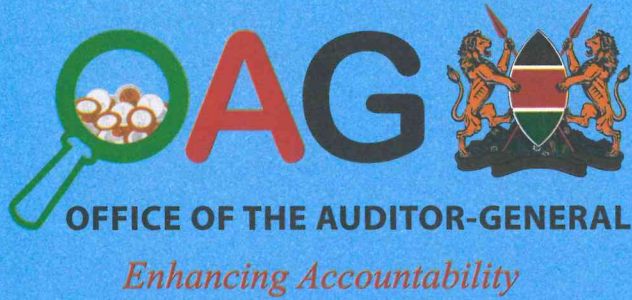


REPUBLIC OF KENYA



**REPORT**

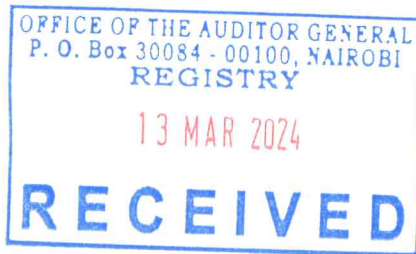
**OF**

**THE AUDITOR-GENERAL**

**ON**

**TECHNICAL AND VOCATIONAL  
EDUCATION AND TRAINING  
AUTHORITY**

**FOR THE YEAR ENDED  
30 JUNE, 2023**



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**TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING AUTHORITY**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**30<sup>TH</sup> JUNE 2023**

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**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**  
**for the year ended June 30, 2023.**  
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**TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING AUTHORITY**  
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## **1. Acronyms, Abbreviations and Glossary of Terms**

### **A: Acronyms and Abbreviations**

AGPO	Access to Government Procurement Opportunities
ARC	Audit and Risk Committee
BeTA	Bottom-up Economic Transformation Agenda
CEO	Chief Executive Officer
CBET	Competence Based Education and Training
CBETA	Competence Based Education Training and Assessment
CBK	Central Bank of Kenya
DG	Director General
EDRMS	Electronic Document and Records Management System
FGPC	Finance and General-Purpose Committee
GPA	Group Personal Accident
HR	Human Resource
ICPAK	Institute of Certified Public Accountants of Kenya
IEC	Information Education and Communication
IPSAS	International Public Sector Accounting Standards
KJ of TVET	Kenya Journal of TVET
LMS	Learning Management system (LMS)
MTP	Medium Term Plan
NACOSTI	National Commission for Science Technology and Innovation
NP	National Polytechnic
NT	National Treasury
OAG	Office of the Auditor General
OCOB	Office of the Controller of Budget
ODeL	Open Distance and e-learning
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
PSPMU	Public Service Performance Management Unit
PWPER	Presidential Working Party on Education Reforms

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QA	Quality Assurance
QMS	Quality Management System
RPL	Recognition of Prior Learning
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
TC	Technical Committee
TVC	Technical and Vocational College
TVET	Technical and Vocational Education and Training
TVETA	Technical and Vocational Education and Training Authority
TQF	Trainer Qualification Framework
VTC	Vocational Training Centre
WIBA	Work Injury Benefit Act
WYSD	World Youth Skills Day

**B: Glossary of Terms**

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

**Comparative Year:** Means the prior period.

**Accreditation:** Process by which the Board formally recognizes and confirms by certification that an institution has met and continues to meet the standards of academic, training and competence excellence set by the Board in accordance with the provisions of the TVET Act, 2013.

**Quality Audit:** Methodical examination of TVET institutions' quality to assure conformance to Quality Standards

**Quality Assurance:** The processes of ensuring that specified standards or requirements for teaching, learning, education administration, assessment and the recording of achievements have been met.

**Almanac:** Board calendar of activities

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

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

The Technical and Vocational Education and Training Authority (TVETA) is a State Corporation established by the Technical and Vocational Education and Training (TVET) Act No 29 of 2013 (*Kenya Gazette Supplement* No. 44) which commenced on 24 June 2013. TVETA's mandate is to regulate and coordinate the TVET sector through accreditation of institutions, programs and trainers as well as assure quality, access, equity and relevance in training; development and enforcement of standards, regulations and guidelines. TVETA is domiciled in the Ministry of Education, State Department of Technical and Vocational Education and Training.

### **(b) Principal Activities**

#### **Vision Statement**

To deliver competent workforce for sustainable development

#### **Mission Statement**

To develop a TVET system that meets national needs and aspirations.

### **Strategic Objectives**

The Authority is currently operationalizing the following strategic objectives:

- Enhance TVET quality and relevance
- Promote access, equity and Inclusivity in TVET
- Strengthen governance and management
- Mobilize financial resources for the Authority
- Enhance efficiency in service delivery through Technology integration.

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

- 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 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; and

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- ix) Undertake, or cause to be undertaken, regular monitoring, evaluation and inspection of training and institutions to ensure compliance with set standards and guidelines.
- x) Advise and make recommendations to the Cabinet Secretary on all matters related to training;
- xi) Promote access and relevance of training programmes within the framework of the overall national socio-economic development plans and policies;
- xii) Develop plans, and guidelines for the effective implementation of the provisions of this Act;
- xiii) Establish a training system which meets the needs of both the formal and informal sectors as provided under this Act;
- xiv) Advise on the development of schemes of service for trainers;
- xv) Liaise with the national and county governments and with the public and the private sector on matters relating to training;
- xvi) Mobilize resources for development of training;
- xvii) Ensure the maintenance of standards, quality and relevance in all aspects of training, including training by or through open, distance and electronic learning

**(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/Sections

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2023 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Director General	Dr. Kipkirui Langat
2.	Director Accreditation & Outreach Services	Fred Oanda
3.	Director Strategy, Planning & Research	Timothy Nyongesa
4.	Director Standards Development, Compliance & Enforcement	Josephine Kasera
5.	Deputy Director Finance and Accounts	Emmanuel Korir
6.	Assistant Director Legal Services	Sylvia Akoto
7.	Senior Internal Auditor	David Njoroge



**Key Authority Information and Management (continued)**

**(e) Fiduciary Oversight Arrangements**

The Authority has 3 Board Committees:

- Technical Committee
- Finance and General-Purpose Committee
- Audit and Risk Committee

**i. Technical Committee**

The Technical Committee reviews plans and guidelines for the effective implementation of the provisions of the TVET Act 2013, TVET training regulations, standards and guidelines, accredits training institutions, assessment centres, foreign institutions, training programmes, trainers, assessors and verifiers and approves the process of introduction of new and review of training programmes before presentation to the full Board for deliberation and approval.

**ii. Finance and General-Purpose Committee**

The Finance and General-Purpose Committee has direct oversight on the financial activities of the Authority. The Committee reviews the long term and annual plans, budget, finance reports, human capital reports, procurement plans, workplace policies, performance contracting and ICT reports.

**iii. Audit and Risk Committee**

The Audit and Risk Committee evaluates adequacy of management procedures with regard to issues relating to risk management, control and governance, reviews and assesses the adequacy and compliance of the Authority's policies and procedures for identifying, assessing and managing risks (financial, legal, ethical, safety, reputational or other). For the purposes of this paragraph, 'risk' is defined as the possibility of any circumstance that may prevent the Authority from achieving its objectives.

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**(f) Authority Contacts**

**Head Office**

P.O. Box 35625-00100  
Utalii House, 8<sup>th</sup> Floor  
Utalii Street  
Nairobi, KENYA

**(g) Contacts**

Telephone: (254) 202392140  
Mobile: (254) 700015440  
E-mail: [info@tveta.go.ke](mailto:info@tveta.go.ke)  
Website: [www.tveta.go.ke](http://www.tveta.go.ke)

**(h) Authority Bankers**

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

**(i) Independent Auditor**

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

**(j) Principal Legal Adviser**

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

### 3. The Board of Directors



#### **Prof. Florence Ngesa Indede (Chairperson) from 6<sup>th</sup> October 2021**

Prof. Indede was appointed TVETA Board Chairperson on 7<sup>th</sup> October 2021. Born on 26<sup>th</sup> September 1966. She holds a PhD degree in Kiswahili Studies from Maseno University which benefited from a DAAD scholarship studies at Bayreuth University – Germany; Master’s Degree in Kiswahili Studies and Bachelor of Education degree from The University of Nairobi. Prof. Indede is an active participant in Dialogue for Innovative Higher Education Strategies (DIES) programs since 2003 when she underwent University Staff Development (UNISTAFF) training in Germany, and the International Deans Course (IDC) (2013/2014) in Germany and Africa. She was the National Chairperson of Kenya DAAD Scholars Association (KDSA) since 2015 – 2019 having been the Vice Chairperson of KDSA from 2009-2015. Prof. Indede is actively involved in research, national and international collaboration and partnership.

She is also the Coordinator of collaborative activities between Maseno University- Kenya and Linnaeus University-Sweden since 2012. Prof. Indede was the Chairperson MAGAART publication Committee and Chief Editor Globe Special Issue 2018: A Journal of Language, Culture and Communication. She has successfully organised and participated in local, national and international seminars, workshops and conferences. She has Successfully taught, supervised and graduated several undergraduate, Masters and Five PhD candidates and has had immense contribution to the community. She was the Chairperson Kima Integrated Community Initiative Program (NGO) from 2005 -2016. She has also served on several school boards of Management.



#### **Mr. Sammy Milgo (Independent Director-Member Technical Committee)**

Mr. Milgo holds a BSc. degree in Food Science and Technology (University of Nairobi, 1984), MSc. in Food Science & Technology (State University of Gent, Belgium, 1997), Advanced Certificate in Quality Management (Singapore, 2000) and Executive Masters’ in Business Administration (MBA - Strategic Management option) (Moi University, 2012). Born on 20<sup>th</sup> August 1960. Currently, he is pursuing a PhD in Climate Change and Adaptation (PhD - CCA) (Institute of Climate Change and Adaptation, University of Nairobi). Sammy has over nineteen (19) years’ experience in Standardization (Standards, Metrology & Quality Assurance), and Conformity Assessment (Inspection, Testing, Certification, Proficiency Testing) activities having worked for the National Standards Body KEBS, in various functional areas and rising from the position of Assistant Quality Assurance Officer (1985) to Managing Director/CEO of Kenya Accreditation Service (KENAS), a statutory organization of government that reports to the Ministry of Industry, Trade and Cooperatives (MOITC).



#### **Mr. Burua Sanga (Independent Director -Chair Technical Committee)**

Currently serving as Business Development Manager at Centum Learning Limited based in Nairobi. Born on 1<sup>st</sup> January 1970. Sanga is a holder of BSc (Hons) Mechanical Engineering from Jomo Kenyatta University of Agriculture and Technology (JKUAT) and MSc. in Human Resource Development and Performance Management from the University of Leicester, UK. With over 20 years of experience in the Oil and Gas industry, Sanga brings on board a wealth of experience in People Leadership, Performance Supervisory Essentials, Emotional Intelligence, Competence Observation, GAP Analysis, Assessment & verification, and Competence Assurance Management system- CAMS Assessor in the Oil, Gas and Petrochemical industry. His experience is drawn from the Kenya Petroleum Refineries Limited (KPRL), where he served as

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Refinery Operator and later as Mombasa Terminal Superintendent with Caltex Oil. Thereafter, he took on the role of SOP and Training Specialist with Chevron for East & West Africa, before relocating to the middle East, where he worked with SABIC in Saudi Arabia, as well as ADNOC in Abu Dhabi, UAE at BOROUGE Petrochemical. In his leadership roles, Sanga has initiated the design and delivery of a tailor-made coaching and mentorship program and made it available to coaches/mentors/SMEs to help support employees' development, with the structures, procedures, skills and tools to effectively support the development programs



**Dr. Esther Gacicio (Independent Director-Chair Finance General-Purpose Committee)**

MS. Esther Gacicio was appointed as TVETA Board member on 26<sup>th</sup> June 2020. Born on 7<sup>th</sup> June 1970. She is an Edtech Consultant & Co-Founder of eLearning Solutions (eLS), a company leveraging on digital technology to design, deliver and deploy learning and training solutions, across the spectrum; to the youth, institutions and corporates.

Esther is a former and a long serving employee of the Kenya Institute of Curriculum Development (KICD) where she rose through the ranks to Senior Assistant Director specializing in education technology. She is an accomplished eLearning Specialist, Instructional and Curriculum Designer, Trainer/Facilitator with experience spanning over 25 years with passion for digital literacy systems and their impact in education and capacity building. Esther was involved in the development of the Competency Based curriculum (CBC) and also served as a member of secretariat for the taskforce on enhancing access, relevance, transition, equity and quality for effective curriculum reforms and implementation of CBC. Esther holds several accolades among them Global Award for Excellence in eLearning at the World Education Congress Global and Awards 2015 as well as the 2011 Technology in Government in Africa (TIGA) Award by United Nations Economic Commission of Africa (ECA). She was a finalist at the Africa Prize for Engineering Innovation 2017/2018; a program ran by Royal Academy of Engineering United Kingdom. She is also a Metis Fellow having successfully completed the Metis Fellowship Programme in 2018. She led the KICD team in scooping an award for excellence in Service Delivery during the Kenya Public Service Day 2017 for the Kenya Education Cloud and again recognized for her excellence in public service innovation 2011 edition in "Development of Policy, Strategy and Leadership". She also holds a doctorate degree in ICT in Education from University of Nairobi, Master's from the same university, Bachelor's Degree in Education from Moi University and a Graduate Diploma in Leadership Development in ICT and Knowledge Society from the Dublin City University, Ireland. She is trained and certified in New Learning Technologies by tele-akademia and in eLearning Technology by University of Colombo School of Computing, Colombo, Sri Lanka. She has also undergone the Strategic Leadership Development Program (SLDP) by Kenya School of Government in 2011.



