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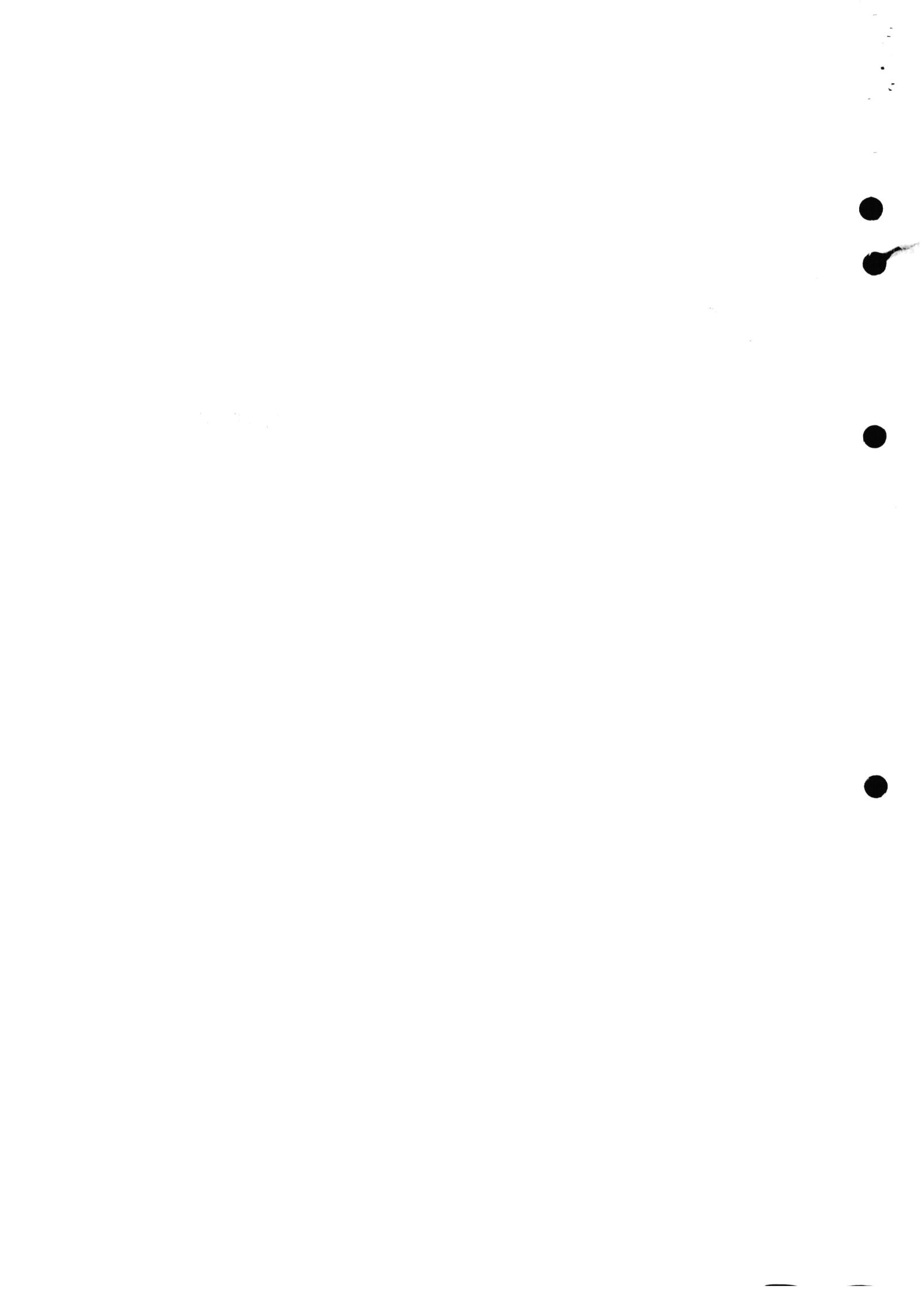
THE AUDITOR-GENERAL

ON

**SUPPORT TO TECHNICAL VOCATIONAL
 EDUCATION AND TRAINING FOR RELEVANT
 SKILLS DEVELOPMENT PROJECT - PHASE II
 (LOAN NO.2100150033295)**

