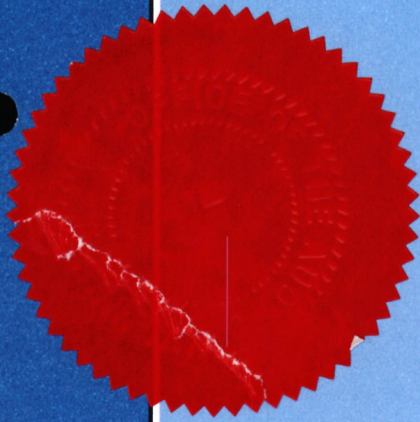


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability



PARLIAMENT
OF KENYA
LIBRARY

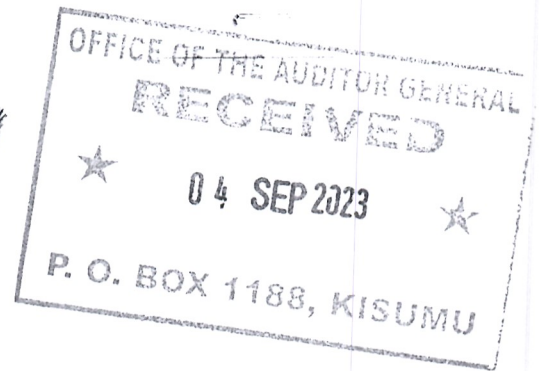
REPORT	
THE NATIONAL ASSEMBLY PAPER LAID	
DATE:	04 OCT 2023
	WED
TABLE BY:	Hon Naomi Wago, mp. Deputy majority party whip
CLERK-AT THE TABLE:	Finlays Musundi

THE AUDITOR-GENERAL

ON

**ROTARY VOCATIONAL TRAINING
CENTRE**

**FOR THE YEAR ENDED
30 JUNE, 2022**



ROTARY VOCATIONAL TRAINING CENTRE

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30TH JUNE 2022**

Rotary Vocational Training Centre
Annual Report and Financial Statements for the year ended 30th June 2022

Rotary Vocational Training Centre
Annual Report and Financial Statements for the year ended 30th June 2022

Table of Contents

I.	Key Entity Information and Management.....	ii
II.	The Board of Governors	iv
III.	Management Team	v
IV.	Chairman's Statement	vi
V.	Report of the Centre Manager.....	viii
VI.	Statement of Performance against Predetermined Objectives	x
VII.	Corporate Governance Statement.....	xi
VIII.	Management Discussion and Analysis	xi
IX.	Environmental And Sustainability Reporting Statement.....	xiii
X.	Report of the Board of Governors.....	xiv
XI.	Statement of Board of Governors Responsibilities	xv
XII.	Report of the Independent Auditor on Rotary Vocational Training Centre.....	xvi
XIII.	Statement of Financial Performance for the year ended 30 June 2022	1
XIV.	Statement of Financial Position as at 30th June 2022.....	2
XV.	Statement of Changes in Net Asset for the year ended 30 June 2022.....	3
XVI.	Statement of Cash Flows for the year ended 30 June 2022.....	4
XVII.	Statement of Comparison of Budget & Actual amounts for the year ended 30 June 2022.....	5
XVIII.	Notes to the Financial Statements.....	6
XIX.	Appendices	19

Rotary Vocational Training Centre
Annual Report and Financial Statements for the year ended 30th June 2022

I. Key Entity Information and Management

a. Background Information

The institution was incorporated/ established under the TVET Act 2013, Section 20(1) of 14th January 2013. The entity is domiciled in Kenya, Kisumu County. The institute is under the Ministry of Education and the county government of Kisumu, under the department of education, ICT & human resource development

b. Principal Activities

The principal activity of the Centre is to provide employability skills training that is relevant to the contemporary market.

VISION

To Be a Leading Training Institution in Making the Youth to Be Partners in National Development Through Provision of Skills

MISSION

To provide quality education and skills training to the youth for self-reliance

CORE VALUES

Focus on skill development

Excellence

Health and safety

Transparency

Integrity

Professionalism

Teamwork

c. Key Management

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

- Board of Management
- Centre Manger
- Deputy Centre Manager

d. Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Centre Manager	Mrs Gladys Akinyi
2.	Deputy Centre Manager	Mr Samuel Nyagudi
3	Registrar (s)	Mrs Margaret Ligaga
4	Accounts Clerk	Mr Edwin Ooko

Rotary Vocational Training Centre
Annual Report and Financial Statements for the year ended 30th June 2022

e. Fiduciary Oversight Arrangements

a. Finance Committee

Finance Committee Activities Pursuant to section 73(5) and (155) of the public finance management Act 2012 and regulations 2015 on the establishments of the audit & finance committees in all public entities.