**Dr. Davidson Mghanga Mwaisaka (Independent Director-Chair Audit & Risk Committee)**

Dr. Davidson Mghanga Mwaisaka was appointed as TVETA Board member on 26<sup>th</sup> June 2020. Born on 27<sup>th</sup> January 1983. He is a seasoned regional counsel – Advocate, Commissioner for Oaths, Notary Public, Patent Agent, Certified Company Secretary and Governance Auditor with thirteen years legal experience in private practice, Banking, Insurance, Asset Management, Investment and Property.

He has practiced at Kaplan & Stratton advocates and Oraro & Company Advocates. He has also worked as Legal Manager and Assistant Company Secretary at Equatorial Commercial Bank and British American Investments Company Limited (Britam). He currently works at Standard Chartered Bank

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Kenya Limited as the Head of Legal, Kenya and East Africa. He holds a LLB (First Class Honours) degree from the University of Nairobi, LL.M in Trade Regulation and Commercial Law from the New York University, MBA in Strategic Management and Finance from Daystar University and a Doctorate in Business Administration (DBA) from USIU-Africa specializing in Leadership, Corporate Governance and Organizational Change. He is a member of the Law Society of Kenya (LSK), Institute of Certified Secretaries and Chartered Institute of Arbitrators, Kenya Branch



**CPA Jane Wambugu (Alternate to Cabinet Secretary-National Treasury and Planning) -Up to 31<sup>st</sup> July 2022 (Finance & General-Purpose Committee)**

CPA Jane Wambugu was appointed Alternate to the Cabinet Secretary, National Treasury on 25<sup>th</sup> April 2017. Born on 9<sup>th</sup> May 1965. she is currently serving in the Directorate of Public Investment and Portfolio Management at the National Treasury. She has served in various Government Ministries for over 20 years as a Project Accountant for World Bank, KFW and AFD donor funded projects in Energy Sector. Ms 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) and Member Institute of Certified Investment Financial Analyst (CIFA).



**MS. Winnie Mwalimu (Alternate to Cabinet Secretary-National Treasury and Planning) from 1<sup>st</sup> August 2022 (Finance & General-Purpose Committee)**

Ms. Winnie Mwalimu was appointed as TVETA Board member on 1<sup>st</sup> August 2022. Born 1<sup>st</sup> January 1971. She has been with the National Treasury and Planning since 2008 as an Economist. She has participated in several development project cycles including mobilization of resources from the development partners, particularly the World Bank. Ms. Mwalimu has over 20 years' experience in Treasury & Financial Management, Procurement, Budgeting and Research. She has grown through the ranks to the current position of the Principal Economist and in-charge of the World Bank Portfolio at the Resource Mobilization Department of the National Treasury. She is an active member of the Economist Society of Kenya. She holds a Master Degree in Economics, Post Graduate Diplomas in Banking Management and Business Management. She has participated in several trainings including Treasury Management, Project Management, debt Management & Budgeting. Prior to joining the Government, Ms. Mwalimu engaged on market research/Surveys as a research supervisor and analyst. She is currently involved in inter-ministerial, Ministerial & Project Steering committees for policy advisory.



**Ms. Evelyn Anupi (Alternate to Principal Secretary, State Department for Vocational and Technical Training, Ministry of Education) up to May 2023 (Audit & Risk Committee & Technical Committee)**

Evelyn Anupi is the Director of Planning at the Ministry of Education (State Department for Vocational and Technical Training). She holds Masters of Arts Degree (Development Economics) and B.A. (Hons) Degrees from Moi University. Born on 22<sup>nd</sup> September 1971. MS Anupi has over 20 years in the public sector. Prior to her current appointment at the State Department for Vocational and technical training Ms. Anupi worked as Economist/Statistician in the State department for early learning and basic education Ms. Anupi has researched and published in areas of Poverty, Planning and Public expenditure tracking. Her areas of interest include Poverty and Vulnerability, Gender mainstreaming, Public Policy, Education and training reforms, Planning and Budgeting, Monitoring and Evaluation.



**CPA Joseph Kiraita (Alternate to Principal Secretary, State Department for Vocational and Technical Training, Ministry of Education from May 2023 (Finance & General-Purpose Committee & Technical Committee))**

CPA Kiraita is the Deputy Accountant General at the Ministry of Education (State Department for Technical, Vocational Education and Training). Born in January 1960. He holds Masters of Business Administration Degree (MBA - Entrepreneurship) and Bachelor of Commerce (Hons.) Degree from KCA University. Mr. Kiraita is a CPA(K) holder of good standing and is a registered member of the Institute of Certified Public Accountants of Kenya (ICPAK). He is a certified Information Systems Auditor (CISA) and holds a certificate in project management (Swaziland). CPA Kiraita has over 30 years' experience as an accountant in the public sector. Prior to his appointment as the Deputy Accountant General in the State Department of TVET, CPA. Kiraita worked in various Ministries where he rose through the ranks.



**Dr. Kipkirui Langat (Director General/CEO)**

Dr. Langat was appointed the first Director General of TVET Authority on 30th April 2015. Born in 1972. He has a wealth of experience from both public and private sector. He has close to 20 years' experience in TVET sector having joined Rift Valley Training Institute as Assistant lecturer in the Department of Automotive Engineering in 1996. He was promoted to a 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. While in Egerton University, he was instrumental in implementation and reviewing Bachelor of Industrial Technology programme where he was programme coordinator, and Examination and Timetabling officer until 2008. In 2009, he was appointed programme coordinator for Twinning Programme between Western Michigan University, USA and Egerton University. He was also among a team of experts who developed Bachelor of Technology in Mechanical Engineering and Bachelor of Philosophy in Mechanical Engineering at the Technical University of Kenya. He was a subject panel for Diploma and Higher National Diploma in Mechanical Engineering between 1999 and 2004 at Kenya Institute of Education. In the last 10 years, Dr. Langat has been working with United Nations Environment Programme (UNEP) in developing policies and guidelines for transport emissions in East Africa Region. He was instrumental in the training of motor vehicle inspectors in Kenya and Rwanda. Since 2014, he has been advising East African Community in harmonization of standards for importation of used motor vehicles in the region. He is a member of Technical Committee on Road Transport Standards at the Kenya Bureau of Standards and a consultant for Boston Garage Equipment UK since 2007. He holds Bachelor of Education in Technology Education, Master of Philosophy in Technology Education (Automotive Technology) and Master of Business Administration (Strategic Management) all from Moi University, and Doctor of Philosophy in Engineering Systems and Management from Egerton University. He is a fellow member of Institution of Engineering Technologists and Technicians (IET) of Kenya. He has widely published in the areas of transport emissions and TVET



**CS. Sylvia Akoto (Assistant Director-Legal Services)**

Ms. Sylvia Akoto is the Assistant Director Legal Services. Ms. Akoto holds a Bachelor of Laws (LLB) Degree from Moi University, a Post Graduate Diploma in Law from the Kenya School of Law and an Executive Master of Business Administration Degree from JKUAT. Ms. Akoto is an Advocate of the High Court of Kenya, Commissioner of Oaths, a member of the Law Society of Kenya (LSK), a Certified Secretary and a member of the Institute of Certified Secretaries of Kenya (ICPSK). Ms. Akoto has the responsibility of driving the Authority's corporate governance agenda, providing necessary legal advice, and support to the Board, Board Committee's and Management to facilitate effective strategy execution.

#### 4. Key Management Team



**Dr. Kipkirui Langat, PhD, FIETK**  
**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. He holds PhD in Engineering Systems and Management Executive Masters in Business Administration, Master of Philosophy in Technology Education (Automotive Technology) Bachelor of Education (Technology Education).

He is a member of Institute of Engineering Technologist and Technicians of Kenya.



**Mr Fred Oanda**  
**Director Accreditation and Outreach Services**

The Head of Accreditation and Outreach services is in charge of policies and Strategies for accreditation and Outreach services departments. He holds Master of Science in Information Science, Bachelor of Science in Agricultural Engineering and Diploma in Technical Education. He is a member of Engineering Technologists of Kenya.



**Ms Josephine Kasera**  
**Director Compliance, Enforcement and Standards Development**

The Head of Compliance and enforcement coordinates quality audit inspection for institutions, trainers and programmes, and development of training standards. She holds Master of Science in Entrepreneurship, Higher Diploma in Entrepreneurship, Diploma in Technical Education, **Senior** Management Course (SMC), Strategic Leadership Development Program (SLDP).



**Timothy Nyongesa**  
**Director Strategy, Planning and Research**

The Head of Strategy, Planning and Research offers a focal point for interpretation of the Authority's mandate and coordination of aspirations in light of national and international policy and legislative frameworks as informed by research. He holds Master of Science in Library and Information Science, Bachelor of Science in Information Science, Post Graduate Diploma in Education, Senior Management Course (SMC), Strategic Leadership Development Program (SLDP)





**CPA Emmanuel Korir**

**Deputy Director Finance and Accounts**

The Head of Finance and Accounts develops and reviews financial policies and procedures to enhance internal controls as well as ensuring compliance with relevant laws, regulations and procedures in management of financial resources, the office also prepare financial reports to management and advising on financial implications and consequences of management decisions. He holds Master of Business Administration Bachelor of Business Management (Finance & Banking) Strategic Leadership

Development Program (SLDP) Senior Management Course (SMC) Collective Bargaining in Public Service. He is a member of Institute of Certified Public Accountants of Kenya (ICPAK)



**CPA David Njoroge**

**Internal Auditor**

The Head of internal Audit develops and ensures implementation of Audit strategies, policies and procedures, prepares risk based annual audits and evaluates progress and effectiveness of action taken to implement audit recommendations received from both internal and external audits. He holds Master of Business Administration, Bachelor of Commerce Degree Strategic Leadership Development Program (SLDP) Senior Management Course (SMC). He is a member of Institute of Certified Public

Accountants of Kenya (ICPAK) and Institute of Internal Auditors (IIA)



**CS. Sylvia Akoto (Assistant Director-Legal Services)**

The head of legal services has the responsibility of driving the Authority's corporate governance agenda, providing advisory services and support to the Board, Board Committee's and Management to facilitate effective strategy execution. She holds Executive Master in Business Administration Bachelor of Law (LLB) and Post Graduate Diploma in Law. She is a member of the Law Society of Kenya (LSK)

## **5. Chairperson's Statement**

It is gratifying to once again demonstrate TVETA's accountability through preparation and submission of this annual report. The year marked the end of our first strategic plan spanning the period 2018 - 2022 and was unlike others because of electioneering and related activities. The global economic meltdown occasioned by Russia - Ukraine conflict did not make matters any better locally. However, we showed our maturity and resilience by delivering on our mandate.

Having embraced results-based management, TVETA's undertakings in the year were guided by the Performance Contract signed for the period apart from the overarching TVET Act 2013. The Board's oversight efforts were evident in the review of implementation of the Strategic Plan 2018 - 2022 and development of a new Strategic Plan 2023 - 2027. In our contribution to national development, our key result areas in the new strategic plan are: Quality and Relevance; Access, Equity and Inclusivity; Governance and management; Funding and Financing; and Technology Integration and Knowledge Management.

The mandate of coordination and regulation of TVET is premised on the existence of regulatory and training standards and regulations. This is the reason why considerable resources were expended on development and review of TVET standards and regulations with stakeholder participation prioritised. Other key activities undertaken during the year included inspection of institutions for accreditation, quality audit of registered institutions and sensitization of stakeholders through outreach services.

The wealth of knowledge generated through the Authority's day to day activities provides an appropriate entry point during engagement with our stakeholders. The Authority was able to publish Volume 5 of the Kenya Journal of TVET and held four stakeholder engagement forums. We celebrate our partners who supported us in our endeavour, especially capacity building and development of standards.

A baseline customer satisfaction survey undertaken during the year returned encouraging results giving management the challenge to implement the survey recommendations. The positive customer feedback is a reflection of the Authority's success in sharing knowledge with stakeholders, enforcing compliance in TVET, processing all requests for accreditation and addressing all complaints made.

We celebrate our achievements in the reporting period against the backdrop of delayed exchequer remittance and inadequate funding to operationalise our regional offices.

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As envisaged in our Strategic Plan 2023 - 2027, the Authority shall endeavour to strengthen regional offices, enhance compliance enforcement initiatives, enhance partnerships, review human resource instruments, implement the Presidential Working Party on Education Reforms (PWPER) report, and enhance resource mobilisation efforts.

Finally, I wish to acknowledge my colleagues in the Board and the management team led by the Director General for ensuring achievement of the signed performance targets and the strategic plan.



Prof. Florence N. Indede  
**Chairperson**  
**TVETA BOARD OF DIRECTORS**

## **6. Report of the Chief Executive Officer**

The year ended 30th June 2023 yet again confirmed TVETA steadfast focus to coordinate and regulate training in Kenya. Our undertakings were guided by the TVET Act 2013 as unpacked in our Strategic Plan 2018 - 2022 and captured in the annual Performance Contract. The momentum from the previous financial year was sustained as the Authority implemented its core mandate and crosscutting issues.