**FOR THE YEAR ENDED
 30 JUNE, 2020**

**STATE DEPARTMENT FOR VOCATIONAL AND
 TECHNICAL TRAINING**





**SUPPORT TO TECHNICAL VOCATIONAL EDUCATION AND TRAINING
FOR RELEVANT SKILLS DEVELOPMENT PROJECT (TVET PROJECT -
PHASE II)**

**IMPLEMENTING ENTITY: MINISTRY OF EDUCATION
(STATE DEPARTMENT OF VOCATIONAL AND TECHNICAL TRAINING)**

**PROJECT LOAN NUMBER: ADF Loan No: 2100150033295
PROJECT ID NO. P-KE-IAE-002**

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30 JUNE, 2020**

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

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1. PROJECT INFORMATION AND OVERALL PERFORMANCE

Name: The name of the project is ‘Support to Technical Vocational Education and Training for Relevant Skills Development Project (TVET Project-Phase II)’.

Objective: The key objective of the project is to increase access and equity, improve quality and relevance of TVET education and training

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

The address of its registered office is:

Ministry of Education, State Department of Vocational and Technical Training,
Jogoo House B 8th Floor
P.O. Box 9583-00200
Nairobi, Kenya

Contacts: The following are the project contacts

Telephone: (254) 722492972
E-mail: psvtt@education.go.ke
Website: www.education.go.ke

1.1 Project Information

Project Start Date:	The project start date is 16.12.2015
Project End Date:	The project end date is 30.06.2021
Project Manager:	The project manager is Mr. John K. Tuwei
Project Sponsor:	The project sponsor is GoK and African Development Bank Group

1.2 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of the Ministry of Education, State Department of Vocational and Technical Training (SDVTT)
Project number	2100150033295
Strategic goals of the project	The strategic goals of the project are as follows: (i) To increase access and equity, improve quality and relevance of TVET education and training (ii) To equip youth, at least 50% of them women, with relevant TVET skills for the immediate and emerging labor market needs
Achievement strategic goals of	The project management aims to achieve the goals through the following means:

	<ul style="list-style-type: none"> (i) Provision of infrastructure and equipment to 12 and 33 TVET institutions respectively (ii) Capacity Building of TVET trainers and Technicians and training of disengaged youth (iii) Support of TVET Authority and CDACC to operationalize (iv) Support on cross cutting issues such as gender, governance and development of TVET-MIS
Other important background information of the project	The project covers 33 TVET institutions spread across the entire Country
Current situation that the project was formed to intervene	The project was formed to intervene in the following areas: <ul style="list-style-type: none"> (i) Increase transition of youth from basic education into TVET and reduce unemployment (ii) Improve the quality and relevance of TVET for industry
Project duration	The project started on 16 December 2015 and is expected to run until 30 June 2021

1.3 Bankers

The project doesn't have a separate bank accounts for its operations. It shares the Development Bank account for the State Department of Vocational and Technical Training

1.4 Auditors

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

1.5 Roles and Responsibilities

Names	Title designation	Key qualification	Responsibilities
John K. Tuwei	SADTE	Masters	Project Manager
Joseph N. Njau	SADTE	Masters	D/Project Manager
Joseph Kanyi	SADTE	Masters	Project Officer
Joseph Nyamora	AAG	Masters	Assistant Accountant General
Benson Gicheru	FO	Masters	Project Finance Officer
Samwel Njogu	SCMO	Diploma	Project Procurement officer
Zannah Awiti	SCMO	Diploma	Project Procurement Assistant

1.6 Funding Summary

The Project is for duration of 5 years from 2015 to 2021 with an approved budget of US\$ 74,591,766.00 equivalent to KShs 6,360,000,000 as highlighted in the table below:

Source of funds	Donor Commitment-		Amount received to date – (30 06 2020)		Undrawn balance to date (30 06 2020)	
	<i>Donor currenc y</i>	<i>KShs</i>	<i>Donor currenc y</i>	<i>KShs</i>	<i>Dono r curre ncy</i>	<i>KShs</i>
	<i>(A)</i>	<i>(A')</i>	<i>(B)</i>	<i>(B')</i>	<i>(A)- (B)</i>	<i>(A')-(B')</i>
(i) Loan						
AfDB Loan		5,370,000,000		3,015,578,402		2,354,421,598
(ii) Counter- part funds						
Government of Kenya		990,000,000		466,737,047		523,262,953
Total		6,360,000,000		3,482,315,449		2,877,684,551

1.7 Summary of Overall Project Performance:

- Budget performance against actual amounts for current year and for cumulative to-date,
- Physical progress based on outputs, outcomes and impacts since project commencement,
- Comment on value-for-money achievements,
- Indicate the absorption rate for each year since the commencement of the project.
- List the implementation challenges and recommended way forward.

