

**REPORT**

THE NATIONAL ASSEMBLY  
PAPERS LTD

DATE: 10 FEB 2022

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OF KENYA  
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BY:

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**THE AUDITOR-GENERAL**

CLERK-AT  
THE-TABLE:

B. Inzofu

**ON**

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

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

**STATE DEPARTMENT FOR VOCATIONAL  
AND TECHNICAL TRAINING**



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

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

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

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**ANNUAL REPORTS AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**30 JUNE 2021**

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

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**1. PROJECT INFORMATION AND OVERALL PERFORMANCE**

**1.1 Name and registered office**

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

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

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

The address of its registered office is:

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

**Contacts:** The following are the project contacts

Telephone: (254) 722492972  
E-mail: [psvtt@education.go.ke](mailto:psvtt@education.go.ke)  
Website: [www.education.go.ke](http://www.education.go.ke)

**PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)**

**1.2 Project Information**

Project Start Date:	The project start date is 16.12.2015
Project End Date:	The project end date is 30.12. 2021
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**

Line Ministry/State Department of the project	The project is under the supervision of the Ministry of Education, State Department of Vocational and Technical Training (SDVTT)
Project number	2100150033295
Strategic goals of the project	The strategic goals of the project are as follows: (i) To increase access and equity, improve quality and relevance of TVET education and training (ii) To equip youth, at least 50% of them women, with relevant TVET skills for the immediate and emerging labor market needs
Achievement 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 414 TVET trainers and Technicians and training of disengaged youth (iii) Support of TVET Authority and CDACC to operationalize (iv) Support on cross cutting issues such as gender, tracer studies governance and development of TVET-MIS
Other important background information of the project	The project covers 33 TVET institutions spread across the entire Country
Current situation that the project was formed to intervene	The project was formed to intervene in the following areas: (i) Increase transition of youth from basic education into TVET and reduce unemployment (ii) Improve the quality and relevance of TVET for industry
Project duration	The project started on 16 December 2015 and is expected to run until 31 December 2021

## **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

### **1.5 Auditors**

Auditor-General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GOP 00100

Nairobi, Kenya

### **1.6 Roles and Responsibilities**

<b>Names</b>	<b>Title designation</b>	<b>Key qualification</b>	<b>Responsibilities</b>
John K. Tuwei	SADTE	Masters	Project Manager
Joseph N. Njau	SADTE	Masters	D/Project Manager
Joseph Kanyi	SADTE	Masters	Project Officer
Jacob Tom Ojwando	PA	Masters	Principal Accountant
Steve Juma	FO	Bcom	Project Finance Officer
Samwel Njogu	SCMO	Diploma	Project Procurement Officer
Zennah Awiti	SCMO	Diploma	Project Procurement Assistant

**1.7 Funding summary**

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

**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 06 2021)		Undrawn balance to date (30 06 2021)
	Donor currency (A)	KShs (A')	Donor currency (B)	KShs (B')	
<b>(i) Loan</b>					
AfDB Loan		5,370,000,000		3,828,901,293	1,541,098,709
<b>(ii) Counter-part funds</b>					
Government of Kenya		990,000,000		667,138,384	322,861,616
<b>Total</b>		<b>6,360,000,000</b>		<b>4,496,039,677</b>	<b>1,863,960,325</b>

## PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

## B. Application of Funds

Application of funds	Amount received to date – (30 <sup>th</sup> June 2021)		Cumulative Amount paid to date – (30 <sup>th</sup> June 2021)	Unutilised balance to date (30 <sup>th</sup> June 2021)	
	Donor currency - USD (A)	Kshs (A')		Donor currency USD (A)-(B)	Kshs (A')-(B')
<b>(i) Grant</b>					
Insert name of donor	-	-	-	-	-
Insert name of donor	-	-	-	-	-
<b>(ii) Loan</b>					
<b>AfDB Loan</b>		3,828,901,293	3,828,901,293	-	1,541,098,709
Insert name of development partner	-	-	-	-	-
<b>(ii) Counterpart funds</b>					
Government of Kenya	-	667,138,384	667,138,384	-	322,861,616
<b>Total</b>	-	<b>4,496,039,677</b>	<b>4,496,039,677</b>	-	<b>1,863,960,325</b>

**PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)**

**1.8 Summary of Overall Project Performance:**

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

**1.9 Summary of Project Compliance:**

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

## **2. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETERMINED OBJECTIVES**

The overall project objective is to increase access and equity, improve quality and relevance of TVET education and training. The overall progress towards achievement of the development objective is good with physical implementation of the project activities being at over 85% despite disbursement rate at 65%. Workshops in at least 4 institutions are already in use while hostels in 3 out of 4 SPN TVET being ready for occupation by trainees; Learning Assistive Devices in 2 out of 4 institutions have been handed over and are in use to promote equity among the SNTVET trainees Equipment in 31 out of 37 institutions have been handed over for used to improve quality of TVET training; Development of 7 CBET curricula is complete and launch to improve relevance of TVET; Quality assurance tools including quality manuals, accreditation manuals were developed and are currently in use to quality assure TVET programmes

