REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

SIRISIA TECHNICAL AND VOCATIONAL COLLEGE

FOR THE YEAR ENDED 30 JUNE, 2021

SIRISIA TECHNICAL AND VOCATIONAL COLLEGE

SIX MONTH REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2021.

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

SIRISIA TECHNICAL AND VOCATIONAL COLLEGE.
SIX MONTH REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021.

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SIRISIA TECHNICAL AND VOCATIONAL COLLEGE.
SIX MONTH REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021.

I. KEY ENTITY INFORMATION AND MANAGEMENT

Background information

The *Institution* was incorporated/ established under the TVET Act/ *2013*. The Institute is domiciled in Kenya. The institute is under the Ministry of Education.

SIRISIA TECHNICAL & VOCATIONAL COLLEGE is located in Sirisia Sub-County of Bungoma County, along Chwele- Lwakhakha Road near Sirisia Sub-county Hospital.

The idea to start the institute was mooted by the political, religious and community leadership in 2010. This was in line with the government policy of establishing a technical training institute in every constituency. The political leadership then availed funds to purchase approximately 5.6 hectares of land. It was registered by the then Ministry of Higher Education Science and Technology (MOHEST) in July 2021. The first block which was constructed in 2020, houses the offices and lecture rooms.

The first batch of 155 students was enrolled in Technical and Business courses in eight programmes. Currently, the student population is 305 in the following programs; Building and Civil Engineering, Electrical and Electronics Engineering, Information Communication Technology and Business Management, Food and Beverage, Hairdressing and Beauty Therapy, Accountancy, Human Resource Management, Supply Chain Management and Social work and Community Development.

The number of staff stands at 25, of which 9 are teaching and are non-teaching.

Physical Assets and Infrastructure

The physical assets of Sirisia TVC comprise fixed assets such as land, buildings and movable assets including office equipment. The current premises where the Institution is situated was built in 2020 is on a 5.6 acres piece of land in Bungoma County. As the Institution grows, there will be need for additional land in the vicinity for expansion. For this reason there is need for the Institution to work very closely with the local community and local authorities to identify adequate land for future expansion. The Institution is developing a comprehensive Master Plan that will guide future development.

Enrolment and Staffing

The enrolment of the Institute has registered phenomenal growth from 100 at the time of registration to 155 in July 2021. This is expected to grow due to good- will enjoyed from the community around the institute.

The institute currently has 6 teaching staff members employed by the PSC. The staff is well qualified and up to the task.

Physical Development

As mentioned earlier there is only one block which houses offices and 8 rooms. Four rooms serve as workshops for Food and Beverage, Hairdressing and Beauty Therapy and ICT, The Institute's lack of accommodation facilities has limited the student catchment area to the immediate community of Sirisia, Bisunu, Namwela and Kimabole Locations.

Furthermore, the institute has no piped water. Sanitation facilities are inadequate for the growing student population. The physical growth is hindered by insufficient financial resources. The institute relies heavily on government grants because fees payment by students is very poor.

Funding

Sirisia TVC gets its funding from the Government through the Ministry of Education and CDF through bursaries to students. The Government funds are in the form of capitation grants and development grants.

2.5 Human Resource Requirements

Sirisia STVC recognizes the importance of human resource as the driver to the successful implementation of this strategic plan. The STVC has qualified staff to run existing programmes. However, to implement the expansion as envisaged in this strategic plan, the institution will continue to recruit qualified and competent staff in all relevant areas.

2.6 Training Programmes

The Institution has 6 academic departments to facilitate the realization of the strategic objectives spelt out in this plan. They will continue to pursue well defined academic programmes and offer certificates and diplomas in respective trades.

The following are the current departments in STVC:

- Food and Beverage(Production and Service)
- Information Communication Technology (ICT)
- Building and Civil Engineering
- Business Studies
- Electrical and Electronics Engineering

- Hair Dressing and Beauty therapy
- Agriculture

The proposed CBET courses are:

- Welding and fabrications
- Carpentry and Joinery
- Plumbing
- Solar Installation

(b)Principal Activities

Sirisia TVC draws its core function from the TVET Act 2013 where it shall offer programmers up to Diploma level.

The functions of STVC include the following:

- To teach and train in Artisan, Craft and Diploma courses examined by KNEC and other accredited Examining bodies.
- To inculcate and promote micro enterprise activities within the institute and beyond
- To in-service the community in awareness in general issues like prevention of drug and alcohol abuse, etc.
- To develop and implement curricula in response to the demands in the labor market.
- To foster cultural and religious diversity.
- To foster linkages with industry and other institutions for the promotion of quality and relevant training.
- To conduct research and promote innovations.

2.7 Vision, Mission and Motto

Vision

To be an Institution of Choice, in the Provision of Quality and Relevant Technical Skills, Vocational Education and Training in the Region and Beyond.

Mission

To Provide Quality and Relevant Technical Skills, Vocational Education and Training through Research and innovations in collaboration with Stakeholders to produce highly skilled Human Resource.

Motto

Technology for Better Life

2.8 Core Values

This strategic Plan is built upon a set of interrelated core values that are embedded in beliefs and desired behavior found within Sirisia Technical & Vocational College. The Board of governors, the management and other stake holders embrace the following core values which represent the fundamental beliefs that influence the way the institute relates and deals with its customers and clients:

- Creativity and Innovativeness
- Integrity and Honesty
- Responsiveness and Timeline
- Transparency and accountability
- Teamwork
- Equity
- Fairness
- Professionalism
- Quality

The principal activity/mission/ mandate of the entity is to …
(Under this section you may also include the entity's vision, mission, and core objectives)

(c) Key Management

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

Board of Governors.
Accounting officer/ Principal
Management

(d)Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2021 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	**Monicah Nafula Okumu**
2.	Deputy principal Finance	**Herbert Wanyoyi Musuya**
3	Registrar	**Geoffrey Juma Khisa**
4	Dean of students	**Fred Barasa Khisa**
5	Head of Finance	**Annah Nangila Wanyama**

(e)Fiduciary Oversight Arrangements

Audit and risk committee activities
The committee will be responsible for monitoring the overall risk management frame work, financial reporting processes, compliance processes, the performance of auditors and overseeing the audit program

Finance and operations committee activities
-The committee will provide the financial analysis, advice and oversight of the organizations budget. They will ensure that the organisation is operating with the financial resource that is available.

Academic committee activities

-They will oversee the academic affairs of the college and make recommendations to the principal about the academic programmes and strategic programs.

