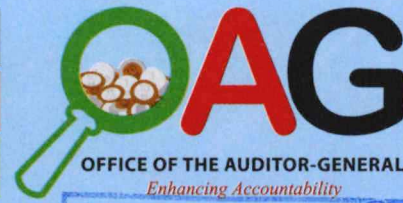


REPUBLIC OF KENYA



**REPORT**

**THE NATIONAL ASSEMBLY  
PAPERS LAID**

**DATE: 11 NOV 2025**

**DAY.**

**WEDNESDAY**

**OF**

**TABLED  
BY:**

**DEPUTY MAJORITY  
WHIP**

**CLERK-AT  
THE-TABLE:**

**FINLAY**

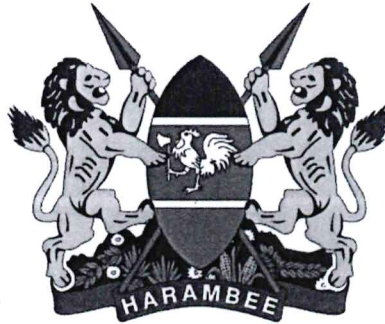
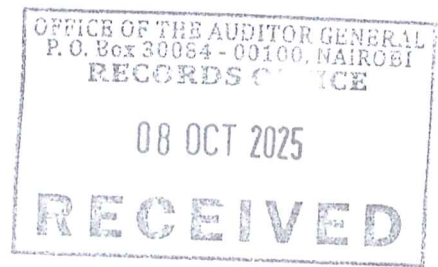
**PARLIAMENT  
OF KENYA  
LIBRARY**

**THE AUDITOR-GENERAL**

**ON**

**STATE DEPARTMENT FOR TECHNICAL,  
VOCATIONAL EDUCATION AND TRAINING**

**FOR THE YEAR ENDED  
30 JUNE, 2025**



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**STATE DEPARTMENT FOR TECHNICAL, VOCATIONAL EDUCATION AND  
TRAINING**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
30<sup>TH</sup> JUNE 2025**

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**Transitional IPSAS Financial Statements/Prepared in accordance with the Accrual Basis of  
Accounting Method Under International Public Sector Accounting Standards (IPSAS)**

<b>Table of Contents</b>	<b>Page</b>
1. Acronyms and Definition of Key Terms.....	ii
2. Key MDA Information and Management.....	iv
3. Profile of Cabinet Secretary.....	xv
4. Profiles of Accounting Officer and Key Management.....	xvi
5. Statement by the Cabinet Secretary.....	xx
6. Statement by the Accounting Officer.....	xxiii
7. Statement of Performance Against Predetermined Objectives for FY 2024/2025.....	xxvii
8. Governance Statement.....	xxxvi
9. Management Discussion and Analysis.....	xl
10. Environmental and Sustainability Reporting.....	xliv
11. Statement of Management Responsibilities.....	li
12. Report of the Independent Auditor for the State Department for Technical, Vocational Education and Training.....	liii
13. Statement of Financial Performance for the year ended 30 June 2025.....	1
14. Statement of Financial Position as at 30 June 2025.....	2
15. Statement of Changes in Net Assets for the year ended 30 June 2025.....	3
16. Statement of Cash Flows for the year ended 30 June 2025.....	4
17. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2025.....	5
18. Notes to the Financial Statements.....	9
19. Appendix.....	38

**1. Acronyms and Definition of Key Terms**

**A: Acronyms and Abbreviations**

AAPAM	African Association of Public Administration
AfDB	African Development Bank
AHP	Affordable Housing Project
AIA	Appropriation in Aid
AIE	Authority to Incur Expenditure
ASAL	Arid and Semi-Arid Land
AVETRA	Australian Vocational Education Training and Research Association
BeTA	Bottom-Up Economic Transformation Agenda
CBET	Competency Based Education and Training
CBK	Central Bank of Kenya
CDACC	Curriculum Development, Assessment and Certification Council
CFO	Chief Finance Officer
CICAN	Colleges and Institutes Canada
CoG	Council of Governors
CPD	Continuous Professional Development
DPA	Diaspora Placement Agencies
DTE	Directorate of Technical Education
EASTRIP	East Africa Skills for Transformation and Regional Integration Project
ESAMI	Eastern and Southern African Management Institute
FY	Financial Year
GLMS	Global Labour Market Strategy
HAU	Head of Accounting Unit
HELB	Higher Education Loans Board
HRM&D	Human Resource Management and Development
HRMAC	Human Resource Management Advisory Committee
IBEC	Intergovernmental Budget Economics Council
ICPAK	Institute of Certified Public Accountants of Kenya
ICT	Information and Communication Technology
IFMIS	Integrated Financial Management Information System
IGRTC	Intergovernmental Relations Technical Committee
IPSAS	International Public Sector Accounting Standards

ISTs	Institutes of Science and Technology
ITs	Institutes of Technology
KNLRD	Kenya National Learners Records Database
KNQA	Kenya National Qualifications Authority
KSG	Kenya School of Government
KSTVET	Kenya School of TVET
LAN	Local Area Network
MTI	Means Testing Instrument
NEET	Not in Education Employment and Training
NP	National Polytechnic
OAG	Office of the Auditor General
OCOB	Office of the Controller of Budget
OSHA	Occupational Safety and Health Act
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
PSC	Public Service Commission
RPL	Recognition of Prior Learning
SPAS	Staff Performance Appraisal System
STEM	Science, Technology, Engineering and Mathematics
TTI	Technical Training Institute
TVC	Technical and Vocational College
TVET	Technical, Vocational Education and Training
TVETA	Technical and Vocational Education and Training Authority
VTC	Vocational Training Centre
WAN	Wide Area Network

## **B: Definition of Key Terms**

**Fiduciary Management** - Members of Management directly entrusted with the responsibility of financial resources of the organisation.

## **2. Key MDA Information and Management**

### **(a) Background information**

The State Department for Technical, Vocational Education and Training derives its functions from the Executive Order No.1 of 2025 which reorganized the Government of the Republic of Kenya. The Cabinet Secretary for the Ministry of Education oversees the department, guiding its general policy and strategic direction.

The core functions of the State Department for Technical, Vocational Education and Training as per the Executive Order No.1 of 2025 are as follows:

- i. Development and management of Technical, Vocational Education policy;
- ii. Management of Technical Vocational Education Training;
- iii. Management of Institutes of Science and Technology;
- iv. Management of National Polytechnics;
- v. Registration of TVET Institutions;
- vi. Management of Vocational Educational Training Institutions (TVETs);
- vii. Management of Technical Training Institutes;
- viii. Development of Policy and Standards for Youth Polytechnics and Vocational Training;
- ix. Management of Apprenticeships and Training of Technical and Vocational Training;  
and
- x. Oversee the implementation of the recommendations of the Presidential Working Party on Education Reform, in regard to technical and vocational training.

### **(b) Mandate**

The Mandate of Technical, Vocational Education and Training (TVET) as espoused in TVET Act No. 29 of 2013, is to provide middle-level skilled manpower to support socio-economic development and ensure the country has an adequate talent pool in priority sectors to fully participate in the global economy. TVET develops skills by employing a range of learning experiences which include: institutional-based training, industry training, apprenticeships and Recognition of Prior Learning (RPL). The focus of TVET in Kenya is to provide a skilled workforce while ensuring access, equity, quality and relevance in training. TVET aims at stimulating entrepreneurial culture, creating investments, contributing to the improved productivity, competitiveness and prosperity of individuals, enterprises and the nation. TVET

targets secondary school leavers, Not in Education Employment and Training (NEET) and industry practitioners.

The Vision for the State Department is “a high-quality TVET for global competitiveness” while the Mission is “to provide, promote and coordinate the training sector by assuring quality, inclusiveness and relevance for the enhancement of the national economy and global competitiveness.”

The operational environment for the State Department for Technical, Vocational Education and Training is governed by a desired set of core values, which constitute the desired organizational culture. The core values include:

- i. Equity- Demonstrates fairness and justice in provision of services.
- ii. Inclusivity- Provides equal access to opportunities and resources for all trainees and staff including the vulnerable.
- iii. Efficiency- Strives to achieve the highest value of benefit in the utilization of financial and human resources.
- iv. Transparency- Strives to promote openness and honesty in executing its mandate.
- v. Accountability- Responsible for the outcomes of the policies, programs and activities by ensuring transparency, responsibility, and ethical conduct.
- vi. Professionalism- Committed to ensure that its employees maintain high ethical standards and adhere to established procedures thereby promoting trust and credibility in service delivery
- vii. Teamwork- Strives to achieve a culture of collaboration and cooperation among its employees and stakeholders, thereby achieving better outcomes.
- viii. Equality- Upholds integrity and treat internal and external customers, with impartiality and without discrimination.
- ix. Courtesy- Committed to treating all individuals with respect and politeness, fostering a welcoming and harmonious environment.

**(c) Key Management**

The State Department for Technical, Vocational Education and Training day-to-day management is under the following key organs:

**Directorate of Technical Education:** The directorate has the overall mandate on matters of Technical Training in the Country. This includes; Enhancing access, equity, quality and relevance at all levels of technical training, improving the quality of technical training and promotion of linkages and collaborations between industry and TVET institutions and promotion of innovativeness and research in TVET Institutions. The TVET sector in Kenya currently includes 24 National Polytechnics, one (1) Kenya School of TVET, one hundred and ninety-nine (199) Technical and Vocational Colleges (TVCs) – Comprising of TTIs, ITs and ISTs and four (4) Special TTIs catering for hearing and visually impaired trainees.

**Directorate of Vocational Education and Training:** The Directorate is mandated to formulate policy, capacity build and give technical assistance to the counties on curriculum implementation, good governance for VTC, ensure ICT integration and create linkages and partnerships that will improve the quality of vocational training in the country. The Constitution 2010, in schedule four (4) devolves Village polytechnics with clear roles for each level of government. The linkages, collaborations and consultations between the two levels of government are made possible through, the Council of Governors (CoG), the intergovernmental relations technical committee (IGRTC) and the Intergovernmental Budget Economics Council (IBEC).

**General Administration, Planning and Support Services Department:** The State department has other support services/units, which offer support services to the technical directorates. These are: Administration, Human Resource Management and Development, Accounts, Finance, Central Planning and Project Monitoring Unit, Information and Communication Technology, Legal, Public Communication, Internal Audit and Supply Chain Management Unit.

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2025 and who had direct fiduciary responsibility were:

<b>No.</b>	<b>Designation</b>	<b>Name</b>
1.	Cabinet Secretary	Hon. Julius Migos Ogamba
2.	Principal Secretary	Dr. Esther Thaara Muoria, PhD, CBS
3.	Secretary, Administration	Ms. Joyce Mwale
4.	Ag. Secretary, TVET	Mr. Joseph Njau
5.	Director, Planning	Ms. Priscilla Mungai
6.	Senior Deputy Accountant General	Mr. Benson M. Kinyua
7.	Senior Chief Finance Officer	Ms. Risper Makasi
8.	Director HRM&D	Dr. Elicanah Mosiori
9.	Deputy Director Supply Chain Management	Mr. Evans Nyakundi

**(e) Fiduciary Oversight Arrangements**

The fiduciary oversight arrangements are essential for ensuring accountability and transparency within the financial management of the State Department. Two key committees play pivotal roles in this process: The Ministerial Audit Committee and the Public Finance Management Standing Committee.

**a) Audit Committee**

The Ministerial Audit Committee is tasked with supporting Accounting Officers in managing risks, controls, and governance within the department. It plays a critical role in following up on the recommendations of both internal and external auditors, thereby ensuring that issues identified are addressed promptly. This committee serves as a bridge between management and oversight, fostering transparency and accountability in financial processes.

Key Functions:

- Provide guidance on risk management and governance.
- Monitor the implementation of audit recommendations.
- Obtain assurance from management that all financial and non-financial internal control and risk management functions are operating effectively and reliably

- Provide an independent review of an entity reporting functions to ensure the integrity of financial reports
- Provide strong and effective oversight of an entity internal audit function
- Ensure the entity effectively monitors compliance with legislative and regulatory requirements

**b) Public Finance Management Standing Committee**

The Public Finance Management Standing Committee focuses on the strategic oversight of financial resources allocated to the State Department

The roles of this committee include:

- Ensuring that resources allocated to the State Department are used effectively to achieve its mission, strategy, goals, and objectives.:
- Regularly reviewing and monitoring budget implementation, advising on major capital expenditures, and assessing performance and strategies on a quarterly basis.
- Identifying risks and implementing measures to manage them, as well as anticipating changes that may impact the State Department.
- Reviewing the adequacy and integrity of internal controls, acquisition and divestiture processes, and management information systems to ensure compliance with laws, regulations, and guidelines.
- Establishing and implementing a system for providing necessary information to stakeholders, including developing a stakeholder communication policy in accordance with Article 35 of the Constitution.
- Monitoring the effectiveness of corporate governance practices within the State Department and proposing revisions as needed. Audit issue resolution
- Addressing any other matters referred to the committee by the Cabinet Secretary and Principal Secretary.
- Ensuring 100% compliance with the Public Finance Management Act 2012 and its regulations of 2015 and striving to achieve a zero-fault audit status for the State Department .

The Public Finance Management Standing Committee is composed of the following members

<b>S/No</b>	<b>Member</b>	<b>Position</b>
1.	Dr. Esther Thaara Muoria, PhD, CBS	Chairperson
2.	Priscillah Mungai	Member
3.	John Tuwei	Member
4.	Archer Arina	Member
5.	David Maina	Member
6.	Elicanah Mosiori, PhD	Member
7.	Joyce Mwale	Member
8.	Joseph Njau, PhD	Member
9.	Evans Nyakundi	Member
10.	Benson M Kinyua	Joint Secretary
11.	Risper Makasi	Joint Secretary

**c) Senior Management Committees**

The Senior Management Committee, Human Resource Management and Advisory Committee (HRMAC), and Grants Disbursement Committee play crucial roles in ensuring effective governance, policy implementation, and resource allocation within the State Department. Each committee is composed of experienced members who contribute their expertise to support the department's objectives.

**i) Senior Management Committee**

The Senior Management Committee serves as a strategic decision-making body within the State Department. Comprised of senior leaders across various divisions, this committee is responsible for providing essential updates, implementing policies, and addressing welfare concerns of officers. By fostering communication and collaboration among departments, the committee ensures that the department operates cohesively and effectively toward its goals

The roles of the committee include;

- Providing updates from departments and sections.
- Implementing policies and activities in their respective sections.
- Reporting on officers' welfare in their sections.
- Acting as liaison for their sections in the state department.

The Senior Management Committees is composed of the following members

<b>S/No</b>	<b>Name</b>	<b>Designation</b>
1.	Dr. Esther Thaara Muoria, PhD, CBS	Principal Secretary
2.	Joyce M. Mwale	Secretary, Administration
3.	Dr. Joseph Njau, PhD	Ag. Secretary TVET
4.	Risper Makasi	Senior Chief Finance Officer
5.	Evans Nyakundi	Deputy Director Supply Chain Management
6.	Micheal Gitau	Senior Deputy Internal Auditor General
7.	Dr. Damaris Ogama, PhD	Chief State Counsel
8.	Clement Odeka	Director ICT
9.	Priscilla Mungai	Director Planning
10.	Dr. Elicana Mosiori, PhD	Director HRM&D
11.	Benson Mureithi	Senior Deputy Accountant General/HAU
12.	Justus Anzaya	Information officer 1/Head Public Communication
13.	Dr. Meshack Opwora, PhD	Director, Vocational and Technical Education
14.	Eng. Mwaa Mutinda	Director, Vocational and Technical Education
15.	Irene W. Kamau	Director, Vocational and Technical Education
16.	Mengeech Rono	Director, Vocational and Technical Education
17.	Dr. Benard Isalambo, PhD	Director, Vocational and Technical Education
18.	Ruth Mounde	Director, Vocational and Technical Education
19.	Stella Oimbo	Under Secretary
20.	Joan Omuruli	Director, Vocational and Technical Education
21.	Dr. Lawrence Guantai, PhD	Director, Vocational and Technical Education
22.	David Maina	Director, Vocational and Technical Education
23.	John K. Tuwei	Director, Vocational and Technical Education
24.	Anne Kamonjo	Director, Vocational and Technical Education

**ii) Human Resource Management and Advisory Committee**

The Human Resource Management and Advisory Committee (HRMAC) is a vital body within the State Department that oversees all aspects of human resource management. This committee is responsible for ensuring that the department attracts, develops, and retains a skilled workforce aligned with its goals and values. By focusing on the recruitment, training, and welfare of staff, HRMAC plays a crucial role in fostering a positive work environment and promoting public service principles.

Major roles of the committee include;

- Recruitment, selection and appointment
- Confirmation in appointment and Promotions
- Training and Development including induction of all new staff
- Training and impact assessment
- Management of skills audit and inventory
- Payroll management
- Deployments
- Promotion and implementation of values and principles of public service and ensuring compliance
- Administration of biennial and final declaration income, assets and liabilities and public officers code of conduct and Ethics for officers CSG 8 and below
- Conduct and report on investigations
- Recommendations retirement
- Recommendation for engagement of interns, re-designations
- Disciplinary control

Membership to the committee encompasses;

<b>S/No.</b>	<b>Name</b>	<b>Position</b>
1.	Ms. Joyce Mwale	Chairperson
2.	Mr. Joseph Njau	Member
3.	Mr. Benson Mureithi	Member
4.	Eng. Mwaa Mutinda	Member
5.	Dr. Meshack Opwora, PhD	Member
6.	Dr. Glory Mutungi, PhD	Member
7.	Dr. Damaris Ogama, PhD	Member
8.	Ms. Stella Oimbo	Alternate Chairperson
9.	Mr. John Tuwei	Member
10.	Ms. Risper Makasi	Member
11.	Mr. Evans Nyakundi	Member
12.	Ms. Priscilla Mungai	Member
13.	Dr. Elicanah Mosiori, PhD	Secretary

### **iii) Grants Disbursement Committee**

The Grants Disbursement Committee is tasked with managing the allocation and disbursement of funds related to scholarships, capitations, and grants. This committee ensures that financial resources are distributed fairly and efficiently, based on reliable data. By overseeing the implementation of funding models, the committee plays a crucial role in supporting educational initiatives and enhancing access to financial aid for students in the sector.

