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THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE, 2023**

**STATE DEPARTMENT FOR HIGHER
EDUCATION AND RESEARCH**



OFFICE OF THE AUDITOR GENERAL
P. O. BOX 20001, JOHANNESBURG
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**PROJECT NAME: EASTERN AND SOUTHERN AFRICA HIGHER EDUCATION
CENTRES OF EXCELLENCE (ACEII) PROJECT**

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

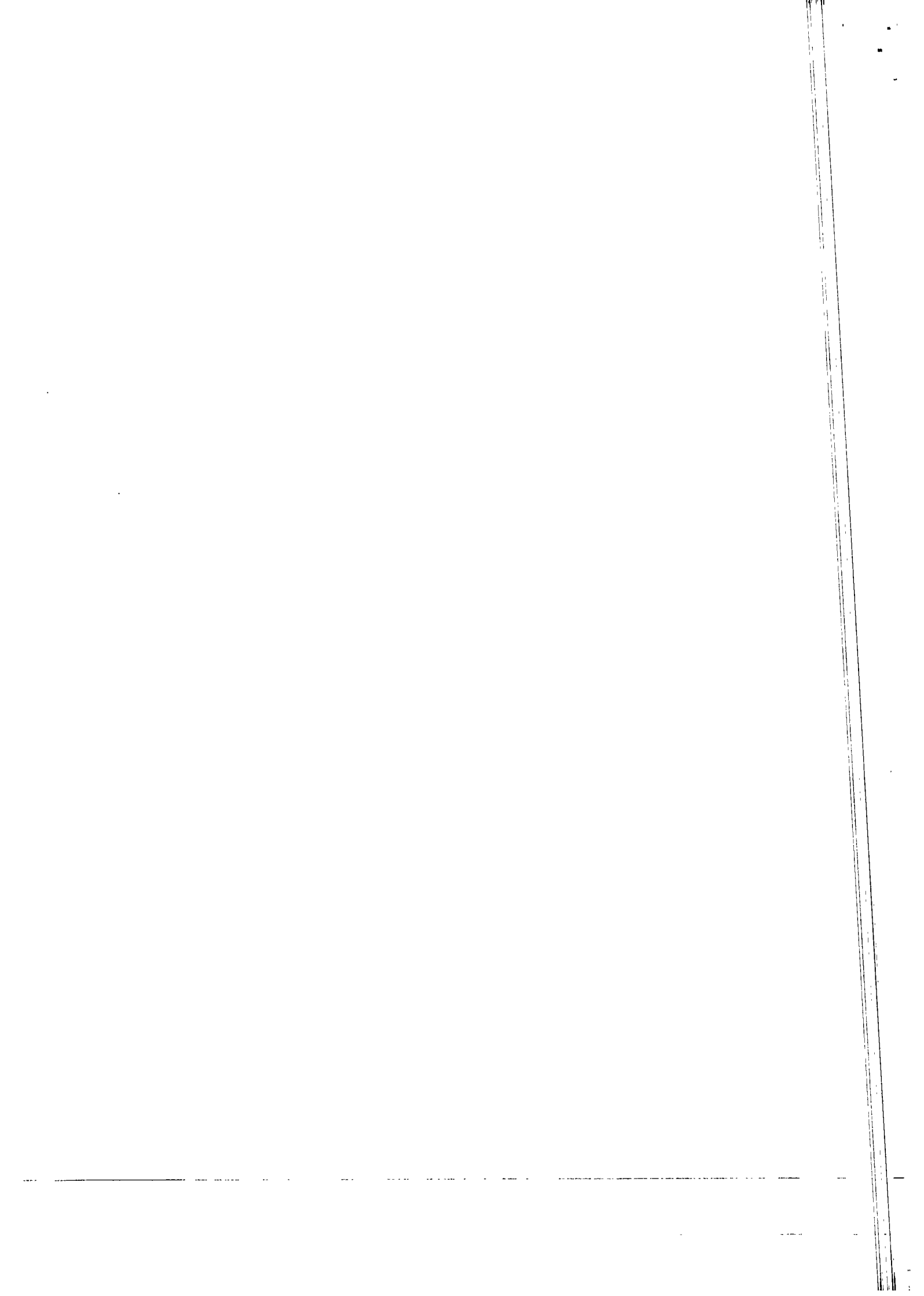
PROJECT CREDIT NUMBER: 5798-KE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2023

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



*Eastern and Southern Africa Higher Education Centers of Excellence (ACEII) Project
Annual Report and Financial Statements for the financial year ended 30 June, 2023*

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1. Acronyms and Glossary of Terms

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

2. Project Information and Overall Performance

2.1 Name and registered office

Name

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

Objective

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

Address

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

The address of its registered office is:

Ministry of Education Headquarters,

Jogoo House 'B'

Harambee Avenue

P.O Box 9583-00200, Nairobi.

The project also has offices/branches as follows:

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

Contacts: The following are the project contacts

P.O. Box: 9583-00200

Telephone: (254) 722586164

E-mail: paul.mungai@yahoo.com

Project information and overall performance (continued)

2.2 Project Information

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

2.3 Project Overview

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

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	industrialization
Current situation that the project was formed to intervene	<p>The project was formed to intervene in the following areas:</p> <p>(i) The project was formed to address the issue of few skilled post graduates being produced in Sub Saharan Africa especially in Science & Technology in order to meet the requirements for expansion and diversifying the region's economy.</p> <p>(ii) Apart from addressing the issue of few numbers of graduates being produced in Science, Technology and Mathematics in the region, the project seeks to address the issue of relevance and quality of courses offered which are currently contributing to a mismatch between the graduates produced and the labour market requirements especially in science and technology courses.</p>
Project duration	The project started on 1st February 2017 and is expected to run until 31 December 2023

Project Information and Overall Performance (Continued)

2.4 Bankers

The following are the bankers for the current year:

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

2.5 Independent Auditor

The project is audited by the - Auditor-General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084 – 00100

Nairobi

2.6 Roles and Responsibilities

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

Names	Title designation	Key qualification	Responsibilities
Dr. Beatrice Muganda Inyangala	Principal Secretary	B.Ed and M. Phil in Planning and Economics of Education; PhD from the University of Athens International Institute of Educational Planning in Paris, France	Chairing of the National steering committee of the project. Overall policy direction on the management of the project.
Paul Mungai	Deputy Director of Education	Masters	Project Coordination at the Ministry.

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

2.7 Funding summary

The Project is for duration of six years from 2017 to 2023 with an approved budget of XDR13.4 Million equivalent to Kshs. 1,917,405,000 (rate 142) as highlighted in the table below:

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Project information and overall performance (continued)

Below is the funding summary:

A. Source of Funds

Source of funds	Donor Commitment		Amount received to date – (30 June 2023)		Undrawn balance to date	
	XDR	Kshs	XDR	Kshs	XDR	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A)-(B)
(i) Loan						
International Development Association of the World bank	12,800,000	1,826,100,000	10,585,619	1,587,487,772	2,214,381	238,612,228
(ii) Counterpart funds						
Government of Kenya	626,960	91,305,000	392,726	56,951,164	234,234	34,353,836
Total	13,426,960	1,917,405,000	10,978,345	1,644,438,936	2,448,615	272,966,064

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Project information and overall performance (continued)

B. Application of Funds

Application of funds	Amount received to date – (30 th June 2023)		Cumulative amount paid to date – (30 th June 2023)	Unutilised balance to date (30th June 2023)	
	XDR	Kshs		XDR	Kshs
	(A)	(A')	(B')	(A')-(B')	(A')-(B')
(i) Loan					
International Development Association	10,585,619	1,587,487,772	1,587,487,772	2,214,381	238,612,228
(ii) Counterpart funds					
Government of Kenya	392,726	56,951,164	56,951,164	234,234	34,353,836
Total	10,978,345	1,644,438,936	1,644,438,936	2,448,615	272,966,064

Project information and overall performance (continued)

2.8 Summary of Overall Project Performance:

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

During the year under review the project utilised 56% of the GoK budget and 43% of donor budget provided.

