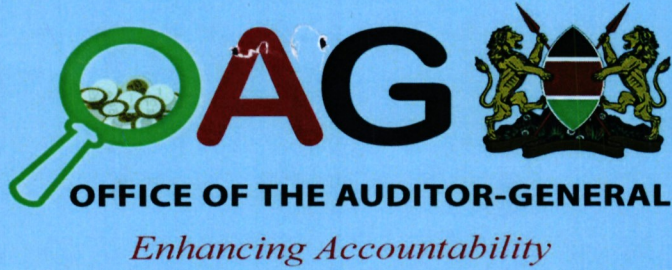


REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

**EAST AFRICA SKILLS FOR
TRANSFORMATION AND REGIONAL
INTEGRATION PROJECT (EASTRIP)
IDA LOAN CREDIT NO. 6334-KE**

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

**MINISTRY OF EDUCATION – STATE
DEPARTMENT FOR VOCATIONAL AND
TECHNICAL TRAINING**



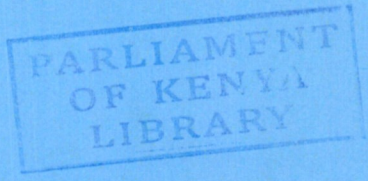
THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 10 FEB 2022

LAYED BY: LDM

CLERK AT THE TABLE: Iuzofu

DAY: 10





Project Name: East Africa Skills for Transformation and Regional Integration Project (EASTRIP)

Implementing Entity: Ministry of Education
(State Department for Vocational and Technical Training)

PROJECT GRANT/CREDIT NUMBER: 6334-KE

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

*East Africa Skills for Transformation and Regional Integration Project (EASTRIP)
Reports and Financial Statements for the Year ended 30 June , 2021*

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1. PROJECT INFORMATION AND OVERALL PERFORMANCE

1.1 Name and Registered Office

Name:

The project's official name is **East Africa Skills for Transformation and Regional Integration Project (EASTRIP)**

Objective:

The key objective of the project is **to develop specific Regional Skill Centers of Excellence based in Kenya and the region to train high-end Skilled Human resource to support the Northern Corridor Integrated projects initiative.**

Address:

The Project headquarters offices are

Ministry of Education

State Department for Vocational and Technical Training

The address of its registered office is:

P.O. Box 9583 00200

Nairobi, Kenya

The Project also has offices/branches as follows:

- Kisumu National Polytechnic
- Kenya Coast National Polytechnic
- Meru National Polytechnic
- KenGen Geothermal Training Centre (GTC)
- Kenya Institute of Highways and Building Technology (KIHBT)

Contacts: The following are the Project contacts

Head Office

Telephone: (254) 0203318581

E-mail: psvtt2018@gmail.com

Website: www.education.go.ke

Kisumu National Polytechnic

Telephone: (254) 723446773

E-mail: info@kisumupoly.ac.ke

Website: www.kisumupoly.ac.ke

Meru National Polytechnic

Telephone: (254) 793937581

E-mail: info@merunationalpoytechnic.ac.ke

Website: www.merunationalpoytechnic.ac.ke

Kenya Coast National Polytechnic

Telephone: (254) 712725554

E-mail: info@kenyacoastpoly.ac.ke

Website: www.kenyacoastpoly.ac.ke

**East Africa Skills for Transformation and Regional Integration Project (EASTRIP)
Reports and Financial Statements For the year ended 30 June , 2021**

**Kenya Institute of Highways
and Building Technology**
Telephone: (254) 020650291
E-mail: principal@kihbt.ac.ke
Website: www.kihbt.ac.ke

**KenGen Geothermal Training
Institute**
Telephone: (254) 712725554
E-mail: info@kenyacoastpoly.ac.ke
Website: www.kenyacoastpoly.ac.ke

1.2 Project Information

Project Start Date:	The Project start date is 16/09/2019
Project End Date:	The Project end date is 31/12/2023
Project Manager:	The Project Manager is Mr. Nelson Gitau
Project Sponsor:	The Project Sponsor is World Bank (IDA)

1.3 Project Overview

Line Ministry/State Department of the project	The Project is under the supervision of the Ministry of Education State Department for Vocational and Technical Training
Project number	P163399
Strategic goals of the Project	The strategic goals of the project is to improve TVET programmes in the following skill areas and improve TVET policy environment for Regional Integration: <ul style="list-style-type: none"> (i) Textile & Garment Making (ii) Marine Transport; Port Logistics (iii) Building Technology (iv) Geothermal/Oil/Gas (v) Highways Technology
Achievement of strategic goals	The Project management aims to achieve the goals through the following means (components): <ul style="list-style-type: none"> (i) Strengthen Selected Regional Flagship TVET Institutes (ii) Creating National TVET Policy Environment (iii) Enhancing Regional Collaboration in TVET and Project Coordination
Other important background information of the project	On October, 2 2017 the World Bank acknowledged Kenya Government's request of IDA funding of US\$60 million in support of a proposed "Skills Project".

**East Africa Skills for Transformation and Regional Integration Project (EASTRIP)
Reports and Financial Statements For the year ended 30 June , 2021**

	<p>World Bank management cleared the proposed project concept note on September 22, 2017. The World Bank approved the Project on 30th October 2018. The financing agreement was signed on 18th December 2018. Funds were disbursed to the Central Bank on 31st January 2020. Project's name was agreed upon as the "East Africa Skills for Transformation and Regional Integration Project (EASTRIP)</p>
<p>Current situation that the project was formed to intervene</p>	<p>The Project was formed to intervene in the following areas:</p> <ul style="list-style-type: none"> - Creation of Regional Centres of skill development - Involvement of Industry and Private sector in training and skills development - Bridging the inadequacy of financing in TVET - To address the lack of evidence to market analysis in TVET Policy - Provide a learning and knowledge sharing platform. - Address the Fragmented TVET systems - To address the Regional Integration Agenda <p>The Project also supports the development of highly specialized TVET programs at Diploma and Degree Levels for training of Technicians and Technologists and also capacity building of TVET faculty, as well as developing industry recognized short-term training which main targets are the regional priority sectors in:</p> <ul style="list-style-type: none"> ➤ Infrastructure ➤ Transport, ➤ Energy, ➤ Manufacturing ➤ ICT.
<p>Project duration</p>	<p>The Project started on 16th September 2019 and is expected to run until 31st December 2023. However the project was granted one closure year up to 31st December 2024</p>

1.4 Bankers

The following are the bankers for the current year:

Kenya Commercial Bank, Kipande Branch

Kenyatta Avenue, Loita Street.

