,994,582

a). External assistance relating to loans and grants

	Current FY 2023/2024	Current FY 2023/2024
Description	Kshs	Kshs
External assistance received as loans	0	91,994,582
Total	0	91,994,582

b) Undrawn external assistance

	Purpose for which the undrawn external assistance may be used	Current FY 2023/2024	Comparative FY 2022/2023
Description		Kshs	Kshs
Undrawn external assistance - loans		907,993,787	907,993,787
Total		907,993,787	907,993,787

(This is a disclosure of the assistance not yet received as per donor agreements)

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c) Classes of providers of external assistance

	Current FY 2023/2024	Comparative FY 2022/2023
Description	Kshs	Kshs
International Development Association	0	91,994,582
Total	0	91,994,582

10. Related Party Disclosures

Related party disclosure is encouraged under non-mandatory section of the Cash Basis IPSAS. The comprise of related parties to the Project.

- i) Key management personnel, including the program director/manager
- ii) The implementing entity/ministry/ County department
- iii) Other Ministries and Departments.
- iv) The National /County Treasury

Related party transactions:

	Current FY 2023/2024	Comparative FY 2022/2023
	Kshs	Kshs
Transfers from related parties		
Transfers from the Ministry Labour & Social Protection	0	91,994,582
Total Transfers from related parties	0	91,994,582

13. Annexes

Annex 1: Prior Year Auditor-General's Recommendations

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
OAG/KYEOP-NITA/2021-2022(17)	<p>1. Incomplete Fixed Asset Register The summary of Fixed Assets Register to the Financial Statements reflected the cumulative total acquisition of non-financial assets balance of Kshs. 148,159,167. However, the audit review of the assets revealed the assets register was incomplete since important information such as serial number & conditions of the assets were not indicated and assets worth Kshs. 9,254,343 were not tagged. In the circumstances the accuracy, completeness and ownership of cumulative non-financial assets of Kshs.148, 159,167 could not be confirmed.</p>	<p>The project maintains asset register where all the project assets have been recorded. However, the Project Implementation Unit (PIU) has taken a task to ensure that all assets are well updated in regards to their condition, serialization and allocation. Assets that had not been tagged have been tagged.</p>	Resolved (PAC)	

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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)
OAG/KYEOP-NITA/2021-2022(17)	<p><u>Other matters</u></p> <p>2. Budgetary control and performance.</p> <p>The statement of comparison of budget and actual amounts reflects final revenue budget and actual revenue on comparable basis of Kshs. 575,808,289 and Kshs. 382,328,585 respectively, resulting to underfunding of Kshs. 193,479,704 or 34% of the approved budget. Similarly, the project expended Kshs. 290,912,383 against an approved budget of Kshs. 575,808,289 resulting to an under-expenditure of Kshs. 284,895,906 or 49% of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.</p>	<p>This variance was majorly brought about by provision of a higher allocation on the training vote to cater for grievances that anticipated to arise from beneficiary youths and training providers. However, there were expected payment of bonuses to the master craftsmen which were not paid due to some verification that was still ongoing which has now been settled.</p> <p>Also there were staffs who were supposed to be engaged to assist in the project daily activities who had been included in the budget and the process had not been concluded. Going forward the PIU will ensure that all the budgeted and approved activities have been fast tracked.</p>	Resolved (PAC)	

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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)
OAG/KYEOP-NITA/2021-2022(17)	<p align="center">3.Lack of effective internal audit function</p> <p>The Project has not established an effective internal audit function. This is contrary to Section 155 of the Public Finance Management Act, 2012 which was provided for the establishment of an effective internal audit function. As such, the Project did not benefit from the assurance and advisory services from the internal audit function. In the circumstances, effectiveness of internal controls and governance could not be confirmed.</p>	The Internal Audit Function at NITA has been undertaking audits for the project. However, an Officer from the Internal Department has been appointed to specifically be in charge of KYEOP Audits. This has been done taking into cognizance the independence of the Internal Audit Function.	Resolved (PAC)	
ACCTS/NITA-KYEOP/2018/19/4	<p><u>1. Unsupported Payments.</u></p> <p>As disclosed under note 8.6 to the Financial statements, the statements of receipts and payments reflect purchase of goods and services of Ksh. 416,567,658 which include</p>	The correct amount is Kshs. 7,270,200. This relates to the payment of stipends to beneficiary youths and helpers vide payment voucher no.624 of Kshs. 18,630,600 and approved memo of Kshs. 25,900,800. The variance	Not resolved	

