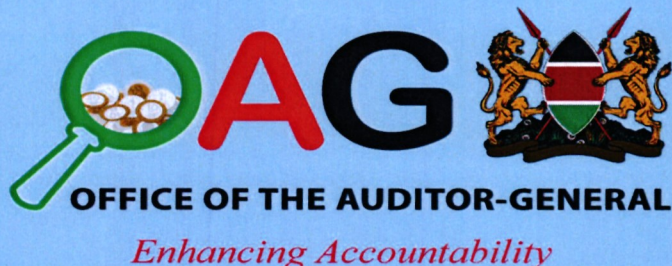


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THE AUDITOR-GENERAL

ON

**TECHNICAL AND VOCATIONAL EDUCATION
AND TRAINING AUTHORITY**

**FOR THE YEAR ENDED
30 JUNE, 2022**



TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING AUTHORITY

TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING AUTHORITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING AUTHORITY

Annual Reports and Financial Statements

For the year ended 30 June 2022

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1. Key Entity Information and Management

a) Background information

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

b) Principal Activities

Vision Statement

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

Mission Statement

To develop a TVET system that meets national needs and aspirations.

Strategic Objectives

The strategic objectives of TVETA are to:

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

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

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

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c) Key Governance and Management

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

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

d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were: -

No.	Designation	Name
1.	Director General	Dr. Kipkirui Langat
2.	Director Accreditation & Outreach Services	Fred Oanda
3.	Director Strategy, Planning & Research	Timothy Nyongesa
4.	Director Standards Development, Compliance & Enforcement	Josephine Kasera
5.	Deputy Director Finance and Accounts	Emmanuel Korir
6.	Senior Supply Chain Management officer	Henry Obatsa

e) Fiduciary Oversight Arrangements

The Authority has the 3 Board Committees:

- Technical Committee
- Finance and General-Purpose Committee
- Audit and Risk Committee

i. Technical Committee

The Technical Committee review plans and guidelines for the effective implementation of the provisions of the TVET Act 2013, review TVET training regulations, standards and guidelines, accredit training institutions, assessment centres, foreign institutions, training programmes, trainers, assessors and verifiers and approve the process of introduction of new and review of training programmes before presentation to the full Board for deliberation and approval.

ii. Finance and General-Purpose Committee

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

iii. Audit and Risk Committee

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

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E-mail: info@tveta.go.ke
Website: www.tveta.go.ke

- h) Bankers**
KCB Bank Kenya Ltd.
Kipande House Branch
P.O. Box 30012-00100
Nairobi, Kenya

- i) Independent Auditors**
Auditor-General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084-00100
Nairobi, Kenya

- j) Principal Legal Advisor**
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

2. The Board of Directors**Prof. Ahmed Ferej (Board Chairperson) Up to 6th October 2021**

Prof. Ferej was appointed to the TVETA Board on 25th April 2014 and appointed TVETA Board Chairperson on 9th October 2017. He holds a PhD in Education (TVET and Entrepreneurship) from the University of Illinois in the US (1994). He completed a Diploma in Mechanical and Electrical Engineering as well as a technical teacher's certificate at the Kenya Polytechnic in 1975. He is an associate Professor at the University of Eldoret, in the Department of Technology Education. Prof. Ferej has over 30 years' professional experience in the field of education and training, mostly TVET, where he has taught at the technical secondary, middle level college and university levels. He has contributed to national curriculum development. He has supervised several Master's Degree and PhD candidates and served as external examiner for Kabarak University and Gold Coast University in Ghana.

**Prof. Florence Ngesa Indede (Chairperson) from 7th October 2021**

Prof. Indede was appointed TVETA Board Chairperson on 7th October 2021. She holds a PhD degree in Kiswahili Studies from Maseno University and Bayreuth University – Germany; Master's Degree in Kiswahili Studies and Bachelor of Education degree from The University of Nairobi. Prof. Indede is an active participant in Dialogue for Innovative Higher Education Strategies (DIES) programs since 2003 when she underwent University Staff Development (UNISTAFF) training in Germany, and the International Deans Course (IDC) (2013/2014) in Germany and Africa. She was the National Chairperson of Kenya DAAD Scholars Association (KDSA) since 2015 – 2019 having been the Vice Chairperson of KDSA from 2009-2015. Prof. Indede is actively involved in research, national and international collaboration and partnership.

She is also the Coordinator of collaborative activities between Maseno University- Kenya and Linnaeus University-Sweden since 2012. Prof. Indede was the Chairperson MAGAART publication Committee and Chief Editor Globe Special Issue 2018: A Journal of Language, Culture and Communication. She has successfully organised and participated in local, national and international seminars, workshops and conferences. She has successfully taught, supervised and graduated several undergraduate, Masters and Five PhD candidates and has had immense contribution to the community. She was the Chairperson Kima Integrated Community Initiative Program (NGO) from 2005 -2016. She has also served on several school boards of Management.

**Mr. Sammy Milgo (Independent Director-Chair Technical Committee)**

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



Mr. Burua Sanga (Independent Director-Chair Finance and General-Purpose Committee)

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



Ms. Esther Gacicio (Independent Director)

Ms. Esther Gacicio was appointed as TVETA Board member on 26th June 2020. She is an Edtech Consultant & Co-Founder of eLearning Solutions (eLS), a company leveraging on digital technology to design, deliver and deploy learning and training solutions, across the spectrum; to the youth, institutions and corporates. Esther is a former and a long serving employee of the Kenya Institute of Curriculum Development (KICD) where she rose through the ranks to Senior Assistant Director specializing in education technology. She is an accomplished eLearning Specialist, Instructional and Curriculum Designer, Trainer/Facilitator with experience spanning over 25 years with passion for digital literacy systems and their impact in education and capacity building. Esther was involved in the development of the Competency Based curriculum (CBC) and also served as a member of secretariat for the taskforce on enhancing access, relevance, transition, equity and quality for effective curriculum reforms and implementation of CBC. Esther holds several accolades among them Global Award for Excellence in eLearning at the World Education Congress Global and Awards 2015 as well as the 2011 Technology in Government in Africa (TIGA) Award by United Nations Economic Commission of Africa (ECA). She was a finalist at the Africa Prize for Engineering Innovation 2017/2018; a program ran by Royal Academy of Engineering United Kingdom. She is also a Metis Fellow having successfully completed the Metis Fellowship Programme in 2018. She led the KICD team in scooping an award for excellence in Service Delivery during the Kenya Public Service Day 2017 for the Kenya Education Cloud and again recognized for her excellence in public service innovation 2011 edition in "Development of Policy, Strategy and Leadership". She also holds Master's and Bachelor's Degrees in Education from University of Nairobi and Moi University respectively, and a Graduate Diploma in Leadership Development in ICT and Knowledge Society from the Dublin City University, Ireland. She is a trained and certified in New Learning Technologies by tele-akademia and in eLearning Technology by University of Colombo School of Computing, Colombo, Sri Lanka. She has also undergone the Strategic Leadership Development Program (SLDP) by Kenya School of Government in 2011. She is currently pursuing a doctorate degree in ICT in Education from the University of Nairobi.

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Dr. Davidson Mghanga Mwaisaka (Independent Director)

Dr. Davidson Mghanga Mwaisaka was appointed as TVETA Board member on 26th June 2020. He is a seasoned regional counsel – Advocate, Commissioner for Oaths, Notary Public, Patent Agent, Certified Company Secretary and Governance Auditor with thirteen years legal experience in private practice, Banking, Insurance, Asset Management, Investment and Property.

He has practiced at Kaplan & Stratton advocates and Oraro & Company Advocates. He has also worked as Legal Manager and Assistant Company Secretary at Equatorial Commercial Bank and British American Investments Company Limited (Britam). He currently works at Standard Chartered Bank Kenya Limited as the Head of Legal, Kenya and East Africa. He holds a LLB (First Class Honours) degree from the University of Nairobi, LL.M in Trade Regulation and Commercial Law from the New York University, MBA in Strategic Management and Finance from Daystar University and a Doctorate in Business Administration (DBA) from USIU-Africa specializing in Leadership, Corporate Governance and Organizational Change. He is a member of the Law Society of Kenya (LSK), Institute of Certified Secretaries and Chartered Institute of Arbitrators, Kenya Branch



Ms. Susan Aletia (Chair – Audit and Risk Committee) up to 9th February 2022

Ms. Susan Aletia was appointed as TVETA Board member on 26th June 2020. She is results oriented and development passionate lady, keen to advance Public health principles and practice in disaster situations to promote the well-being of communities. She has strong advisory, negotiation, analytic and communication competencies gathered from years of work experience in government, non-governmental organizations and the UN.

She currently coordinates a UN and Turkana County development partnership initiative; promoting integrated programming. Prior to this, she worked for UN Women as a gender advisor to the Turkana County government. Before then, worked with a DFID as an M&E specialist and UNICEF as the head of field office and emergency project officer for Turkana and West Pokot Counties. She has also worked with a World Bank funded project focused on need based and sustainable community development projects. She has also served as a council member in two public Universities in the country.

Susan holds a master's degree in Public Health (majoring in disaster preparedness and management) from Moi University, a Bachelor of Education Science degree from Moi University and is currently pursuing a second Master of Science degree in Disaster Management and Sustainable development amongst other professional trainings that she already has



CPA Antony Masinde (Alternate to Principal Secretary, State Department for Vocational and Technical Training, Ministry of Education up to 8th August 2021)

CPA Masinde is a Chief Finance Officer at the Ministry of Education (State Department of Vocational and Technical Training). He holds Masters of Business Administration Degree (MBA - Strategic Management) and Bachelor of Commerce (Hons.) Degree from University of Nairobi. Mr. Masinde is a CPA(K) holder of good standing and is a registered member of the Institute of Certified Public Accountants of Kenya (ICPAK). Mr. Masinde

has over 15 years' experience as a Finance Officer in the public sector. Prior to his appointment as a Chief Finance Officer in the State Department of VTT, Mr. Masinde worked as a Finance Officer in the Ministry of Foreign Affairs.