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(f)Sirisia Technical and Vocational College

Registered Office
P.O. Box 77-50200 SIRISIA (KENYA)
Sirisia Market
Along Chwele- Lwakhakha Road
E-mail: enquries@sirisiavocational@gmail.com or info@sirisiatvc.ac.ke

(g) Sirisia Technical and Vocational College Contacts

Telephone: 0722881543
E-mail: sirisiavocational@gmail or info@sirisiatvc.ac.ke
Website: www.sirisiatvc.ac.ke

(h) Sirisia Technical and Vocational College Bankers.

Kenya commercial bank
Moi Avenue
P.O. Box 380-50200
Bungoma, Kenya

(i)Independent Auditors

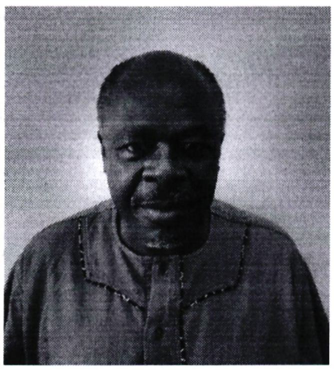
Auditor General
Office of Auditor General
Anniversary Towers, Institute Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

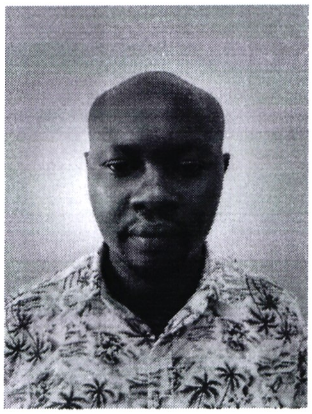
(j)Principal Legal Adviser

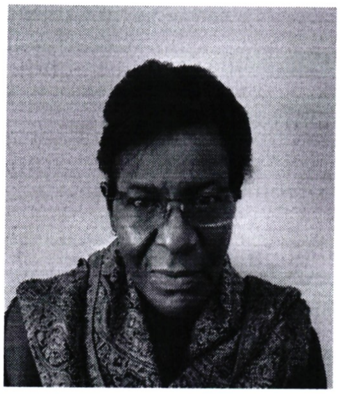
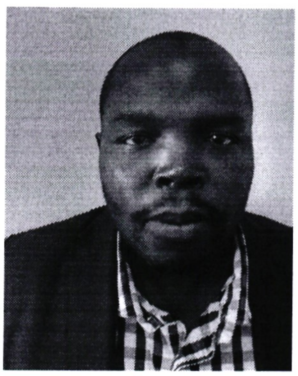
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200

Nairobi, Kenya

II. THE COUNCIL/BOARD OF GOVERNORS

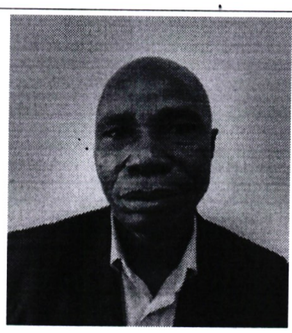
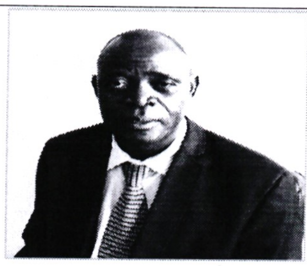
No.	Member/ Director	Details
1.		KUKUBO BARASA DOB:19/12/1952. Bed-Kenyatta university Education linguistics and African languages-university of Nairobi. Med(education communication and technology)-Kenyatta university. Med(adult education and tesol)-victoria university of Manchester, united kingdom. 1993-1995-towards.phd-language in education/applied linguistics. Work experience-34 years as university lecturer. -action for rights of children(united nation, peace missions in sierra Leone and Liberia, save the children alliance, teachers and military in northern Uganda, various police and militaries through international peace support training centre.(IPSTC) -minimum standards for education in emergencies, chronic crises and early reconstruction for unicef, international rescue committee, Norwegian refugee council, university of Nairobi, save the children alliance. Teacher education for world bank and government of south Sudan. Supervision of trainee teachers in Australia,Uganda and Kenya. Kukubo Barasa is the BOG Chairman.

2.		SHANG'ANI JOB RUTO Dob:11/11/1989 Id no:27491374 Key qualifications: Bachelor of commerce(BCOM) Human resource option second class Honors upper division. Work experience Data guard distributors ltd Nairobi. -assistant human resource officer. -administrative officer -front office executive.
3.		VINCENT WEKESA KUNNY Dob :1959 Id number:4385046 Key qualification: Bed arts-university of Nairobi. Working experience:36 years 2008-2019:Principal at ac Butonge Boys High school. 2004-2008:Principal at Mang'ana friends High school. 1994-2004: Deputy principal at ac Butonge High school.
4.		SONGOK MIRIAM JEBCHUMBA. Dob:20/2/1987 Id no:26343760 Key qualification: Bachelors of business administration (procurement, logistics and supplies management-Bugema University. Work experience:8 years 2016-2020:semi Africa(recovery officer). 2015-2016:clovers management)collection and recovery officer 2014-2015:golden marketing ltd(sales executive) May 2012-august 2012-riftvalley bottlers (procurement intern).

5.		MS INVIOLATE WACIKE SIBOE DOB:22/01/1959 ID:4541240 Key qualification: May2013-May2016 :Master of construction project management- JKUAT. MAY 2010-APRIL2012:Bachelor of philosophy in construction management-UON at the Kenya polytechnic university college. Sept 1973- Dec 1985:higher diploma in construction(stractures option).Mombasa polytechnic. 1978-1980:Diploma in Building and Civil Engineering-Kenya Polytechnic. Work experience:40years and above 2016 to present: part time trainer(railways institute; 2012-2019:Capital Works Officer (University of Nairobi).
6.		DESMOND JUMA LUSWETI DOB:1/1/1980 ID NO: 22416883. **Key qualification** 2019:Ongoing MSC –Managing innovation Edinburgh Napier university. 2015-2018:MA christians education world Bible school. 2017-2018:CISCO certified system Intergrator. Work experience:17 years CEO Of optic technologies ltd and Samcen Industrial co ltd. Desmond is the Bog member

7.		SCHOLASTICA N MASIKA D OB:11/08/1958 Id Number:0422056 **Key qualification** 2012-2015: Bachelor of business management;second class upper division-MMUST 1998-2000:Diploma in business management(Strathmore college) 1977-1978:Diploma in Secretarial studies(Christian industrial centre Kisumu). Work experience: Aug 2018 to date:Running Business and engaged in community. July 2016- july2018:Nzoia Water Service Company as Regional Commercial Manager. May 2010-july2016 :Nzoia water services CO as the Administrator. May 2005-may 2010:Nzoia Water Services CO. as Secretary to the Managing director.
		MARTHA WEKESA DOB:3/6/1966 **Key qualification** MSC$FST Work Exeperience:25YEARS Martha Wekesa Is The County Director
8.		MONICAH NAFULA OKUMU DOB:15/10/1961 Id Number: **Key qualification** Bed Arts :Kenyatta University. Work experience:36 Years Monica Okumu is the Bog Secretary