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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>training expenditure of Ksh. 300,236,916. Included in training expenses is Ksh. 1,752,279 paid to Kenyatta university out of which an expenditure amounting to Ksh 351,845 had not been supported with invoices. Further comparison pf payroll from the centres and payment schedules from headquarters resulted to unreconciled variance of Ksh 7,294,500. In view of the foregoing, purchase of goods and services of Ksh.300,236 916 could not be confirmed.</p>	<p>raised of Kshs 7,270,200 can be explained by additional payment of Kshs. 5,952,780 vide payment no.0669 that was raised and paid. Thus the memo raised was paid using two vouchers mentioned. The resultant variance of Kshs. 1,317,420, is explained by missing account details (Payroll containing amounts but with no account details) for the beneficiary youth that were extracted from the MIS payroll and incorporated in the memo for processing.</p>		
ACCTS/NITA-KYEOP/2018/19/4	<p>2.Ineffective Project monitoring and evaluation The management spent Ksh. 300,236,916 on training expenses relating to stipend to beneficiary youth and fees for</p>	<p>Approval was not granted for project monitoring and hiring of interns by the World Bank and by then the Authority hadn't acquired project vehicles. However, minimal spot checks were carried</p>	Not resolved	

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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>master craftsmen and Formal providers for the month of June 2018-June 2019. An Audit inspection during the month of September 2019 revealed that some station was not opened throughout working hours and attendance registers for both trainers and trainees were not maintained and update daily as required. Further in Mombasa county with 93 craftsmen based in all the 8 sub counties only one project coordinator was supposed to carry out physical post checks and attendance monitoring by commuting to the sub counties. The feasibility of the coordination could not be confirmed or whether there are measure to ensure effectiveness of</p>	<p>out by one project officer in the County. After some time, the project vehicles were procured to support project activities including Quality Assurance of JSST</p>		

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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)
	internal control put in place to ensure the project succeeds.			
ACCTS/NITA-KYEOP/2018/19/4	<p>3.No remittance of erroneous miscellaneous receipts.</p> <p>As disclosed under note 8.4 to the financial statement, the statement of receipts and payments reflects miscellaneous receipts of Ksh. 120,000. This amount has been explained to have been erroneously deposited in the Project account by the ministry of environment. The management explained that the amount relates to conference income that should have been banked to the National Industrial Training Authority (NITA) account .The error had not</p>	<p>The inclusion of Khs. 120,000 in the total receipts for the project had been erroneously deposited in the project account by the Ministry of Environment. However, Management wrote a letter to the Principal Secretary, Ministry of Environment and Forestry to confirm this credit of Kshs 120,000 and its purpose. Upon the response, the funds were then transferred from the project account to National Industrial Training Authority (NITA) account for the use of conference facilities by the Ministry of Environment vide payment voucher no.1175.</p>	Not resolved	

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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)
	been corrected by the time the audit exercise was concluded			
ACCTS/NITA-KYEOP/2018/19/4	<p><u>4.Budget Control and performance</u></p> <p>The statement of comparative budget and actual amounts reflects final receipt budget and actual on comparable basis of Ksh. 928,187,007 and Ksh. 793,474,648 respectively resulting to underfunding of Ksh. 134,712,359 or 15% of the budget. Similarly, the project spent Ksh. 518,719,342 or 35% of the approved budget of Ksh. 928,187.007. Management has attributed the under absorption to non-recruitment of additional staff and late procurement process. The under- absorption could have affected the planned</p>	<p>a) Receipts</p> <p>The overall shortfall of Kshs. 134,712,359 was as a result of non-release of funds by the National Treasury, as a result of low absorption of funds by the project, evidenced by the high closing balances in the months of April and May 2019 bank statements.</p> <p>b) Expenditure</p> <p>The under expenditure experienced under Purchase of goods and services, was majorly brought about by provision of a higher allocation on the training cost vote to cater for youth stipends and fees for training providers. 64% of the total budget was allocated to this vote. It had been anticipated that</p>	Not resolved	