Mr. Nelson Gitau (Alternate to Principal Secretary-State Department for Vocational and Technical Training, Ministry of Education from 8th August 2021 to 17th March 2022)

Mr. Nelson Gitau is a Deputy Director, Directorate for Technical Training within the Ministry of Education.

He holds Masters of Business Administration Degree – {MBA- Project Planning and Management}; a Bachelor of Arts degree in Economics and Business Studies and a Post Graduate Diploma in Education (PGDE) from

Kenyatta University.

Mr. Nelson Gitau has a wealth of experience in Education spanning over 30 years as a career teacher, examination developer, monitor, supervisor and in Quality Assurance.

He is currently the Project Manager for the World Bank funded Project “East Africa Skills for Transformation and Regional Integration Project (EASTRIP) whose main objective is to improve access and quality of TVET programs in selected TVET Institutions within the Country. The project will also support Regional Integration since it being implemented by Tanzania and Ethiopia.

Mr. Nelson Gitau is a registered member of the Kenya Institute of Management.



Ms. Evelyn Anupi (Alternate to Principal Secretary, State Department for Vocational and Technical Training, Ministry of Education from 17th March 2022)

Ms. Evelyn Anupi is the Director of Planning at the Ministry of Education (State Department for Vocational and Technical Training). She holds Masters of Arts Degree (Development Economics) and B.A. (Hons) Degrees from Moi University. Ms. Anupi has over 20 years in the public sector. Prior to her current

appointment at the State Department for Vocational and technical training Ms. Anupi worked as Economist/Statistician in the State department for early learning and basic education Ms. Anupi has researched and published in areas of Poverty, Planning and Public expenditure tracking. Her areas of interest include Poverty and Vulnerability, Gender mainstreaming, Public Policy, Education and training reforms, Planning and Budgeting, Monitoring and Evaluation.



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

CPA Jane Wambugu was appointed Alternate to the Cabinet Secretary, National Treasury on 25th April 2017 where she is currently serving in the Directorate of Public Investment and Portfolio Management. She has served in various Government Ministries for over 20 years as a Project Accountant for World Bank, KFW and AFD donor funded projects in Energy Sector. Ms Wambugu is a holder of a Master’s Degree in Business Administration

(Finance), Certified Public Accountant and a member of Institute of Public Accountants (ICPAK) and Member Institute of Certified Investment Financial Analyst (CIFA).



Dr. Kipkirui Langat (Director General/CEO)

Dr. Langat was appointed the first Director General of TVET Authority on 30th April 2015. He has a wealth of experience from both public and private sector. He has close to 20 years’ experience in TVET sector having joined Rift Valley Training Institute as Assistant lecturer in the Department of Automotive Engineering in 1996. He was promoted to a position of lecturer and appointed head of Department in 1998. He joined Eldoret Polytechnic in 2002 as a lecturer in the Department of Mechanical Engineering before

being appointed Deputy Dean of students a year later. In 2004 he joined Egerton University as a lecturer in the Department of Industrial and Energy Engineering. While in Egerton University, he was instrumental in implementation and reviewing Bachelor of Industrial Technology programme where he was programme coordinator, and Examination and Timetabling officer until 2008. In 2009, he was appointed programme coordinator for Twinning Programme between Western Michigan University, USA and Egerton University. He was also among a team of experts who developed Bachelor of Technology in Mechanical Engineering and Bachelor of Philosophy in Mechanical

Engineering at the Technical University of Kenya. He was a subject panel for Diploma and Higher National Diploma in Mechanical Engineering between 1999 and 2004 at Kenya Institute of Education.

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



CS. Ms. Sylvia Akoto (Assistant Director-Legal Services)

Ms. Sylvia Akoto is the Assistant Director Legal Services. Ms. Akoto holds a Bachelor of Laws (LLB) Degree from Moi University, a Post Graduate Diploma in Law from the Kenya School of Law and an Executive Master of Business Administration Degree from JKUAT. Ms. Akoto is an Advocate of the High Court of Kenya, Commissioner of Oaths, a member of the Law Society of Kenya (LSK), a Certified Secretary and a member of the Institute of Certified Secretaries of Kenya (ICPSK). She has an outstanding career

spanning over fifteen years in commercial law, compliance, corporate governance and regulatory affairs, obtained both in the private and public sectors.

Ms. Akoto has the responsibility of driving the Authority's corporate governance agenda, providing advisory services to the Authority, and support to the Board, Board Committee's and Management to facilitate effective strategy execution.

3. Management Team



Dr. Kipkirui Langat, PhD. FIETK

Director General/CEO

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



Mr Fred Oanda

Director Accreditation and Outreach Services

The Head of Accreditation and Outreach services is in charge of policies and Strategies for accreditation and Outreach, he coordinates inspection, accreditation and approval of trainers, assessors, verifiers, training centres, Institutions and Programmes as well as organizing development programmes for capacity building and sensitization of TVET providers, coordinating development and maintenance of TVET information, education and communication (IEC) materials and coordinating dissemination of TVET research findings, regulations, standards and guidelines to TVET providers and stakeholders



Ms Josephine Kasera

Director Compliance, Enforcement and Standards Development

The Head of Compliance and enforcement coordinates quality audit inspection for institutions, trainers and programmes, evaluates quality audit reports and training programmes for training providers, making recommendations as well as designing the process and guidelines of admission in TVET training. She leads in the process of evaluating the training systems in formal and informal sector and also Maintaining sector skills advisory committees from key industry stakeholders to facilitate occupational standards development.



Timothy Nyongesa

Director Strategy, Planning and Research

The Head of strategy, planning and research coordinates reviews the Authority's long-term strategic plans, ensuring they are aligned to the National and International TVET policies, measuring performance of their implementation, He also coordinates planning, analysing and reviewing the impact of various policies on TVET. This includes development and identification of impediments to TVET development with an objective of developing appropriate policy interventions for TVET development. In addition, the office undertakes data collection

and research activities.

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CPA Emmanuel Korir

Deputy Director Finance and Accounts

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



CPA David Njoroge

Internal Auditor

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



CS. Sylvia Akoto (Assistant Director-Legal Services)

The head of legal services has the responsibility of driving the Authority's corporate governance agenda, providing advisory services and support to the Board, Board Committee's and Management to facilitate effective strategy execution.

4. Chairperson's Statement

The Technical and Vocational Education and Training Authority (TVETA) is now in the Seventh cycle of annual financial reporting which it has judiciously done in the previous five cycles. It is with great pleasure that I present the sixth annual report and financial statements of the Authority for the year ended 30th June 2022.

There was normalization of operations after confirmation of reduction in Covid 19 infections in the reporting period. The Authority complied with the protocols provided by the Ministry of Health and continued offering services to the public. This was enhanced with completion of renovations and networking (voice and data) of the three regional offices in Kisumu, Eldoret and Mombasa. The networking project has led to seamless communication between the head office and the regions.

Efforts were made to re-engineer processes and sustain ISO 9001:2015 certification for efficient and effective governance of the Authority by reviewing the Authority's SOPs. This directly influenced achievements made under the core mandate with higher numbers in inspection and quality audit of institutions. The operational efficiency also contributed to the sustained development partner confidence as evidenced by the significant support offered in development of training standards and publication of Volume 5 of the Kenya Journal of TVET.

Pursuant to our corporate vision, we continued to implement our Strategic Plan 2018 – 2022 (Rev. 2019) under the four strategic pillars. Under the quality and relevance pillar, we continued with development of training standards; accreditation of TVET institutions and trainers; and undertaking of compliance and enforcement audits. Under access and inclusivity, we coordinated the participation of Team Kenya in the World Skills Africa competition in Swakopmund, Namibia on 13th June, 2022. To strengthen governance and management, we sustained our ISO certification through internal surveillance. Under the last pillar of funding and financing, we were able to complement our allocation from the National Treasury through collection of A-i-A.

On behalf of TVETA Board of Directors and staff, I express my sincere gratitude to the Government of Kenya, the Ministry of Education, our development partners and all the stakeholders for the support they have given us during the period ended 30th June 2022.



Prof. Florence Indede

On behalf of the Board of Directors

5. Report of the Chief Executive Officer

The Technical and Vocational Education and Training Authority (TVETA) always appreciates the support extended to it by the Government of Kenya and development partners by preparing and submitting accurate and timely financial reports. It is thus my pleasure to present the sixth Annual Report and Financial Statements for the period ended 30th June 2022. The Authority's focus during the reporting period was geared towards the realization of the planned activities as set out in the strategic plan (2018-2022), operationalization of regional offices, accreditation of TVET institutions, programs and trainers, development of regulatory and training standards, enforcement of TVET policies, outreach activities, and sustainable collaborations and partnerships.

Operationalization of regional offices

In line with the Authority's strategic intention and following an advice from the Public Service Commission in its report on values and principles of public service to take services closer to the people, the Authority established three regional offices in Kisumu, Eldoret and Mombasa. Suitable office space was identified in Government facilities and networking of the regional offices to the head offices was undertaken during the year at a cost of Kshs 9,752,161 for the three regional offices. Furniture was also procured for the regional offices.

Staff Capacity

During the year a number of capacity building activities were carried out to enhance capacity of the staff to effectively and efficiently carry out their roles and responsibilities. Further, two (2) new staff were recruited to ensure operationalization of the regional offices thus bringing the total staff establishment currently to 70 against an approved establishment of 140.