III. MANAGEMENT TEAM

No.	Member/ Director	Details
1.		MONICAH NAFULA OKUMU DOB:15/10/1961 Id Number: **Key qualification** Bed Arts: Kenyatta University. Work experience:36 Years MONICAH OKUMU IS THE PRINCIPAL
2.		HERBERT W.MUSUYA Dob:1966 Id No:7343614 Key Qualification Dip Tech Education .Higher Diploma Building Bachelor Tech Education. Work Exeperience:31years HERBERT MUSUYA IS THE DEPUTY PRICIPAL
3.		GEOFFREY JUMA KHISA Dob:12/12/1964 MBA,BED (Arts), 30years teaching experience Part time lecturer in Uon, Mmust And Kibabii Unversities. GEOFFREY JUMA IS THE REGISTRAR
4.	Manager 4	FRED KHISA BARASA Dob:23/09/1989 Id No:27148448 Key Qualification Bsc (Electrical And Electronic Engineering)-Technical University Of Mombasa. EBK Member IETT Member Work Experience :5yrs FRED KHISA IS THE DEAN OF STUDENTS

5.		ANNAH NANGILA WANYAMA DoB:14/4/1988 Id No:26180002 Key qualification Certified Public Accountant Of Kenya (CPAK) Accounting Technician Certificate (ATC) Work Exeprience:7YEARS 2013:2017-St Thaddeus Ndengelwa Sec School(Bursar) APRIL 2017-May2021:Musakasa Technical Training Institute(Accountant) June 2021:To Date:(Sirisia Tvc Finance Officer) ANNAH WANYAMA IS THE FINANCE OFFICER.

IV. CHAIRMAN'S STATEMENT

On behalf of the Sirisia Technical & Vocational College Board, I am pleased to present the Annual Report for the 2020/2021 financial year. It was a productive financial year and I have enjoyed being part of the dynamic team at Sirisia Technical & Vocational College. The education sector is currently facing reforms with the focus area being quality over quantity as the strategic driving force to the Ministry of Education.

Sirisia Technical & Vocational College remains committed to all its stakeholders in executing its mandate as outlined in the 2021-2026 strategic Plan whose overall theme is to achieve Global excellence in Technical Training Institute Education. The Technical & Vocational College is mandated to execute the various strategic directions as set out in the Plan, marking its third year of execution.

During FY 2020/2021, Sirisia Technical & Vocational College received a good number of students reporting to the Institute enhancing its viability and future growth.

Training Programmes

The Institution has 6 academic departments to facilitate the realization of the strategic objectives spelt out in this plan. They will continue to pursue well defined academic programmes and offer certificates and diplomas in respective trades.
The following are the current departments in STVC:

- Food and Beverage(Production and Service)
- Information Communication Technology (ICT)
- Building and Civil Engineering
- Business Studies
- Electrical and Electronics Engineering
- Hair Dressing and Beauty therapy
- Agriculture

The proposed CBET courses are:

- Welding and fabrications

- Carpentry and Joinery
- Plumbing
- Solar Installation

Financial Performance

In the financial year that ended June 2021 Sirisia Technical & Vocational College recorded a better financial performance. This attributed to stringent financial management measures. We recorded a good increase in student enrolment as from 285-307 thus 27% increase as at 30th June 2021.

To improve the Institute's infrastructure and enhance students' experience an ongoing building (Tuition/Administration block .) was completed to provide more space to students and staff..

As I conclude, I would like to extend my sincere gratitude to Sirisia Technical & Vocational College Board, our Principal and his entire Management Board, our staff members, students, partners and donors, for their commitment and collaboration towards the Technical & Vocational College. I am optimistic that the Technical Training Institute is headed to a prosperous future that can only bode well for this great Institution.

Thank you

Kukubo Barasa

Chairman of Board

V. REPORT OF THE PRINCIPAL

Dear stakeholders,the college started on 6/01/2020 with a student population of 285, with one PSC trainer as the Principal Madam Monica Okumu and 10 BOG employed trainers with the following departments:-

1. Food & Beverage
2. Hair Dressing And Beauty Therapy
3. Building and Civil Engineering Department.
4. Electrical Engineering Department.
5. General Agriculture Department
6. Business Department

The college had received training equipment under the Avic China support through State Department of Technical and Vocational in: - Food and Beverage and Hair Dressing and Beauty Therapy.

The Board of Governors was inaugurated on 2021. Currently the college has a student population of 155 students and 7 trainers under PSC and 13 Trainers employed by BOG.

CHALLENGES

i. We have inadequate training tools and Equipment in Building and Electrical Departments.
ii. There is inadequate and unreliable supply of water.
iii. Inadequate number of workshops, classrooms etc.
iv. At the beginning doors were not opened by the contractor so learning was taking place under trees and some corridors due to incomplete payment by the Ministry.
v. We have no Gate and Fencing which was supposed to be undertaken by the CDF for Bungoma West Sub-County.

ACHIEVEMENTS

i. The college has been accredited by TVETA to 20 different courses at Diploma, Craft and Artisan Levels. The student's population has increased from the initial 285 students to 307 students presently.
ii. We purchased and installed a 10,000 litre water tank for harvesting rain water to be used by students.
iii. We managed to purchase assorted of tools Plumbing, Electrical and Masonry Sections.
iv. We have the potential for growth as we have been receiving enquiries Admission into our various courses.

Our collective effort will make us and our actions will help actualize this dream of a Technical & Vocational Training in serving society and the world. I wish to convey my gratitude to all staff, both academic and administrative and the students who together, are lending to form our collective dream. Together we shall deliver.

Thank you

Mr.Herbert Musuya
Principal/ Board Secretary

VI. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives.
SIRISIA TVC has *6* strategic pillars /issues/ themes and objectives within current Strategic Plan for the FY 2020- FY 2021. These strategic pillars are as follows:

STRATEGIC PILLARS

i. To provide quality, relevant, technical skills, vocational education and training.
ii. To acquire competent and adequate staffing levels.
iii. To establish an effective and efficient performance management system.
iv. To establish relevant and quality community and industry linkages.
v. To institutionalize and implement an efficient service delivery system.
vi. To build and improve adequate infrastructural capacity.