Roles of the committee

- Deliberate on Scholarship data, Means Testing Instrument (MTI) Results received from HELB and release funds.
- Ensure smooth implementation of the New Funding Model, from loan, bursaries and Scholarships online applications, awards and disbursements of funds.
- Apportioning of Capitation based on reliable data and release of the funds in a timely manner.
- Apportioning of Recurrent Grants based on reliable data and release of the funds in a timely manner.
- Apportioning of Recurrent Grants to all new TVCs with Scholarship plus validated Capitation enrolment of less than 500 trainees.

The Grants Disbursement Committee is composed of the following members;

<b>S/No.</b>	<b>Name</b>	<b>Position</b>
1.	Ms. Joyce Mwale	Chairperson
2.	Ms. Risper Makasi	Member
3.	Ms. Priscilla Mungai	Member
4.	Mr. Benson Mureithi	Member
5.	Mr. David Maina	Member
6.	Mr. Michael Gitau	Member
7.	Mr. Emilio Ileri	Member
8.	Ms. Priscilla Wanyiri	Secretary

**(f) State Department for Technical, Vocational Education and Training Headquarters**

P.O. Box 9583-00200

Jogoo House “B”, 8th floor

Harambee Avenue

**NAIROBI, KENYA**

**(g) State Department for Technical, Vocational Education and Training Contacts**

Telephone: (254) 020 3318581

E-mail: [pstvet@education.go.ke](mailto:pstvet@education.go.ke)

Website: [www.education.go.ke](http://www.education.go.ke)

**(h) State Department for Technical, Vocational Education and Training Bankers**

1. Central Bank of Kenya

Haile Selassie Avenue

P.O. Box 60000

City Square 00200

**Nairobi, Kenya**

2. National Bank

National Bank Building,

2nd Floor, Harambee Avenue

P. O. Box 72866 - 00200

**Nairobi, Kenya**

3. Kenya Commercial Bank  
Kencom House,  
8th Floor, Moi Avenue.  
P. O. Box 48400 - 00100,  
**Nairobi, Kenya**

**(i) Independent Auditors**

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

**(j) Principal Legal Adviser**

The Attorney General  
State Law Office and Department of Justice  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya

### 3. Profile of Cabinet Secretary



Julius Migos Ogamba, EBS

#### **Cabinet Secretary**

Mr Julius Migos Ogamba is a seasoned, visionary and accomplished advocate with about 30 years of experience in legal practice. He is a driven, detail-oriented Senior Advocate, with a proven track record of leading teams, forging long-lasting client relationships and influencing organisational productivity by ensuring compliance with legal and regulatory requirements.

Leveraging analytical, problem-solving and negotiation skills, he has built a reputation for providing quality, accurate and relevant legal advice, having developed a large portfolio of corporate clients across banking and financial industries, manufacturing, oil, gas, natural energy and real estate sectors as well as Government Agencies. Mr Ogamba is a transformative leader with the capacity to build cultures of excellence and foster efficiency by supporting cross-functional team initiatives and motivating them to promote high-performance levels.

He holds a Bachelor of Laws (LLB) from the University of Nairobi, a Diploma in Law from the Institute of Advanced Legal Studies, University of London and a Post Graduate Diploma in Law from Kenya School of Law. He is a Commissioner for Oaths and Notary Public, a member of the Law Society of Kenya and a Certified Public Secretary.

#### **4. Profiles of Accounting Officer and Key Management.**

##### **Accounting Officer and Key Management**



**Dr. Esther Thaara Muoria, PhD, CBS  
Principal Secretary**

Dr. Esther Thaara Muoria is a seasoned manager with a wealth of experience in academia and community service. She holds a PhD in Human Resource Management from Jomo Kenyatta University of Agriculture and Technology (JKUAT), a Master of Arts in Gender and Development from the University of Nairobi (UoN), and a Bachelor of Arts in Sociology from UoN.

Before her appointment as Principal Secretary in the Ministry of Education, Dr. Muoria served as the Registrar of Academic Affairs at JKUAT. She was a founding member of the JKUAT Student Support Fund, which aims to assist underprivileged students, demonstrating her expertise in resource mobilization.

Dr. Muoria has held various positions at JKUAT, including Deputy Registrar (Senate Secretariat and Outreach) from January 2010 to June 2015, and Senior Assistant Registrar from 2008 to 2010. She began her career at JKUAT as an Assistant Registrar (2005-2008) and spent sixteen years as a Probation Officer in Kiambu County (1989-2005).

Her considerable management experience extends to policy formulation, examination guidelines, and frameworks in the education sector. She has provided advisory support to the university senate committee and has been actively involved in strategic planning and the implementation of academic programs. Additionally, she has played a key role in promoting student safety through her work on the security committee.

As a researcher, Dr. Muoria has engaged in numerous local collaborative projects that enhance social well-being, focusing on themes such as women and leadership, community involvement in public security, and interdisciplinary research on governance and economic performance. She has established significant institutional linkages and has contributed to community service initiatives.

Dr. Muoria founded the JKUAT Student Support Fund to assist underprivileged students, particularly those from ASAL regions and those living with disabilities. She has also spearheaded initiatives for clean water provision and government security in Kahawa Sukari and served on the Board of Management at Kyeni Girls High School in Embu County.

Her contributions have been recognized with several awards, including the Association of Universities and Colleges of Canada Award and the Women Needs Interventions Award from ACK St. Peters Kahawa Sukari Church. Dr. Muoria is an active member of various professional bodies, continuing to make a significant impact in both education and community service.



Ms. Joyce Mwale

**Secretary Administration**

Ms. Joyce Mwale has an Executive Masters in Business Administration from ESAMI and a Bachelor of Arts from Kenyatta University. She is currently the Director of Administration in the State Department. With 27 years of experience in government, she has held significant roles in various ministries and boards, including the National Industrial Training Authority and the National Employment Authority. Her expertise spans administration, leadership, and human resources, and she is a member of the African Association of Public Administration (AAPAM).



Mr. Joseph Njau, PhD

**Ag. Secretary TVET**

Mr. Joseph Njau is currently the Ag. Secretary Technical Vocational Education and Training. He is a seasoned Education and Training Officer with extensive experience in the education management sector, Project Management, Policy Formulation, Implementation and Evaluation. He possesses a proven track record in Research, Teaching, Leadership, Program Management, and Project Management. Mr. Njau holds a Master's Degree in Project Planning and Management from the University of Nairobi, Bachelor's degree in Agricultural Engineering from Egerton University and a Diploma in Technical Education from KTTC currently known as Kenya School of TVET, underscoring his deep expertise and commitment to advancing educational initiatives. His robust background in community and social services further enhances his ability to drive impactful projects and foster meaningful community engagement. Mr. Njau is also a member of the institute of Engineering Technologists of Kenya, a board member of the Kenya National Qualifications Authority as the Principal Secretary's Alternate and was a board member of Meru National Polytechnic and Rift Valley Institute of Science and Technology from 2021 to 2023. He has held several positions within the State Department for TVET including; Director Industry Liaison and Dual Training from 2023- 2024, Ag. Chief Executive Officer TVET CDACC in 2023 and the project manager for all Development Partner Projects and GoK Projects from 2013 – 2015. Mr. Njau has worked in TVET sector for 30 years and has actively participated in the development and implementation of various reforms in the sector that have led to transformation of TVET in Kenya.



Dr. Elcanah Mosiori, PhD

**Director Human Resource Management and Development**

Dr. Elcanah Mosiori is the Director of Human Resource Management & Development, bringing a wealth of experience from his tenure with the Ministry of Tourism and Wildlife. As an accomplished Human Resources professional, he leverages his extensive expertise to lead and innovate within the field. Dr. Mosiori is a PhD holder in Educational Management, Administration and Leadership, equipping him with a strong foundation in strategic HR practices and organizational development. His background reflects a deep commitment to enhancing human resource capabilities and fostering a dynamic, effective workforce.



Ms. Priscilla Mungai,  
**Director, Planning**

Priscilla Mungai is an economist working at the State Department for Technical Vocational Education and Training at the Ministry of Education (Republic of Kenya). She holds the position of Director in charge of the Planning Directorate.

She joined the State Department for TVET in April 2024.

She has previously worked at the National Treasury and Economic Planning as Director Planning. Prior to her appointment at the National Treasury and Economic Planning. She worked at the County Government of Kajiado, while there, she coordinated the county Budget and Economic Planning processes for a period of 11 years. Additionally, she has worked at the Ministry of Planning National Development for 5 years as a development planner at the devolved level of government. Ms. Mungai holds a MA. in Economic Policy Management (Makerere University), BA. Economics (University of Nairobi), and other professional certifications in Public Policy Management, Monitoring & Evaluation, Strategic Planning, Data Analysis and Management. She has gained a vast experience in different areas that include: public sector policy and finance; development planning; project planning and management and Monitoring and Evaluation.



Mr. Benson M. Kinyua  
**Senior Deputy Accountant General**

CPA Benson Mureithi Kinyua is currently serving as the Senior Deputy Accountant General at the Ministry of Education, specifically within the State Department for Technical, Vocational Education and Training. Born in 1979, he has accumulated a wealth of qualifications and experience in the field of finance and accounting.

Education-wise, he holds a Master of Science in Commerce with a specialization in finance and accounting, along with a Bachelor of Commerce degree focusing on accounting. His professional certifications include being a Certified Public Accountant of Kenya (CPA(K)) and a Certified Public Secretary (CPS). He is an esteemed member in good standing of the Institute of Certified Public Accountants of Kenya (ICPAK).

In terms of experience, CPA Benson Mureithi Kinyua boasts over 20 years in the accounting profession within the public sector. Prior to his current role, he has held various positions of responsibility across different ministries, contributing significantly to public financial management and governance.

His career trajectory underscores a deep commitment to financial excellence and public service, making him a seasoned professional in the realm of governmental finance and accounting in Kenya.



Ms. Risper Makasi  
**Senior Chief Finance Officer**

CPA. Risper A. Makasi is a holder of Masters in Business Administration, from the University of Nairobi, Bachelors of Commerce Degree (Finance) from Catholic University of East Africa, a CPA (K) and ICPAK member.

She has 27years experience in Finance and Audit fields in the Public Service.

**5. Statement by the Cabinet Secretary**



I am honored to present the progress made by the State Department for Technical and Vocational Education and Training (TVET) during the 2024/25 Financial Year. This period marked a significant phase in advancing Kenya's skills development agenda, with achievements that reflect our dedication to transforming the TVET sector and empowering youth for national development.

The Government of Kenya continues to prioritize TVET as a critical component of our national development agenda, particularly in the context of Vision 2030 and the Bottom-Up Economic Transformation Agenda (BeTA). Our goal is to ensure that TVET programs are aligned with industry needs, providing our youth with the skills they need to succeed in a rapidly changing job market.

The Ministry has prioritized expansion of access to TVET programs to ensure that all Kenyans have the opportunity to acquire valuable technical skills. We have also implemented curriculum reforms designed to align training with the current and future needs of various industries, incorporating technology, entrepreneurship, and sustainability into our programs.

The Ministry is developing a number of policies documents to ensure seamless operations within the State department. These policies include: TVET Competency Based Education and Training Policy, Continuous Professional Development policy, TVET Industry Linkage Strategy, communication and rebranding strategy for TVET institution, Competence Based Education and Training policy and Vocational Education Training Policy.

The Ministry has embraced Competency-Based Education and Training (CBET). This is an approach that focuses on trainees acquiring specific skills and competencies, allowing them to progress at their own pace based on demonstrated mastery. Implementation of CBET involves designing curricula aligned with industry needs, implementing practical assessments, collaborating with employers, and adopting a learner-centered approach that prepares trainees for the workforce by emphasizing practical, job-relevant skills.

The modularization of CBET curriculum is aimed at enhancing flexibility, industry relevance, and skill mastery by breaking the curriculum into manageable, competency-focused units. This approach allows trainees to progress at their own pace, aligns training with industry needs, and ensures clear demonstration of competencies before advancement. Modularization also supports practical, work-based learning, enables easy updates to reflect evolving demands, and offers diverse pathways for specialization or entrepreneurship, ultimately creating a dynamic, trainee-centered system that bridges education and workforce requirements.

Strengthening partnerships with industries, both local and international, has been another crucial element of our policy. These partnerships provide opportunities for training collaboratively with the industries, attachments, apprenticeships, internships, and job placements for TVET graduates, ensuring that they are well-prepared for the workforce. Additionally, we have continued to invest in the development of modern infrastructure and the provision of up-to-date equipment in TVET institutions, which is essential for delivering high-quality training.

To ensure that each county has a National Polytechnic, the Ministry elevated five (5) TVET institutions to National Polytechnic status. This will expand their capacity and ensure they are registered as Qualifications Awarding Institutions (QAIs).

The Ministry has developed a draft sessional paper that shall operationalize the Presidential working party report. The review and repealing of several acts within the sectors is ongoing as recommended by the Presidential working party report.

With the dual TVET policy approved by the cabinet, the ministry has partnered with the line ministries, Jua Kali clusters and contractors for the government projects such as affordable housing and construction of markets, in an effort to make dual training a success and sustainable.

*State Department for Technical, Vocational Education and Training  
Annual Report and Financial Statements for the year ended 30th June 2025*

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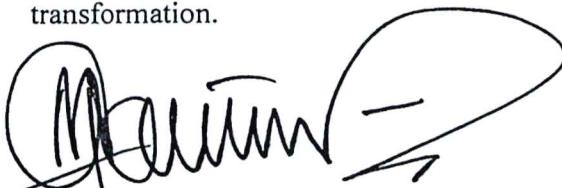
Labor migration offers TVET graduates the opportunity to access better employment prospects, improve their skills and knowledge, experience different cultures, support their families financially, and contribute to the development of both their home and host countries. Despite these achievements, we continue to face several challenges. Funding constraints have been a significant obstacle, limiting our ability to fully implement some programs, particularly in expanding infrastructure and ensuring the sustainability of equipment maintenance.

As we look to the future, the Ministry of Education, through the State Department for TVET, will focus on several key areas. First, we will continue to advocate for increased budgetary allocation to TVET to support infrastructure development, equipment procurement, and the implementation of key programs.

Strengthening our industry linkages will be another priority, as we work to ensure that industries are more deeply engaged in our programs, from curriculum design to providing training opportunities for students. Additionally, we will prioritize the continuous professional development of TVET trainers to ensure they are well-equipped to deliver competency-based education effectively.

The Ministry of Education remains fully committed to transforming the TVET sector in Kenya. By addressing the challenges, we face and building on our achievements, we believe we can create a TVET system that meets the needs of our economy and empowers our youth with the skills they need to succeed in an increasingly globalized world.

In closing, I wish to thank all our stakeholders, partners, institutions, trainers, and trainees whose dedication has made these achievements possible. Together, we continue to lay the foundation for a skilled, productive, and empowered workforce that will drive Kenya's socio-economic transformation.



**Julius Migos Ogamba, EBS**

**Cabinet Secretary**

**Ministry of Education**

## **6. Statement by the Accounting Officer**



The State Department for TVET has achieved a remarkable 16.8% surge in trainee enrollment, with numbers rising from 484,313 to 565,842. This impressive growth underscores the increasing recognition of TVET as a viable pathway to employability and entrepreneurship. The expansion reflects strategic government interventions, including enhanced funding, infrastructure development, and public awareness campaigns, ensuring more Kenyan youth access quality technical training.

A landmark achievement in Kenya's skills development agenda, the Cabinet's approval of the National Dual Training Policy in January 2025 marks a transformative shift in TVET delivery. This policy integrates classroom instruction with structured workplace training, fostering stronger industry-academia collaboration. By aligning training with labor market needs, the policy enhances employability, reduces skills gaps, and boosts productivity across key economic sectors.

To ensure TVET programs meet global standards and employer expectations, the State Department conducted a comprehensive evaluation of 440 Competency-Based Education and Training (CBET) curricula. This initiative guarantees that training remains demand-driven, equipping graduates with cutting-edge technical and soft skills required in today's dynamic job market. The review process also incorporated emerging fields such as renewable energy, artificial intelligence, and advanced manufacturing.

The State Department successfully organized the WorldSkills Kenya National Competition, a platform where young artisans and technicians demonstrated excellence in various trades. Selected winners represented Kenya at the WorldSkills International Competition in Lyon, France, competing against the world's best. Participation in such prestigious events elevates Kenya's profile in global skills development while motivating trainees to strive for excellence.

In line with global sustainability goals, the State Department has intensified the implementation of environmentally sustainable programs in TVET institutions. Collaborations with GIZ, EASTRIP and other partners have introduced green energy courses, eco-friendly workshops, and resource-

efficient training models. These initiatives prepare trainees for careers in the green economy while promoting environmental stewardship.

Recognizing the need for adaptable training models, the department has modularized approved CBET curricula, breaking them into manageable, skill-specific units. This learner-centered approach allows trainees to progress at their own pace, acquire certifications incrementally, and re-enter training with ease—boosting accessibility and completion rates. This initiative will enhance learning flexibility.

The handover of the Mathare Technical and Vocational College (TVC) site signifies a major step toward increasing TVET access in Nairobi's informal settlements. Once operational, the institution will provide critical skills training to thousands of youth, reducing unemployment and fostering economic empowerment in marginalized communities.

To ensure TVET programs align with local economic priorities, the State Department held stakeholder engagement forums at the regional level. These consultations brought together industry leaders, training providers, and county governments to identify skills gaps, enhance curricula, and improve graduate employability in agriculture, manufacturing, and ICT sectors.

In a bid to foster inclusivity, the department conducted extensive public participation forums on the Kenya National Qualifications Framework (KNQF) Regulations 2025 across all regions. This consultative approach ensures the regulations reflect diverse stakeholder inputs, enhancing transparency and national ownership of the qualifications system.

The Recognition of Prior Learning (RPL) Tracer Study Report was launched to evaluate the long-term benefits of RPL certification for informal sector workers. Findings will inform policy adjustments, ensuring more Kenyans—including artisans, mechanics, and craftsmen—gain formal accreditation for their skills, improving their livelihoods and labor mobility.

The official gazettelement of the KNQF Regulations 2025 provides a robust legal framework for standardizing, classifying, and accrediting qualifications in Kenya. This milestone enhances the credibility of TVET certifications, facilitates regional and international recognition, and ensures seamless progression between education and training levels.

These achievements highlight the State Department's unwavering commitment to revolutionizing skills training, fostering innovation, and driving socio-economic development. By expanding access, enhancing quality, and strengthening industry linkages, Kenya's TVET sector is poised to become a

global benchmark in technical education—empowering youth and fuelling the nation’s industrialization agenda.