I wish to take the earliest opportunity to appreciate support from the Ministry of Education through which the Authority received Kshs 315 million from the exchequer. The amount was complemented by Kshs 30.2 million collected as A-i-A and Kshs 18.9 million from development partners support. The total budget for the year was Kshs 375 million.

Implementation of the Authority's first Strategic Plan 2018 - 2022 was evaluated and the end term report showed significant achievements despite the staffing and funding challenges as well as the devastating impacts of Covid-19. The achievements were reported under the four strategic areas of: Quality and Relevance; Access and Equity; Governance and Management; and Funding and Financing. The Authority achieved a mean overall performance of 88.40% in the implementation of its first strategic plan.

The Board and management were able to develop a new Strategic Plan for the 2023 - 2027 in compliance with *Guidelines for Preparation of the Fifth Generation Strategic Plans for Ministries, Departments, Agencies and Counties (MDACs)*. The guidelines are in line with the *Public Service Commission Performance Management Regulations 2021*. The new strategic plan has a new KRA on Technology Integration and Knowledge Management which resonates with the government's call to digitise services and onboard out-facing services to a common platform.

Coordination and regulation of TVET is premised on the existence of regulatory and training standards and regulations. The Authority was able to develop 2 and review 4 TVET standards and regulations with stakeholder participation prioritised. Other key activities undertaken during the year included inspection of 404 institutions for registration and licensing, undertaking quality audits of 415 registered institutions, and preparing and sharing the comprehensive quality audit report FY 2021/22 with stakeholders in four forums.

The Authority has come of age having been established in 2013. This is the reason why it was found fit to undertake a baseline customer satisfaction survey in the year which returned an overall customer satisfaction index of 65%. The follow-up survey will be undertaken in the third year of the new

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Strategic Plan to allow time for interventions based on recommendations made in the baseline survey report.

Further, the Authority was able to publish Volume 5 of the Kenya Journal of TVET and held four stakeholder engagement forums in Mombasa, Kilifi, Eldoret and Kitale. We celebrate our partners especially the International Labour Organisation (ILO) who supported us in our endeavour, especially capacity building and development of standards. To mainstream institution-based quality assurance, 362 internal quality assurance officers (IQAOs) were trained with partial support from No One Out which is an NGO supporting the disadvantaged in informal settlements.

Generally, there was enhanced stakeholder awareness which positively affected the customer satisfaction level, greater compliance with regulatory standards as seen in the comprehensive quality audit report FY 2022/2023 and accreditation reports, enhanced efficiency in service delivery through the MIS as well as reduction in complaints made.

However, the Authority's efforts were affected by a few challenges including increased cost of operations and delayed exchequer remittance.

Going forward, the Authority shall commence implementation of the new Strategic Plan 2023 - 2027 by strengthening regional offices, enhancing compliance enforcement initiatives, enhancing partnerships, reviewing human resource instruments, implementing the Presidential Working Party on Education Reforms (PWPER) report, and align the strategic plan with the Bottom-up Economic Transformation Agenda (BETA), and MTP IV.

Lastly, I wish to thank the Board for their continued support and confirm my commitment to drive the Authority to greater heights.



**Dr. Kipkirui Langat, PhD. FIETK, MBS**  
**Director General/ CEO**

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**7. Statement of Performance against Predetermined Objectives for FY 2022/2023**

TVETA has 4 strategic pillars within the current Strategic Plan for the FY 2022/2023. These strategic pillars are as follows:

Strategic Pillar 1: Quality and Relevance

Strategic Pillar 2: Access, Equity and Inclusivity

Strategic Pillar 3: Governance and management

Strategic Pillar 4: Funding and Financing

TVETA develops its annual work plans based on the above 4 pillars and performance contract targets. Assessment of the Authority's performance against its annual work plan is done on a quarterly basis and annually by the Public Service Performance Management Unit (PSPMU). TVETA achieved its performance targets set for the FY 2022/23 period for its 4 strategic pillars, as indicated in the following table:

**Table 1: Performance against Predetermined Objectives for FY 2022/2023**

Key Performance Indicators	Activities	Achievements
<b>Strategic Pillar 1: Quality and Relevance</b>		
<b>Strategic Objective: To enhance TVET quality and Relevance</b>		
Percentage completion of combination of QMS and QA Manuals	Combine QMS and QA Manuals	QA & QMS manuals combined in to "TVET Quality Management Systems and Assurance Manual"
No. of TVET institutions inspected for accreditation	Inspect institutions for registration and licensing	404 TVET institutions inspected for accreditation
No. of TVET institutions quality audited	Undertake quality audit of institutions	415 institutions quality audited
Comprehensive Quality audit report prepared and disseminated	Prepare and disseminate comprehensive Quality audit report	Comprehensive Quality audit report for FY 2021/22 prepared and shared with relevant stakeholders including Council of Governors
No. of TVET stakeholder consultative forums held	Hold regional TVET stakeholder consultative forums	4 regional forums held in Trans Nzoia, Uasin Gishu, Kilifi and Mombasa counties
No. of TVET trainers accredited	Accredit TVET trainers	5093 trainer applications were received and processed out of which 1796 trainers were accredited and 3297 applications were deferred
No. of institutions monitored during CBET assessment	Monitor assessment in sampled institutions as part of implementing CBET	Monitored of CBET assessment done in 31 institutions in various counties

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<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
No. of TVET Internal Quality Assurance (IQA) officers capacity built	Capacity build TVET IQA Officers	Capacity built 362 IQA officers.
No. of regulatory standards reviewed	Review Regulatory Standards	4 Regulatory Standards (CBETA, TQF, RPL and ODeL) reviewed and disseminated to TVETA Staff
No of regulatory standards developed	Develop Regulatory Standards	2 regulatory standards (REQ) and (IAS)
Training manual & IEC Materials reviewed	Undertake Training Needs Assessment for TVET providers	Training Needs Assessment for TVET providers undertaken.
	Review Career Guidance training manual	Career Guidance training manual reviewed
	Review the Leadership & TVET HOD Manuals	Leadership & TVET HOD Manuals reviewed
<b>Strategic Pillar 2: Access, Equity and Inclusivity</b>		
<b>Strategic Objective 01: To conduct and contribute to TVET policy, research, development, and innovative projects</b>		
No. of research proposals developed and licensed by NACOSTI	Develop research proposals and seek licensing from NACOSTI	2 proposals developed and licensed (Uptake of gazetted TVET standards by TVET institutions and effect of Non-state Actors initiatives in Kenyan TVET institutions.
No. of research projects conducted.	Conduct research projects	2 research projects (Uptake of gazetted TVET standards by TVET institutions and Effect of Non-state Actors initiatives in Kenyan TVET institutions conducted and documented.
No. of forums held to disseminate study findings	Disseminate study findings from research projects conducted	2 forums held to disseminate study findings from research projects conducted
World Youth Skills Day celebrations organized	Organize World Youth Skills Day celebrations	World Youth Skills Day celebrations organized in collaboration with Zizi Afrique Foundation on 15th July 2022
<b>Strategic Objective 02: To strengthen organizational capacity of TVET providers.</b>		

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<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
No. of TVET Career Service Officers capacity built	Capacity build TVET Career Service Officers	340 career service officers sensitized in three workshops at Nairobi International Education Fair, African Institute for Capacity Development and Virtually
No. of VTC Governing Board members capacity built	Capacity Build VTC Governing Board Members	374 board members capacity built in 4 regions.
<b>Strategic Objective 03: To Publish the Kenya Journal of TVET</b>		
Timely invitation of papers for publication	Invite papers for publication	Call for papers made in newspaper, TVETA website and social media platforms in Q1
No. of papers reviewed	Receive and Review abstracts and papers to be published in KJ of TVET	30 Abstracts and papers received and reviewed to be published in KJ of TVET
Percent completion of publication	Publish KJ of TVET vol. 6	100 % Publication of Vol 6. KJ of TVET.
<b>Strategic Pillar 3: Governance and management</b>		
<b>Strategic Objective 01: To increase and strengthen TVETA's human and organizational capacity</b>		
Percentage completion of strategic plan development	Draft Strategic Plan 2023 – 2027 developed	Draft Strategic Plan 2023 – 2027 developed awaiting alignment to MTP IV
Percentage completion of a framework for TVET Reward System	Develop a Framework for TVET Reward System	Framework for TVET Reward System developed
No. of ISO 9001:2015 QMS internal audits conducted	Conduct ISO 9001:2015 QMS internal audits	2 internal ISO 9001:2015 QMS audits conducted
No. of staff recruited	Recruit staff	1 staff recruited (internal auditor)
No. of interns and attachees engaged.	Offer internship and attachment programmes	6 interns and 9 attachees engaged.
No. of staff trained	Competence development	50 staff trained on various courses related to their work and employee wellness.
Percent completion of baseline customer satisfaction survey.	Undertake baseline customer satisfaction survey.	Baseline customer satisfaction survey undertaken with 65% satisfaction level.
<b>Strategic Objective 02: To enhance the use of ICT in service delivery and office operations</b>		
Registration with Office of the Data protection Commissioner	Register as a data controller	Authority registered



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<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
Provide ICT facilities	Procure laptops and subscribe to Microsoft office 365	10 laptops procured and subscription to office 365
Percentage completion of EDRMS	Automate records management through EDRMS	5% completion being ToRs for EDRMS and funding proposal
Quarterly maintenance of ICT equipment undertaken	Maintenance schedules prepared and implemented	4 maintenance schedules implemented
<b>Strategic Pillar 4: Funding and Financing</b>		
<b>Strategic Objective 01: To achieve financial sustainability for TVETA</b>		
Amount Received from exchequer	Lobby government to increase the budget allocation	Ksh.315 Million received from exchequer
Amount of fees and partner support received	Charge and collect fees according to gazetted fees.	Ksh. 49.1 Million collected from accreditation, quality assurance fees and collaborations
Financial Planning and Budget preparation coordinated	Coordinate Financial Planning and Budget preparation	Authority proposed estimates captured in the Treasury estimates

## **8. Corporate Governance Statement**

The Board of TVETA is committed to good corporate governance and understands its oversight and foresight roles in leading the Authority by providing strategic direction, the necessary support and advice to Management. In this regard, the Board has adopted corporate governance practices that are in line with the principles and standards set out under the State Corporations Act and the Mwongozo Code Governance for State Corporations.

The Board has defined the mission, vision and values of the Authority and is committed to high standards of ethical behaviour characterised by integrity, professionalism, accountability, efficiency, public participation and teamwork.

Further, the Board has formulated appropriate strategies and policies for the delivery of the Authority's strategic plan. At the same time, the Board is keen on ensuring that Management is focused on the achievement of targets while fostering a culture that values ethical behaviour, integrity and respect and the need to conduct the business and operations of the Authority in accordance with generally accepted corporate practices.

### **The Role of the Board**

The Board provides leadership and strategic direction of the Authority. The main responsibilities of the Board are:

- i. Setting the vision, strategy, values and purpose, and in doing so, setting the corporate culture, and maintaining oversight of it.
- ii. Approval and review of annual budgets.
- iii. Ensuring adequate systems of internal controls are in place in relation to risk management strategy and framework, risk appetite, financial adequacy, financial management as well as technology risk management and information security.
- iv. Oversight of stakeholder feedback and insights.
- v. Review of financial performance, expenditure and commitments
- vi. Setting and periodically reviewing organisational key performance indicators as well as management performance.

### **Board Size, Composition and Appointment**

The constitution of the TVETA Board is stipulated by Section 8(1) of the TVET Act 2013 (Revised 2014). It comprises nine [9] members; the Chairman, five [5] independent directors as per section 8(1)(e) of the TVET Act and two [2] directors representing the CS National Treasury and PS State Department for Vocational and Technical Training as well as the Director General. Since 9<sup>th</sup> February 2022 The Board has been operating with seven members following the resignation of one independent Board member. Board representative from The TVET Funding Board has not been appointed as the Board has not been operationalized. However, this composition may change due to the recommendations by the Presidential Working Party on Education and Reform where it proposes to Merge the Higher Education Loans Board, University Funding Board and TVET Funding Board to enhance efficiency in higher education and funding.

The Board is generally constituted considering sector requirements, age, gender, diversity of skills, academic qualifications and experience. The blend of Skills and Diversity assists the Authority to maximise its effectiveness to achieve its goals and objectives. The gender parity status between the female and male is well above the 30% gender equity threshold.

### **Board Charter**

The Board Charter is the policy document that clearly defines the respective roles, responsibilities, and authority of the Board of Directors in setting the direction, and control of the Authority. It's the commitment by the members of the Board to discharge their mandate and outlines the rules that shall guide them. Each Director subscribes to the Charter and in doing so acknowledges the Authority's values and commits to upholding them. The Charter also sets out the powers of the Board Committees, the separation of roles between the Board and Management, as well as policies and practices of the Board in respect to corporate governance matters. The Charter compliments and does not change or interpret any statute, law, or regulation. The Charter is continuously reviewed for continuity and relevance.

