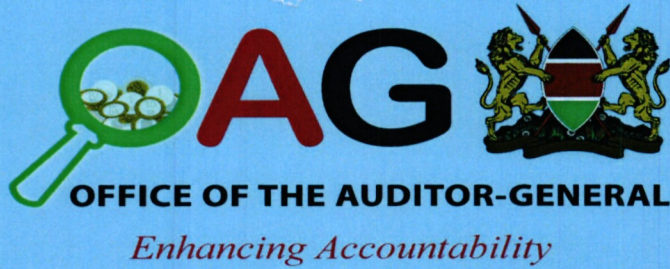


REPUBLIC OF KENYA



REPORT

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 09 FEB 2022

DAY: wed

TABLED BY: LDM

CLERK OF THE TABLE: Samuel Kalawa

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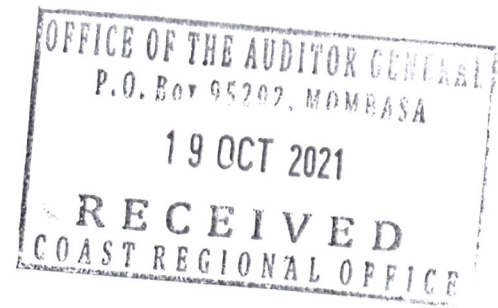
OF
THE AUDITOR-GENERAL

ON

**EAST AFRICA SKILLS FOR
TRANSFORMATION AND REGIONAL
INTEGRATION PROJECT (CREDIT NUMBER
IDA 6334-KE)**

**FOR THE YEAR ENDED
30 JUNE, 2021**

**KENYA COAST NATIONAL
POLYTECHNIC**



Project Name: EAST AFRICA SKILLS FOR TRANSFORMATION AND REGIONAL

INTEGRATION PROJECT (EASTRIP)

KENYA COAST NATIONAL POLYTECHNIC

PROJECT CREDIT NUMBER: 6334-KE

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2021**

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



**EAST AFRICA SKILLS FOR TRANSFORMATION AND REGIONAL INTEGRATION PROJECT
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30
JUNE 2021**

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**EAST AFRICA SKILLS FOR TRANSFORMATION AND REGIONAL INTEGRATION PROJECT
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

1. PROJECT INFORMATION AND OVERALL PERFORMANCE

1.1 Name and registered office

Name: East Africa Skills for Transformation and Regional Integration Project

Objective: The key objective of the project is to increase the access and improve the quality of TVET programs in selected Regional Flagship TVET Institutes and to support regional integration in East Africa.

Address: The project headquarters office is Ministry of Education, Kenya

The address of its registered office is:
Kenya Coast National Polytechnic
P.O Box 81220 Code 80100
Mombasa, Kenya

Contacts: The following are the project contacts

Telephone: (254) 0710389727, 0712725554

E-mail: info@kenyacoastpoly.ac.ke

Website: www.kenyacoastpoly.ac.ke

1.2 Project Information

Project Start Date:	The project start date is 16/9/2019
Project End Date:	The project end date is 31/12/2024
Project Manager:	The project manager is Anne M Mbogo (Mrs)
Project Sponsor:	The project sponsor is World Bank

1.3 Project Overview

Ministry of Education/State Department of Vocational and Technical Training	of of	The project is under the supervision of the Ministry of Education, State department of Vocational & Technical Education .
Project number		6334-KE
Strategic goals of the project		The strategic goals of the project are as follows: i. Produce highly skilled, competent and self-driven operators and middle level human resource for industrial growth. ii. Generate applied knowledge, innovations and technological

**EAST AFRICA SKILLS FOR TRANSFORMATION AND REGIONAL INTEGRATION PROJECT
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		<p>solutions for solving practical problems in the workplace.</p> <p>iii. Provide extension services to the community and society in general.</p> <p>iv. Strengthen good governance and effective management of the Polytechnic.</p> <p>v. Enhance existing linkages and collaborations and develop new ones</p> <p>vi. Enhance regional integration</p>
Achievement strategic goals	of	<p>The project management aims to achieve the goals through the following means:</p> <p>(i) Establishment of project implementation unit</p> <p>(ii) Establishment of Industry Advisory Board</p> <p>(iii) Number of Student enrolment at the polytechnic in programmes aimed at meeting needs of the priority sector</p> <p>(iv) Number of demand driven programmes developed and accredited by the national TVET accreditation agencies or certified by industry</p> <p>(v) Training staff in the Polytechnic who have industrial attachment</p> <p>(vi) Teaching staff who undertake exchange in TVET institutes in another country</p> <p>(vii) Number of memoranda of understanding signed with institutions and industry</p> <p>(viii) Tracer studies conducted annually</p>
Other background information of the project	important information of the project	<p>The project is targeting marine transport and port logistics where the main aim would be to use the industry advisory board to ensure the programmes implemented meet the industry demands.</p>