Committee Activities

- i. Improving the quality of financial reporting by ensuring the accounts are prepared in a timely and accurate manner to facilitate prompt submission of annual financial statements.
- ii. Reviewing and making recommendations on management programs established to monitor compliance with sound public financial management, internal controls, policies, laws, regulations, procedures and the code of ethics.
- iii. Reviewing any related party transactions that may arise within the Rotary Vocational Training Centre.

b. Budget Committee

This is the committee charged with the responsibility of implementation of Rotary VTC budget and its prudent management. Some of the key activities include

Committee Activities

- i. Review and consideration of the annual cash flow plans.
- ii. To advice the Accounting Officer on the challenges related to the budget implementation.
- iii. To review and recommend the reallocation of payments.

c. procurement Committee

Key activities include tendering, evaluation and contract awarding in compliance with relevant policies

Rotary Vocational Training Centre
Annual Report and Financial Statements for the year ended 30th June 2022

Key Entity Information and Management (Continued)

f. Entity Headquarters

P.O. Box 3666
Kisumu Youth Business Innovation Centre
Ondiek Road
Kisumu, KENYA

g. Entity Contacts

Telephone: (254) 721 546840
E-mail: rotaryvtc@gmail.com
Website: www.rotaryvtc.co.ke

h. Entity Bankers

Kenya Commercial Bank
Oginga Odinga Street
P.O. Box 17
Kisumu, 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

**Rotary Vocational Training Centre
Annual Report and Financial Statements for the year ended 30th June 2022**





II. The Board of Governors

No.	Member/ Director	Details
1.	Mr. Fredrick O. Ocholla 	Mr. Ochola was born on 1 st September 1978. He holds an MBA from University of Nairobi. He also has a CPA K. Mr. Ocholla has over 20 years' experience of lecturing at Kisii University and UoN respectively. He is the BOG Chairperson
2.	Mr. John Messo 	Mr. Messo was Born in the year 1978. He is an engineer having done BSC. Engineering from Kenyatta University. He is the current ass. Registrar of Kisumu Polytechnic. He is representing engineering in the board.
3.	Mrs. Syprose Anyango 	Born on 11 th January 1968, Mrs Anyango Holds a Diploma in Community Development, and a diploma in IT with over twenty years' experience. She is the administrator of Vosh churches international. She is a member representing ICT
4.	Mrs. Valerie Akoth 	Mrs. Akoth was born on 2 nd October 1979. she holds a Diploma in human resource development. She is a member, leadership and management committee.
5.	Zach orembe	Born on 12 th June 1980, Mr. Orembe is an Electrician with a Diploma in Electrical installation. He is currently in self-employment. He represents technology in the board.
6.	Samson Akhayu 	Mr Akhayu was born on 5 th October 1980 He holds diploma in electrical engineering. He represents the industry in the board.

**Rotary Vocational Training Centre
Annual Report and Financial Statements for the year ended 30th June 2022**

7.	 Vincent O. Ogutu	Born on 23 rd March 1964, Mr. Ogutu holds a Diploma in Business Administration. He also holds a diploma in human resource management from the UoN. He is a career civil servant and is the finance member representative in the board.
8.	 Mrs Gladys Akinyi	Mrs Gladys Akinyi is the secretary to the Board and also the Centre Manager. She was born on 29 th December 1979. She holds an MBA (Strategic leadership) from Maseno University, Bachelor of Science in Information Technology and a Diploma in Education Management.
9.	Ms. Paschalia Ouma	She is the Director responsible for Vocational Education & Training at the County Government of Kisumu.

III. Management Team

No.	Member/ Director	Details
1.	 Mrs Gladys Akinyi Centre Manager Bachelors, IT MBA Diploma, Technical Edu.	Overall, in charge of the centre and also the secretary to the Board
2.	 Mr. Samuel Nyagudi Deputy Centre Manger Diploma, Electricals	Assisting the manager to execute management duties
3.	 Mr. Edwin Ooko Accounts Clerk CPA	Preparation and keeping of all accounting records, advising on financial issues.
4.	 Mrs. Margaret Ligaga Registrar Secretary	Admission and registration of students. Maintaining students' database and school records.

