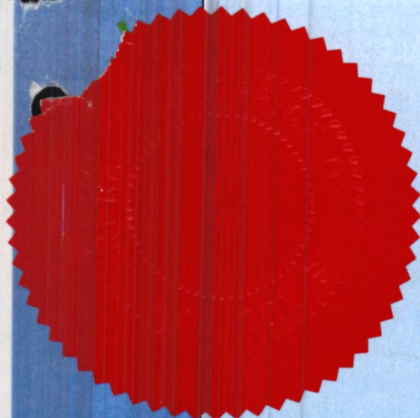


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



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REPORT



OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
TECHNICAL AND VOCATIONAL EDUCATION
AND TRAINING AUTHORITY (TVETA)**

**FOR THE YEAR ENDED
30 JUNE 2016**





ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30TH JUNE, 2016

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

**TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING AUTHORITY
ANNUAL REPORT AND FINANCIAL STATEMENTS 2015-2016**

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1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The Technical and Vocational Education and Training Authority (TVETA) is a State Corporation under the Ministry of Education. It is established under the TVET Act of 2013.

The Act empowers the Authority to ensure and assure quality and relevance in TVET through registration and licensing of TVET institutions, TVET programs and trainers, and for connected purposes.

(b) Principal Activities

Section 7 of the TVET Act, 2013 gives the powers and functions of the Authority. The Authority's functions are therefore to:

- i) Regulate and coordinate training under TVET Act , 2013
- ii) Inspect, register and license training institutions;
- iii) Accredite and inspect programmes and courses;
- iv) Assure quality and relevance in programmes of training;
- v) Prescribe the minimum criteria for admission to training institutions and programmes in order to promote access, equity and gender parity.
- vi) Collect, examine and publish information relating to training;
- vii) Determine the national technical and vocational training objectives;
- viii) Recognize and equate qualifications awarded by local or foreign technical and vocational education institutions' in accordance with the Standards and guidelines set out by the Authority from time to time;
- ix) Undertake, or cause to be undertaken, regular monitoring, evaluation and inspection of training and institutions to ensure compliance with set standards and guidelines;

(c) Key Management

The Authority's day-to-day management is under the following key organs:

The Board of Directors
The Director General/ Chief Executive Officer
Heads of Directorates

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2016 and who had direct fiduciary responsibility were:

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| No | Designation | Name of holder |
|-----------|--|-----------------------|
| i | Director General | Dr. Kipkirui Langat |
| ii | Head of Corporate Services (Alternate signatory) | Mrs. Bibiana Otieno |
| iii | Accountant | Mr. Naftali Makiah |
| iv | Internal Auditor | Mr. Daniel Njaibu |

(e) Fiduciary oversight arrangements

- i. Technical Committee
- ii. Finance and General purpose committee
- iii. Audit and Risk Committee

(f) Authority's Headquarters

Telposta Towers, 25th Floor
Kenyatta Avenue
Nairobi

(g) Authority's Contacts

P.O. Box 35625 – 00100
Nairobi
Tel. 020-2217210/2/4/6/7/8/9
Email: info@tvetauthority.go.ke
Website: www.tvetauthority.go.ke

(h) Authority's Bankers

Kenya Commercial Bank Ltd.
Kipande House Branch
P.O. Box 30012-00100
Nairobi, Kenya

(i) Independent Auditors

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

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(j) Principal Legal Adviser

The Attorney General
State law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi

2. THE BOARD OF THE AUTHORITY



Prof. Wilson O. Ogola (Chairman)

25th April 2014- 15th July 2016

Prof. Ogola (59) was appointed on 25th April, 2014 as the first Chairman of the Technical and Vocational Education and Training Authority (TVETA). He is a Professor of Mechanical and Mechatronics Engineering at the Technical University of Kenya - Nairobi. At the university, Prof. Ogola is the Director of Industry and University Partnerships. He is also the Honorary Secretary for the

Institution of Engineering Technologists and Technicians. He is widely published in the area of Mechanical Engineering (Composite materials) and Mechatronics Engineering.

Dr. Kipkirui Langat (Director General/CEO)



Dr. Langat (44) was appointed the first Director General of TVET Authority on 30th April 2015. He joined the Authority with a wealth of experience from both public and private sector. He has close to 20 years' experience in the TVET sector having joined Rift Valley Technical Training Institute as Assistant Lecturer in the Department of Automotive

Engineering in 1996. He was promoted to the position of Lecturer and appointed head of Department in 1998. He joined Eldoret Polytechnic in 2002 as a lecturer in the department of mechanical engineering, before being appointed Deputy Dean of students a year later. In 2004, he joined Egerton University as a Lecturer in the Department of Industrial and Energy Engineering. At Egerton, he was instrumental in the implementation and review of the Bachelor of Industrial Technology programme, where he was the programme coordinator and the examination and timetabling officer until 2008. In 2009, he was appointed the programme coordinator for Twinning Programme between Western Michigan University, USA and Egerton University. He was also among the experts who developed Bachelor of Technology in Mechanical Engineering and Bachelor of Philosophy in Mechanical Engineering programmes at the Technical University of Kenya. He was also

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a subject panel member for Diploma and Higher National Diploma in Mechanical Engineering programmes between 1999 and 2004 at the Kenya Institute of Education.