Key Result Areas	Strategic Objective	Key Performance Indicators	Activities	Achievements
1. To provide quality, relevant, technical skills, vocational education and training.	Initiate market-driven and relevant training programs			
	Develop an internal quality assurance system			
	Develop partnership and exchange programs			
	Provide adequate training materials			
	To initiate courses that enhances the implementation of the Big 4 Agenda.			
2.To build a sustainable institutional capacity	Develop strategic and operational plans			
	Diversify sources of income and funding			
	Develop and implement study and work environment policy			
3.To establish and improve adequate infrastructural capability	Develop and implement infrastructural development plan			
	Acquire modern and relevant training equipment			

Key Result Areas	Strategic Objective	Key Performance Indicators	Activities	Achievements
	Develop and implement maintenance policy for infrastructural facilities			
	Construct two sanitary blocks			
4.To acquire competent and adequate staffing levels	Establish and implement an effective performance management system			
5. To establish an effective and efficient performance management system.	Develop and document customer service standards			
	Establish and implement relevant and appropriate management information systems			
	Establish and implement a risk and disaster management policy			
6.To develop and extend quality and relevant community outreach services and programs	Participate in public fora and exhibitions			
	Develop and implement a community outreach policy			
	Create brand identity and public relations system			

NOTE: IN FY 2020/2021-PERFORMANCE CONTRACT WAS NOT IN PLACE.

VII. CORPORATE GOVERNANCE STATEMENT

Sirisia TVC is governed by the Board of Governors. The Board provides strategic direction, exercises control and remains accountable through effective leadership, enterprise, integrity and good judgment. It is diverse in its composition, independent but flexible, pragmatic, objective and focused on balanced and sustainable performance of the Institute.

Appointment of Board Members

i. Every appointment is by name and by notice in the Kenya Gazette but ceases if the Council member:
   a) Serves the appointing authority with a written notice of resignation; or
   b) Is absent, without the permission of the Chairperson, from the three consecutive meetings; or
   c) Is convicted of an offence and sentenced to imprisonment for a term exceeding six months or to a fine exceeding twenty thousand shillings; or
   d) Is incapacitated by prolonged physical or mental illness from performing his duties as a member of the Council; or
   e) Conducts himself in a manner deemed by the appointing authority to be inconsistent with membership of the Council.

ii. Any removal of a Board member under (i) above, shall be through formal revocation.

Ethics and Conduct

The Board adheres to the Code of Conduct and Ethics for State Corporations (SCs) which focuses on ethical conduct and integrity at the workplace. It defines the Board's commitment to the highest standards of behaviour so as to contribute to the achievement of the national development goals. The Code sets out expectations for individual behaviour necessary to meet these standards and includes requirements and guidance to help carry out their roles with integrity and in compliance with the law. By exemplifying the ethical behaviours and corporate values described in the Code, the Board is expected to uphold Article10 of the Constitution of Kenya, 2010 on National Values and Principles of Governance and Chapter 6 on Leadership and Integrity.

Conflict of Interest Policy & Disclosures

A conflict of interest may arise where a Board member or close family member such as a spouse, child, parent or sibling has private interests that could improperly influence the performance of the Board member's official duties and responsibilities. Conflict may also arise where a Board member uses their office for personal gain.

Board members are required to avoid conflict of interest and deal at arm's-length in any matter that relates to the organization. However, a Board member who identifies an area of conflict shall be required to disclose any actual or potential conflict of interest to the Board. In soreporting, the Board member is required to provide all relevant information, including information which relates to their immediate family members by blood or marriage which is related to the area of conflict. When declared, the Board member shall abstain from decisions where the conflict exists.

The Secretary keeps a record of conflicts of interest declared, for accountability purposes, and as a rule of good practice on appointment and on regular intervals or at any time when circumstances change, all members shall in good faith disclose to the Board for recording, any other business or interest likely to create a potential conflict of interest.

Board Remuneration

Board members are remunerated for their services in accordance with State Corporations Act provisions and/or guidance from the State Corporations Advisory Committee. In line with best practice, the remuneration includes Honoraria for the Chair of Board and allowances for all members on attendance of Board meetings.

Board Induction and Training

When new Board members are appointed, the Institute organizes for induction in order to familiarize themselves with their responsibilities as Members of Board, general principles of corporate governance and Council practices. The induction programme provides the Board members with an orientation of the organization, strategic plans, financial status and policies, risk management, compliance programmes and the Code of Conduct and Ethics. The current Council members were inducted in the year under review.

Board Responsibilities

Board of Governors, during the inauguration on 1/02/2021, was sensitized on their roles and responsibilities according to the TVET Act which were.

a) Overseeing the conduct of education and training in the Institute in accordance with the provisions of TVET Act 2013 and any other written law.
b) Promoting and maintaining standards, quality and relevance in education and training in the Institute in accordance with the TVET Act 2013 and any other written law.
c) Administering and managing the property of the Institute
d) Developing and implementing the Institute's Strategic Plan – *STVC Strategic Plan 2021 – 2026 was developed by the Board.*
e) Preparing annual estimates of revenue and expenditure for the Institute and incurring expenditure on behalf of the Institute
f) Receiving, on behalf of the Institute, fees, grants, subscriptions, donations, bequests or other moneys and to make disbursement to the institution or other bodies or persons.
g) Determining the fees payable and prescribing conditions under which fees may be remitted in part or in whole in accordance with the guidelines developed under the provisions of TVET Act 2013
h) Mobilizing resources for the Institute

i) Developing and reviewing programmes for training and to make recommendation to TVETA – *the Board is in the process of launching CBET Curriculums*
j) Regulating the admission and exclusion of students from the Institute, subject to a qualifications framework and the provisions of TVET Act 2013
k) Approving collaboration or association with other institutions and industries in and outside Kenya subject to prior approval by the Ministry.
l) Recruiting and appointing trainers from among qualified professionals and practicing trades persons in relevant sectors of industry
m) Determining suitable terms and conditions of service for support staff, trainers and instructors and remunerating the staff of the Institute in consultation with the Authority
n) Making regulations governing organization, conduct and discipline of the staff and students
o) Preparing comprehensive annual reports on all areas of their mandate, including education and training services and submit the same to the Board.
p) Providing for the welfare of the students and staff of the Institute
Encouraging, nurturing and promoting democratic culture, dialogue and tolerance in the Institute
r) Discharging all other functions conferred upon it by TVET Act 2013 or any other written law

The meeting attendance of the Board members during the Full Board meeting is shown below:

S/No	Name	Quarter 1	Quarter 2	Quarter 3	Quarter 4
1.	KUKUBO BARASA			✓	✓
2.	SHANG'ANI RUTO			✓	✓
3.	MIRIAM SONGOK			✓	✓
4.	INVILATE SIBOE			✓	✓
5.	VINCENT KUNNY			✓	✓
6.	SCHOLASTICA MASIKA			✓	✓
7.	MARTHA WEKESA			✓	✓
8.	MONICAH OKUMU			✓	✓

VIII. MANAGEMENT DISCUSSION AND ANALYSIS

The Institute operational and Financial Performance.