Receipts/Payments Item	Budget 2022/2023 c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
Receipts				
Transfer from Government entities	21,000,000	11,645,220	9,354,780	55.45%
Proceeds from borrowings	250,000,000	106,435,858	143,564,142	42.57%
Total Receipts	271,000,000	118,081,078	152,918,922	43.57%

Receipts/Payments Item	Original Budget Cumulative to date a	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
Receipts				
Transfer from Government entities	91,305,000	56,951,164	34,353,836	62.37%
Proceeds from borrowings	1,826,100,000	1,587,487,772	238,612,228	86.93%
Total Receipts	1,917,405,000	1,644,438,936	272,966,064	85.76%

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

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

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

iii) Absorption Rate

FINANCIAL YEAR	ABSORPTION OF PROJECT RESOURCES (%)		
	IDA	GOK	AVERAGE
2016/17	100	-	100
2017/18	100	58	79
2018/19	100	81	90.5
2019/20	56	53	54.5
2020/21	80	76	78
2021/22	76.16	88.01	87.67
2022/23	55.45	42.57	43.57

iv) Implementation challenges and recommendation

Implementation Challenges

- The programme has not attracted high number of female students.
- Unsuitable foreign students' accommodations and other unforeseen circumstances like care of expectant female students and nursing care for those with babies.
- Lengthy process for the approval of the MOUs
- Limited resources for the programme upscale and extension to other universities.
- Inadequate capacity for patenting and commercialization of the research outputs

Recommendations/Next Steps

- There is need for the programmes to encourage/support female applicants.
- Provide appropriate accommodation to expectant and nursing mothers(students)
- Initiate the process in good time.
- Alignment of the project to the university institutional structures. There is a need to attract more fee-paying students to enhance programme sustainability. This can be done through guarantee high quality training, programme Accreditation and rigorous marketing.
- Need to Enhance University/Industry/government partnership (problem solving research, leverage government funding, commercialization of research products)

2.9 Summary of Project Compliance:

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

3. Statement of Performance against Project's Predetermined Objectives

Introduction

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

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

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

Progress on attainment of strategic development objectives

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

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Below we provide the progress on attaining the stated objectives:

Project	Objective	Out Come	Indicator	Performance (22/23)
Eastern and Southern Africa Higher Education Centres of Excellence	Project meets the criteria for regional IDA allocation	Institutional readiness	Disbursed Link Result 1.1: Completion of Effectiveness Conditions	All the three projects achieved effectiveness in the first year. Disbursed Link Result for a Total USD 1,800,000
			Disbursed Link Result 1.2 Development of the Project Implementation Plans	All the three projects developed implementation plans. Disbursed Link Result for a Total USD 1,500,000
	Build institutional capacity to provide quality post-graduate education with relevance to the labor market;	Excellence in education and research capacity and development impact	Disbursed Link Result 2.2 Number of students (both national and regional) enrolled by the ACEs in Master's and PhD programs	Total Students Enrolled 607 Postgraduate Students (155 PhD, 452 Msc.) Total short courses Trainees: 549 trainees
			Disbursed Link Result 2.3 Number of accreditation of Programmes	Number of programmes accredited Total National: 38 Number of accredited internationally: 17 PhD, 21 Msc,
			Disbursed Link Result 2.5 Number of peer reviewed journals published	613 peer reviewed journals published
			Disbursed Link Result 2.7 Externally Generated	Total externally generated funds USD: 6.9 million

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			funds	
			Disbursed Link Result 2.8 PASET Benchmarking –	PTRE Achieved Benchmarking @ USD 100,000 CESAAM (Verification successfully done). INSEFOODS (The center has met the threshold of benchmarking exercise
	Develop and enhance partnerships with industry, the private sector to generate greater impact	Partnerships with industry and the private sector to generate greater impact	Disbursed Link Result 2.4 Number of partnerships with industry and the private sector to generate greater impact	A total of 16 MOUs have been signed
	Develop and enhance partnerships with other academic institutions (national, regional and international) to pursue academic excellence.	Partnerships with other academic institutions (national, regional and international) to pursue academic excellence	Disbursed Link Result 2.6 Number of Staff and Student Exchange undertaken	A total of 221 staff and student participated in the exchange programs
	Improve governance and management of the institution	Timely, transparent and institutionally reviewed Financial Management	Disbursed Link Result 3.1: Timely withdrawal applications	The centers have achieved total withdrawal of : USD 90,000
Disbursed Link Result 3.2: Functioning Audit			The centers have Functioning Council Audit committees. (Successfully verified	

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			committee	audit done for the year
			Disbursed Link Result 3.3 Functioning Internal Audit unit	The centers have Functioning Internal Audit unit.
			Disbursed Link Result 3.4 Transparency of Financial Management	The centers have achieved the Disbursed Link Result
		Timely and audited Procurement	Disbursed Link Result 4.1 Timely procurement audit	This Disbursed Link Result has been achieved 100%
			Disbursed Link Result 4.2 Timely and Satisfactory Procurement Process	This Disbursed Link Result has been achieved 100%.

4. Environmental and Sustainability reporting

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

1. Sustainability strategy and profile

a) Institutionalisation

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

b) Capacity building

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

c) Resource mobilization

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

d) Partnerships and collaboration

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

e) Stakeholder involvement

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

2. Environmental performance

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

3. Employee welfare

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

4. Market place practices-

a) Responsible Supply chain and supplier relations-

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

b) Responsible ethical practices

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

c) Regulatory impact assessment

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

5. Community Engagements

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

5. Statement of Project Management responsibilities

The Principal Secretary for the Ministry of Education, State Department of Higher Education and Research and the Project Coordinator for Eastern and Southern Africa Higher Education Centres of Excellence (ACEII) Project are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year ended on June 30, 2023.

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

The Principal Secretary for the Ministry of Education, State Department of Higher Education and Research and the Project Coordinator for Eastern and Southern Africa Higher Education Centres of Excellence (ACEII) Project accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The Principal Secretary for the Ministry of Education, State Department of Higher Education and Research and the Project Coordinator for Eastern and Southern Africa Higher Education Centres of Excellence (ACEII) Project are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year ended June 30, 2023, and of the Project's financial position as at that date. The Principal Secretary for the Ministry of Education, State Department of Higher Education and Research and the Project Coordinator for Eastern and Southern Africa Higher Education Centres of Excellence (ACEII) Project further confirm the completeness of the accounting records


**Eastern and Southern Africa Higher Education Centers of Excellence (ACEII) Project
Annual Report and Financial Statements for the financial year ended 30 June, 2023**

maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.


The Principal Secretary for the Ministry of Education, State Department of Higher Education and Research and the Project Coordinator for Eastern and Southern Africa Higher Education Centres of Excellence (ACEII) Project confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project Financial Statements

The Project financial statements were approved by the Principal Secretary for the Ministry of Education, State Department of Higher Education and Research and the Project Coordinator for Eastern and Southern Africa Higher Education Centres of Excellence (ACEII) Project on 30/09/ 2023 and signed by them.