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	activities and could have impacted negatively to the service delivery to the public.	cycle 2 training targeting 6,000 youth, would begin in the month of September 2018, but began in the month of January 2019. Cycle 3 training, targeting 11,000 youth was to commence in the month of March 2019 but began in June 2019. This had a negative effect in our absorption of funds as a result of delays in on boarding of youth by the Ministry of Public Service, Youth and Gender Affairs (MPYGA) as per the set timelines determined by them. Admission of youth into the project is a deliverable of MPYGA. On compensation of employees, the under expenditure was majorly as a result of non- recruitment of additional staff in the Project. This was due to the fact that the Project got a delay in receiving a NO Objection from the World Bank to		

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		<p>recruit additional staff for the project. Budget provisions for this vote included recruitment of county drivers, Management Information specialist, Curriculum Development specialist, Office assistants, procurement and accounts assistants and communication assistants.</p> <p>On acquisition of non- financial assets, the low absorption was attributed by late procurement process of 5 additional vehicles for cycle 3 counties. The vehicles were scheduled to be delivered by to the Project by the beginning of December 2019 as an L.P.O for the same had been issued to the service provider.</p> <p>Management had demanded timely approval of all requests including annual work plan by world Bank at</p>		

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		<p>the beginning of each financial year and this had come out clearly during the Mid Term Review between the implementing agencies and World Bank. Management had since instituted proper planning of activities in its work plan to ensure efficient use of resources, prompt re-allocation of resources to activities that required more funds and had also instituted measures to enable prompt payment of stipends and fees to youth and training providers respectively, to enable achieve its strategic goals and objectives going forward. Recruitment of the earlier mentioned positions was ongoing and was expected to be concluded by the end of December 2019. As for purchase of additional 5 vehicles the process was also ongoing and was also expected to</p>		

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		be concluded by receipt of the vehicles by December 2019.		
ACCTS/NITA-KYEOP/2018/19/4	<p><u>5.Untagged fixed assets</u> The statement of Financial assets reflects total assets of Ksh. 109,141,639 as disclosed under note 8.7 to the Financial Statement. Included in this figure are assets worth Ksh. 9,113,180 that had not been tagged and serialized for ease of identification. Further no evidence was made to prove that the assets were verified quarterly as required by the project implementation manual.</p>	The project had sought a No Objection from the World Bank which was yet to be granted to carry out this activity. However, the asset register is up to dated.	Not resolved	
KYEOP/NITA/2020-2021/5	<p><u>1.Inaccuracies in the Financial Statement</u> Cash flow statement</p>	The cash and cash equivalent of KShs. 176,741,559 as at 30 th June 2021 and the statement of financial	Not resolved	

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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>The statement of financial Statement reflects cash and cash equivalents of Kshs. 176,741,559 as at 30th June 2021 which differs with the Year-end cash and cash equivalents of Ksh. 177,214,091 could not be confirmed for the year ended 30th June 2021.</p> <p>Consequently the accuracy and completeness of the cash flow statement cash and cash equivalents of balance of Ksh.177, 214,091 could not be confirmed for the year ended 30th June 2021.</p>	<p>assets differs with the year-end cash and cash equivalent of KShs. 177,214,091 in the statement of cash flow.</p> <p>The difference occurred due to the imprest issued to Mr. Festus Kitui of KShs. 472,532 which was accounted for as an outstanding (accounts receivable) as at 30th June 2021. The activity started in the month of June 2020 and ended in the month of July 2021.</p> <p>Consequently, the Cash and Cash Equivalent of Kshs. 177,214,091 as presented in the Cash flow statement was accurate.</p>		
KYEOP/NITA/2020-2021/5	<p><u>2.Cash and cash equivalents</u> The statement of financial assets reflects a cash and cash equivalent balance of Ksh 176,741,559 which does not</p>	<p>The main account in the project is Kenya Commercial Bank. The other two accounts which are cooperative and Equity bank are suspense accounts which were</p>	Not resolved	

