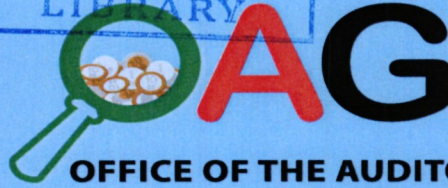


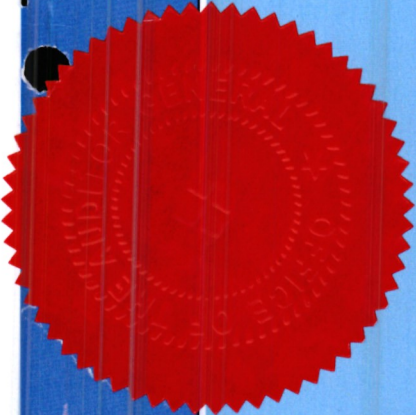
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Enhancing Accountability



REPORT

THE NATIONAL ASSEMBLY	
OF	
DATE: 13 APR 2023	THURSDAY
TABLED BY:	Lom (Hon. Kimani Ichung'wah)
CLERK-AT-THE-TABLE:	Joyce Kametele

THE AUDITOR-GENERAL

ON

**SUPPORT TO TECHNICAL AND
VOCATIONAL EDUCATION TRAINING AND
ENTREPRENEURSHIP (TVETE PROJECT
PHASE III) (LOAN NO. 2100150042254)**

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

**STATE DEPARTMENT FOR VOCATIONAL
AND TECHNICAL TRAINING**



**SUPPORT TO TECHNICAL AND VOCATIONAL EDUCATION TRAINING AND
ENTREPRENEURSHIP (TVETE PROJECT - PHASE III)**

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

**PROJECT GRANT/CREDIT NUMBER: ADF Loan No: 2100150042254
PROJECT ID. NO. P-KE-IAE-003**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30 JUNE, 2022

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

*Support to Technical and Vocational Education Training Entrepreneurship (TVETE III
Project)
Annual Report and Financial Statements For the Financial year ended 30 June, 2022*

Support to Technical and Vocational Education Training Entrepreneurship (TVETE III Project)

Annual Report and Financial Statements For the Financial year ended 30 June, 2022

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Support to Technical and Vocational Education Training Entrepreneurship (TVETE III Project)
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1. Project Information and Overall Performance

1.1 Name and registered office

Name

‘Support to Technical and Vocational Education Training and Entrepreneurship (TVETE) Project (GoK/AfDB TVET Project-Phase III)’.

Objective

The key objective of the project is to increase youth employment by improving the employability and competitiveness of Kenyan youth through improved access to quality and relevant Technical Education and Entrepreneurship Training (TVETE).

Address

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

The address of its registered office is:

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

Contacts: The following are the project contacts

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

Support to Technical and Vocational Education Training Entrepreneurship (TVETE III Project)

Annual Report and Financial Statements For the Financial year ended 30 June, 2022

Project information and overall performance (continued)

1.2 Project Information

Project Start Date:	The project start date is 11.01.2021
Project End Date:	The project end date is 30.06.2025
Project Manager:	The project manager is Mr. John K. Tuwei
Project Sponsor:	The project sponsor is GoK and African Development Bank Group

1.3 Project Overview

Ministry/StateDepartment of the project	The project is under the supervision of the Ministry of Education, State Department of Vocational and Technical Training (SDVTT)
Project number Project Id. number	2100150042254 P-KE-IAE-003
Strategic goals of the project	The strategic goals of the project are as follows: (i) To increase access and equity, improve quality and relevance of TVET education and training (ii) To equip youth, at least 50% of them women, with relevant TVET skills for the immediate and emerging labour market needs.
Achievement of strategic goals	The project management aims to achieve the goals through the following means: (i) Provision of infrastructure to 12 TVET including hostels to 4 Special needs TVETs and equipping 33 TVET institutions. (ii) Capacity Building of TVET trainers and Technicians and training of disengaged youth

Support to Technical and Vocational Education Training Entrepreneurship (TVETE III Project)
Annual Report and Financial Statements For the Financial year ended 30 June, 2022

	<p>(iii) Support of TVET Authority and CDACC to operationalize</p> <p>(iv) Support on cross cutting issues such as gender, tracer studies governance and development of TVET-MIS</p>
Other important background information of the project	The project covers 33 TVET institutions spread across the entire Country
Current situation that the project was formed to intervene	<p>The project was formed to intervene in the following areas:</p> <p>(i) Increase transition of youth from basic education into TVET and reduce unemployment</p> <p>(ii) Improve the quality and relevance of TVET for industry</p>
Project duration	The project started in 2021 and is expected to run until 30 June 2025.