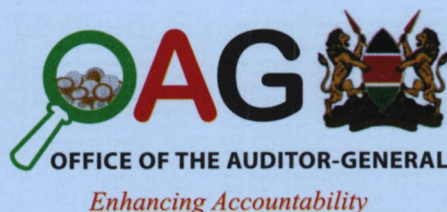

.....
**Dr. Beatrice M.
Inyangala
Principal Secretary**


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


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

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON EASTERN AND SOUTHERN HIGHER EDUCATION CENTRES OF EXCELLENCE (ACE II) PROJECT (CREDIT NO.5798-KE) FOR THE YEAR ENDED 30 JUNE, 2023 - STATE DEPARTMENT OF HIGHER EDUCATION AND RESEARCH

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations which have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Control, 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 control, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Eastern and Southern Higher Education Centres of Excellence (ACE II) Project (Credit No.5798-KE) set out on pages

Report of the Auditor-General on Eastern and Southern Higher Education Centers of Excellence (ACE II) Project (Credit No.5798-KE) for the year ended 30 June, 2023 - State Department for Higher Education and Research

1 to 32, which comprise the statement of assets as at 30 June, 2023, and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Eastern and Southern Higher Education Centres of Excellence (ACE II) Project (Credit No.5798-KE) as at 30 June, 2023, 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 Financing Agreement No.5798-KE dated 4 July, 2016 between International Development Association and the Republic of Kenya and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0 Unsupported Domestic Travel Subsistence

The statement of receipts and payments reflects Kshs.8,339,300 in respect to purchase of goods and services as disclosed in Note 3 to the financial statements. This amount includes Kshs.5,078,700 in respect to domestic travel and subsistence, out of which Kshs.3,286,500 and Kshs.974, 400 relate to payments made to officers who attended National Steering Committee (NSC) meetings, did appraisal of the ACE II project implementation held between 19-23 June, 2023 and 6-10 February, 2023 and performed internal audit respectively. However, review of supporting documentation related to domestic travel expenditure revealed that evidence of circulation of notices of the said NSC meetings by NSC chair to NSC members for 19 June, 2023 was not provided for audit, and no original work tickets were provided to confirm the journeys made. Further, the actual number of people who were involved in NSC activities were more compared to the initial number of members appointed to be NSC members.

In the circumstances, the regularity of the expenditure of Kshs.2,854,500 could not be confirmed as at 30 June, 2023.

2.0 Expensing of Undisclosed Pending Bill

The statement of receipts and payments reflects Kshs.8,339,300 in respect to purchase of goods and services and as disclosed in Note 3 to the financial statements. Included in the amount is printing amount of Kshs.3,308,520, out of which Kshs.2,998,520 was not disclosed as a pending bill as the supplier who supplied laptops had not been paid as at 30 June, 2023. Further, the expenditure was expensed before payment.

In the circumstances, the regularity of the expenditure of Kshs.2,998,520 could not be confirmed as at 30 June, 2023.

3.0 Variances in the Notes to the Financial Statements for Cumulative Balance

Note 3 to the financial statements reflects a nil balance in respect to comparative balance for purchase of tonners. However, the previous audited financial statements reflect a balance of Kshs.337,500 in respect to the same item resulting to unexplained variance of Kshs.337,500.

In the circumstances, the completeness of the expenditure on toners could not be confirmed as at 30 June, 2023.

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual receipts on comparable basis of Kshs.271,000,000 and Kshs.118,081,078 respectively, resulting in underfunding of Kshs.152,918,922 or 56.4% of the budget. Similarly, the Project spent Kshs.118,081,078 against a budget of Kshs.271,000,000, resulting in an under expenditure of Kshs.152,918,922 or 56.4 % of the budget.

The underfunding or under performance affected the planned activities of the Project and may have impacted negatively on service delivery to the Public.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1.0 Weaknesses in Management of Imprests

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

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

2.0 Local Purchase Order Issued after Procurement

Review of records revealed that the Project Management requested for quotations for conference facilities on 21 September, 2022 and all the quotations were submitted on 22 September, 2022. The conference facilities were provided between 26 September, 2023 and 8 October, 2022 respectively and invoice of Kshs.2,964,000 generated on 11 November, 2022. However, the local purchase order for this service was generated 5 months later on 2 March, 2023. This was contrary to Section 106(5) of the Public Procurement and Asset Disposal Act, 2015 which states that, 'the following shall apply with respect to the contract resulting from a procurement by a request for quotations (a) the procuring entity shall place a purchase order with the person submitting the successful quotation and (b) the person submitting the successful quotation shall confirm the purchase order in writing'.

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

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 3000 and 4000. The standards 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, and 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 International Standards for Supreme Audit Institutions (ISSAIs) 2315 and 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by International Development Association and the Republic of Kenya, 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 Management, 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 controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Project's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intentions 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 Project's financial reporting process, reviewing the effectiveness of how the Management monitors

compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

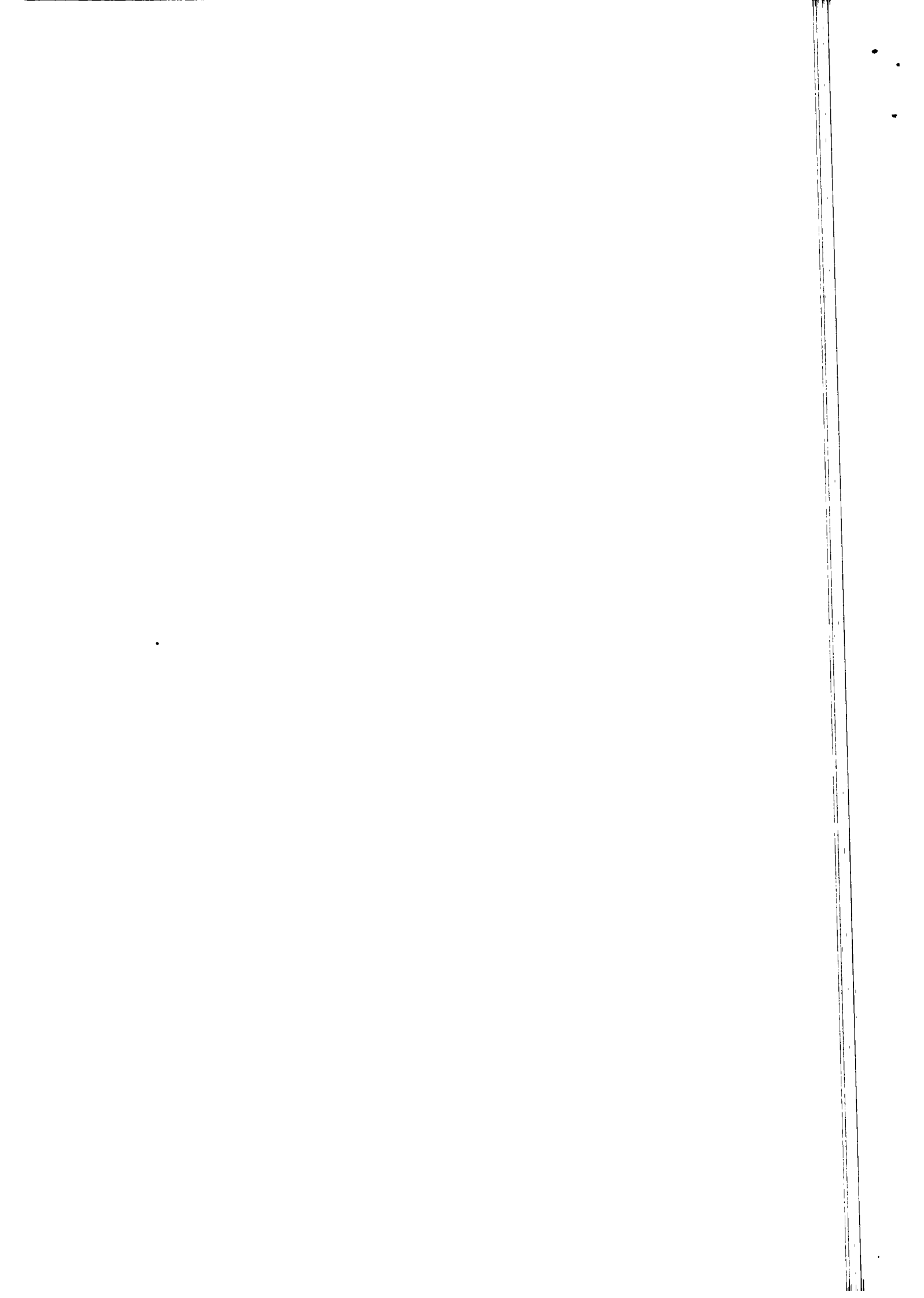
I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


 CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

01 November, 2023

Report of the Auditor-General on Eastern and Southern Higher Education Centers of Excellence (ACE II) Project (Credit No.5798-KE) for the year ended 30 June, 2023-State Department for Higher Education and Research



Eastern and Southern Africa Higher Education Centers of Excellence (ACEII) Project
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7. Statement of Receipts and Payments for the year ended 30 June, 2023.