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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)
	include Ksh. 3,619,473 held in suspense cooperative bank of Kenya. Further audit revealed that another suspense account with nil balance is held at Equity Bank which was not disclosed in the Financial Statements. Her were also no bank reconciliation statements and returns for the two suspense accounts.	opened as per the service level agreement to facilitate payment of stipends to the beneficiary youth. The balance in the cooperative bank suspense account was disclosed in the financial statement under note 5 under cash and cash equivalents. However, Equity suspense account was not disclosed.		
KYEOP/NITA/2020-2021/5	<u>3.Renewal contracts for contractual staff</u> Included in the compensation of employee's balance of Ksh. 29,414,921 is Ksh. 2,400,000 being unsupported monthly salary payments made to ten contracted drivers for the month of January 2021 to 30 th June 2021.Examination of records found in their personal	The signed Contracts for 10 contracted drivers for the period are in place and the same was discussed with the audit team.	Not resolved	

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	files revealed that they had all requested for contract renewal through letters which were all approved on 14 th December 2020 but not signed contracts were in place to support the renewal. In the circumstance the propriety and completeness of Ksh.29,414,921 for compensation of employees could not be confirmed for the year ended 30 th June 2021.			
KYEOP/NITA/2020-2021/5	<p>4.Fuel unsupported fuel expenditure</p> <p>Note 3 to the financial statement reflects fuel cost of Kshs 2,958,982 which also includes Kshs. 1,254,583. However, documents such as work tickets cashbooks and fuel statements were not provided for audit</p>	<p>Project vehicles were stationed across the KYEOP implementing Counties. Some of the work tickets indicated were in the County Offices and were availed for review.</p> <p>In regards to refund of fuel by NITA, the Authority budgets for its activities prior to commencement and the fuel to be</p>	Not resolved	

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	<p>verification. Further the project fuel statement revealed that National Industrial Training Authority refunded an amount totalling to Ksh. 1,306,818 being amount of fuel incurred by the authority. However, supporting documents for the actual total amount incurred by the authority were not provided. In the circumstance, the actual fuel consumed by NITA has not been provided for audit verification and the propriety of the fuel cost of kshs.1, 254,538 for the year ended 30th June could not be confirmed.</p>	<p>consumed for all the vehicles including that of KYEOP vehicles is factored in the budget</p>		
KYEOP/NITA/2020-2021/5	<p><u>5.Fixed assets</u> Analysis of the summary of fixed assets as shown in the table below and at annex 3 of</p>	<p>The difference of KShs. 9,323,039 relating to Office Furniture and Equipment and a difference of</p>	<p>Not resolved</p>	

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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>the financial statement and the physical fixed asset register kept by the project revealed significance differences of Kshs. 9,323,039 relating to office furniture and general equipment and a similar difference of Kshs. 9,232,039 relating to the vehicles and other transport equipment totalling to Kshs. 18,646,078. No explanation has been provided regard the total difference of Ksh. 18,646,078. Consequently, the accuracy of the summary of fixed asset register at annex 3 could not be confirmed for the year ended 30th June ,2021</p>	<p>KShs. 9,323,039 relating to vehicles and other transport equipment occurs due to posting error.</p> <p>The Office Furniture and General Equipment amounting to Kshs. 9,323,039 was wrongly classified under Vehicle and other Transport Equipment thus understating the Office Furniture and General Equipment amount and overstating Vehicle and other Transport Equipment. The error was corrected in the Financial Statement.</p>		
KYEOP/NITA/2020-2021/5	6.Budgetary control and performance	The under expenditure experienced under Purchase of goods and	Not resolved	