### **Challenges Faced During FY 2024/25**

- i. **Shortage of Trainers:** The Technical, Vocational Education and Training (TVET) sector faced a severe shortage of trainers, with 10,219 employed under the Public Service Commission (PSC) against a requirement of 17,260, leaving a gap of 7,041 trainers. This deficit is exacerbated by rapid enrolment growth, with institutions struggling to maintain the recommended trainer-trainee ratio of 1:25 for regular programs and 1:10 for special needs education. Governing Councils/Board of Governors have continued to recruit trainers on temporary terms to address the gap, but this remains insufficient to meet demand.
- ii. **Financial Constraints:** Government funding limitations severely hindered policy formulation and implementation in the TVET sector. The State Department increasingly relied on non-governmental development partners, but their financial support has dwindled, creating gaps in critical areas such as infrastructure development. The sector also faces a capitation deficit further straining operations.
- iii. **Withdrawal of Key Partners’ Support:** The withdrawal of financial backing by major partners, notably the U.S., disrupted policy development activities. This slowed reforms such as the Competency-Based Education and Training (CBET) rollout and Recognition of Prior Learning (RPL) frameworks, which depended on external funding for sustainability.
- iv. **Operational Challenges:** Government’s directive to merge various Semi-Autonomous Government Agencies (SAGAs) has created significant uncertainty within the sector. The objective being to streamline government functions and creating efficiency in service delivery. However, the process lacks a clear implementation framework, defined timelines, and detailed transition plans. This has resulted to delays in service delivery, programs implementation, erosion of stakeholder confidence and delays in strategic decision making.
- v. **Delayed Fund Disbursements and Litigation Risks:** Despite allocated budgets, delayed disbursements stalled projects, leading to contractual disputes with contractors who undertook additional works without timely payments. This resulted in litigation, further complicating project completion and institutional development.
- vi. **Delayed Staff Replacement:** Budget cuts and hiring suspensions delayed the replacement of staff who exited the service, worsening the human resource gap. This increased workloads for existing employees and affected the efficiency of administrative and training functions.

*State Department for Technical, Vocational Education and Training*  
*Annual Report and Financial Statements for the year ended 30th June 2025*

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- vii. **Reduced Funding for Curriculum Review:** Insufficient funding hampered the timely review and modernization of TVET curricula, limiting alignment with industry needs, particularly in emerging sectors like digital technologies and renewable energy.
- viii. **Recruitment of Untrained Trainers:** The Public Service Commission has occasionally recruited untrained TVET trainers, compromising the quality of instruction. This undermines the sector's goal of producing skilled graduates who meet labour market demands.



**Dr. Esther Thaara Muoria, PhD, CBS**

**Principal Secretary**

**State Department for Technical, Vocational Education and Training**

#### **7. Statement of Performance Against Predetermined Objectives for FY 2024/2025**

In accordance with Section 81(2)(f) of the Public Finance Management Act, Cap 412(A), the Accounting Officer is required to submit, at the end of each financial year, a Statement of Performance against the predetermined objectives of the Ministry, Department, or Agency (MDA).

In compliance with this requirement, this performance report reflects the Ministry of Education's progress in the financial year towards achieving the strategic objectives outlined in the National Education Sector Strategic Plan (NESSP) for FY 2023–FY 2027. These objectives are as follows:

- a) Improve teaching, training, research, and learning infrastructure
- b) Enhance enrolment, retention, and transition in education
- c) Reduce disparities in education, training, and research
- d) Improve curriculum and assessment standards
- e) Provide adequate and qualified teaching and training staff
- f) Strengthen standards and quality assurance in education and training
- g) Promote research and innovation in education and training
- h) Strengthen the legal and policy framework
- i) Strengthen institutional and management structures
- j) Enhance evidence-based decision-making
- k) Mainstream cross-cutting, pertinent, and contemporary issues in the education sector

All resources expended during the financial year were directed towards the realization of these strategic objectives. Each objective is operationalized through specific programmes, with clearly defined outcomes, outputs, and performance indicators, as articulated in the Strategic Plan.

To assess the extent of progress made, programme implementation and actual achievements will be presented in the performance table below. This will provide a comprehensive view of the Ministry's performance against its planned targets for the financial year under review.

**State Department for Technical, Vocational Education and Training**  
**Annual Report and Financial Statements for the year ended 30th June 2025**

**Table 1: Programme performance**

Name of Programme	Strategic Objective	Outcome	Output	Output Indicator	Achievement for the FY 2024/2025			Cumulative Achievement by end of FY 2024/2025			Remarks
					Target	Actual	Variance	Target	Actual	Variance	
Technical Vocational Education and Training	To improve enrolment, retention and transition in education	Increased gross trainee's enrolment in TVET	Trainees enrolled in TVET	Number of trainees enrolled in National Polytechnics	200,117	214,830	14,713	200,117	214,830	14,713	Intensive outreach marketing programme by the institutions and SDTVET
				Number of trainees enrolled in TVCs	305,799	345,070	39,271	305,799	345,070	39,271	Intensive outreach marketing programme by the institutions and SDTVET
				Number of youths trained for Digital Skills Training (Jitume)	111,800	24,206	-87,594	111,800	24,206	-87,594	A greater number of young people are expected to undergo training, despite limited financial resources.
				Number of students enrolled in Special Needs TVCs	5,229	5,942	713	5,229	5,942	713	Intensive outreach marketing programme by the institutions and SDTVET
			Trainees financed	Number of TVET trainees receiving capitation	272,039	272,039	-	272,039	272,039	-	The initial disbursement supported a total of 272,039 trainees, while the subsequent allocation benefited 245,529 trainees. The reduction in beneficiary numbers is attributed to the progressive phase-out of capitation funding.
	Number of trainees receiving Scholarship	378,435		0	-378,435	378,435	0	-378,435	Ksh. 2.18 B was disbursed to cover FY 2023/24 carryovers, 57,710 trainees funded. There was no adequate budget for scholarship for FY 2024/25.		
	To strengthen institutional	Improved Institutional and	Governing Council/ BoG Appointed/Ind	% of Governing Council/ BoG Appointed	100	100	-	100	100	-	

**State Department for Technical, Vocational Education and Training**  
**Annual Report and Financial Statements for the year ended 30th June 2025**

Name of Programme	Strategic Objective	Outcome	Output	Output Indicator	Achievement for the FY 2024/2025			Cumulative Achievement by end of FY 2024/2025			Remarks
					Target	Actual	Variance	Target	Actual	Variance	
	and management structures	system capacity	ucted/ Evaluated	% of Governing Council/BoG Inducted and Evaluated	100	100	-	100	100	-	
	To strengthen the legal and policy framework	Enhanced policy formulation and implementation	Policies and guidelines developed/reviewed	Number of policies and guidelines developed/reviewed	3	1	-2	3	1	-2	The Cabinet approved the National Dual Training Policy, while the National Policy on Continuous Professional Development for TVET trainers and the Competency Based Education and Training (CBET) Policy remain in the drafting phase.
	To enhance research and innovations in education and training	Research and innovations in education and training enhanced	Skills competitions conducted	Number of TVET fair competitions	6	0	-6	6	0	-6	Output affected by Budgetary Constraints.
Number of international skills competitions				1	0	-1	1	0	-1	Output affected by Budgetary Constraints.	
Co-curricular activities conducted			Number of TVET Drama & Music Festivals held regionally	3	1	-2	3	1	-2	Output affected by Budgetary Constraints.	
			Number of TVET Sports Competitions held regionally	6	0	-6	6	0	-6	Output affected by Budgetary Constraints.	
To improve standards and quality assurance in education and training	Improved TVET quality index	TVET Institutions inspected for accreditation	Number of TVET Institutions inspected for accreditation	410	869	459	410	869	459	Variance caused by the directive to institutions to transit to CBET and compliance notice to institutions with expired certificate.	
		Trainers accredited	Number of TVET trainers accredited	2,500	4,447	1,947	2,500	4,447	1,947	A total of 10,029 applications were received and evaluated in the FY. 4,447 were licensed and 1,282 applicants did not meet the minimum qualification requirements. 4,300	

**State Department for Technical, Vocational Education and Training  
Annual Report and Financial Statements for the year ended 30th June 2025**

Name of Programme	Strategic Objective	Outcome	Output	Output Indicator	Achievement for the FY 2024/2025			Cumulative Achievement by end of FY 2024/2025			Remarks
					Target	Actual	Variance	Target	Actual	Variance	
											applications were sent back for review.
			Trainers' capacity built on TVET Quality Assurance	Number of trainers capacity built on TVET Quality Assurance	400	701	301	400	701	301	The variance was caused by institutions and county governments requests and financing the capacity building programmes.
			TVET Institutions audited for quality assurance	Number of TVET Institutions audited for quality assurance	550	350	-200	550	350	-200	Budgetary constraints led to a reduction in the targeted institutions.
				Number of TVET Standards developed/ reviewed	4	3	-1	4	3	-1	3 standards developed- In-Company Trainer's Standard, Standard and Guidelines for TVET Trainers CPD, and Standard and Guidelines for TVET programmes admission clusters.
	To improve curriculum and assessment standards	TVET market-oriented curriculum/enhanced	CBET curriculum developed/reviewed	Number of CBET curriculum developed/reviewed	180	186	6	180	186	6	Policy change which introduced modular system drove the achievement of this target
Occupational standards harmonized/developed			Number of occupational standards harmonized/developed	180	186	6	180	186	6	The review of the Curriculum was preceded by the review of Occupational Standards	
Learning guides for CBET curriculum approved			Number of learning guides for CBET curriculum approved	5	0	-5	5	0	-5	Process was halted since curricula was being reviewed hence the commencement of this process will be the next FY.	
Dual training plans developed			Number of dual training plans developed	10	149	139	10	149	139	The demand for dualizing courses was significantly higher than expected.	

*State Department for Technical, Vocational Education and Training  
Annual Report and Financial Statements for the year ended 30th June 2025*

Name of Programme	Strategic Objective	Outcome	Output	Output Indicator	Achievement for the FY 2024/2025			Cumulative Achievement by end of FY 2024/2025			Remarks
					Target	Actual	Variance	Target	Actual	Variance	
			Digitized curriculum content	Number of curriculum content digitized	15	10	-5	15	10	-5	Done through a PPP with Centum learning,
			Adoption of Competency Based Assessment (CBA)	Number of Competence Based Assessment Centres registered	85	103	18	85	103	18	Driven by directive for full CBET implementation national for the Ministry
				Number of CBET, assessors and verifiers registered	2,500	2,215	-285	2,500	2,215	-285	Other assessors and verifiers missed out due to delayed applications
				Number of assessment tools developed	865	956	91	865	956	91	High demand for CBET courses driven by national wide implementation
				Number of mentoring tools for approved courses developed	120	96	-24	120	96	-24	More mentoring tools to be developed once the Curriculum is approved.
				Number of candidates registered for CBET assessment	200,000	214,275	14,275	200,000	214,275	14,275	Target achieved owing to high CBET demand following directive on CBET implementation.
				Number of candidates certified	100,000	155,483	55,483	100,000	155,483	55,483	Result slips given to all assessed candidates
				Number of candidates assessed on RPL	800	5,300	4,500	800	5,300	4,500	There is positive uptake of prior learning assessments
				Harmonised qualifications	Number of Qualifications Awarding Institutions (QAIs) registered	37	34	-3	37	34	-3
			Learners' data uploaded on KNLRD	Number of qualifications registered	1,803	915	-888	1,803	915	-888	All the 915 Qualifications received from QAIs were registered on KNQF.
				Number of learners profiles uploaded onto the KNLRD	150,000	160,018	10,018	150,000	160,018	10,018	Learner uploads exceeded the initial targets.
			QAIs Sensitized	Number of QAIs Sensitized	37	104	67	37	104	67	A total of 104 QAIs were sensitized on KNQF. This is attributed to the

**State Department for Technical, Vocational Education and Training**  
**Annual Report and Financial Statements for the year ended 30th June 2025**

Name of Programme	Strategic Objective	Outcome	Output	Output Indicator	Achievement for the FY 2024/2025			Cumulative Achievement by end of FY 2024/2025			Remarks
					Target	Actual	Variance	Target	Actual	Variance	
											enhancement of advocacy activities.
			Policies, Standards & Guidelines developed or reviewed	Number of KNQF policies, Standards & Guidelines developed or reviewed	6	4	-2	6	4	-2	The Authority developed 4 National Policies on National Qualifications. The Policy frameworks are currently awaiting Cabinet approval.
			Published annual reports on the status of national qualifications	Annual reports on the status of national qualifications	1	1	-	1	1	-	A report on the status of National Qualifications was published
	To provide adequate and qualified teaching and training staff	Quality of training in TVET improved	TVET Trainer trainees enrolled in KSTVET	Number of trainer trainees enrolled in Kenya School of TVET	3,700	4,889	1,189	3,700	4,889	1,189	The over achievement is as a result of anticipated public service employment and the State Department's advocacy for untrained employed trainers to enroll in KSTVET for pedagogical training.
			Continuous Professional Development conducted	Number of trainers trained	6,050	6,896	846	6,050	6,896	846	The overachievement was driven by CiCan's additional support for CBET training and the development of six new CPD programmes, which attracted strong participation and donor backing
	To reduce disparities in education, training and research	Inclusive and equitable education promoted	TVET SNE workshops constructed	Number of new workshops established	4	4	-	4	4	-	
			TVET SNE workshops equipped	Number of new workshops equipped	4	-	-4	4	-	-4	Budgetary constraints
	To improve teaching, training,	TVET infrastructural norms	TVET workshops Equipped	Number of workshops equipped	5	5	-	5	5	-	

**State Department for Technical, Vocational Education and Training**  
**Annual Report and Financial Statements for the year ended 30th June 2025**

Name of Programme	Strategic Objective	Outcome	Output	Output Indicator	Achievement for the FY 2024/2025			Cumulative Achievement by end of FY 2024/2025			Remarks
					Target	Actual	Variance	Target	Actual	Variance	
	research and learning infrastructure	and standards improved		in the existing TVCs							
			ICT Equipment and integration in TVET	Number of TVET Institutions provided with ICT equipment and furniture	24	-	-24	24	-	-24	Budgetary constraints
			TVCs constructed	% completion in 9 TVCs	98	98	-	98	98	-	Works are ongoing
				% completion in 60 TVCs – Phase I	99	99	-	99	99	-	Sigor TVC has insecurity issues in the region
				% completion in 70 TVCs - Phase II	99	99	-	99	99	-	Works are ongoing
				% level of completion in 30 TVCs - Phase III	98	98	-	98	98	-	Works are ongoing
				% level of completion in 6 TVCs - Phase IV	69	70	1	69	70	1	Works are ongoing
% level of completion in 17 TVCs - Phase V	10	10	-	10	10	-	Works have stalled in a number of sites due to lack of funding				
Youth Training and Development	To improve curriculum and assessment standards	TVET market-oriented curriculum/enhanced	CBET curricula implemented in VTCs	Number of CBET curricula implemented in VTCs	40	40	-	40	40	-	
			Staff sensitized	Number of Counties sensitized on Curriculum reforms in VTCs	20	20	-	20	20	-	
General Administration, planning and support services	To mainstream cross cutting, pertinent and contemporary issues in the	Mainstream cross cutting, pertinent and contemporary issues in the	Staff sensitized on HRM&D Services	Number of staff sensitized on governance, public service code of conduct, values and principles on Article 10 and 232 of the Constitution	2,700	180	-2,520	2,700	180	-2,520	Budgetary constraints

**State Department for Technical, Vocational Education and Training**  
**Annual Report and Financial Statements for the year ended 30th June 2025**

Name of Programme	Strategic Objective	Outcome	Output	Output Indicator	Achievement for the FY 2024/2025			Cumulative Achievement by end of FY 2024/2025			Remarks
					Target	Actual	Variance	Target	Actual	Variance	
	education sector	education sector enhanced		Number of staff sensitized on HIV, gender mainstreaming, ADA, mental health issues and other cross-cutting issues	700	886	-	700	886	-	
	To provide adequate and qualified teaching and training staff	Quality of training in TVET improved		Number of staff capacity built	700	250	-450	700	250	-450	Ongoing
				Number of staff inducted	2,000	0	-2,000	2,000	0	-2,000	Budgetary constraints
	To strengthen evidence-based decision making	Improved performance in education sector	Financial Services reports prepared	Quarterly Expenditure Analysis reports	4	4	0	4	4	0	
				Monthly expenditure reports	12	12	0	12	12	0	
			Planning Services reports prepared	Number of M and E Reports prepared	4	2	-2	4	2	-2	Budgetary constraints
			Monitoring and Evaluation framework developed/ reviewed	Monitoring and Evaluation framework developed/ reviewed	1	1	-	1	1	-	
			Performance contracting implemented	Number of institutions on performance contracting	170	170	-	170	170	-	
			TVET MIS operationalized	% Roll out of TVET MIS	80	70	-10	80	70	-10	Finalization of the consultancy component is contingent upon the availability of funding.
	To mainstream cross cutting, pertinent and	Emerging issues integrated in TVET programme	Greening TVET	Number of tree seedlings propagated (Millions)	80	80.6	0.6	80	80.6	0.6	Strengthened partnership with KEFRI and the rollout of tree nurseries across all TVET institutions

*State Department for Technical, Vocational Education and Training  
Annual Report and Financial Statements for the year ended 30th June 2025*

Name of Programme	Strategic Objective	Outcome	Output	Output Indicator	Achievement for the FY 2024/2025			Cumulative Achievement by end of FY 2024/2025			Remarks
					Target	Actual	Variance	Target	Actual	Variance	
	contemporary issues in the education sector	s and activities		Number of TVET institutions implementing environmentally friendly programs	80	100	20	80	100	20	More institutions embraced the program

## **8. Governance Statement**

### **1. Key leadership/governance structure**

The State Department for TVET is under the Ministry of Education which is headed by the Cabinet Secretary Ministry of Education. The Principal Secretary State Department for TVET is the Accounting Officer of the State Department. The State Department consists of the following directorates/ departments/units as per the approved staff establishment:

- i. Administrative Divisions
- ii. Directorate of Technical Training and Skills Development.
- iii. Directorate of Technical Vocational Education and Training Tutors Management.
- iv. TVET Regional Offices

The technical departments are coordinated by the Secretary Technical Vocational Education and Education Training’

### **Semi-Autonomous Government Agencies (SAGAs)**

To ensure effective implementation of its mandate, the State Department has the following SAGAs:

- Technical and Vocational Education and Training Authority (TVETA)
- TVET Curriculum Development, Assessment and Certification Council (TVET CDACC)
- Kenya National Qualifications Authority (KNQA); and
- Kenya School of TVET.