Dr. Dinah Mwinzi (Principal Secretary – Vocational and Technical Training, Ministry of Education)

Dr. Mwinzi was appointed as the Principal Secretary – State Department of Vocational and Technical Training in December 2015. She is an educationist, enterprise, youth, gender and public policy practitioner with more than twenty five years’ experience across higher education, administrative levels of Government and development

sectors. She is also a certified business mentoring, ICT, knowledge society and e-learning specialist. In her professional career, she is the founding Director of the Department of Vocational Education and Training (DVET), Ministry of Education, Science and Technology (Formerly in Ministry of Youth Affairs and Sports). Dr. Mwinzi holds a Doctor of Philosophy in Education and a Master of Philosophy from Moi University, a Bachelor of Education from Kenyatta University. She also holds a Graduate Diploma in Leadership Development in ICT and the Knowledge Society, from Dublin City University, Ireland. Dr. Mwinzi has been a recipient of the prestigious DAAD Scholarship.



Mrs Jane W. Wambugu (Alternate Director to the Cabinet Secretary, the National Treasury)

Mrs Wambugu was appointed Alternate Director to the Cabinet Secretary, the National Treasury where she is currently serving as a Chief Accountant in October 2015. She has served in various Government Ministries as an Accountant with 10 years’ experience as a Certified Public Accountant. Mrs Wambugu has also worked as a

Project Accountant in Energy Sector donor funded projects in the Ministry of Energy for 4 years and 2 years as Ag, Deputy Head of Accounts Unit. She has also served as Deputy Head of Accounts unit in the Ministry of Tourism for 2 years. Mrs Wambugu is a holder of a Master’s Degree in Business Administration (Finance), Certified Public Accountant and a member of Institute of Public Accountants (ICPAK).

Eng. Catherine A. Nyambala (Director)



Catherine (43) was appointed as a TVETA Board Member on 25th April, 2014. She is the Founder of STEMAfrica - an organization that promotes careers and innovation in Science, Technology, Engineering and Mathematics. STEMAfrica's goal is to see a new generation in Science and Technology in Africa with the goal of reducing poverty. An alumnus of the US State Department and Fortune Global Women's

Mentoring Program (2010), Catherine was mentored by Marissa Mayer (Yahoo CEO) at Google. She has got experience in Energy, Telecoms and Manufacturing and has been successful in implementing Strategic Quality Management at the Kenya Electricity Generating Company. She holds a BSc in Electrical Engineering and an MBA in Operations Management. She is a Business Excellence and Innovation Management Expert and has been a participant in several local and international Innovation Awards including the Royal Academy of Engineering, the Kenya ICT Board, Bata legacy Award amongst others.

Dr. Ahmed Kibet Ferej (Director)



Dr. Ferej (63) was appointed as a TVETA Board Member on 25th April, 2014. He holds a PhD in Education (TVET and Entrepreneurship) from the University of Illinois in the US (1994). Prior to his higher education, he completed a Diploma in Mechanical and Electrical Engineering as well as a technical teacher's certificate at the Kenya Polytechnic in 1975. He is a

Senior Lecturer at the University of Eldoret, in the Department of Technology Education.

Dr. Ferej has over 30 years professional experience in the field of education and training, mostly TVET, where he has taught at the technical secondary, middle college and university levels. He has contributed in national curriculum development and as examiner in national examinations. He has supervised several Master's Degree and PhD candidates and served as external examiner for Kabarak University and Gold Coast University in Ghana.

Eng. Nebart Bernard Muriuki (Director)



Eng. Muriuki (58) was appointed as a TVETA Board Member on 25th April, 2014. He is a holder of BSc. in Electrical Engineering from University of Nairobi and MSc. in Digital Communications Systems from Loughborough University of Technology (UK). He has also done an MBA course at the University of Nairobi specializing in Management Information Systems (MIS). Eng. Muriuki has extensive training in

Electrical and Telecommunications Engineering, as well as in Management. He has thirty years of experience in the ICT industry; and has served in all aspects of telecommunications engineering services such as telecommunication equipment installation, operation and maintenance, new technologies and infrastructural development; telecommunications consultancy services, type approvals and licensing various service providers and development (training) of technical personnel for ICT industry. He has served as a Principal Executive Engineer in charge of consultancy services in the defunct Kenya Posts and Telecommunication Corporation (K.P&T.C) and Deputy Director Academic Affairs at KCCT.

Dr. Hazel Gachunga (Director)



Dr. Gachunga (45) was appointed as a TVETA Board Member on 25th April, 2014. She is a Senior Lecturer at the Jomo Kenyatta University of Agriculture and Technology and has a considerably wide teaching, research and consultancy experience in the areas of Leadership, Change

Management, Human Resource Management, and Organizational Behaviour amongst others. She is a holder of a Doctorate from the University of Nairobi/University of Sheffield and alumni of IESE on international faculty development and executive programs management. She has also conducted extensive research in the areas of leadership. Dr. Gachunga is a board member at the Institute of Human Resource Management Kenya. She is a certified Balanced Score Card expert and Change Management Professional.