P.O Box 30012-00100

Nairobi.

A/c No: 1271486458

**East Africa Skills for Transformation and Regional Integration Project (EASTRIP)
Reports and Financial Statements For the year ended 30 June , 2021**

1.5 Auditors

The Project is audited by:

The Office of the Auditor General, Kenya
Anniversary Towers, University Way
P.O Box 30084-0100
NAIROBI

1.6 Roles and Responsibilities

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

Names	Title designation	Key qualification	Responsibilities
Mr. Nelson Chege Gitau	National Coordinator	Masters	To co-ordinate the entire project Implementation in all RFTIs including line Ministries. Supervision of the Project Implementation. Giving periodic briefs as may be required by the World Bank and other stakeholders
Mr. Archer Arina	Deputy National Coordinator	Master	Ensure that the project operates within the approved workplan, timelines and programmes.
Ms. Perpetual Mwangi	Liaison Officer	Degree	To ensure adherence to health, safety , gender balance and social safeguards
Ms. Diana Nekesa	Procurement Officer	Procurement	To procure goods and services as per WB rules and PPDA 2015
Mr. Philip Olulo	Project Accountant	CPA(K)	To carry out accounting services for the project To prepare financial reports
Mr. Benson Gicheru	Finance Officer	CPA(K)	To prepare budgets for the project and monitor financial implementation.
Ms. Lucy W. Gakuanyi	Office Administrator	Secretarial	<ul style="list-style-type: none"> • Being a point of contact for a range of staff and external stakeholders • Taking notes and minutes in meetings • Scheduling meetings and appointments

**East Africa Skills for Transformation and Regional Integration Project (EASTRIP)
Reports and Financial Statements For the year ended 30 June , 2021**

1.7 Funding summary

The Project is for duration of 5 years from 2019 to 2023 with an approved budget of US\$ 60,000,000 (EUR 51.5 Million) equivalent to KShs 6 Billion as highlighted in the table below:

Below is the funding summary:

Source of funds	Donor Commitment-		Amount received to date – (30 06 2021)		Undrawn balance to date (30 06 2021)	
	<i>Euros</i>	<i>KShs</i>	<i>Euros</i>	<i>KShs</i>	<i>Donor currency</i>	<i>KShs</i>
	<i>(A)</i>	<i>(A')</i>	<i>(B)</i>	<i>(B')</i>	<i>(A)-(B)</i>	<i>(A')-(B')</i>
(i) Loan						
International Development Bank (IDA)	51,500,000	6,000,000,000	10,140,845	1,134,845,827	41,359,155	4,865,154,173
Total	51,500,000	6,000,000,000	10,140,845	1,134,845,827	41,359,155	4,865,154,173

1.8 Summary of Overall Project Performance:

Budget Performance against actual amounts for current year and for cumulative to-date.

The World Bank disbursed Kshs 1,134,845,827 (Euros: 10,140,845) to the Designated Accounts at the Central Bank of Kenya.

The Ministry of Education disbursed Kshs. 115 Million to each of the National Polytechnics implementing the project namely Kisumu National Polytechnic, Meru National Polytechnic and Kenya Coast National Polytechnic giving a total disbursement of Kshs 345 Million.

Kshs 98,347,901 was allocated to cater for the activities of the National Component as provided for in the project guidelines.

Physical progress based on outputs, outcomes and impacts since project commencement.

Progress at the National Component

- Legal Opinion on the Project was issued by AG on 15-07-2019
- The Project was declared effective by the WB Board on 16/09/2019
- National Project Coordinating Unit (NPCU) at the Ministry established
- Opening Project designated accounts at the Central Bank of Kenya done
- Inclusion of the Project Budget in the National Budget of FY 2020/2021/2022 done
- Opening of Commercial Bank Account by RFTIs

***East Africa Skills for Transformation and Regional Integration Project (EASTRIP)
Reports and Financial Statements For the year ended 30 June , 2021***

- Formation and Inauguration of the Project National Steering Committee (NSC)
- Disbursement of Kshs. 345m of the funds to each of three RFTIs (Kisumu; Meru & Kenya Coast) done
- Procured two vehicles to be used by the NPCU at the Ministry HQs done
- Development of TORs for seven Consultancies done/ two approved by WB
- Development of a TVET Financing Policy & Strategy
- Development/ Review of nine (9) Occupational Standards and Packaged Curricula done
- Conducted M& E in all the five RFTIs

Progress at the Branches (Centers) Level

The following are some Procurement activities cleared by the Bank for implementation by the Centres:

- Procurement of project vehicles
- Consultancy services for preparation of designs, drawings, BQs and supervision of construction works
- Consultancy services to capacity build the Industrial Liaison Office
- Consultancy Services for preparation of equipment specifications and conducting inspection tests
- Consultancy services to conduct Environmental Impact Assessment (EIA) and establish social safeguards
- Consultancy services for preparation of the flagship Centre sustainability plan
- Approval of Environmental and Social Impact Assessment Reports

Comment on value-for-money achievements

The Project has progressed in implementation as per the approved work plans and Strategic Investment Plans. Effectively implemented which will culminate into empowering trainees from the TVET Institutions with technical and entrepreneurial skills that will help in job creation, self-employment and at the same time produce competent graduates who are market ready upon graduation. These will facilitate achievement of regional development through close border skills transfer and achievement of the United Nations Sustainable Development Goals (SDGs), Kenya Vision 2030, Big '4' Agenda and Africa's Agenda 2063 item 4.

Absorption rate for each year since the commencement of the project.

The Project started in the Financial Year 2019/2020 and funds were received from the World Bank in January 2020.

The approved budget for the 2019/2020 financial year was Kshs 691,000,000 with an expenditure of Kshs 619,141,616 representing an absorption rate of 89.37%.
The approved budget for the 2020/2021 financial year was Kshs 450,000,000 with an expenditure of Kshs 417,133,783 representing an absorption rate of 92%.