### **Board Meetings**

The Board as per the Annual Work Plan meets quarterly or additionally when necessary to consider matters relating to the overall control of the Authority. The Board work plan and calendar are prepared at the beginning of year and adequate notice, agenda and board papers are circulated within the

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stipulated timelines. During the year under review, the Board held the respective meetings as summarised below;

*Table 2: Board attendance schedule for FY 2022/2023*

Name	Board Position	FB	FGPC	TC	ARC	Other
Prof. Florence Indede	Chairperson	6/6	-	-	-	16
Mr. Sammy Milgo	Independent Director	6/6	8/8	5/6	-	17
Mr. Burua Sanga	Independent Director	6/6		4/6	5/5	17
Ms. Esther Gacicio	Independent Director	6/6	8/8	6/6	-	17
Dr. Davidson Mwaisaka	Independent Director	5/6	-	4/6	5/5	17
Ms. Winnie Mwalimu	Alternate to CS National Treasury from 1 <sup>st</sup> August 2022	4/6	6/8		5/5	6
CPA. Jane Wambugu	Alternate to CS National Treasury up to 31 <sup>st</sup> July 2022	2/6	1/8	-	-	3
Mr. Joseph Kiraita	Alternate to PS- VTT) from 17 <sup>th</sup> Mar 2022	1/6				7
Ms. Evelyne Anupi	Alternate to PS- VTT) from 17 <sup>th</sup> Mar 2022	5/6	8/8	6/6	3/5	7
Ms. Valarie Akinyi	Representing Council of Governors			**1/6		4
Dr. Kipkirui Langat	Board Secretary	6/6	8/8	6/6	**5/5	17
Mr. Victor Momanyi	Representative- ISC	**1/6				2

The above table shows the number of meetings attended by individual Board members out of the total number of meetings held.

\*\* Indicates meeting attendance by the member was on invitation and is not a member of the committee

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Other meetings

No	Date	Meeting Name
1	04/08/2022	Special full Board meeting
2	06/09/2022	Special Finance & General-Purpose Committee meeting
3	12/09/2022	Board Retreat held at Great Rift Valley Lodge from 12-16 September 2022
4	19/09/2022	PC Vetting FY 2021-2022
5	20/09/2022	Special Audit & Risk Committee Meeting
6	26/09/2022	Special Full Board Meeting
7	08/11/2022	BILT Africa Conference
8	26/01/2023	Board Retreat held at BOMA Hotel from 13-16 December 2022
9	25/01/2023	Special Finance & General-Purpose Committee meeting 25.01.2023
10	28/03/2023	Board Retreat held at BOMA Hotel from 28-30 March 2023
11	08/05/2023	Stakeholder engagement forum at Tindiret TVC 08/05/2023
12	09/05/2023	Stakeholder engagement forum at Trans Nzoia County 09/05/2023
13	10/05/2023	Stakeholder engagement forum at Eldoret National Polytechnic 09/05/2023
14	23/05/2023	Stakeholder engagement forum at Kilifi County 23/05/2023
15	24/05/2023	Stakeholder engagement forum at Kilifi County-Kaloleni TVC 24/05/2023
16	25/05/2023	Stakeholder engagement forum at Mombasa County 25/05/2023
17	29/05/2023	PC Negotiation FY 2023/2024

**Board Committees**

The Board has three standing Committees that play an important role in assisting the Board perform its role and discharge its responsibilities. As at the date of this statement, the following Committees assist the Board by focussing in more detail on specific areas of the Authorities operations and governance framework:

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

The Board Committees, generally, review matters on behalf of the Board and refer matters to the Board for decision with a recommendation from the Committee. The Committee papers are circulated to the Board members

**Board Remuneration**

During every Board meeting, present Board members are entitled to a sitting allowance, lunch allowance (in lieu of lunch being provided), airtime allowance (for virtual meetings) accommodation

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allowance and transport allowance where applicable within government set limits for State Corporations. Members are also paid such taxable allowance as approved by the Cabinet Secretary for Education, State Corporations Advisory Committee (SCAC) and the Salaries and Remuneration Commission (SRC) when on official duty in and outside the country. In addition, the Chairman is paid a monthly honorarium.

*Table 3: Board remuneration schedule for FY 2022/2023*

No	NAME	Remuneration (Kshs)
1	Prof. Florence Indede	3,503,400
2	CPA. Jane Wanjiru Wambugu	445,200
3	Ms. Winnie Mwalimu	834,600
4	Mr. Sammy Milgo	2,698,740
5	Mr. Burua Shumaa Sanga	2,856,352
6	Ms. Evelyn Anupi	1,380,400
7	Dr. Davidson Mwaisaka	1,694,100
8	Ms. Esther W. Gacicio	1,765,400
9	CPA. Joseph Kiraita	273,000
10	Mr. Victor Momanyi	344,400
11	Ms. Valarie Akinyi	273,000
	<b>Total</b>	<b>16,068,592</b>

**Board Evaluation and Performance**

Board undergoes a rigorous performance evaluation conducted by the State Corporations Advisory Committee to assess its effectiveness in discharging its mandate. The process entails a self-evaluation for each director, evaluation of the Chairman to the Board on the overall Board interactions and conduct of business meetings and evaluation of the Chief Executive Officer. The outcome of this evaluation is used to create remedial development and training programs for the Board. Board evaluation FY 2022/2023 was done on 29<sup>th</sup> August 2023.

**Succession Planning**

TVETA has established a well thought out succession plan aimed at ensuring business continuity at all levels of the Board and Management. The terms of the members of the Board are scheduled to end at different times.

### **Conflict of Interest**

At the start of all meetings of the Board meeting, the Directors are required to declare any conflict issues or any interest they may have in the business under discussion. The Director is obligated to exclude himself/herself from the quorum, and the vote in respect of any matters in which they have an interest. No material conflicts were reported by Directors in the year under review.

### **Ethics and Code of Conduct**

TVETA recognises the important role ethical standards plays in organisational growth and development. Directors and employees are expected to act with honesty, integrity and fairness in all their dealings with one another and with stakeholders. TVETA has a code of conduct that binds both directors and employees. The Authority collaborates with the Ethics and Anti-Corruption Commission (EACC) to entrench the culture of ethics in all its undertakings. Besides, the ongoing implementation of the Mwongozo Code of Governance for State Corporations is a significant step towards deepening corporate governance, professionalism, ethics and integrity in management of TVETA affairs.

### **Board Induction and Training**

Upon appointment, individual Board members are taken through an induction process organized by the State Corporations Advisory Council (SCAC). Further the Board undergoes regular training and capacity building to effectively carry out their roles. During the Financial year the Board undertook Strategy, Audit and Risk Oversight Training.

### **Governance Audit**

A Governance Audit is an independent assessment of an organization with a view to expressing an opinion on the adequacy and effectiveness of the organization's policies, systems and practices within the legal and regulatory framework and in line with global best practices on corporate governance for the interest of the stakeholders. Governance Audit will be carried out in the Financial year 2023/2024 and thereafter will be conducted bi-annually.

## **9. Management Discussion and Analysis**

### **9.1 Introduction**

This section gives the management's report on the operational and financial performance of the Authority during the report period. It includes the Authority's compliance with statutory requirements, major risks facing the organisation, material arrears in statutory and other financial obligations, review of the economy, review of the sector and future developments and any other information considered relevant to the users of the financial statements.

### **9.2 Management Report on Operational and Financial Performance.**

The FY 2022/23 marked the final year for the implementation of the Authority's first five-year strategic plan (SP) 2018 - 2022. The SP provided TVETA with a mechanism to implement its mandate in a structured manner and is worth noting that the End Term Report for the SP 2018 - 2022 lists a galaxy of achievements realised at a cumulative average of 88.40%. This generally indicates that the Authority accomplished most of the strategic objectives.

The overall performance is as shown in figure 1 below.

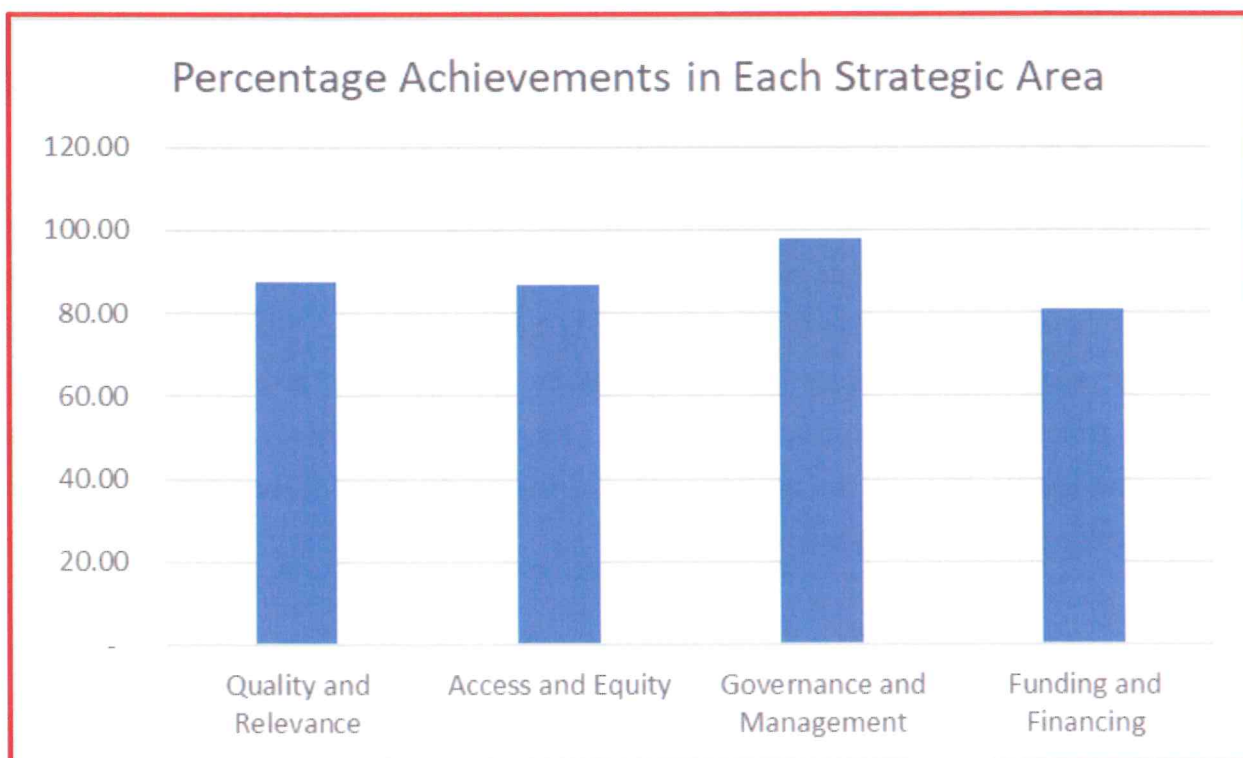


Figure 1: Achievements for each strategic area



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Following the end of the implementation of SP 2018 - 2022, the Authority embarked on the development of a new SP for the period 2023 - 2027 during the financial year. The new SP was developed through a consultative process with a wide cross section of stakeholders. Targets not met in the previous plan were assessed for their applicability/ relevance and rolled forward to the Strategic Plan 2023 - 2028.

In a nutshell the Authority has continued to make impressive strides in the realization of its four Key Result Areas (KRAs): quality and relevance; access equity and inclusivity; governance and management; and funding and financing. In the preparation of the new SP the Authority mainstreamed digitalization by adding a fifth KRA on Technology Integration and Knowledge Management. Further we maintained ISO 9001:2015 by mainstreaming quality management as a means to delivering exceptional customer experience in our endeavour to achieve a competitive market driven TVET system delivering competent workforce for sustainable development.

The Authority's performance in the medium term reflects its vanguard status in the implementation of TVET reform agenda which started in earnest with the enactment of the TVET Act 2013 and has been at the centre stage of the strategic planning, operations and budget. Subsequently, the Authority during this financial year had key priorities in its performance management framework including customer service delivery, quality management systems reengineering as well as implementing the KRAs as laid out in the strategic plan 2018 - 2022.

The Board is continuously committed to provide oversight and strategic leadership in the fulfilment of the Authority's mandate and has laid out clear goals and initiatives in the new strategic plan 2023 - 2028 to provide guidance to management over the next five years. The strategies and activities laid out support the following five KRAs: Quality and relevance; access, equity and inclusivity; governance and management; funding and financing; and technology integration and knowledge management. Through the implementation of this SP the Board aspires "*To deliver a competent workforce for sustainable development*".

### **9.3 Compliance with Statutory Requirements**

In discharging its mandate, the Authority complied with all the statutory requirements, regulations, and rules established by the government and other relevant regulatory bodies. This compliance is crucial to ensure that the Authority and all its officers operate within the confines of the law and uphold ethical and legal standards. The Authority is cognizant of the fact that non-compliance may lead to serious consequences, including legal actions, fines, penalties, loss of licences or permits, reputational damage, and even imprisonment in some cases.

During the year under review the Authority timely prepared and submitted the annual budget, quarterly financial reports and statements to the State Department of TVET and the National Treasury through the Government Investment Management Information System. In addition, PAYE, NSSF, NHIF and NITA levy were submitted to the relevant government agencies. Also quarterly performance reports were submitted to the regulating agencies including Commission on Administrative Justice, Gender and Equality Commission, Ethics and Anti-Corruption Commission, Public Procurement Regulatory Authority, National Transport Safety Authority, National Aids Control Council and National Council for Persons with Disability as required in the performance contract.