Note	2022-2023		2021-2022		Total	Receipts and payment controlled by the entity	Payments made by third parties	Total	Receipts and payment controlled by the entity	Payments made by third parties	Total	Cumulative to-date (From inception)
	Kshs.	Kshs.	Kshs.	Kshs.								
Receipts												
Transfer from Government entities	11,645,220	-	11,645,220	5,440,260	-	5,440,260		5,440,260			56,951,164	
Loan from external development partners	-	106,435,858	106,435,858	308,037,273		308,037,273		308,037,273			1,587,487,772	
Total receipts	11,645,220	106,435,858	118,081,078	313,477,533	-	313,477,533		313,477,533			1,644,438,936	
Payments												
Purchase of goods and services	8,339,300	-	8,339,300	5,440,260		5,440,260		5,440,260			27,479,311	
Acquisition of non-financial assets	3,305,920	-	3,305,920								29,471,853	
Transfers to other government entities	-	106,435,858	106,435,858	308,037,273		308,037,273		308,037,273			1,587,487,772	
Total payments	11,645,220	106,435,858	118,081,078	313,477,533	-	313,477,533		313,477,533			1,644,438,936	
Surplus/ (deficit)	-	-	-	-	-	-		-			-	

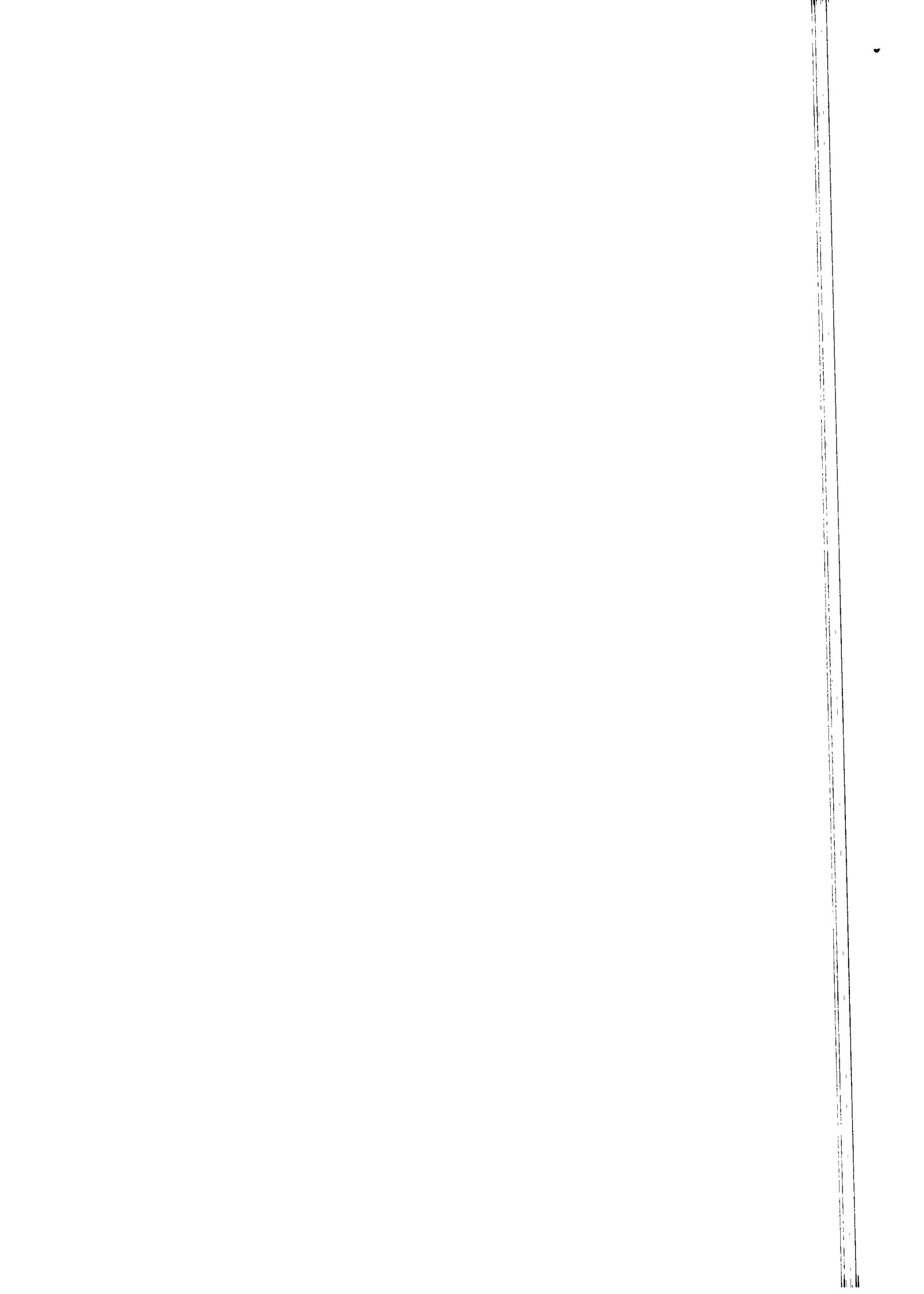
The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements.

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

.....
Paul Mungai
Project Coordinator

.....
CPA Margaret Kariuki
Project Accountant

ICPAK Member No: 4291



*Eastern and Southern Africa Higher Education Centers of Excellence (ACEII) Project
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(IPSAS 2.1.17 encourages an entity to separately disclose third party payments separately on the statement of receipts and payments or as notes to the financial statements. These are payments made by development partners directly on behalf of the entity. In recognising these transactions, the receipts must be equal to the payments made and therefore there is no surplus or deficit.)

*Eastern and Southern Africa Higher Education Centers of Excellence (ACEII) Project
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8. Statement of Financial Assets as at 30 June, 2023

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Financial Assets			
Cash and Cash equivalents			
Bank Balances	6.A	-	-
Cash Balances	6. B	-	-
Cash equivalents (Short-term deposits)	6.C	-	-
Total Cash and Cash equivalents		-	-
Imprests and Advances	7	-	-
Total Financial Assets		-	-
Financial Liabilities			
Deposits and Retention monies	8	-	-
Net Assets		-	-
Represented By			
Fund Balance B/fwd.	9	-	-
Prior Year adjustments	10	-	-
Surplus/(Deficit) for the Year		-	-
Net Financial Position		-	-

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 30/9/2023 and signed by:


.....

Dr. Beatrice M. Inyangala
Principal Secretary


.....

Paul Mungai
Project Coordinator


.....