Rotary Vocational Training Centre
Annual Report and Financial Statements for the year ended 30th June 2022

IV. Chairman's Statement

The centre has moved from having a population of 150 over the years to 900. This increment comes with a lot of demands including infrastructure and tools/equipment. Being that most of our trainees are vulnerable and depends on the county government for support, we appeal that we be considered for infrastructural development. Our growth has also seen the need of having boarding facilities. We hope that the county government will prioritise the issue of hiring more competent instructors to meet the ever-growing student's numbers.

Key development projects witnessed in this period include;

Projects

1. 5 door workshop completion
2. Erection of foods department
3. A new modern gate
4. Improvement of the perimeter wall

Other projects

1. Rebranding of the institution

Tools & Equipment

Below are some of the tools & equipment procured during the year

1. 31 Computers and 3 laptops
2. Modern tables and chairs
3. Tools & Equipment for various departments

Trainee enrolment

Our trainee's enrolment has steadily improved over the years to the current 900 trainees. This was achieved by the BOG's deliberate effort in publicizing the VTC through the use of local community & Media.

Partnerships

Rotary VTC collaborated with the following public & private partners in the financial year

1. County Government of Kisumu
2. NG-CDF Kisumu Central
3. USAID

Challenges

Some of the challenges faced by Rotary VTC include


1. Inadequate trainers
2. Insecurity around Kisumu bus park
3. Inadequate land for future expansion
4. Inadequate workshops & Modern tools & Equipment
5. Difficulty in payment of exams fees
6. Poor attitude of leaners to vocational courses hindering improved enrolment.

Rotary Vocational Training Centre
Annual Report and Financial Statements for the year ended 30th June 2022

Way forward

We look forward to working closely with the local community & security agents

- County government to prioritise infrastructural development in the VTCs.
- More collaboration with public & private partners to assist in financing our projects
- Mobilize local finances to fill the gaps in financing our development projects
- Thorough publicity in the local community to get more students
- Appeal to the County Government for more trainers

Signed 

Mr. Fredrick O. Ocholla
BOG chairperson

Rotary Vocational Training Centre
Annual Report and Financial Statements for the year ended 30th June 2022

V. Report of the CENTRE MANAGER

We have seen a tremendous increase of trainees from 150 to 900. This has made Rotary VTC to be the leading Vocational training centre in Kisumu County. This has come with its own challenges but generally this growth has enhanced our visibility across the county and beyond.

I wish to acknowledge the tremendous efforts by the County Government of Kisumu in promoting vocational education and training. In the Financial year 2021-2022, the county government of Kisumu disbursed Ksh. 15,695,000.00 for the subsidized training program. This enabled the entity to offer tuition-free training to vulnerable youths who rely on government subsidies to access education. The County Government worked closely with the VTC to improve infrastructural development.

Key development projects witnessed in this period include;

- Completion of 5 door workshop, erection of a new gate, a workshop, improvement of the perimeter wall. The works included painting, floor tiling, gypsum and plumbing works

Tools & Equipment

During the financial year, Rotary VTC procured Instructional materials and tools & equipment.

Partnerships

Rotary VTC collaborated with the following public & private partners in the financial year

- County Government of Kisumu which remains the main sponsor of the institution
- NG-CDF Kisumu Central. The CDF office offers bursaries to our trainees
- USAID. Implements the Empowered Youth program. The programs seek to empower youth skills and knowledge on career development

Challenges

Some of the challenges faced by Rotary VTC include

- Inadequate trainers remain the biggest challenge faced by Rotary VTC; we currently have 4 trainers employed by the county government of Kisumu which has forced the BOG to employ 14 more trainers. The increased wage bill consumes resources that would otherwise be used in development.
- Insecurity. Rotary VTC is located within the Kisumu bus park which makes it vulnerable to burglary thefts experienced within the town, and also because of the street children's menace.
- Inadequate land for future expansion. Rotary VTC is already feeling the challenge of the small compound with no room for expansion.
- Inadequate workshops & Modern tools & Equipment. There is a need for more workshops & modern tools & equipment for the increasing number of trainees
- Difficulty in payment of exam fees. Most of our trainees come from very poor backgrounds and despite getting tuition-free training, they also need assistance with exams fees.