### **9.4 Risk Management**

The Authority has an established risk management structure consisting of the Board Risk and Audit Committee, the management team and a Risk Committee composed of representatives from each functional unit. Further, TVETA adopted a systematic approach to risk management to provide a risk management framework that guarantees management focus in a comprehensive and holistic manner as well as proactively addressing challenges associated with the various risks identified. This approach demonstrates a clear commitment to transparency, accountability and adaptability in the face of a dynamic and changing environment. The risk management framework included quarterly review and reporting on risks by management to the Audit and Risk Committee of the Board (ARC). The Risk based auditing approach employed by the internal audit department increased the assurance of a higher level of compliance as far as the Authority's activities were concerned.

The corporate risks the Authority is exposed to were categorised as follows;

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**Table 4 Risks**

<b>Risk Category</b>	<b>Risk</b>	<b>Mitigation</b>
Strategic Risk	Disaster and Pandemic Risk, People Risk and Reputation Risk, Insecurity risk	Use of police escort when working in risk prone areas, prior communication or postponing the activities
Operational Risk	Health and safety risk, Procurement of Substandard goods, services and works, failure to inspect institutions	Advance communication with third parties on health and safety measures
Financial Risk	Delayed payments/Pending bills, Receiving qualified report, Delayed exchequer remittances, Low collection of quality assurance (QA) fees	Timely follow up on funds from the exchequer, ensuring availability of reliable internet connection, internet banking, and deployment of ERP.

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

### **10.1 Introduction**

The national goals of development, and the legislative and policy framework provide overarching guidance to the Authority in delivering its mandate through implementation of strategies founded on the following core values: Integrity, Professionalism, Accountability, Public participation, Teamwork and Efficiency.

Below is a brief highlight of the Authority's achievements in the following four sustainability pillars: sustainability strategy and profile, environmental sustainability, employee welfare and marketplace practices

### **10.2 Sustainability strategy and profile**

To ensure sustainability and optimal performance the Authority continued to strengthen its resource mobilization and utilization strategies by lobbying for increased exchequer funding, strengthening development partner engagement, strengthening engagement with government, industry and other stakeholders. The Authority also deployed a business continuity strategy through digitization of services via an ERP system and online accreditation platform and enhanced fees collection to diversify revenue sources. The business continuity strategy is anchored on; a vibrant M&E framework, quality management system and systematic risk management approach. Management endeavours to continuously review the effectiveness and efficiency of the strategy in order to enhance it and ensure sustainability through a robust customer satisfaction index currently standing at 65%.

### **10.3 Environmental performance**

The Authority is alive to climate change initiatives as outlined in the BeTA plan and HE the president's rally calling to the nation to grow 15 billion trees by 2032. Subsequently TVETA is keen to be part of this national green revolution and has initiated programmes to ensure environmental sustainability in liaison with TVET providers. In the FY 2022/23 the Authority planted 362 trees in various TVET institutions across the country as summarised in the following table.

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**Table 5: Environmental sustainability table (Tree Planting per TVET Institution)**

No	Location	No. of trees
1.	Kibondeni College	10
2.	Kakuyuni TVC	10
3.	Kibwezi West TVC	10
4.	Kitale NP	10
5.	Don Bosco TTI, Kakuma	20
6.	St. Claire of Asisi TTI, Kakuma	20
7.	Mwangaza College Nakuru Dec 2022	10
8.	Kanyangia VTC	10
9.	Baringo (Tiaty)	12
10	Piave VTC, Njoro	15
11	Tindiret TVC	50
12	Emsos TVC	35
13	Andersen VTC	70
14	Eldoret NP	80
	<b>Total</b>	<b>362</b>



**Figure 1: Tree planting at Anderson VTC in Trans Nzoia County**



*Figure 2: TVETA Board Chair Prof. Florence Indede (In blue) and other board members during tree planting at Tindiret TVC*



*Figure 3: TVETA CEO Dr. Kipkirui Langat during tree planting at The Eldoret NP*

Internally we are operationalizing environmentally friendly processes through economical use of printing paper- print if you must approach and printing on both sides of paper documents, exchange of e-documents (soft copies), minimizing disposal of electronic waste, pooling of water dispensers and applying Just In Time philosophy for the replenishment of stores to minimise storage of large

stocks. Further, the Authority's MIS allows institutions and trainers to generate registration certificates and licences from their end.

In addition, the Authority continues to digitize its processes through Intranet and sensitization of staff. In order to substantially reduce the use of paper-based processes in FY 2023/24 the board will automate processes through an e-Board system.

#### **10.4 Employee welfare**

The Authority has an elaborate Human Resource Manual that guides on all aspects including hiring process in line with Public Service Commission HR policies. Employees are allowed to run their own welfare association and were fully involved in the development of strategic plan 2023-28 and other workplace policies. The Authority has endeavoured to continuously develop and improve staff skills and competences through training. In the FY 2022/23 a skills gap analysis was undertaken for all staff and Training Needs Assessment report was implemented. TVETA also undertook Annual Staff Performance Appraisal for all its staff and the various recommendations given are implemented. TVETA has complied with the OSH Act of 2007 through incorporating the Act in our Human Resource Manual, putting up in place a Health and Safety Committee who oversee and ensure that the organization complies with all the health and safety measures required in the Act. A workplace occupational safety and health policy was developed. Further, all staff are on GPA/WIBA and Group Accident cover. TVETA offices have been registered with the Directorate of Occupational Safety and Health

## **10.5 Marketplace Practices**

The Authority being a responsible corporate citizen maintains good business practices, treats suppliers responsibly by honouring contracts and respecting payment practices, this includes;

### **a. Responsible competition practise**

The Authority ensures that all procurement is done in a competitive manner by requesting for procurement business opportunities electronically and also processing the same electronically. It also publishes its business opportunities in major media outlets and website so as to reach as many persons as possible. Non-responsive bidders are usually notified in time why their bids were unsuccessful.

### **b. Responsible Supply chain and supplier relations**

The Authority procures goods and services within market prices and ensure prompt payments for goods and services that have been supplied. It also honours contractual obligations. It's worth noting that the Authority does not have any pending bill.

### **c. Responsible marketing and advertisement**

For any business opportunities that are available, the Authority strives to seek for quotations from as any suppliers as possible. Every two years the Authority pre-qualifies its suppliers and continuously updates the registers for the for youth, women and persons with disabilities

The Authority submitted bi-annual reports to the Public Procurement Regulatory Authority and quarterly reports to National Council for Persons with Disabilities, Ministry of Investments, Trade and Industry and Ethics and Anti-corruption Commission.

### **d. Consumer rights and practises**

The Authority adheres to best practises in procurement of its goods and services by ensuring that it deals with registered businesses with operating licences and or letters of Authorization from manufactures.

It also disposes it waste products in an environmentally sound way so as to minimize wastes in the environment.



***10.6 Corporate Social Responsibility / Community Engagements***

TVETA's engagement in corporate social responsibility (CSR) has been borne out of the realization that we must integrate social and environmental concerns into our operations in order to remain relevant to not only our employees, but also to our clients, community, partners and the society at large. In the FY 2022/23 the Authority planted 362 trees in various TVET institutions across the country. Further the Authority undertook sensitization on road safety and issued reflector jackets to boda boda riders in Nairobi CBD.



TVETA Staff during sensitization of motor-bike operators on road safety

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**11. Report of the Directors**

The Directors submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of the Technical and Vocational Education and Training Authority's affairs.

**i) Principal activities**

The principal activities of the Authority are as outlined in Section 7 of the TVET Act, 2013 and include 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 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

**ii) Results**

The results of the Authority for the year ended June 30, 2023, are set out on page 1 to 33

**iii) Directors**

The members of the Board of Directors who served during the year are shown on page ix to xiii

**iv) Surplus remission**

The Authority did not make any surplus in form of profit during the year (FY 2022/2023) hence no remittance to the consolidated fund.

**v) Auditors**

The Auditor-General is responsible for the statutory audit of the Authority in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



Dr. Kipkirui Langat, PhD, FIETK, MBS  
**Board Secretary/Director General**

## **12. Statement of Directors Responsibilities**

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act Cap 446, require the 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 of the Authority for that year. The Directors are also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of the Authority. The Directors are also responsible for safeguarding the assets of the Authority.

The Directors are 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, 2023. 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 Authority; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The 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 Act, 2012 and the State Corporations Act cap 446. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of Authority's transactions during the financial year ended June 30, 2023, and of the Authority's financial position as at that date. The 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 Directors to indicate that the Authority will not remain a going concern for at least the next twelve months from the date of this statement.

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**Approval of the financial statements**

The Authority's financial statements were approved by the Board on **22<sup>nd</sup> September 2023** and signed on its behalf by:



\_\_\_\_\_  
Chairperson of the Board



\_\_\_\_\_  
Director General/CEO

# REPUBLIC OF KENYA

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*Enhancing Accountability*

**HEADQUARTERS**  
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Monrovia Street  
P.O. Box 30084-00100  
NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2023**

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### **PREAMBLE**

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, 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 the intended purpose.
- C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Technical and Vocational Education and Training Authority set out on pages 1 to 30, which comprise of the statement of financial position as at 30 June, 2023 and the statement of financial performance, statement of changes in net assets, statement of cash flows and the

statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory notes 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, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Technical and Vocational Education and Training Authority as at 30 June, 2023 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 Public Finance Management Act, 2012 and the Technical and Vocational Education and Training Act, 2013.

## **Basis for Qualified Opinion**

### **1. Valuation of Intangible Assets**

As previously reported, the statement of financial position reflects intangible assets balance of Kshs.20,681,578 as disclosed in Note 23 to the financial statements. Excluded from the balance is undetermined value of Kenya TVET National Skills Gateway System donated by the United Nations Educational Scientific and Cultural Organization (UNESCO) to the Authority.

In the circumstances, the accuracy and completeness of the intangible assets balance of Kshs.20,681,578 could not be confirmed.

### **2. Unsupported Administration Expenses**

The statement of financial performance reflects administration expenses of Kshs.91,267,974 as disclosed in Note 14 to the financial statements. The amount includes fuel and lubricants expenditure of Kshs.7,690,274 which further include an amount of Kshs.6,000,000 that was not supported with contract agreements.

In the circumstances, the regularity and accuracy of administrative expenditure of Kshs.91,267,974 could not be confirmed.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Technical and Vocational Education and Training Authority Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified 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. There were no key audit matters to report in the year under review.

# REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

## **Conclusion**

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

## **Basis for Conclusion**

### **1. Non-Compliance with Law on Accreditation and Registration of Institutions**

As previously reported, the Authority did not review the compliance of the institutions and trainers after accreditation. Further, the Authority did not maintain a compliance register to check whether the institutions and trainers are operating with active licences. This is contrary to Section 25 of the Technical and Vocational Education Training Act, 2013 which provides that the Board shall maintain registers indicating particulars of institutions accredited, registered and licensed under this Act; and particulars of trainers registered and licensed under this Act.

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

### **2. Irregularities in Procurement of Goods and Services**

The statement of financial performance reflects Kshs.91,267,974 in respect of administration expenses as disclosed in Note 14 to the financial statements. Review of procurement records revealed that ten (10) suppliers who were paid a total of Kshs.7,406,715 were neither registered nor in the approved list of pre-qualified suppliers, contrary to Section 106(2) of the Public Procurement and Asset Disposal Act, 2015 which provides that the Accounting Officer of a procuring entity shall give the request for quotations to such persons as are registered by the procuring entity.

Further, the expenditure includes an amount of Kshs.15,734,430 used to procure laptops, air tickets, conferences, furniture, car tracking and insurance services procured through requests for quotations method. However, no professional opinion was rendered by the head of the procurement function, contrary to the requirements of Section 82(1) of the Public Procurement and Asset Disposal Act, 2015 which states that that 'the head of procurement function of a procuring entity shall, alongside the report to the evaluation committee as secretariat comments, review the tender evaluation report and provide a signed professional opinion to the Accounting Officer on the procurement or asset disposal proceedings.

In addition, administrative expenses include a total of Kshs.5,380,454 comprising Kshs.2,852,681 and Kshs.2,527,773 paid to two companies for provision of return air tickets. However, the request for quotations for the service was not provided for audit.

In the circumstances, value for money on administration expenses of Kshs.91,267,974 could not be confirmed.

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

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

### Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### Basis for Conclusion

#### 1. Shortage of Staff in the Authority

The Authority's staff biodata indicated staff-in-post of sixty-eight (68) against approved staff establishment of one hundred and twenty (120). Thus, the Authority has a staff shortage of seventy-two (72) staff. Shortage of staff results to non-achievement of the operational goals set by the Authority. In addition, the existing staff are likely to be overworked and become less productive.

In the circumstances, the effectiveness of the existing staff to realize the strategic objectives of the Authority could not be confirmed.

#### 2. Deficiency in Board Membership

Review of the minutes of the Board revealed that the Authority had three (3) Board members as at 30 June, 2023 contrary to Section 8(1)(e) of the Technical and Vocational Education and Training Act, 2013 which provides that the Authority shall be governed by a Board consisting of nine members who shall be appointed by the Cabinet Secretary. In addition, board annual performance evaluation was not conducted, contrary to the Circular No. OP/CAB.9/1A dated 11 March, 2020.