**EAST AFRICA SKILLS FOR TRANSFORMATION AND REGIONAL INTEGRATION
PROJECT
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
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Current situation that the project was formed to intervene	<p>The project was formed to intervene in the following areas:</p> <ul style="list-style-type: none"> i. Lack of modern equipment for the Centre ii. Lack of capacity for some trainers in specialized maritime programmes iii. Inadequate staff iv. Inadequate workshops and labs v. Low enrolment in marine engineering and logistics vi. Few linkages with industry vii. Lack of student accommodation
Project duration	The project started on 18/12/2018 and is expected to run until 31 December 2024

1.4 Bankers

Equity Bank
Moi Avenue
MOMBASA

1.5 Auditors

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

The project is audited by the **Auditor General**

1.6 Core Project Team, Roles and Responsibilities

Names	Designation	Key Qualification	Responsibilities
Anne M Mbogo (Mrs)	Chief Principal	BED MBA	Accounting Officer
Kevin Ochieng	HOD Mechanical.	B.Educ(Technology)	Centre Leader
CPA Clerkson O. Bolo	Financial Controller	CPA(K) MBA	Project Accountant

EAST AFRICA SKILLS FOR TRANSFORMATION AND REGIONAL INTEGRATION PROJECT
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Names	Designation	Key Qualification	Responsibilities
Magdaline Kituku	Ag Deputy Dean of Students	BED, Masters in Project Planning & Management	Industrial Liaison
Poul Omollo	HOD Medical	B.Sc.(Environmental Health Science)	Environmental matters
Elphas Muge	Ag Dean of Students	Degree in supplies chain Management	Monitoring &Evaluation
Dorothy Nyagitari	Senior Procurement Officer	Bsc in Supply Chain Management, MSC in Procurement	Procurement
Jane W.Kariuki	Dean of Students	BED, Master in Education	Gender and Social Safeguards
OTHERS			
Show Kalama	Deputy Principal-Adm.	B.Educ(Arts)	Bank Signatory
Peter Musili	Accountant	CPA B.com(Finance)	Bank Signatory

1.7 Funding summary

The Project is for duration of 5 years from 16/9/2019 to 31/12/2024 with an approved budget of EUR 9,280,000 equivalents to KShs 1,080,000,000 as highlighted in the table below:

Below is the funding summary:

A. Source of Funds

Source of funds	Donor Commitment-		Amount received to date – (11/6/2021)		Undrawn balance to date (30/6/2020)	
	Donor currency (A)	KShs (A')	Donor currency (B)	KShs (B')	Donor currency (A)-(B)	KShs (A')-(B')
(i) Grant						
World Bank- Rate 116.378	9,280,000	1,080,000,000	2,706,697.142	315,000,000	6,573,302.858	765,000,00
-----	-----	-----	-----	-----	-----	-----
Total	9,280,000	1,080,000,000	2,706,697.142	315,000,000	6,573,302.858	765,000,00



**EAST AFRICA SKILLS FOR TRANSFORMATION AND REGIONAL INTEGRATION
PROJECT
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
ENDED 30 JUNE 2021**

PROJECT INFORMATION AND OVERALL PERFORMANCE(Continued)

B. Application of Funds

Application of funds	Amount received to date -30 th June 2021		Cumulative Amount paid to date – 30 th June 2021		Unutilized balance to date 30 th June 2021	
	<i>Donor currency</i>	<i>KShs</i>	<i>Donor currency</i>	<i>KShs</i>	<i>Donor currency</i>	<i>KShs</i>
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Grant						
World Bank- Rate 116.378	2,706,697.142	315,000,000	893,845.263	104,023,924	1,812,851.88	210,976,076
Total	2,706,697.142	315,000,000	893,845.263	104,023,924	1,812,851.88	210,976,076

1.8 Summary of Overall Project Performance:

The total amount Kenya Coast National Polytechnic received so far since the start of the project from the World Bank, through the Ministry of Education, is Ksh 315,000,000 (USD 3,150,000.00). Ksh 200,000,000 (USD 2,000,000) was received on 20th February, 2020 while Ksh 115,000,000 (USD 1,150,000) was received on 11th June 2021. The total amount spent accumulatively since the beginning of the project is Ksh 104,023,924.30 (USD 1,040,239.243). In the financial year 2019/2020, the amount spent was ksh 1,794,517 (17,945.17) while in this financial year, 2020/2021 the total amount spent is Ksh 102,229,407.30 (USD 1,022,294.073). Total amount unspent carried forward to the next financial year is Ksh 210,976,075.70 (USD 2,109,760.757).