1.8 Summary of Project Compliance:

- Include significant cases of non-compliance with applicable laws and regulations, and essential external financing agreements/covenants,
- Include consequences suffered on account of non-compliance or likely to be suffered
- Indicate mitigation measures taken or planned to be taken to alleviate the adverse effects of actual or potential consequences of non-compliance

2. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The Principal Secretary State Department of Vocational and Technical Training, Ministry of Education and the Project Manager for Support to Technical and Vocational and Education Training (TVET) project are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year (period) ended on June 30, 2020. This responsibility includes: (i) maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Project; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Project; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

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

The Principal Secretary State Department of Vocational and Technical Training, Ministry of Education and the Project Manager for Support for TVET project are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year/period ended June 30, 2020, and of the Project's financial position as at that date. The Principal Secretary for Ministry of Education, State Department of Vocational and Technical Training and the Project Manager for Support for Technical Industrial, Vocational and Entrepreneurship Training (TVET) project further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the Project financial statements

The Project financial statements were approved by the Principal Secretary for the Ministry of Education, State Department of Vocational and Technical Training and the Project Manager for Support for TVET Phase II project and signed by them.

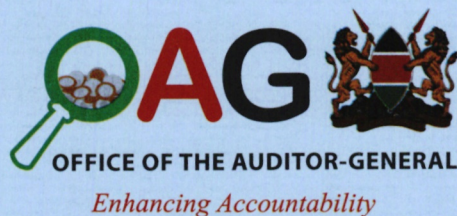
Dr. Julius Jwan
Principal Secretary

John Tuwei
Project Manager

Joseph Nyamora
Assistant Accountant General
ICPAK Member No:7770

REPUBLIC OF KENYA

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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 SUPPORT TO TECHNICAL VOCATIONAL EDUCATION AND TRAINING FOR RELEVANT SKILLS DEVELOPMENT PROJECT - PHASE II (LOAN NO.2100150033295) FOR THE YEAR ENDED 30 JUNE, 2020 - STATE DEPARTMENT FOR VOCATIONAL AND TECHNICAL TRAINING

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Support to Technical Vocational Education and Training for Relevant Skills Development Project set out on pages 1 to 10, which comprise the statement of financial assets as at 30 June, 2020, and the statement of receipts and payments, statement of cash flows and statement of comparative budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Support to Technical Vocational Education and Training for Relevant Skills Development Project - Phase II as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Loan Agreement No. 2100150033295 between the African Development Fund and the Republic of Kenya dated 21 August, 2015 and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Support to Technical Vocational Education and Training for Relevant Skills Development Project Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

Report of the Auditor-General on Support to Technical Vocational Education and Training for Relevant Skills Development Project – PHASE II (Loan No.2100150033295) for the year ended 30 June, 2020 - State Department for Vocational and Technical Training

Other Matter

Budgetary Control and Performance

The statement of comparative budget and actual amounts reflects an actual expenditure of Kshs.642,954,865 against the approved budget of Kshs.614,408,265 under acquisition of non-financial assets resulting to an over expenditure of Kshs.28,546,600 or 5%. Management has explained that the over expenditure was caused by supplementary budget cuts which were effected after the expenditures had been incurred and captured in the Integrated Financial Management Information System (IFMIS).

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, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the African Development Fund, based on the audit procedures performed, I report based on my audit, that:

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

Responsibilities of Management and those Charged with Governance

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

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

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

Auditor-General's Responsibilities for the Audit

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 review is planned and performed to express a conclusion with limited assurance as to 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 review of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance process 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 control would not necessarily disclose all matters in the internal control 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 control may not prevent or detect misstatements and instances of noncompliance. 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 Project's policies and procedures may deteriorate.

As part of an audit 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 control.

- 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 Project's ability to continue to sustain 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 report. However, future events or conditions may cause the Project to cease to continue to sustain 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 Project 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 control 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.