### Introduction

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

Increase access and equity, improve quality and relevance of TVET education and training

### 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:

Project	Objective	Outcome	Indicator	Performance
State Department of Vocational and Technical Training	To increase access and equity, improve quality and relevance of TVET education and training for skills	Increased access to quality TVET skills training	% increase in enrolment to TVET	In FY 20/21 Increased enrolment into TVET by 8% as a result of increase in training spaces
		Increased number of trainers	No. of Trainees 'upskilled'	TVET trainers were upskilled
		Increased disengaged youth accessing skills	No of youth accessing skills	youth skilled from inception

### **3. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING**

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 especially the accounting officer should make 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 scope of works in the 12 TVET institutions included electrical, structural, mechanical and civil in each of the sites where workshops were put up including hostel facilities in four special needs institutions. The Environmental and Social Management Plan (ESMP) for the project was developed by a consultant and approved by the National Environmental Management Authority (NEMA) at the start of the project. The ESMP included assessment and development of monitoring of social and environmental impact parameters in line with EMCA 2019 and ESS. The environmental and social impacts of the project were very low and involved minor excavations with minimum impact on the natural environment. In addition, there were no movement of communities in any of the sites since the land belonged to existing TVET institutions.

#### **3. Employee welfare**

In the hiring of labour in the 12 TVET institutions where construction works are ongoing the following was taken into consideration:

- a) The employees were hired from within the locality hence limited movement or very short distances from their homes.
- b) The skilled labour force from elsewhere resided in hotels in the closest proximity to the project area

***Support to Technical Vocational and Education Training (TVET Project)***  
***Reports and Financial Statements***  
***For the year ended 30 June, 2021***

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- c) Labour influx was insignificant due to few employees required in the project and the fact that the contractor intends to hire unskilled labour force from within the locality.
- d) The contractor ensured the hiring process was done with fairness and gender sensitivity
- e) The contractor complied with provisions of Work Place Injuries and Benefits Act (WIBA) 2007 for all the workers engaged
- f) Effective contractual obligations for the contractor was done with workers to adhere to the mitigation of risks against labour influx, including sexual exploitation and abuse
- g) The contractor kept proper and updated records of the laborers on site while avoiding child and forced labour
- h) Fair treatment, non-discrimination and equal opportunity of all laborers
- i) The Contractor ensured 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

The Ministry fully implements the safety and compliance with Occupational Safety and Health Act of 2007, (OSHA) whereby the contractors were directed to provide sanitation facilities as outlined in the Public Health Act and OSHA 2007. This is crucial especially during this period of Covid -19 pandemic.

Market place practices-

The organisation should outline its efforts to:

a) Responsible competition practice.

The state department ensures fair competition by following the constitution of Kenya 2010, the PFM Act and the procurement laws to ensure equitable participation of all in businesses. The Ministry further has an anti-corruption reporting box at Jogoo house 'B' 10th floor. All the officers have been sensitized on the good governance.

b) Responsible Supply chain and supplier relations-

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

c) Responsible marketing and advertisement-

The advertisement for tenders done are 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 advertise for their programmes through the print and electronic media.

d) Product stewardship-

The Ministry has regulatory agencies which include TVET Authority and KNQA which regulates the quality of training across the country.

#### 4. Community Engagements

The projects in the 12 institutions are going on are providing water to the neighbouring communities for example in Aldai TTI is providing water to the health centre and the private hostel facilities around the institution. In addition, the project management involves the communities through the boards of management which has representations from the community and county governments. The land where the 12 institutions were developed were initially donated by the communities.

#### **4. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES**

The Principal Secretary State Department of Vocational and Technical Training, Ministry of Education and the Project Manager for Support to Technical and Vocational and Education Training (TVET) project are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year (period) ended on June 30, 2021. This responsibility includes: (i) maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Project; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Project; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

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

The Principal Secretary State Department of Vocational and Technical Training, Ministry of Education and the Project Manager for Support for TVET project are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year/period ended June 30, 2021, and of the Project's financial position as at that date. The Principal Secretary for Ministry of Education, State Department of Vocational and Technical Training and the Project Manager for Support for Technical Industrial, Vocational and Entrepreneurship Training (TVET) project further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

The Principal Secretary State Department of Vocational and Technical Training, Ministry of Education and the Project Manager for TVET project confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received

***Support to Technical Vocational and Education Training (TVET Project)  
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For the year ended 30 June, 2021***

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during the financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project financial statements


The Project financial statements were approved by the Principal Secretary for the Ministry of Education, State Department of Vocational and Technical Training and the Project Manager for Support for TVET Phase II project and signed by them on 30<sup>th</sup> September, 2021.