CPA Margaret Kariuki
Project Accountant
ICPAK Member No: 4291


*Eastern and Southern Africa Higher Education Centers of Excellence (ACEII) Project
Annual Report and Financial Statements for the financial year ended 30 June, 2023*


9. Statement of Cashflow for the year ended 30 June, 2023

Description	Notes	2022-2023	2021-2022
		Kshs	Kshs
Cashflow from operating activities			
Receipts			
Transfer from government entities	1	11,645,220	5,440,260
Total receipts		11,645,220	5,440,260
Payments			
Purchase of goods and services	3	(8,339,300)	(5,440,260)
Transfers to other government entities	5	(106,435,858)	(308,037,273)
Total Payments		(114,775,158)	(313,477,533)
Adjustments during the year			
Prior year adjustments	10	-	-
Decrease/(increase) in accounts receivable		-	-
Increase/(decrease) in accounts payable:		-	-
Net cash flow from operating activities		(103,129,938)	(308,037,273)
Cashflow from investing activities			
Acquisition of non-financial assets	4	(3,305,920)	-
Net cash flows from investing activities		(3,305,920)	-
Cash flow from financing activities			
Proceeds from foreign borrowings	2	106,435,858	308,037,273
Net cash flow from financing activities		106,435,858	308,037,273
Net increase in cash and cash equivalents		-	-
Cash and cash equivalent at beginning of the year	11	-	-
Cash and cash equivalent at end of the year	11	-	-

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 30/9/2023 and signed by:


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


.....
Paul Mungai
Project Coordinator


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

***Eastern and Southern Africa Higher Education Centers of Excellence (ACEII) Project
Annual Report and Financial Statements for the financial year ended 30 June, 2023***

Eastern and Southern Africa Higher Education Centers of Excellence (ACEED) Project
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10. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2023

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						
Transfer from Government entities	21,000,000	-	21,000,000	11,645,220	9,354,780	55.45%
Proceeds from domestic and foreign grants						
Proceeds from borrowings	450,000,000	(200,000,000)	250,000,000	106,435,858	143,564,142	42.57%
Total Receipts	471,000,000		271,000,000	118,081,078	152,918,922	43.57%
Payments						
Purchase of goods and services	21,000,000	-	21,000,000	11,645,220	9,354,780	55.45%
Transfer to other government entities	450,000,000	(200,000,000)	250,000,000	106,435,858	143,564,142	42.57%
Total Payments	471,000,000		271,000,000	118,081,078	152,918,922	43.57%
Surplus or Deficit						

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

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

.....
Paul Mungai
Project Coordinator

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

11. Significant Accounting Policies

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

a) Statement of compliance and basis of preparation

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

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

b) Reporting entity

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

c) Reporting currency

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

d) Recognition of receipts

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

i) Transfers from the Exchequer

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

Significant Accounting Policies (Continued)

ii) External Assistance

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

iii) Other receipts

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

iv) Donations and grants

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

v) Proceeds from borrowing

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

vi) Undrawn external assistance

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

e) Recognition of payments

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

i) Compensation to employees

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

Significant Accounting Policies (Continued)

ii) Use of goods and services

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

iii) Interest on borrowing

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

iv) Repayment of borrowing (principal amount)

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

v) Acquisition of fixed assets

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

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

f) In-kind donations

In-kind contributions are donations that are made to the Project in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the Project includes such value in the statement of

*Eastern and Southern Africa Higher Education Centers of Excellence (ACEII) Project
Annual Report and Financial Statements for the financial year ended 30 June, 2023*

receipts and payments both as receipts and as payments in equal and opposite amounts; otherwise, the contribution is not recorded.

Significant Accounting Policies (Continued)

g) Cash and cash equivalents

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

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

h) Restriction on cash

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

i) Imprests and Advances

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

j) Contingent Liabilities

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) A present obligation that arises from past events but is not recognised because:

Significant Accounting Policies (Continued)

- i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
- ii) The amount of the obligation cannot be measured with sufficient reliability.

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

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

k) Contingent Assets

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

l) Pending bills

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

Significant Accounting Policies (Continued)

m) Budget

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

n) Third party payments

Included in the receipts and payments, are payments made on its behalf by to third parties in form of loans and grants. These payments do not constitute cash receipts and payments. and are disclosed in the payment to third parties' column in the statement of receipts and payments. During the year, there were no loan disbursements that were received in form of disbursed payments from third parties.

o) Exchange rate differences

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

Significant Accounting Policies (Continued)

p) Comparative figures

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

q) Subsequent events

There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended June 30, 2023.

r) Prior period adjustments

Prior period adjustments relate to errors and other adjustments noted arising from previous year(s). There were no prior period adjustments.

*Eastern and Southern Africa Higher Education Centers of Excellence (ACEII) Project
Annual Report and Financial Statements for the financial year ended 30 June, 2023*

12. Notes to the Financial Statements

1. Transfers from Government entities

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

Description	KShs	KShs	Cumulative to-date (from inception)
	2022-2023	2021-2022	
<i>Counterpart funding through Ministry of Education</i>			
Counterpart funds Quarter 1	-	-	-
Counterpart funds Quarter 2	1,014,400	-	2,042,600
Counterpart funds Quarter 3	4,415,800	124,900	5,016,200
Counterpart funds Quarter 4	6,215,020	5,315,360	49,892,364
Total	<u>11,645,220</u>	<u>5,440,260</u>	<u>56,951,164</u>

Notes to the Financial Statements (Continued)

2. Loan from External Development Partners

During the financial period to 30 June 2023, we received funding from development partners in form of loans negotiated by the National Treasury as detailed in the table below:

Name of Donor	Date received	Amount received in donor currency	FY2022/2023					Total amount in Kshs 2021-2022	Cumulative to date
			Grants received in donor cash	Grants received as Disbursed payment *	Grants received in kind	Total amount in Kshs 2022-2023	Total amount in Kshs		
		XDR	Kshs	Kshs	Kshs	Kshs	2021-2022	Kshs	
Loans received from Multilateral Donors (International Organizations)									
International Development Association of The World Bank	FY2022/2023	599,430	106,435,858	-	-	-	308,037,273	1,587,487,772	
Total		599,430	106,435,858	-	-	106,435,858	308,037,273	1,587,487,772	

Notes to the Financial Statements (Continued)

3. Purchase of Goods and Services

	2022/2023		2021/2022		Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs	Kshs	Kshs	Kshs	Kshs
Domestic travel and subsistence	5,078,700	-	5,078,700	5,340,260	15,649,860
Fuel for transport	170,000	-	170,000	100,000	270,000
Printing, advertising, and information supplies	2,600	-	2,600	-	867,220
Training payments	-	-	-	-	475,600
Hospitality supplies and services	3,020,000	-	3,020,000	-	3,365,100
Purchase of Tyres	-	-	-	-	396,294
Purchase of Tonners	68,000	-	68,000	-	405,500
Routine maintenance – vehicles and other transport equipment	-	-	-	-	6,049,737
Total	8,339,300	=	8,339,300	5,440,260	27,479,311

[Provide explanation as necessary]

Notes to the Financial Statements (Continued)

4. Acquisition of Non-Financial Assets

	Payments made in Cash		Payments made by third parties		Total payments		Total payments 2021-2022	Cumulative to-date
	Kshs.		Kshs.		Kshs.	Kshs.		
Purchase of buildings	-		-		-		-	-
Purchase of vehicles & other transport equipment	-		-		-		-	22,180,900
Purchase of office furniture & general equipment	310,000		-		310,000		-	2,889,613
Purchase of computers	2,995,920		-		2,995,920		-	4,401,340
Total	3,305,920		=		3,305,920		=	29,471,853

Eastern and Southern Africa Higher Education Centres of Excellence (ACEII) Project Annual Report and Financial Statements for the financial year ended June 30, 2023

Notes to the Financial Statements (Continued)

5. Transfers to other Government Entities

During the financial period to 30 June 2023, we transferred funds to reporting government entities as shown below:

	Payments made in Cash	Payments made by third parties	Total payments	Total payments	Cumulative to-date
	2022-2023	2021-2022	2021-2022	2021-2022	
	Kshs	Kshs	Kshs	Kshs	Kshs
Transfers to National Government entities					
Sustainable use of insects as food and Feeds project. (INSEFOODS) Implementing entity: Jaramogi Oginga Odinga University	54,053,759.20	-	54,053,759.20	87,051,520.25	448,950,381.2
Center of Excellence in phytochemicals, Textiles and Renewable Energy project.(PTRE) Implementing entity: Moi University	24,054,645.00	-	24,054,645.00	140,701,510.75	582,546,978.0
Center of Excellence in Sustainable Agriculture & Agribusiness Management project. (CESAAM). Implementing entity: Egerton University.	28,327,453.80	-	28,327,453.80	80,284,241.75	555,990,412.8
Total	106,435,858	=	106,435,858	308,037,273	1,587,487,772

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

Eastern and Southern Africa Higher Education Centres of Excellence (ACEII) Project
Annual Report and Financial Statements for the financial year ended June 30, 2023

Notes to the Financial Statements (Continued)

6. Cash And Cash equivalents

Description	2022-2023	2021-2022
	Kshs	Kshs
Bank accounts (Note 6A)	-	-
Cash in hand (Note 6B)	-	-
Cash equivalents (short-term deposits) (Note 6C)	-	-
Total	=	=

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

6. A Bank Accounts

Project Bank Accounts

Details	2022-2023	2021-2022
	Kshs	Kshs
<u>Foreign Currency Accounts</u>		
Central Bank of Kenya Development [A/c No 1000302712]	-	-
Total Foreign Currency balances	=	=
<u>Local Currency Accounts</u>		
Central Bank of Kenya [A/c No.....]	-	-
Total local currency balances	=	=
Total bank account balances	=	=

Notes to the Financial Statements (Continued)

Special Deposit Accounts

The balances in the Project's Special Deposit Account(s) as at 30th June 2023 are not included in the Statement of Financial Assets since they are below the line items and are yet to be drawn into the Exchequer Account as a voted provision.

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

Special Deposit Accounts Movement Schedule

Description	2022-2023	2021-2022
	USD	USD
(i) A/C Name [A/c No. 1000331704]		
Opening balance	51,589.83	51,589.83
Total amount deposited in the account	790,580.69	2,708,496.20
Total amount withdrawn (as per Statement of Receipts & Payments)	<u>(790,580.54)</u>	<u>(2,708,496.20)</u>
Closing balance (as per SDA bank account reconciliation attached)	<u>51,589.98</u>	<u>51,589.83</u>

(The Special Deposit Account(s) reconciliation statement(s) has (have) been attached as Appendix 1 support these closing balance.

*Eastern and Southern Africa Higher Education Centres of Excellence (ACEII) Project
Annual Report and Financial Statements for the financial year ended June 30, 2023*

Notes to the Financial Statements (Continued)

6 B Cash in hand

Description	2022-2023	2021-2022
	KShs	KShs
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other locations (<i>specify</i>)	-	-
Total cash in hand balances	=	=

6 C Cash equivalents (short-term deposits)

Description	2022-2023	2021-2022
	Kshs	Kshs
Kenya Commercial Bank [A/C No.....]	-	-
Co-Operative Bank of Kenya [A/C No.....]	-	-
Total	=	=

7. Imprests and Advances

Description	2022-2023	2021-2022
	Kshs	Kshs
Government Imprests	-	-
Salary advances	-	-
Total	-	-

Notes to the Financial Statements (Continued)

8. Payables - Deposits and Retention Monies

Description	2022-2023	2021-2022
	Kshs	Kshs
Retention	-	-
Deposits	-	-
Total	-	-

9. Fund Balance Brought Forward

Description	2022-2023	2021-2022
	Kshs	Kshs
Bank accounts	-	-
Cash in hand	-	-
Cash equivalents (short-term deposits)	-	-
Outstanding imprests and advances	-	-
Total	-	-

Eastern and Southern Africa Higher Education Centres of Excellence (ACEII) Project
Annual Report and Financial Statements for the financial year ended June 30, 2023

13. Other Important Disclosures

1. External Assistance

	2022-2023	2021-2022
Description	Kshs	Kshs
External assistance received as loans	106,435,858	308,037,273
Total	106,435,858	308,037,273

a). External assistance relating loans and grants

	FY 2022/2023	FY 2021/2022
Description	Kshs	Kshs
External assistance received as loans	106,435,858	308,037,273
Total	106,435,858	308,037,273

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

b) Undrawn external assistance

	Purpose for which the undrawn external assistance may be used	FY 2022/2023	FY 2021/2022
Description		Kshs	Kshs
Undrawn external assistance - loans	To strengthen selected Eastern & Southern Africa Higher Education Institutions to deliver quality post graduate education	238,612,228	345,048,186
Total		238,612,228	345,048,186

c) Classes of providers of external assistance

	FY 2022/2023	FY 2021/2022
Description	Kshs	Kshs
International assistance organization	106,435,858	308,037,273
Total	106,435,858	308,037,273

(Provide details of the reasons for external assistance e.g. Economic development or welfare objective, Emergency relief, Trading activities etc.)

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

d) Purpose and use of external assistance

Payments made by third parties	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Transfers to other Government entities	106,435,858	308,037,273
Total	106,435,858	308,037,273

*Eastern and Southern Africa Higher Education Centres of Excellence (ACEID) Project
Annual Report and Financial Statements for the financial year ended June 30, 2023*

14. Annexes

Annex 1: Prior Year Auditor-General's Recommendations

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
349.	Budgetary Control and Performance	The underutilization of the budget was occasioned by delay in release of the verifier's report on attainment of direct linked result as stipulated in the financing agreement. During the year under review, the three centres of excellence attained direct linked result 2.2 and 2.6 by which the independent verifier's report was released on 28th June 2022 and it was not possible to process and seek for funding to utilize during the financial year given that the financial year was ending on 30th June 2022	Awaiting PAC	
350.	Failure to Open and Maintain a Separate Project Bank Account	The State Department did not open and maintain a separate project bank account for the project since the financing agreement between the Republic of Kenya and the International Development Association (IDA) states that, counterpart funds for the	Awaiting PAC	

*Eastern and Southern Africa Higher Education Centres of Excellence (ACEII) Project
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>project shall be deposited in the main State Department's development account at CBK and that availability of budget will be adequate confirmation of the deposit in the said development account</p>		
353.	<p>Unsupported Adjustments in the Financial Statements</p>	<p>The variance of Kshs 539,624 was an adjustment arising out of funds that were refunded back to the Project bank account from unutilized travel funds. The funds had initially been expensed but an adjustment was passed in order to correctly state the expenditure. The Project thus amended the financial records and submitted the updated ledger for domestic travel and subsistence amounting to Kshs 28,628,210 that is in agreement with the financial statements before the finalization of the audit.</p>	<p>Awaiting PAC</p>	

*Eastern and Southern Africa Higher Education Centres of Excellence (ACEID) Project
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
354.	Ineligible Expenditure	The various expenditures amounting to Kshs 27,553,123 under research expenditure contributed to specific Disbursement Linked Results (DLRs) that the Project is based on. The Project provided documentation, evidence and explanations demonstrating the relevance of the expenditures to the Project and also indicated the specific DLRs that the expenditures were contributing to	Awaiting PAC	
355.	Non-Compliance with the Public Finance Management Regulations, 2015 - Budgetary Control and Performance	The Project received Kshs 87,051,520 in the last quarter of the financial year. Due to the late receipt of the funds, the Project could not absorb the funds fully within the financial year. The Project also received externally mobilized funds from various donors that were remitted in the current year, hence contributing to the total funds of	Awaiting PAC	