Board Evaluation

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

Accreditation of institutions, programs and trainers

To further its core mandate, the Authority's undertook inspection of 356 TVET institutions for registration and licensing leading to a cumulative total of 2,980 inspected institutions since the inception of the Authority. During the same period 350 institutions were licensed bringing to a cumulative total of 2,627 accredited TVET institutions to date in the country. The Authority was also able to accredit 3,661 TVET trainers in the year. The Accreditation of institutions, programs and TVET trainers is a process that was largely facilitated by the shift from the manual process to the automated platform in the deployed TVET Management Information Systems (MIS) which was fully rolled out in the reporting period.

Quality assurance of TVET

TVET Regulatory and Training standards are the basis for quality assurance in TVET. The Authority undertook mapping of TVET standards as documented in the National TVET Standards Kenya Report 2020. In addition, the 8 gazetted regulatory and training standards were reviewed in line with the gap analysis report that was done during the year. The Authority was also able to undertake quality audit in 400 TVET institutions to ensure compliance with set regulatory and training standards. 26 CBET assessment centres were monitored on CBET implementation. Two hundred and forty (240) TVET institution managers were also trained on the use of the new on-line registration system in the TVET MIS to ensure its adoption and use so as to enhance service delivery and minimize travel by TVET trainers and staff from their institutions to the Authority's office to seek services.

Research and Development

To provide a forum for effective dissemination of research findings in the Kenyan TVET system, the Authority published the Kenya Journal of TVET, a peer reviewed publication in TVET and cross cutting issues.

The Authority was also able to develop Science, Technology and innovation (STI) strategy and organized the world youth skills day.

ISO 9001:2015 9001:2015 Quality Management System Certification

The Authority attained certification to ISO 9001:2015 Quality Management System by the Kenya Bureau of Standards (KEBS) after developing, reviewing and implementing the Standard Operating Procedures (SOPs) that met the requirements of the standard and undertaking both internal and external audits.

Worlds Skills Africa event

World Skills Africa Swakopmund 2022 (WSAS2022) was a three-tier event hosted by World Skills Namibia in partnership with World Skills International and the African Union. The event included Skills Competition, TVET Conference and Careers Exhibition which took place at Swakopmund, Namibia from 28th March to 2nd April 2022.

The objective of the skills competition was to empower and inspire *African* youth to pursue personal and economic fulfilment through the power of skills. During the competition, over 100 youths battled out in sixteen skills areas to showcase their competencies based on industry occupational standards. Kenya participated in restaurant services, cooking and mechatronics and managed to get gold and bronze medals for restaurant services and cooking respectively, and the third position in mechatronics.

The three-day TVET conference brought together policymakers, TVET experts, and industry and development partners from across the world. The theme of the conference was **Promoting Skills Development in the 21st Century for Sustainable Economic Growth and African Ownership.**

The conference provided a platform for knowledge generation and sharing of experience in effective TVET systems, technology, gender and social inclusion, and TVET funding models. There exists a symbiotic relationship between technology and TVET as technological and societal developments, climate change, environmental degradation and scarcity of resources are the order of the day. TVET is a key player in addressing these developments through the transfer of knowledge and skills. Additionally, in recent years there has been an increased focus on the use of Information Communication Technologies (ICTs) and artificial intelligence (AI) for the management and delivery of TVET.



Director General, Dr. Kipkirui Langat with two participants at World Skills and Careers Exhibition which took place at Swakopmund, Namibia from 28th March to 2nd April 2022.

Financial performance

During the period under review, **Kshs 315 M** was disbursed to the Authority by the National Treasury, the Authority generated **Kshs 27.07 M** as A-I-A being **Kshs 22.24** from accreditation fees and **Kshs 4.83M** from quality assurance fees. Donor support through proposals submitted as part of fund-raising activities was **Kshs 16.08M**. Total revenues for the period is **Kshs 358.28 M** of which **Kshs 350.08 M** was absorbed hence attaining **98%** utilization. It is gratifying to report that the Authority does not have any pending bills from the reporting period and this will be sustained.

I want to thank the Board of Directors for their wise counsel, timely guidance and decision making that enabled the Authority to deliver these impressive results.



Dr. Kipkirui Langat, PhD. FIETK, MBS

DIRECTOR GENERAL/CHIEF EXECUTIVE OFFICER

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6. Statement of Performance against Predetermined objectives FY 2021/2022

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

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

TVETA develops its annual work plans based on the above 4 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. TVETA achieved its performance targets set for the FY 2021/2022 period for its 4 strategic pillars, as indicated in the table below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: Quality and relevance	To enhance TVET quality and relevance	Percent completion of Review of the TVETA QMS and QA Manuals	Identify Gaps in the quality audit tool	Gap analysis report prepared
			Make changes based on the gap report	Changes made.
			Conduct a stakeholder's workshop to validate the reviewed manuals	Virtual stakeholders' workshop held
			Disseminate the reviewed manuals	Dissemination done by uploading the manuals on the website.
		Percent completion of review of the quality audit tool in line with the protocols Covid-19 Protocols	Identify Gaps in the quality audit tool	Gaps identified
			Make changes based on the gap report	Changes made.
			Validation	Online stakeholder engagement done
			Stakeholders' inputs	quality audit tool 100% completed
		No. of training standards developed	Develop 5 training standards	5 standards drafted
			Stakeholder inputs	Online stakeholder engagement done
			Validate new standards	5 standards validated
		No. of TVET institutions accredited	Carry out inspection of 350 TVET institutions	356 TVET institutions inspected
		No. of TVET trainers accredited	Accredit 2510 trainers	3661 trainers accredited
		No. of TVET institutions quality audited	Quality audit 350 TVET institutions	400 TVET institutions quality audited

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		No. of assessment centres monitored as part of implementation of CBET	Monitor assessment as part of implementation of CBET	Monitoring of assessment done at 26 centres
		Comprehensive quality audit report prepared.	Prepare and disseminate comprehensive quality audit report	Comprehensive quality audit report prepared 100% and disseminated through Council of Governors
	Institutionalise Quality Assurance	No. of Internal Quality Assurance (IQA) officers capacity built	Capacity built 240 IQA officers	421 IQA officers capacity built
Pillar 2: Access and inclusivity	Strengthen the organizational capacity of TVET providers	No. of career master's capacity built	Capacity built 300 career masters from secondary and TVET institutions	202 career masters capacity built
		No. of HODs capacity built	Capacity built 300 HODs on leadership	300 HODs capacity built
		No. of VTC managers capacity built	Facilitate training for 300 VTC managers	219 VTC managers capacity built
	Publish the Kenya Journal (KJ) of TVET	Inviting papers for publication in the KJ of TVET	Invite papers for publication	Invitation for papers made through national dailies
		Papers reviewed	Reviewing papers to be published in KJ of TVET	All papers reviewed
		Printed KJ of TVET	Publishing the KJ of TVET	KJ of TVET printed and launched
	Science, Technology and Innovation Mainstreaming	Percent completion of developing STI strategy	Develop STI Strategy	STI strategy developed and approved
		No. of Research projects documented and conducted.	Document research projects	2 Research projects conducted and documented
		World Youth Skills Day organized	Organising the World Youth Skills Day	World Youth Skills Day organized online.
		Findings disseminated	Disseminate research findings	Findings disseminated through webinar and RVTTI conference
Pillar 3: Governance and management	To Strengthen governance and management	ISO 9001:2015 certification	Internal ISO audits	2 audits undertaken
		No. of interns/attaches engaged	Offer internships/ attachments to 15 youths	17 interns/attaches engaged

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		No. of staff recruited	Recruit 20 staff	20 staff recruited
		Percent completion of reviewing the service charter	Review the charter and display	Service charter reviewed
		Monitoring service charter done.	Monitor adherence to the commitments stipulated in the Charter	Service charter monitored by customer feedback survey
		Processes documented	Document processes and relevant workflows for all services in the Citizens' Service Charter	Documented processes in the service charter
		No. of successful innovation disseminated	Disseminate successful innovations	Disseminated successful innovations on National Skills Gateway
		Percent completion of Performance Appraisal	Undertake Staff Performance Appraisal	Performance appraisal done
		No. of staff trained	Competence Development	18 staff trained on pre-retirement, 4 on CPD from professional bodies and 1 attended a job-related course.
		Enhanced use of ICT	Design the EDRMS system	TORs developed and software Requirement Specification finalized.
Pillar 4: Funding and Financing	To Mobilize financial resources for the Authority	Amount collected as A-i-A	Collect Kshs 25M	Kshs 27.2 M collected from registration of TVET institutions and QA fee

7. Corporate Governance Statement

The Board of TVETA is committed to good corporate governance and understands its oversight and foresight roles in leading the Authority by providing strategic direction, the necessary support and advice to Management. In this regard, the Board had adopted corporate governance practices that are in line with the principles and standards set out under the State Corporations Act and the Mwongozo Code Governance for State Corporations.

The Board has defined the mission, vision and values of the Authority and is committed to high standards of ethical behaviour characterised by integrity, professionalism, accountability, efficiency, public participation and team work.

Further, the Board has formulated appropriate strategies and policies for the delivery of the strategy. At the same time, the Board is keen on ensuring that Management is focused on the achievement of targets while fostering a culture that values ethical behaviour, integrity and respect and the need to conduct the business and operations of the Authority in accordance with generally accepted corporate practices.

The Role of the Board

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

- (i) Setting the vision, strategy, values and purpose, and in doing so, setting the corporate culture, and maintaining oversight of it.
- (ii) Approval and review of annual budgets.
- (iii) Ensuring adequate systems of internal controls are in place in relation to risk management strategy and framework, risk appetite, financial adequacy, financial management as well as technology risk management and information security.
- (iv) Oversight of stakeholder feedback and insights.
- (v) Review of financial performance, expenditure and commitments
- (vi) Setting and periodically reviewing organisational key performance indicators as well as management performance.