Project Information and Overall Performance (Continued)

1.4 Bankers

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

1.5 Auditors

Auditor-General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

1.6 Roles and Responsibilities

Names	Title designation	Key qualification	Responsibilities
John K. Tuwei	Senior Assistant Director Technical Education	Masters	Project Manager
Joseph N. Njau	Senior Assistant Director Technical Education	Masters	Deputy Project Manager
Joseph Kanyi	Senior Assistant Director Technical Education	Masters	Project Officer
Carolyne Nyambok	Principal Accountant	Masters	Principal Accountant
Steve Juma	Finance Officer	Bachelor of commerce	Project Finance Officer
ZennahAwiti	Supply Chain Management Officer	Diploma	Project Procurement Officer

Support to Technical and Vocational Education Training Entrepreneurship (TVETE III Project)
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Project information and overall performance (continued)

1.7 Funding summary

The Project is for duration of 5 years from 2021 to 2025 with an approved budget of Euros 38,404,002 equivalent to KShs. 4,336,374,840 as highlighted in the table below

*Support to Technical and Vocational Education Training Entrepreneurship (TVETE III Project)
Annual Report and Financial Statements For the Financial year ended 30 June, 2022*

Project information and overall performance (continued)

Below is the funding summary:

A. Source of Funds

Source of funds	Donor Commitment-		Amount received to date (30 June 2022)		Undrawn balance to date (30 June 2022)	
	Donor currency Euros	KShs	Donor currency Euros	KShs	Donor currency Euros	KShs
	(A)	(A')	(B)	(B')	(A)-(B)	(A)-(B)
(i) Loan						
AfDB Loan	33,238,985	3,753,168,700	115,820	13,077,795	33,123,165	3,740,090,905
(ii) Counterpart funds						
Government of Kenya	5,165,017	583,206,140	284,338	39,671,737	4,880,679	543,534,403
Total	38,404,002	4,336,374,840	400,158	52,749,532	38,003,844	4,283,625,308

*Support to Technical and Vocational Education Training Entrepreneurship (TVETE III Project)
Annual Report and Financial Statements For the Financial year ended 30 June, 2022*

Project information and overall performance (continued)

B. Application of Funds

Application of funds	Amount received to date (30 June 2022)		Cumulative Amount paid to date (30 June 2022)	Unutilised balance to date (30 June 2022)	
	Donor currency-Euros	Kshs	Kshs	Donor currency-Euros	Kshs
	(A)	(A')	(B')	(A)-(B)	(A')-(B')
(i) Loan					
AfDB	115,820	13,077,795	13,077,795	33,123,165	3,740,090,905
(ii) Counterpart funds					
Government of Kenya	284,338	39,671,737	39,671,737	4,880,679	543,534,403
Total	400,158	52,749,532	52,749,532	38,003,844	4,283,625,308

Project information and overall performance (continued)

1.8 Summary of Overall Project Performance:

- i) The project did not disburse any funds (direct payments) during the year under review because of slow procurement process caused by delays in approval of procurement activities by the Bank.

The project commenced in March 2021 with procurement of training consultancies for ‘upskilling’ of TVET trainers at Technical University of Mombasa (TUM). Procurement process was completed and 38 TVET trainers were enrolled for various degree programmes at Technical University of Mombasa. The other procurement activities that commenced include Procurement of consultant for construction works, procurement of equipment for Wangare Maathai institute of Peace and environmental studies (WMI). Additionally, procurement of equipment for 10 new TVET institutions was also commenced with award expected to be done in September, 2022

- ii) List the implementation challenges and recommended way forward.

Some of the main challenges of the project include delay in issuance of ‘no objection’ on procurement processes by the AfDB. The challenge was raised by the project and was addressed by the AfDB during the June/July 2022 Bank supervision mission.

1.9 Summary of Project Compliance:

The Project has not violated any agreements and covenants with the African Development Bank.