Rotary Vocational Training Centre

Annual Report and Financial Statements for the year ended 30th June 2022

- Trainee dropouts. Some trainees drop out before sitting final exams due to lack of Examinations fee.

Way forward

- On insecurity, the management will work closely with the local community & security agents to prevent burglary and theft of school properties. More collaboration with public & private partners based at the Kisumu bus park will be encouraged to assist in financing our projects. The BOG shall mobilize local finances to fill the gaps in financing our development projects. We shall continue investing in marketing publicity of the VTC to increase enrolment. Finally, we continue to appeal to the County Government of Kisumu to employ more trainers

ROTARY VOCATIONAL
Signed:  CENTRE
Mr. Gladys Akinyi - 40100
Manager/BOG Secretary

Rotary Vocational Training Centre

Annual Report and Financial Statements for the year ended 30th June 2022

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.

Rotary VTC has 5 strategic pillars /issues/ themes and objectives within current Strategic Plan for the FY 2020/2021- FY 2025/2026. These strategic pillars are as follows:

Pillar 1: High training standards

Pillar 2: Values, hard work & discipline

Pillar 3: ICT integration

Pillar 4: Partnerships & Collaborations

Pillar 5: Infrastructure development

Rotary VTC develops its annual work plans based on the above 5 pillars. Assessment of the Board's performance against its annual work plan is done quarterly. The VTC achieved its performance targets set for the FY 2021/2022 period for its 5 strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: High training standards	To ensure that the institution achieves high training standards	-Positive Exams results -Highly skilled Grandaunts	-The staff commits itself to the effective and efficient utilization of resources to achieve high training standards	98% pass in National Exams
Pillar 2: Values, hard work & discipline	To develop an institutional culture of positive values, hard work, and disciplined Trainees	-Low indiscipline cases	-Uphold positive values among trainees & staff -Maintain high standards of discipline in and out of school	-Indiscipline cases reduced by half
Pillar 3: ICT integration	To integrate ICT in teaching and learning	-ICT equipment & Technology used	-Invest resources in Information Communication technology across the departments for ICT integrated learning	50% integrated
Pillar 4: Partnerships & Collaborations	To promote partnership with private and public institutions	Partnerships MOUs	-Sign MOUs with partners	1 MOUs signed
Pillar 5: Infrastructure development	To improve physical facilities and acquire modern tools and equipment	-asset inventory	-Construction of 1 workshop -erection of a modern gate - completion of a 5-door workshop	- 1 workshop constructed - modern gate erected - 5 door workshop completed

**Rotary Vocational Training Centre
Annual Report and Financial Statements for the year ended 30th June 2022**

VII. Corporate Governance Statement

The Rotary VTC Board of governors met four times during the 2021/2022 financial year period with the board committees also meeting four times

Key responsibilities of the Board

1. Monitoring performance against strategic objectives
2. Promoting the aims and objectives of the institution
3. Extending links and communication between the centre and the community
4. Resource mobilization
5. Setting strategic aims and objectives
6. Supporting the centre to achieve its mission and vision

Remuneration of members of Board of Governors

Rotary VTC pays the BOG Chairperson and BOG members 5,000 shillings and 3,000 shillings each respectively every time they attend a board meeting.

Board meetings

The board of governors holds meetings once every quarter to deliberate on issues relating to the centre. Meetings are chaired by the BOG chairperson or the Vice-chair or any member in case of the absence of the two. The board may on its own volition invite a resource person to sit in their board meetings to solicit particular input. Conflict of interest among board members is prohibited by law and members are expected to apply high ethical standards in carrying out their responsibilities.