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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>The statement of comparison of budget and actuals amount as at 30th June,2021 reflects a total payments final budget of Kshs. 1,033,473,937 against actual expenditure amount of Kshs. 580,680,647 giving a budget utilization of 56%. An in-depth review of the expenditures incurred shewed there were budget under absorption.</p> <p>From the analysis above, it is evident that the project spent under its budget by a total of Kshs. 452,739,290 (44%). This may have a negative impact on implementation of planned activities and service delivery to stake holders. This need proper planning to avoid instances of idle funds.</p>	<p>services, was majorly brought about by provision of a higher allocation on the training cost vote to cater for youth stipends, fees for training providers and there were limited training activities due to COVID-19 pandemic whereby some milestones were spilled to the following financial year.</p>		

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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)
KYEOP/NITA/2020-2021/5	<p><u>7.Compensation of employees</u> Included in the compensation of employee's balance of Kshs. 29,414,921 is Kshs.1,292,635 relating to the statutory deductions whose documentary evidence such as payment and acknowledgement slips were not provided for audit review and therefore it is not clear whether they had been remitted to relevant entities as required by Section 94(1) of the Tax Procedure Act ,2015,Section 27.(1)of the NSSF Act 2013,and Section 18(2) of the NHIF At Cap 255</p>	<p>Included in the compensation of employee's balance of KShs. 29,414,921 is KShs. 1,292,635 relating to statutory deductions. NITA KYEOP and National Industrial Training Authority (NITA) share the same employer NSSF number, NHIF number and KRA PIN and therefore, NITA KYEOP transfer the amount to NITA for onward remittance to the statutory bodies. The stated amount was remitted to the relevant entities by National Industrial Training Authority (NITA) inclusive of other staffs in the Authority as evidence in terms of payment slips and other supporting documents provided to the auditor for their review.</p>	Not resolved	
KYEOP/NITA/2020-2021/5	<p><u>8.Imprest management</u> Examination of the imprests records totalling Kshs.</p>	<p>Management noted and has ensured adherence to the set-out imprest regulations. It should be noted that</p>	Not resolved	

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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)
	4,814,837 revealed that officers serving on the project were issued with more than one (1) imprest contrary to Section 93(4)(b) of the Public Finance Management Regulation, 2015 which states that the Accounting Officer shall ensure that an imprest holder does not have an outstanding imprest before an earlier one is surrendered.	all the imprests mentioned above were accounted for in full which was also discussed with the OAG team.		
KYEOP/NITA/2020-2021/5	<p><u>9. Activities without prior clearance from the world bank</u></p> <p>The audit reveals that a budget of Kshs. 600,000 was approved by the World Bank for development of a new occupational standards while the actual expenditure is recorded as Kshs. 3,755,900. In addition, another</p>	<p>Approval for Development and Updating of existing occupational competency standards (OCS) was granted by the World Bank in the Annual Work Plan (AWP) and Budget for the period July 2020-June 2021.</p> <p>The World Bank approved Kshs. 600,000.00 for development of new occupation competence standards</p>	Not resolved	

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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>expenditure totalling Kshs.1,034,600 was incurred in a workshop to prepare NITA's new role in KYEOP .However, a no objection certificate from the World Bank was not provided for audit review</p>	<p>(OCS) and Kshs. 5,250,000.00 for updating of existing competence standards. Since the nature of two activities are related and carried out by the same experts, the actual expenditure of Kshs. 3,755,900 for development of new occupation competence standards (OCS) and updating the existing occupation competence standards (OCS) is justified. The workshop to prepare NITA's new role in KYEOP utilized approved funds for Quality Assurance (QA) which had been approved in the AWP. Following restructuring of KYEOP and NITA having been allocated key mandate of Quality Assurance, it was important that a QA Frame work be developed. This was developed and shared with the World Bank and NITA Board. The main activity of the workshop was to develop the</p>		

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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)
		QA Framework to enable NITA take the role of quality assurance in the project as per the restructuring documents.		