2. Statement of Performance against Project's Predetermined Objectives

The overall objective of the proposed Support to Technical and Vocational Education Training and Youth Entrepreneurship (TVETE III) project is to improve access, quality and relevance of technical education and entrepreneurship training for youth employment.

The project targets trainees and trainers in Technical Training Institutes (TTIs), trainees living with disability, semi-skilled youth in Micro Small and Medium Enterprises (MSMEs), TVET quality assurance agencies and industry. The project will directly benefit 156,000 trainees (50% female), 2000 youth in MSMEs, 1000 TVET trainers and indirectly 6.9 million youth aged 15 – 25 years who qualify for tertiary education across the 47 counties in Kenya. The project will: (i) increase enrolment to TVET and expand inclusive access through expansion of workshops and classrooms in 11 TTIs, including 4 special needs TTIs, provision of 16 hostels (60% female); training equipment to 26 TTIs in Science Technology Engineering and Mathematics (STEM); (ii) improve the quality and relevance of TVET training through TVET institutional development and trainers' capacity building, promote demand-driven training in collaboration with industry, establishment of a Curriculum Development, Assessment and Certification Council (CDACC) publishing, printing and assessment center (iii) promote entrepreneurship development through training trainers and youth on entrepreneurship, reskilling youth in the MSME sector through recognition of prior learning, creating incubation centres in TTIs and providing start-up kits to young entrepreneurs.

The project commenced in March 2021 with procurement of training consultancies for 'upskilling' of TVET trainers at Technical University of Mombasa (TUM). Procurement process was completed and 38 TVET trainers were enrolled for various degree programmes at Technical University of Mombasa. The other procurement activities that commenced include Procurement of consultant for construction works, procurement of equipment for Wangare Maathai institute of Peace and environmental studies (WMI). Additionally, procurement of equipment for 10 new TVET institutions was also commenced with award expected to be done in September, 2022

Support to Technical and Vocational Education Training Entrepreneurship (TVETE III Project)

Annual Report and Financial Statements For the Financial year ended 30 June, 2022

Introduction

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

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

The objective of the proposed Support to Technical and Vocational Education Training and Youth Entrepreneurship (TVETE III) project is to improve access, quality and relevance of technical education and entrepreneurship training for youth employment.

Progress on attainment of Strategic development objectives

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

Below we provide the progress on attaining the stated objectives:

Project	Objective	Outcome	Indicator	Performance
State Department of Vocational and Technical Training	To improve access, quality and relevance of technical education and entrepreneurship training for youth employment.	Enrolment in TVET increased (50%) women	20% increase to 60 % in enrollment to TVET enrollment (50% women) by 2025	In FY 21/22 0% (Construction works is yet to commence)
		TVET trainees enrolled in engineering and applied science (50% women)	27% increase to 80 % of trainees to TVET enrolled in engineering and applied science	In FY 21/22

Support to Technical and Vocational Education Training Entrepreneurship (TVETE III Project)
Annual Report and Financial Statements For the Financial year ended 30 June, 2022

Project	Objective	Outcome	Indicator	Performance
			(50% women) by 2025	
			Gender Parity Index for enrollment in Public TVET Institutions	0% (Construction works is yet to commence)

3. Environmental and Sustainability Reporting

African Development Bank (AfDB) exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy. Below is a brief highlight of our activities that drive towards sustainability.

1. Sustainability strategy and profile

The top management led by the accounting officer is making reference to sustainable efforts, broad trends in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievements and failure.

2. Environmental performance

The Environmental and Social Management Plan (ESMP) for the project will be developed by a consultant and will be approved by the National Environmental Management Authority (NEMA) at the start of the project.

The environmental and social impacts of the project are expected to be very low and involve minor excavations with minimum impact on the natural environment. In addition, there will be no movement of communities in any of the sites since the land belongs to existing TVET institutions. The Environment Impact Assessment will be done once the consultant for works will be procured.