**Dr. Margaret Mwakima**  
**Principal Secretary**



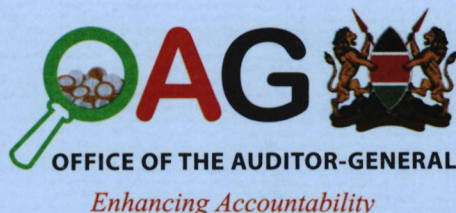
**John Tuwei**  
**Project Manager**



**Carolyne Nyambok**  
**Principal Accountant**  
**ICPAK Member No:5875**

# REPUBLIC OF KENYA

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**HEADQUARTERS**  
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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON SUPPORT TO TECHNICAL VOCATIONAL EDUCATION AND TRAINING FOR RELEVANT SKILLS DEVELOPMENT PROJECT - PHASE II (LOAN NO.2100150033295) FOR THE YEAR ENDED 30 JUNE, 2021- STATE DEPARTMENT FOR VOCATIONAL AND TECHNICAL TRAINING**

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### **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, gazetted notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

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*Report of The Auditor-General on Support to Technical Vocational Education and Training for Relevant Skills Development Project - PHASE II (LOAN NO.2100150033295) For the year ended 30 June, 2021 - State Department for Vocational and Technical Training*

## REPORT ON THE FINANCIAL STATEMENTS

### Opinion

I have audited the accompanying financial statements of Support to Technical and Vocational Education and Training for Relevant information Skills Development Project (Project Adf Loan No.2100150033295 set out on pages 1 to 28, which comprise the statement of financial assets as at 30 June, 2021, and statement of receipts and payments, statement of cashflow and statement of comparative budget and actual amounts for the period then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Support to Technical and Vocational Education and Training for Relevant information Skills Development Project as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Loan Financing Agreements No.2100150033295 between African Development Fund and the Government of Kenya dated 21 August, 2015 and 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 Support to Technical and Vocational Education and Training for Relevant information Skills Development Project Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Key Audit Matters

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

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

### Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way

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*Report of The Auditor-General on Support to Technical Vocational Education and Training for Relevant Skills Development Project - PHASE II (LOAN NO.2100150033295) For the year ended 30 June, 2021 - State Department for Vocational and Technical Training*

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

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

### **Conclusion**

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

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and 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 control, risk management and overall governance.

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

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015. In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the Project 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 overall 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 overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the

Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.


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

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

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

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

14 December, 2021




**Support to Technical Vocational and Education Training (TVET Project)  
Reports and Financial Statements  
For the year ended 30 June, 2021**

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The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements. The financial statements were approved on 30<sup>th</sup> September, 2021 and signed by:



**Dr. Margaret Mwakima**  
Principal Secretary



**John Tuwei**  
Project Manager



**Carolyne Nyambok**  
Principal Accountant  
ICPAK Member No:5875

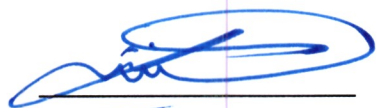
*(IPSAS 1.3.24 requires an entity to separately disclose third party payments separately on the statement of receipts and payments. These are payments made by development partners directly on behalf of the entity. In recognising these transactions, the receipts must be equal to the payments made and therefore there is no surplus or deficit.)*

**Support to Technical Vocational and Education Training (TVET Project)**  
**Reports and Financial Statements**  
**For the year ended 30 June, 2021**

**7. STATEMENT OF FINANCIAL ASSETS AS AT 30 JUNE 2021**

	Note	2020-2021	2019-2020
		KShs	KShs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances		-	-
Cash Balances		-	-
Cash Equivalents (short-term deposits)		-	-
<b>Total Cash and Cash Equivalents</b>		-	-
Accounts Receivables		-	-
<b>TOTAL FINANCIAL ASSETS</b>		-	-
<b>FINANCIAL LIABILITIES</b>			
Payables			-
<b>NET ASSETS</b>			-
<b>REPRESENTED BY</b>			
Fund balance b/fwd		-	-
Prior year adjustments		-	-
Surplus/(Deficit) for the year		-	-
<b>NET FINANCIAL POSITION</b>		-	-

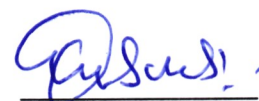
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 30<sup>th</sup> September, 2021 and signed by:



**Dr. Margaret Mwakima**  
Principal Secretary



**John Tuwei**  
Project Manager



**Carolyne Nyambok**  
Principal Accountant  
ICPAK Member No:5875

*Support to Technical Vocational and Education Training (TVET Project)*  
*Reports and Financial Statements*  
*For the year ended 30 June, 2021*