### **2. Other key committees established under the State Department include;**

- i. **Human Resource Development committee** - The Human Resource Development Committee is a key body within the State Department focused on fostering a culture of continuous learning and professional growth among employees. This committee is dedicated to enhancing the skills and competencies of the workforce, ensuring that staff are well-equipped to meet the department’s objectives. The main roles include, human resource development, trainings, management of skill inventory, skills cap analysis, training needs analysis, mobilization of resources for training and implementation of the competency frame work.
- ii. **Budget Implementation Committee** – This committee oversees budget execution and advises the accounting officer on budget performance, regularly reviews expenditure reports to ensure that spending aligns with the approved budget, assesses the outcomes and impact of funded programs, helps determine whether resources are being utilized

effectively and efficiently, promotes collaboration among different departments within the state department by ensuring that budgetary issues are addressed collectively and Compiles and presents detailed reports on budget implementation status to senior management to ensure transparency and accountability, reviews and considers cash plans, reviews and recommends reallocation of expenditures.

**3. Risk management, compliance, conflict of interest etc.**

The State Department for TVET is in the process of establishing an institutional risk management framework to enhance its operational effectiveness. Compliance with the framework will be crucial in mitigation of risks. However, the Accounting officer has ensured existing internal controls are complied with.

Conflict of Interest register is a critical tool implemented by the State Department for TVET to promote transparency and accountability. This register serves to identify, manage, and mitigate potential conflicts of interest among employees and stakeholders.

**4. Report on recent training and development on governance for those in key leadership.**

This report provides an overview of the training and development initiatives undertaken in the financial year 2024/2025, aimed at strengthening governance capacity among key leadership within the State Department for Technical and Vocational Education and Training (TVET). These initiatives were designed to enhance administrative efficiency, improve policy implementation, and reinforce governance structures across TVET institutions. The programs targeted senior officials, institutional heads, and managers responsible for driving strategic decisions and overseeing operations. The trainings focused on equipping leaders with advanced governance skills to effectively address complex administrative challenges, foster accountability, and promote evidence-based decision-making.

Key areas of capacity building included policy formulation and evaluation, financial management and reporting, ethical leadership, and stakeholder engagement. Through these interventions, leaders gained exposure to new tools and strategies for monitoring policy effectiveness, ensuring prudent resource utilization, and strengthening institutional governance frameworks.

S/No	Program	Institution	Duration	No of Officers Trained
1.	Project Management Using Prince 2	Esami	2 Weeks	2
2.	Strategic Leadership and Governance	Esami	2 Weeks	3
3.	Financial Management and Accountability Conference	ICPAK	2 Weeks	30
4.	Strategic Leadership Development Program	KSG	6 Weeks	2
5.	Senior Management Course	KSG	4 Weeks	3
6.	IHRM Conference	IHRM	1 Week	18

The outcome of these initiatives is expected to significantly enhance leadership effectiveness within the TVET sector. Improved practices in budget planning, financial reporting, and institutional oversight will contribute to greater transparency and accountability. Moreover, leaders are now better positioned to steer the design and implementation of TVET policies that align with national priorities on skills development and industrialization.

Sustained investment in leadership training and continuous professional development remains a priority for the State Department. Such initiatives are critical in keeping leadership skills responsive to emerging governance challenges while upholding high standards of service delivery. In addition, the programs foster greater collaboration between TVET institutions, stakeholders, and other government agencies, thereby improving coordination and overall effectiveness in policy execution and governance.

#### **5. Public participation activities**

The State Department for TVET has been engaged in public participation across the nine regions of the Kenya Association of Technical Training Institutions (KATTI) in partnership with the National Government Administrative Officers (NGAO) to market TVET programs and on the need to have the youth skilled in technical institutions across the country.



*PS Dr. Muoria sensitizing TVET Principals on CBET modularization in KATTI Mount Kenya East Region*

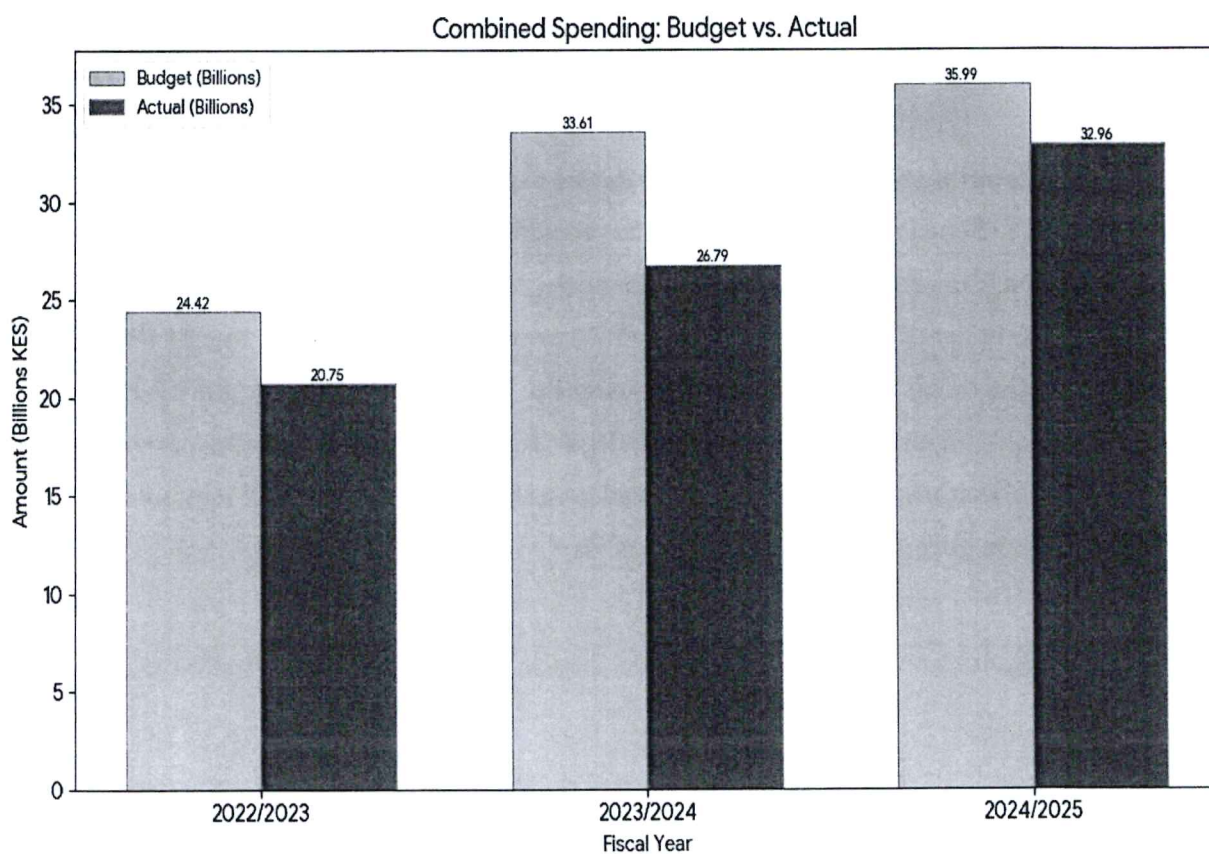
**6. Compliance with laws and regulations among others.**

The State Department for TVET has consistently adhered to relevant constitutional provisions, laws enacted by Parliament, circulars, and government policies. This commitment to compliance ensures that all operations are conducted within the established legal framework, promoting accountability and integrity in all departmental activities. By maintaining compliance with these various legal frameworks, the department not only fulfills its obligations but also builds trust with stakeholders and the public, reinforcing its dedication to good governance and ethical practices.

**9. Management Discussion and Analysis**

The table below presents a comparative overview of budgeted versus actual expenditures over three fiscal years: 2022/2023, 2023/2024, and 2024/2025. It categorizes spending into Recurrent, Development, and Combined expenditures, showing the allocated budget, actual spending (in billions), and the percentage of the budget that was utilized in each category. The data highlights trends in budget performance, providing insights into how closely actual expenditures have aligned with planned allocations over the three-year period.

	2022/2023			2023/2024			2024/2025		
	Budget In Billions	Actual In Billions	%	Budget In Billions	Actual In Billions	%	Budget In Billions	Actual In Billions	%
Recurrent	20.318	18.551	91	26.601	22.658	85	32.093	29.779	93
Development	4.098	2.204	54	7.005	4.127	59	3.894	3.179	82
Combined	24.416	20.755	85	33.606	26.785	80	35.987	32.958	92



The overall trend in the table shows gradual improvement in budget execution over the three fiscal years, particularly in both Recurrent and Development expenditures:

**Recurrent Expenditure:** This consistently represents the largest portion of the budget. The execution rate (actual as a percentage of the budget) dipped slightly from 91% in 2022/2023 to 85% in 2023/2024, but then recovered to 93% in 2024/2025, showing a positive rebound in spending efficiency.

**Development Expenditure:** This category shows the most significant improvement in execution. Starting from a low 54% in 2022/2023, it improved to 59% in 2023/2024, and jumped to 82% in 2024/2025, indicating a stronger focus on delivering capital and development projects.

**Combined Expenditure:** Reflecting both recurrent and development spending, the overall execution rate improved from 85% to 92% over the three years, suggesting enhanced fiscal discipline and implementation capacity.

• **The State Department’s key projects implemented during the year under review are as follows;**

- i. East Africa Skills for Transformation and Regional Integration Project (EASTRIP) in conjunction with the International Development Agency.
- ii. Support to Technical Vocational Education and Training for Relevant Skills Development – TVET Phase II
- iii. Technical and Vocational Education Training and Entrepreneurship Project (TVETE Phase III)
- iv. Promotion of Youth Employment and Vocational Training in Kenya in conjunction with the KfW bank.
- v. Promotion of Youth Employment and Vocational Training in Kenya (Phase II) in conjunction with KfW bank.
- vi. Promotion of Youth Employment through Scholarships Phase II (‘Wings to Fly IV’) in conjunction with KfW bank.

- **The State Department's compliance with statutory requirements and other financial obligations.**

The State Department for Technical and Vocational Education and Training (TVET) strictly complies with all statutory requirements governing its operations, procurement, and service delivery. It adheres to the Public Procurement and Asset Disposal Act, financial management regulations, and other relevant legal frameworks.

- **Major risks facing the organisation.**

The State department risks delayed replacement of its trainers' staff who exited the service owing to budget cuts and hiring suspensions thus worsening the human resource gap. This increases the workload for existing employees and affects the efficiency of administrative and training functions. The state department has sought for and received an approval on hiring and funds allocation from the public service commission and the National Treasury respectively on the same. Additionally, the State department risks activities related to corruption and mismanagement of funds which pose significant challenges, threatening transparency and accountability within the department. Addressing these risks is crucial to ensuring that TVET institutions can deliver relevant, high-quality training that meets Kenya's workforce development needs. As such, the state department has in place the Public Finance Management Standing Committee, the audit committee and budget committee to mitigate against these risks.

- **Material arrears in statutory and other financial obligations.**

The State Department for Technical and Vocational Education and Training (TVET) maintains a strong financial discipline, ensuring there are no material arrears in statutory or other financial obligation

- **Review of the economy and sector.**

The Kenyan economy is gradually recovering and growing amidst global economic uncertainties, with government efforts focused on inclusive development through the Bottom-Up Economic Transformation Agenda (BETA). This strategy aims to empower grassroots businesses and marginalized communities by promoting local entrepreneurship and enhancing skills development, particularly in technical and vocational education. The TVET sector plays

a pivotal role in BETA by equipping youth with practical skills that align with market demands, fostering innovation and job creation at the community level. Despite progress, challenges such as limited infrastructure, resource constraints, and a skills mismatch persist, underscoring the need for continued investment and reforms in TVET to fully support Kenya's economic transformation and inclusive growth goals.

- **Future developments**

The State Department for Technical, Vocational Education and Training will undertake strategies to enhance access to quality and relevant technical and vocational skills training through;

- i. Construction, expansion and rehabilitation of TVET institutions
- ii. Provision of scholarships and loans to TVET trainees
- iii. Development/review of CBET curricula and scaling the implementation of competence assessment
- iv. Provision of training equipment to TVET institutions
- v. Implementation of Recognition of Prior Learning (RPL) by registering QAIs, industry assessment centres and RPL practitioners
- vi. Enhancing the capacity of the National TVET ODeL platform at the KS-TVET
- vii. Development and review policies and frameworks
- viii. Recruitment and capacity building of TVET staff
- ix. Implementation of dual training in the TVET sub-sector nationally
- x. Modularization of CBET curriculum
- xi. Inspection for accreditation of TVET institutions
- xii. Development and review of training standards
- xiii. Quality auditing TVET institutions
- xiv. Registration of qualifications onto the KNQF as national qualifications
- xv. Implementation of Kenya National Learner Records Database (KNLRD)
- xvi. Implementation of Kenya Credit Accumulation and Transfer system.

## **10. Environmental and Sustainability Reporting**

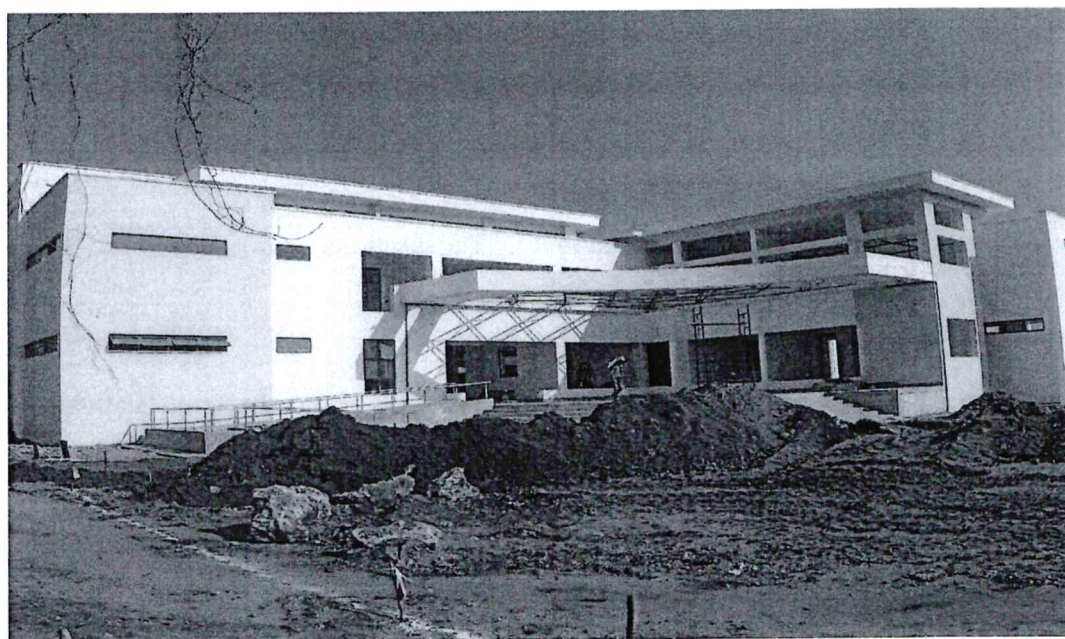
### **a) Sustainability strategy and profile**

The sustainability strategy of SDTVET aligns with the broader National objectives of enhancing the quality and accessibility of Technical and Vocational Education and Training (TVET) across the country. This strategy is designed to ensure that the nation's workforce is equipped with the skills needed to drive economic growth while also fostering social and environmental responsibility. The following are the sustainable efforts made in the FY 2023/2024:

#### **i. Elevation of Technical Training Institutes to National Polytechnics.**

By upgrading these institutions, the government seeks to provide higher-level training that meets international standards, thereby enhancing the employability of graduates and ensuring a steady supply of skilled labour for industries.

This ensures sustainability by ensuring that technical training and education is accessible across different parts of the country, reducing inequalities and fostering inclusive growth. It further strengthens regional economic development through skilled labour and national competitiveness.



*Kenya Coast National Polytechnic Regional Marine Transport and Port Logistics Centre nearing completion.*

**ii. National Roll-out of Competency-Based Education and Training (CBET)**

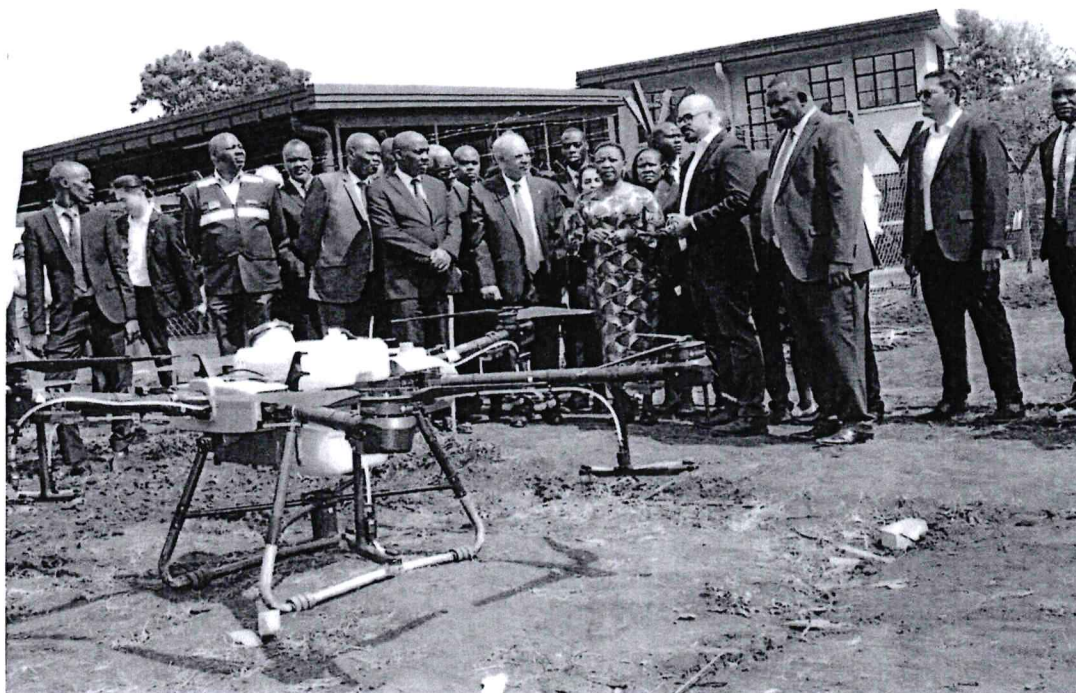
The adoption of CBET is a transformative approach which is central to the government's sustainability strategy as it ensures that the education system produces graduates who are not only knowledgeable but also capable of performing in real-world environments.