Generally, the Institute operated at a net surplus of Kshs.2,356,257 during the financial year. This was majorly due to the factors below;

- Reduction on expenditure as a result of COVID-19.
- Increase in students' population.

This is an indication that the polytechnic is growing well and the going concern is guaranteed.

Compliance with Statutory Requirements

By the end of the year, the Sirisia TVC had paid all its statutory requirements in terms of NSSF, NHIF, PAYE payable to KRA. The Institute is operating under legal frame works necessary under public sector requirement such as;

- The Constitution of Kenya, 2010
- TVET Act, 2013
- PFM Act, 2012
- Procurement and Assets Disposal act, 2015
- IPSAS standards.
- All other relevant laws in its operation(regular circulars from treasury and ministry of education)

Key Projects the Institute Implemented

The Institute has the following projects:

i) Tuition Block (WIP)

The project is expected to promote practical learning and research in the Institute. The project will be sustainable since it will be used to promote research, innovation and entrepreneurship. This will contribute to reduction of poverty in the society. This project is financed by Government of Kenya through the Mentor institution (KISIWA T.T.I). The contract sum of the project was Ksh 55911022

Major risks the Institute is facing;

Operational Risks

The Institute faces competition for resources including; students, staff and financial resources.

The Institute's financial assets are trade receivables as well as cash and short-term deposits which arise directly from its operations. The Institute has financial liabilities comprising trade and other payables which are all current. The management has ensured timely payment to suppliers and other service providers, hence no historic debt.

The Institute has exposure to the following risks:

i) Liquidity risks

ii) Credit risks

The Council has overall responsibility for the establishment and oversight of the Institute's risk management framework.

Liquidity Risk

Liquidity risk is the risk that the Institute will not be able to meet its financial obligations as they fall due. The Institute's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Institute's reputation.

Credit Risk

Credit risk is the risk of financial loss to the Polytechnic if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the organization's receivables from customers. The Institute receives fees from students as well as capitation from the Government which minimizes the credit risk exposure.

Material Arrears and Financial Obligations

The Institute had substantial fees arrears totalling to Ksh.5, 020,080 which had not been received by the year end.

IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Sirisia Technical and Vocational College exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a highlight of strategies and activities that promote the organisation's strategic objectives.

Sustainability strategy and profile

The BOG will provide the overall policy directions and guidelines, sanctioning, authorization as well as resource allocation for the realization of planned objectives. The BOG will also cause the undertaking of mid-term Strategic Plan review and realignment as appropriate. The Principal will guide the creation and implementation of the balanced scorecard that has been adopted as the main Strategic Plan implementation and performance measurement tool. The Principal will also cause periodic strategy and performance audits and reviews to be undertaken in order to keep the Plan synchronized with emerging needs.

Environmental performance

Just as important, the frugal use of resources will be an integral part of resource utilization and management. The Institution is committed to optimal resource utilization including human resource allocation and management. It is expected that for the envisaged comprehensive performance management to be developed and implemented, the output will be measurable and manpower productivity will be enhanced and sustained. Financial resources will be used according to plans and accounts reported in line with the government guidelines.

Employee welfare

Human Resource is critical to the successful implementation of this strategic plan. This will require the development of human resource strategy that targets sourcing (recruitment and selection), performance management system, reward management, training and development as well as the provision of personnel welfare services.

The Human Resources projection is estimated to grow at a rate of 10% per annum. The strategic Human Resources approach will also focus on satisfying the intellectual capital requirements of STVC. Human Resource Management will be concerned with developing resource capability and achieving "strategic fit" by building on and providing a unifying framework for human resource management through a "best fit" and "best practice" approach for strategic integration.

X. REPORT OF THE COUNCIL/BOARD OF GOVERNORS

The Board submits the report together with the financial statements for the year ended June 30, 2021 which shows the state of Sirisia TVC'S affairs.

Principal activities

The principal activities of the Sirisia TVC continues to be provision of training to artisans, craftswomen and men, technicians, technologists, businesswomen and men at artisan, craft and diploma certificate levels.

Results

The results of the entity for the year ended June 30 2021 are set out from page 1

BOARDOF GOVERNORS

The members of the Board who served during the year are shown on page vii

Auditors

The Auditor General is responsible for the statutory audit of Sirisia TVC in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 were nominated by the Auditor General to carry out the audit of the Institution for the year ended June 30, 2021 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board
Hmusuya
Herbert Musuya.
Principal / B.O.G Secretary
Bungoma
Date……….

PRINCIPAL
SIRISIA TECHNICAL AND VOCATIONAL COLLEGE
23 AUG 2022
P.O. Box 77-50208, SIRISIA

XI. STATEMENT OF BOARD OF GOVERNORS MEMBERS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and (*section 14 of the State Corporations Act, and section 29 of schedule 2 of the Technical and Vocational Education and Training Act,2013 - (entities should quote the applicable legislation under which they are regulated)*) require the board members to prepare financial statements in respect of that Institution which give a true and fair view of the state of affairs of Sirisia Tvc at the end of the financial year/period and the operating results of the Institution for that year/period. The board members are also required to ensure that Sirisia Tvc keeps proper accounting records which disclose with reasonable accuracy the financial position of the Institution. The board members are also responsible for safeguarding the assets of Sirisia Tvc.

The board members are responsible for the preparation and presentation of Sirisia Tvc's financial statements, which give a true and fair view of the state of affairs of the Institute for and as at the end of the financial year (period) ended on June 30, 2019. 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 Institution; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The board members accept responsibility for Sirisia Tvc'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, and the TVET Act*) – *entities should quote applicable legislation as indicated under)*. The board members are of the opinion that Sirisia Tvc's financial statements give a true and fair view of the state of the Institution's transactions during the financial year ended June 30, 2021, and of the Institution's financial position as at that date. The board members further confirm the completeness of the accounting records maintained for the Institution, which have been relied upon in the preparation of the Institution's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the board members to indicate that Sirisia Tvc will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

Sirisia Tvc's financial statements were approved by the Board on 10th September 2021 and signed on its behalf by

Name Kukubo BARASA

Signature............................

Chairperson of the Board/Council

Name Herbert W. Musuya

Signature............................

Accounting Officer/Principal

REPUBLIC OF KENYA

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

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON SIRISIA TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.

B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for intended purpose.

C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal 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 Sirisia Technical and Vocational College set out on pages 1 to 34, which comprise of the statement of financial position as at 30 June, 2021, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, 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 Sirisia Technical and Vocational College as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs.1,433,159 as disclosed in Note 15 to the financial statements. The amount includes cash in hand balance of Kshs.158,904. However, the board of survey certificate to support the balance was not provided for audit review.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.1,433,159 could not be confirmed.