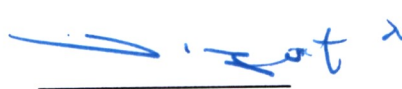
**8. STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30 JUNE 2021**

		2020-2021	2019-2020
	Note	KShs	KShs
<b>CASHFLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts from operating activities</b>			
Transfer from Government entities	1	200,401,337	74,947,809
Proceeds from domestic and foreign grants		-	-
Miscellaneous receipts		-	-
<b>Payments from operating activities</b>			
Compensation of employees		-	-
Purchase of goods and services	3	(154,282,925)	(157,245,797)
Transfers to other government entities		-	-
Other grants and transfers (GOK)	5	(73,295,364)	-
<b>Adjustments during the year</b>			
Prior Year Adjustments		-	-
<b>Net cash flow from operating activities</b>		<b>(27,176,952)</b>	<b>(82,297,988)</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Assets	4	(786,145,939)	(642,954,865)
<b>Net cash flows from Investing Activities</b>		<b>(786,145,939)</b>	<b>(642,954,865)</b>
<b>CASHFLOW FROM BORROWING ACTIVITIES</b>			
Proceeds from Foreign Borrowings	2	813,322,891	725,252,853
<b>Net cash flow from financing activities</b>		<b>813,322,891</b>	<b>725,252,853</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalent at BEGINNING of the year		-	-
Cash and cash equivalent at END of the year		-	-

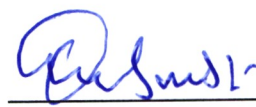
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30<sup>th</sup> September, 2021 and signed by:



**Dr. Margaret Mwakima**  
Principal Secretary



**John Tuwei**  
Project Manager



**Carolyn Nyambok**  
Principal Accountant  
ICPAK Member No:5875

## 9. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021

Receipts/Payments Item	Original Budget (KSHS) a	Adjustments (KSHS) B	Final Budget (KSHS) c=a+b	Actual on Comparable Basis (KSHS) D	Budget Utilization Difference (KSHS) e=c-d	% of Utilization f=d/c %
<b>Receipts</b>						
Transfer from Government entities-GoK	236,000,000	(86,858,197)	149,141,803	127,105,973	22,035,830	86%
Proceeds from borrowings	1,600,000,000		1,600,000,000	813,322,891	786,677,109	51%
Miscellaneous receipts(GOK)	73,295,364	-	73,295,364	73,295,364	-	100%
<b>Total Receipts</b>	<b>1,909,295,364</b>	<b>(86,858,197)</b>	<b>1,822,437,167</b>	<b>1,013,724,228</b>	<b>808,712,939</b>	
<b>Payments</b>						
Compensation of employees						
Purchase of goods and services	236,000,000	(86,858,197)	149,141,803	154,282,925	22,035,830	96%
Acquisition of non-financial assets	1,600,000,000	-	1,600,000,000	786,145,939	786,677,109	51%
Other grants and transfers (GOK)	73,295,364	-	73,295,364	73,295,364	-	100%
<b>Total Payments</b>	<b>1,909,295,364</b>	<b>(86,858,197)</b>	<b>1,822,437,167</b>	<b>1,013,724,228</b>	<b>808,712,939</b>	

**Support to Technical Vocational and Education Training (TVET Project)  
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**Note.**

i. The budget under absorption was caused by late receipts of exchequer and also the impact of covid 19 which made the movement and operations in various construction sites to delay.

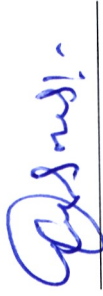
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements and are set out from page 5 to page 10 of this report. The entity financial statements were approved on 30<sup>th</sup> September, 2021 and signed by:



**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 Basis of Preparation**

### **10.2 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.

### **10.3 Reporting entity**

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

#### **10.3.1 Reporting currency**

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

## **10.4 Significant Accounting Policies**

### **a) Recognition of receipts**

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

**i) Transfers from the Exchequer**

Transfer from Exchequer is 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 entity.

**ii) External Assistance**

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

**iii) Other receipts**

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

**b) Donations and grants**

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

**Significant Accounting Policies (Continued)**

**c) 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.

**d) Undrawn external assistance**

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

**e) Recognition of payments**

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

**i) Compensation of employees**

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

**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.

**Significant Accounting Policies (Continued)**

**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 entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

**f) In-kind donations**

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

**Significant Accounting Policies (Continued)**

**g) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank

account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**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) Accounts receivable**

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

## **Significant Accounting Policies (Continued)**

### **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 entity; or
- b) A present obligation that arises from past events but is not recognised because:
  - i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
  - ii) The amount of the obligation cannot be measured with sufficient reliability.