The implementation challenges and recommended way forward.

The challenges faced so far are:

- i. Coordination of the RFTIs which are domiciled in different Ministries
- ii. Efficient reporting and adherence to World Bank timelines, rules and guidelines by the RFTIs due to late procurement approvals.
- iii. Implementation of Project Activities due to Social Distancing and lock down due to COVID -19 Pandemic and fulfillment of Health Protocols.
- iv. Slow approvals of Procurement Activities
- v. Frequent HR changes

The recommended way forward is:

- i. The accounting officers in the implementing State Departments to form a caucus for the Project in order to enhance co-ordination.
- ii. Development of further measures of implementation that don't contravene the COVID-19 restrictions.
- iii. Slow approvals of Procurement Activities
- iv. Fast tracking pending activities

1.9 Summary of Project Compliance:

The Project is in its mid-term stage of Implementation and has so far not faced any non-compliance challenges. The Project has so far obtained no objections for its entire eligible expenditure program (EEP). Every Centre has developed a risk mitigation to safeguard any risks.

*East Africa Skills for Transformation and Regional Integration Project (EASTRIP)
Reports and Financial Statements For the year ended 30 June , 2021*

2. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETERMINED OBJECTIVES

Introduction

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

The key development objectives of the project's 2020/2021 plan were to:

- a) Inclusion of the Project Budget in the National Budget of FY 2021/2022
- b) Develop TVET Financing Policy
- c) Develop a TVET Financing Strategy
- d) Disbursement of funds already received to the RFTIs.
- e) Formation and Inauguration of the National Steering Committee (NSC)
- f) Development/ Review of nine Occupational Standards(OS) and Package Corresponding Curricula
- g) Training of Project Teams and Key Staff of the State Department
- h) Development of Training Materials for Internal Quality Assurance Trainers
- i) Training of Internal Quality Assurance Trainers

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: the progress on attaining the stated objectives is stated in the table in the next page:

**East Africa Skills for Transformation and Regional Integration Project (EASTRIP)
Reports and Financial Statements for the Year ended 30 June , 2021**

Project	Objective	Outcome	Indicator	Performance
EASTRIP National Component	1. Inclusion of the Project Budget in the National Budget of FY 2021/2022	➤ EASTRIP budget in Ministry Vote	✓ EASTRIP Vote	100%
	2. Disbursement of funds already received from WB to the RFTIs	➤ Accessible funds for implementation	✓ Disbursement records	100%
	3. Develop TVET Financing Policy	➤ TVET Financing Policy	✓ TVET Financing Policy ✓ Guidelines for implementation of Capitation ✓ Guidelines for Income Generating Units	100%
	4. Develop TVET Financing Strategy	➤ TVET Financing Strategy	✓ TVET Financing Strategy	80%
	5. Formation and Inauguration of the National Steering Committee (NSC)	➤ Operationalized NSC	✓ Letters of appointment; ✓ Approval of Inauguration; ✓ Attendance sheets; ✓ Minutes of the NSC Meeting	100%
	6. Development/ Review of nine Occupational	➤ Occupational Standards(OS) and Package corresponding	✓ Nine (9) OS & Curricula; ✓ Approval of the activities	100%

East Africa Skills for Transformation and Regional Integration Project (EASTRIP)
Reports and Financial Statements For the year ended 30 June , 2021

	Standards(OS) and Package Corresponding Curricula	Curricula		
	7. Training of Project Teams and Key Staff of the State Department	➤ A pool of trained officers	<ul style="list-style-type: none"> ✓ Approval of the training ✓ Minutes of the MHRAC ✓ Copies of Certificates of the trainees 	100%
	8. Development of Training Materials for Internal Quality Assurance Trainers	➤ Training Materials for Internal Quality Assurance Officers	<ul style="list-style-type: none"> ✓ Training Manuals ✓ IQA Assessment Tool 	100%
	9. Training of Internal Quality Assurance Trainers	➤ A pool of trained IQA Officers	<ul style="list-style-type: none"> ✓ Approval of the activity; Attendance lists; Invitation letters; 	100%

3. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

The Ministry of Education overall goal is to increase access to education and training for all learners; improve quality and relevance of education; reduce inequality as well as leverage on knowledge and skills in Science, Technology and Innovation.

The Ministry envisions to be “a globally competitive education, training, research and innovation for sustainable development”.

The State Department of Vocational and Technical Training (VTT), which is mandated to implement the **East Africa Skills for Transformation and Regional Integration Project (EASTRIP)** was established in the year 2015 and ratified through the Executive Order No. 1 of 2016.

The State Department derives its mandate from Article 53 of the Constitution of Kenya 2010, the Technical and Vocational Education and Training Act, 2013 and the Executive Order No. 1/2016 of May 2016.

The State Department has a major responsibility of ensuring availability of middle level work force that will be needed to drive the economy towards the attainment of the Vision 2030.

The success of the Vision 2030 is hinged in the sheer numbers, skills and quality of its work force. This addresses the constitutional requirement articulated in Article 55 (a-c) regarding access to relevant education and training, employment and participation in national development by the youth and in Article 53 1(b) regarding provision of free and compulsory basic education.

The **EASTRIP** Project Development Objective (PDO) is to increase the access and improve the quality of TVET programs in selected regional flagship TVET institutes and to support Regional Integration in Eastern Africa Region.

The Project will support the Ministry to improve quality of skills by: a) financing identification of specific skills and qualifications that the TVET institute will focus on; (b) understanding the capacity gaps in the TVET institute in terms of faculty, curriculum, provision of training facilities, and governance and management; (c) rallying the institutional and National support for improving infrastructural facilities in the flagship TVET institutes.

The Project will also support to bridge the gap between the education and training and industry requirements by creating a strong industrial linkage where a symbiotic relationship will exist between the industry and training providers.

Effective implementation of the Project’s objectives therefore will culminate into empowering trainees from our TVET Institutions with technical and entrepreneurship skills that will cultivate self-employment, job creation, produce competent graduates who are market-ready upon graduation and facilitate the achievement of regional development envisaged in the Big “4” Agenda, the Africa Agenda 2063 and the United Nations Sustainable Development Goals (SDGs). This is expected to create income streams for majority of youth in the Country and the entire Eastern Africa region.