VIII. Management Discussion and Analysis

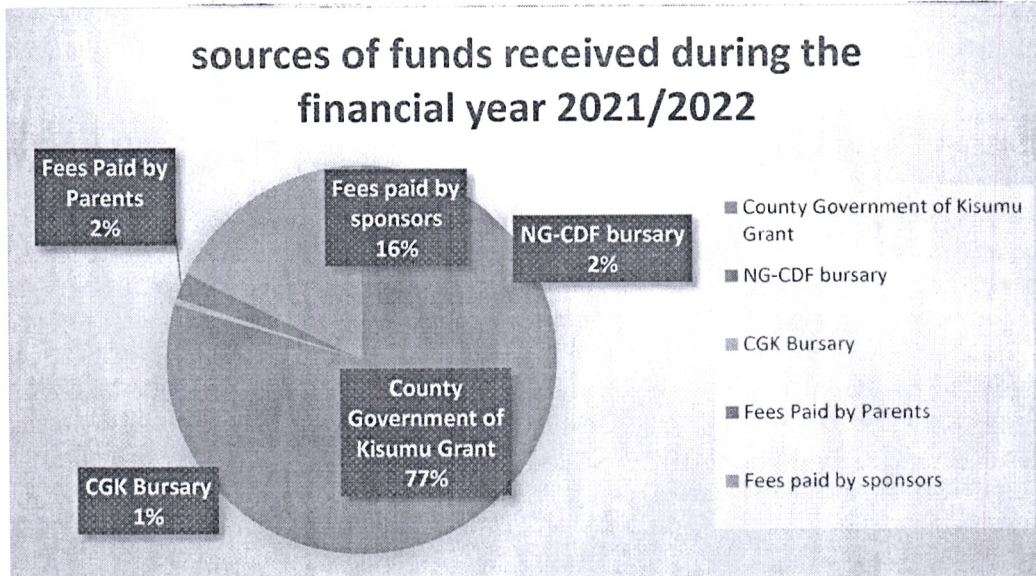
Operational and Financial performance

To respond to the prevailing national training needs, Rotary VTC infused its resources prudently into key areas to achieve the centre's core objectives. Our day-to-day operations during this period revolved around meeting the needs of our trainees through the provision of quality training, lunch program, trainees' welfare, trainees' psychosocial support mechanisms, trainees' talent development, and linkages with industrial partners.

The institution's main sources of funding are; County Grant, own revenue collected from fees, IGAs, and donations. The Chart below shows the magnitude of these sources in the period 2021/2022.

**Rotary Vocational Training Centre
Annual Report and Financial Statements for the year ended 30th June 2022**

Figure 1: sources and magnitude of funds received during the financial year 2021/2022



To meet the needs of our trainees, the management developed key budget lines, all of which are in tandem with guidelines from national government policies. The following were financial vote heads that enabled the centre to fully cover all its training objectives. The vote heads were accorded different weighting in terms of resource allocation.

Figure 2: vote heads for the financial year 2021/2022

The following was the distribution of funds per vote heads in the f/y 21/22

Vote Head
Repairs, maintenance and improvement (rmi)
Text books, reference books and training manuals
Instructional and examination materials
Skills competition
Lunch programme
Utilities
Hire of contracted services
Exercise books and stationery
Co – curricular activities

Key projects done

The following are key projects the management executed during this period.

1. Construction of a modern gate
2. Construction of foods and beverage workshop (phase 1)
3. Phase two of the perimeter fence
4. Completion of 5 door workshop

Rotary Vocational Training Centre
Annual Report and Financial Statements for the year ended 30th June 2022

Major risks facing the Centre

When the management assessed risk factors that the VTC faces, the following were narrowed down as the major ones;

1. Insecurity
2. Drug & substance abuse among the youth

IX. Environmental And Sustainability Reporting Statement

Rotary VTC 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

Rotary VTC is keen to always operate and conduct its business with integrity both in the domain of compliance to statutory laws and pro-activeness in instituting initiatives that promote human rights, help communities, and conserve the natural environment

Environmental performance

We recognize the need to protect the natural environment. It is our policy that every member participates in promoting clean environment approach by reducing, reusing and recycling waste. We endeavour to manage and treat our wastes within the entity.

Employee welfare

Our policy on employee welfare is hinged on three main points namely promoting the health and safety of our employees, supporting diversity and inclusion, and protecting human rights. We also ensure that their welfare is well taken of. We are also dedicated to ensuring that we motivate our employees through non-monetary rewards and continued capacity building.

Market place practices-

Rotary VTC maintains a clear profile on best market practices by adhering to the following practices;

- a. Transparent and fair treatment of our suppliers during our procurements
- b. Conducting objective advertisement and sensitization campaigns that do not malign the reputation of our competitors
- c. Strict adherence to statutory laws

Corporate Social Responsibility / Community Engagements

The management of Rotary VTC is acutely aware that the centre does not exist in isolation; it is bound by an environment consisting of both man-made and natural aspects. Cognizant of this, the management reiterates its willingness to observe and propagate community values.