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

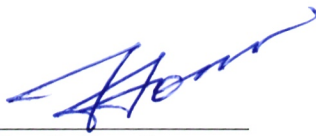
21 December, 2020


Support to Technical Vocational and Education Training (TVET Project)
Reports and Financial Statements
For the year ended 30 June, 2020


4. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE 2020

	Note	2019/2020		2018/2019		Cumulative to-date (From inception)
		Receipts and payments controlled by the entity	Payments made by third parties	Receipts and payment controlled by the entity	Payments made by third parties	
		Kshs	Kshs	Kshs	Kshs	Kshs
RECEIPTS						
Receipts from Government of Kenya	8.2	74,947,809		70,203,632	-	466,737,047
Loan from external development partners	8.3		725,252,853		1,186,464,229	3,015,578,402
TOTAL RECEIPTS		74,947,809	725,252,853	70,203,632	1,186,464,229	3,482,315,449
PAYMENTS						
Purchase of goods and services	8.4	60,094,414	97,151,383	47,641,071	236,459,885	714,191,149
Acquisition of non-financial assets	8.5	14,853,395	628,101,470	22,562,561	950,004,344	2,673,042,183
Other grants and transfers and payments	8.6	-	-	-	-	95,082,117
TOTAL PAYMENTS		74,947,809	725,252,853	70,203,632	1,186,464,229	3,482,315,449
SURPLUS/(DEFICIT)		-	-	-	-	-

The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements. The Financial Statements were approved and signed by:


Dr. Julius Jwan
 Principal Secretary



John Tuwei
 Project Manager


Joseph Nyamora
 Assistant Accountant General
 ICPAK Member No:7770


5. STATEMENT OF FINANCIAL ASSETS AS AT 30 JUNE 2020

	Note	2019-2020	2018-2019
		KShs	KShs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances		-	-
Cash Balances		-	-
Cash Equivalents (short-term deposits)		-	-
Total Cash and Cash Equivalents		-	-
Accounts receivables – Imprest and Advances		-	-
TOTAL FINANCIAL ASSETS		-	-
REPRESENTED BY			
Fund balance b/fwd		-	-
Prior year adjustments		-	-
Surplus/(Deficit) for the year		-	-
NET FINANCIAL POSITION		-	-


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



Dr. Julius Jwan
 Principal Secretary



John Tuwei
 Project Manager



Joseph Nyamora
 Assistant Accountant General
 ICPAK Member No:7770

6. STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30 JUNE 2020

		2019-2020	2018-2019
	Note	KShs	KShs
Receipts for operating activities			
Receipts from Government of Kenya	8.2	74,947,809	70,203,632
Payments for operating activities			
Purchase of goods and services	8.4	(157,245,797)	(284,100,955)
Net cash flow from operating activities		(82,297,988)	(213,897,323)
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	8.5	(642,954,865)	(972,566,905)
Net cash flows from Investing Activities		(642,954,865)	(972,566,905)
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Foreign Borrowings	8.3	725,252,853	1,186,464,228
Net cash flow from financing activities		725,252,853	1,186,464,228
NET INCREASE IN CASH AND CASH EQUIVALENT		-	-
Cash and cash equivalent at BEGINNING of the year		-	-
Cash and cash equivalent at END of the year		-	-

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

Dr. Julius Jwan
Principal Secretary

John Tuwei
Project Manager

Joseph Nyamora
Assistant Accountant General
ICPAK Member No:7770


7. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2020


Receipts/Payments Item	Original Budget a	Adjustments B	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %	Remarks
Receipts							
Receipt from Government of Kenya	257,013,157	(173,758,853)	83,254,304	74,947,809	8,306,495	90%	
Loans from External Development Partner	1,600,000,000	(900,000,000)	700,000,000	725,252,853	(25,252,853)	104%	i
Total Receipts	1,857,013,157	(1,073,758,853)	783,254,304	800,200,662	(16,946,358)		
Payments							
Purchase of goods and services	371,013,157	(202,167,118)	168,846,039	157,245,797	11,600,241	93%	
Acquisition of non-financial assets	1,486,000,000	(871,591,735)	614,408,265	642,954,865	(28,546,600)	105%	i
Total Payments	1,857,013,157	(1,073,758,853)	783,254,304	800,200,662	(16,946,358)		


Note.

i. The budget over absorption was caused by supplementary budget cuts which were effected after the expenditures were incurred and subsequently captured in the system.

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements and are set out from page 5 to page 10 of this report.