***East Africa Skills for Transformation and Regional Integration Project (EASTRIP)
Reports and Financial Statements For the year ended 30 June , 2021***

4. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The *Principal Secretary* for the Ministry of Education State Department for Vocational and Technical Training and the *National Project Coordinator* for East Africa Skills for Transformation and Regional Integration Project (EASTRIP) 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* for the Ministry of Education State Department for Vocational and Technical Training and the *National Project Coordinator* for East Africa Skills for Transformation and Regional Integration Project (EASTRIP) accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The *Principal Secretary* for the Ministry of Education State Department for Vocational and Technical Training and the *National Project Coordinator* for East Africa Skills for Transformation and Regional Integration Project (EASTRIP) 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.

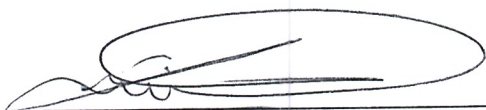
The *Principal Secretary* for the Ministry of Education State Department for Vocational and Technical Training and the *National Project Coordinator* for East Africa Skills for Transformation and Regional Integration Project (EASTRIP) further confirm the completeness of the accounting records maintained 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.

***East Africa Skills for Transformation and Regional Integration Project (EASTRIP)
Reports and Financial Statements For the year ended 30 June , 2021***

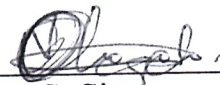
The *Principal Secretary* for the Ministry of Education State Department for Vocational and Technical Training and the *National Project Coordinator* for East Africa Skills for Transformation and Regional Integration Project (EASTRIP) confirm that the Project has complied fully with applicable Government 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 for Vocational and Technical Training and the *National Project Coordinator* for East Africa Skills for Transformation and Regional Integration Project (EASTRIP) on 11/12/2021 and signed by them.



Dr. Margaret W. Mwakima, PhD.,DD., CBS
Principal Secretary



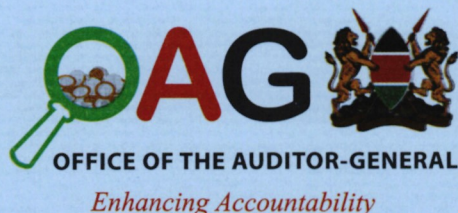
Nelson C. Gitau
Project Coordinator



Philip Olulo CPA(K) No: 4405
Project Accountant:

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON EAST AFRICA SKILLS FOR TRANSFORMATION AND REGIONAL INTEGRATION PROJECT (EASTRIP) IDA LOAN CREDIT NO. 6334-KE FOR THE YEAR ENDED 30 JUNE, 2021 - MINISTRY OF EDUCATION - 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 funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

Report of the Auditor-General on East Africa Skills for Transformation and Regional Integration Project (EASTRIP) IDA Loan Credit No. 6334-KE for the year ended 30 June, 2021 - Ministry of Education - State Department for Vocational and Technical Training

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of East Africa Skills for Transformation and Regional Integration Project (EASTRIP) set out on pages 1 to 18, which comprise the statement of financial assets as at 30 June, 2021, 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 East Africa Skills for Transformation and Regional Integration Project (EASTRIP) 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 Financing Agreement No. 6334-KE between the International Development Association and the Republic of Kenya dated 18 December, 2018 and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of East Africa Skills for Transformation and Regional Integration Project (EASTRIP) 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 judgment, are of most significance in the audit of the financial statements. I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Other Information

The Management are responsible for the other information, which comprises the statement of performance against projects predetermined objectives, and the statement of corporate social responsibility. The other information does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance or conclusion thereon.

Report of the Auditor-General on East Africa Skills for Transformation and Regional Integration Project (EASTRIP) IDA Loan Credit No. 6334-KE for the year ended 30 June, 2021 - Ministry of Education - State Department for Vocational and Technical Training

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.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements, 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 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 International Development Association, based on the audit procedures performed, 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 governance.

In preparing the financial statements, Management is responsible for assessing the Project's ability to continue to sustain 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 to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project's ability to continue as a going concern or 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 as a going concern or 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

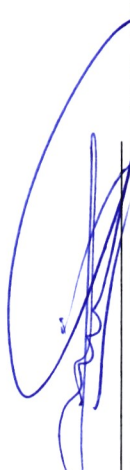
08 December, 2021


*East Africa Skills for Transformation and Regional Integration Project (EASTRIP)
Reports and Financial Statements For the year ended 30 June, 2021*

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

	Note	STATEMENT OF RECEIPTS AND PAYMENTS						Cumulative to Date (From inception) Kshs
		FY 2020/2021			FY 2019/2020			
		Receipts and payments controlled by the entity Kshs	Receipts and Payments made by third parties Kshs	Total Kshs	Receipts and payments controlled by the entity Kshs	Payments made by third parties Kshs	Total Kshs	
RECEIPTS								
Loan from External Development Partners	1	443,347,901	-	443,347,901	691,497,926	-	1,134,845,827	
TOTAL REVENUES		443,347,901	-	443,347,901	691,497,926	-	1,134,845,827	
PAYMENTS								
Purchase of Goods and Services	2	58,882,183	-	58,882,183	19,141,616	-	78,023,799	
Acquisition of Non-financial Assets	3	13,251,600	-	13,251,600	-	-	13,251,600	
Transfers to Other Government Entities	4	345,000,000	-	345,000,000	600,000,000	-	945,000,000	
TOTAL PAYMENTS		417,133,783	-	417,133,783	619,141,616	-	1,036,275,399	
SURPLUS/DEFICIT		26,214,118	-	26,214,118	72,356,310	-	98,570,428	

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


Dr. Margaret W. Mwakima, PhD, DD., CBS
Principal Secretary


Nelson C. Gitau
Project Coordinator



Philip Olulo CPA(K) No: 4405
Project Accountant


*East Africa Skills for Transformation and Regional Integration Project (EASTRIP)
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7. STATEMENT OF FINANCIAL ASSETS AS AT 30 JUNE 2021