3. Employee welfare

In the hiring of labour in the 20 TVET institutions where construction works will take place the following will be taken into consideration:

- a) The employees will be hired from within the locality hence limited movement or very short distances from their homes.
- b) The skilled labour force from elsewhere will reside in hotels in the closest proximity to the project area
- c) Labour influx is expected to be insignificant due to few employees required in the project and the fact that the contractors are expected to hire unskilled labour force from within the locality.
- d) The contractors will be expected to ensure the hiring process is done with fairness and gender sensitivity
- e) The contractors will be expected to comply with provisions of Work Place Injuries and Benefits Act (WIBA), 2007 for all the workers who will be engaged.
- f) Effective contractual obligations for the contractors will be done by ensuring workers adhere to the mitigation of risks against labour influx, including sexual exploitation and abuse
- g) The contractors will be expected to keep proper and updated records of the laborers on site while avoiding child and forced labour
- h) The contractors shall be expected to ensure fair treatment, non-discrimination and equal opportunity of all laborers
- i) The Contractors shall be expected to ensure the laborers, sub-contractors, sub-consultants, and any personnel thereof engaged in construction works individually signed and complied with a Code of Conduct with specific provisions on protection from sexual exploitation and gender-based violence.
- j) The Ministry will fully implement the safety and compliance with Occupational Safety and Health Act of 2007, (OSHA) whereby the contractors will be directed to provide sanitation facilities as outlined in the Public Health Act and OSHA, 2007.

4. Market place practices-

The organisation has outlined its efforts to:

a) Responsible Supply chain and supplier relations-

The procurement of goods, works and services will be in line with the Kenya procurement law and the donor procurement rules and procedures. The organization will ensure proper contract management and budgeting to ensure the contractors, suppliers and all service providers are paid as per signed contracts.

b) Responsible ethical practices

The advertisement for tenders will be done in line with the procurement laws of Kenya and the financiers procurement rules and procures. The advertisement is done through newspapers of larger circulation and through the Ministry and AfDB websites. Individual institutions will advertise for their programmes through the print and electronic media.

c) Regulatory impact assessment

The Ministry has regulatory agencies which include TVET Authority and KNQA which regulates the quality of training across the country to safeguard citizens and stakeholder's rights.

5. Community Engagements

The project management will involve the communities through the boards of management which have representations from the community and county governments.

4. Statement of Project Management Responsibilities

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

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

The Principal Secretary State Department of Vocational and Technical Training, Ministry of Education and the Project Manager for Support to Technical and Vocational Education Training and Youth Entrepreneurship (TVETE III) project are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year/period ended 30 June, 2022, and of the Project's financial position as at that date. The Principal Secretary for Ministry of Education, State Department of Vocational and Technical Training and the Project Manager for Support to Technical and Vocational Education Training and Youth Entrepreneurship (TVETE III) project further confirm the completeness of the accounting records maintained for the Project, which have

Support to Technical and Vocational Education Training Entrepreneurship (TVETE III Project)
Annual Report and Financial Statements For the Financial year ended 30 June, 2022

been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the Project financial statements

The Project financial statements were approved by the Principal Secretary for the Ministry of Education, State Department of Vocational and Technical Training and the Project Manager for Support for Support to Technical and Vocational Education Training and Youth Entrepreneurship (TVETE Phase III) project and signed by them on 18 November, 2022.



Dr. Margaret Mwakima
Principal Secretary



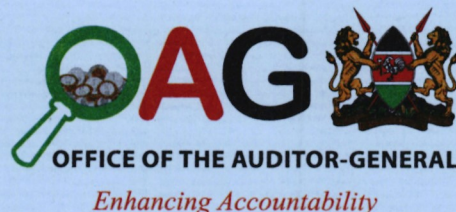
John Tuwei
Project Manager



Carolyne Nyambok
Principal Accountant
ICPAK Member No:5875

REPUBLIC OF KENYA

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Monrovia Street
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON SUPPORT TO TECHNICAL AND VOCATIONAL EDUCATION TRAINING AND ENTREPRENEURSHIP (TVETE PROJECT PHASE III) (LOAN NO. 2100150042254) FOR THE YEAR ENDED 30 JUNE, 2022 - STATE DEPARTMENT FOR VOCATIONAL AND TECHNICAL TRAINING

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Support to Technical and Vocational Education Training and Entrepreneurship (TVETE Project Phase III) set out