Dr. Julius Jwan
 Principal Secretary


John Tuwei
 Project Manager


Joseph Nyamora
 Assistant Accountant General
 ICPAK Member No:7770

8. NOTES TO THE FINANCIAL STATEMENTS

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

8.1 Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting. The financial statements comply with and conform to the form of presentation prescribed by the Accounting Standards Board of Kenya.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the Project and all values are rounded to the nearest one Shilling. The accounting policies adopted have been consistently applied to all of the years presented.

The financial statements have been prepared on the cash basis following the Government's standard chart of accounts. The cash basis of accounting recognises transactions and events only when cash is received or paid out by the Project.

i. Recognition of revenue and expenses

The Project recognises all revenues from the various sources when the event occurs and the related cash has actually been received by the Project. In addition, the Project recognises all expenses when the event occurs and the related cash has actually been paid out by the Project.

ii. In-kind donations

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

iii. 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/period. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which had not been surrendered or accounted for at the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

iv. **Pending bills**

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they are simply disclosed as an Annex to the financial statements. When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

v. **Budget**

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The Project's budget was approved as required by Law and National Treasury Regulations, as well as by the participating development partners, as detailed in the Government of Kenya Budget Printed Estimates for the year. A high-level assessment of the Project's actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

vi. **Exchange rate differences**

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

vii. **Comparative figures**

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

viii. **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, 2020.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8.2 RECEIPTS FROM GOVERNMENT OF KENYA

Item	2019/20	2018/19	Cumulative to Date	Cumulative Prior Year
	Kshs	Kshs	Kshs	Kshs
Counterpart funding through The National Treasury	74,947,809	70,203,632	466,737,047	391,789,238
Total	74,947,809	70,203,632	466,737,047	391,789,238

8.3 LOAN FROM EXTERNAL DEVELOPMENT PARTNER

Name of Donor	Date received	Total amount in Kshs	
		FY 2019/20	FY 2018/19
		Kshs	Kshs
Loans Received from Bilateral Donors (Foreign Governments)			
ADB	Various	725,252,853	1,186,464,229
Total		725,252,853	1,186,464,229

8.4 PURCHASE OF GOODS AND SERVICES

Item	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		Cumulative to- date	Cumulative Prior Year
			FY 2019/20	FY 2018/19		
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Utilities, supplies and services					188,100	188,100
Domestic travel and subsistence	26,810,389		26,810,389	10,820,283	49,079,503	22,269,114
Printing, advertising and information supplies & services					531,000	531,000
Fuel Oil and Lubricants/ Airline	4,999,595		4,999,595		5,922,453	922,858
Hospitality supplies and services					6,018,410	6,018,410
Purchase of Office Furniture and General Equipment					2,893,600	2,893,600
Other operating expenses	4,247,614	56,321,169	60,568,783	55,284,830	123,709,051	63,140,268
Office and general supplies and services					5,738,200	5,738,200
Routine maintenance – vehicles and other transport equipment					1,116,314	1,116,314
Training and Consultancy services:	24,036,816	40,830,214	64,867,030	217,995,842	518,994,518	454,127,488
Total	60,094,414	97,151,383	157,245,797	284,100,955	714,191,149	556,945,352

8.5 ACQUISITION OF NON-FINANCIAL ASSETS

Item	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		Cumulative to- date	Cumulative Prior Year
			FY 2019/20	FY 2018/19		
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Overhaul & refurbishment of construction and civil works		431,499,467	431,499,467	444,463,280	1,075,329,452	643,829,985
Purchase of vehicles & other transport equipment	4,842,600		4,842,600		28,058,600	23,216,000
Purchase of Specialized equipment	10,010,795	196,602,003	206,612,798	528,103,625	1,569,654,131	1,363,041,333
Total	14,853,395	628,101,470	642,954,865	972,566,905	2,673,042,183	2,030,087,318

8.6 OTHER GRANTS AND TRANSFERS AND PAYMENTS

Description	2019/2020	2018/2019	Cumulative to date
Other Grants transfers and payments	-		95,082,117
TOTALS	-		95,082,117

9. PROGRESS ON FOLLOW UP OF PRIOR YEARS AUDITOR'S RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

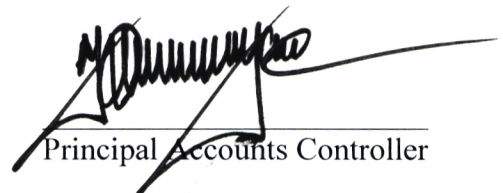
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)
	None				