*Eastern and Southern Africa Higher Education Centres of Excellence (ACEII) Project
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>Kshs 80,877,315 that was received above the budgeted amount.</p> <p>The Project, therefore, put in place plans to absorb the funds fully in FY 2022/2023.</p>		
356.	Delays in Project Implementation	<p>The University wishes to state that the Project is on schedule. The Project has received 65.8% of the total funds from the World Bank and has a 92% utilization of the funds received.</p>	Awaiting PAC	
360.	Budgetary Control and Performance	<p>The University Management has awarded the tender and the work has commenced. Other project activities have been consolidated with the remaining uncompleted Deliverable Linked Indicators (DLIs) in the current financial year 2022/2023. The strategies put in place will assist the project to have marked increase in</p>	Awaiting PAC	


*Eastern and Southern Africa Higher Education Centres of Excellence (ACEID) Project
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		funds absorption rates in FY 2022/2023 and to ensure that all the project objectives are achieved as required		
361.	Acquisition of Non-Financial Assets - Renewable Energy Equipment	The University Management through the upgrade of its ERP software has incorporated the observations of the auditors in the design of its assets management and purchases module to ensure the critical information in the acquisition of non-financial assets is captured such as the serial numbers both in the delivery notes and the assets register	Awaiting PAC	
362.	Imprests and Advances	All the outstanding imprests that were not accounted for in the year under review have now been fully accounted for in the financial year 2022/2023	Awaiting PAC	

Eastern and Southern Africa Higher Education Centres of Excellence (ACEII) Project
Annual Report and Financial Statements for the financial year ended June 30, 2023

Guidance Notes:

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

.....

Dr. Beatrice M. Inyangala
Principal Secretary

.....

Paul Mungai
Project Coordinator

Eastern and Southern Africa Higher Education Centres of Excellence (ACEII) Project
Annual Report and Financial Statements for the financial year ended June 30, 2023

Annex 2 - Variance explanations - Comparative Budget and Actual amounts for FY 2022-2023

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance (below 90% and over 100%)
	a	b	c=a-b	d=b/a %	
Receipts					
Transfer from Government entities	21,000,000	11,645,220	9,354,780	55.45%	There was no capital expenditure at the headquarters because the project is nearing its final phase
Proceeds from borrowings	250,000,000	106,435,858	143,564,142	42.57%	Verification process was still ongoing and therefore the request for disbursement from the independent verifier had not yet been received by the ministry
Total Receipts	271,000,000	118,081,078	152,918,922	43.57%	
Payments					
Purchase of goods and services	21,000,000	11,645,220	9,354,780	55.45%	There were no capital expenditure at the headquarters because the project is nearing its final phase
Transfers to other government entities	250,000,000	106,435,858	143,564,142	42.57%	Verification process was still ongoing and therefore the request for disbursement from the independent verifier had not yet been received by the ministry
Total payments	271,000,000	118,081,078	152,918,922	43.57%	

Eastern and Southern Africa Higher Education Centres of Excellence (ACEID) Project
Annual Report and Financial Statements for the financial year ended June 30, 2023

Annex 2: Reconciliation of inter-entity transfers

Project Name:		Eastern and Southern Africa Higher Education Centres of Excellence (ACEID) Project	
Break down of transfers from the State Department of University, Education and Research			
	Government Counterpart funding	Bank Statement Date	Amount (Kshs)
	Counterpart funding		11,645,220
	Total		11,645,220
			Indicate the FY to which the amounts relate FY2022/2023
B. Direct payments		Bank Statement Date	Amount (Kshs)
	Moi University		24,054,645
	Jaramogi Oginga Odinga		54,053,759.20
	Egerton University		28,327,453.80
	Total		106,435,858
			Indicate the FY to which the amounts relate FY2022/2023 FY2022/2023 FY2022/2023
C Others		Bank Statement Date	Amount (Kshs)
			-
	Total		-
			Indicate the FY to which the amounts relate
	Total (A+B+C)		118,081,078

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

Project Coordinator
Paul Mungai

Sign 

Head of Accounting Unit
State Department Higher Education and Research

Sign 

Eastern and Southern Africa Higher Education Centres of Excellence (ACEII) Project Reports and Financial Statements for the financial year ended June 30, 2023

Annex 3 – Summary of Fixed Assets Register

Asset class	Opening Cost (KShs) 2022/23	Donations in form of assets (KShs) 20xx/xx	*Purchases/ Additions in the Year (KShs) 2022/23	**Disposals in the Year (KShs) 20xx/xx	Transfers in/(out) Kshs 20xx/xx	Closing Cost (KShs) 2023
	(a)	(b)	(c)	(d)	(d)	(e)= (a)+ (b)+c - (d)+(- d)
Transport equipment	22,180,900	-	-	-	-	22,180,900
Office equipment, furniture and fittings	2,579,613	-	310,000	-	-	2,889,613
ICT Equipment,	1,405,420	-	2,995,920	-	-	4,401,340
Total	26,165,933	-	3,305,920	-	-	29,471,853


Eastern and Southern Africa Higher Education Centres of Excellence (ACEII) Project
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Annex 4: Analysis of Pending Bills

Supplier Goods Services	of or	Date Contracted/ invoiced.	Original Amount	Amount Paid To-Date	Outstanding Balance Current FY	Outstanding Balance Previous FY	Comments
			a	b	c=a-b		
Construction of buildings							
1.							
2.							
Sub-Total							
Construction of civil works							
3.							
4.							
Sub-Total							
Supply of goods							
5.		June 2023	2,995,920	-	2,995,920	-	Purchase of computers
6.							
Sub-Total							
Supply of services							
7.							
8.							
Sub-Total							
Grand Total							

Annex 5: Signed confirmations from beneficiaries in Transfers to Other Government Entities


a. Egerton University



EGERTON UNIVERSITY
CENTRE OF EXCELLENCE IN SUSTAINABLE
AGRICULTURE AND AGRIBUSINESS MANAGEMENT

P.O. Box 536 - 20125,
 Egerton Kenya

Email: cesaam@egerton.ac.ke
 Website: www.cesaam.egerton.ac.ke



Our Ref: EU/RE/ACE-II/CESAAM/03 DATE: 22nd September, 2023

The Principal Secretary,
 Ministry of Education,
 State Department for University Education
 Jogoo House B, Harare Avenue
 P. O. Box 30040-00100
 NAIROBI
 Email: es@education.go.ke
 ATT. ACE II Project Coordinator


Dear Sir,

RE: ACKNOWLEDGEMENT OF THE RECEIPT OF FUNDS

The Centre of Excellence in Sustainable Agriculture and Agribusiness Management (CESAAM) wish to acknowledge the receipt of funds to CESAAM project account as follows;

S/NO	DESCRIPTION	DATE	AMOUNT RECEIVED (KSHS)
1.	STATE DEPT UNIVERSITY EDUCATION /REC/00	22 nd April 2023	28,327,543.80
	TOTAL		28,327,543.80

We are most grateful for your continued support towards the realization of the ACE II Project. Yours faithfully,



Prof. George Owuor
 Centre Leader
 CESAAM

Eastern and Southern Africa Higher Education Centres of Excellence (ACEII) Project
Annual Report and Financial Statements for the financial year ended June 30, 2023

b. Moi University



MOI UNIVERSITY
OFFICE OF THE VICE CHANCELLOR

TEL: (020) 45620/0790/440568
0771 306011/0736 138790
Email: vc@moiu.ac.ke
vc@moiu.ac.ke

PO BOX 30600
Nairobi

MU/PTN/PS/G/VOL.7/(133)

4th August, 2023

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

Dear Madam,

RE: CONFIRMATION OF GRANTS AND CAPITATION

Your letter dated 26th July, 2023, Ref: MOEST/AC/GEN/09/VOL.XI (78) on the above-mentioned subject matter refers.