CBET supports the long-term sustainability of the nation's human capital, ensuring that it remains relevant and competitive in a globalized economy.

**iii. Digitization of TVET**

The digitization of TVET is a component of the government's strategy to modernize education and make it more accessible. By integrating digital tools and platforms into the curriculum, the government aims to enhance the delivery of education and training, making it more flexible and responsive to the needs of both learners and industry.

It supports sustainability by enabling more efficient use of resources, such as reducing the need for physical materials and allowing for remote learning, which can reach students in underserved areas.



*An Agricultural Drone being exhibited to the PS TVET and other senior government officials at an exhibition event at the University of Nairobi*

**iv. Participation of TVET institutions in the Regional, National and Global Skills Competitions.**

National TVET Skills initiatives, including TVET Fairs and participation in World Skills Competitions, play a vital role in promoting excellence and innovation within the TVET sector.

These events provide platforms for students and institutions to showcase their skills, exchange knowledge, and benchmark against international standards.

This is a sustainable initiative that helps in raising awareness about the importance of vocational training in national development, thereby attracting more students to the sector and ensuring a steady pipeline of skilled professionals.

Participation in global competitions like World Skills further enhances the reputation of the country's TVET system, attracting international partnerships and investment, which are crucial for the long-term sustainability of the sector.

**b) Environmental performance /climate change/ mitigation of natural disasters**

The state department has a draft policy of greening of TVET. Kenya has made significant strides in greening its TVET curricula by integrating sustainability, climate action, and green skills across training programs and institutions. Through initiatives like the "Kenyan TVET Goes Green" project and the Greening TVET Strategy, the government—supported by development partners—has embedded environmental, social, and economic sustainability into curriculum content, occupational standards, and trainer capacity building. Institutions have established greening units, trained “green champions,” and launched large-scale tree planting, clean energy adoption, and climate-smart agriculture projects. These efforts aim to equip learners with skills for green jobs, enhance employability, and align TVET with national goals such as Vision 2030 and global sustainable development targets.

**c) Employee welfare**

The State Department for Technical and Vocational Education and Training (SD-TVET) recognizes that employee welfare is a critical pillar in achieving institutional effectiveness and sustaining quality service delivery. Guided by the Public Service Commission (PSC) Human Resource Policies and Procedures Manual, the Constitution of Kenya 2010, and other relevant

service regulations, the Department has put in place structured policies to ensure fairness, inclusivity, and continuous improvement in the management of human resources.

In recruitment and staffing, the Department adheres to merit-based hiring in line with Article 232 of the Constitution while also observing gender parity, equity, regional balance, and inclusiveness. The hiring framework incorporates stakeholder engagement, particularly through consultations with training institutions, unions, and professional bodies, to ensure that emerging needs in TVET are addressed. These policies are reviewed periodically, in line with PSC guidelines, to incorporate evolving labor market dynamics and government directives.

To promote skills development and career progression, the State Department has established structured training and capacity-building programs, linked to performance appraisals and individual development plans. The Staff Performance Management and Appraisal System (SPAS) provides a basis for assessing staff output, identifying training gaps, and guiding promotions. Reward and recognition mechanisms, including performance-based rewards, are implemented to motivate staff and foster productivity in accordance with PSC Circulars and policies.

Employee welfare also extends to workplace health, safety, and compliance. The Department has adopted a safety policy in alignment with the Occupational Safety and Health Act, 2007 (OSHA), ensuring that staff operate in safe and conducive environments. Periodic safety audits, sensitization sessions, and compliance checks are undertaken in collaboration with the Directorate of Occupational Safety and Health Services (DOSHS).

In conclusion, the State Department for TVET continues to prioritize employee welfare through fair recruitment practices, continuous policy review, professional development, effective appraisal and reward systems, and strict adherence to occupational safety standards.



*The newly completed building of the Kisumu National Polytechnic fashion and textile centre*

#### **d) Operational practices**

The State Department for Technical and Vocational Education and Training (TVET) in Kenya is dedicated to maintaining a responsible and ethical supply chain by ensuring transparent, competitive, and fair procurement processes that comply with national regulations. The department upholds good business practices by supporting local suppliers and promoting accountability in all contracts. It respects its supplier relationships by honouring contractual obligations and ensuring timely payments, which fosters trust and reliability. Through continuous monitoring of supplier performance and clear communication, the State Department for TVET builds strong, long-term partnerships that contribute to the effective delivery and sustainability of technical and vocational education programs across the country

**e) Community Engagements-**

The State Department for Technical and Vocational Education and Training (TVET), under the Ministry of Education, continues to play a pivotal role in promoting sustainable development through impactful community engagement initiatives. These efforts are in alignment with the government's broader objectives of improving education, healthcare, water and sanitation, and the overall welfare of communities across the country. In the area of education and skill development, the Department has made significant strides in expanding access to quality technical and vocational education. This has been achieved through the establishment of new training institutions and the enhancement of existing ones, ensuring that more youth are equipped with skills that are relevant and responsive to the demands of the modern job market.

The State Department has also championed key healthcare initiatives. Notably, it spearheaded a blood donation campaign at Karen Technical Institute for the Blind. This life-saving activity aimed to support hospitals and patients in need, reinforcing the Department's commitment to the well-being of all Kenyans.

In addition to its educational and healthcare efforts, the Department has actively engaged in charitable giving and community support. In Nyatike, it carried out a Corporate Social Responsibility (CSR) activity where it donated foodstuffs, beddings, and clothing to families affected by floods. Similarly, in Mathare Constituency, the Department extended support to victims of a fire outbreak, providing essential items such as food, clothing, beddings, and monetary assistance. Further reinforcing its role in community development, the Department partnered with Huawei to deliver digital skills training to youth in Kisii County. This initiative is part of a broader commitment to equipping young people with the technological competencies needed in today's digital economy.

Through these multifaceted initiatives, the State Department for TVET continues to demonstrate its dedication to building resilient communities and fostering inclusive national development.



*Principal Secretary State Department for TVET participating in tree planting*

## **11. Statement of Management Responsibilities**

Section 81 (1) of the Public Finance Management Act, CAP. 412A requires that, at the end of each financial year, the Accounting Officer for a National Government State Department shall prepare financial statements in respect of that State Department. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the State Department for Technical, Vocational Education and Training is responsible for the preparation and presentation of the State Department's financial statements, which give a true and fair view of the state of affairs of the State Department and as at the end of the financial year (period) ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the State Department, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the State Department; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the State Department for Technical, Vocational Education and Training accepts responsibility for the State Department's financial statements, which have been prepared on the Accrual Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the State Department's financial statements give a true and fair view of the state of State Department's transactions during the financial year ended June 30, 2025, and of the State Department's financial position as at that date. The Accounting Officer further confirms the completeness of the accounting records maintained for the State Department, which have been relied upon in the preparation of the State Department's financial statements as well as the adequacy of the system of internal controls.

The Accounting Officer in charge of the State Department for Technical, Vocational Education and Training confirms that the State Department has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the State Department's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the State Department's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

**Approval of the financial statements**

The State Department's financial statements were approved on 27/08 2025 and signed by:



**Dr. Esther Thaara Muoria, PhD, CBS**

**Principal Secretary**

**State Department for Technical, Vocational Education and Training**

# REPUBLIC OF KENYA

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



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

## REPORT OF THE AUDITOR-GENERAL ON STATE DEPARTMENT FOR TECHNICAL, VOCATIONAL EDUCATION AND TRAINING FOR THE YEAR ENDED 30 JUNE, 2025

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### PREAMBLE

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

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An Unmodified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management, and Governance.

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

### REPORT ON THE FINANCIAL STATEMENTS

#### Opinion

I have audited the accompanying financial statements of State Department for Technical, Vocational Education and Training set out on pages 1 to 44, which comprise of the statement of financial position as at 30 June, 2025, statement of financial performance, statement of changes in net assets, statement of cash flows, and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory

information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of State Department for Technical, Vocational Education and Training as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical, Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

### **Basis for Opinion**

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the State Department for Technical, Vocational Education and Training as at 30 June, 2025 Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Key Audit Matters**

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

### **Other Matter**

### **Unresolved Prior Year Matters**

In the prior year's audit report, several issues were raised under the Report on Lawfulness and Effectiveness in Use of Public Resources and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during the audit of the State Department in 2024/2025 revealed that the following matters remained unresolved:

	<b>Financial Year</b>	<b>Audit Issue</b>
1.	2023/2024	Collapse of Chepareria technical training institute.
2.	2023/2024	Long outstanding unresolved contract variations.
3.	2023/2024	Delay in construction of new technical and vocational colleges.
4.	2023/2024	Construction of Ngeria technical and vocational college.
5.	2023/2024	Construction of Mount Elgon technical and vocational college.
6.	2023/2024	Failure to operationalise the technical and vocational education and training fund.

### **Other Information**

The Management is responsible for the Other Information set out on pages iv to lii which comprise of Key Departmental Information and Management, Statement of Governance, Statement by the Cabinet Secretary, Statement by the Principal

Secretary, Statement of Performance Against Predetermined Objectives, Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting and Statement of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the State Department's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the 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. Un-Surrendered Authorities to Incur Expenditure**

The statement of financial position reflects receivables from non-exchange transactions balance of Kshs.1,055,677 relating to an un-surrendered Authority to Incur Expenditure (AIE) as disclosed in Note 16 to the financial statements. The AIE remained unsurrendered as at year end contrary to the Regulation 117 of the Public Finance Management (National Government) Regulations, 2015 which states that 'where an AIE holder observes that it will not be possible to utilize all the funds allocated for a particular project in a given financial year, the Accounting Officer will then surrender the resources to project for re-budgeting'.

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

#### **2. Long Outstanding Payables**

The statement of financial position reflects trade and other payables balance of Kshs.17,642,369 as disclosed in Note 18 to the financial statements. Included in the balance is an amount of Kshs.15,365,569 or (87%) of the payables which has been outstanding for more than one (1) year contrary to Regulation 42(1) of the Public Finance Management (National Government) Regulations, 2015 which states that; (a) debt service payments shall be a first charge on the Consolidated Fund and the Accounting Officer shall ensure this is done to the extent possible that the government does not default on debt obligations.

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

### 3. Staff Earning Net Pay of Less than One Third of Basic Salaries

Review of the payrolls for the respective months revealed various employees received net salaries of less than a third of their basic salary contrary to the provisions of Section C.1(1) of the Human Resources Policies and Procedures Manual for Public Service, 2016 which states that public officers shall not over-commit their salaries beyond two thirds (2/3) of their basic salaries. It is the responsibility of Heads of Human Resource departments to ensure compliance. The number of staff that drew less than one third of their monthly basic salary in the year under review are as detailed below:

Month	Staff No.
Jul-24	106
Dec-24	3
Jan-25	146
Apr-25	292
May-25	320
Jun-25	318

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

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

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

##### Conclusion

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

##### Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The Standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal 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.

##### Responsibilities of the 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 (Accrual Basis) and for maintaining effective internal controls as Management

determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the Financial Statements, Management is responsible for assessing the State Department's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention 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 comply with the authorities which govern them and that public resources are applied in an effective way.

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

### **Auditor-General's Responsibilities for the Audit**

My responsibility is to conduct an audit of the Financial Statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

30 October, 2025

**13. Statement of Financial Performance for the year ended 30 June 2025**

	Notes	2024/2025 Kshs
<b>Revenue from non-exchange transactions</b>		
Transfers from Exchequer	6	21,019,838,381
Transfers from Domestic and Foreign Partners	7	1,701,129,254
<b>Total</b>		<b>22,720,967,635</b>
<b>Revenue from exchange transactions</b>		
Other income	8	10,280,401,514
<b>Total revenue</b>		<b>33,001,369,149</b>
<b>Expenses</b>		
Employee costs	9	10,369,682,677
Use of goods and services	10	929,899,544
Transfers to other Government Entities	11	18,944,923,771
Other Grants and Subsidies	12	2,499,915,541
Social Benefits	13	529,257
Depreciation and amortization expense	14	493,912
<b>Total expenses</b>		<b>32,745,444,702</b>
<b>Net Surplus</b>		<b>255,924,447</b>

The Financial Statements set out on pages 1 to 5 were signed by:



Dr. Esther Thaara Muoria, PhD, CBS

**Principal Secretary**



Benson M. Kinyua

**Head of Accounting Unit**

**ICPAK M/No 7782**

**14 Statement of Financial Position as at 30 June 2025**

	Notes	2024/2025 Kshs	Opening Statement 1 <sup>st</sup> July 2024 Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash equivalents	15	167,310,284	141,436,674
Receivables from Non-Exchange Transactions	16	1,055,677	1,637,587
<b>Total Current Assets</b>		<b>168,365,961</b>	<b>143,074,261</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	17	162,999,752	0
<b>Total Non- Current Assets</b>		<b>162,999,752</b>	<b>0</b>
<b>Total Assets (a)</b>		<b>331,365,713</b>	<b>143,074,261</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	18	17,642,369	67,365,569
Refundable Deposits	19	48,487,228	64,635,957
<b>Total Current Liabilities</b>		<b>66,129,597</b>	<b>132,001,526</b>
<b>Total Liabilities (b)</b>		<b>66,129,597</b>	<b>132,001,526</b>
<b>Net Assets (a-b)</b>		<b>265,236,116</b>	<b>11,072,735</b>
<b>Represented by:</b>			
Accumulated Surplus		265,236,116	11,072,735
<b>Net Assets</b>		<b>265,236,116</b>	<b>11,072,735</b>

The financial statements set out on pages 1 to 5 were signed by:



Dr. Esther Thaara Muoria, PhD, CBS  
**Principal Secretary**



Benson M. Kinyua  
**Head of Accounting Unit**  
ICPAK M/No 7782

**15 Statement of Changes in Net Assets for the year ended 30 June 2025**

	<b>Accumulated Surplus</b>	<b>Reserves</b>	<b>Capital Fund</b>	<b>Total</b>
<b>Fund balance as at 30<sup>th</sup> June 2024</b>	<b>78,438,304</b>	<b>0</b>	<b>0</b>	<b>78,438,304</b>
<b>Adjustments</b>				
Recognition of Liabilities	(67,365,569)			(67,365,569)
<b>As at July 1, 2024</b>	<b>11,072,735</b>	<b>0</b>	<b>0</b>	<b>11,072,735</b>
Return to Exchequer	(1,761,066)			(1,761,066)
Surplus/ deficit for the year	255,924,447			255,924,447
<b>As at June 30, 2025</b>	<b>265,236,116</b>	<b>0</b>	<b>0</b>	<b>265,236,116</b>

**Note:**

1. Return to exchequer relate to 2023/2024 unspent balances recovered by National Treasury.
2. The recognised liabilities represent pending bills directly attributable to the State Department Headquarters as at the end of the 2023/2024 financial year and remain outstanding.

16. Statement of Cash Flows for the year ended 30 June 2025

		2024/2025
	Notes	Kshs
<b>Cash flows from operating activities</b>		
<b>Receipts</b>		
Transfers from exchequers		21,019,838,381
Transfers from domestic and foreign partners		1,701,129,254
Unspent AIEs cash surrenders		581,910
Other income		10,280,401,514
<b>Total receipts</b>		<b>33,001,951,059</b>
<b>Payments</b>		
Employee costs		10,369,682,677
Use of goods and services		979,622,744
Transfers to other Government Entities		18,944,923,771
Other Grants and Subsidies		2,499,915,541
Social Security Benefits		529,257
<b>Total payments</b>		<b>32,794,673,990</b>
<b>Net cash flows from operating activities</b>	20	<b>207,277,069</b>
<b>Cash flows from investing activities</b>		
Purchase of PPE		(163,493,664)
Net Refunds of contractors' retention Monies		(16,148,729)
<b>Net cash flows from/(used in) investing activities</b>		<b>(179,642,393)</b>
<b>Cash flows from financing activities</b>		
Return to Exchequer		(1,761,066)
Proceeds from borrowings		0
Repayment of borrowings		0
<b>Net cash flows from financing Activities</b>		<b>(1,761,066)</b>
<b>Net increase/(decrease) in cash &amp; Cash equivalents</b>		<b>25,873,610</b>
Cash and cash equivalents at 1st July 2024	15	141,436,674
<b>Cash and cash equivalents at 30 June 2025</b>	15	<b>167,310,284</b>

*During the year, payables amounting to Kshs 2,276,800 were incurred and have been deducted from the Use of Goods and Services line item in accordance with the accrual basis of accounting. In addition, a payment of Kshs 52,000,000 relating to an opening balance of pending payables has been added back to Use of Goods and Services, as disclosed in Note 10 to the financial statements. Furthermore, a net refund of retention money amounting to Kshs 16,148,729 has been recognized under Cash Flows from Investing Activities*

*State Department for Technical, Vocational Education and Training  
Annual Report and Financial Statements for the year ended 30th June 2025*

**17. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2025**

**Recurrent and Development Combined**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>Receipts</b>						
Exchequer releases	22,499,638,919	(1,127,676,545)	21,371,962,374	21,019,838,382	352,123,992	98
Proceeds from domestic and foreign grants	595,000,000	15,000,000	610,000,000	50,550,332	559,449,668	8
Proceeds from foreign borrowings	2,800,000,000	(1,050,000,000)	1,750,000,000	1,650,578,922	99,421,078	94
Other income (AIA)	4,794,000,000	7,461,603,778	12,255,603,778	10,280,401,514	1,975,202,264	84
<b>Total Receipts</b>	<b>30,688,638,919</b>	<b>5,298,927,233</b>	<b>35,987,566,152</b>	<b>33,001,369,150</b>	<b>2,986,197,002</b>	
<b>Payments</b>						
Compensation of employees	9,253,000,000	1,444,576,119	10,697,576,119	10,369,682,677	327,893,442	97
Use of goods and services	1,108,616,259	74,477,682	1,183,093,941	979,622,745	203,471,196	83
Transfers to other government entities	16,484,541,531	4,490,103,778	20,974,645,309	18,944,923,770	2,029,721,539	90
Other grants and transfers	2,970,000,000	15,000,000	2,985,000,000	2,499,915,541	485,084,459	84
Social security benefits	802,679	0	802,679	529,257	273,422	66
Acquisition of assets	871,678,450	(725,230,346)	146,448,104	163,493,664	(17,045,560)	112
<b>Total Payments</b>	<b>30,688,638,919</b>	<b>5,298,927,233</b>	<b>35,987,566,152</b>	<b>32,958,167,654</b>	<b>3,029,398,498</b>	
<b>Surplus</b>				<b>43,201,496</b>		

*The comparison of budget and actual amounts has been presented in cash basis as captured in the IFMIS system*

**State Department for Technical, Vocational Education and Training  
Annual Report and Financial Statements for the year ended 30th June 2025**

**(a) Variance analysis:**

- 1) Under receipt of Proceeds of domestic and foreign grants is as result of ongoing tendering for construction works under promotion for youth employment and vocational training phase II project leading to low absorption of budgeted funds under use of goods and services. Additionally, the implementing consultant under the promotion of youth employment through scholarships phase II ('Wings to fly IV') project did not present a reimbursable invoice for the year under review.
- 2) Under absorption of AIA was due under collection of school fees
- 3) Under absorption in other grants and transfers was due to failure of implementing consultant to present a reimbursable invoice under the promotion of youth employment through scholarships phase II ('Wings to fly IV') project.
- 4) Social security benefits budget was under absorbed due to delayed presentation of verifiable documents to process the same.
- 5) The overutilization of acquisition of assets was due to the budget cuts on certified works occasioned by supplementary III on the promotion for youth employment and vocational training project when expenditure on the same had already been incurred.