Prof Faith Muli (Director)*



Prof. Muli (56) was appointed as a TVETA Board Member on 25th April, 2014. She is an Associate Professor of Pathology in the field of Medical Microbiology and holds a PhD degree from the University of Manchester faculty of Medicine, UK. She has a wealth of experience in the world of academics, research, technical diagnostics and consultancy. She has taught at Kenyatta University, Jomo Kenyatta University of Science and Technology, Egerton University, Moi University Faculty of

Health Sciences at Moi Teaching and Referral Hospital and Kenya Methodist University. She has published extensively in internationally recognized journals and has presented many papers at international, regional and local conferences. She has also served as a WHO consultant in Curriculum review for training on the control and management of HIV/AIDS in Kenya, Ethiopia and Tanzania under the Africa Regional Capacity Building on HIV/AIDS Network project (ARCAN).

3. THE MANAGEMENT TEAM

Dr. Kipkirui Langat, PhD



Director General/CEO

The Director General is the Chief Executive Officer overseeing the day to day operations of TVETA. Provides visionary leadership in the management of TVETA and is responsible for the operations of the Authority in accordance with the policies specified by the Board.



Mr. Edward Mburu, MITM

Ag. Head of Standards and Compliance

The Head of Standards and Compliance is in charge of TVET standards development and compliance thereof. This involves regular quality audits of TVET institutions. The process of ISO Certification also falls under this office.



Mr. Fred Oanda, MSc

Ag. Head of Accreditation

The Head of Accreditation is in charge of a registration and licencing of TVET institutions. The function involves inspection of institutions for the purpose of registration and licencing or approval of training programmes.

Mrs. Bibiana Otieno, MA

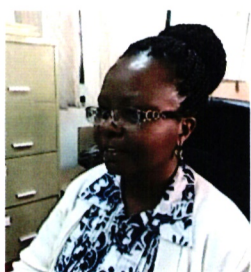


Ag. Head of Corporate Services

The Head of Corporate Services is in charge of the service units in TVETA including Human Resource Management, ICT, Procurement,

Accounts, Finance, Internal Audit, Records Management, Transport and Front Office operations.

Ms. Susan Njagi, MLIS



Ag. Head of Research and Policy

The Head of Research and Policy coordinates planning, analyzing and reviewing the impact of various policies on Technical and Vocational Education. This includes development and identification of impediments to TVET development with an objective of

developing appropriate policy interventions for TVET development as well as reviewing and updating the Authority's long term strategic plans, ensuring they are aligned to the National policies and measuring performance of their implementation. In addition, the office undertakes data collection and research activities.

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Mr. Naftali Makiah



Accountant

Mr. Makiah is in charge of the accounting unit.



Mr. Daniel Njaibu

Internal Auditor

Mr. Njaibu is charge of the internal audit activities and also the secretary of the Audit and Risk Committee of the Board.

4. CHAIRPERSON'S STATEMENT

I am delighted to present the inaugural annual and financial statements of the Technical and Vocational Education and Training Authority, for the year ended 30th June 2016. For TVETA, 2016 was a year of outstanding financial performance. This remarkable performance is a testament to the great potential that the Authority has and emphatically underscores continued growth in our compliance portfolios.

The Vision 2030 has placed special demands on TVET as the leading engine that the economy must essentially rely upon to produce adequate levels of middle level professionals that will be needed to drive the economy towards the attainment of the vision. Quality TVET programmes guarantee a strong link between skills learnt and the needs of the labour market, by producing graduates with superior employability. A deliberate effort has been made by the government to ensure that TVET system is not only relevant to the labour market, but also produce graduates with acceptable levels of literacy, numeracy, skills, values and attitudes. To achieve this, quality assurance is therefore essential throughout the TVET system.

One year down the road, I am happy to report that the Authority has not only embraced its mandate fully but has also remained steadfast as the principal instrument of government in the implementation of the Technical and Vocational Education agenda. Soon after its establishment, TVETA took the first few months of its infancy to set up institutional structure and framework to support the Authority's development. The last one year subsequently, has been instrumental in helping to leverage stakeholder support and launch targeted programmes to actualize the Authority's mandate.

In the period, the Authority established partnerships with development partners to enhance our mandate specifically that of ensuring compliance of all the colleges. To this end we brought on board quite a number of development partners that include the World Bank, African Development, Bank, GIZ among others. Further, we prioritized finalization of TVET regulations to operationalize TVET Act that is now being fully implemented.

The Authority has developed strategies to strengthen the compliance function in a number of ways. They include;

- Enhanced collaboration with the other lead agencies
- Intensified TVETA campaigns through both the print and electronic media
- Strengthening awareness among TVETA private colleges as well as the general public regarding the quality of education offered in various institutions hence we have availed a list of complying institutions that can be accessed through our website and social media.

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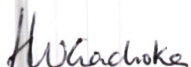
- Enhancing ICT application in all TVETA's operations
- Facilitating customer friendly mechanism especially for colleges seeking to be issued with compliance certificates.
- Closing down the non-compliant institutions and enforcing the Act

TVETA continues to demonstrate leadership in promoting quality access, equity and relevance in TVET in his country by putting in place structures that enhance effective management and service delivery. We have put in place a strong link between the Board of Directors and Management through committees of the Board of Directors to ensure focus on delivery of responsibilities. Hence the Board continues to discharge its duties diligently through the various committees and the Board of directors.

All committees are chaired by a member of the Board and their membership includes the Director General except the Audit and Risk Committee where he attends on invitation. This structure ensures the Authority pays attention to critical areas of its core functions and provides guidance in order to meet our clients' expectations as well as our objectives outlined in our strategic plan. Despite the teething challenges of a new institution, the Authority begun on a sound footing. The compliance functions are on an enviable trajectory and the level of quality education in TVET institutions is beginning to turn in good results.