Attached herewith, please find our returns as confirmation of Recurrent and Development Funds received as grants during the Financial Year 2022/2023.

Thank you.

Yours faithfully,

PROF. ISAAC S. KOSGEY, Ph.D., MBS
VICE - CHANCELLOR

um.




ISO 9001:2015 Certified Institution

Eastern and Southern Africa Higher Education Centres of Excellence (ACEII) Project
Annual Report and Financial Statements for the financial year ended June 30, 2023

ENTITY NAME		MKM UNIVERSITY		
Break down of Transfers from the State Department Ministry of Education				
a.	Recurrent Grants	Bank Statement Date	Amount (Kshs.)	Indicate the FY to which the amounts relate
		Q1 - 03/03/2022	286,523,384	FY2022/2023
		Q2 - 09/03/2022	286,523,384	FY2022/2023
		Q3 - 09/30/2022	286,523,382	FY2022/2023
		Q4 - 11/11/2022	286,523,384	FY2022/2023
		Q2 - 09/12/2022	286,523,384	FY2022/2023
		Q2 - 30/12/2022	286,523,382	FY2022/2023
		Q3 - 03/02/2023	286,523,382	FY2022/2023
		Q3 - 17/03/2023	286,523,382	FY2022/2023
		Q3 - 14/04/2023	286,523,382	FY2022/2023
		Q4 - 05/05/2023	286,523,382	FY2022/2023
		Q4 - 09/06/2023	286,523,382	FY2022/2023
		Q4 - 27/06/2023	286,523,382	FY2022/2023
	Total Recurrent Grants		3,438,280,593	
b.	ACEDB Government Grants	Q4 - 28/04/2023	24,054,645	FY2022/2023
c.	Development Grants	Bank Statement Date	Amount (Kshs.)	Indicate the FY to which the amount relate
		Q1 - 30/09/2022	20,004,000	FY2022/2023
		Q4 - 04/07/2023	11,544,431	FY2022/2023
	Total Development Grants		31,544,431	
	Total Government Grants		3,493,879,668	

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



 Chief Finance Officer
 Moi University

c. Jaramogi Oginga Odinga University of Science and Technology

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

P.O. Box 210-40601 BOMBO
Tel: 057-2501804/ 2058060
Fax: 057-2523851

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

When replying please quote our ref:

Our Ref: JOUST/PAFF/IN/CA(6)/54
Your Ref: MOEST/AC/GEN/09/VOL.XI/(78)

Date: 01.08.2023

Dr. Beatrice Muganda Inyangala
The Principal Secretary
State Department for Higher Education and Research
P. O. Box 9583-00200
NAIROBI

Dear *B*

RE: CONFIRMATION OF GRANTS AND CAPITATION - FY 2022/2023

Reference is made to your letter Ref: MOEST/AC/GEN/09/VOL.XI/(78) dated 26th July 2023.

Enclosed, please find the breakdown of Capitation and Grants received from the State Department for Higher Education and Research in the FY 2022/2023, a soft copy of the same has been sent to acctssduter@gmail.com and psecretary@education.go.ke.

Yours sincerely

Prof. Joseph Bosire, Ph.D
AG. VICE CHANCELLOR

*Eastern and Southern Africa Higher Education Centres of Excellence (ACEII) Project
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ENTITY NAME:		JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY	
Breakdown of Transfers from the State Department for Higher Education and Research FY 2022/2023			
a. Recurrent Grants			
	Bank Statement Date	Amount (KShs)	FY
State Department for Higher Education and Research	04/08/2022	125,998,019	2022/2023
	09/09/2022	85,998,019	2022/2023
	09/10/2022	33,998,019	2022/2023
	10/11/2022	89,331,352	2022/2023
	09/12/2022	89,331,353	2022/2023
	30/12/2022	89,331,352	2022/2023
	04/02/2023	89,331,353	2022/2023
	17/03/2023	89,331,353	2022/2023
	15/04/2023	89,331,350	2022/2023
	05/05/2023	89,331,353	2022/2023
	09/06/2023	89,331,353	2022/2023
	27/06/2023	89,331,352	2022/2023
	Total		1,071,976,228
b. Development Grants			
	Bank Statement Date	Amount (KShs)	FY
State Department for Higher Education and Research	09/10/2022	50,000,000	2022/2023
	04/07/2023	28,861,307	2022/2023
	Total	78,861,307	
c. Donor Receipts			
World Bank	27/04/2023	54,053,759	2022/2023
Total		54,053,759	
Total (a+b+c)		1,204,891,294	

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

Chief Finance Officer
Jaramogi Oginga Odinga University
of Science and Technology

Head of Accounting Unit
Ministry of Education
State Department for Higher
Education and Research

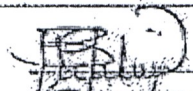
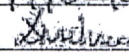
Sign: 
11/5/2023

Sign: _____

Annex 6. Special Deposit Account(s) reconciliation statement(s)

a) Bank statement

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SPECIAL ACCOUNT STATEMENT	
For period ending	30th JUNE, 2023
Account No.	1000331704
Depository Bank	CENTRAL BANK OF KENYA.
Address	CENTRAL BANK OF KENYA.
Related Loan	ESAHECE ACE II CR NO. 5798
Credit Agreement	
Currency	USD
Part A - Account Activity	
Beginning balance of 1st July, 2022 as per C.B.K. Ledger Account	51,589.83
Add:	
Total Amount deposited by World Bank	790,580.69
Total Interest earnings if deposited in account	
Total amount refunded to cover ineligible expenditure	
Deduct:	
Total amount withdrawn	790,580.54
Total service charges if not included above in amount withdrawn	
Ending balance on 30th June, 2023	61,589.98
AUTHORISED REPRESENTATIVE CENTRAL BANK OF KENYA	SIGNATURE: 
	DATE: 17-08-2023
AUTHORISED REPRESENTATIVE EXTERNAL RESOURCES DEPARTMENT-TREASURY	SIGNATURE: 
	DATE: 28-08-2023

NOTE: The ending balance as per Central Bank of Kenya Ledger Account and the off-shore Special Account as at 30th June, 2023 have been reconciled and a copy of the supporting Reconciliation Statement is attached.

Eastern and Southern Africa Higher Education Centres of Excellence (ACEII) Project
Annual Report and Financial Statements for the financial year ended June 30, 2023

b) Special Deposit Account Bank Reconciliation Statement

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**EASTERN AND SOUTHERN AFRICA HIGHER EDUCATION CENTRES OF EXCELLENCE - ACE II
 STATEMENT OF SPECIAL (DESIGNATED) ACCOUNT RECONCILIATION
 FOR THE YEAR ENDED 30 JUNE 2023**

Credit No.: IDA CREDIT NO. 57980-KE
 Bank/Account No.: 1000331704 held with CENTRAL BANK OF KENYA

	NOTES	AMOUNT USD	AMOUNT USD
1	Amount advanced by IDA		14,737,342.71
	Less:		
2	Total amount documented		14,737,342.71
3	Outstanding amount to be documented		-
	Represented by:		
4	Ending Special account Balance as at 30 June 2023		51,589.83
5	Amounts claimed but not credited as at 30 June 2023		-
6	Amounts withdrawn and not claimed		(51,589.83)
7	Service Charges (if not included in lines 5 and 6 above)		-
8	Interest earned (if included in Special Account)		-
9	Total advance to Special Account Year ended 30 June 2023		-

Discrepancy between total appearing on line 3 and 9

Notes:

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

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

[Signature]
 AUTHORISED REPRESENTATIVE
 RESOURCE MOBILISATION DEPARTMENT
 THE NATIONAL TREASURY

DATE: 28-05-2023