Note: We appeared before the Public Accounts Committee on 29/04/2024 and resolved issues for FY 2021/2022. We are yet to receive communication from the committee in regards to the unresolved issues.

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.



Name: Theresa Wasike
 Ag. Director General



Name: Joseph Kinuthia
 Project Coordinator

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Annex 2: Variance explanations - Comparative Budget and Actual Amounts for Current 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					
Proceeds from domestic and foreign grants	290,146,057	96,696,057	193,450,000	33%	The budget was reduced by Kshs.193, 450,000.00 through supplementary
Total Receipts	290,146,057	96,696,057	193,450,000	0	
Payments					
Compensation of employees	3,500,000.00	2,967,948	532,052	85%	
Purchase of goods and services	93,196,057	14,162,665	79,033,392	15%	Larger percentage of the budget was allocated on training payments whereby there was a decrease in employment milestone and also some of the items were not cleared in the annual work plan
Other grants and transfers	0	79,565,444	(79,565,444)	0	
Total payments	96,696,057	96,696,057	0	0	

NOTE:

Budget over utilization on other grants and transfers of Ksh. 79,565,444 relates to unused amount transferred to the National Treasury/ consolidated fund as per the PFM Act of 2012 74(6)(d), since the project has ended.

Annex 3: Summary of Fixed Assets Register

Asset class	Opening Cost (KShs) 2023/2024	Donations in form of assets (KShs) 2023/2024	*Purchases/ Additions in the Year (KShs) 2023/2024	**Disposals in the Year (KShs) 2023/2024	Transfers in/(out) Kshs 2023/2024	Closing Cost (KShs) 2024
	(a)	(b)	(c)	(d)	(d)	(e)= (a)+ (b)+c)-(d)+(-)d
Office equipment, furniture and fittings	48,213,166	0	0	0	0	48,213,166
ICT Equipment,	23,220,001	0	0	0	0	23,220,001
Other Machinery and Equipment	77,620,000	0	0	0	0	77,620,000
Total	149,053,167	0	0	0	0	149,053,167

Notes

* Purchases/Additions in the year reconciled to the amount in the Statement of Receipts and Payments

** The disposal amount to be disclosed in this register is the cost that the asset was acquired at and not the price at which it has been sold. The balance as at the end of the year is the cumulative cost of all assets bought and inherited by the project. Additions during the year should tie to note 18 on acquisition of assets during the year. Ensure this section is complete covering all the entities assets. Ensure the complete fixed asset register is separately prepared as per circular number 5/2020 and follow up reminder of circular No. 23/2020 of The National Treasury.

***KENYA YOUTH EMPLOYMENT AND OPPORTUNITIES PROJECT-NATIONAL
INDUSTRIAL TRAINING AUTHORITY***
Annual Report and Financial Statements for the financial year ended June 30, 2024

Annex 4: Other Support Documents

i. Bank Reconciliations statement as at 30th June 2024



NATIONAL INDUSTRIAL TRAINING AUTHORITY


ENHANCING SKILLS.

NITA - KYEOP ACCOUNT NO. 1206078642

JUNE 2024 BANK RECONCILIATION

BALANCE AS PER THE BANK STATEMENT			0.02
ADD:			
PAYMENTS IN BANK STATEMENT NOT YET RECORDED IN CASHBOOK(DIRECT DEBITS)	0.00		
RECEIPTS IN CASHBOOK	0.00		
		0.02	
LESS:			
PAYMENTS IN CASHBOOK NOT YET RECORDED IN BANK STATEMENT(UNPRESENTED CHEQUES)	0.00		
RECEIPTS IN BANK STATEMENT NOT IN THE CASHBOOK(DIRECT CREDITS)	0.00		
		0.00	
BALANCE AS PER RECONCILIATION			0.02
BALANCE AS PER CASHBOOK			0.00