Report of the Auditor-General on Support to Technical and Vocational Education Training and Entrepreneurship (TVETE Project Phase III) (Loan No. 2100150042254) for the year ended 30 June, 2022 - State Department for Vocational and Technical Training

on pages 1 to 21, which comprise of the statement of financial assets as at 30 June, 2022, and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Support to Technical and Vocational Education Training and Entrepreneurship (TVETE Project Phase III) as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and complies with the Loan Financing Agreement No.2100150042254 between the African Development Fund and the Government of Kenya dated 11 January, 2021 and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Support to Technical and Vocational Education Training and Entrepreneurship (TVETE Project Phase III) 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.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects a final budget and actual receipts on a comparable basis of Kshs.445,000,000 and Kshs.52,749,532 respectively, resulting in an underfunding of Kshs.392,250,468 (or 88%) of the budget. Similarly, the Project spent an amount of Kshs.52,749,532 against an approved budget of Kshs.445,000,000, resulting in an under-expenditure of Kshs.392,250,468 (or 88%) of the budget.

The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Failure to Open and Maintain a Separate Project Bank Account

The Project Management did not maintain a specific project bank account as funds received were credited to the Ministry's development bank account instead of a separate project account. It was therefore not possible to trace the receipts to the cash book and in the bank statement. This is contrary to Regulation 76(1) of the Public Finance Management (National Government) Regulations, 2015 which provides for the purpose of disbursement of project funds, there shall be opened and maintained a project account for every project at the Central Bank of Kenya unless it is exempted by the Cabinet Secretary, in writing, into which all funds shall be kept and such an account shall be known by the name of the project for which it is opened and each project shall maintain only one bank account.

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

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

REPORT ON 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, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management, and overall governance were not effective.

Basis for Conclusion

Failure to Constitute Procurement Committees

Review of documents revealed that the project did not have ad hoc opening and evaluation committees in place to open, evaluate and record the procurement

proceedings. The appointment letters and minutes were not provided for audit. This was contrary to Section 46(1 and 4) of the Public Procurement and Asset Disposal Act, 2015 states that an Accounting Officer shall ensure that an ad hoc evaluation committee is established.

In the circumstances, competitiveness in procurement could not be confirmed.

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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by African Development Fund, I report based on my audit, that: -

- i. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit;
- ii. In my opinion, adequate accounting records have been kept by the Project, so far as appears from the examination of those records; and,
- iii. The Project's financial statements are in agreement with the accounting records and returns.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

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

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

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

Those charged with governance are responsible for overseeing the Project'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

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.


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

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

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

05 December, 2022

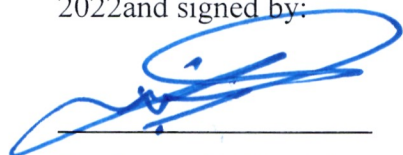
Report of the Auditor-General on Support to Technical and Vocational Education Training and Entrepreneurship (TVETE Project Phase III) (Loan No. 2100150042254) for the year ended 30 June, 2022 - State Department for Vocational and Technical Training

Support to Technical and Vocational Education Training Entrepreneurship (TVETE III Project)
Annual Report and Financial Statements For the Financial year ended 30 June, 2022


7. Statement of Financial Assets As at 30 June 2022

Description	Note	2021-2022	2020-2021
		Kshs	Kshs
Financial Assets			
Cash And Cash Equivalents			
Bank Balances		-	-
Cash Balances		-	-
Cash Equivalents (Short-Term Deposits)		-	-
Total Cash and Cash Equivalents		-	-
		-	-
Imprests and Advances		-	-
Total Financial Assets		-	-
		-	-
Financial Liabilities		-	-
Deposits and Retention Monies		-	-
Net Assets		-	-
		-	-
Represented By		-	-
Fund Balance B/Fwd		-	-
Prior Year Adjustments		-	-
Surplus/(Deficit) For the Year		-	-
Net Financial Position		-	-


The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 18 November 2022 and signed by:



Dr. Margaret Mwakima
Principal Secretary



John Tuwei
Project Manager



Carolyn Nyambok
Principal Accountant
ICPAK Member No:5875

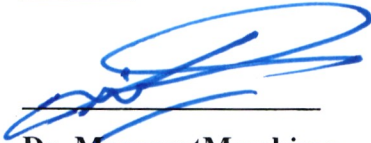
Support to Technical and Vocational Education Training Entrepreneurship (TVETE III Project)
Annual Report and Financial Statements For the Financial year ended 30 June, 2022