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

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. Annex 5 of this financial statement is a register of the contingent liabilities in the year.

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

### **j) Contingent Assets**

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

**Significant Accounting Policies (Continued)**

**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 '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-entity transfers and are eliminated upon consolidation.

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

**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 828, 719, 368 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 during the year/period are converted into the functional currency using the exchange rates prevailing at the dates of the transactions. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of receipts and payments.

**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 June 30, 2021.

**q) Errors**

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

**11. NOTES TO THE FINANCIAL STATEMENTS**

**1. RECEIPTS FROM GOVERNMENT OF KENYA**

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

	2020/21	2019/20	Cumulative to-date(from inception)
	KShs	KShs	
<b>Counterpart funding through The National Treasury</b>			
Counterpart funds Quarter 1	-	-	-
Counterpart funds Quarter 2	-	-	-
Counterpart funds Quarter 3	-	-	-
Counterpart funds Quarter 4	200,401,337	74,947,809	667,138,384
<b>Total</b>	<b>200,401,337</b>	<b>74,947,809</b>	<b>667,138,384</b>
<b>Other transfers from government entities</b>			
Ministry	-	-	-
Ministry	-	-	-
Project	-	-	-
Agency	-	-	-
Appropriations-in-Aid	-	-	-
<b>Total</b>	<b>≡</b>	<b>≡</b>	<b>≡</b>

*[Provide explanation as necessary noting that “Other transfers from government entities” is not the counterpart funding which is the government’s share of contribution towards the implementation of the project as mandated by the Project Agreement.]*

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**2. LOAN FROM EXTERNAL DEVELOPMENT PARTNERS**

During the 12 months to 30 June 2021 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	
			KShs	KShs	2020/21	2019/20
<b>Loans Received from Bilateral Donors (Foreign Governments)</b>						
AFDB	Various	-	-	813,322,891	813,322,891	725,252,853
<b>Loans Received from Multilateral Donors (International Organisations)</b>		-	-	-	-	-
<b>Total</b>				<b>813,322,891</b>	<b>813,322,891</b>	<b>725,252,853</b>

*Support to Technical Vocational and Education Training (TVET Project)*  
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**3. PURCHASE OF GOODS AND SERVICES**

	2020/2021		2019/2020		Cumulative - date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	KShs	KShs	KShs	KShs	KShs
Utilities, supplies and services	-	-	-	-	188,100
Communication, supplies and services	-	-	-	-	-
Domestic travel and subsistence	39,337,411	-	39,337,411	26,810,389	88,729,015
Foreign travel and subsistence	-	-	-	-	-
Printing, advertising and information supplies	-	-	-	-	531,000
Fuel Oil and Lubricants/Airline	9,933,190	-	9,933,190	4,999,595	15,855,643
Purchase of goods and services Training payments/Consultancy	50,607,554	32,019,552	82,627,106	64,867,030	601,309,523
Hospitality supplies and services	5,557,500	-	5,557,500	-	11,575,910
Purchase of office furniture and general equipment	16,827,718	-	16,827,718	-	19,721,318
Insurance costs	-	-	-	-	-
Specialized materials and services	-	-	-	-	-
Other operating payments	-	-	-	60,568,783	123,709,051
Office and general supplies and services	-	-	-	-	5,738,200
Routine maintenance – vehicles and other transport equipment	-	-	-	-	1,116,314
Routine maintenance- other assets	-	-	-	-	-
Exchange rate losses/gains (net)	-	-	-	-	-
<b>Total</b>	<b>122,263,373</b>	<b>32,019,552</b>	<b>154,282,925</b>	<b>157,245,797</b>	<b>868,474,074</b>

*Support to Technical Vocational and Education Training (TVET Project)*  
*Reports and Financial Statements*  
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**4. ACQUISITION OF NON-FINANCIAL ASSETS**

	2020/21			2019/20	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	KShs	KShs	KShs	KShs	KShs
Purchase of buildings	-	-	-	-	-
Construction of buildings	-	-	-	-	-
Refurbishment of buildings	-	-	-	-	-
Construction of roads	-	-	-	-	-
Construction of civil works	-	-	-	-	-
Overhaul & refurbishment of construction and civil works	-	703,612,745	703,612,745	431,499,467	1,778,942,197
Purchase of vehicles & other transport equipment	4,842,600	-	4,842,600	4,842,600	32,901,200
Overhaul of vehicles & other transport equipment	-	-	-	-	-
Purchase of household furniture & institutional equipment	-	-	-	-	-
Purchase of office furniture & general equipment	-	-	-	-	-
Purchase of specialised plant, equipment and machinery	-	77,690,594	77,690,594	206,612,798	1,647,344,725
Rehabilitation & renovation of plant, equipment & machinery	-	-	-	-	-
Purchase of certified seeds, breeding stock and live animals	-	-	-	-	-
Research, studies, project preparation, design & supervision	-	-	-	-	-
Rehabilitation of civil works	-	-	-	-	-
Acquisition of strategic stocks	-	-	-	-	-
Acquisition of land	-	-	-	-	-
Acquisition of other intangible assets	-	-	-	-	-
<b>Total</b>	<b>4,842,600</b>	<b>781,303,339</b>	<b>786,145,939</b>	<b>642,954,865</b>	<b>3,459,188,122</b>