**(b) Reallocations within the year:** All adjustments are attributable to Supplementary Budgets I, II, and III, as appropriated by the National Assembly

The entity financial statements were approved on 27/08 2025 and signed by:



Dr. Esther Thaaara Muoria, PhD, CBS

**Principal Secretary**



Benson M. Kinyua

**Head of Accounting Unit**

**ICPAK M/No 7782**

*State Department for Technical, Vocational Education and Training*  
*Annual Report and Financial Statements for the year ended 30th June 2025*

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**Budget Reconciliation to the Statement of Cash Flows**

<b>Description of Particulars</b>		<b>Amount in Kshs</b>
	Actual Surplus Amounts as per the statement of Budget	43,201,496
1	Bank Balances as 1 <sup>st</sup> July 2024	141,436,674
2	Unspent Exchequer Recovered by National Treasury	(1,761,067)
3	Decrease in Deposits	(16,148,729)
4	Decrease in Receivables	581,910
	<b>Closing Cash and Cash Equivalent as per the statement of Cash flows</b>	<b>167,310,284</b>

*State Department for Technical, Vocational Education and Training  
Annual Report and Financial Statements for the year ended 30th June 2025*

**Budget Execution by Programmes and Sub-Programmes for FY2024/2025**

<b>Programme/ Sub-programme</b>	<b>Adjustments</b>	<b>Final Budget</b>	<b>Actual on comparable basis 2024/2025 Kshs</b>	<b>Budget utilization difference Kshs</b>
<b>0505000000</b>	<b>Technical Vocational Education and Training</b>	<b>35,068,177,438</b>	<b>32,210,481,603</b>	<b>2,857,695,835</b>
505010000	Technical accreditation and quality assurance	2,275,551,519	2,269,126,264	6,425,255
505020000	Technical Trainers and Instructor Services	28,688,867,955	26,553,166,854	2,135,701,101
505030000	Special Needs in Technical and Vocational Education	209,157,964	209,157,277	686
505040000	Infrastructure Development and Expansion	3,894,600,000	3,179,031,207	715,568,793
<b>0507000000</b>	<b>Youth Training and Development</b>	<b>57,597,645</b>	<b>44,203,319</b>	<b>13,394,326</b>
507010000	Revitalization of Youth Polytechnics	57,597,645	44,203,319	13,394,326
<b>0508000000</b>	<b>General Administration, Planning and Support Services</b>	<b>861,791,069</b>	<b>703,482,732</b>	<b>158,308,337</b>
508010000	Headquarters Administrative Services	861,791,069	703,482,732	158,308,337
	<b>Grand Total</b>	<b>35,987,566,152</b>	<b>32,958,167,655</b>	<b>3,029,398,497</b>

## **18. Notes to the Financial Statements**

### **1. Establishment**

The State Department for Technical and Vocational Education and Training (TVET) is established under Executive Order No. 1 of 2025 which superseded the initial executive orders No. 1 & 2 of 2023 and derives its authority and accountability from the same. It is a government entity, fully owned and domiciled in Kenya. The Department's core mandate is to provide middle-level skilled manpower to support national socio-economic development and to ensure the country maintains a competitive talent pool in priority sectors for effective participation in the global economy.

### **2. Statement of Compliance and Basis of Reporting**

#### **Statement of compliance**

These financial statements have been prepared in accordance with the Public Finance Management Act, 2012 and with the International Public Sector Accounting Standards (IPSAS).

For the purpose of these financial statements, the State Department has been categorized as a Schedule 1 national government MDA in line with Section 4 of the Public Finance Management Act, 2012 read together with Regulation 211 (2) of the Public Finance Management (National Government) Regulations, 2015. Schedule 1 national government entities include Ministries, Departments, Agencies, constitutional institutions and independent offices. MDAs are reporting entities whose primary objective is to provide policy and coordination of government services.

The use of public resources by State Department is primarily governed by Chapter 12 of the Constitution, the relevant Appropriation Act, the Public Finance Management Act, of 2012, and the Public Procurement and Disposal Act, of 2015.

These financial statements were authorized for issue by the Accounting Officer on **27<sup>th</sup> August 2025**.

#### **Guiding note during the transition period:**

*These financial statements have been prepared in accordance with the Public Finance Management (PFM) Act and the requirements of the International Public Sector Accounting Standards (IPSAS). The entity is a first-time adopter of accrual-basis IPSAS and has elected to apply the transitional provisions provided under **IPSAS 33 – First-time Adoption of Accrual Basis IPSASs**.*

### **Notes to the financial statements**

*As such, these financial statements represent the entity's **first year** of transitional financial reporting. In accordance with IPSAS 33, the entity has taken advantage of the permitted **three-year transitional period**, during which certain assets and liabilities may not be recognized and/or measured in full compliance with accrual IPSAS.*

*Specifically, the entity has not yet recognized the following elements of the financial statements:*

#### ***Property, Plant and Equipment, inventories***

*This is due to challenges in obtaining reliable fair value and developing necessary accounting systems and controls. The entity continues to apply previous accounting policies for these elements on a temporary basis, as permitted by IPSAS 33. However, the State Department has recognized Assets acquired in the financial year 2024/2025.*

*The following steps are being taken to achieve full compliance by the end of the transitional period:*

- Conducting comprehensive asset verification and valuation exercises*
- Developing asset registers and inventory systems*
- Implementing system upgrades to support accrual accounting*
- Training staff in IPSAS-compliant recognition and measurement principles*

*The entity expects to progressively recognize all outstanding elements in accordance with applicable IPSAS and to fully comply with accrual-basis IPSAS **by end of third-year from initial adoption***

### **Reporting period**

The reporting period for these financial statements is for the period ended June 2025.

### **Basis of preparation**

These financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period on an accrual basis unless otherwise specified (for example, the Statement of Cash Flows). Under an accrual basis, revenues are recognised when rights to assets are earned or levied rather than when cash is received, and expenses are recognised when obligations are incurred rather than when they are settled. The financial statements have been prepared and presented in Kenya Shillings to the nearest shilling. The accounting policies adopted have been consistently applied to all the years presented.

## **Notes to the financial statements**

### **Critical accounting judgements**

IPSAS requires accounting judgements to be made in determining accounting policies that impact the presentation of these financial statements. The most critical of these judgements, and their impact, are:

#### Recognition of revenue

A revenue is an increase in the net financial position, other than increases arising from ownership contributions. Revenue is required to be measured when the event occurs and when recognition criteria (probable inflow of resources and ability to reliably measure their value) are met. Judgment is required to determine if these criteria are met, particularly where limited evidence is available at the time the revenue is earned.

#### Recognition of non-exchange expenses and liabilities

A liability is a present obligation of State Department for an outflow of resources that results from a past event. Expenses (and other liabilities) are recognized when there is a present obligation (legal or constructive) as a result of a past event. An outflow of resources embodying economic benefits will probably be required to settle the obligation and a reliable estimate of the obligation can be made. Judgment is required in assessing each of these conditions, and therefore reporting if an expense and a present obligation should be reported.

The State Department pursues a number of policy targets and outcomes. However, the commitment to these targets and outcomes, generally, do not of themselves constitute a present obligation unless the State Department is clear on the cost it intends to incur, when payment will be made, and to whom and as a consequence has raised a valid expectation. As a consequence, liabilities are not reported for costs associated with the *MDA* policy objectives and targets. Where a policy choice gives rise to an obligation that exists independently of the *MDAs* future actions, expenses (and other related liabilities) are recognized for that policy.

#### Purpose and nature of financial instruments

Judgment is required in determining whether financial assets (including investment in securities and advances) and financial liabilities are held for trading or to provide a return through interest and principal transactions. Depending on that judgment, financial instruments will be reported at fair value or on an amortized cost basis.

## **Notes to the financial statements**

### Climate change obligations

Kenya's current National Determined Contribution (NDC) to deliver on the goals of the Paris Agreement sets a headline target of a 32 per cent emission reduction by 2030 relative to the business-as-usual scenario of 143 MtCO<sub>2</sub>eq. MDAs commitment to climate change action does not constitute a present obligation on the balance sheet but are disclosed separately.

### Physical assets

An asset is a resource presently controlled by the State Department as a result of a past event. The primary reason for holding property, plant and equipment and other assets is for their service potential rather than their ability to generate cash flows. Because of the types of services provided, a significant proportion of assets used by public sector entities including roads, national parks, heritage buildings etc are specialized in nature. There may be a limited market for such assets and so judgement is required on measurement. Judgment is also required whether assets are held for commercial purposes or public benefit purposes.

**Notes to the Financial Statements (Continued)**

**3. Adoption of New and Revised Standards**

*i) New and amended standards and interpretations in issue effective in the year ended 30 June 2025.*

There were no new and amended standards issued in the financial year.

*ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.*

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 43	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an MDA.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44:	<b><i>Applicable 1<sup>st</sup> January 2025</i></b>
Non- Current Assets Held for Sale and Discontinued Operations	<p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45- Property Plant and Equipment	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets,</p>

under- maintenance of assets and distinguishing significant parts of infrastructure assets.

IPSAS 46 ***Applicable 1<sup>st</sup> January 2025***

Measurement The objective of this standard was to improve measurement guidance across IPSAS by:

- i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.
- ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;
- iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.

The standard also introduces a public sector specific measurement bases called the current operational value.

IPSAS 47- ***Applicable 1<sup>st</sup> January 2026***

Revenue This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an MDA shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.

IPSAS 48- ***Applicable 1<sup>st</sup> January 2026***

Transfer Expenses The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.

IPSAS 49- ***Applicable 1<sup>st</sup> January 2026***

Retirement Benefit Plans The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.

IPSAS 50: *Applicable 1<sup>st</sup> January 2027*

Exploration For & Evaluation of Mineral Resources

The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:

- i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.
- ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.
- iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

*iii) Early adoption of standards*

The State Department did not early – adopt any new or amended standards in the financial year

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions**

**Fees, taxes and fines**

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

**Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the State Department and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development grants are recognized in the statement of financial performance after meeting the revenue recognition criteria. Conditional grants are recognized as revenue upon fulfilment of the set conditions.

**ii) Revenue from exchange transactions**

**Rendering of services**

The MDA recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

**Interest income**

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

**Rental income**

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**b) Budget information**

The original budget for the financial year 2024/2025 was approved by the National Assembly in June 2024. Subsequent revisions to the approved budget were made in accordance with approvals obtained from the relevant authorities. Upon receiving these approvals, the State Department incorporated the additional appropriations or reductions into the original budget to arrive at the final approved budget. Accordingly, the State Department recorded supplementary appropriations to the 2024/2025 budget following approval by the National Assembly. The State Department budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of cash flows has been presented under page 5 of these financial statements.

**c) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an xx-year period. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**d) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the State Department recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

**e) Right of use asset**

The right-of-use assets comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the State Department incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IPSAS 21 or IPSAS 26. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to **produce inventories**. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the State Department expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the statement of financial position.

**Notes to the Financial Statements (Continued)**

**f) Tangible Natural Resources**

The State Department recognises a tangible natural resource recognized if, and only if: It is probable that service potential associated with the natural resource will flow to the State Department; the State Department controls the tangible natural resource as a result of past events; and the tangible natural resource can be measured reliably. Where this criterion is not met, the State Department discloses the tangible natural resource in the notes to the financial statements. Where a tangible natural resource is recognized as an asset as the result of an event that is not a transaction in an orderly market, including non-exchange transactions, the asset shall be measured initially at its deemed cost. An MDA shall apply IPSAS 46, Measurement, when measuring the deemed cost of such a recognized tangible natural resource. A recognized tangible natural resource acquired through an exchange transaction shall be measured at its cost. Historical cost model is applied after initial recognition less any depreciation and impairment losses.

**g) Leases**

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the State Department. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The State Department also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the State Department will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

**Notes to the Financial Statements (Continued)**

**h) Intangible assets**

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

**i) Research and development costs**

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

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale
- ii) Its intention to complete and its ability to use or sell the asset
- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset
- v) The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

**j) Financial instruments**

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The State Department does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the its financial statements. A financial instrument is any contract that gives rise to a financial asset of one State Department and a financial liability or equity instrument of another State Department. At initial recognition, the State Department measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**a) Financial assets**

**Classification of financial assets**

The State Department classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the MDA's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless a State Department has made irrevocable election at initial recognition for particular investments in equity instruments.

**Subsequent measurement**

Based on the business model and the cash flow characteristics, the State Department classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

**Amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Notes to the Financial Statements (Continued)**

**Fair value through net assets/ equity**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Trade and other receivables**

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

**Fair value through surplus or deficit**

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the State Department manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

**Impairment**

The State Department assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The State Department recognizes a loss allowance for such losses at each reporting date.

**Financial liabilities**

**Classification**

The State Department classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

**Notes to the Financial Statements (Continued)**

**k) Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the State Department.

**l) Provisions**

Provisions are recognized when the State Department has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the State Department expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

**Notes to the Financial Statements (Continued)**

**m) Social Benefits**

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The State Department recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the State Department will incur in fulfilling the present obligations represented by the liability.

**n) Contingent liabilities**

The State Department 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.

**o) Contingent assets**

The State Department 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 State Department 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.

**p) Nature and purpose of reserves**

The State Department do not create and maintains reserves.

**q) Changes in accounting policies and estimates**

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

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**r) Employee benefits**

**Retirement benefit plans**

The State Department provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which a State Department pays fixed contributions into a separate State Department (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**s) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

**t) Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

**u) Related parties**

The State Department regards a related party as a person or a State Department with the ability to exert control individually or jointly, or to exercise significant influence over the State Department, or vice versa. Members of key management are regarded as related parties and comprise the Cabinet Secretary, Technical Institutions, National treasury and Development projects.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**v) Service concession arrangements**

The State Department analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the State Department recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price.

In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the State Department also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**w) 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.

**x) Comparative figures**

In preparing these financial statements, the State Department has elected to apply paragraph 79 of IPSAS 33, which allows for the election by a State Department to present one statement of financial performance, one statement of cash flow, one statement of net assets and the statement of financial position and an opening statement of financial position as at the time of first-time adoption of the accrual basis of accounting.