1.9 Summary of Project Compliance

- i) The Polytechnic attained its readiness(DLI1) having Established Project Implementation Units under DLR 1.1 and Industrial Advisory Board under DLR 1.2
- ii) The Polytechnic opened Project Account which was submitted to the World Bank through the Ministry of Education.
- iii) Developed strategic Investment Plan and project implementation guidelines
- iv) Consultancies services for designs, preparing of tender documents for Hostel, Administration and Academic block, Training Restaurant conference centre are ongoing and is 79% complete.
- v) Consultancy services for TNA, Tracer study and Labour Market Survey is complete.
- vi) Consultancy services for Equipment specification is complete.
- vii) Review, revise strategic and master plan as well as preparation of sustainability plan are complete.



**EAST AFRICA SKILLS FOR TRANSFORMATION AND REGIONAL INTEGRATION
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2. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETERMINED OBJECTIVES

The project predetermined key objective is to increase the access and improve the quality of TVET programs in the Polytechnic and to support regional integration in East Africa. The Polytechnic Industrial Advisory board was established to assist improvement of the quality of the programmes offered and also to enhance recruitment of both local and regional students. Members of the project implementation unit were appointed by the Project Manager. Achieved objectives of the project as per the program plan are as follows:

Strengthening Governance & Management

- Strategic development plan developed and approved
- Project Implementation unit established
- Training for Council and top Management was done (corporate governance)
- Strategic plan revised, Sustainability plan developed
- Policy on Scholarship developed
- Guidelines for Staff attachment and foreign exchanges developed.
- Project office established and furnished
- Benchmarking was done with (RTI Kisumu, Egerton University, Caribbean Maritime University, NIT Tanzania, Arab Academy for Science Technology and Maritime Transport.

1. Institutionalizing Industry Linkages

- Six stakeholder forums were conducted
- Industrial Advisory Board was established with 90% representation from the industry
- Eight Memorandum of Understandings (MOUs) were signed
- Twenty members of Staff underwent for staff attachment
- Student attachment is continuously being conducted
- Tracer study was conducted and representatives from all departments were trained

2. Development of Market Relevant CBET Curriculum

- Labour Market Survey was Conducted
- Seven curriculums have been developed, 3 Short term and 4 long term.
- E learning platform was established and piloting of two courses per department



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3. Training School Managers and Trainers

- Training Needs assessment for Staff has been done
- Ten Heads of Department were trained on Corporate Governance
- Thirteen Members of Staff were trained on Project Management PMP (PIU & 6 others)
- Six Staff members were trained on Public Relations & Customer care
- Four staff members are undergoing sign language course at the close of the financial year

4. Upgrade of Key Training Facilities and Infrastructure

- Project Bus procured and delivered
- Equipment Specifications has been done
- Designs for Buildings Complete including ESIA
- Grievance Redress Committee established and trained

5. Outreach to Non Project National TVET

- Terms of Reference for Marketing Consultant has been made and approved
- Needs for support has been received from Ukunda Youth
- Fifteen Institutions have been trained and allowed to use our Labour Market Survey

3. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

- The project has component on outreach for non-project TVET. Originally we had planned to support lamu TVC so that they can start maritime programmes. Since Lamu TVC is not yet operational, we have decided to support nearby institutions through capacity building of faculty and sharing of resources. This is being done through MOU. The institutions we have selected to support include: Ahmed shahame Mwidani TVC, Likoni TVC and Ukunda youth polytechnic. Partnership agreements and work plan have been developed. Fifteen Institutions have been trained and allowed to use our Labour Market Survey



4. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The Project Manager for Kenya Coast National Polytechnic and the Project Centre Leader for EASTRIP 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 period ended on June 30, 2021. 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.

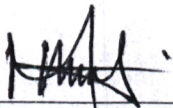
The Project Manager for Kenya Coast National Polytechnic and the Project Centre Leader for EASTRIP project accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The Project Manager for Kenya Coast National Polytechnic and the Project Centre Leader for EASTRIP project are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year ended June 30, 2021, and of the Project's financial position as at that date. The Project Manager for Kenya Coast National Polytechnic and the Project Centre Leader for EASTRIP 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.

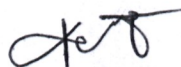
The Project Manager for Kenya Coast National Polytechnic and the Project Centre Leader for EASTRIP project confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project financial statements

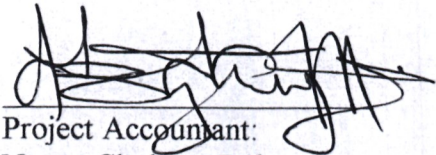
The Project financial statements were approved by the Project Manager for Kenya Coast National Polytechnic and the Project Centre Leader for EASTRIP project on **10/8/2021** and signed by them.