*Support to Technical Vocational and Education Training (TVET Project)*  
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**5. OTHER GRANTS AND TRANSFERS AND PAYMENTS**

	2020/21			2019/20	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	KShs	KShs	KShs	KShs	KShs
Other grants transfers and payments	73,295,364	-	73,295,364	-	168,377,481
Grants for scholarships	-	-	-	-	-
Miscellaneous payments	-	-	-	-	-
<b>Total</b>	<b><u>73,295,364</u></b>	<b>-</b>	<b>73,295,364</b>	<b>-</b>	<b>168,377,481</b>

*Support to Technical Vocational and Education Training (TVET Project)  
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**12. OTHER IMPORTANT DISCLOSURES**

**12.1 PENDING ACCOUNTS PAYABLE**

	Balance b/f FY 2019/2020	Additions for the period	Paid during the year	Balance c/f FY 2020/2021
Description	Kshs	Kshs	Kshs	Kshs
Construction of buildings	-	-	-	-
Construction of civil works	-	-	-	-
Supply of goods- motor vehicle	-	-	-	-
Supply of services	-	-	-	-
<b>Total</b>	-	-	-	-

**12.2 EXTERNAL ASSISTANCE**

	FY 2020/2021	FY 2019/2020
Description	Kshs	Kshs
External assistance received as grants	-	-
External assistance received as loans AfDB Bank	813,322,891	725,252,853
External assistance received in kind- as payment by third parties	-	-
<b>Total</b>	<b>813,322,891</b>	<b>725,252,853</b>

*12.2.1 Undrawn external assistance*

	Purpose for which the undrawn external assistance may be used	FY 2020/2021	FY 2019/2020
Description		Kshs	Kshs
Undrawn external assistance – loans	To increase access and equity, improve quality and relevance of TVET education and training in Kenya	1,541,098,708	2,354,421,598
Undrawn external assistance – grants		-	-
<b>Total</b>		<b>1,541,098,708</b>	<b>2,354,421,598</b>

**Support to Technical Vocational and Education Training (TVET Project)**  
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**12.2.2 Purpose and use of external assistance**

<b>Payments Made by Third Parties</b>	<b>FY 2020/2021 Kshs</b>	<b>FY 2019/2020 Kshs</b>
Compensation of Employees	-	-
Use of goods and services (consultancy)	32,019,552	97,151,383
Subsidies	-	-
Transfers to Other Government Units	-	-
Other grants and transfers	-	-
Social Security Benefits	-	-
Acquisition of Assets/Non- financial assets	781,303,339	628,101,470
Finance Costs, including Loan Interest	-	-
Repayment of principal on Domestic and Foreign borrowing	-	-
Other Payments	-	-
<b>TOTAL</b>	<b>813,322,891</b>	<b>725,252,853</b>

*N/B The above sub-classification will be adopted based on the purpose of the external assistance and how the external assistance was used.*

**12.2.3 External Assistance paid by Third Parties on behalf of the Entity by Source**

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

<b>Description</b>	<b>FY 2020/2021 Kshs</b>	<b>FY 2019/2020 Kshs</b>
National government	-	-
Multilateral donors – AfDB Bank	813,322,891	725,252,853
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
<b>Total</b>	<b>813,322,891</b>	<b>725,252,853</b>

**13. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR’S RECOMMENDATIONS**

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

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

**Guidance Notes:**

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

**Dr. Margaret Mwakima**  
Principal Secretary

**Date:** 30/09/2021

**John Tuwei**  
Project Manager

**Date:** 30/09/2021

**Support to Technical Vocational and Education Training (TVET Project)**  
**Reports and Financial Statements**  
**For the year ended 30 June, 2021**