STATEMENT OF FINANCIAL ASSETS			
	Note	FY 2020/2021 Kshs	FY 2019/2020 Kshs
Bank Balances	5B	98,160,028	71,945,910
Total Cash and Cash equivalents		98,160,028	71,945,910
Outstanding Imprests & Advances		-	410,400
TOTAL FINANCIAL ASSETS		98,160,028	72,356,310
Fund balance b/fwd	6A	71,945,910	-
Surplus / (deficit) for the year		26,214,118	72,356,310
Payables		-	-
NET FINANCIAL POSITION		98,160,028	72,356,310

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 11/2/2021 and signed by:


Dr. Margaret W. Mwakima, PhD., DD., CBS
Principal Secretary


Nelson C. Gitau
Project Coordinator

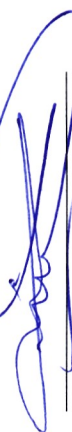

Philip Olulo CPA(K) No: 4405
Project Accountant:

*East Africa Skills for Transformation and Regional Integration Project (EASTRIP)
Reports and Financial Statements For the year ended 30 June, 2021*

8. STATEMENT OF CASHFLOWS FOR THE PERIOD ENDED 30 JUNE 2021

STATEMENT OF CASH FLOW			
	Note	2020/2021 Kshs	2019/2020 Kshs
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts for operating income			
Loan from External Development Partners	1	443,347,901	691,497,926
		443,347,901	691,497,926
Payments for operating expenses			
Use of goods and services	2	- 58,882,183	- 19,141,616
Acquisition of Non-financial Assets	3	- 13,251,600	-
Transfers to Other Government Entities	4	- 345,000,000	- 600,000,000
		- 417,133,783	- 619,141,616
Adjusted for:			
Change in Imprests & Advances		-	410,400
Net cashflow from operating activities		26,214,118	71,945,910
CASHFLOW FROM BORROWING ACTIVITIES			
Borrowings		-	-
Net cash flow from financing activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT		26,214,118	71,945,910
Cash and cash equivalent at BEGINNING of the year		71,945,910	-
Cash and cash equivalent at END of the year		98,160,028	71,945,910

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 11/2/2021 and signed by:


Dr. Margaret W. Mwakima, PhD., DD., CBS
Principal Secretary


Nelson C. Gitau
Project Coordinator


Philip Olulo CPA(K) No: 4405
Project Accountant:

*East Africa Skills for Transformation and Regional Integration Project (EASTRIP)
Reports and Financial Statements For the year ended 30 June, 2021*

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

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS						
Consolidated Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Utilisation Variance	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
Receipts						
Loan from External Development Partners	700,000,000	- 250,000,000	450,000,000	443,347,901	6,652,099	99%
Total Receipts	700,000,000	- 250,000,000	450,000,000	443,347,901	6,652,099	99%
Payments						
Use of goods and services	100,000,000		100,000,000	58,882,184	41,117,816	59%
Transfers to Other Government Entities	600,000,000	- 250,000,000	350,000,000	345,000,000	5,000,000	99%
Total Payments	700,000,000	- 250,000,000	450,000,000	403,882,184	46,117,816	90%

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



Dr. Margaret W. Mwakima, PhD.,DD., CBS
Principal Secretary



Nelson C. Gitau
Project Coordinator



Philip Olulo CPA(K) No: 4405
Project Accountant:

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 East Africa Skills for Transformation and Regional Integration Project (**EASTRIP**) 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.

***East Africa Skills for Transformation and Regional Integration Project (EASTRIP)
Reports and Financial Statements For the year ended 30 June , 2021***

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.

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.

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

East Africa Skills for Transformation and Regional Integration Project (EASTRIP)
Reports and Financial Statements For the year ended 30 June , 2021

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.

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 authorized 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 authorized 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 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.

***East Africa Skills for Transformation and Regional Integration Project (EASTRIP)
Reports and Financial Statements For the year ended 30 June , 2021***

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships,
The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

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

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.

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 recognized 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 party's column in the statement of receipts and payments.

During the year there were no disbursements in form of direct payments from third parties.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 recognized 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.

*East Africa Skills for Transformation and Regional Integration Project (EASTRIP)
Reports and Financial Statements For the year ended 30 June , 2021*

11. NOTES TO THE FINANCIAL STATEMENTS

1 LOAN FROM EXTERNAL DEVELOPMENT PARTNERS						
Name of Donor	Date received	Amount in loan currency	Loans received in cash	Loans received as direct payment*	Total amount in KShs	
					FY 2020/2021	FY 2019/2020
		EUR	KShs	KShs	KShs	KShs
Loans Received from Bilateral Donors (Foreign Governments)						
International Development Bank (IDA)	11th June 2021	3,383,000	443,347,901	-	443,347,901	691,497,926
Total		3,383,000	443,347,901	-	443,347,901	691,497,926

2 PURCHASE OF GOODS AND						
	Payments made by the Entity in Cash	Payments made by	Total Payments		Cumulative to-date	Cumulative Prior Year
			FY 2020/2021	FY 2019/20		
			KShs	KShs		
Telephone, telex and mobile phone	457,000	-	457,000	-	457,000	-
Communication, supplies and	1,018,560	-	1,018,560	900,000	1,918,560	900,000
Domestic travel and subsistence	4,028,900	-	4,028,900	3,277,500	7,306,400	3,277,500
Foreign travel and subsistence	1,745,606	-	1,745,606	-	1,745,606	-
Maintenance of Motor vehicle	125,997	-	125,997	-	125,997	-
Printing, advertising and information supplies & services	1,344,386	-	1,344,386	830,000	2,174,386	830,000
Training expenses	18,286,593	-	18,286,593	366,000	18,652,593	366,000
Bank Charges	124,856	-	124,856	14,170	139,026	14,170
Office and general supplies and	1,701,500	-	1,701,500	11,751,360	13,452,860	11,751,360
Refined Fuels and Lubricants	2,499,982	-	2,499,982	2,002,586	4,502,568	2,002,586
Contracted professional services	27,548,803	-	27,548,803	-	27,548,803	-
Total	58,882,183	-	58,882,183	19,141,616	78,023,799	19,141,616

3 ACQUISITION OF NON-FINANCIAL ASSETS						
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		Cumulative to-date	Cumulative Prior Year
			FY 2020/21	FY 2016/17		
			KShs	KShs		
Purchase of Motor Vehicles	13,251,600	-	13,251,600	-	13,251,600	-
Total	13,251,600	-	13,251,600	-	13,251,600	-