Board Size, Composition and Appointment

The constitution of the TVETA Board is stipulated by Section 8(1) of the TVET Act 2013 (Revised 2014). It comprises of nine [9] members; the Chairman, five [5] independent directors as per section 8(1)(e) of the TVET Act and two [2] directors representing the CS National Treasury and PS State Department for Vocational and Technical Training as well as the Director General. Since 9th February 2022 The Board has been operating with seven members following resignation of one independent Board member. Board representative from The TVET Funding Board has not been appointed as the Board has not been operationalized.

The Board is generally constituted considering sector requirements, age, gender, diversity of skills, academic qualifications and experience. The blend of Skills and Diversity assists the Authority to maximise its effectiveness to achieve its goals and objectives. The gender parity status between the female and male is well above the 30% gender equity threshold.

Board Charter

The Board Charter is the policy document that clearly defines the respective roles, responsibilities, and authority of the Board of Directors in setting the direction, and control of the Authority. Its commitment by the members of the Board to discharge their mandate in TVETA and outlines the

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rules that shall guide them. Each Director subscribes to the Charter and in doing so acknowledges the Authority's values and commits to upholding them. The Charter also sets out the powers of the Board Committees, the separation of roles between the Board and Management, as well as policies and practices of the Board in respect to corporate governance matters. The Charter compliments and does not change or interpret any statute, law, or regulation.

Board Meetings

The Board as per the Annual Workplan meets quarterly or additionally when necessary to consider matters relating to the overall control of the Authority. The Board work plan and calendar are prepared at the beginning of year and adequate notice, agenda and board papers are circulated within the stipulated timelines. During the year under review, the Board held the respective meetings as summarised below;

Name	Board Position	Full Board	Finance & General	Technical	Audit & Risk	Other meetings
Prof. Ahmed K. Ferej	Chairman-Up to 7 th Oct 2021	3/9	-	-	-	6
Prof. Florence Indede	Chairperson-From 8 th Oct 2021	6/9				5
Mr. Sammy Milgo	Independent Director	9/9	-	4/4	6/6	9
Mr. Burua Sanga	Independent Director	9/9	7/7	-	-	9
Ms. Susan Aletia	Independent Director- up to 9 th Feb 2022	6/9	-	-	5/6	3
Ms. Esther Gacicio	Independent Director	9/9	7/7	4/4	-	
Dr. Davidson Mwaisaka	Independent Director	9/9		4/4	6/6	6
CPA. Jane Wambugu	Alternate to CS National Treasury	9/9	7/7	-	6/6	7
CPA. Anthony Masinde	Alternate to PS- VTT) up to 8 th Aug 2021	2/9	1/7	1/4	-	3
Mr. Nelson Gitau	Alternate to PS- VTT) from 8 th Aug 2021-17 th Mar 2022	5/9	4/7	3/4		3
Ms. Evelyn Anupi	Alternate to PS- VTT) from 17 th Mar 2022					1
Dr. Kipkirui Langat	Board Secretary	9/9	**7/7	4/4	**6/6	9
Mr. Victor Momanyi	Representative- ISC	**2/9	**1/7	**1/4	**1/6	2

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

** Indicates meeting attendance by the member was on invitation and is not a member of the committee

Board Committees

The Board has three standing Committees that play an important role in assisting the Board perform its role and discharge its responsibilities. As at the date of this statement, the following Committees assist the Board by focussing in more detail on specific areas of the Authorities operations and governance framework:

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

The Board Committees, generally, review matters on behalf of the Board and refer matters to the Board for decision with a recommendation from the Committee. The Committee papers are circulated to the Board members

Board Remuneration

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

Below is individual Board remuneration

No	NAME	Remuneration (Kshs)
1.	Prof. Ahmed Ferej- Up to 6 th October 2021	736,435
2.	Prof. Florence Indede-From 7 th October 2021	2,048,691
3.	CPA. Jane Wanjiru Wambugu	1,429,800
4.	Mr. Sammy Milgo	2,462,840
5.	Mr. Burua Shumaa Sanga	2,738,519
6.	CPA. Anthony Masinde	148,000
7.	Mr. Nelson Gitau	718,400
8.	Dr. Davidson Mwaisaka	1,291,800
9.	Ms. Susan Aletia	1,126,400
10.	Ms. Esther W. Gacicio	1,446,000
11.	Mr. Victor Momanyi	459,200
	Total	14,606,085

Board Evaluation and Performance

Every year, the Board undergoes a rigorous performance evaluation conducted by the State Corporations Advisory Committee to assess its effectiveness in discharging its mandate. The process entails a self-evaluation for each director, evaluation of the Chairman to the Board on the overall Board interactions and conduct of business meetings and evaluation of the Chief Executive Officer. The outcome of this evaluation is used to create remedial development and training programs for the Board.

Succession Planning

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

Conflict of Interest

At the start of all meetings of the Board meeting, the Directors are required to declare any conflict issues or any interest they may have in the business under discussion. The Director is obligated to exclude himself/herself from the quorum, and the vote in respect of any matters in which they have an interest. No material conflicts were reported by Directors in the year under review.

Ethics and Code of Conduct

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

Board Induction and Training

Upon appointment, individual Board members are taken through an induction process organized by the State Corporations Advisory Council (SCAC). Further the Board undergoes regular training and capacity building to effectively carry out their roles. During the Financial year the Board undertook Strategy, Audit and Risk Oversight Training.

Governance Audit

A Governance Audit is an independent assessment of an organization with a view to expressing an opinion on the adequacy and effectiveness of the organization's policies, systems and practices within the legal and regulatory framework and in line with global best practices on corporate governance for the interest of the stakeholders.

8. Management Discussion and Analysis

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

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

i. Accreditation services

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

Particulars	Target FY 2021/2022	Actual FY 2021/2022
Assessment of Institutions for registration and licensing	350	368
Accreditation of trainers	2,510	3,661
Accreditation of CBET In-Service curricular	63	63

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

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

ii. Compliance and enforcement

In the Financial Year 2021/2022, the Authority targeted to quality Audit 350 Institutions. Actual institutions audited were 400 as distributed below.

Distribution of Institutions Quality audited per category;

Category	Public	Private	Grand total
National polytechnics	3		3
Technical and Vocational Colleges	49	179	228
Vocational Training Centres	98	71	169
	150	250	400

iii. Standards development

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

- a) Coastal and Marine life conservation occupational training standard
- b) Marine Journalist occupational training standard
- c) Marine Electrical and Electronic Engineering training standard
- d) Maritime Communication system and Technical training standard
- e) Maritime safety and health officer level 6 standard
- f) Verifier standard
- g) Industrial attachment requirements and guidelines
- h) Sector Skills Councils requirements and guidelines
- i) Standards and guidelines on Recognition and Equation of Qualifications

- j) ODeL standards and guidelines
- k) ODeL accreditation and quality audit tool

iv. Outreach services

To strengthen the organizational capacity of TVET providers; the Authority undertook the following activities;

TVETA organised the first World Skills- Kenya Mechatronics competition at Dedan Kimathi University of Technology Siemens Mechatronics Certification Centre. The event was organised by TVETA under the Bear II Project, an initiative of UNESCO and Republic of South Korea.

The objective of the event was to create awareness of the skills competition in Kenya and to prepare the Kenya Mechatronics skill competitors for the World Skills International competition that was held between 28th March – 2nd April, 2022 in Namibia. Other activities undertaken include;

- a. Development of training and Information Education communication (IEC) materials
- b. The department with the support of International Labour Organization (ILO) held a workshop to develop a CBET Manual which would be used in sensitization and Capacity Building for strengthened CBET implementation in the Country
- c. Capacity Building of TVC staff on Internal Quality assurance (IQA)
- d. Train members of TVET top management in leadership
- e. Train career masters from secondary & TVET institutions
- f. Train Head of departments on leadership
- g. Sensitize VTC managers on national values and principles of governance

v. Strategy and planning

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

Achievements under the various outputs were as follows;

- a) Preparation of mid-term implementation report of Strategic Plan and draft strategic Plan 2023-2027;
- b) Coordination of performance contracting activities from drafting, negotiation, vetting and reporting;
- c) Coordination of development of internal policies (procurement, road safety mainstreaming and ADA); and
- d) Coordination of corporate risk management

vi. Research and development

The Authority through the department of Research and development undertook the following activities during the FY 2021/2022:

- a. Conducted three research activities, where online questionnaires were used for data collection for all the studies, the research areas were;
 - Status of online training in Kenyan TVET institutions

- Baseline study on alcohol and drug abuse among TVET staff
 - Skill levels demand and Employer Satisfaction with Quality of TVET Graduates
- b. Published the Kenya Journal (KJ) of TVET, Invitation for papers made through national dailies on various research areas, printed and launched
 - c. Science, Technology and Innovation Mainstreaming (STI) strategy developed and approved
 - d. Organized World Youth Skills Day
 - e. Using both stratified and simple random sampling methods 209 sampled institutions. The department conducted a study to determine the status of implementation of quality audit recommendations by quality assurance officers. The specific objectives of the study were to:
 - determine status of implementation of the quality audit recommendations;
 - identify challenges faced by the institutions during implementation of quality audit recommendations;
 - determine the effect of institutional sources of income on implementation of quality audit findings

vii. Governance and management

(a) mobilization of financial resources

- i. **GOK Grants:** The Authority was able to negotiate for GOK budgetary support FY 2021-2022 through the annual budget process, the funds allocated was **Kshs 315M** was fully disbursed.
- ii. **Appropriation in Aid:** The Authority's projected collection was Kshs **25M**. Actual collection was Kshs. **27.2M** from accreditation and quality assurance fees.
- iii. **Strengthening engagement with development partners:** The Authority was able to raise **Kshs 16.08 M** through collaborations with development partners. The projects that were being supported by development partners as follows;