8. Statement of Cashflow for the Year Ended 30 June 2022

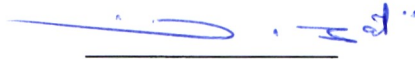
Description	Notes	2021-2022	2020-2021
		KShs	KShs
Cashflow from operating activities			
Receipts			
Transfer from government entities	1	39,671,737	-
Total Receipts		-	-
Purchase of goods and services	3	(47,850,232)	-
Total Payments		(8,178,495)	-
Adjustments during the year			
Prior year adjustments		-	-
Decrease/(increase) in accounts receivable		-	-
Increase/(decrease) in accounts payable:		-	-
Net cash flow from operating activities		(8,178,495)	-
Cashflow from investing activities			
Acquisition of non-financial assets	4	(4,899,300)	-
Net cash flows from investing activities		-	-
Cashflow from Financing activities			
Proceeds from foreign borrowings	2	13,077,795	-
Net cash flow from financing activities		-	-
Net increase in cash and cash equivalents		-	-
Cash and cash equivalent at beginning of the year		-	-
Cash and cash equivalent at end of the year		-	-

Support to Technical and Vocational Education Training Entrepreneurship (TVETE III Project)
Annual Report and Financial Statements For the Financial year ended 30 June, 2022

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The project financial statements were approved on 18 November, 2022 and signed by:



Dr. Margaret Mwakima
Principal Secretary



John Tuwei
Project Manager



Carolyne Nyambok
Principal Accountant
ICPAK Member No:5875

9. Statement of Comparison of Budget and Actual Amounts for the Year Ended 30 June 2022

Receipts/Payments Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
Receipts	Kshs	Kshs	Kshs	Kshs	Kshs	
Transfer from Government entities	45,000,000	-	45,000,000	39,671,737	5,328,263	89%
Proceeds from domestic and foreign grants						
Proceeds from borrowings	700,000,000	(300,000,000)	400,000,000	13,077,795	386,922,205	4%
Total Receipts	745,000,000	(300,000,000)	445,000,000	52,749,532	392,250,468	12%
Payments						
Purchase of goods and services	135,000,000	50,000,000	85,000,000	47,850,232	37,149,768	56%
Acquisition of non-financial assets	610,000,000	(250,000,000)	360,000,000	4,899,300	355,100,700	1%
Total Payments	745,000,000	(300,000,000)	445,000,000	52,749,532	392,250,468	12%
Surplus or Deficit						

Note:

TVETE phase III project is in the new phase and procurement of consultant still ongoing not yet finalised so the only direct payments processed during the period under review was payment to Technical University of Mombasa (TUM) for training of TVET trainers. The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements and are set out from page 6 to page 12 of this report. The project financial statements were approved on 18 November, 2022 and signed by:



Dr. Margaret Mwakima
Principal Secretary



John Tuwei
Project Manager



Carolyne Nyambok
Principal Accountant
ICPAK Member No:5875

10. Significant Accounting Policies

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

10.1 Statement of compliance and basis of preparation

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

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

10.2 Reporting Project

The financial statements are for the Project AfDB phase III under National Government of Kenya. The financial statements encompass the reporting project as specified in the relevant legislation Public Finance Management Act 2012.

10.3 Reporting currency

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

10.4 Recognition of receipts

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

i) Transfers from the Exchequer

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

ii) External Assistance

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

Significant Accounting Policies (Continued)

iii) Other receipts

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

a) Donations and grants

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

b) Proceeds from borrowing

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

c) Undrawn external assistance

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

d) Recognition of payments

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

i) Compensation of employees

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

Significant Accounting Policies (Continued)

ii) Use of goods and services

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

iii) Interest on borrowing

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

iv) Repayment of borrowing (principal amount)

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

v) Acquisition of fixed assets

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

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

e) In-kind donations

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

Significant Accounting Policies (Continued)

f) Cash and cash equivalents

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

g) Restriction on cash

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

h) Imprests and Advances

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

i)Contingent Liabilities

A contingent liability is:

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

Significant Accounting Policies (Continued)

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

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

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

Section 89 (2) (i) of the Public Finance Management Act 2012 requires the National Government to report on the payments made, or losses incurred, by the county government to meet contingent liabilities as a result of loans during the financial year, including payments made in respect of loan write-offs or waiver of interest on loans

j) Contingent Assets

The Project 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 Project 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.

k) Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or

Significant Accounting Policies (Continued)

'Off-balance' items to provide a sense of the overall net cash position of the Project at the end of the year. When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

l) Budget

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

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

m) Third party payments

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

During the year Kshs. 13,077,795 being loan disbursements were received in form of direct payments from third parties.

n) Exchange rate differences

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

Significant Accounting Policies (Continued)

Prevailing at the dates of the transactions. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of receipts and payments.

o) Comparative figures

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

p) Subsequent events

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

q) Prior period adjustments

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

Support to Technical and Vocational Education Training Entrepreneurship (TVETE III Project)

Annual Report and Financial Statements For the Financial year ended 30 June, 2022

11. Notes to the Financial Statements

1. Transfers From Government entities

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

Description	KShs	KShs	Cumulative to-date (from inception)
	2021-2022	2020-2021	
<i>Counterpart funding through The National Treasury</i>			
Counterpart funds Quarter 1	9,917,934		9,917,934
Counterpart funds Quarter 2	9,917,934		9,917,934
Counterpart funds Quarter 3	9,917,934		9,917,934
Counterpart funds Quarter 4	9,917,935		9,917,935
Total	39,671,737	-	39,671,737

Notes To The Financial Statements (Continued)

2. Loan From External Development Partners

During the 12 months to 30 June, 2022, we received funding from development partners in form of loans negotiated by the National Treasury donors as detailed in the table below:

Name of Donor	Date received	Amount in loan currency	Loans received in cash	Loans received as direct payment*	Total amount in KShs	
					2021-2022	2020-2021
AfDB	-	115,820	-	13,077,795	13,077,795	-
Total	-	115,820	-	13,077,795	13,077,795	-

Notes To The Financial Statements (Continued)

3. Purchase Of Goods And Services

	2021/2022		2020/2021		Cumulative to-date
	Payments made by the Project in Cash	Payments made by third parties	Total Payments	Total Payments	
	KShs	KShs	KShs	KShs	KShs
Domestic travel and subsistence	19,969,400	-	19,969,400	-	19,969,400
Training payments-Consultancy	-	13,077,795	13,077,795	-	13,077,795
Routine maintenance – vehicles and other transport equipment-Fuel	9,994,672	-	9,994,672	-	9,994,672
Purchase of office furniture and general equipment	4,808,365	-	4,808,365	-	4,808,365
Total	34,772,437	13,077,795	47,850,232	-	47,850,320

4. Acquisition Of Non-Financial Assets

	2021-2022		2020-2021		Cumulative to-date
	Payments made by the Project in Cash	Payments made by third parties	Total Payments	Total Payments	
	Kshs.	Kshs.	Kshs	Kshs	Kshs
Purchase of vehicles and other transport equipment	4,899,300	-	4,899,300	-	4,899,300
Total	4,899,300	-	4,899,300	-	4,899,300

Support to Technical and Vocational Education Training Entrepreneurship (TVETE III Project)

Annual Report and Financial Statements For the Financial year ended 30 June, 2022

Other Important Disclosures (Continued)

1. External Assistance

	2021-2022	2020-2021
Description	Kshs	Kshs
External assistance received as loans AfDB Bank	13,077,795	-
Total	13,077,795	-

a). External assistance relating loans and grants

	2021/2022	2020/2021
Description	Kshs	Kshs
External assistance received as loans	13,077,795	-
Total	13,077,795	-

Support to Technical and Vocational Education Training Entrepreneurship (TVETE III Project)

Annual Report and Financial Statements For the Financial year ended 30 June, 2022

Other Important Disclosures (Continued)

b) Undrawn external assistance

	Purpose for which the undrawn external assistance may be used	2021/2022	2020/2021
Description		Kshs	Kshs
Undrawn external assistance - loans	To increase youth employment by improving the employability and competitiveness of Kenyan youth through improved access to quality and relevant Technical Education and Entrepreneurship Training (TVETE)	3,740,090,905	3,753,168,700
Undrawn external assistance - grants		-	-
Total		3,740,090,905	3,753,168,700

c...Purpose and use of external assistance

Payments Made by Third Parties	2021/2022	2020/2021
	Kshs	Kshs
Use of goods and services	13,077,795	-
Total	13,077,795	-

The External Assistance Was Used to pay for training consultancy conducted by Technical University of Mombasa.