Project Manager
Name: Anne M Mbogo (Mrs)



Project Centre Leader
Name: Kevin Ochieng

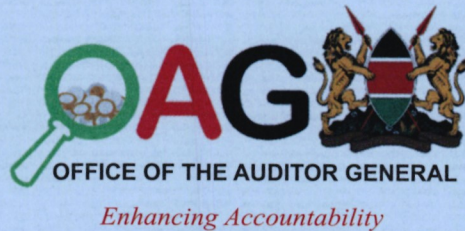


Project Accountant:
Name: Clerkson Bolo
ICPAK 5067



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 EAST AFRICA SKILLS FOR TRANSFORMATION AND REGIONAL INTEGRATION PROJECT (CREDIT NUMBER IDA 6334-KE) FOR THE YEAR ENDED 30 JUNE, 2021 - KENYA COAST NATIONAL POLYTECHNIC

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 intended purpose.
- C. Report on 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 control, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of East Africa Skills for Transformation and Regional Integration Project - Kenya Coast National Polytechnic set out on pages 11 to 33, which comprise the statement of financial assets as at

Report of the Auditor-General on East Africa Skills for Transformation and Regional Integration Project (Credit Number IDA 6334-KE) for the year ended 30 June, 2021 - Kenya Coast National Polytechnic

30 June, 2021, 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 East Africa Skills for Transformation and Regional Integration Project - Kenya Coast National Polytechnic as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and Financing Agreement No.6334-KE dated 18 December, 2018 between International Development Association (IDA) and the Republic of Kenya.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of East Africa Skills for Transformation and Regional Integration Project - Kenya Coast National Polytechnic 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 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, 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 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 processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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 governance.

In preparing the financial statements, Management is responsible for assessing the ability of East Africa Skills for Transformation and Regional Integration Project - Kenya Coast National Polytechnic to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the going concern 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 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 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 control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 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 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 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 going concern 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 ability of East Africa Skills for Transformation and Regional Integration Project - Kenya Coast National Polytechnic 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 Project to cease to continue sustaining 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 East Africa Skills for Transformation and Regional Integration Project - Kenya Coast National Polytechnic 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.


 CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

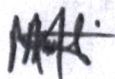
24 November, 2021

**EAST AFRICA SKILLS FOR TRANSFORMATION AND REGIONAL INTEGRATION
PROJECT
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
ENDED 30 JUNE 2021**

**6. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE 2021**

	Note	2020/2021		2019/2020		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						
World Bank-Balance b/f		198,205,483	-----	200,000,000	-----	200,000,000
World Bank-receipt	11	115,000,000			-----	115,000,000
Interest Earned	11	4,102,713		-----	-----	4,102,713
TOTAL RECEIPTS		317,308,196	-----	200,000,000	-----	319,102,713
PAYMENTS						
Compensation of Employees	12	332,415		112,937		445,352
Purchase of Goods and services	13	97,351,437.30	-----	570,060		97,921,497.30
Acquisition of non- financial assets	14	8,648,268	-----	1,111,520		9,759,788
TOTAL PAYMENTS		106,332,120.30	-----	1,794,517	-----	108,126,637.30
SURPLUS/(DEFICIT)		210,976,075.70	-----	198,205,483	-----	210,976,075.70

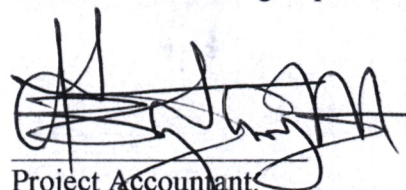
The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements.



Project Manager
Name: Anne M Mbogo (Mrs)



Project Centre Leader
Name: Kevin Ochieng



Project Accountant
Name: Clerkson Bolo
ICPAK 5067

**EAST AFRICA SKILLS FOR TRANSFORMATION AND REGIONAL INTEGRATION
PROJECT
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
ENDED 30 JUNE 2021**

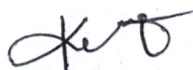
7. STATEMENT OF FINANCIAL ASSETS AS AT 30 JUNE 2021

	Note	2020-20201	2019-2020
		KShs	KShs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Cash at Bank	15	210,844,125.70	198,205,483
Cash on Hand	15	131,950.00	-----
Total Cash and Cash Equivalents		210,976,075.70	198,205,483
Total Financial Assets		210,976,075.70	198,205,483
REPRESENTED BY			
Surplus (Deficit) for the year	15.2	210,976,075.70	198,205,483
NET FINANCIAL POSITION		210,976,075.70	198,205,483

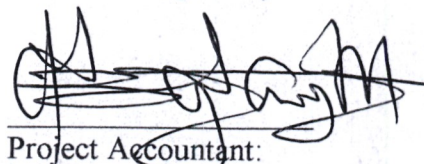
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 10/8/2021 and signed by:



Project Manager
Name: Anne M Mbogo (Mrs)



Project Centre Leader
Name: Kevin Ochieng



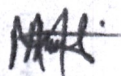
Project Accountant:
Name: Clerkson Bolo
ICPAK 5067

**EAST AFRICA SKILLS FOR TRANSFORMATION AND REGIONAL INTEGRATION
PROJECT
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
ENDED 30 JUNE 2021**