East Africa Skills for Transformation and Regional Integration Project (EASTRIP)
Reports and Financial Statements For the year ended 30 June , 2021

4 TRANSFER TO OTHER GOVERNMENT ENTITIES					
	2020/21			2019/20	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payment	
	KShs	KShs	KShs	KShs	KShs
Transfers to National Government entities					
Kisumu N.P.	115,000,000	-	115,000,000	200,000,000	315,000,000
Meru N. P.	115,000,000	-	115,000,000	200,000,000	315,000,000
Kenya Coast N.P.	115,000,000	-	115,000,000	200,000,000	315,000,000
	345,000,000	-	345,000,000	600,000,000	945,000,000
TOTAL	345,000,000	-	345,000,000	600,000,000	945,000,000

5a	CASH AND CASH EQUIVALENTS C/FWD	FY 2020/2021	FY 2019/20
		KShs	KShs
	Bank accounts (Note 5B)	98,160,028	71,945,910
			-
	Total	98,160,028	71,945,910

5b	Local Currency Accounts Note 5B		
	Kenya Commercial Bank [A/c No: 12	98,160,028	71,945,910
	Total local currency balances	98,160,028	71,945,910
	Total bank account balances	98,160,028	71,945,910

6a	CASH AND CASH	2020/2021	2019/2020
		KShs	KShs
	Bank accounts	71,945,910	-
	Total	71,945,910	-

*East Africa Skills for Transformation and Regional Integration Project (EASTRIP)
Reports and Financial Statements for the year ended 30 June, 2020*

6b	SPECIAL DEPOSIT ACCOUNT MOVEMENT		
		2020/21	2019/20
		KShs	KShs
	1000429399)		
	Opening Balance	435,893,277	
	Total amount deposited in the	-	1,127,391,203
	Total amount Withdrawn	443,347,901	691,497,926
	Closing Balance	- 7,454,624	435,893,277
	(ii) A/c Name		
	Opening Balance(as per the SDA	435,893,277	
	Total Amount deposited in the	-	1,127,391,203
	Total Amount withdrawn	443,347,901	691,497,926
	Closing Balance	- 7,454,624	435,893,277

*East Africa Skills for Transformation and Regional Integration Project (EASTRIP)
Reports and Financial Statements for the year ended 30 June, 2020*

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. LOAN FROM EXTERNAL DEVELOPMENT PARTNERS

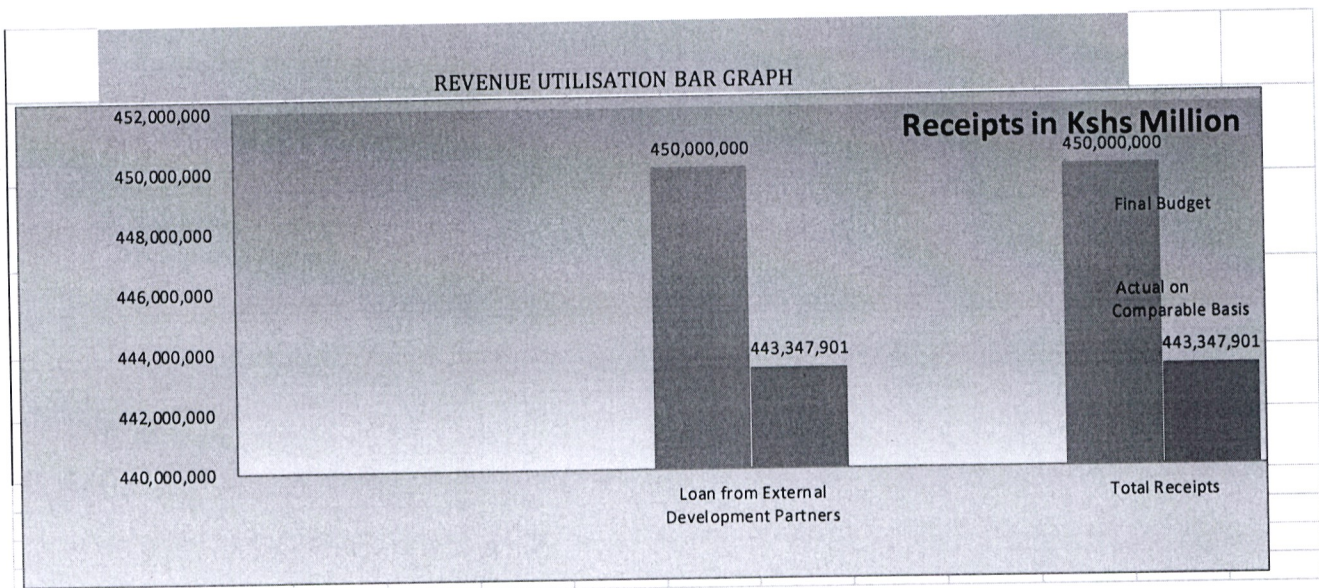
During the 12 months to 30 June 2021 we received funding from development partners in form of loans negotiated by the National Treasury donors as detailed in the table below:

Source of funds	Donor Commitment-		Amount received to date – (30 th June, 2021)		Undrawn balance to date (30 th June, 2021)	
	<i>Donor currency EUR</i>	<i>KShs</i>	<i>Donor currency (EUR)</i>	<i>KShs</i>	<i>Donor currency (EUR)</i>	<i>KShs</i>
	<i>(A)</i>	<i>(A')</i>	<i>(B)</i>	<i>(B')</i>	<i>(A)-(B)</i>	<i>(A')-(B')</i>
LOAN SUMMARY						
IDA Loan	51,500,000	6,000,000,000	10,140,845	1,134,845,827	41,359,155	4,865,154,173
Total Loans	51,500,000	6,000,000,000	10,140,845	1,134,845,827	41,359,155	4,865,154,173
Total Funding Summary	51,500,000	6,000,000,000	10,140,845	1,134,845,827	41,359,155	4,865,154,173