Finally, on behalf of TVETA Board of Directors and staff, I express my sincere gratitude to the Government of Kenya, Ministry of Education our partners as well as the stakeholders for the support you have given us. TVETA is gradually becoming the regional giant in the eyes of the public. Let me also thank our clients for their continued feedback that has helped us improve service delivery. I also acknowledge the support of the general public and the media both electronic and print, for always standing behind us and promoting our brand in their own unique and special way.

I thank my fellow Board members for giving me support in providing guidance and leadership to the Board. The Management and staff have worked tirelessly and I commend them generously on behalf of the Authority.



Dr. Hazel Gachunga

Ag. CHAIRPERSON
On behalf of the Board of Director

5. REPORT OF THE DIRECTOR GENERAL/CHIEF EXECUTIVE OFFICER

In 2005, the government published Sessional Paper No. 1 with an aim of having TVET to provide and promote lifelong education and training for self-reliance and in 2007 the Africa Union adopted a policy on TVET framework as part of its Plan for Action for the 2nd Decade of Education (2006-2015). The Constitution of Kenya (2010) has the Bill of Rights at its core while the Kenya Vision 2030, acknowledges the need to reform the education and training to create a sector fit for purpose. This has led to the policy provisions embodied in this document which addresses the constitutional requirements and national aspirations as well as offer direction in modernizing and re-branding the country's education and training system. Hence the establishment of the Technical and Vocational Education and Training Authority (TVETA) through the TVET Act 2013.

During the financial year under review, TVETA implemented several programmes to ensure quality regulated, education that produces competent Human capital. Among our key achievements during the period is our steadfastness in developing and enforcing Technical and Vocational Education Training policies, building partnership aimed at promoting public awareness and education on recognized TVET institutions.

Further, the Authority made major strides in enhancing its operationalization structures. The Authority undertook a participatory and consultative process in initiating development of a five year Strategic Plan 2016-2021 in line with the TVETA Act. This entailed among others, review of the business environment, key policies and laws and regulations. Although the strategic plan is not complete, some aspects of it were implemented by the Authority during the year and successfully achieved commendable key deliverables.

Information and communication technologies are just as essential for modern society as electricity and water networks. Modern everyday audiences have embraced technology as one platform of communication. To this end the Authority prioritized the development of its website www.tvetauthority.go.ke to continuously inform our stakeholders. It is now possible to check the status of accredited TVET institutions and programmes in Kenya. The website is relatively interactive and look forward to improving it to meet the needs of our customers.

In order to further the Authority's mandate, we undertook inspection of 612 TVET institutions for registration and licensing. One of our major achievements during this period was the closure of non-complying institutions. Through the help of other key lead agencies the Authority prosecuted institutions that contravened the Act. The Authority has continuously prepared and reviewed a register of TVET institutions to enable the public know the complying institutions.

The Authority made significant strides in enhancing public education and awareness of recognized TVET institutions by carrying out a number of advertisements in both print and electronic media. We also organized a media breakfast meeting as part of a wider campaign to sensitize the public, advertised for and shortlisted TVET monitors and evaluators among other undertakings. As a result of these initiatives, we received overwhelming feedback from our stakeholders and this help us to improve on service delivery.

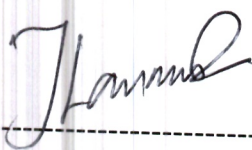
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Human capital is a key pillar to the successful execution of the Authority's strategic thinking. The input of members of staff is the most critical element guaranteeing in the attainment of the targets set in the Performance Contracts and Annual work Plan. The staff of the Authority have received high quality training both locally and overseas through an elaborate training plan for all staff.

Despite our success the Authority has faced challenges in its endeavor to ensure quality TVET education. Among the key challenges is the understaffing. The Authority is currently working with minimal staff vis a vis the huge number of set-up institutions that calls for regular vetting to ensure quality education. Fragmentation of TVET institutions is still a challenge since a number of institutions in other line Ministries are yet to comply with Sessional Paper No. 14 of 2012 and TVET Act 2013. Some of these institutions have cited respective Acts of Parliament establishing them as the reason of not complying, though ideally these acts should have been amended in line with the TVET Act 2013 and the Kenya Constitution 2010. Section (4) of the TVET Act gives the Cabinet Secretary for Education the overall responsibility in the provision of training and shall, in collaboration with other Ministries and stakeholders, be responsible for promoting access, equity, quality and relevance in training. In section 5 the Cabinet Secretary shall provide policy guidance on all matters relating to the implementation while section 7 gives TVETA the overall responsibility of coordinating and regulating TVET in Kenya.

Once again the impressive performance for the FY 2015/2016 would not have been made possible without the continued commitment and dedication of management and staff of TVETA. Thus, I thank them for their loyalty and hard work.

I want to thank the Board of Directors for their good counsel, timely guidance and decision making that enabled us to deliver these impressive results. I also thank our stakeholders for their support which was very instrumental in our success.



Dr. Kipkirui Langat, PhD. FIETK

DIRECTOR GENERAL/CHIEF EXECUTIVE OFFICER

6. CORPORATE GOVERNANCE STATEMENT

TVETA is driven by its mission to be a leading Authority in the regulation, quality assurance and accreditation of technical and vocational education and training for the provision of competent human capital. The general mandate of the Authority is to promote quality access, equity and relevance in Technical and Vocational Education and Training (TVET) by developing regulating standards, inspecting, registering, and licensing trainers, institutions and training programmes as appropriate.