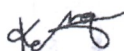
8. STATEMENT OF CASHFLOW FOR THE FINANCIAL YEAR 30 JUNE 2021

	Note	2020-20201 KShs	2019-2020 KShs
Receipts from operating activities			
World Bank grant	11	115,000,000	200,000,000
Interest Earned	11	4,102,713	-----
Total receipts		119,102,713	200,000,000
Payments from operating activities			
Compensation of Employees	12	332,415	112,937
Purchase of Goods and Services	13	97,351,437.30	-----
Total payments from operating activities		97,683,852.30	570,060
Net cash flow from operating activities		21,418,860.70	199,317,003
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	14	(8,648,268.00)	(1,111,520)
Net cash flows from Investing Activities		(8,648,268.00)	(1,111,520)
NET INCREASE IN CASH AND CASH EQUIVALENT		12,770,592.70	(1,794,517)
Cash and cash equivalent at 30 July 2020		198,205,483.00	200,000,000
Cash and cash equivalent at 30 June 2021		210,976,075.70	198,205,483

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 10/8/2021 and signed by:



Project Manager
Name: Anne M Mbogo (Mrs)



Project Centre Leader
Name: Kevin Ochieng

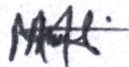


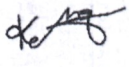
Project Accountant
Name: Clarkson Bolo
ICPAK 5067

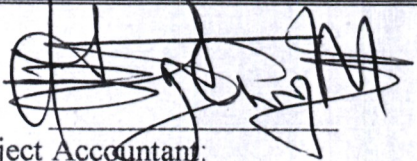
**EAST AFRICA SKILLS FOR TRANSFORMATION AND REGIONAL INTEGRATION
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ENDED 30 JUNE 2021**

9. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS

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 %
Receipts						
World Bank grant	117,000,000	----- ---	117,000,000	115,000,000	2,000,000	98
Proceeds from domestic and foreign grants- Interest Earned	-----	----- ---	-----	4,102,713	-----	
Total Receipts	117,000,000		117,000,000	119,102,713	2,000,000	
Payments						
Compensation of Employees	700,000		700,000	332,415	367,585	48
Office Establishment/operation	10,900,000		10,900,000	7,621,070	3,278,930	70
Staff Training program	12,000,000		12,000,000	10,857,523	1,142,477	91
Acquisition of non-financial assets	11,000,000		11,000,000	8,648,268	2,351,732	79
Industrial Linkages	2,000,000		2,000,000	1,194,635	805,365	60
Digital program and Digital platform	5,000,000		5,000,000	3,679,520	1,320,480	74
Benchmarking	3,000,000		3,000,000	2,560,972	439,028	85
Monitoring and Evaluation	800,000		800,000	193,200	606,800	24
Consultancy services	65,600,000		65,600,000	61,356,737	4,243,263	94
Curriculum Development	6,000,000		6,000,000	5,785,067	214,933	96
Interest Earned- Transferred to KCNP	-----		-----	4,102,713	-----	
Total Payments	117,000,000		117,000,000	106,332,120	14,770,593	


Project Manager
Name: Anne M Mbogo (Mrs)


Project Centre Leader
Name: Kevin Ochieng


Project Accountant:
Name: Clerkson Bolo
ICPAK 5067

10. NOTES TO THE FINANCIAL STATEMENTS

SIGNIFICANT ACCOUNTING POLICIES

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

10.1 Basis of Preparation

10.1.1 Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with Cash-basis IPSAS financial reporting under the cash basis of Accounting, as prescribed by the PSASB and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions.

The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

The accounting policies adopted have been consistently applied to all the years presented.

10.1.2 Reporting entity

The financial statements are for the Project number 6334-Ke under National Government of Kenya. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012.

10.1.3 Reporting currency

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

10.2 Significant Accounting Policies

a) Recognition of receipts

The Project recognises all receipts from the various sources when the event occurs, and the related cash has actually been received by the Government.

• Transfers from the Exchequer

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

• External Assistance

External assistance, if any, is received through grants and loans from multilateral and bilateral development partners.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donations and grants

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

Proceeds from borrowing

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

Undrawn external assistance

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

Other receipts

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

b) Recognition of payments

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

Compensation of employees

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

Use of goods and services

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

Interest on borrowing

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Repayment of borrowing (principal amount)

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

Acquisition of fixed assets

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

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

c) In-kind donations

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

d) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

Restriction on cash

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



NOTES TO THE FINANCIAL STATEMENTS (Continued)

e) Accounts receivable

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year is treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

f) Contingent Liabilities

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) A present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships,

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. Section 89 (2) (i) of the PFM Act requires the National Government to report on the payments made, or losses incurred, by the county government to meet contingent liabilities as a result of loans during the financial year, including payments made in respect of loan write-offs or waiver of interest on loans

g) Contingent Assets

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

h) Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the Project at the end of the year. 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.

i) Budget

The budget is developed on a comparable accounting basis (cash basis), the same accounts classification basis (except for accounts receivable - outstanding imprest and clearance accounts and accounts payable - deposits, which are accounted for on an accrual basis), and for the same period as the financial statements. The Project's budget was approved as required by Law and National Treasury Regulations, as well as by the participating development partners, as detailed in the Government of Kenya Budget Printed Estimates for the year. The Development Projects are budgeted for under the MDAs but receive budgeted funds as transfers and account for them separately. These transfers are recognised as inter-entity transfers and are eliminated upon consolidation.