In the circumstances, the effectiveness of the Board in providing the oversight and advisory services could not be confirmed.

#### 3. Failure to Optimize the Capabilities of the Management Information System

As previously reported, the statement of financial position reflects intangible assets balance of Kshs.20,681,578 as disclosed in Note 23 to the financial statements. The



Authority acquired a Management Information System (MIS) at a cost of Kshs.19,604,806 in the financial year 2021/2022 through a partnership with the Netherlands Organization for International Corporation in Higher Learning (NUFFIC) and was fully operationalized in the year under review.

However, examination and technical testing of the system with ICT staff revealed that it could not generate a report of registered institutions' annual returns nor generate and provide a register of accredited institutions registered in a particular period that the public can inspect.

In the circumstances, the effectiveness of the system in supporting the Authority to realise its objective could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of Management and the Board of Directors**

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

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

The Board of Directors is responsible for overseeing the Authority's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall

governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to

those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Authority to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Authority to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
**FCPA Nancy Gathungu, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**21 March, 2024**



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**14. Statement of Financial Performance for the year ended 30 June 2023**

	Note	2022-2023 Kshs.	2021-2022 Kshs.
<b>Revenue</b>			
Revenue from non-exchange transactions	6	333,966,595	331,081,674
Revenue from exchange transactions	7	159,981,698	27,200,462
<b>Total revenue</b>		<b>493,948,293</b>	<b>358,282,136</b>
<b>Expenses</b>			
Employee Cost	8	162,470,322	148,743,582
Board expenses	9	20,868,477	20,611,289
Depreciation and amortization expense	10	26,977,922	27,132,003
Repairs and Maintenance	11	9,625,993	5,460,329
Contracted Professional Services	12	30,808,280	23,886,898
Accreditation, quality assurance & Standards	13	51,963,967	60,324,401
Administration expenses	14	91,267,974	75,720,540
<b>Total expenses</b>		<b>393,982,936</b>	<b>361,879,043</b>
<b>Surplus/(Deficit) for the period</b>		<b>99,965,357</b>	<b>(3,596,907)</b>

The notes set out on pages 6 to 33 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:



Name: Dr. Kipkirui Langat

Director General

Date 01/03/2024



Name: CPA. Emmanuel Korir

Head of Finance

ICPAK M/No:9271

Date 01/03/2024



Name: Prof. Florence Indede

Board Chairperson

Date 01/03/2024

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**15 Statement of Financial Position as at 30 June 2023**

Assets	Note	2022-2023 Kshs.	2021-2022 Kshs.
<b>Current assets</b>			
Cash and cash equivalents	15	10,599,979	37,622,008
Receivables from exchange transactions	16	133,727,957	324,578
		<b>144,327,935</b>	<b>37,946,585</b>
<b>Non-current assets</b>			
Property, plant and equipment	22	124,522,225	138,716,222
Intangible Assets	23	20,681,578	25,067,781
		<b>145,203,804</b>	<b>163,784,003</b>
<b>Total assets</b>		<b>289,531,739</b>	<b>201,730,588</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	19	6,318,337	18,482,542
		<b>6,318,337</b>	<b>18,482,542</b>
<b>Total liabilities</b>		<b>6,318,337</b>	<b>18,482,542</b>
<b>Net Assets</b>			
Accumulated surplus	24	97,361,677	(2,603,680)
Capital reserves	25	185,851,725	185,851,725
<b>Total net assets</b>		<b>283,213,402</b>	<b>183,248,045</b>
<b>Total net assets and liabilities</b>		<b>289,531,739</b>	<b>201,730,588</b>

The financial statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:



.....  
 Name: Dr. Kipkirui Langat

Director General

Date 01/03/2024



.....  
 Name: CPA. Emmanuel Korir

Head of Finance

ICPAK M/No:9271

Date 01/03/2024



.....  
 Name: Prof. Florence Indede

Board Chairperson

Date 01/03/2024

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**16. Statement of Changes in Net Assets for the year ended 30 June 2023**

	Accumulated Surplus Kshs.	Capital Reserve Kshs.	Total Kshs.
<b>Balance as at 30 June 2021</b>	16,281,618	150,958,527	167,240,145
Surplus/(deficit) for the period	(3,596,907)	-	(3,596,907)
Adjustments/restatements	-	19,604,807	19,604,807
Transfers from accumulated surplus	-	15,288,391	15,288,391
Transfer to Capital reserve	(15,288,391)	-	(15,288,391)
<b>Balance as at 30 June 2022</b>	<b>(2,603,680)</b>	<b>185,851,725</b>	<b>183,248,045</b>
Surplus/(deficit) for the period	99,965,357	-	99,965,357
Adjustments/restatements	-	-	-
Transfers from accumulated surplus	-	-	-
Transfer to Capital reserve	-	-	-
<b>Balance as at 30 June 2023</b>	<b>97,361,677</b>	<b>185,851,725</b>	<b>283,213,402</b>

*The adjustment/restatements cost of Kshs 19,604,806 relate to the TVET MIS which was acquired in the FY 2021-2022 but implementation was finalized in the year 2022-2023. The opening balance has been adjusted to reflect the donated system. The TVET Mis was funded by the Netherlands Government through an Initiative called Netherlands Initiative for Capacity development in Higher Education (NICHE).*

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**17. Statement of Cash Flows for the year ended 30 June 2023**

		2022-2023	2021-2022
	Notes	Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Government Grants	6(a)	315,000,000	315,000,000
Donor Support	6(b)	18,966,595	16,081,674
Accreditation and other related fees	7	159,981,698	27,200,462
<b>Total receipts</b>		<b>493,948,293</b>	<b>358,282,136</b>
<b>Payments</b>			
Employee costs	8	162,470,322	148,743,582
Board expenses	9	20,868,477	20,611,289
Repairs and Maintenance	11	9,625,994	5,460,329
Contracted professional Services	12	30,808,281	23,886,898
Accreditation, Quality assurance and Standards	13	51,963,967	60,324,401
Administration expenses	14	91,267,974	75,720,540
<b>Working capital Changes</b>			
Increase in receivables from exchange transactions	18	133,403,379	94,578
Decrease in payables from exchange transactions	20	12,164,205	21,213,492
<b>Total payments</b>		<b>512,572,599</b>	<b>356,055,110</b>
<b>Net cash flow from operating activities</b>		<b>(18,624,306)</b>	<b>2,227,026</b>
<b>Cashflow from investing activities</b>			
Purchase of Property, Plant and Equipment	21	(8,397,723)	(15,288,392)
<b>Net Cash flow from investing activities</b>		<b>(8,397,723)</b>	<b>(15,288,392)</b>
<b>Cashflow from Financing activities</b>			
Increase in deposits		-	-
<b>Net cashflow from financing activities</b>		<b>-</b>	<b>-</b>
<b>Net Increase/(decrease) in cash and cash equivalents</b>		<b>(27,022,029)</b>	<b>(13,061,366)</b>
Cash & cash equivalents as start of the year		37,622,008	50,683,374
<b>Cash &amp; cash equivalents as 30 June</b>		<b>10,599,979</b>	<b>37,622,008</b>



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**18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2023**

	Notes	Original budget		Adjustments		Final budget		Actual on comparable basis		Performance difference		% of Utilization
		2022-2023	Kshs.	2022-2023	Kshs.	2022-2023	Kshs.	2022-2023	Kshs.	2022-2023	Kshs.	
<b>Revenue</b>												
<b>Non-exchange transactions</b>												
Recurrent Grants	6(a)	315,000,000	-	-	315,000,000	315,000,000	315,000,000	315,000,000	-	-	100%	
Donor Support	6(b)	-	20,000,000	20,000,000	20,000,000	18,966,595	18,966,595	(1,033,405)	(1,033,405)	(1,033,405)	95%	
<b>Exchange transactions</b>												
Accreditation & Other related fees	17	35,000,000	5,000,000	5,000,000	40,000,000	30,220,819	30,220,819	(9,779,181)	(9,779,181)	(9,779,181)	76%	
<b>Total Revenue</b>		<b>350,000,000</b>	<b>25,000,000</b>	<b>25,000,000</b>	<b>375,000,000</b>	<b>364,187,414</b>	<b>364,187,414</b>	<b>(10,812,586)</b>	<b>(10,812,586)</b>	<b>(10,812,586)</b>	<b>97%</b>	
<b>Expenses</b>												
Employee costs	8	162,432,646	291,600	291,600	162,724,246	159,049,743	159,049,743	3,674,503	3,674,503	3,674,503	98%	
Board expenses	9	22,000,000	-	-	22,000,000	20,868,477	20,868,477	1,131,523	1,131,523	1,131,523	95%	
Repairs and maintenance	11	5,938,500	2,300,000	2,300,000	8,238,500	9,625,993	9,625,993	(1,387,493)	(1,387,493)	(1,387,493)	117%	
Contracted professional services	12	29,446,432	2,347,000	2,347,000	31,793,432	30,808,280	30,808,280	985,152	985,152	985,152	97%	
Accreditation, quality assurance & Standards	13	51,000,000	(400,000)	(400,000)	50,600,000	51,963,967	51,963,967	(1,363,967)	(1,363,967)	(1,363,967)	103%	
Administration expenses	14	70,800,000	20,461,400	20,461,400	91,261,400	91,267,974	91,267,974	(6,574)	(6,574)	(6,574)	100%	
Capital budget	21	8,382,422	-	-	8,382,422	8,397,723	8,397,723	(15,301)	(15,301)	(15,301)	100%	
<b>Total expenditure</b>		<b>350,000,000</b>	<b>25,000,000</b>	<b>25,000,000</b>	<b>375,000,000</b>	<b>371,982,157</b>	<b>371,982,157</b>	<b>3,017,842</b>	<b>3,017,842</b>	<b>3,017,842</b>	<b>99%</b>	
<b>Surplus for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,794,744)</b>	<b>(7,794,744)</b>	<b>(13,830,429)</b>	<b>(13,830,429)</b>	<b>(13,830,429)</b>		

Budget notes

- i. Changes between original and final budget is due to reallocations approved by Board as per the provisions of the Public Finance Management Act 2012 sec 43 and Public Finance Management (National Government Regulations) 2015 sec 48
- ii. Revenue from accreditation and quality assurance fees was affected by policy issue in most TVET Institutions. Institutions had not factored in quality assurance fees on the student's fees during the year and this proved to be a challenge in collecting.
- iii. Quality assurance cost variance occasioned by deficit in projected internal revenues due to challenges in collecting projected quality assurance fees.
- iv. Repair and maintenance cost variance is as a result of increased repair cost of ageing motor vehicles.

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**19. Notes to the Financial Statements**

**1.General Information**

Technical and Vocational Education and Training Authority is established by and derives its authority and accountability from the Technical and Vocational Education and Training Act 2013. The Authority is wholly owned by the Government of Kenya and is domiciled in Kenya. The Authority's principal activity is to regulate and coordinate the TVET sector through accreditation of Institutions, programs and trainers as well as assure access, quality, equity and relevance in education and training

**2.Statement of Compliance and Basis of Preparation**

The financial statements have been prepared on a historical cost basis. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Authority's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Authority. The financial statements have been prepared in accordance with the PFM Act 2012, the State Corporations Act cap 446, the TVET act 2013, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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

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

- i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2023.*

Standard	Effective date and impact:
<p><b>IPSAS 41:</b> Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Authority's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Authority's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul> <p><i>The Authority does not have financial Instruments/investments thus this standard does not apply.</i></p>
<p><b>IPSAS 42: Social Benefits</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Authority provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Authority.</p>

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Standard	Effective date and impact:
	<p>(b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Authority's financial performance, financial position and cash flows.</p> <p><i>The Authority does not offer any social benefit schemes; however, it engages in corporate social responsibility including implementation of presidential directive on tree planting which is embedded its annual activities.</i></p>
Other improvements to IPSAS	<p><b><i>Applicable 1<sup>st</sup> January 2023</i></b></p> <ul style="list-style-type: none"> <li>● <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008).</li> <li>● <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</li> <li>● <b>IPSAS 29: Financial instruments: Recognition and Measurement.</b> Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</li> </ul> <p><i>The above amendments have no impact on the financial statements</i></p>

ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.*

Standard	Effective date and impact:
IPSAS 43	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Authority.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>

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Standard	Effective date and impact:
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

*iii. Early adoption of standards*

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

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**Notes to the financial statements (continued)**

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

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

**Fees, taxes and fines**

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

**Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Authority and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

**ii) Revenue from exchange transactions**

**Rendering of services**

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

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

**Sale of goods**

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the Authority.

**b) Budget information**

The original budget for the year under review was approved by the National Assembly in June 2022 and by the TVETA Board on 13<sup>th</sup> July 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Authority upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Authority recorded additional appropriations of Kshs 25 Million on the budget. Approved by the Board on 12<sup>th</sup> April 2023.

The Authority's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under appendix (IV) of these financial statements.

**c) Taxes**

The Authority is a non-commercial state corporation and is therefore not subject to the corporate tax regime. No corporation tax is therefore provided in these accounts. However, the Authority remits all other applicable taxes as and when they fall due. This Includes;

- i. PAYE
- ii. Value Added Tax
- iii. Withholding Tax

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**d) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the 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 in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Additionally, depreciation on assets disposed during the financial year is calculated up to the month of disposal.