The functions of the Authority are set out in Section 7 of the TVET Act and among others include the following;

- a) Regulate and coordinate training under the Act,
- b) Inspect, license, register and accredit training institutions;
- c) Accredit and inspect programmes and courses;
- d) Determine the national technical and vocational training objectives;
- e) Prescribe the minimum criteria for admission to training institutions and programmes in order to promote access, equity and gender parity.
- f) Recognize and equate qualifications awarded by local or foreign technical and vocational education institutions' in accordance with the Standards and guidelines set out by the Authority from time to time;
- g) Collect, examine and publish information relating to training;
- h) Assure quality and relevance in programmes of training;
- i) Liaise with the national and- county governments and with the public and the private sector on matters relating to training;
- j) Undertake, or cause to be undertaken, regular monitoring, evaluation and inspection of training and institutions to ensure compliance with set standards and guidelines;

Section 8(1) of the TVET Act provides for the appointment of a nine member Board as the governing organ of TVETA. The Cabinet Secretary for Education, Science and Technology appointed the following to be Chairperson and members of the Board, with effect from 25th April, 2014; Wilson O. Ogola (Prof.)—(*Chairperson*); *Members*: Hazel G. Gachanga (Dr.), Ahmed Kibet Ferej(Dr.), Nebart Muriuki (Eng), Catherine Auma Nyambala (Eng), and Faith Muli (Prof.)

Other members of the Board include Cabinet Secretary National Treasury, Principal Secretary State Department of Vocational and Technical Training and the Chief Executive of the Fund. The Board was inaugurated on 4th June, 2014. The Board has been operating with eight members because the Chief Executive of the Fund has not yet been recruited.

7. REPORT OF THE BOARD OF DIRECTORS

The Authority submits its report together with the audited financial statements for the year ended 30th June, 2016 which show the state of the TVETA financial operations

Principal activities

The Authority’s activities were geared towards its operationalization and implementation of the TVET Act.

To ensure and assure quality TVET, the Authority staff carried out assessment of 612 institutions for the purpose of registration and licensing.



Figure 1: Officers from TVETA inspecting workshops in an institution

The institutions that met requirements were approved by the Board for registration. A register of TVET institutions was prepared and is available on the Authority’s website.

Table 1: Summary of accredited institutions

| No | Category | Public | Private | Total |
|--------------|----------------------------------|------------|------------|------------|
| 1. | Technical University | 0 | 0 | 0 |
| 2. | National Polytechnic | 6 | 0 | 6 |
| 3. | Technical and Vocational College | 53 | 320 | 373 |
| 4. | Vocational Training Centre | 151 | 10 | 161 |
| Total | | 210 | 330 | 540 |

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Table 2: Summary of institutions recommended for improvements

| No | Category | Public | Private | Total |
|----|------------------------------|-----------|-----------|-----------|
| 1. | Technical University | 0 | 0 | 0 |
| 2. | National Polytechnic | 0 | 0 | 0 |
| 3. | Technical Vocational College | 13 | 49 | 62 |
| 4. | Vocational Training Centre | 22 | 2 | 24 |
| | Total | 35 | 51 | 86 |

Table 3: Summary of institutions under progress

| No | Category | Public | Private | Total |
|----|------------------------------|------------|------------|------------|
| 1. | Technical University | 4 | 0 | 4 |
| 2. | National Polytechnic | 2 | 0 | 2 |
| 3. | Technical Vocational College | 13 | 109 | 122 |
| 4. | Vocational Training Centre | 82 | 12 | 94 |
| | Total | 101 | 121 | 222 |

In addition, the TVET Regulations to operationalize the TVET Act were finalized and gazzeted via Legal Notice No. 242 and advertisement for and short listing of TVET monitors and evaluators done.

To ensure provision of information and sensitization of the public, the Authority developed and published a website (www.tvetauthority.go.ke) one of whose tabs provides information on the accredited TVET institutions.

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Figure 2: The Home Page of TVETA website



The Authority also organized a media breakfast meeting, participated in various shows and exhibitions and sensitized County Executive Committee members on provisions of the TVET Act.



Figure 3: Dr. Mwinzi (PS - VTT) during the Media Breakfast meeting at Hotel Intercontinental - Nairobi



Figure 4: Participants in knowledge sharing workshop organized by TVETA and CADENA at Utalii Hotel



Figure 5: Prof. Some (CEO - CUE) and Dr. Langat (CEO - TVETA) during the plenary at the Media Breakfast meeting



Figure 6: The TVET Authority stand at the Mombasa and Kisumu ASK show (Judged the 2nd Best Small Trade Stand in Kisumu)



Figure 7: From right to left – Prof. Ondieki (Chair of Council - CDACC), Dr. Langat (DG/CEO - TVETA), Prof. Ogola (Chair – TVETA Board), Mr. Samuel Moyo (Chairman – CAPA Executive Board), Mrs and Mr. Chandariah (Industrialists)

In terms of governance, the Board of the Authority was inducted on Mwongozo and a strategic plan for the period 2016 - 2021 developed.

To ensure access to TVET institutions and operational efficiency in the office, the Authority procured 3 utility vehicles and 2 salon cars, 12 laptop computers and external hard disks; and office furniture (CEO's office, Chairman's office and some officers).