A high-level assessment of the Project's actual performance against the comparable budget for the financial year/period under review has been included in an annex to these financial statements.

j) Third party payments

Included in the receipts and payments, are payments made on its behalf by to third parties in form of loans and grants. These payments do not constitute cash receipts and payments and are disclosed in the payment to third party's column in the statement of receipts and payments.

k) Exchange rate differences

The accounting records are maintained in the functional currency of the primary economic environment in which the Project operates, Kenya Shillings. Transactions in foreign currencies during the year/period are converted into 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



**EAST AFRICA SKILLS FOR TRANSFORMATION AND REGIONAL INTEGRATION
PROJECT
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ENDED 30 JUNE 2021**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statements of receipts and payments.

l) Comparative figures

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

m) Subsequent events

There have been no events subsequent to the financial period end with a significant impact on the financial statements for the period ended June 30, 2020.

n) Errors

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. Restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

**EAST AFRICA SKILLS FOR TRANSFORMATION AND REGIONAL INTEGRATION PROJECT
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

During the 12 months to 30 June 2021 we received grants from donors as detailed in the table below:

Name of Donor	Date received	Amount received in donor currency	Grants received in cash	Grants received as direct payment*	Grants received in kind	Total amount in KShs	
						2020/21 KShs	2019/20 KShs
		EUR	KShs	KShs	KShs		
Grants Received from Bilateral Donors (Foreign Governments)							
World Bank	11/6/21	988,150.783	115,000,000	-----	-----	115,000,000	200,000,000
Interest Earned						4,102,713	-----
Total		988,150.783	115,000,000	-----	-----	119,102,713	200,000,000

12. COMPENSATION OF EMPLOYEES

	2020/2021			2019/2020	
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	Cumulative to-date
	KShs	KShs	KShs	KShs	KShs
Basic wages of temporary employees	304,335	-----	304,335	108,617	412,952
Compulsory national social security schemes	28,080	-----	28,080	4,320	32,400
Total	332,415	-----	332,415	112,937	445,352

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. PURCHASE OF GOODS AND SERVICES

	2020/21			2019/20	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Consultancy Services for Designs	17,921,460.00	-----	17,921,460.00	-----	17,921,460.00
Consultancy Services for TNA, Tracer study	32,880,739.20	-----	32,880,739.20	-----	32,880,739.20
Consultancy Services for Equipment specifications	5,556,777.80	-----	5,556,777.80	-----	5,556,777.80
Consultancy Services for Sustainability plan	4,997,760.00	-----	4,997,760.00	-----	4,997,760.00
Attachment	1,194,635.00	-----	1,194,635.00	-----	1,194,635.00
Curriculum Development	5,785,067.00	-----	5,785,067.00	-----	5,785,067.00
Staff Training	10,857,523.00	-----	10,857,523.00	-----	10,857,523.00
Benchmarking	2,560,972.00	-----	2,560,972.00	-----	2,560,972.00
Monitoring & Evaluation	193,200.00	-----	193,200.00	-----	193,200.00
Digital program and platform	3,679,520.00	-----	3,679,520.00	-----	3,679,520.00
Bank charges	48,408.30		48,408.30	600.00	49,008.30
Strategic and Master plan	790,300.00		790,300.00		790,300.00
Local Transport and Travelling	381,330.00		381,330.00		381,330.00
Communication expenses	978,824.00		978,824.00	63,360.00	1,042,184.00
Evaluation and Negotiation	117,000.00		117,000.00		117,000.00
Contingencies/Stationary	204,448.00		204,448.00		204,448.00
Repairs and Maintenance	23,400.00		23,400.00		23,400.00
Environmental Assessment	23,360.00		23,360.00		23,360.00
Stakeholders Conference	531,900.00		531,900.00		531,900.00



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PROJECT
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ENDED 30 JUNE 2021**

Stakeholders Conference	531,900.00		531,900.00		531,900.00
Grievance Redress	478,100.00		478,100.00		478,100.00
Meetings and Conference	4,044,000.00		4,044,000.00	506,100.00	4,550,100.00
Interest Earned- Transferred to KCNP	4,102,713.00		4,102,713.00		4,102,713.00
Total	97,351,437.00		97,351,437.00	570,060.00	97,921,497.00