Depreciation is calculated on reducing balance at the following rates:

<b>Asset</b>	<b>Rate</b>
Motor Vehicles	25%
Furniture & Fittings	12.5%
Tools & Equipment	12.5%
Computers	30%
Intangible Asset	20%

**e) Leases**

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Authority. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Authority also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Authority will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Authority. Operating



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lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

**f) Intangible assets (TVET MIS)**

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

The Authority in the financial year 2022-2023 recognized the TVET MIS on the statement of financial performance and statement of financial position at cost less accumulated depreciation after successful roll out and testing. TVET MIS was being carried out in phases thus recognition was done on successful roll out.

**g) Research and development costs**

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

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

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

**h) Financial instruments**

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

**Trade and other receivables**

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end. For the Authority this relates to invoices issued for quality Assurance fees

**Fair value through surplus or deficit**

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

**a) Financial liabilities**

**Classification**

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

**i) Inventories**

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

Raw materials: purchase cost using the weighted average cost method.

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- i. Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

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

**j) Provisions**

Provisions are recognized when the Authority has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. 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.

<b>Current Provisions</b>			
<b>Description</b>	<b>Gratuity Provision</b>	<b>Provision for Audit fees</b>	<b>Total</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>Balance b/f</b>	<b>1,474,999</b>	<b>1,000,000</b>	<b>2,474,999</b>
Additional provisions	3,420,579	500,000	3,920,579
Provision Utilized	(422,154)	(1,000,000)	(1,422,154)
Change due to discount and time value for Money	-	-	-
Transfers from non-current provisions	-	-	-
<b>Total provisions year end</b>	<b>4,473,424</b>	<b>500,000</b>	<b>4,973,424</b>

**k) Social Benefits**

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

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**l) Contingent liabilities**

The Authority 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.

**m) Contingent assets**

The Authority 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 Authority 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.

**n) Nature and purpose of reserves**

The Authority creates and maintains reserves in terms of specific requirements.

i. Revenue Reserves

This is made up of all accumulated surplus for the year arising from non-Utilization of allocated grants and other income surplus

ii. Capital Reserves

The purpose of the reserve is recognizing capital grants received from the Government to enable the Authority procure Assets used to run the operations of the Authority. The is usually made up of surplus retained revenues

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

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

**p) Employee benefits**

**Retirement benefit plans**

The Authority provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

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The Authority remits these funds to Jubilee Insurance at 20% of employee's basic pay and to the Director of Pensions at 31 % of basic for staff who are seconded from the Civil service. The Authority also remits statutory National Social Security funds (NSSF) monthly.

**q) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

**r) Related parties**

The Authority regards a related party as a person or an Authority with the ability to exert control individually or jointly, or to exercise significant influence over the Authority, or vice versa. Members of key management are regarded as related parties and comprise the Board of Directors, the Chief executive officer and senior managers

**s) Cash and Cash equivalents**

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

**t) Comparative figures**

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

**u) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2023.

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

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

The Authority has made assumptions on its trade debtors i.e amounts due from institutions on quality assurance fees.

**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 Authority 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 Authority. Such changes are reflected in the assumptions when they occur. *IPSAS 1.140*

**Useful lives and residual value**

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

- a) The condition of the asset based on the assessment of experts employed by the Authority.

The nature of the asset, its susceptibility and adaptability to changes in technology and processes.

- b) The nature of the processes in which the asset is deployed.
- c) Availability of funding to replace the asset.
- d) Changes in the market in relation to the asset

**Provisions**

Provisions were raised and management determined an estimate based on the information available. 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.

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

<b>6 Revenue from non-exchange transactions</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs.</b>	<b>Kshs.</b>
<b>a) GOK Grants</b>		
Quarter 1	78,750,000	66,250,000
Quarter 2	78,750,000	66,250,000
Quarter 3	78,750,000	66,250,000
Quarter 4	78,750,000	116,250,000
	<b>315,000,000</b>	<b>315,000,000</b>
<b>b) Collaborations and Research fees</b>		
UNESCO-BILT Project & Skills gateway	13,926,176	7,619,741
MDF/World Skills Germany	2,458,398	5,760,814
Colleges Institutes Canada (CICAN)	252,705	713,291
BOMA-World Skills	-	1,360,000
Common Wealth of Learning (COL)-ODEL Standards	2,329,316	627,828
	<b>18,966,595</b>	<b>16,081,674</b>
<b>Total revenue from non-exchange transactions</b>	<b>333,966,595</b>	<b>331,081,674</b>
<b>7 Revenue from exchange transactions</b>		
Accreditation fees	17,153,662	22,246,970
Quality Assurance Fees	141,345,500	4,831,500
Other Income	168,816	121,992
Capacity Building fees	968,720	-
Recognition and Equation of Qualifications	345,000	-
<b>Total revenue from exchange transactions</b>	<b>159,981,698</b>	<b>27,200,462</b>
<i>Revenue from exchange transaction variance is due to follow up on TVET Institutions to charge and remit quality assurance fees to the Authority.</i>		
<b>8 Employee costs</b>		
Basic pay	85,384,104	79,261,736
House allowances	30,318,338	28,699,233
Commuter allowance	13,428,065	12,521,506
Air-time allowance	5,327,903	5,077,420
Extraneous allowance	2,445,806	1,754,400
Non-Practicing allowance	240,000	240,000
Employer NSSF Contribution	519,517	191,600
Leave allowance	2,126,346	1,559,170
Employer Pension Contribution	15,494,808	13,614,178
Gratuity	3,420,579	3,211,124
Casual wages	2,584,856	1,393,214
Interns Stipend	1,180,000	1,220,000
<b>Total employee costs</b>	<b>162,470,322</b>	<b>148,743,582</b>
<i>Employee cost variance is due to general annual increase, payment of Gratuity for retiring staff and recruitment of 3 technical directors.</i>		
<b>9 Board Expenses</b>		
Chairman's Honoraria	1,020,000	1,028,226
Sitting and daily subsistence allowance	6,526,200	13,970,708
Capacity building	13,322,277	5,612,355
<b>Total board expenses</b>	<b>20,868,477</b>	<b>20,611,289</b>

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	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs.</b>	<b>Kshs.</b>
<b>10 Depreciation and amortization expense</b>		
Property, plant and equipment	22,591,720	20,865,057
Intangible Assets	4,386,202	6,266,3946
<b>Total depreciation and amortization</b>	<b>26,977,922</b>	<b>27,132,003</b>
<i>Depreciation and Amortization for FY 2021/2022 has been restated to reflect unrecognized intangible asset (TVET MIS acquired in that year)</i>		
<b>11 Repairs and maintenance</b>		
Building	744,992	377,978
Motor Vehicles	8,076,362	4,838,943
Office Equipment	804,639	243,408
<b>Total repairs and maintenance</b>	<b>9,625,993</b>	<b>5,460,329</b>
<i>Repair and maintenance cost variance is as a result of increased repair cost of ageing motor vehicles</i>		
<b>12 Contracted Professional Services</b>		
Cleaning Services	567,900	109,800
Fumigation & Pests Control Services	345,000	359,400
Insurance of Motor vehicles	1,674,880	1,955,182
Insurance of Office Assets	490,000	150,799
Internet Connection	9,968,273	5,096,511
Medical Insurance	12,596,745	13,260,374
GPA/WIBA	3,023,522	1,058,897
Courier & Postage	112,700	116,335
Legal services	112,260	315,900
External Audit Services	500,000	500,000
ISO Certification	1,417,000	963,700
<b>Total contracted professional services</b>	<b>30,808,280</b>	<b>23,886,898</b>
<b>13 Accreditation, Quality assurance &amp; Standards</b>		
Accreditation of TVET Institutions	12,155,058	9,555,917
Outreach Services	5,923,469	9,100,940
Standards Development	7,447,027	6,288,726
Compliance & Enforcement	9,932,640	10,619,410
Strategy & Planning	9,180,200	7,315,900
Research and Development	7,325,573	17,443,508
<b>Total accreditation, quality assurance &amp; standards</b>	<b>51,963,967</b>	<b>60,324,401</b>
<i>variance occasioned by deficit in internal revenues due to challenges in collecting QA Fees.</i>		
<b>14 Administrative expenses</b>		
Printing and advertising	3,984,123	2,894,307
Communication services	832,406	1,336,204
Accessories for Computers and printers	1,057,734	1,009,546
Hospitality Supplies & Services	4,230,378	4,489,784
Local travel and daily subsistence	6,062,383	4,855,364
Foreign travel and daily subsistence	6,974,538	2,874,011
Training	4,803,644	4,794,899
Seminars and Workshops	3,185,120	8,187,803
Office general supplies	3,420,341	2,051,695
Rent	27,821,084	25,650,928
Fuel and Lubricants	7,690,274	4,750,300
International Conference-BILT Conference	13,769,262	-
Annual TVET Conference	5,979,519	11,921,881
Uniform and Clothing	858,000	343,600
Bank Charges	537,708	498,758
Subscriptions to Professional Associations	61,460	61,460
<b>Total administration expenses</b>	<b>91,267,974</b>	<b>75,720,540</b>



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<b>15 Cash and cash equivalents</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs.</b>	<b>Kshs.</b>
A/C No.1164286862-KCB-Operation Account	7,915,315	34,255,122
A/C No.1212502450-KCB-Revenue Account	2,669,431	3,350,598
A/C No.1281901733-KCB-World Skills Account	15,233	16,288
<b>Total cash and cash equivalents</b>	<b>10,599,979</b>	<b>37,622,008</b>
<b>16 Receivables from exchange transactions</b>		
<b>a) Current Receivables</b>		
Trade Receivables	129,760,879	-
Staff Salary Advance	455,003	324,578
Prepayments	3,512,075	-
<b>Total Current Receivables</b>	<b>133,727,957</b>	<b>324,578</b>
<b>b) Ageing Analysis for Receivables from exchange transactions</b>		
Less than 1 year	133,727,957	324,578
Between 1-2 years	-	-
Between 2-3 years	-	-
Over 3 years	-	-
<b>Total Current Receivables</b>	<b>133,727,957</b>	<b>324,578</b>
<b>17 Accreditation and Service fees</b>		
Accreditation fees	17,153,662	22,246,970
Quality assurance fees	11,584,621	4,831,500
Capacity building fees	968,720	-
Recognition and equation of qualifications	345,000	-
Other Income	168,816	121,992
<b>Total Accreditation and Service fees</b>	<b>30,220,819</b>	<b>27,200,462</b>
<b>18 Movement in Current receivables</b>		
Trade Receivables	129760879	-
Staff Salary Advance	455,003	324,578
Prepayments (World Skills International)	3,512,075	-
	<b>133,727,957</b>	<b>324,578</b>
As at end of reporting period	133,727,957	324,578
As at beginning of reporting period	324,578	230,000
<b>Increase in receivables</b>	<b>133,403,379</b>	<b>94,578</b>
<b>19 Trade and other payables from exchange transactions</b>		
<b>a) Trade and other payables</b>		
Contractor's retention	1,344,913	2,880,982
Employee Benefits (Gratuity)	4,473,424	1,474,999
Provision for audit fee	500,000	1,000,000
Trade Creditors	-	13,126,561
<b>Total trade &amp; other payables</b>	<b>6,318,337</b>	<b>18,482,542</b>

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	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs.</b>	<b>Kshs.</b>
<b>b) Ageing Analysis for Trade and Other Payables</b>		
Less than 1 year	6,318,337	18,482,542
Between 1-2 years	-	-
Between 2-3 years	-	-
Over 3 years	-	-
<b>Total Current Payables</b>	<b>6,318,337</b>	<b>18,482,542</b>
<b>20 Movement in Trade Payables</b>		
Contractor's retention		
As at end of reporting period	1,344,913	2,880,982
As at beginning of reporting period	2,880,982	472,677
	<b>(1,536,069)</b>	<b>2,408,305</b>
Employee Benefits (Gratuity)		
As at end of reporting period	4,473,424	1,474,999
As at beginning of reporting period	1,474,999	5,972,504
	<b>2,998,425</b>	<b>(4,497,505)</b>
Provision for audit fee		
As at end of reporting period	500,000	1,000,000
As at beginning of reporting period	1,000,000	1,000,000
	<b>(500,000)</b>	<b>-</b>
Trade creditors		
As at end of reporting period	-	13,126,561
As at beginning of reporting period	13,126,561	32,250,853
	<b>(13,126,561)</b>	<b>(19,124,292)</b>
	<b>(12,164,205)</b>	<b>(21,213,492)</b>
<b>21 Purchase of Plant Property and Equipment</b>		
Furniture and Fittings	4,934,830	2,806,000
Tools and Equipment	12,233,054	129,000
Computers	1,132,000	2,451,230
Work in Progress	(9,902,161)	9,902,161
<b>Total cost of Purchase of Plant Property and Equipment</b>	<b>8,397,723</b>	<b>15,288,391</b>

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**22. Property, Plant and Equipment**