Support to Technical and Vocational Education Training Entrepreneurship (TVETE III Project)

Annual Report and Financial Statements For the Financial year ended 30 June, 2022

Other Important Disclosures (Continued)

d. External Assistance paid by Third Parties on behalf of the Project by Source

This relates to external assistance paid directly by third parties to settle obligations on behalf of the project

	2021/2022	2020/2021
Description	Kshs	Kshs
Multilateral donors – AfDB Bank	13,077,795	-
Total	13,077,795	-

**Support to Technical and Vocational Education Training Entrepreneurship (TVETE III Project)
Annual Report and Financial Statements For the Financial year ended 30 June, 2022**

Progress on Follow up of Prior Year Auditor’s Recommendations

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	New Project. Not yet audited			

Guidance Notes:

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

.....
Dr. Margaret Mwakima

Principal Secretary

Date:

.....
John Tuwei

Project Coordinator

Date:

*Support to Technical and Vocational Education Training Entrepreneurship (TVETE III Project)
Annual Report and Financial Statements For the Financial year ended 30 June, 2022*

12. Annexes

Annex1 - Variance Explanations - Comparative Budget and Actual Amounts for Financial Year 2021-2022

	Final Budget Kshs	Actual on Comparable Basis Kshs	Budget Utilization Difference Kshs	% of Utilization	Comments on Variance (below 90% and over 100%)
	a	b	c=a-b	d=b/a %	
Receipts					
Transfer from Government entities-GoK	45,000,000	39,671,737	5,328,263	89%	
Proceeds from borrowings- AfDB Bank	400,000,000	13,077,795	386,922,205	4%	
Total Receipts	445,000,000	52,749,532	392,250,468	12%	
Payments					
Purchase of goods and services	85,000,000	47,850,232	37,149,768	56%	
Acquisition of non-financial assets	360,000,000	4,899,300	355,100,700	1%	
Total payments	445,000,000	52,749,532	392,250,468	12%	

Note:

TVETE III project is in the new phase and procurement of consultant is still on-going and not yet finalised so the only direct payments processed during the period under review was payment to Technical University of Mombasa for training of TVET trainers.

*Support to Technical and Vocational Education Training Entrepreneurship (TVETE III Project)
Annual Report and Financial Statements For the Financial year ended 30 June, 2022*

Annex 2 – Summary of Fixed Assets Register 30 June, 2022

FIXED ASSETS REGISTER FOR 2021 – 2022					
ITEM DESCRIPTION	DATE OF PURCHASE	SERIAL NO.	QTY	UNIT PRICE	TOTAL VALUE
	(YEAR)			KSH	KSH
Paper cutter - Katko	2022		1	5,150	5,150
Electric binder – fellows GalaxyE 500.	2022	S/N. CRC56221	1	102,500	102,500
Motor Vehicle (Isuzu Double cab P/Up) TFS86 Serial No. ACVDSCJR3K4089144 Chassis No. FJK1WW8308 Engine No. FJK1-TC	2022	REG. NO.GK B 579Z	1	4,899,300	4,899,300

13. Glossary of Terms

1. AfDB- African Development Bank
2. GoK - Government of Kenya
3. SDVTT- State Department of Vocational and Technical Training (SDVTT)
4. TVETE - Technical Vocational Education Training and Youth Entrepreneurship
5. CDACC- Curriculum Development, Assessment and Certification Council
6. TVETA - Technical and Vocational Education and Training Authority
7. TUM - Technical University of Mombasa
8. TVET – MIS - Technical Vocational Education and Training – Management Information System
9. TTI - Technical Training Institute
10. WMI - Wangare Maathai institute
11. MSMEs - Micro Small and Medium Enterprises
12. STEM- Science Technology Engineering and Mathematics
13. OSHA - Occupational Safety and Health Act
14. WIBA - Workplace Injury and Benefits Act
15. FY - Financial Year
16. ESS - Environmental Social Safeguards
17. EMCA - Environmental Management and Co-ordination Act
18. ESMP - Environmental and Social Management Plan
19. PFM - Public Finance Management
20. KNQA - Kenya National Qualification Authority
21. PSASB - Public Sector Accounting Standards Board
22. IPSAS - International Public Sector Accounting Standards
23. MDAs - Ministries, Departments and Agencies