2. Lack of Ownership Documents

The statement of financial position reflects a balance of Kshs.81,619,518 under property, plant and equipment as disclosed in Note 19 to the financial statements. Included in the amount is a balance of Kshs.5,600,000 relating to value of the College's land whose ownership documents were not provided for audit. Further, Management did not maintain an assets register to account for its various classes of assets.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.81,619,518 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Sirisia Technical and Vocational College Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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.

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.12,670,000 and Kshs.10,752,365 respectively resulting to an under-funding of Kshs.1,917,635 or 15% of the budget. Similarly, the College expended Kshs.6,303,905 against an approved budget of Kshs.12,670,000 resulting to an under-expenditure of Kshs.6,366,095 or 50% of the budget.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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 governance were not effective.

Basis for Conclusion

1. Lack of Information Technology (IT) and Service Continuity Plan

During the year, Management had not put in place an Information Technology (IT) policy, a disaster recovery, Service Continuity plan and an off-site back up storage facility.

In the circumstances, Management lacks a blue print for identifying, preventing and mitigating against disaster to ensure operations are uninterrupted in case of disaster.

2. Lack of Internal Audit Function and Audit Committee

The College has not established an internal audit function and an Audit Committee. This is contrary to Section 155 of the Public Finance Management Act, 2012 which provides for the establishment of the internal audit function and an Audit Committee of the College. As such the College did not benefit from the assurance and advisory services from the internal audit function as well as oversight from the Audit Committee.

In the circumstances, effectiveness of internal controls 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 control, risk management and 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 those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (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 control, risk management and overall governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal 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 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 College 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 College to express an opinion on the financial statements.

- Perform such other procedures as I consider necessary in the circumstances.

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

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

CPA Nancy Gathungu, CBS
<u>AUDITOR-GENERAL</u>

Nairobi

23 September, 2022

XII. STATEMENT OF FINANCIAL PERFORMANC FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2020/2021 Kshs	2019/2020 Kshs
Revenue from non-exchange transactions			
Transfers from the National Government – grants/ gifts in kind	6	6,650,000	
Total Revenue from non-exchange transactions		**6,650,000**	
Revenue from exchange transactions			
Rendering of services- Fees from students	7	4,095,100	
Sale of goods	8	7,265	
Revenue from exchange transactions		**4,102,365**	
Total revenue		**10,752,365**	
Expenses			
Use of goods and services	9	1,454,497	
Employee costs	10	1,117,680	
Remuneration of directors	11	370,000	
Depreciation and amortization expense	12	2,092,204	
Repairs and maintenance	13	35,299	
General expenses	14	1,234,225	
Total expenses		**6,303,905**	
Net Surplus for the year		**4,448,460**	

The notes set out on pages 19 to 26 form an integral part of the Annual Financial Statements.

SIRISIA TECHNICAL AND VOCATIONAL COLLEGE.
SIX MONTH REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021.

STATEMENT OF FINANCIAL POSITION AS AT JUNE2021

	Notes	2020/2021 Kshs	2019/2020 Kshs
Assets			
Current assets			
Cash and cash equivalents	15	1,433,159	
Receivables from exchange transactions	16	5,020,080	
Receivables from non-exchange transactions	17	1,895,000	
Inventories	18	119,591	
Total Current Assets		**8,467,830**	
Non-current assets			
Property, plant and equipment	19	81,619,518	
Total Non-current Assets		**81,619,518**	
Total assets		**90,087,348**	
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	20	1,649,810	
Payments received in advance	21	277,356	
Total Current Liabilities		**1,927,166**	
Non-current liabilities			
Total Non-current liabilities		-	-
Total liabilities		**1,927,166**	
Capital and Reserves			
Reserves		83,711,722	
Accumulated surplus		4,448,460	
Capital Fund		-	-
Total Capital and Reserves		**88,160,182**	
Total Liabilities and Capital & Reserves		**90,087,348**	

The Financial Statements set out on pages xx to xx were signed on behalf of the Institute Council/ Board of Governors by:

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Chairman of Council/Board of Governors | **Finance Officer** ICPAK No 26033 | **Principal**

Date 25/8/2022 | Date 22/8/2022 | Date....................

XIII. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2021

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/ Development Grants/Fund	Total
Balance b/f at July 1, 2019					-
Revaluation gain	-				-
Fair value adjustment on quoted investments					-
Total comprehensive income					-
Balance c/d as at June 30, 2020	**83,711,722**	-	-	-	**83,711,722**
Balance b/f as at July 1, 2020	**83,711,722**	-	-	-	**83,711,722**
Revaluation gain					-
Total comprehensive income			4,448,460		**4,448,460**
Balance c/d as at June 30, 2021	**83,711,722**	-	**4,448,460**	-	**88,160,182**

XIV. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Note	2020/2021 Kshs	2019/2020 Kshs
Cash flows from operating activities			
Receipts			
Transfers from other Government entities/Govt. grants		4,755,000	-
Rendering of services- Fees from students		880,545	-
Sale of goods	8	7,265	-
Total Receipts		**5,642,810**	-
Payments			
Use of goods and services	9	1,454,497	-
Directors Remuneration	11	370,000	-
Compensation of employees	10	1,117,680	-
Repair & Maintenance	13	35,299	-
General Expense	14	1,234,225	-
Total Payments		**4,211,701**	-
Net cash flows from operating activities		**1,431,109**	-
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		-	-
Proceeds from sale of property, plant and Equipment			
Decrease/Increase in non-current receivables			
Net cash flows used in investing activities			-
Cash flows from financing activities			
Proceeds from borrowings			
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		**1,431,109**	-
Cash and cash equivalents at jan 2021		2,050	-
Cash and cash equivalents at 30 June 2021	15	**1,433,159**	-

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

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilisation Difference
	2020-2021	**2020-2021**	**2020-2021**	**2020-2021**	**2020-2021**	**2020-2021**
Revenue	**Kshs**	**Kshs**	**Kshs**	**Kshs**	**Kshs**	**%**
Transfers from other Govt entities Govt grants	7,500,000	-	7,500,000	6,650,000	850,000	11%
Public contributions and donations	20,000	-	20,000	-	20,000	100%
Rendering of services- Fees from students	5,000,000	-	5,000,000	4,095,100	904,900	18%
Sale of goods	100,000		100,000	7,265	92,735	93%
Finance Income	-	-	-	-	-	0%
Other Income	50,000	-	50,000	-	50,000	100%
Gains on disposal, rental income and agency fees	-	-	-	-	-	0%
Total income	**12,670,000**	**-**	**12,670,000**	**10,752,365**	**1,917,635**	
Expenses						
Compensation of employees	2,500,000	-	2,500,000	1,117,680	1,382,320	55%
Use of Goods and services	2,000,000	-	2,000,000	1,454,497	545,503	27%
Repairs & Maintenaces	50,000	-	50,000	35,299	14,701	29%
General Expenses	2,500,000	-	2,500,000	1,234,225	1,265,775	51%
Remuneration of directors	620,000	-	620,000	370,000	250,000	40%
Depreciation & amortization Expenses	5,000,000	-	5,000,000	2,092,204	2,907,796	58%
Total expenditure	**12,670,000**	**-**	**12,670,000**	**6,303,905**	**6,366,095**	50%
Surplus for the period	-	-	-	**4,448,460**	**-4,448,460**	0