**14. ANNEXES**

**ANNEX I – VARIANCE EXPLANATIONS – COMPARISON OF BUDGET AND ACTUAL AMOUNTS**

	<b>Final Budget (Kshs)</b>	<b>Actual on Comparable Basis (Kshs)</b>	<b>Budget Utilization Difference (Kshs)</b>	<b>% of Utilization</b>	<b>Comments on Variance(below 90% and over 100%)</b>
	<b>a</b>	<b>b</b>	<b>c=a-b</b>	<b>d=b/a %</b>	
<b>Receipts</b>					
Transfer from Government entities- GoK	149,141,803	127,105,973	22,035,830	86%	The budget under absorption was caused by late receipts of exchequer.
Proceeds from domestic and foreign grants	-	-	-	-	
Proceeds from borrowings- AfADB Bank	1,600,000,000	813,322,891	796,322,891	51%	The impact of covid 19 which made the movement and operations in various construction sites to delay
Miscellaneous receipts - GoK	73,295,364	73,295,364	-	100%	
<b>Total Receipts</b>	<b>1,822,437,167</b>	<b>1,013,724,228</b>	<b>818,358,721</b>	<b>-</b>	
<b>Payments</b>					
Compensation of employees	-	-	-	-	
Purchase of goods and services	149,141,803	127,105,973	22,035,830	86%	
Social security benefits	-	-	-	-	
Acquisition of non-financial assets	1,600,000,000	813,322,891	796,322,891	51%	
Transfers to other government entities	-	-	-	-	
Other grants and transfers-GoK	73,295,364	73,295,364	-	100%	
<b>Total payments</b>	<b>1,822,437,167</b>	<b>1,013,724,228</b>	<b>818,358,721</b>	<b>-</b>	

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**ANNEX II – LIST OF PROJECT ASSETS**

FIXED ASSETS REGISTER FOR 2020 – 2021					
ITEM DESCRIPTION	DATE OF PURCHASE	SERIAL	QTY	UNIT PRICE	TOTAL VALUE
	(YEAR)	NO:		KSH (.00)	KSH (.00)
Desktop computers			9		
Desktop computer hp	2017	CND 17P1099	1	120,000	120,000
Desktop computer hp	2017	CND 17P1118	1	120,000	120,000
Desktop computer hp	2017	CND 17P1112	1	120,000	120,000
Desktop computer hp	2017	CND 17P1100	1	120,000	120,000
Desktop computer hp	2017	CND54611NG	1	120,000	120,000
Desktop computer hp	2017	CND 17P1109	1	120,000	120,000
Desktop computers	2019		3	175,880	527,640
Desktop computers					
Desktop Computers	2021	CZC048B600	1	154,500	154,500
Desktop Computers	2021	CZC048B6P2	1	154,500	154,500
Desktop Computers	2021	CZC048B6P1	1	154,500	154,500
Desktop Computers	2021	CZC048B6N8	1	154,500	154,500
Desktop Computers	2021	CZC048B6NF	1	154,500	154,500
Desktop Computers	2021	CZC048B6PH	1	154,500	154,500
Desktop Computers	2021	CZC048B6PC	1	154,500	154,500
Desktop Computers	2021	CZC048B6ML	1	154,500	154,500
Desktop Computers	2021	CZC048B6TH	1	154,500	154,500
Desktop Computers	2021	CZC048B6TM	1	154,500	154,500
Laptop computer	2017	SCD71257UK	1	149,000	149,000
Laptop computer	2017	SCD712JT8C	1	149,000	149,000
Laptop computer	2017	SCD70125TT	1	149,000	149,000
Laptop computer	2017	SCD7012JTF	1	149,000	149,000
Laptop computer	2017	SCD7025T3	1	149,000	149,000
Laptop computer	2017	SCD710SUWN	1	149,000	149,000
Laptop computers			10		
Laptop computer	2021	SC02D80UAML7H	1	254,000	254,000
Laptop computer	2021	SC02DX6YBML7H	1	254,000	254,000
Laptop computer	2021	SC02DX4PEML7H	1	254,000	254,000
Laptop computer	2021	SC02DX8ACML7H	1	254,000	254,000
Laptop computer	2021	SC02DX4QCML7H	1	254,000	254,000
Laptop computer	2021	SC02DX59ZML7H	1	254,000	254,000
Laptop computer	2021	SC02DX5BSML7H	1	254,000	254,000
Laptop computer	2021	SC02DX5BTML7H	1	254,000	254,000