Guidance Notes:

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



Principal Secretary



Principal Accounts Controller

10. ANNEX 1- LIST OF PROJECT ASSETS

FIXED ASSETS REGISTER FOR 2019 - 2020					
ITEM DESCRIPTION	DATE OF PURCHASE	SERIAL	QTY	UNIT PRICE	TOTAL VALUE
	(YEAR)	NO:		KSH (.00)	KSH (.00)
Desktop computers			9		
Desktop computer hp	2017	CND 17P1099	1	120,000	120,000
Desktop computer hp	2017	CND 17P1118	1	120,000	120,000
Desktop computer hp	2017	CND 17P1112	1	120,000	120,000
Desktop computer hp	2017	CND 17P1100	1	120,000	120,000
Desktop computer hp	2017	CND54611NG	1	120,000	120,000
Desktop computer hp	2017	CND 17P1109	1	120,000	120,000
Desktop computers	2019		3	175,880	527,640
Laptop computers			6		
Laptop computer	2017	SCD71257UK	1	149,000	149,000
Laptop computer	2017	SCD712JT8C	1	149,000	149,000
Laptop computer	2017	SCD70125TT	1	149,000	149,000
Laptop computer	2017	SCD7012JTF	1	149,000	149,000
Laptop computer	2017	SCD7025T3	1	149,000	149,000
Laptop computer	2017	SCD710SUWN	1	149,000	149,000
Uninterruptible power supply			9		
Ups	2017		1	28,500	28,500
Ups	2017		1	28,500	28,500
Ups	2017		1	28,500	28,500
Ups	2017		1	28,500	28,500
Ups	2017		1	28,500	28,500
Ups	2017		1	28,500	28,500
Ups	2019		3	16,213	48,638
Laserjet printers			6		
Printer m506	2017	PH8VKBOCR	1	103,700	103,700
Printer m506	2017	PH8VK4BOCR	1	103,700	103,700

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Printer m506	2017	PH8VK4BODB	1	103,700	103,700
Printer m506	2017	PH8VKBOCM	1	103,700	103,700
Printer m506	2017		1	103,700	103,700
Printer m506	2017		1	103,700	103,700
Scanners			2		
Scanners scanjet pro 4500fn1	2017	CN73FD606S	1	285,000	285,000
Scanners scanjet pro 4500fn1	2017	CN748D609R	1	285,000	285,000
Photocopier			3		
Photocopier kyocera taskalfa 8052ci	2018	VA86Z00125	3	2,330,700	6,992,100
Furniture					
Office chairs highback	2017		6	73,000	438,000
Orthopaedic chairs	2017		6	82,600	495,600
Fireproof filing cabinet	2017		4	254,500	1,080,000
Fireproof filing cabinet	2017		4	235,000	942,000
Executive chair	2020		1	91,000	91,000
Fireproof cabinet	2020		2	211,200	422,400
Sofa set	2019		1	735,000	735,000
Executive table	2019		1	196,000	196,000
Book shelf	2019		1	56,000	56,000
Tv sets	2019		1	134,400	134,400
Secretarial chairs	2019		4	63,000	252,000
Visitors chairs	2019		4	75,600	302,400
Coat hanger	2019		2	56,000	56,000
Shredder	2019		1	165,950	165,950

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Intray executive wooden	2019		1	126,000	126,000
		REGISTRATION NO.			
Mitsubishi Pajero- V96 EN,. 4M4O-HP3996 CN. JMYLNV96WHJ000403	2017	GKB 641S	1	5,804,000	5,804,000
Mitsubishi Pajero- V96 EN,. 4M4O-HP3995 CN. JMYLNV96WHJ000406	2017	GKB 643S	1	5,804,000	5,804,000
Mitsubishi Pajero- V96 EN,. 4M4O-HP2729 CN. JMYLNV96WGJ000476	2017	GKB 448S	1	5,804,000	5,804,000
Mitsubishi Pajero- V96 EN,. 4M4O-HP3994 CN. JMYLNV96WHJ000405	2017	GKB 640S	1	5,804,000	5,804,000
Ford Ranger Pickup 6FPPXXMJ2PJM17948	2020	GKB 457V	1	4,842,600	4,842,600