Budget notes

i) **Compensation of employees**
Due to covid 19, there was no much recruitment hence the underutilization.

ii) **Use of goods and services**
Due to covid 19, various activities were not done hence less expenses on line items.

iii) **Repairs & Maintenances**
The institute is still young and most buildings are new and hence no much costs were incurred on maintenance.

iv) **General Expenses**
Due to covid 19, various activities were not done hence less expenses on line items

v) **Remuneration of directors**
Due to covid 19 much of the activities were not done

vi) **Depreciation & amortization Expenses**
Depreciation was the actual costs that could have been incurred hence the variance.

XVI. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

xxx entity is established by and derives its authority and accountability from TVET Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is xxx.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. 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 *entity'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 xx

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *entity*.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the TVET Act, *(include any other applicable legislation),* and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. ADOPTION OF NEW AND REVISED STANDARDS

Standard	Impact
Other Improvements to IPSAS	**Applicable: 1st January 2021:** a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks. b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved. **c)** IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets. d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.
Other Improvements to IPSAS	**Applicable: 1st January 2021:** e) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks. f) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time

	Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved. **g)** IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets. h) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2021.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

ii. **New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021.**

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	**Applicable: 1st January 2023:** 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 entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: •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; •Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and •Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	**Applicable: 1st January 2023** The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess: (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those

	social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	**Applicable: 1st January 2023:** a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.

Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2021.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

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 entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

ii) Revenue from exchange transactions

Rendering of services

The entity 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.

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 entity.

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the entity's right to receive payments is established.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions (continued)

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

b) Budget information

The original budget for FY 2020/2021 was approved by the Council or Board on ***08/2/2020.*** 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 entity upon receiving the respective approvals in order to conclude the final budget.

The entity'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 section ***xxx*** of these financial statements.

c) Taxes

Current income tax
The entity is exempt from paying taxes as per schedule ***xxx*** of the ***xxx*** Act.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Taxes (continued)

Sales tax/ Value Added Tax

Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.
Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of ***xxx*** years.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

e) 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 entity 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. 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 Entity 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 Entity 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 Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g) Intangible assets

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

h) Research and development costs

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

- ➢ The technical feasibility of completing the asset so that the asset will be available for use or sale
- ➢ Its intention to complete and its ability to use or sell the asset
- ➢ How the asset will generate future economic benefits or service potential
- ➢ The availability of resources to complete the asset
- ➢ 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Financial instruments (Continued)

Financial assets (Continued)
Impairment of financial assets (Continued)

- The debtors or a entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.
All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

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
- 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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Inventories (Continued)

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 Entity.

j) Provisions

Provisions are recognized when the Entity 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.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

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

Contingent assets

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Nature and purpose of reserves

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

j) Changes in accounting policies and estimates

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

k) Employee benefits

Retirement benefit plans

The Entity provides retirement benefits for its employees and directors. 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.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

l) 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.

m) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Related parties

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO/principal and senior managers.

l) Service concession arrangements

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

m) 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.

n) Comparative figures

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

o) 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, 2021.

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Entity'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.

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx.

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. (a)TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2020-2021 kshs	2019-2020 kshs
Unconditional grants		
Operational grant	**2,000,000**	-
Conditional grants		
Capitation grant	**4,650,000**	-
Total Government grants and subsidies	**6,650,000**	-

2. RENDERING OF SERVICES

Description	2020-2021 kshs	2019-2020 kshs
Tuition fees	1,379,500	
Activity fees	344,100	
Adm cost	77,500	
Personal Emoluments	697,500	
Electricity, Water & Conservancy	372,000	
LT& T	465,000	
RMI	232,500	
Library	31,000	
Student union	31,000	
Attachment fees	465,000	
Total Rendering of Services	**4,095,100**	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. SALE OF GOODS

Description	2020-2021 kshs	2019-2020 kshs
Sale of books		
catering	-	
Sale of farm produce	7,265	
Total Sale of goods	**7,265**	

2. USE OF GOODS AND SERVICES

Description	2020-2021 kshs	2019-2020 kshs
EWC	33,550	
Tuition	1,401,747	
Activity	19,200	
Total good and services	**1,454,497**	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. EMPLOYEE COSTS

Description	2020-2021 kshs	2019-2020 kshs
Salaries and wages	1,117,680	
Overtime payments		
Performance and other bonuses		
Social contributions		
Total Employee costs	**1,117,680**	-

2. REMUNERATION OF DIRECTORS

Description	2020-2021 kshs	2019-2020 kshs
Chairman's Honoraria	46,000	
Directors emoluments	324,000	
Other allowances		
Total director emoluments	**370,000**	

3. DEPRECIATION AND AMORTIZATION EXPENSE

Description	2020-2021 kshs	2019-2020 kshs
Property, plant and equipment	2,092,204	
Intangible assets		
Investment property carried at cost		
Total depreciation and amortization	**2,092,204**	-

4. REPAIRS AND MAINTENANCE

Description	2020-2021 kshs	2019-2020 kshs
RMI	35,299	
Investment property – earning rentals		
Equipment and machinery		
Vehicles		
Total Repairs and Maintemance	**35,299**	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. GENERAL EXPENSES

Description	2020-2021 kshs	2019-2020 kshs
Advertising	-	
Bank Charges	2,880	
Ltt	546,320	
Helb Refund	-	
Adm Cost	685,025	
Total general expenses	**1,234,225**	

7. CASH AND CASH EQUIVALENTS

Description	2020-2021 kshs	2019-2020 kshs
Current account	1,274,255	
Cash in hand	158,904	
Mpesa	-	
Fixed deposits account		
Staff car loan/ mortgage		
Others(specify)		
Total cash and cash equivalents	**1,433,159**	

15 (a). DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

Financial institution	Account number	2020-2021 KShs	2020-2021 KShs
a) **Current account**			
Kenya Commercial bank	1821480851	1,274,255	-
b) Others(specify)			
Cash in transit		-	-
cash in hand		158,904	-
Mobile Money account		-	-
Sub- total			
Grand total		**1,433,159**	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2020-2021 kshs	2019-2020 kshs
Current receivables		
Student debtors accrued in the year 2019/2020 0nly	3,176,805	
Student debtors b/f as from 2019/2020	1,805,525	
Staff debtors	37,750	
Consultancy debtors		
Other exchange debtors		
Less: impairment allowance		
Total current receivables	**5,020,080**	
Non-current receivables		
Refundable deposits		
Advances to staff		
Public organizations	-	
Less: impairment allowance	-	
Total non-current receivables	-	
Total receivables	**5,020,080**	-

2. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Description	2020-2021 kshs	2019-2020 kshs
Current receivables		
Transfers from other govt. entities	1,895,000	
Undisbursed donor funds		
Other debtors (non-exchange transactions)		
Less: impairment allowance		
Total current receivables	**1,895,000**	

8. INVENTORIES

Description	2020-2021 kshs	2019-2020 kshs
Consumable stores	119,591	
Electrical stores	-	
Total Inventories	**119,591**	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	library books	Plant and equipment	Capital Work in progress	Total
Cost	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 1July 2020	**5,600,000**	**55,911,022**	-	**2,629,400**	**1,397,500**	-	**18,173,800**		**83,711,722**
Additions									-
Disposals									
Transfers/adjustments									-
At 30th June 2021	**5,600,000**	**55,911,022**	-	**2,629,400**	**1,397,500**	-	**18,173,800**	-	**83,711,722**
Depreciation and impairment									-
At 1July 2020	-	-	-	-	-	-	-	-	-
Depreciation	-	559,110	-	164,338	232,893	-	1,135,863	-	**2,092,204**
Disposals	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-	-
At 30th June 2021	-	**559,110**	-	**164,338**	**232,893**	-	**1,135,863**	-	**2,092,204**
Net book values									-
At 30th June 2021	**5,600,000**	**55,351,912**	-	**2,465,063**	**1,164,607**	-	**17,037,938**	-	**81,619,518**
At 30th June 2020	**5,600,000**	**55,911,022**	-	**2,629,400**	**1,397,500**	-	**18,173,800**	-	**83,711,722**

Note: The depreciation charge is for half a year.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

[redacted]		
Trade payables	1,649,810	
Fees paid in advance		
Third party payments(Contractors Retention)	-	
Other payables		
Total trade and other payables	**1,649,810**	

2. REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS

[redacted]		
Student Fees	277,356	
Others		
	277,356	

3. FINANCIAL RISK MANAGEMENT

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The company'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 company 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 entity's financial risk management objectives and policies are detailed below:

(i) Credit risk

The entity 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 and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 20xx				
Receivables from exchange transactions	-	-	-	-
Receivables from non exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
At 30 June 2021				
Receivables from exchange transactions	5,020,080	5,020,080	-	-
Receivables from non exchange transactions	1,895,000	1,895,000	-	-
Bank balances	1,433,159	1,433,159	-	-
Total	**8,348,239**	**8,348,239**	-	-

27. FINANCIAL RISK MANAGEMENT (Continued)

(i) Credit risk (continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The entity has significant concentration of credit risk on amounts due from xxxx

The board of directors sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the entity's directors, who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements.

The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the company under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk

The entity has put in place an internal audit function to assist it in assessing the risk faced by the entity 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 entity'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 entity'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 implementation of those policies.

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

The entity 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 carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

The entity manages foreign exchange risk form future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

44. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk (Continued)

a) Foreign currency risk (Continued)

Foreign currency sensitivity analysis

The following table demonstrates the effect on the company's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

b) Interest rate risk

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

44 FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk (Continued)

b) Interest rate risk(continued)

Sensitivity analysis

The entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs xxx (2016: KShs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs xxx (2020 – KShs xxx)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

iv) Capital Risk Management

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

	2020-2021 Kshs	2019-2020 Kshs
Revaluation reserve	-	-
Retained earnings	4,448,460	-
Capital reserve	83,711,722	-
Total funds	**88,160,182**	-
Total borrowings	-	-
Less: cash and bank balances	- 1,433,159	-
Net debt/(excess cash and cash equivalents)	1,433,159	
Gearing	0%	0%

9. RELATED PARTY BALANCES

Nature of related party relationships

Entities and other parties related to the entity 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 *entity*, holding 100% of the *entity's* equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external. Other related parties include:

i) The National Government;
ii) The Parent Ministry;
iii) Key management;
iv) Board of directors;

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. CAPITAL COMMITMENTS

Capital commitments	2020-2021 Kshs	2019-2020 Kshs
Authorised for	-	-
Authorised and contracted for	55,911,022	-
Total	**55,911,022**	-

2. EVENTS AFTER THE REPORTING PERIOD

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

3. ULTIMATE AND HOLDING ENTITY

The entity is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of xxx. Its ultimate parent is the Government of Kenya.

4. CURRENCY

The financial statements are presented in Kenya Shillings (Kshs).

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR 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)

Note: This is the first year the entity is preparing its financial report and statements.

Guidance Notes:

(i) Use the same reference numbers as contained in the external audit report;

(ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;

(iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;

(iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

Accounting Officer

Name: Herbert Musuya
PRINCIPAL/BOG SECRETARY.

PRINCIPAL
SIRISIA ... VOCATIONAL COLLEGE
22 AUG 2022
P.O. Box 77-50208, SIRISIA

Signature
Date.

APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

Projects implemented by the State Corporation/ SAGA Funded by development partners

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1						
2						

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1							
2							
3							

APPENDIX III: INTER-ENTITY TRANSFERS

	[redacted]			
	Break down of Transfers from the State Department of Ministry Of Education			
	FY 2020/2021			
a.	Recurrent Grants			
		Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
		21/1/2021	500000	2020/2021
		5/2/2021	500000	2020/2021
		23/4/202	500000	2020/2021
		Total	**1500000**	
b.	Capitation Grants			
		Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
		21/1/2021	1162500	2020/2021
		5/2/2021	1162500	2020/2021
		23/4/2021	930000	2020/2021
		Total	**3255000**	
c.	Direct Payments			
		Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
			-	
			-	
			-	
		Total	-	
d.	Donor Receipts			
		Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
			-	
			-	
			-	
		Total	-	

The above amounts have been communicated to and reconciled with the parent Ministry

Finance Manager
Annah Wanyama
Sign..............

Head of Accounting Unit
xxx Ministry
Sign.................

APPENDIX IV: RECORDING OF 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	Where Recorded/recognized					
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	Total Transfers during the Year
Ministry of Education	-	Recurrent	-	-	-	-	-	-	-
Ministry of Education	-	Development	-	-	-	-	-	-	-
USAID	-	Donor Fund	-	-	-	-	-	-	-
Ministry of Education	-	Direct Payment	-	-	-	-	-	-	-
			-	-	-	-	-	-	-
Total			-	-	-	-	-	-	-