**y) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**5. Significant Judgments and Sources of Estimation Uncertainty**

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

**Estimates and assumptions**

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

**Useful lives and residual value**

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

- a) The condition of the asset based on the assessment of experts employed by the State Department.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) Changes in the market in relation to the asset

**Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

*State Department for Technical, Vocational Education and Training  
Annual Report and Financial Statements for the year ended 30th June 2025*

**Notes to the Financial Statements (Continued)**

**6. Transfers from Exchequer**

<b>Nature of transfer</b>	<b>Amount recognized to Statement of Financial performance</b>	<b>Amount deferred under deferred income</b>	<b>Total transfers Period ended June 2025</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Recurrent	19,530,335,132	0	19,530,335,132
Development	1,489,503,249	0	1,489,503,249
<b>Total</b>	<b>21,019,838,381</b>	<b>0</b>	<b>21,019,838,381</b>

<b>Description</b>	<b>Total transfers Period ended Sept, Dec, March, June</b>
	<b>Kshs</b>
Exchequer Release Quarter 1	6,239,616,808
Exchequer Release Quarter 2	3,310,149,520
Exchequer Release Quarter 3	6,290,354,265
Exchequer Release Quarter 4	5,179,717,788
<b>TOTAL</b>	<b>21,019,838,381</b>

**7. Transfers from Domestic and Foreign Partners**

<b>Description</b>	<b>2024/2025</b>
	<b>Kshs</b>
Unconditional transfers from multilateral donors (Direct Payments)	50,550,332
Conditional transfers from multilateral donors	1,650,578,922
<b>Total</b>	<b>1,701,129,254</b>

*State Department for Technical, Vocational Education and Training  
Annual Report and Financial Statements for the year ended 30th June 2025*

*Details on Transfers from domestic and foreign partners*

Name Of Development partner Sending The Grant/Transfer	Amount recognized to Statement of Financial performance  Kshs	Amount deferred under deferred income  Kshs	Total transfers 2024-2025  Kshs
Promotion of Youth Employment and Vocational Training in Kenya	50,550,332	0	50,550,332
Support to Technical, Vocational Education and Training for Relevant Skills Development - TVET Phase II	249,206,387	0	249,206,387
Technical and Vocational Education Training and Entrepreneurship (TVETE Phase III)	919,126,890	0	919,126,890
Promotion of Youth Employment and Vocational Training in Kenya	446,661,609	0	446,661,609
Promotion of Youth Employment and Vocational Training in Kenya (Phase II)	35,584,036.00	0	35,584,036.00
<b>Total</b>	<b>1,701,129,254</b>	<b>0</b>	<b>1,701,129,254</b>

**8. Other Income**

Description	2024/2025 Kshs
Administrative fees and charges	10,096,822,759
Administrative fees and charges collected as AIA	183,574,755
Other Miscellaneous Receipts	4,000
<b>Total other income</b>	<b>10,280,401,514</b>

**9. Employee Costs**

Description	2024/2025 Kshs
Basic salaries of permanent employees	6,444,273,784
Personal allowances – part of salary	3,777,612,193
Employer contributions to compulsory national social security schemes	147,796,700
<b>Employee costs</b>	<b>10,369,682,677</b>

**10. Use of Goods and Services**

Description	2024/2025 Kshs
Utilities, supplies and services	5,355,010
Communication, supplies and services	4,549,861
Domestic travel and subsistence	108,036,407
Foreign travel and subsistence	27,528,620
Printing, advertising, and information supplies & services	8,328,520
Rentals of produced assets	70,015,056
Training expenses	48,248,471
Hospitality supplies and services	18,567,611
Specialized materials and services	272,442,456
Office and general supplies and services	23,289,569
Fuel Oil and Lubricants	26,807,191
Routine maintenance – vehicles and other transport equipment	2,035,154
Routine maintenance – other assets	2,670,764
Other operating expenses	312,024,854
<b>Total</b>	<b>929,899,544</b>

*Expenditures under Printing and Advertising and Hospitality Supplies and Services include outstanding amounts of Kshs 1,200,000 and Kshs 1,076,800, respectively. Additionally, Other Operating Expenses has been reduced by Kshs 52,000,000, representing a payment made to Dama Services for an opening payable. These adjustments are in line with the account analysis schedules.*

**11. Transfers to Other Government Entities**

Description	2024/2025 Kshs
Current Grants to Government Agencies and other levels of Government	16,709,490,496
Capital Grants to Government Agencies and other levels of Government	1,067,099,998
Other Capital Grants and Transfers	1,168,333,277
<b>Total</b>	<b>18,944,923,771</b>

**12. Other Grants and Subsidies**

Description	2024/2025 Kshs
Scholarships and other educational benefits	2,499,915,541
<b>Total Grants and Subsidies</b>	<b>2,499,915,541</b>

**13. Social Security Benefits**

Description	2024/2025 Kshs
Gratuity	529,257
<b>Total social benefit expenses</b>	<b>529,257</b>

**14. Depreciation Expense**

Description	2024/2025 Kshs
Depreciation	493,912
<b>Total social depreciation expenses</b>	<b>493,912</b>

Notes to the Financial Statements (Continued)

15. Cash and Cash Equivalents

Description	2024/2025	Opening statement
	Kshs	1 <sup>st</sup> July 2024 Kshs
Recurrent Account	32,595,508	1,903,747
Development Account	6,209	609,303
Deposits Account	48,487,228	64,635,957
EASTRIP	85,521,339	73,587,667
CBK 165	700,000	700,000
National Bank of Kenya	-	-
<b>Total</b>	<b>167,310,284</b>	<b>141,436,674</b>

15 (a) Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account number	2024/2025	Opening statement
		Kshs	1 <sup>st</sup> July 2024 Kshs
Central Bank of Kenya, Recurrent	1000302577	32,595,508	1,903,747
Central Bank of Kenya, Development	1000302623	6,209	609,303
Central Bank of Kenya, Deposit	1000302631	48,487,228	64,635,957
Central Bank of Kenya, CBK 165	1000302658	700,000	700,000
Kenya Commercial Bank, EASTRIP	1271486458	85,521,339	73,587,667
National Bank of Kenya	7716635050	-	-
<b>Total</b>		<b>167,310,284</b>	<b>141,436,674</b>

The State Department's National Bank of Kenya account is used to disburse grants, scholarships and capitations to institutions.

Notes to the Financial Statements (Continued)

16. Receivables from Non-Exchange Transactions

Description	2024/2025	Opening statement
	Kshs	1 <sup>st</sup> July 2024 Kshs
Current receivables-Un Surrendered AIEs	1,055,677	1,637,587
<b>Total receivables</b>	<b>1,055,677</b>	<b>1,637,587</b>

16 (a) Ageing analysis for Receivables from Non-Exchange Transactions

Description	2024/2025		Opening statement	
	Kshs		1 <sup>st</sup> July 2024 Kshs	
	Current FY	% of the total	1 <sup>st</sup> July	% of the total
Less than 1 year	4,779	1	948,187	58
Between 1- 2 years	361,498	34	689,400	42
Between 2-3 years	689,400	65	0	0
<b>Total</b>	<b>1,055,677</b>	<b>100</b>	<b>1,637,587</b>	<b>100</b>

Notes to the Financial Statements (Continued)

17. Property, Plant, and Equipment

	Computers & ICT Equipment	Work in progress	Total
<b>Depreciation Rate</b>	<b>33.3%</b>		
<b>Cost</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>Opening Bal as 1<sup>st</sup> July 2024</b>	<b>0</b>	<b>0</b>	<b>0</b>
Additions	1,483,220	162,010,444	163,493,664
Disposals	0	0	0
Transfer/Adjustments	0	0	0
<b>As at Jun 2025</b>	<b>1,483,220</b>	<b>162,010,444</b>	<b>163,493,664</b>
<b>Depreciation and Impairment</b>			
Depreciation	493,912	0	493,912
Disposals	0	0	0
Impairment	0	0	0
Transfer/Adjustment	0	0	0
<b>As At</b>	<b>493,912</b>	<b>0</b>	<b>493,912</b>
<b>Net Book Values</b>			
<b>Opening Bal as at 1<sup>st</sup> July 2024</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>As At 30<sup>th</sup> June 2025</b>	<b>989,308</b>	<b>162,010,444</b>	<b>162,999,752</b>

Notes to the Financial Statements (Continued)

18. Trade and Other Payables

Description	2024/2025	Opening Statement 1 <sup>st</sup>
	Kshs	July 2024 Kshs
Trade Payables	17,642,369	67,365,569
<b>Total trade and other payables</b>	<b>17,642,369</b>	<b>67,365,569</b>

Ageing analysis: (Trade and other payables)	% of the		% of the	
	Current FY	Total	1 <sup>st</sup> July	Total
Under one year	2,276,800	13	65,017,187	97
1-2 years	13,017,187	74	0	0
Over 3 years	2,348,382	13	2,348,382	3
<b>Total</b>	<b>17,642,369</b>	<b>100</b>	<b>67,365,569</b>	<b>100</b>

19. Refundable Deposits and Prepayments

Description	2024/2025	Opening Statement 1 <sup>st</sup> July 2024
	Kshs	Kshs
Contractors deposits	48,487,228	64,635,957
<b>Total deposits</b>	<b>48,487,228</b>	<b>64,635,957</b>

Ageing analysis: (Refundable deposits)	% of		1 <sup>st</sup> July	% of the Total
	Current FY	the Total		
Under one year	0	0	6,600,554	10.2
1-2 years	0	0	310	0
2-3 years	310	0	537,106	0.8
Over 3 years	48,486,918	100	57,497,987	89
<b>Total</b>	<b>48,487,228</b>		<b>64,635,957</b>	

**20. Cash Generated from Operations**

	2024/2025
	Kshs
<b>Surplus for the year before tax</b>	<b>255,924,447</b>
<b>Adjusted for:</b>	
Depreciation	493,912
<b>Working capital adjustments</b>	
Decrease in receivables	581,910
Decrease in trade payables	(49,723,200)
<b>Net cash flow from operating activities</b>	<b>207,277,069</b>

**21. Related Party Disclosures**

**Nature of related party relationships**

Entities and other parties related to the state department include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

**Government of Kenya**

The Government of Kenya is the principal shareholder of the *MDA*, holding 100% of the State Department's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the *MDA*, both domestic and external.

**Other related parties include:**

- i) The National Treasury
- ii) SCs and SAGAs
- iii) Kenya Power
- iv) National Bank, Teleposta Pension Scheme, KIDC for rent.

**Notes to the Financial Statements (Continued)**

	2024/2025
	Kshs
<b>A) Transactions with related parties</b>	
Exchequers National treasury	21,019,838,381
<b>Total</b>	<b>21,019,838,381</b>
<b>B) Purchases from related parties</b>	
Rent Expense (Teleposta Pension Scheme, National Bank of Kenya (which was then State Controlled) & Kenya Development Corporation)	70,015,056
<b>Total</b>	<b>70,015,056</b>
<b>C) Grants /transfers to other government Entities</b>	
Transfers to other Government Entities	18,944,923,771
Other Grants and subsidies	2,499,915,541
<b>Total</b>	<b>21,444,839,312</b>

**22. Contingent Liabilities**

Contingent liabilities	2024/2025
	Kshs
Court cases and arbitrations against The State Department	20,162,721
<b>Total</b>	<b>20,162,721</b>

**23. Events after the Reporting Period**

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

**24. Ultimate and Holding MDA**

The MDA ultimate parent is the Government of Kenya.

**25. Currency**

The financial statements are presented in Kenya Shillings (Kshs) and is rounded off to the nearest shilling.

**State Department for Technical, Vocational Education and Training**  
**Annual Report and Financial Statements for the year ended 30th June 2025**

**19. Appendix**

**Appendix 1: Implementation Status of Auditor-General's Recommendations**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
386	<p><b>Budgetary Control and Performance</b>                      The statement of comparison of budget and actual amounts reflects receipts budget and actual on a comparable basis of Kshs.33,606,783,833 and Kshs.26,835,101,058 respectively, resulting to under-funding of Kshs.6,771,682,775 or 20% of the budget.                      The under-funding affected the planned activities and may have impacted negatively on service delivery to the public</p>	<p>The underfunding of revenues was primarily due to the non-approval of Exchequer requests and unexpected delays in fulfilling donor requirements, which in turn resulted in delays in the disbursement of funds. These issues are being actively addressed and will be resolved in the current financial year.</p>	Not resolved	2025/2026
387	<p><b>Unresolved Prior Year Matters</b>                      In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management had not resolved the issues or given any explanation for failure to implement the recommendations as at 30 June, 2024</p>	<p>The State Department appeared before the Public Accounts Committee of the National Assembly to address the audit queries for the financial year 2022/2023. Once the committee issues its recommendations, the State Department will take the necessary steps to implement them</p>	Not resolved	2025/2026
388	<p><b>Long Outstanding Pending Bills</b>                      Note 19.2 and as disclosed in annex 1 to the financial statements reflects outstanding pending accounts payables balance of Kshs.195,891,049. Included in the balance are historical pending bills balance of Kshs.4,043,421 which have been outstanding for more than three (3) years. Failure to settle pending bills may result to penalties and interests and was contrary to Regulation 42(1)(b) of the Public Finance Management (National Government) Regulations, 2015 which requires debt service payments to form first charge in the subsequent financial year.</p>	<p>The department is currently awaiting the recommendations of the National Treasury- Pending Bills Verification Committee. Once the committee completes its review and provides its recommendations, the department will take the necessary steps to clear the outstanding bills. This process will be done in full adherence to the financial regulations and available resources, ensuring that the payments are made promptly and in line with the approved budget.</p>	Not resolved	2025/2026

**State Department for Technical, Vocational Education and Training  
Annual Report and Financial Statements for the year ended 30th June 2025**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:																		
389	<p><b>Un-Surrendered Authorities to Incur Expenditure</b> The statement of financial assets and financial liabilities reflects imprests and advances balance of Kshs.1,637,587 as disclosed in Note 12 to the financial statements in respect of un-surrendered Authorities to Incur Expenditure (AIEs), an increase of Kshs.948,187 from 2022/2023 balance of Kshs.689,400. This was contrary to the provisions of Regulation 117 of the Public Finance Management (National Government) Regulations, 2015 which states that where an AIE holder observes that it will not be possible to utilize all the funds allocated for a particular project in a given financial year, the Accounting Officer will then surrender the resources to Project for re-budgeting</p>	<p><b>Management Response.</b> Management is actively following up with the respective County Directors of Technical, Vocational Education and Training (TVET) to ensure that unspent AIEs are surrendered. A copy of the follow-up letter is attached. Additionally, following the submission of the annual report and financial statements, a total of Kshs 586,688 has been surrendered, as detailed below:</p> <table border="1"> <thead> <tr> <th>S/no.</th> <th>County</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Embu</td> <td>388</td> </tr> <tr> <td>2</td> <td>Nairobi</td> <td>1,764</td> </tr> <tr> <td>3</td> <td>Kericho</td> <td>43,338</td> </tr> <tr> <td>4</td> <td>Kajiado</td> <td>541,198</td> </tr> <tr> <td></td> <td><b>Total</b></td> <td><b>586,688</b></td> </tr> </tbody> </table>	S/no.	County	Amount	1	Embu	388	2	Nairobi	1,764	3	Kericho	43,338	4	Kajiado	541,198		<b>Total</b>	<b>586,688</b>	Not resolved	2025/2026
S/no.	County	Amount																				
1	Embu	388																				
2	Nairobi	1,764																				
3	Kericho	43,338																				
4	Kajiado	541,198																				
	<b>Total</b>	<b>586,688</b>																				
390	<p><b>Non-Compliance with the National Cohesion and Integration Act, 2008</b> Review of the payroll database revealed that the State Department had staff population of eight thousand and two (8,002), out of whom five thousand six hundred and twenty-three (5,623) or 70% of staff were from four (4) ethnic communities. This was contrary to Section 7(1) an (2) of the National Cohesion and Integration Act, 2008 that requires all public establishments to seek to represent the diversity of the people of Kenya in employment of staff. Management did not provide a roadmap for resolving this issue</p>	no single ethnic community comprises more than one-third of the staff in the State Department. The National Cohesion and Integration Act, 2008, Section 7 (1 & 2), does not mandate the aggregation of employees from different ethnic communities to determine compliance with the law. Therefore, the State Department for TVET is in full compliance with the Act.	Not resolved	2025/2026																		
391.1	<p><b>Collapse of Chepareria Technical Training Institute</b> As previously reported, the contract for the construction of Chepareria Technical Training Institute was awarded to a local contractor at a contract sum of Kshs.48,743,504. However, the building collapsed while under construction and after more than</p>	The West Pokot County Government has allocated an alternative site for the construction of the proposed Chepareria TTI, The ministry has already developed the Bills of Quantities and designs for the new Technical and Vocational Colleges (TVCs), which can be adapted to the new site.	Not resolved	2025/2026																		

**State Department for Technical, Vocational Education and Training  
Annual Report and Financial Statements for the year ended 30th June 2025**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	<p>Kshs.26,700,000 had been disbursed to the Institution and paid to the contractor. The collapse was attributed to poor workmanship by the contractor who seemed to have been unfamiliar with the site. As a result, the contractor has since demanded several conditions, including a new site and Bills of Quantities to redo the work. The State Department had not taken any action against the contractor - over five (5) years after the collapse of the building and abandonment of the site by the contractor. Contract agreement, payment certificates and vouchers, completion certificates and the status report of the project were not provided for audit review.</p>	<p>Additionally, a letter was sent to the Attorney General's office on 10th July, 2024, requesting a legal opinion on the next steps for the construction of the institution.</p>		
391.2	<p><b>Long Outstanding Unresolved Contract Variations</b></p> <p>As previously noted, the State Department initiated the establishment of sixty (60) new technical and vocational colleges (TVCs) in 2014/2015 financial year. However, review of records revealed that more than fifty (50) TVCs had raised contract variations amounting to Kshs.488,200,016. Further, included in the above projects are four (4) abandoned projects with contract sums and paid amounts of Kshs.219,742,691 and Kshs.185,910,595, respectively at Sigor, Samburu West, Kakrao and Balambala Technical Training Institutions.</p> <p>Further, the State Department awarded contracts during 2015/2016 financial year for the construction of seventy (70) new technical training institutes across the country at a total contract sum of Kshs.3,821,946,495 for a period of one year. Further, a report submitted by the Management reflects that four (4) projects with contract sums totalling Kshs.207,473,429 were incomplete at Igembe South, Ngeria, Wajir North and Moyale Technical Training Institutions.</p>	<p><b>Management Response</b></p> <p>Wajir North and Moyale TVCs contracts were terminated. Moyale and Wajir North TVCs project manager is preparing a financial report in preparation for advertisement of the remaining works.</p> <p>Sigor TVC is 90% Complete and is currently being used as a security camp.</p> <p>Igembe South - NG-CDF had not forwarded their required contribution of Kshs 10 Million. The MP was reminded of the same</p> <p>Kakrao TVC - NG-CDF has contributed Kshs 10 Million in full and the contractor is on site and committed to finishing the project within the set time period.</p> <p>Kacheliba TVC - The contractor is on ground has committed to completing the works. The payment vouchers for Kacheliba TVC are available for your review.</p> <p>Igembe Central TVC - Has been operational from 30<sup>th</sup> April 2024, Students have been admitted and are attending training. Kitutu Chache TVC - Works are ongoing, there was additional work due to the sloppy ground topography as shown in the attached photo which led to creation of additional rooms instead of backfilling. The contractor has</p>	Not resolved	2025/2026

**State Department for Technical, Vocational Education and Training**  
**Annual Report and Financial Statements for the year ended 30th June 2025**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	<p>In addition, the State Department awarded contracts in 2019/2020 financial year for the construction of thirty (30) technical training institutes across the country at a total contract sum of Kshs.1,702,965,365 for a period of one year. Similarly, a report submitted by the Management reflects those five (5) projects with contract sum of Kshs.252,262,276 were incomplete at Mt. Elgon TVC, Kacheliba TVC, Kitutu Chache South TVC, Kilifi North TVC and South Mugirango TVC.</p> <p>Similarly, the State Department awarded contracts in 2012/2013, 2014/2015 and 2017/2018 financial years for the construction of three (3) technical training institutes at a total contract sum of Kshs.405,476,315. However, the projects are still incomplete</p>	requested for the final payment to enable completion of the pending works.		
391.3.1	<p><b>Construction of Ngeria Technical and Vocational College</b></p> <p>As reported in the previous year, the Rift Valley Technical Training Institute (RVTTI) signed a contract on 19 May, 2021 with a construction company for the construction of the proposed Ngeria Technical and Vocational College. The project contract sum was Kshs.46,992,333 for a contract period of fifty-two (52) weeks ending on 19 May, 2022. The Project is still incomplete at 84% and the contractor was not on site. The contractor had been paid an amount of Kshs.39,571,911 with an outstanding balance of Kshs.7,420,424 with a revised expected completion date of 31 December, 2023. However, there was no performance bond executed for the extended period as the current one expired on 13 September, 2023. Management of Rift Valley Technical Training Institute explained that the delay in completion was caused by delays in exchequer funding.</p>	<p>The construction works were nearing completion with some of the facilities being already in use.</p> <p>The contractor committed to undertaking the remedial works noted on site and captured in the minutes for the site meeting held on 04 June 2024.</p> <p>Rift Valley Technical Training Institute (RVTTI) who are the mentor institution for Ngeria TVC has written to Public Works requesting for valuation of works and final account to determine the amount owed to the contractor. The institution now has a principal, staff and students already enrolled</p>	Not resolved	2025/2026
391.3.2	<p><b>Construction of Mt. Elgon Technical and Vocational College</b></p>	The delay in completion of the project was occasioned by a re-measurement of the works which led to extra works	Not resolved	2025/2026