- a. Consultancy services rendered are for designs, preparing of tender documents for Hostel, Administration & Academic block, Training Restaurant conference Centre, Training needs Assessment, Tracer Study, Labour Market Survey, Equipment specifications, Prepare Sustainability plan, Review, Revise Strategic and Master Plan. Four Consultants were engaged who successfully carried out the tasks.
- b. Industrial linkage was Institutionalized and quit a number of staff and students were taken out for attachment with Industries.
- c. Under Curriculum Development, the expenditure was incurred in developing Market relevant CBET Curriculum.
- d. Under Staff Training, the expenditure was incurred in training the Polytechnic managers, Teachers and Non-teaching staff.
- e. Under Benchmarking, the expenditure was incurred in conducting International Study visits and benchmarking for council, top management and key staff.
- f. Under Digital programs, the expenditure was incurred in developing digital programs/online courses and establishment of e- learning platform
- g. Administrative and operation costs incurred in establishing and running the project office. These entails stakeholders conducted conferences, Project Implementation Unit meetings conferences expenses, communications expenses, Transport expenses, Bank charges, stationaries and inauguration of Grievance redress committee.

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ENDED 30 JUNE 2021**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. ACQUISITION OF NON-FINANCIAL ASSETS

	2020/201		Total Payments	2019/20	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties			
	KShs	KShs	KShs	KShs	KShs
Project vehicle	8,051,038	-----	8,051,038	-----	8,051,038
Furniture and Fixture	519,400	-----	519,400	1,111,520	1,630,920
Equipment	77,830	-----	77,830	-----	77,830
Total	8,648,268	-----	8,648,268	1,111,520	9,759,788

Non- Financial assets which were acquired are the Project vehicle with the registration number KAD 497P, Office and visitors' chairs water dispensers, LaserJet and office fittings.

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ENDED 30 JUNE 2021**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. CASH AND CASH EQUIVALENTS CARRIED FORWARD

	2019/20	2018/19
	KShs	KShs
Cash at Bank	210,844,125.70	198,205,483
Cash on Hand	131,950.00	-----
Total	<u>210,976,075.70</u>	<u>198,205,483</u>

The project has one project accounts as listed below:

15.1 A Bank Accounts

Project Bank Accounts

	2020/21	2019/20
	KShs	KShs
<u>Foreign Currency Accounts</u>		
Central Bank of Kenya	1,811,702.504	1,703,103.5
Total Foreign Currency balances	<u>1,811,702.504</u>	<u>1,703,103.5</u>
<u>Local Currency Accounts</u>		
Central Bank of Kenya	-----	-----
Equity Bank A/C No.0250279469130	210,844,125.70	198,205,483
Total local currency balances	<u>210,844,125.70</u>	<u>198,205,483</u>
Total bank account balances	<u>210,844,125.70</u>	<u>198,205,483</u>

15.2 FUND BALANCE CARRIED FORWARD

	2020/21	2019/20
	KShs	KShs
Accumulated Surplus/Deficit	210,976,075.70	198,205,483
Total	<u>210,976,075.70</u>	<u>198,205,483</u>

**EAST AFRICA SKILLS FOR TRANSFORMATION AND REGIONAL
INTEGRATION PROJECT
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YEAR ENDED 30 JUNE 2021**

**16 PROGRESS ON FOLLOW UP OF PRIOR YEAR 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)

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.

Project Manager

Project Centre Leader

Date

Date

**EAST AFRICA SKILLS FOR TRANSFORMATION AND REGIONAL INTEGRATION PROJECT
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

17 ANNEX 1 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance
	a	b	c=a-b	d=b/a %	
Receipts					
World Bank grant	117,000,000	115,000,000	2,000,000	98	
Interest Earned		4,102,713			
Total Receipts	117,000,000	119,102,713	2,000,000		
Payments					
Office Establishment/Operation cost	10,900,000	7,621,070	3,278,930	70	
Compensation of Employee	700,000	332,415	367,585	48	
Staff Training program					
	12,000,000	10,857,523	1,142,477	91	
Acquisition on non-financial assets	11,000,000	8,648,268	2,351,732	79	
Industrial Linkages	2,000,000	1,194,635	805,365	60	
Digital program and Digital program					
	5,000,000	3,679,520	1,320,480	74	
Benchmarking					
	3,000,000	2,560,972	439,028	85	
Monitoring and Evaluation					
	800,000	193,200	606,800	24	
Consultancy services					
	65,600,000	61,356,737	4,243,263	94	
Curriculum Development					
	6,000,000	5,785,067	214,933	96	
Interest Earned – Transferred to KCNP		4,102,713			
Total payments	117,000,000	106,332,120	14,770,593	87	

**EAST AFRICA SKILLS FOR TRANSFORMATION AND REGIONAL INTEGRATION PROJECT
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