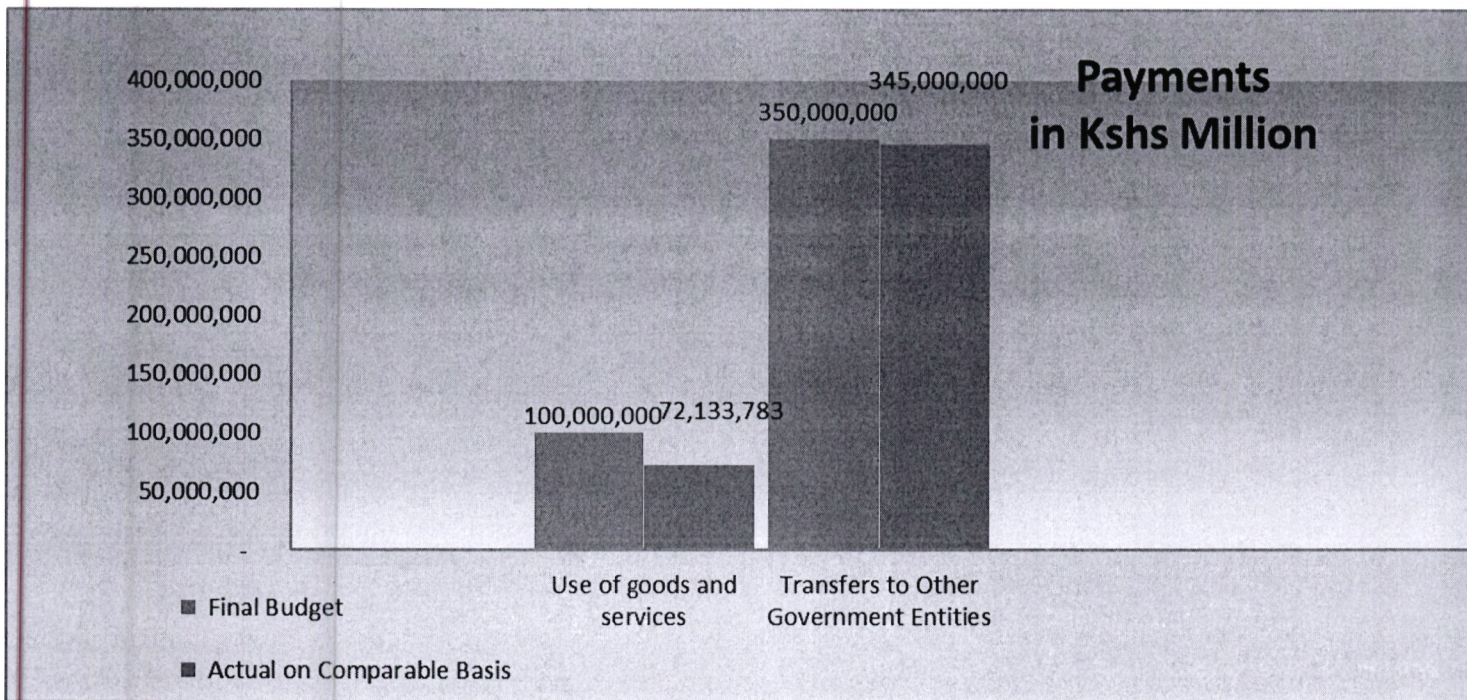
*East Africa Skills for Transformation and Regional Integration Project (EASTRIP)
Reports and Financial Statements For the year ended 30 June , 2021*

12. GRAPHICAL INTERPRETATION OF FINANCIAL STATEMENTS

RECEIPTS	Final Budget	Actual on Comparable Basis
Loan from External Development	450,000,000	443,347,901
Total Receipts	450,000,000	443,347,901





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*East Africa Skills for Transformation and Regional Integration Project (EASTRIP)
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13. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S RECOMMENDATIONS

PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S RECOMMENDATIONS.				
Reference No. of the external audit Report	Issue /Observation from Auditor	Management Comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
None	None	Not Applicable	Not Applicable	Not Applicable
 _____ Principal Secretary			 _____ Project Coordinator	
Date 01/12/2021			Date 1/12/2021	

*East Africa Skills for Transformation and Regional Integration Project (EASTRIP)
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14. ANNEXES

ANNEX 1 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS

	Final Budget	Actual on Comparable Basis	Utilisation Variance	% of Utilisation	Comments on Variance
	$c=a+b$	d	$e=c-d$	$f=d/c \%$	
Receipts					
Loan from External Development Partners	450,000,000	443,347,901	6,652,099	99%	
Total Receipts	450,000,000	443,347,901	6,652,099		
Payments					
Use of goods and services	100,000,000	72,133,783	27,866,217	72%	
Transfers to Other Government Entities	350,000,000	345,000,000	5,000,000	99%	
Total Payments	450,000,000	417,133,783	32,866,217		

NOTE

Reason for variance include:

- (i) The disbursement from DA balance was less than the budget thus under receipt which resulted to under disbursement to RF
- (ii) The low utilisation was caused by delay in processes of procurement of consultancies, computer supplies which were still in the process by close of the financial year.

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ANNEX 2 – SUMMARY OF FIXED ASSET REGISTER				
Asset class	Opening Cost (KShs) 2020/21	*Purchases/Additions in the Year (KShs) 2020/21	** Disposals in the Year (KShs) 2020/21	Closing Cost (KShs) 2021
	(a)	(b)	(c)	(d)= (a)+ (b)-(c)
Land				-
Buildings and structures				-
Transport equipment		13,251,600		13,251,600
Office equipment, furniture and fittings	3,881,500	1,922,500		5,804,000
ICT Equipment, Software and Other ICT Assets	5,433,730			5,433,730
Other Machinery and Equipment				-
Heritage and cultural assets				-
Intangible assets				-
Total	9,315,230	15,174,100	-	24,489,330

*East Africa Skills for Transformation and Regional Integration Project (EASTRIP)
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TRIAL BALANCE AS AT 30TH JUNE 2021		
ITEM	DEBIT	CREDIT
Balance b/f		71,945,910.00
Receipt		98,347,901.10
Telephone, telex and mobile phone services	457,000.00	
Communication, supplies and services	1,018,560.00	
Domestic travel and subsistence	4,028,900.00	
Foreign travel and subsistence	1,745,606.00	
Maintenance of Motor vehicle	125,997.00	
Printing, advertising and information supplies & services	1,344,386.20	
Training expenses	18,286,593.15	
Bank Charges	124,857.00	
Office and general supplies and services	1,701,500.00	
Refined Fuels and Lubricants	2,499,982.00	
Contracted professional services	27,548,801.75	
Purchase of Motor Vehicles	13,251,600.00	
Balance c/d	98,160,028.00	
	170,293,811.10	170,293,811.10

***East Africa Skills for Transformation and Regional Integration Project (EASTRIP)
Reports and Financial Statements For the year ended 30 June , 2021***

15. ANNEXES

- i. Bank Reconciliations
- ii. Cash Count Certificate
- iii. GoK IFMIS Trial Balance
- iv. Special Deposit account Reconciliation Statement (page 12).