**State Department for Technical, Vocational Education and Training**  
**Annual Report and Financial Statements for the year ended 30th June 2025**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	<p>As previously reported, Kisiwa Technical Training Institute signed a contract on 22 March, 2019 between Kisiwa Technical Training Institute and a construction company for construction of the proposed Mt. Elgon Technical and Vocational College. The Project contract sum was Kshs.59,062,878 with a tenure of fifty-two (52) weeks ending on 21 March, 2020. Physical verification of the Project in November, 2023, revealed that the project was incomplete at 92% and the contractor was not on site. At the time of the audit in the same month, the contractor had been paid Kshs.57,039,820.</p> <p>Further, on 29 January, 2023, the contractor was granted an extension of time for completion to 31 December, 2023. No further extension was provided for audit. Management did not provide reasonable justification for the delay in the completion of the Institute.</p>	<p>amounting to Kshs.13,288,515.00 (see copies of re-measurement of works).  The contractor was granted an extension on time for completion of the project by the Directorate of Public Works up to 31<sup>st</sup> December 2024.  The contractor provided a performance bond that was expiring on 5th December, 2024</p>		
392	<p><b>Failure to Prepare and Submit Financial Statements for TVETs</b></p> <p>During the financial year under review, two hundred and thirty (230) TVETs were funded by the State Department. However, only one hundred and fifty (150) TVETs submitted their respective financial statements, while eighty (80) TVETs did not submit the financial statements. This was contrary to Section 81(4)(a) of the Public Finance Management Act, 2012 and Section 14(2) of the Technical and Vocational Education and Training Act, 2013 requires that, not later than three months after the end of each financial year, the accounting officer for the entity shall; submit the entity's financial statements to the Auditor General and a copy of the statement to the Controller of Budget, The National Treasury and the Commission on Revenue Allocation.</p>	<p>The State Department informed the 80 institutions to submit their financial statements. All have submitted and audited.</p>	Not resolved	2025/2026

**State Department for Technical, Vocational Education and Training**  
**Annual Report and Financial Statements for the year ended 30th June 2025**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
393	<p><b>Staff Earning Net Pay of Less than One Third of Basic Salaries</b></p> <p>The statement of receipts and payments reflects compensation of employees amount of Kshs.8,266,032,742 as disclosed in Note 5 to the financial statements. However, review of payroll for April 2024 revealed that two hundred and twenty-two employees received net salaries of less than a third of their respective basic salary. This was contrary to the provisions of Section C.1(1) of the Human Resources Policies and Procedures Manual for Public Service issued in May 2016 by the Public Service Commission.</p> <p>Management did not provide justification for allowing deductions that reduced the net pay to less than one-third of the staff's basic salaries.</p>	<p>The State Department notes that its employees are law-abiding public servants who strive to comply with the Employment Act by adhering to the one-third rule. However, changes in mandatory deductions, such as the introduction of the housing levy and increased NSSF contributions, have affected employee income and led to some instances of non-compliance with the one-third rule.</p> <p>To ensure compliance, the State Department maintains a monthly register of employees who are in breach of the one-third rule and communicates with them to review their deductions accordingly. This effort is reflected in the fact that very few employees remain non-compliant for more than two consecutive months</p> <p>Additionally, it should be noted that maintaining one third is a requirement for the employees in accordance to the Human Resource Policies and Procedures Manual for Public Service 2016. To ensure compliance the state department has initiated disciplinary action for all those officers who have not maintained one third rule</p>	Not resolved	2025/2026
394	<p><b>Accounting of Infrastructural Projects for Technical Institutes</b></p> <p>Annex 2 to the financial statements reflects summary of fixed assets register with historical costs balance of Kshs.2,559,069,137. However, the fixed assets register reflects the total fixed assets balance of Kshs.287,679,029, resulting to a variance of Kshs.2,271,390,108. Although Management has made disclosure on the ownership of the infrastructural works undertaken by the State Department in various technical institutions, no adjustment has been made to reflect the actual assets it owns.</p>	<p>The State Department will make adjustments in the asset register</p>	Not resolved	2025/2026

*State Department for Technical, Vocational Education and Training*  
*Annual Report and Financial Statements for the year ended 30th June 2025*

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**Dr. Esther Thaara Muoria, PhD**

**Principal Secretary**

**State Department for Technical, Vocational Education**

*State Department for Technical, Vocational Education and Training  
Annual Report and Financial Statements for the year ended 30th June 2025*

**Appendix II: Projects implemented by State Department for Technical, Vocational Education and Training**

<b>Project Title</b>	<b>Project Number</b>	<b>Period / Duration</b>	<b>Donor Commitment</b>	<b>Separate Donor Reporting required as per the donor agreement</b>	<b>Consolidated in these financial statements (Yes/No)</b>
Promotion of Youth Employment Through Scholarship Phase II (Wings to Fly IV)	BMZ No: 2018 67 399	5 Years	EUR 7,000,000	NO	YES
Promotion of Youth Employment and Vocational Training in Kenya	BMZ No. 2016 67 211, BMZ No. 2016 65 298 Grant No. 1930 05 527	6 Years	EUR 22,737,947	NO	YES
Promotion of Youth Employment and Vocational Training in Kenya (Phase II)	BMZ No. 2018 65 120	5 Years	EUR 12,200,000	NO	YES
East Africa Skills for Transformation and Regional Integration Project (EASTRIP)	6334 - KE	7 Years	EUR 51,500,000	YES	YES
Support to Technical, Vocational Education and Training for Relevant Skills Development - TVET Phase II	ADF Loan No. 2100150033295 Project ID No. P-KE-IAE-002	9 Years	USD 74,591,766	NO	YES
Technical and Vocational Education Training and Entrepreneurship (TVETE Phase III)	ADF Loan No. 2100150042254 Project ID No. P-KE-IAE-003	5 Years	EUR 38,404,002	NO	YES

*State Department for Technical, Vocational Education and Training  
Annual Report and Financial Statements for the year ended 30th June 2025*

**Status of Projects completion**

<b>Project Title</b>	<b>Total Project Cost</b>	<b>Total Expended to Date</b>	<b>Completion % to date</b>	<b>FY 2024/2025 Budget (Ksh)</b>	<b>Actual</b>	<b>Source of Funds</b>
Promotion of Youth Employment Through Scholarships Phase II (Wings to Fly IV)	EUR 7,000,000	EUR 679,284	9.7	160,000,000	0	KfW Bank
Promotion of Youth Employment and Vocational Training in Kenya	EUR 22,737,947	EUR 9,682,150	42.58	642,960,000	508,484,815	KfW Bank, GoK
Promotion of Youth Employment and Vocational Training in Kenya (Phase II)	EUR 12,200,000	EUR 858,560	7	50,000,000	35,584,036	KfW Bank
East Africa Skills for Transformation and Regional Integration Project (EASTRIP)	EUR 32,940,000	EUR 27,549,199	83.63	760,000,000	748,066,328	International Development Agency
Support to Technical, Vocational Education and Training for Relevant Skills Development - TVET Phase II	USD 74,591,766	USD 70,442,113	COMPLETED	357,455,900	354,019,526	AfD Bank, GoK
Technical and Vocational Education Training and Entrepreneurship (TVETE Phase III)	EUR 38,404,002	EUR 15,318,203	39.89	1,079,426,626	1,042,937,846	AfD Bank, GoK

*State Department for Technical, Vocational Education and Training  
Annual Report and Financial Statements for the year ended 30th June 2025*

**Appendix III: Fixed Asset Register**

<b>Asset class</b>	<b>Historical Cost b/f (Kshs) Previous Year</b>	<b>Additions during the year (Kshs)</b>	<b>Disposals during the year (Kshs)</b>	<b>Transfers in/(out) during the year</b>	<b>Historical Cost c/f (Kshs) Current Year</b>
ICT Equipment		1,483,220			1,483,220
Work in Progress (Certified Works)		162,010,444			162,010,444
<b>Total</b>		<b>163,493,664</b>			<b>163,493,664</b>

In accordance with IPSAS 33, only assets acquired during the current financial year have been recognized, as this marks the first year of the transition period. The state has exercised the transitional relief options available under IPSAS 33 to ensure a phased and compliant adoption of accrual-based reporting.

**Appendix iv: Contingent Liabilities Register**

<b>S/No</b>	<b>Description</b>	<b>Nature of Liability</b>	<b>Amount</b>
1	Motor GKB 550W	An amount of KSh 995,580. relating to a legal suit concerning a motor vehicle involved in an accident	<b>995,580</b>
2	Tax Liability	The PAYE Income Tax liability accrued amounts to Kshs 37,879,635, offset by overpayments totaling Kshs 18,712,494. The State Department is currently reconciling missing tax exemption certificates, and as such, this figure remains subject to change	<b>19,167,141</b>
	<b>Total</b>		<b>20,162,721</b>

*State Department for Technical, Vocational Education and Training  
Annual Report and Financial Statements for the year ended 30th June 2025*

**Appendix V Deposits**

S/NO.	NAME	AMOUNT KSH
1.	BASHASH	565,500.00
2.	MWEHA	2,050,830.65
3.	LATON	3,948,840.70
4.	PLUMBING SYSTEM	1,300,381.45
5.	DON WOODS	262,010.65
6.	EPCO	7,241,727.00
7.	TELCOMS	65,327.10
8.	FINE TOPS	104,772.70
9.	ALPHA TECH	4,572,890.80
10.	SEO & SONS LTD	157,991.20
11.	NAN CHANG	4,497,760.90
12.	MARSON	1,320,587.75
13.	BABUBHAI	3,301,787.90
14.	SARAWET	299,784.55
15.	STEM	115,345.70
16.	WILKORI	194,504.30
17.	ASHBRO	539,097.75
18.	PONG	359,486.90
19.	CORBAN	7,427,507.20
20.	BURA HITECH	167,732.50
21.	ADCAID	240,394.50
22.	JIMRO	215,438.60
23.	ANNESBUGGUS	119,392.55
24.	BESKO	183,108.10
25.	FILMA	257,165.80
26.	JUMTECH	160,000.00
27.	TAX-JIPSY	231,891.00
28.	TAX-ARCON	336,931.80
29.	INTERPID	622,186.50
30.	INTERPID	70,250.00
31.	INTERPID	246,516.00
32.	HIGHPOINT	70,465.55
33.	FIRMBASE	30,231.90
34.	KEPEN	49,963.90
35.	TORETA	184,615.50
36.	TRILLION	656,970.50
37.	TRILLION	183,427.45
38.	ICONET SOLUTIONS	597,156.75
39.	ICONET SOLUTIONS	136,020.50
40.	ICONET SOLUTIONS	561,131.25
41.	SRANCO	54,093.55
42.	SRANCO	60,000.00

*State Department for Technical, Vocational Education and Training  
Annual Report and Financial Statements for the year ended 30th June 2025*

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S/NO.	NAME	AMOUNT
43.	JONESA	636,901.90
44.	JONESA	105,418.00
45.	JONESA*(JONES)	154,340.00
46.	PATIENCE	679,766.80
47.	PATIENCE	217,322.85
48.	TRANSFER	898,620.30
49.	PATIENCE RETENTION	186,448.00
50.	ADSCAN RETENTION	243,232.00
51.	TRILLION RETENTION	107,426.00
52.	CASH DEPOSIT	310.00
53.	DUTRON	1,496,222.90
	<b>TOTAL</b>	<b>48,487,228.15</b>

*State Department for Technical, Vocational Education and Training  
Annual Report and Financial Statements for the year ended 30th June 2025*

<b>Appendix VI: Payables</b>							
<b>Supplier of Goods or Services</b>	<b>Date invoiced/ contracted</b>	<b>Particulars</b>	<b>Original Amount</b>	<b>Balance at the beginning of the year</b>	<b>Addition During the year</b>	<b>Amount paid During the year</b>	<b>Outstanding Balance</b>
				<b>a</b>	<b>b</b>	<b>c</b>	<b>d=a+b-c</b>
<b>Supply of goods</b>							
Copierforce Kenya Ltd	25/1/2021	Scanners	582,575	582,575	0	0	582,575
Computerways Ltd	19/1/2021	printers	220,806	220,806	0	0	220,806
Afrokent Office Equipment	3/2/2021	Desktop computers	1,545,000	1,545,000	0	0	1,545,000
<b>Sub-Total</b>			<b>2,348,381</b>	<b>2,348,381</b>			<b>2,348,381</b>
<b>Supply of services</b>							
Kenya Broadcasting Corporation	A41539 2024/2025	Advertising	1,200,000	0	1,200,000	0	1,200,000
Panorama Hotel	9581, 2024/2025	Conference facility	520,000	0	520,000	0	520,000
Kenya Institute of Supply Management		Training/workshop	556,800	0	556,800	0	556,800
Super Eagles Tours & Travel Ltd	25/121	Air ticket	102,880	102,880	0	0	102,880
Levant Tours & Travels Ltd	31/1/23	Air ticket change penalty	4,500	4,500	0	0	4,500
Levant Tours & Travels Ltd	31/1/2019	Air ticket	59,460	59,460	0	0	59,460
Gazebo Hospitality Limited	2/4/2019	Conference facility	118,800	118,800	0	0	118,800
Gazebo Hospitality Limited	20/11/2018	Conference facility	82,500	82,500	0	0	82,500
Kisii National Polytechnic	02/7/2019	Conference facility	625,000	625,000	0	0	625,000
Kiambu Institute of Science & Technology	2023/2024	Conference facility	581,400	581,400	0	0	581,400
Imperial Hotel	24/10/2019	Conference facility	121,900	121,900	0	0	121,900
Eseriani the Hotel	28/11/2019	Conference facility	280,000	280,000	0	0	280,000
Masada Hotel	2/4/2020	Conference facility	300,000	300,000	0	0	300,000
M/S Kenya Institute of Curriculum Development	31/01/24	Conference Facilities	175,000	175,000	0	0	175,000

**State Department for Technical, Vocational Education and Training**  
**Annual Report and Financial Statements for the year ended 30th June 2025**

<b>Appendix VI: Payables</b>							
<b>Supplier of Goods or Services</b>	<b>Date invoiced/ contracted</b>	<b>Particulars</b>	<b>Original Amount</b>	<b>Balance at the beginning of the year</b>	<b>Addition During the year</b>	<b>Amount paid During the year</b>	<b>Outstanding Balance</b>
Lake Naivasha Crescent	4/5/2024	Conference Facilities	416,000	416,000	0	0	416,000
Hotel Hylise	23/9/23	Conference Facilities	245,000	245,000	0	0	245,000
Eseriani the Hotel	19/4/2024	Conference Facilities	986,700	986,700	0	0	986,700
Eseriani the Hotel	29/3/2024	Conference Facilities	213,500	213,500	0	0	213,500
The Gem Hotel		Conference Facilities	262,500	262,500	0	0	262,500
Masada Hotel	30/9/2023	Conference Facilities	976,500	976,500	0	0	976,500
Kenya Development Co.	1/4/2024	Rent and Parking	11,874,817	5,364,417	0	0	5,364,417
Government Advertising Agency	2023/2024	Tender Advertising	259,768	259,768	0	0	259,768
Super Eagles Travel and tours	2023/2024	Air ticket	197,820	197,820	0	0	197,820
Super Eagles Travel and Tours	2023/2024	Air ticket	30,500	30,500	0	0	30,500
My Gov-Star	31/10/23	Advertisement	608,662	608,662	0	0	608,662
My Gov-People	28/11/23	Advertisement	98,793	98,793	0	0	98,793
My Gov Star	2023/2024	Advertisement	366,588	366,588	0	0	366,588
Masada Hotels	2023/2024	Conference	539,000	539,000	0	0	539,000
Dama Services Ltd	2023/2024	Consultancy for Project Mgt	72,000,000	52,000,000	0	52,000,000	0
<b>Sub-Total</b>			<b>93,804,388</b>	<b>65,017,188</b>	<b>2,276,800</b>	<b>52,000,000</b>	<b>15,293,988</b>
<b>Grand Total</b>			<b>96,152,769</b>	<b>67,365,569</b>	<b>2,276,800</b>	<b>52,000,000</b>	<b>17,642,369</b>

*State Department for Technical, Vocational Education and Training  
Annual Report and Financial Statements for the year ended 30th June 2025*

<b>Appendix VII: Receivables (Un-surrendered AIES)</b>						
<b>S/No</b>	<b>County</b>	<b>Un-surrendered 2022/2023</b>	<b>Un-surrendered 2023/2024</b>	<b>Un-surrendered 2024/2025</b>	<b>2023/2024 Amount surrendered in 2024/2025</b>	<b>Balance un-surrendered end of 2024/2025</b>
1	Garissa	5,909.00	266.00	19.00		6,194.00
2	Kisii	-	890.00	50.00		940.00
3	Isiolo	-	19.00	-		19.00
4	Embu	400,111.55	388.50	470.50	- 388.50	400,582.05
5	Kericho	-	43,338.00	-	- 43,338.00	-
6	Nairobi	1,247.00	1,764.00	-	- 1,764.00	1,247.00
7	Busia	-	243.00	-		243.00
8	Kajiado	-	901,278.00	-	- 541,198.00	360,080.00
9	Kakamega	3,876.85	-	-		3,876.85
10	Mombasa	127,911.50	-	-		127,911.50
11	Nakuru	149,297.00	-	-	-	149,297.00
12	Nyeri	686.10	-	-		686.10
13	Kisumu	361.00	-	1,177.00		1,538.00
14	Mandera	-	-	3,062.00	-	3,062.00
	<b>TOTAL</b>	<b>689,400.00</b>	<b>948,186.50</b>	<b>4,778.50</b>	<b>- 586,688.50</b>	<b>1,055,676.50</b>





*[Faint, illegible handwritten text or markings in the upper left quadrant.]*