Cost	Motor Vehicles		Furniture & Fittings		Tools & Equipment		Computers		Capital Work in Progress		Total
	Kshs		Kshs		Kshs		Kshs		Kshs		
At 1 July 2021	65,282,771		79,323,964		17,315,419		12,283,437		23,668,617		197,874,208
Additions	-		26,474,617		129,000		2,451,230		9,902,161		38,957,008
Disposals	-		-		-		-		-		-
Transfers/adjustments	-		-		-		-		(23,668,617)		(23,668,617)
<b>At 30 June 2022</b>	<b>65,282,771</b>		<b>105,798,581</b>		<b>17,444,419</b>		<b>14,734,667</b>		<b>9,902,161</b>		<b>213,162,599</b>
Additions	-		4,934,830		2,330,893		1,132,000		-		8,397,723
Disposals	-		-		-		-		-		-
Transfers/adjustments	-		-		9,902,161		-		(9,902,161)		-
<b>At 30 June 2023</b>	<b>65,282,771</b>		<b>110,733,411</b>		<b>29,677,473</b>		<b>15,866,667</b>		<b>-</b>		<b>221,560,322</b>
<b>Depreciation and impairment</b>											
At 1 July 2021	(34,085,385)		(9,703,576)		(4,067,241)		(5,725,118)		-		(53,581,320)
Depreciation	(7,799,347)		(9,442,193)		(1,656,022)		(1,967,496)		-		(20,865,057)
Impairment	-		-		-		-		-		-
Transfers/adjustments	-		-		-		-		-		-
<b>At 30 June 2022</b>	<b>(41,884,732)</b>		<b>(19,145,769)</b>		<b>(5,723,263)</b>		<b>(7,692,614)</b>		<b>-</b>		<b>(74,446,377)</b>
Depreciation	(5,849,510)		(11,448,455)		(2,841,539)		(2,452,216)		-		(22,591,720)
Disposals	-		-		-		-		-		-
Impairment	-		-		-		-		-		-
Transfers/adjustments	-		-		-		-		-		-
<b>At 30 June 2023</b>	<b>(47,734,241)</b>		<b>(30,594,224)</b>		<b>(8,564,802)</b>		<b>(10,144,830)</b>		<b>-</b>		<b>(97,038,097)</b>
<b>Net book values</b>											
At 30 June 2023	17,548,530		80,139,187		21,112,671		5,721,837		-		124,522,225
At 30 June 2022	23,398,040		86,652,813		11,721,156		7,042,053		9,902,161		138,716,222

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**23.Intangible Assets**

<b>Cost</b>	<b>Kshs</b>	<b>Kshs</b>
At beginning of the year	<b>37,932,806</b>	<b>18,328,000</b>
Additions	-	19,604,806
<b>At end of the year</b>	<b>37,932,806</b>	<b>37,932,806</b>
Additions-Internal development	-	-
<b>At end of the year</b>	<b>37,932,806</b>	<b>37,932,806</b>
<b>Amortization &amp; Impairment</b>		
At beginning of the year	12,865,025	6,598,080
Amortization	4,386,202	6,266,945
<b>At end of the year</b>	<b>17,251,228</b>	<b>12,865,025</b>
<b>Net Book Value</b>	<b>20,681,578</b>	<b>25,067,781</b>

*Prior year balances have been adjusted to reflect cost of Kshs 19,604,806 relating to the TVET MIS that was donated by the Government of Netherlands through an initiative called Netherlands Initiative for capacity development in higher Education (NICHE)*

**24.Accumulated surplus**

Balance at beginning of the year	(2,603,680)	16,281,618
Surplus/(deficit) for the period	99,965,357	(3,596,907)
Adjustments/restatements	-	-
Transfer to Capital reserve	-	(15,288,391)
<b>Balance as at end of the year</b>	<b>97,361,677</b>	<b>(2,603,680)</b>

**25.Capital Reserve fund**

Balance at beginning of the year	185,851,725	150,958,527
Surplus/(deficit) for the period	-	-
Adjustments/restatements	-	19,604,807
Transfers from accumulated surplus	-	15,288,391
<b>Balance at end of the year</b>	<b>185,851,725</b>	<b>185,851,725</b>

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**26. Financial Risk Management**

The Authority's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Authority's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Authority does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history. The Authority's financial risk management objectives and policies are detailed below:

**i) Credit risk**

The Authority has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables. Management assesses the credit quality of each customer, considering its financial position, past experience and other factors.

**Financial Risk Management**

The carrying amount of financial assets recorded in the financial statements representing the Authority's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal. The board of directors sets the Authority's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

<b>Description</b>	<b>Total Amount</b>	<b>Fully performing</b>	<b>Past due</b>	<b>Impaired</b>
<b>As at 30<sup>th</sup> June 2023</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Trade debtors	133,727,957	133,727,957	-	-
Bank Balances	10,599,979	10,599,979	-	-
<b>Total</b>	<b>144,327,936</b>	<b>144,327,936</b>	<b>-</b>	<b>-</b>
<b>As at 30<sup>th</sup> June 2022</b>				
Trade debtors	324,578	324,578	-	-
Bank Balances	37,622,008	37,622,008	-	-
<b>Total</b>	<b>37,946,586</b>	<b>37,946,586</b>	<b>-</b>	<b>-</b>

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**ii) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Authority's directors, who have built an appropriate liquidity risk management framework for the management of the Authority's short, medium and long-term funding and liquidity management requirements. The Authority manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cashflows payable by the Authority under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cashflows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Description	Less than 1 Month	Between 1-3 Months	Over 5 Months	Total
	Kshs	Kshs	Kshs	Kshs
<b>As at 30th June 2023</b>				
Trade payables	-	-	-	-
Provisions	-	125,000	375,000	500,000
Employee benefit obligation	289,253	866,185	3,317,986	4,473,424
Contractor retention	-	-	1,344,913	1,344,913
<b>Total</b>	<b>289,253</b>	<b>991,185</b>	<b>5,037,899</b>	<b>6,318,337</b>
<b>As at 30th June 2022</b>	<b>578,506</b>	<b>1,857,370</b>		
Trade payables	-	13,126,561	-	13,126,561.00
Provisions	-	-	1,000,000	1,000,000.00
Employee benefit obligation	273,244	813,336	388,419	1,474,999.00
Contractor retention	-	-	2,880,982	2,880,982.00
<b>Total</b>	<b>273,244</b>	<b>13,939,897</b>	<b>4,269,401</b>	<b>18,482,542</b>

**iii) Market risk**

The Authority has put in place an internal audit function to assist it in assessing the risk faced by the Authority on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Authority's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Authority's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day

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implementation of those policies. There has been no change to the Authority's exposure to market risks or the way it manages and measures the risk.

**a) Foreign currency risk**

The Authority has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The Authority manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

**b) Interest rate risk**

Interest rate risk is the risk that the Authority's financial condition may be adversely affected as a result of changes in interest rate levels. The Authority's interest rate risk arises from bank deposits. This exposes the Authority to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Authority's deposits.

**Management of interest rate risk**

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

**iv) Capital Risk Management**

The objective of the Authority's capital risk management is to safeguard the Authority's ability to continue as a going concern. The Authority capital structure comprises of the following funds:

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Retained Earnings	113,829,715	1,267,282
Capital Reserve	166,246,918	166,296,919
<b>Total Funds</b>	<b>280,076,633</b>	<b>167,564,201</b>

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**27.Related Party Disclosures**

**Nature of related party relationships**

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

**Government of Kenya**

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

**Other related parties include:**

- i) The Parent Ministry.
- ii) Key management.
- iii) Board of directors.

<b>Transactions with related parties</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs.</b>	<b>Kshs.</b>
<b>a) Purchases from related parties</b>		
Rent expenses paid to Govt agencies	27,821,084	25,650,928
<b>b) Grants from National Government</b>		
Exchequer receipts	315,000,000	315,000,000
<b>c) Key Management Compensation</b>		
Directors emoluments	20,868,477	20,611,289
Compensation to Key Management (7 in number)	27,988,467	31,402,120
<b>Total</b>	<b>391,678,028</b>	<b>392,664,337</b>

**28.Events after the Reporting Period**

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

**29.Ultimate and Holding Authority**

The Authority is a State Corporation under the Ministry of Education, State Department for Technical, Vocational Education and Training. Its ultimate parent is the Government of Kenya.

**30.Currency**

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



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**32. Appendices**

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Qualified opinion	Un-Disclosed Intangible Assets	There are pending issues which the vendor has not finalized so that certificate of completion could be issued and used as a source document in capitalizing the MIS cost. Once the pending issues are finalized, a certificate of completion will be issued and the project cost will be capitalized as per the accounting policy of intangible asset	Not Resolved	30 <sup>th</sup> September 2023
Basis for Conclusion	Failure to charge and collect fees for services rendered	The Authority has been following up with various TVET Institutions to provide students enrolment data as per Letter ( <b>Annex 2(a&amp;b)</b> ) above to enable invoicing) and has also developed strategies on collection of quality assurance fees, however there has been a challenge in enforcing collection measures since the Institutions have to vary their school fees structures to include quality assurance fees which has to be approved by the Principal Secretary, State Department for Technical, Vocational Education and Training	Not Resolved	30 <sup>th</sup> September 2023

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Conduct of Extra Board and Committee Meetings Without Approval	Extra full board meetings took place with the approval of the CS however management has noted the gaps on the extra committee meetings held and going forward will ensure that all meetings held by the Board including committee meetings are approved by the Cabinet Secretary	Not Resolved	30 <sup>th</sup> September 2023
	Failure to follow-up on Non-Compliant Institutions	The Authority has continuously taken steps to ensure institutions comply with renewal of registration by issuing notifications for those whose registration is due.	Not Resolved	30 <sup>th</sup> September 2023
	Failure to optimize on the capabilities of the Installed TVET MIS System	Management has engaged the system developer to ensure that all the modules are up and running, the engagements are under the service level agreement.	Not Resolved	30 <sup>th</sup> September 2023



.....  
 Director General

Date:

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**Appendix II: Transfers from Other Government Entities**

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specific	
State Department for TVET	22/08/2022	Recurrent	78,750,000	78,750,000					78,750,000
	15/11/2022	Recurrent	78,750,000	78,750,000					78,750,000
	31/01/2023	Recurrent	78,750,000	78,750,000					78,750,000
	06/06/2023	Recurrent	78,750,000	78,750,000					78,750,000
<b>Total</b>			<b>315,000,000</b>	<b>315,000,000</b>					<b>315,000,000</b>

**TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING AUTHORITY**  
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**Appendix III- Inter-Authority Confirmation Letter**

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

The *State Department for Technical, Vocational Education & Training* wishes to confirm the amounts *disbursed to you* as at 30 June 2023 as indicated in the table below. Please compare the amounts *disbursed to you* with the amounts *you received* and populate them in column E in the table below. Then please sign and stamp this request in the space provided and return it to us.

Reference Number	Date Disbursed	Amounts Disbursed by (State Department for Technical, Vocational Education & Training) as at 30 June 2023			Amount Received by (TVETA) as at 30 June 2023(Kshs) (E)	Differences (Kshs) (F)=(D-E)
		Recurrent (Kshs) (A)	Development (Kshs) (B)	Inter – Ministerial (Kshs) (C)		
RT222340SC1P		78,750,000	-		78,750,000	-
FT22319SLTGL		78,750,000	-		78,750,000	-
FT2303179TCJ		78,750,000	-		78,750,000	-
FT23157J4M7C		78,750,000	-		78,750,000	-
<b>Total</b>		<b><u>315,000,000</u></b>			<b><u>315,000,000</u></b>	

I confirm that the amounts shown above are correct as of the date indicated.

Head of Accounts Department

Name: Emmanuel Korir

Date: 20<sup>th</sup> July 2023



Signature

**TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING AUTHORITY**  
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**Appendix IV- Reconciliation on Budget, Accrued and actual amounts of financial statement**

Item	Revised Estimates	Actual Accrued as per Statement of Financial Performance	Prepayments b/d	Prepayments c/d	Accruals Paid in FY 2022/2023	Accruals FY 2022/2023	Actual Cash Receipt/Expenditure
	A Kshs.	B Kshs.	D Kshs.	E	F	G	
<b>Revenue</b>							<b>Kshs.</b>
<b>Non-exchange transactions</b>							
Recurrent Grants	315,000,000	315,000,000	-	-	-	-	315,000,000
Donor Support-(BILT, WSK, C/CAN & COL)	20,000,000	18,966,595	-	-	-	-	18,966,595
<b>Exchange transactions</b>							
Accreditation and Other related fees	40,000,000	159,981,698	-	-	-	129,760,879	30,220,819
<b>Total Revenue</b>	<b>375,000,000</b>	<b>513,553,099</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>129,760,879</b>	<b>364,187,414</b>
<b>Expenses</b>							
Employee cost	162,724,246	162,470,322	-	-	-	3,420,579	159,049,743
Board expenses	22,000,000	20,868,477	-	-	-	-	20,868,477
Repairs and Maintenance	8,238,500	9,625,993	-	-	-	-	9,625,993
Contracted professional Services	31,793,432	30,808,280	-	-	-	-	30,808,280
Accreditation, quality assurance and Standards	50,600,000	51,963,967	-	-	-	-	51,963,967
Administration expenses	91,261,400	91,267,974	-	-	(500,000)	500,000	91,267,974
Capital expenses	8,382,422	8,397,723	-	-	-	-	8,397,723
<b>Total Expenses</b>	<b>375,000,000</b>	<b>375,402,737</b>	<b>-</b>	<b>-</b>	<b>(500,000)</b>	<b>3,920,579</b>	<b>371,982,157</b>