Kipande House
 P.O. Box 30012-00100
 Telephone: 340161/186
 Fax: 318911
 Email:
 kipandehouse@kcb.co.ke
 Website:
 http://www.kcb.co.ke

1218 CA 41 BRANCHES
 CERTIFICATE OF BALANCE

KCB Bank Limited
 (Incorporated in Kenya)

CERT2123875346

KCB KIPANDE HOUSE 26 AUG 2021

Certified that the balance at the CREDIT OF THE EAST AFRICA SKILLS
 FOR TRANSFOR

.....

A/C 1271486458

.....

at the close of business on 30 JUN 2021 Was KES

NINETY NINE MILLION THIRTY ONE THOUSAND FIVE HUNDRED AND TWENTY
 EIGHT CENTS FIFTY FIVE

.....

KES 99,031,528.55

.....

Examined by

.....

KCB BANK KENYA LTD. KCB BANK KENYA LTD.

.....

Manager Service Quality & Compliance Branch Manager

Directors: L. M. Njiru (Chairman); J. N. Oigara; T. D. Ipomal; C.S. - National Treasury; S. K. Rono;
 Ms. N. Onyango; Mrs. C. Okongo; J. W. Muigai; Mrs. A. O. Eriksson; Ms. E. Nyala; S. Makome.



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REPUBLIC OF KENYAA/C No.1271486458
DEVELOPMENTDate...1st JULY, 2021.....

Report of the Board of Survey on the Cash and Bank Balances of.... STATE DEPARTMENT OF
VOCATIONAL AND TECHNICAL TRAINING- EASTRIP as at the close of Business
on.....30th JUNE....., 2021....

The Board consisting of -(Names and official titles)

EVELYN ANUPI.....D/PLANNING CHAIRMAN
ELIJAH OBWORI D/DTE MEMBER
JOSPHAT GITHAIGA... PRINCIPAL ACCOUNTANT ... MEMBER

assembled at the office of...SDVTT...at 10. 00...(time) on the 1st JULY, 2021.....

and the following cash was produced: -

Notes	Sh.NIL.....
Silver	Sh.NIL.....
Cooper.. .. .	Sh. NIL.....
Cheques (as per details on reverse)	Sh.,NIL.....

It was observed that cheques amounting to Sh.....NIL.....Cts.....NIL.....

had been on hand for more than 14 days prior to the date of the survey.

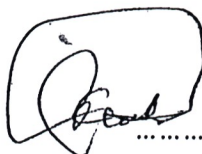
The cash consists of East African currency and does not contain any demonetized coin or notes.

The Cash Book reflected the following balances as at the close of business on the.....
30th JUNE, 2021.....

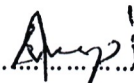
Cash on hand	Sh.NIL.....
Bank Balance	Sh.98,160,028.55.....

The Bank Certificate of Balance showed a sum of Sh.... Ninety-Eight Million, One Hundred and Sixty
Thousand, Twenty Eight Cts. Fifty five. (Sh.98,,160,028.cts.55.)
Standing to the credit on the account on...30th...JUNE. 2021

The difference between this figure and the Bank Balance as shown by the Cash Book is accounted
for in the Bank Reconciliation Statement (F.O. 30) attached.

Date.....1st JULY, 2021



Chairman.




Members of the Board.

REPUBLIC OF KENYA
EASTRIP
BANK RECONCILIATION STATEMENT AS AT 30TH JUNE, 2021
STATE DEPARTMENT OF VOCATIONAL & TECHNICAL TRAINING

Balance as per bank Statement		99,031,528.55
Less:		
1. payments in cashbook not in the bank statement	871,500.00	
2. receipts in the bank statement not in the cashbook	-	871,500.00
Add:		
3. payments in the bank statement not in the cashbook	-	
4. receipts in the cashbook not in the bank statement	-	-
Balance as per cashbook		98,160,028.55

I CERTIFY THAT I HAVE VERIFIED THE CASHBOOK BALANCE WITH THE BANK STATEMENT BALANCE AND CONFIRMED THAT THEY ARE CORRECT.

Designation..... P.A. SIGNATURE..... 

PAYMENTS IN THE CASHBOOK NOT IN THE BANK STATEMENT as at 30TH JUNE, 2021

DATE	PARTICULARS	<u>PV</u>	AMOUNT	DATE CLEARED
30/6/2021	Astorian hotel	<u>607</u>	212,265.00	3/7/2021
30/6/2021	The Noble hotel	<u>608</u>	644,198.00	3/7/2021
30/6/2021	VAT		11,302.00	3/7/2021
30/6/2021	VAT		3,735.00	3/7/2021
			871,500.00	

PAYMENTS IN THE BANK NOT IN THE CASHBOOK AS AT 30 JUNE, 2021

DATE	PARTICULARS	PV. NO.	Cheque no.	AMOUNTS
				-
				-



Small, faint text or markings are visible along the horizontal line, appearing as a series of small, dark spots or characters that are difficult to read. They are evenly spaced along the line.

RECEIPTS IN THE CASHBOOK NOT IN THE BANK STATEMENT AS AT 30TH JUNE 2021			
DATE	PARTICULARS	PV/NO	AMOUNT
			0.00
			-

**RECEIPTS IN THE BANK STATEMENT NOT RECORDED IN THE CASH BOOK AS AT 30TH
JUNE 2021**

DATE	PARTICULARS	PVNO.	AMOUNT
			-



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