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Laptop computer	2021	SC02DX6LYML7H	1	254,000	254,000
Laptop computer	2021	SC02CR6LSMD6M	1	254,000	254,000
Uninterruptible power supply			9		
Ups	2017		1	28,500	28,500
Ups	2017		1	28,500	28,500
Ups	2017		1	28,500	28,500
Ups	2017		1	28,500	28,500
Ups	2017		1	28,500	28,500
Ups	2017		1	28,500	28,500
Ups	2019		3	16,213	48,638
Uninterruptible power supply			10		
Ups	2021	242011534509UPS	1	70,000	70,000
Ups	2021	242011534510UPS	1	70,000	70,000
Ups	2021	242011534539UPS	1	70,000	70,000
Ups	2021	242011534540UPS	1	70,000	70,000
Ups	2021	242011534541UPS	1	70,000	70,000
Ups	2021	242011534542UPS	1	70,000	70,000
Ups	2021	242011534507UPS	1	70,000	70,000
Ups	2021	242011534508UPS	1	70,000	70,000
Ups	2021	242011534209UPS	1	70,000	70,000
Ups	2021	242011534210UPS	1	70,000	70,000
Printers			6		
Laserjet Printer m506	2017	PH8VKBOCR	1	103,700	103,700
Laserjet Printer m506	2017	PH8VK4BOCR	1	103,700	103,700
Laserjet Printer m506	2017	PH8VK4BODB	1	103,700	103,700
Laserjet Printer m506	2017	PH8VKBOCM	1	103,700	103,700
Laserjet Printer m506	2017		1	103,700	103,700
Laserjet Printer m506	2017		1	103,700	103,700
Printers			3		
LaserJet Printer Medium Duty					
LaserJet Printer Medium Duty	2021	CNBRP1CV	1	73,602	73,602
LaserJet Printer Medium Duty	2021	CNBRNP18S	1	73,602	73,602
LaserJet Printer Medium Duty	2021	CNBRNP1M1	1	73,602	73,602
Scanners			2		
Scanners Scanjet pro 4500fn1	2017	CN73FD606S	1	285,000	285,000
Scanners Scanjet pro 4500fn1	2017	CN748D609R	1	285,000	285,000
Scanners			2		
Scanner Medium Duty	2021	CNM4SAN00L	1	291,288	291,288
Scanner Medium Duty	2021		1	291,288	291,288
Photocopier			3		
Photocopier Kyocera task Alfa 8052ci	2018	VA86Z00125	3	2,330,700	6,992,100

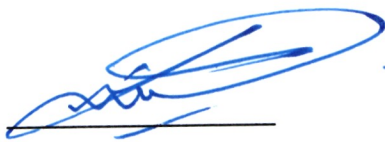
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Phone System					
PABX Phone System	2021		1	250,800	250,800
Furniture					
Office chairs high back	2017		6	73,000	438,000
Orthopedic chairs	2017		6	82,600	495,600
Fireproof filing cabinet	2017		4	254,500	1,080,000
Fireproof filing cabinet	2017		4	235,000	942,000
Executive chair	2020		1	91,000	91,000
Fireproof cabinet	2020		2	211,200	422,400
Sofa set	2019		1	735,000	735,000
Executive table	2019		1	196,000	196,000
Book shelf	2019		1	56,000	56,000
TV sets	2019		1	134,400	134,400
Secretarial chairs	2019		4	63,000	252,000
Visitors chairs	2019		4	75,600	302,400
Coat hanger	2019		2	56,000	56,000
Shredder	2019		1	165,950	165,950
In-tray executive wooden	2019		1	126,000	126,000
Furniture					
Orthopedic Chair Executive	2021		2	139,850	279,700
Orthopedic Chair Executive	2021		2	114,000	228,000
Conference Table	2021		1	298,800	298,800
Conference Table	2021		12	59,850	718,200

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Motor Vehicles		REGISTRATION NO.			
Mitsubishi Pajero- V96 EN., 4M4O-HP3996 CN. JMYLNV96WHJ000403	2017	GKB 641S	1	5,804,000	5,804,000
Mitsubishi Pajero- V96 EN., 4M4O-HP3995 CN. JMYLNV96WHJ000406	2017	GKB 643S	1	5,804,000	5,804,000
Mitsubishi Pajero- V96 EN., 4M4O-HP2729 CN. JMYLNV96WGJ000476	2017	GKB 448S	1	5,804,000	5,804,000
Mitsubishi Pajero- V96 EN., 4M4O-HP3994 CN. JMYLNV96WHJ000405	2017	GKB 640S	1	5,804,000	5,804,000
Ford Ranger Pickup 6FPPXXMJ2PJM17948	2020	GKB 457V	1	4,842,600	4,842,600
Motor Vehicle (Ford Ranger P/Up) Chassis No. 6FPPXXMJ2PKS330063; Engine No. PF2KPKS30063	2021	GK B375W		4,842,600	4,842,600

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30<sup>th</sup> September, 2021 and signed by:



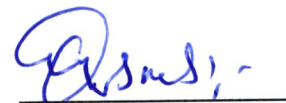
**Dr. Margaret Mwakima**  
Principal Secretary

30/9/2021



**John Tuwei**  
Project Manager

30/9/2021



**Carolyn Nyambok**  
Principal Accountant

ICPAK Member No:5875

30/9/2021

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**15. APPENDICES**

- i. Signed confirmations from beneficiaries in Transfers to Other Government Entities
- ii. Bank Reconciliations statement as at 30<sup>th</sup> June 2021.
- iii. Board of Survey Report
- iv. Special Deposit Account(s) reconciliation statement(s)
- v. GOK IFMIS comparison Trial Balance