Donor	Amount (Kshs)	Project
International Labour Organization	5,760,814	Pre-apprenticeship training
UNESCO	6,620,111	TVET Skills gateway
BOMA Hotel & Training centre	1,360,000	World Skills
Colleges and Institutes Canada (CICan)	200,000	World youth skills day
University of Eldoret	350,000	World youth skills day
MDF training & consultancy services	163,291	ATVET Training
Commonwealth of Learning	1,627,458	ODEL Standards Development
Total	16,081,674	

(b) Compliance with statutory requirements

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

(c) Major risks facing the organisation

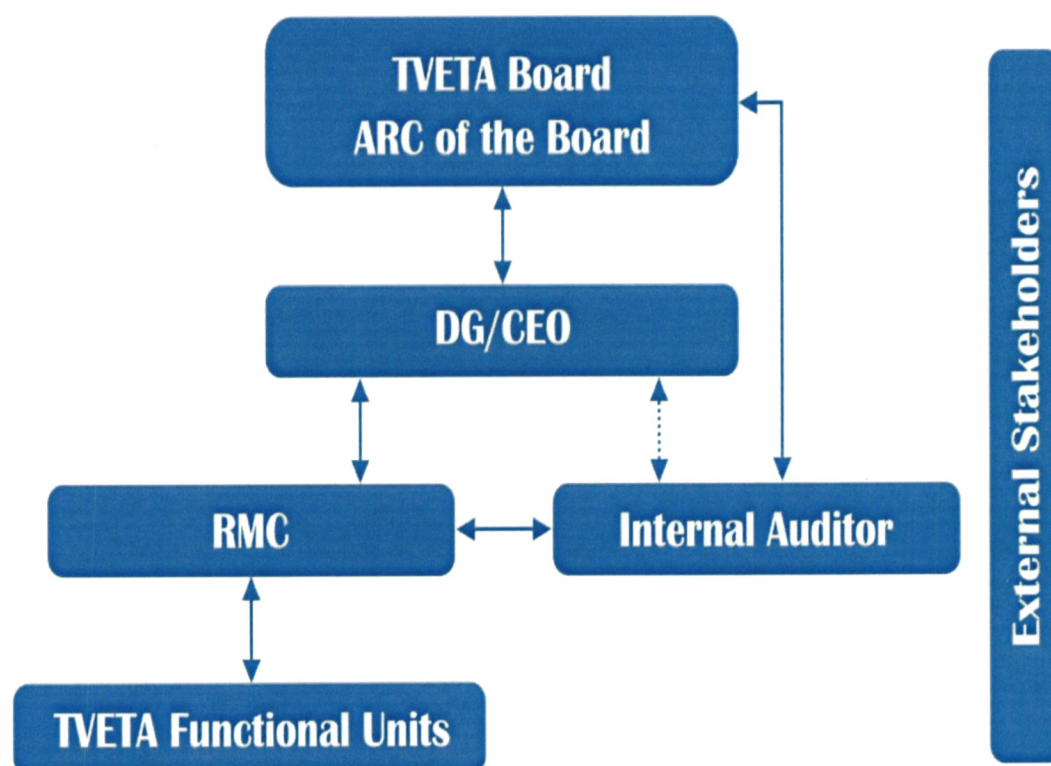
The Authority has over the years aspired to achieve its strategic objectives in an efficient and effective manner devoid of any disruptions. The breakout of COVID 19 in the country in the FY 2020-2021 put our systems to a serious test. Few departments were able to achieve all their targets as set out in their annual work plans which cast doubts on the Authority's resilience. It is in this regard that the Authority deliberately focused on growing its ability to anticipate, prepare for and respond to risks through expanding and strengthening the risk management committee.

Risk management has been integrated in all the Authority's operations, systems and processes in order to minimize on the effects of risks and take advantage of any available opportunities. During the FY 2021-2022, operational risks, strategic risks and emerging risks were identified, assessed, evaluated, monitored and mitigation measures put in place. The risk management committee on a quarterly basis communicated the risk status to the Audit and risk Committee of the Board (ARC). The ARC evaluated the residual risks presented to determine their impact as well as review the effectiveness of mitigation measures already implemented or proposed by management. The resolutions of the Audit and Risk and Committee regarding management efforts in mitigation of risks were thereafter reported to the board of directors. Board resolutions guide on the improvement of the risk management strategies within Authority.

The Authority has also embraced risk-based auditing in its Internal Audit department. Internal Audit unit prepares annual Internal Audit work plans based on the risks assessed and identified in the organization. Through this risk based annual work plans, the unit is able to provide assurance to the Board that annual and strategic objectives will be achieved.

During the financial year ending 30th June 2022, functional areas strived to continuously identify, analyse, treat, monitor and communicate risks associated with all activities or processes to enable the authority manage its risks. Among the uncertainties encountered in the FY 2021-2022 was low collection of chargeable fees (especially QA fees) which has the potential of discouraging compliant institutions from remitting fees due from them. Low awareness of TVETA activities due to failure to publish TVETA magazine is another risk that was prominent. However, management put in place adequate and effective mitigation measures that will positively impact on the risks in the coming financial year.

Risk Management Structure



9. Environmental and Sustainability Reporting

The Mandate of the TVET Authority (TVETA) is to coordinate and regulate TVET in Kenya through registration, licensing and accreditation of TVET institutions, programmes and trainers, and the implementation of National Assurance System for the development of competent workforce.

To realize this mandate, TVETA will continue engaging all relevant stakeholders which include Government Ministries, Universities, TVET Institutions, Industry and Development partners among others to operationalize the TVET Act, 2013 and subsequently facilitate achievement of its objectives in Technical and Vocational Education and Training.

i. Sustainability Strategy and profile

The Technical and Vocational Education and Training Authority (TVETA) is a state corporation with the mandate of regulating and coordinating training. The Authority was established under the TVET Act No. 29 of 2013. Prior to the establishment of the Authority, the regulation and or coordination of TVET in the country was fragmented among the then Ministry of Education, Science and Technology, line ministries and professional bodies. The fragmented and uncoordinated nature of TVET regulation in the country necessitated the establishment of the Authority to harmonize and monitor the issues of quality, standards and relevance in all aspects of TVET. The Authority is governed by a board appointed by the Cabinet Secretary responsible for Technical and Vocational Education and Training while the day to day affairs are managed by the Management team headed by the Director General

To ensure its sustainability the Authorities has the following strategies in place;

- Lobby for increased funding from the Exchequer.
- Strengthen development partner engagement for increased resource mobilization and efficient utilization.
- Strengthen the engagement with government, industry development partners and other stakeholders for contributions to TVET development.
- Diversify revenue streams to increase income
- Enhance the collection of fees charged for services rendered

ii. Employee welfare

The Authority has endeavored to continuously develop and improve staff skills and competences through trainings. This is done by undertaking a Training Needs Assessment for all staff and implementing the training needs over a period of time. TVETA also undertakes Annual Staff Performance Appraisal for all its staff and the various recommendations given are implemented. TVETA has complied with the OSHA Act of 2007, this has been done through incorporating the Act in our Human Resource Manual, putting up in place a Health and Safety Committee who oversee and ensure that the organization complies with all the health and safety measures required in the Act. We have also gone ahead to procure of a GPA/WIBA and Group Accident cover for all staff.

TVETA offices have been registered with the Directorate of occupational safety and health services, of health and social protection and the Authority complies with the specified regulations.

iii. Market Place Practices

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

- a. The Authority reserved 30 % of the value of total procurement tenders for youth, women and persons with disabilities during the financial year 2021-2022.
- b. From total procurement budget, two percent (2%) was set aside for persons with disabilities

- c. The Authority submitted reports to Public Procurement Regulatory Authority, National Council for Persons with Disabilities, Ministry of trade and Industrialization and Ethics and Anti-corruption Commission quarterly and b-annually
- d. The Authority allocated 40% of the procurement budget to promotion of local content.
- e. The Authority strengthened the function of Procurement in automating the processes by installing the Electronic Resource Planning System, and reviewing its procurement policy.

iv. Corporate Social responsibility/Community engagements

TVETA's engagement in corporate social responsibility (CSR) has been borne out of the realization that we must integrate social and environmental concerns into our operations in order to remain relevant to not only our employees, but also to our clients, community, partners and the society at large.

Plant a tree – save a life



This is how we do it: Ms. Jane Wambugu TVETA Board Member plants a tree during Board stakeholder engagement forum at Chepareria TVC, West Pokot County.

CSR is not merely donations, but it signifies a commitment to behave ethically and to contribute to the economic development of the community around us.

As we embark on our CSR initiatives we integrate the operations and values whereby the interests of all stakeholders, including employees, partners and the community are reflected in our policies and actions.

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10. Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2022 which show the state of the Technical and Vocational Education and Training Authority's affairs.

Principal activities

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

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

Results

The results of the entity for the year ended June 30, 2022 are set out on pages 1 to 23

Directors

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

Dividends/Surplus remission

The Authority did not make any surplus in form of profit during the year (FY 2021/2022) but had a saving from grant and hence no remittance to the Consolidated Fund. The Same is proposed to be utilized to finance the Authority's capital budget FY 2022/2023.

Auditors

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

By Order of the Board



Dr. Kipkirui Langat PhD. FIETK, MBS

Director General/Secretary to the Board

Date 26.09.2022

11. Statement of Directors' Responsibilities

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

The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year (period) ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act cap 446. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of Authority's transactions during the financial year ended June 30, 2022, and of the Authority's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Authority which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The *entity's* financial statements were approved by the Board on 26.09. 2022 and signed on its behalf by:



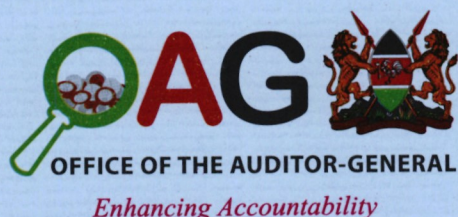
Chairperson of the Board



Director General/CEO

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- 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, the risk management environment and the 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 and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Technical and Vocational Education and Training Authority set out on pages 1 to 21, which comprise of the statement of financial position as at 30 June, 2022 and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a

Report of the Auditor-General on Technical and Vocational Education and Training Authority for the year ended 30 June, 2022

summary of significant accounting policies and other explanatory notes 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, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Technical and Vocational Education and Training Authority as at 30 June, 2022 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Technical and Vocational Education and Training Act, 2013.