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Results

The results of the Authority for the year ended 30th June 2016 are set out on page 20

Auditors

The Auditor General is responsible for the statutory audit of the Authority in accordance with Section 81 of the Public Finance Management (PFM) Act, 2012.

.....*H. Gachunga*.....

Dr. Hazel Gachunga

ON BEHALF OF THE BOARD

.....*J. Langat*.....

Dr. Kipkirui Langat, PhD, FIETK

DIRECTOR GENERAL/CEO

8. STATEMENT OF THE BOARD OF DIRECTOR'S RESPONSIBILITIES


Section 81 of the Public Finance Management Act, 2012 require the Board of Directors to prepare financial statements in respect of the Authority, which give a true and fair view of the state of affairs of the Authority at the end of the financial year and the operating results for that period. The Board of Directors is also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of the Authority. The Board of Directors is also responsible for safeguarding the assets of the Authority.

The Board of Directors is responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year (period) ended on June 30, 2016. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Commission; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

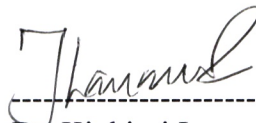
The Board of Directors accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM, 2012 Act, 2012 and the State Corporations Act. The Board of Directors is of the opinion that Authority's financial statements give a true and fair view of the state of transactions during the financial year ended June 30, 2016, and of the Authority's financial position as at that date.

The Board of Directors further confirm the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Board to indicate that the Technical and Vocational Education and Training Authority will not remain a going concern for at least the next twelve months from the date of this statement.



Dr. Hazel Gachunga
Ag. CHAIRPERSON
ON BEHALF OF THE BOARD



Dr. Kipkirui Langat, PhD, FIETK.
DIRECTOR GENERAL/CEO

REPUBLIC OF KENYA

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Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING AUTHORITY (TVETA) FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Technical and Vocational Education and Training Authority set out on pages 28 to 40, which comprise the statement of financial position as at 30 June 2016, and the statement of financial performance, statement of changes in net assets and statement of cash flows 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 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for such 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.

The 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.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report 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. The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk

Report of the Auditor-General on the Financial Statements of Technical and Vocational Education and Training Authority (TVETA) for the year ended 30 June 2016

assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

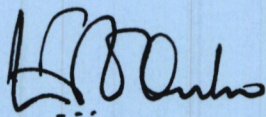
Basis for Qualified Opinion

Cash and Cash Equivalents

Note 11 to the financial statements reflect Kenya Commercial Bank balance of Kshs.23,816,820. However, the respective bank reconciliation statement as at 30 June 2016 indicate unrepresented cheques totalling Kshs.2,531,245 and whose subsequent clearance by the bank had not been known by the time of this audit. Further, one of the unrepresented cheques of Kshs.163,537 had become stale as at 10 March 2017 and had not been reversed in the cashbook as at the same date. In the circumstances, it has not been possible to confirm the accuracy of cash and cash equivalents balance of Kshs.23,817,820 as at 30 June 2016.

Qualified Opinion

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Technical and Vocational Education and Training Authority as at 30 June 2016, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013.



FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

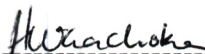
18 April 2017

**TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING AUTHORITY
ANNUAL REPORT AND FINANCIAL STATEMENTS 2015-2016**

10. FINANCIAL REPORTS

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30th JUNE 2016**

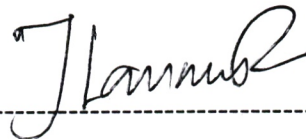
| | Note | 2016 Kshs |
|--|------|--------------------|
| Revenue from Non-Exchange Transactions | | |
| Ministry of Higher Education, Science and Technology | 3(a) | 106,163,618 |
| | | 106,163,618 |
| Expenses | | |
| Employee Costs | 4 | 28,818,780 |
| Depreciation and Amortization Expense | 5 | 1,662,187 |
| Repairs and Maintenance | 6 | 525,970 |
| Contracted Professional Services | 7 | 2,048,300 |
| Administrative Expenses | 8 | 13,807,304 |
| Operating Expenses | 9 | 23,778,482 |
| Board Expenses | 10 | 11,358,272 |
| Provision for audit Fees | 14 | 350,000 |
| Total Expenses | | 82,349,295 |
| Surplus for the period | | 23,814,323 |



Dr. Hazel Gachunga

Ag. CHAIRPERSON

ON BEHALF OF THE BOARD



Dr. Kipkirui Langat, PhD, FIETK.

DIRECTOR GENERAL/CEO

TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING AUTHORITY
ANNUAL REPORT AND FINANCIAL STATEMENTS 2015-2016

STATEMENT OF FINANCIAL POSITION
AS AT 30th JUNE 2016

| | Note | 2016 Kshs. |
|--|------|-------------------|
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | 11 | 23,817,820 |
| Trade and other receivables from exchange transactions | 12 | 1,147,630 |
| Trade and other receivables from non-exchange transactions | 13 | 861,060 |
| Total Current Assets | | 25,826,510 |
| Non-Current Assets | | |
| Property, Plant and Equipment | 16 | 29,947,108 |
| Total Assets | | 55,773,618 |
| Current Liabilities | | |
| Trade and other payables from exchange transactions | 14 | 350,000 |
| Total Current Liabilities | | 350,000 |
| Reserves | | |
| Revenue Reserves | 15 | 23,814,323 |
| Capital Grants | 3(b) | 31,609,295 |
| Total Reserves | | 55,423,618 |
| Total Reserves and Liabilities | | 55,773,618 |

*TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING AUTHORITY
ANNUAL REPORT AND FINANCIAL STATEMENTS 2015-2016*

STATEMENT OF CHANGES IN NET ASSETS

| | Capitalized Grants Kshs | Revenue Reserves Kshs | TOTAL Kshs |
|------------------------|------------------------------------|--------------------------------------|-----------------------|
| 1st July 2015 | - | - | - |
| Capitalized Grant | 31,609,295 | | 31,609,295 |
| Surplus for the period | | 23,814,323 | 23,814,323 |
| 30th June 2016 | 31,609,295 | 23,814,323 | 55,423,618 |

TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING AUTHORITY
ANNUAL REPORT AND FINANCIAL STATEMENTS 2015-2016

STATEMENT OF CASHFLOWS

| | Note | 2016 Kshs. |
|---|------|-------------------|
| Cash flow from Operating Activities | | |
| Surplus for the year | | 23,814,323 |
| Adjustments for items not involving cash movements | | |
| Depreciation | 5 | 1,662,187 |
| Surplus before working capital changes | | 25,476,510 |
| Working Capital Changes | | |
| Prepayments | 12 | (1,147,630) |
| Increase/Decrease in Accounts Receivables | 13 | (861,060) |
| Increase/Decrease in Accounts Payables | 14 | 350,000 |
| Net Cash flow from operating activities | | 23,817,820 |
| Cash flow from Financing Activities | | |
| Capital Grants | 3(b) | 31,609,295 |
| Cash flow from Investing Activities | | |
| Changes in Fixed Assets | 16 | (31,609,295) |
| Increase/Decrease in Cash and Cash Equivalents | | 23,817,820 |
| Cash and Cash Equivalents - Beginning | 11 | - |
| Cash and Cash Equivalents - Ending | 11 | 23,817,820 |

11. NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30th JUNE 2016

1. Statement of compliance and basis of preparation – IPSAS 1

The Authority's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Authority. The accounting policies have been consistently applied to all the years presented. The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the indirect method. The financial statements are prepared on accrual basis. The accounting policies adopted have been consistently applied to all the years presented.

2. Summary of significant accounting policies

a) Transfers from other Government Entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Authority and can be measured reliably.

b) Financial Instruments IPSAS 29 Financial Assets

Initial recognition and measurement

Financial assets are classified at initial recognition by the Authority at fair value as held-to-maturity investments. Non-derivative financial assets with fixed or determinable payments and fixed maturities

c) Property, plant and equipment – IPSAS 17

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Authority recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized as

TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING AUTHORITY
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surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

d) Depreciation

Depreciation is calculated on reducing balance at the following rates:

| Assets | Rate |
|--------------------------------|--------|
| Motor Vehicle | 25% |
| Furniture and fittings | 12.50% |
| Plant, Machinery and Equipment | 12.5% |
| Computers | 30% |

It is the Authority's policy to provide for depreciation on assets in the year of acquisition

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

e) Nature and purpose of reserves

The Authority creates and maintains reserves in terms of specific requirements. The Authority maintains a revenue reserve where the entire surplus for the period is taken.

f) Foreign currency transactions – IPSAS 4

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Cash and cash equivalent is accounted for using the closing rate at the end on the financial year.

g) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank. Bank account balances include amounts held at the Kenya Commercial Bank

h) Comparative figures

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

i) Estimates and assumptions

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

j) Useful lives and residual values

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

- The condition of the asset based on the assessment of experts employed by the Authority
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

k) Provisions

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

l) Subsequent events – IPSAS 14

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30th, 2016.

m) Contingent liability

There were no contingent liabilities in the year.

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| | | |
|----------|--|--------------------------|
| 3 | Revenue from Non-Exchange Transactions-Ministry of Higher Education, Science and Technology | 2016 |
| | | Kshs |
| a | i. Recurrent Grants | 77,344,838 |
| | ii. Salary Grants | 28,818,780 |
| | | <hr/> 106,163,618 |
| b | Capital Grants | |
| | Furniture and fittings | 2,697,680 |
| | Motor Vehicles | 21,804,000 |
| | Plant and equipment | 3,083,215 |
| | Computers | 4,024,400 |
| | | <hr/> 31,609,295 |
| 4 | Employees Costs | |
| | Salaries paid to employees | 28,818,780 |
| 5 | Depreciation and Amortization Expense | |
| | Property, Plant and Equipment | 1,662,187 |
| 6 | Repairs and Maintenance | |
| | Motor Vehicles | 482,070 |
| | Furniture and Equipment | 43,900 |
| | | <hr/> 525,970 |
| 7 | Contracted Professional Services | |
| | IT/Website Development | 1,328,300 |
| | Human Resource Consultancy | 720,000 |
| | | <hr/> 2,048,300 |
| 8 | Administrative Expenses | |
| | Communication Supplies and Services | 2,078,726 |
| | Printing, Advertising, Information Supplies and Services | 2,129,701 |
| | Specialized Materials | 1,181,400 |
| | Office and General Supplies | 1,761,737 |
| | Trade Shows and Exhibitions | 1,196,950 |
| | Committee and Conferences | 4,356,760 |
| | Training Expenses | 1,102,030 |
| | | <hr/> 13,807,304 |

TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING AUTHORITY
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| | 2016 |
|-------------------------------------|--------------------------|
| 9 Operational Expenses | Kshs |
| Quality and Standards assurance | 12,016,048 |
| Workshops, Conferences & Retreats | 7,794,237 |
| Fuel, Oil and Lubricants | 3,290,600 |
| Other Operating Expenses | 17,240 |
| Motor Vehicle Insurance | 330,602 |
| Computer Supplies and Accessories | <u>329,755</u> |
| | <u>23,778,482</u> |
| | |
| 10 Board Expenses | |
| Honoraria | 1,920,000 |
| Sitting Allowance | 5,684,000 |
| Mileage | 1,045,672 |
| Travelling | 1,995,800 |
| Others | <u>712,800</u> |
| | <u>11,358,272</u> |
| | |
| 11 Cash and cash equivalents | |
| Kenya Commercial Bank | 23,816,820 |
| Cash on Hand | <u>1,000</u> |
| Closing Cash 30th June, 2016 | <u>23,817,820</u> |

TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING AUTHORITY
ANNUAL REPORT AND FINANCIAL STATEMENTS 2015-2016

Authority's Bankers: Kenya Commercial
 Bank

Account Number: 1164286862

Currency: Kenya Shillings

| | 2016 |
|--|--------------------------|
| 12 Trade and other receivables from exchange transactions | Kshs |
| Insurance | <u>1,147,630</u> |
| | <u>1,147,630</u> |
| 13 Trade and other receivables from Non-Exchange Transactions | |
| Staff Advances/Imprest | <u>861,060</u> |
| | <u>861,060</u> |
| 14 Trade and other payables from Exchange Transactions | |
| Provision for Audit Fees | <u>350,000</u> |
| | <u>350,000</u> |
| 15 Revenue Reserves | |
| Opening Balance(1st July, 2015) | - |
| Surplus for the year | <u>23,814,323</u> |
| Total | <u>23,814,323</u> |

TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING AUTHORITY
ANNUAL REPORT AND FINANCIAL STATEMENTS 2015-2016

16 FIXED ASSETS MOVEMENT SCHEDULE

| | Furniture & Fittings | Plant & Equipment | Motor Vehicles | Computers | Total |
|---|-------------------------------------|----------------------------------|---------------------------|------------------|-------------------|
| | 12.50% | 12.50% | 25.00% | 30.00% | |
| Cost 1 st July 2015 | - | - | - | - | - |
| Additions | 2,697,680 | 3,083,215 | 21,804,000 | 4,024,400 | 31,609,295 |
| Cost 30th June 2016 | 2,697,680 | 3,083,215 | 21,804,000 | 4,024,400 | 31,609,295 |
| Accum Depreciation 1 st July 2015 | - | - | - | - | - |
| Charge for the Year | 49,368 | 75,236 | 1,537,583 | - | 1,662,187 |
| Accum Depreciation 30 th June 2015 | 49,368 | 75,236 | 1,537,583 | - | 1,662,187 |
| Net Book Value 30th June 2016 | 2,648,312 | 3,007,979 | 20,266,417 | 4,024,400 | 29,947,108 |
| Net Book Value 30th June 2015 | - | - | - | - | - |

TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING AUTHORITY
ANNUAL REPORT AND FINANCIAL STATEMENTS 2015-2016

17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FINANCIAL YEAR ENDED 30th JUNE 2016

| | Original Budget Kshs | Final Budget | Actual on Comparable Basis Kshs | Performance Difference Kshs |
|----------------------------------|-------------------------------------|-------------------------|--|--|
| Revenue | | | | |
| Recurrent Grants | 150,373,870 | 144,373,870 | 137,773,003 | 6,600,867 |
| Total Income | 150,373,870 | 144,373,870 | 137,773,003 | 6,600,867 |
| Expenses | | | | |
| Employee Costs | 30,818,870 | 30,818,870 | 28,818,870 | 2,000,000 |
| Repairs and Maintenance | 1,300,000 | 1,300,000 | 525,970 | 774,030 |
| Contracted Professional Services | 8,440,000 | 8,440,000 | 2,048,300 | 6,391,700 |
| Administrative Expenses | 18,985,000 | 18,985,000 | 13,807,304 | 5,177,696 |
| Operating Expenses | 40,330,000 | 34,330,000 | 23,778,482 | 10,551,518 |
| Motor Vehicles | 22,000,000 | 22,000,000 | 21,804,000 | 196,000 |
| Furniture and Fittings | 3,500,000 | 3,500,000 | 2,697,680 | 802,320 |
| Equipment/Computers | 9,000,000 | 9,000,000 | 7,107,615 | 1,892,385 |
| Board Expenses | 16,000,000 | 16,000,000 | 11,358,272 | 4,641,728 |
| Audit Fee | - | - | 350,000 | (350,000) |
| Depreciation Expense | - | - | 1,662,187 | (1,662,187) |
| Total Expenses | 150,373,870 | 144,373,870 | 113,958,680 | 30,415,190 |
| Surplus/(Deficit) | - | - | 23,814,323 | |

18. Variances

The variances and balances in the budget analysis are as a result of the Ministry releasing the fourth budgetary allocation late and therefore affecting the utilization of the total allocation.