DEFICIT/SURPLUS (0.02)

Prepared by: EVERLYNE SIRIYA  Date: 03/07/2024
PROJECT ACCOUNTANT NITA KYEOP

Certified by: JULIUS NDENGE  Date: 26/7/2024
MANAGER ACCOUNTS NITA

Approved by: JOSEPH KINUTHIA  Date: 3/07/2024
PROJECT COORDINATOR NITA KYEOP

DATE	TRANSACTION DETAILS	MONEY OUT	MONEY IN	RUNNING BALANCE
1-May-24	BALANCE B/FWD	-	-	79,566,019.57
6-Jun-24	SWIFT Remit Cha DEPOSIT THE NATIO AC-1206078642	(575.00)	-	79,565,444.57
6-Jun-24	Outward SWIFT P DEPOSIT THE NATI KENYA YOUTH EMP	(79,565,444.55)	-	0.02
		(79,566,019.55)	-	

DIRECT DEBITS			
DATE	TRANSACTION DETAILS	MONEY OUT	RECONCILED
1-May-24	BALANCE B/FWD	-	-
6-Jun-24	SWIFT Remit Cha DEPOSIT THE NATIO AC-1206078642	(575.00)	-
6-Jun-24	Outward SWIFT P DEPOSIT THE NATI KENYA YOUTH EMP	(79,565,444.55)	-
		(79,566,019.55)	

	DIRECT CREDITS		
DATE	TRANSACTION DETAILS	MONEY IN	RECONCILED
		-	-
	TOTAL	-	-

JANUARY 2024 CASH BOOK							
DATE	PAYEE	DESCRIPTION	CHEQUE NO/PV NO.	PAYMENTS	RECONCILED	RECEIPT	RECONCILED
31/05/2024	The National Treasury	Fund transfer	3201	79,565,444.57	-	-	-
07/06/2024	The DG-NITA	June bank charges	3204	575.00	-	-	-
		TOTAL		79,566,019.57	-	-	-

ACCOUNT STATEMENT

Customer:
Account: 1206078642 NATIONAL IND TRAINING AUT-KYEOP
Product Name: Public Sector
Statement Period: 06 JUN 2024 -
Balance at Period Start 79,566,019.57 KES Balance at Period End: 0.02 KES

TXN DATE	DESCRIPTION	VALUE DATE	MONEY OUT	MONEY IN	LEDGER BALANCE
06 JUN 2024	BALANCE B/FWD	06 JUN 2024			79,566,019.57
06 JUN 2024	SWIFT Remit Cha DEPO SIT THE NATI AC-12060 78642	06 JUN 2024	-575.00		79,565,444.57
06 JUN 2024	Outward SWIFT P DEPO SIT THE NATI KENYA Y OUTH EMP	06 JUN 2024	-79,565,444.55		0.02
			=====	=====	=====
			=	=	=
	BALANCE AT PERIOD E ND:		-79,566,019.55	0.00	0.02



KCB

BANK

Industrial Area Branch
Enterprise Road
P.O. Box 18031 - 00500,
Nairobi, Kenya.
Tel: +254 20 6557033, 6650124
Email: industrialarea@kcbgroup.com

1218 CA 41 BRANCHES
CERTIFICATE OF BALANCE

KCB Bank Limited
(Incorporated in Kenya)

CERT2426200092

KCB INDUSTRIAL AREA
.....

18 SEP 2024
.....

Certified that the balance at the CREDIT Of NATIONAL IND
TRAINING AUT-KYEOP

.....

A/C 1206078642

at the close of business on 30 JUN 2024 Was KES

.....

CENTS TWO

.....

KES 0.02

.....

Examined by

For and on behalf of:

For: KCB BANK KENYA LTD.

.....
Corporate Services Manager
INDUSTRIAL AREA BR. NAIROBI

Manager Service Quality & Compliance

For and on behalf of:

For: KCB BANK KENYA LTD.

.....
Branch Manager
INDUSTRIAL AREA BR. NAIROBI

Branch Manager