ANNEX 2A - ANALYSIS OF PENDING BILLS

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2020	Outstanding Balance 2019	Comments
	a	b	c	d=a-c		
Construction of buildings						
1.	-----	-----	-----	-----	-----	
2.	-----	-----	-----	-----	-----	
3.	-----	-----	-----	-----	-----	
Sub-Total						
Construction of civil works						
4.	-----	-----	-----	-----	-----	
5.	-----	-----	-----	-----	-----	
6.	-----	-----	-----	-----	-----	
Sub-Total						
Supply of goods						
7.	-----	-----	-----	-----	-----	
8.	-----	-----	-----	-----	-----	
9.	-----	-----	-----	-----	-----	
Sub-Total						
Supply of services						
10.	-----	-----	-----	-----	-----	
11.	-----	-----	-----	-----	-----	
12.	-----	-----	-----	-----	-----	
Sub-Total						
Grand Total	-----			-----	-----	



EAST AFRICA SKILLS FOR TRANSFORMATION AND REGIONAL INTEGRATION PROJECT
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ANNEX 2B - ANALYSIS OF PENDING STAFF BILLS

Name of Staff	Job Group	Original Amount	Date Payable Contract	Amount Paid To-Date	Outstanding Balance 2020	Outstanding Balance 2019	Comments
		a	b	c	d=a-c		
Permanent Employees - Management							
1.		-----	-----	-----	-----	-----	
2.		-----	-----	-----	-----	-----	
3.		-----	-----	-----	-----	-----	
Sub-Total							
Permanent Employees - Others							
4.		-----	-----	-----	-----	-----	
5.		-----	-----	-----	-----	-----	
6.		-----	-----	-----	-----	-----	
Sub-Total							
Temporary employees							
7.		-----	-----	-----	-----	-----	
8.		-----	-----	-----	-----	-----	
9.		-----	-----	-----	-----	-----	
Sub-Total							
Others (Specify)							
10.		-----	-----	-----	-----	-----	
11.		-----	-----	-----	-----	-----	
12.		-----	-----	-----	-----	-----	
Sub-Total							
Grand Total							

EAST AFRICA SKILLS FOR TRANSFORMATION AND REGIONAL INTEGRATION PROJECT
 ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

ANNEX 2C - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contract	Amount Paid To-Date	Outstanding Balance 20xx	Outstanding Balance 20xx	Comments
		a	b	c	d=a-c		
Amounts due to National Govt Entities							
1.	-----						
2.	-----						
3.	-----						
Sub-Total							
Amounts due to County Govt Entities							
4.	-----						
5.	-----						
6.	-----						
Sub-Total							
Amounts due to Third Parties							
7.	-----						
8.	-----						
9.	-----						
Sub-Total							
Others (specify)							
10.	-----						
11.	-----						
12.	-----						
Sub-Total							
Grand Total							

**EAST AFRICA SKILLS FOR TRANSFORMATION AND REGIONAL INTEGRATION PROJECT
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ANNEX 3 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Opening Cost (KShs) 2019/2020 (a)	*Purchases/Additions in the Year (KShs) 2020/2021 (b)	** Disposals in the Year (KShs) 20xx/xx (c)	Transfers in/(out) KShs 20xx/xx (d)	Closing Cost (KShs) 20xx (e) = (a) + (b) - (c) + (-) d
Land					
Buildings and structures					
Transport equipment					
Office equipment, furniture and fittings	1,111,520	597,230			1,708,750
Motor Vehicle		8,051,038			8,051,038
ICT Equipment, Other Machinery and Equipment					
Heritage and cultural assets					
Biological assets					
Infrastructure assets roads, rails					
Intangible assets					
Work in Progress					
Total	1,111,520	8,648,268			9,759,788



**EAST AFRICA SKILLS FOR TRANSFORMATION AND REGIONAL INTEGRATION PROJECT
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

ANNEX 4 CONTINGENT LIABILITIES REGISTER

	Nature of contingent liability	Payable to	Currency	Estimated Amount Kshs	Expected date of payment	Remarks
1	-----	-----	-----	-----	-----	-----
2	-----	-----	-----	-----	-----	-----
3	-----	-----	-----	-----	-----	-----
4	-----	-----	-----	-----	-----	-----
5	-----	-----	-----	-----	-----	-----
6	-----	-----	-----	-----	-----	-----
7	-----	-----	-----	-----	-----	-----
8	-----	-----	-----	-----	-----	-----
9	-----	-----	-----	-----	-----	-----
10	-----	-----	-----	-----	-----	-----
11	-----	-----	-----	-----	-----	-----
12	-----	-----	-----	-----	-----	-----



EAST AFRICA SKILLS FOR TRANSFORMATION AND REGIONAL INTEGRATION PROJECT
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

13. APPENDICE I

BANK RECONCILIATION STATEMENT AS ON 30 JUNE 2021 – LOCAL ACCOUNT

Balance as per cash book		210,844,125.70
Add Unpresented cheques	0185	18,500
	0101	1,850
	0146	314,235
	0196	750
	0197	2,160
	0189	52,500
Bank charges overstated		<u>60</u>
		390,055.00
Balance as per Bank statement		<u>211,234,180.70</u>