Basis for Qualified Opinion

Undisclosed Intangible Assets

The statement of financial position reflects intangible asset balance of Kshs.9,383,936 as disclosed in Note 17 to the financial statements. However, an interview with the head of ICT revealed that the Authority operates a Management Information System costing Kshs.19,604,806 for the registration, licensing and accreditation of clients which has been in operation since March, 2020. Further, the Authority maintains Kenya TVET National Skills Gateway system donated by UNESCO whose value is undetermined. The two systems have, however not been incorporated in the intangible assets and disclosed in the financial statements.

In the circumstances, the accuracy and fair statement of the intangible assets balance of Kshs.9,383,936 as at 30 June, 2022 could not be confirmed.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Technical and Vocational Education and Training Authority 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 qualified opinion.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1.0 Failure to Charge and Collect Fees for Services Rendered

During the year under review, the Authority registered two thousand, three hundred and sixty-five (2,365) Institutions as per the documentation provided with an approved enrolment of 446,668 students. However contrary to Section 6 (2) d of the Technical and Vocational Education and Training Act, 2013 which provides that the Authority shall be capable of charging for services offered, the Authority did not charge or collect fees for the services it rendered. Further, information on the applicable tariffs for the various categories of services was not provided for audit. It was therefore not possible to quantify the lost revenue as a result of failure to charge.

In the circumstances, Management was in breach of law.

2.0 Conduct of Extra Board and Committee Meetings Without Approval

The statement of financial performance reflects an amount of Kshs.20,611,289 in respect of Board expenses as disclosed in Note 8 to the financial statements. Included in the expenditure is an amount of Kshs.13,970,708 paid as sitting allowances and daily subsistence allowance. Review of minutes, payment vouchers, notices of meetings and schedules of payments showed that the Finance Committee held ten (10) paid up meetings. However, four out of the total ten extra Board and Committee meetings were not approved by the relevant Cabinet Secretary.

In the circumstances, the Authority was in breach of the Office of the President guideline on meetings while the expenditure incurred may not be a proper charge to public resources.

3.0 Failure to Follow-Up on Non-Compliant Institutions

Examination of documents, systems reports and discussion with Management revealed that the Authority does not follow through or check compliance of the institutions and trainers after accreditation. Further, it does not keep a compliance register to check whether the institutions and trainers are operating with active licences. Review of the internal audit report ref. TVETA/IAU/CONF/1/ (8), indicated that seven (7) Institutions were found to be non-compliant with expired licences while another seven (7) trainers were found to be operating with expired training licence. There is risk of having TVETS that do not meet the accreditation requirements of operating and may be rendering substandard trainings which could impact negatively on the delivery of services. This is contrary to Section 25 of the Technical and Vocational Education Training Act, 2013 which provides that the Board shall maintain registers indicating particulars of institutions accredited, registered and licensed under this Act; and particulars of trainers registered and licensed under this Act.

In the circumstances, Management was in breach of law.

4.0 Failure to Optimize on the Capabilities of the Installed MIS System

The Authority operates a Management Information System (MIS), which assists in registering, licensing, renewals and accreditation of its clients. The Authority purchased and operationalized MIS system in March, 2020 through the partnership with the Netherlands Organization for International Corporation in Higher Learning (NUFFIC).

According to the Technical Vocational Education Training Authority Act, 2013, Institutions, Assessors and Trainers who seek for registration and licensing must submit their applications in the MIS system. The Institutions and individual trainers upload the required documents to the platform and pay for the services in the integrated MPESA platform. The system confirms the payment, provides a system-generated invoice, and forwards the application to the accreditation and compliance team who scrutinise and confirm whether they have fulfilled all the requirements. If an Institution or individual fails to provide a required document or does not qualify, the accreditation and compliance team will update this status on the system and notify the applicant. If the applicant has fulfilled all conditions, their status is updated on the status and registration certificate is issued.

Examination and technical testing of the MIS system with ICT staff revealed the following deficiencies: -

- i. The MIS could not generate a report of registered Institutions' annual returns; and
- ii. The software could not generate and provide a register of accredited institutions registered in a particular period that the public can inspect however, it can generate a register of accredited trainers.

In the circumstances, value for money has not been realised from the investment in the system.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and the Board of Directors

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

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

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

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

The Board of Directors is responsible for overseeing the Authority'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 overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls that

might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Authority to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Authority to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

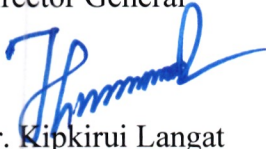
26 April, 2023

TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING AUTHORITY**Annual Reports and Financial Statements****For the year ended 30 June 2022****13. Statement of Financial Performance for the year ended 30 June 2022**

	Note	2021-2022 Kshs.	2020-2021 Kshs.
Revenue			
Revenue from non-exchange transactions	5	331,081,674	296,688,516
Revenue from exchange transactions	6	27,200,462	21,663,727
Total revenue		358,282,136	318,352,243
Expenses			
Employee Cost	7	148,743,582	118,515,359
Board expenses	8	20,611,289	18,826,533
Depreciation and amortization expense	9	23,211,041	22,714,390
Repairs and Maintenance	10	5,460,329	5,263,862
Contracted Professional Services	11	23,886,898	20,515,283
Accreditation, quality assurance & Standards	12	60,324,401	57,092,658
Administration expenses	13	75,720,540	54,163,479
Total expenses		357,958,081	297,091,563
Surplus/(Deficit) for the period		324,055	21,260,680

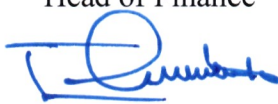
The notes set out on pages 6 to 23 form an integral part of these Financial Statements

Director General



Dr. Kipkirui Langat

Head of Finance



Emmanuel Korir

ICPAK No:9271

Chairman of the Board



Prof. Florence Indede

Date 26.09.2022

Date 26.09.2022

Date 26.09.2022

TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING AUTHORITY
Annual Reports and Financial Statements
For the year ended 30 June 2022

14. Statement of Financial Position as at 30 June 2022

Statement of Financial Position

	Note	2021-2022 Kshs.	2020-2021 Kshs.
Assets			
Current assets			
Cash and cash equivalents	14	37,622,008	50,683,374
Receivables from exchange transactions	15	324,578	230,000
		37,946,585	50,913,374
Non-current assets			
Property, plant and equipment	16	138,716,221	144,292,886
Intangible Assets	17	9,383,936	11,729,920
		148,100,157	156,022,806
Total assets		186,046,742	206,936,180
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	18	18,482,542	39,696,034
		18,482,542	39,696,034
Total liabilities		18,482,542	39,696,034
Net Assets			
Accumulated surplus	19	1,317,282	16,281,618
Capital reserves	20	166,246,918	150,958,527
Total net assets		167,564,200	167,240,145
Total net assets and liabilities		186,046,742	206,936,181

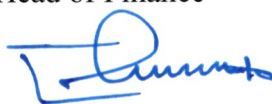
The Financial Statements set out on pages 1 to 21 were signed on behalf of the Board by:

Director General



Dr. Kipkirui Langat

Head of Finance



Emmanuel Korir

Chairman of the Board



Prof. Florence Indede

ICPAK No:9271

Date 26.09.2022

Date 26.09.2022

Date 26.09.2022

TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING AUTHORITY
Annual Reports and Financial Statements
For the year ended 30 June 2022

15. Statement of Changes in Net Assets for the year ended 30 June 2022

	Accumulated Surplus Kshs.	Capital Reserve Kshs.	Total Kshs.
Balance as at 30 June 2020	15,470,643	130,508,822	145,979,465
Surplus/(deficit) for the period	21,260,680	-	21,260,680
Adjustments/restatements	-	-	-
Transfers from accumulated surplus	-	20,449,705	20,449,705
Transfer to Capital reserve	(20,449,705)	-	(20,449,705)
Balance as at 30 June 2021	16,281,618	150,958,527	167,240,145
Surplus/(deficit) for the period	324,055	-	324,055
Adjustments/restatements	-	-	-
Transfers from accumulated surplus	-	15,288,391	15,288,391
Transfer to Capital reserve	(15,288,391)	-	(15,288,391)
Balance as at 30 June 2022	1,317,282	166,246,918	167,564,200

Note

Transfer of Kshs 15,338,391 from accumulated Surplus to capital reserve represents recurrent grants that were capitalized to procure capital assets as shown in the property, plant and equipment statement note number 16 of these financial statements.

TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING AUTHORITY
Annual Reports and Financial Statements
For the year ended 30 June 2022

16. Statement of Cash flows for the year ended 30 June 2022

		2021-2022	2020-2021
	Notes	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Government Grants	6(a)	315,000,000	290,000,000
Donor Support	6(b)	16,081,674	6,688,516
Accreditation and other related fees	7	27,200,462	21,663,727
Total receipts		358,282,136	318,352,243
Payments			
Employee costs	7	148,743,582	118,515,359
Board expenses	8	20,611,289	18,826,533
Repairs and Maintenance	10	5,460,329	5,263,862
Contracted professional Services	11	23,886,898	20,515,283
Accreditation, Quality assurance and Standards	12	60,324,401	57,092,658
Administration expenses	13	75,720,540	54,163,479
Decrease in receivables from exchange transactions	15b	94,578	(1,044,288)
Increase in payables from exchange transactions	18b	21,213,492	(21,213,827)
Total payments		356,055,110	252,119,057
Net cash flow from operating activities		2,227,026	66,233,186
Purchase of Property, Plant and Equipment	16	(15,288,392)	(68,538,274)
Purchase of Intangible Assets	18	-	-
Net Cash flow from investing activities		(15,288,392)	(68,538,274)
Cashflow from Financing activities			
Increase in deposits		-	-
Net cashflow from financing activities		-	-
Net Increase/(decrease) in cash and cash equivalents		(13,061,366)	(2,305,089)
Cash & cash equivalents as start of the year		50,683,374	52,988,463
Cash & cash equivalents as 30 June		37,622,008	50,683,374

Annual Reports and Financial Statements

For the year ended 30 June 2022

17. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2022

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of Utilization
	2021-2022 Kshs.	2021-2022 Kshs.	2021-2022 Kshs.	2021-2022 Kshs.	2021-2022 Kshs.	%
Revenue						
Non-exchange transactions						
Recurrent Grants	265,000,000	50,000,000	315,000,000	315,000,000	-	100%
Donor Support	-	15,000,000	15,000,000	16,081,674	1,081,674	107%
Exchange transactions						
Accreditation & Quality assurance fees	25,000,000	15,000,000	40,000,000	27,200,462	(12,799,538)	68%
Total Revenue	290,000,000	80,000,000	370,000,000	358,282,136	(11,717,864)	
Expenses						
Employee costs	163,171,643	-	163,171,643	148,743,582	14,428,060	91%
Board expenses	19,343,425	656,575	20,000,000	20,611,289	(611,289)	103%
Repairs and maintenance	2,500,000	2,800,000	5,300,000	5,460,329	(160,329)	103%
Contracted professional services	27,396,432	600,000	27,996,432	23,886,898	4,109,534	85%
Accreditation, quality assurance & Standards	36,000,000	27,604,925	63,604,925	60,324,401	3,280,524	95%
Administration expenses	40,350,000	34,261,460	74,611,460	75,720,540	(1,109,080)	101%
Capital expenses	1,238,500	14,077,040	15,315,540	15,338,391	(22,851)	100%
Total expenditure	290,000,000	80,000,000	370,000,000	350,085,431	19,914,569	98%
Surplus for the period	-	-	-	8,196,705	(31,632,433)	

Budget notes

- Revenue from accreditation and quality assurance fees was affected by policy issue in most TVET Institutions. Institutions had not factored in quality assurance fees on the student's fees during the year and this proved to be a challenge in collection.
- Employee costs variance was caused by delayed recruitment of approved vacancies for the year, the process delayed due to projected budget reduction in supplementary 1.
- Board expense variance was due to extra number of meetings held during staff recruitment exercise during the year
- Contracted professional services costs utilization was affected by;
 - ✓ medical insurance and Group personal accident cover (G.P.A) for new staff whose recruitment delayed
 - ✓ Internet connection charges for 3 regional offices in Mombasa, Eldoret & Kisumu whose acquisition and renovation delayed due to projected budget cuts/deficit of Kshs 50 Million.
- Quality assurance cost variance occasioned by deficit in projected internal revenues due to challenges in collecting projected quality assurance fees.
- Changes between original and final budget is due to reallocations approved by Board as per the provisions of the Public Finance Management Act 2012 sec 43 and Public Finance Management (National Government Regulations) 2015 sec 48
- The difference in surplus between the statement of performance and budget comparison is because of depreciation which is a non-cash item as well as capital expenses not being recognised in the statement of financial performance the budget is prepared under cash basis

18. Notes to the Financial statements

1. General Information

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

2. Statement of Compliance and Basis of Preparation

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

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

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

3. Adoption of new and revised standards

i. New and amended standards and interpretations in issue effective in the year ended 30th June 2022.

IPSAS 41: Financial Instruments

Applicable: 1st January 2023

The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.

IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:

- a) Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;
- b) Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and
- c) Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.

The Standard is not relevant to the Authority

IPSAS 42: Social Benefits**Applicable: 1st January 2023**

The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:

- a) The nature of such social benefits provided by the entity;
- b) The key features of the operation of those social benefit schemes; and
- c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows

The Standard is relevant to the Authority as explained in environmental and sustainability reporting

ii. Early adoption of standards

The Authority did not early-adopt any new or amended standards in the year 2021/2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**a) Revenue recognition****i) Revenue from non-exchange transactions-IPSAS 23****Exchequer Allocations**

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

Development partners funding

The Authority received support in form of collaborations in research towards skills training in TVET from various partners as summarised below;

Donor	Amount (Kshs)	Project
International Labour Organization	5,760,814	Pre-apprenticeship training
UNESCO	6,620,111	TVET Skills gateway
BOMA Hotel & Training centre	1,360,000	World Skills
Common wealth Institutes Canada	200,000	World youth skills day
University of Eldoret	350,000	World youth skills day
MDF training & consultancy services	163,291	ATVET Training
Commonwealth of Learning	1,627,458	Standard on online learning
Total	16,081,674	

Transfers from other government entities

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

ii) Revenue from exchange transactions-IPSAS 9

Accreditation and other related fees

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

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

Sale of goods

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

b) Budget information

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

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under note 17 of these financial statements.

c) Taxes

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

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

d) Property, plant and equipment-IPSAS 17

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Depreciation is calculated on a reducing balance basis at annual rates estimated to write off these assets over their expected useful life. Additionally, depreciation on assets disposed during the financial year is calculated up to the month of disposal.

e) Depreciation

Depreciation is calculated on reducing balance at the following rates:

Asset	Rate
Motor Vehicles	25%
Furniture & Fittings	12.5%
Tools & Equipment	12.5%
Computers	30%
Intangible Asset	20%

f) Intangible assets

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

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

g) Research and development costs

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

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

h) Inventories

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

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

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

i) Provisions-IPSAS 19

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

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

i. Contingent liabilities

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

ii. Contingent assets

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

j) Nature and purpose of reserves

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

i. Revenue Reserves

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

ii. Capital Reserves

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

k) Changes in accounting policies and estimates

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

l) Employee benefits

Retirement benefit plans

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

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

m) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange

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rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

n) Related parties

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

o) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

p) Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation. Statement of cashflow figures have been restated to correct movement of cashflows in the previous year. This did not affect closing/opening cashflow balances.

q) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2022.

4 Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

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

Useful lives and residual values

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

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

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5 Revenue from non-exchange transactions	2021-2022	2020-2021
	Kshs.	Kshs.
a) GOK Grants		
Quarter 1	66,250,000	72,500,000
Quarter 2	66,250,000	72,500,000
Quarter 3	66,250,000	72,500,000
Quarter 4	116,250,000	72,500,000
	315,000,000	290,000,000
b) Collaborations and Research fees		
UNESCO-World Skills &Skills gateway	7,619,741	2,088,156
ILO-BUSY Project	5,760,814	-
CICAN, UOE&MDF-Skills gateway	713,291	-
BOMA-World Skills	1,360,000	-
COL-ODEL Standards	627,828	4,600,360
	16,081,674	6,688,516
Total revenue from non-exchange transactions	331,081,674	296,688,516
6 Revenue from exchange transactions		
Accreditation fees	22,246,970	21,663,727
Quality Assurance Fees	4,831,500	-
Other Income	121,992	-
Total revenue from exchange transactions	27,200,462	21,663,727
7 Employee costs		
Basic pay	79,261,736	62,103,109
House allowances	28,699,233	21,683,000
Commuter allowance	12,521,506	9,036,000
Air-time allowance	5,077,420	3,936,000
Extraneous allowance	1,754,400	1,209,000
Non-Practicing allowance	240,000	60,000
Employer NSSF Contribution	191,600	131,400
Leave allowance	1,559,170	1,410,615
Employer Pension Contribution	13,614,178	14,449,330
Gratuity	3,211,124	2,919,204
Casual wages	1,393,214	737,702
Interns Stipend	1,220,000	840,000
Total employee costs	148,743,582	118,515,359
8 Board expenses		
Chairman's Honoraria	1,028,226	1,020,000
Sitting and Daily subsistence allowance	13,970,708	6,266,822
Capacity building	5,612,355	11,539,711
Total board expenses	20,611,289	18,826,533

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9 Depreciation and Amortization	2021-2022	2020-2021
	Kshs.	Kshs.
Property, plant and equipment	20,865,057	19,781,910
Intangible Assets	2,345,984	2,932,480
Total depreciation and amortization	23,211,041	22,714,390

10 Repairs and Maintenance

Building	377,978	956,133
Motor Vehicles	4,838,943	3,701,952
Office Equipment	243,408	605,777
Total repairs and maintenance	5,460,329	5,263,862

11 Contracted Professional Services

Cleaning Services	109,800	402,720
Fumigation & Pests Control Services	359,400	360,000
Insurance of Motor vehicles	1,955,182	2,292,328
Insurance of Office Assets	150,799	240,617
Internet Connection	5,096,511	5,277,234
Medical Insurance	13,260,374	8,617,093
GPA/WIBA	1,058,897	966,846
Courier & Postage	116,335	13,645
Legal services	315,900	9,570
External Audit Services	500,000	500,000
ISO Certification	963,700	1,835,230
Total contracted professional services	23,886,898	20,515,283

12 Accreditation, quality assurance & standards

Accreditation of TVET Institutions	9,555,917	10,847,140
Outreach Services	9,100,940	17,555,198
Standards Development	6,288,726	4,185,969
Compliance & Enforcement	10,619,410	10,893,240
Strategy & Planning	7,315,900	5,364,170
Research and Policy	17,443,508	8,246,941
Total accreditation, quality assurance & standards	60,324,401	57,092,658

13 Administrative expenses

Printing and advertising	2,894,307	3,794,981
Communication services	1,336,204	1,237,563
Accessories for Computers and printers	1,009,546	1,214,502
Hospitality Supplies & Services	4,489,784	3,627,141
Local travel and daily subsistence	4,855,364	5,116,087
Foreign travel and daily subsistence	2,874,011	-
Training	4,794,899	3,887,841
Seminars and Workshops	8,187,803	4,105,970
Office general supplies	2,051,695	1,733,735
Rent	25,650,928	20,615,373
Fuel and Lubricants	4,750,300	2,845,304
Shows and exhibitions	-	-
Annual TVET Conference	11,921,881	4,804,540
Uniform and Clothing	343,600	747,376
Bank Charges	498,758	371,606
Subscriptions to Professional Associations	61,460	61,460
Total administration expenses	75,720,540	54,163,479

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14 Cash and cash equivalents	2021-2022	2020-2021
	Kshs.	Kshs.
A/C No.1164286862-KCB-Operation Account	34,255,122	39,286,928
A/C No.1212502450-KCB-Revenue Account	3,350,598	6,796,446
A/C No.1281901733-KCB-World Skills Account	16,288	4,600,000
Total cash and cash equivalents	37,622,008	50,683,374

15 Receivables from exchange transactions

a) Current Receivables

Trade Receivables	-	-
Staff Imprests	-	-
Staff Salary Advance	324,578	230,000
Total Current Receivables	324,578	230,000

b) Movement in Current receivables

As at end of reporting period	324,578	230,000
As at beginning of reporting period	230,000	1,274,288
	94,578	(1,044,288)

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16 Property, Plant and Equipment

16 Description	Motor Vehicles	Furniture & Fittings	Tools & Equipment	Computers	Capital Work in Progress	Total
Cost	Shs	Shs	Shs	Shs	Shs	Shs
As at 1 July 2020	35,033,357	14,640,661	12,510,304	9,418,101	57,733,510	129,335,933
Additions	30,249,414	3,569,170	4,805,115	2,865,336	27,049,239	68,538,274
Disposals	-	-	-	-	-	-
Transfers/adjustments	-	61,114,133	-	-	(61,114,133)	-
At 30 June 2021	65,282,771	79,323,964	17,315,419	12,283,437	23,668,617	197,874,207
Additions	-	26,474,617	129,000	2,451,230	9,902,161	38,957,008
Disposals	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	(23,668,617)	(23,668,617)
At 30 June 2022	65,282,771	105,798,580	17,444,419	14,734,667	9,902,161	213,162,598
Depreciation and impairment						
At 1 July 2020	(23,686,257)	(3,167,714)	(2,840,103)	(4,105,338)	-	(33,799,411)
Depreciation	(10,399,129)	(6,535,863)	(1,227,138)	(1,619,780)	-	(19,781,910)
Impairment	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-
At 30 June 2021	(34,085,385)	(9,703,577)	(4,067,241)	(5,725,118)	-	(53,581,321)
Depreciation	(7,799,346)	(9,442,193)	(1,656,022)	(1,967,496)	-	(20,865,057)
Disposals	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-
At 30 June 2022	(41,884,732)	(19,145,769)	(5,723,263)	(7,692,614)	-	(74,446,378)
Net book values						
At 30 June 2022	23,398,039	86,652,811	11,721,156	7,042,053	9,902,161	138,716,221
At 30 June 2021	31,197,386	69,620,387	13,248,178	6,558,319	23,668,617	144,292,886

Work in progress amounting to Kshs 9,902,161 is the cost of networking the Authority's 3 new regional offices in Mombasa, Kisumu, Eldoret and TVETA head office at Uralii House.

TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING AUTHORITY**Annual Reports and Financial Statements****For the year ended 30 June 2022****17 Intangible Assets-ERP****Cost**

At beginning of the year

Additions

At end of the year

Additions-Internal development

At end of the year**Amortization & Impairment**

At beginning of the year

Amortization

At end of the year**Net Book Value****2021-2022****2020-2021****Kshs****Kshs****18,328,000****-****-****18,328,000****18,328,000****18,328,000****-****-****18,328,000****18,328,000**

6,598,080

3,665,600

2,345,984

2,932,480

8,944,064**6,598,080****9,383,936****11,729,920****18 Trade payables from exchange transactions****Kshs.****Kshs.****a) Trade and other payables**

Contractor's retention

2,880,982

472,677

Employee Benefits (Gratuity)

1,474,999

5,972,504

Provision for audit fee

1,000,000

1,000,000

Trade Creditors

13,126,561

32,250,853

Total trade & other payables**18,482,542****39,696,034****b) Movement in Trade Payables**

Contractor's retention

2,880,982

472,677

472,677

3,578,907

2,408,305**(3,106,230)**

Employee Benefits (Gratuity)

1,474,999

5,972,504

5,972,504

3,053,300

(4,497,505)**2,919,204**

Provision for audit fee

1,000,000

1,000,000

1,000,000

1,000,000

-**-**

Trade creditors

13,126,561

32,250,853

32,250,853

10,850,000

(19,124,292)**21,400,853****(21,213,492)****21,213,827****19 Accumulated Surplus**

Balance at beginning of the year

Kshs.**Kshs.**

16,281,618

15,470,643

Surplus/(deficit) for the period

324,055

21,260,680

Adjustments/restatements

-**-**

Transfer to Capital reserve

(15,338,391)**(20,449,705)**

Balance as at end of the year

1,267,282**16,281,618**

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20 Capital Reserve Fund	2021-2022	2020-2021
	Kshs.	Kshs.
Balance at beginning of the year	150,958,527	130,508,822
Surplus/(deficit) for the period	-	-
Adjustments/restatements	-	-
Transfers from accumulated surplus	15,338,391	20,449,705
Balance at end of the year	166,296,918	150,958,527

21 Financial Risk Management

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

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

(i) Credit risk

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

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

(ii) Liquidity risk management

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

(iii) Market risk

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

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

TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING AUTHORITY**Annual Reports and Financial Statements****For the year ended 30 June 2022**

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

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

a) Foreign currency risk

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

b) Interest rate risk

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

Management of interest rate risk

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

22 Related Party balances**Nature of related party relationships**

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

The Authority is related to;

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

Related party transactions

	2021-2022 Kshs	2020-2021 Kshs
Transactions with related parties		
a) Grants from the Government		
Grants from National Govt	315,000,000	290,000,000
Total	315,000,000	290,000,000
b) Key management compensation		
Directors' emoluments	20,611,289	18,826,533
Compensation to key management	20,675,162	22,644,951
Total	41,286,451	41,471,484

TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING AUTHORITY**Annual Reports and Financial Statements****For the year ended 30 June 2022****23 Dividends/Surplus Remission**

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The entity did not make any surplus during the year (FY 2020/2021) but a saving on its grants that it has proposed to utilise to finance its capital budget FY 2021/2022 and hence no remittance to the Consolidated Fund.

24 Capital Commitments

Capital Commitments	2021-2022	2020-2021
	Kshs	Kshs
Authorised for	9,902,161	27,049,239
Authorised and Contracted for	9,902,161	27,049,239
Total	9,902,161	27,049,239

Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have been authorised by the board but at the end of the year had not been contracted or those already contracted for and ongoing.

25 Events After the Reporting Period

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

26 Ultimate and Holding Entity

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

27 Currency

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

TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING AUTHORITY

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For the year ended 30 June 2022

Appendix 1: Progress on follow up of Auditor recommendations

The Office of the Auditor General has not submitted its Final Audit report FY 2020/2021. Therefore there were no issues for follow up



Director General/C.E. O

Dr. Kipkirui Langat, PhD. FIETK

Date 26.09.2022

TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING AUTHORITY**Annual Reports and Financial Statements****For the year ended 30 June 2022****Appendix II: Inter-entity transfers**

	ENTITY NAME:			
	Break down of Transfers from the State Department for Vocational and Technical Training			
	FY 2021/2022			
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>Financial Year</u>
		03-Sept-21	66,250,000	FY 2021/2022
		29-Oct-21	66,250,000	FY 2021/2022
		22-Feb-22	66,250,000	FY 2021/2022
		10-May-22	116,250,000	FY 2021/2022
		Total	315,000,000	
b.	Donor Receipts	<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>Financial Year</u>
		22-Jul-21	927,900	FY 2021/2022
		23-Jul-21	2,853,480	FY 2021/2022
		12-Aug-21	200,000	FY 2021/2022
		18-Aug-21	350,000	FY 2021/2022
		28-Oct-21	2,122,811	FY 2021/2022
		23-Dec-21	139,878	FY 2021/2022
		28-Dec-21	2,907,334	FY 2021/2022
		3-Feb-22	999,630	FY 2021/2022
		9-Mar-22	1,360,000	FY 2021/2022
		31-Mar-22	2,221,400	FY 2021/2022
		10-May-22	1,348,000	FY 2021/2022
		18-May-22	23,413	FY 2021/2022
		19-May-22	627,828	FY 2021/2022
		Total	16,081,674	FY 2021/2022

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

Head of Finance and Accounts

TVET Authority

Sign



Head of Accounting Unit

State Department for VTT

Sign

TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING AUTHORITY**Annual Reports and Financial Statements****For the year ended 30 June 2022****Appendix III: Analysis of trade creditors**

Date	Payee	Particulars	Amount
30 JUN 22	M/s.Trenchmax Solutions Ltd	Networking of 3 Regional Offices	9,902,161
30 JUN 22	Trade Craft Enterprises Ltd	Supply of Office furniture & Fittings	537,000
30 JUN 22	Julled Traders	Supply of Office furniture & Fittings	112,500
30 JUN 22	Safariland Enterprises Ltd	Supply of Office furniture & Fittings	256,500
30 JUN 22	Eliko Investments Ltd	Supply of Office furniture & Fittings	1,180,000
30 JUN 22	Julled Traders	Supply of Office furniture & Fittings	129,000
30 JUN 22	Eliko Investments Ltd	Supply of Office furniture & Fittings	650,000
30 JUN 22	Johcata Agencies Ltd	Fumigation & Pest Control Services	359,400
	Total		13,126,561