Rotary Vocational Training Centre
Annual Report and Financial Statements for the year ended 30th June 2022

X. Report of the Board of Governors

The Council/Board members submit their report together with the audited financial statements for the year ended June 30, 2022, which show the state of the entity's affairs.

Principal activities

The principal activity of the Centre is to provide employability skills training that is relevant to the contemporary market.

Results

The results of the entity for the year ended June 30th 2022 are set out on page 1 to 45.

Council/Board of Governors

The members of the Board/Council who served during the year are:

1. Mrs. Gladys Akinyi – Secretary
2. Mr. Fredrick Ocholla – Chair Finance
3. Mrs. Fiona Owino – Chairperson
4. Mr. David Oyoo – Member
5. Mr. Samson Jagero – Member
6. Clifton Odiwuor – Member
7. Mrs. Paschalia Ouma – Director TVETS Kisumu county

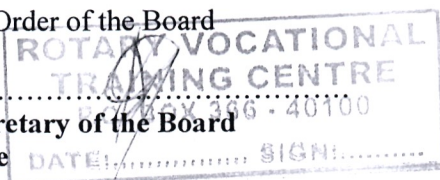
Auditors

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

By Order of the Board

.....
Secretary of the Board

Date



Rotary Vocational Training Centre
Annual Report and Financial Statements for the year ended 30th June 2022

XI. Statement of Board of Governors' 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 -require the council members to prepare financial statements in respect of that entity, which give a true and fair view of the state of affairs of the entity at the end of the financial year/period and the operating results of the entity for that year/period. The board members are also required to ensure that the entity keeps proper accounting records which disclose with reasonable accuracy the financial position of the entity. The council members are also responsible for safeguarding the assets of the entity.

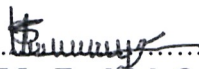
The board members are responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2022. This responsibility includes: (i) maintaining 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 entity, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

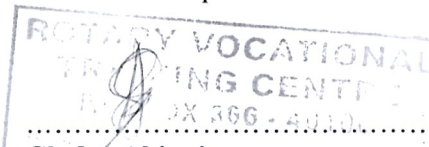
The board members accept responsibility for the Rotary VTC financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the State Corporations Act, and the TVET Act). The council members are of the opinion that the entity's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2022, and of the entity's financial position as at that date. The Council members further confirm the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity'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 the Rotary VTC will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

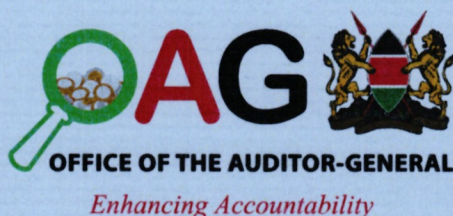
The Rotary VTC's financial statements were approved by the Board on 1st September 2023 and signed on its behalf by:


.....
Mr. Fredrick O. Ocholla
Chairperson of the Board


.....
Gladys Akinyi
Accounting Officer/Principal

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON ROTARY VOCATIONAL TRAINING CENTRE FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on 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 Rotary Vocational Training Centre set out on pages 1 to 19, which comprise of the statement of financial position as

at 30 June, 2022, 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 the Rotary Technical Vocational Training Centre as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Property Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.12,020,000. According to Note 4(e) to the financial statements, the assets are stated at cost less accumulated depreciation and impairment losses. However, the assets movement schedule at Note 14 do not reflect depreciation charged to the assets in the year under review and accumulated depreciation in the prior years.

In addition, the cost of buildings was based on estimates since the buildings had not been valued and their purchase invoices, contracts or valuation reports were not provided for audit verification. Further, the Center lacked a depreciation policy to guide on assets as required by the International Public Sector Accounting Standards (IPSAS) 17 paragraph 57.

In the circumstance, the accuracy, completeness of property, plant and equipment balance of Kshs.12,020,000 and fair presentation of the statement of financial position could not be confirmed.

2. Non-provision for Doubtful debts and Audit Fees

During the year under review, the Management did not make provisions for bad debts and audit fees as required by accounting policies for the preparation of financial statements for Technical and Vocational Education and Training (TVET) institutions. These provisions ought to have been made and reflected in the statement of financial performance of the entity. In addition, the audit fee was payable annually which required future settlement.

In the circumstance, the accuracy and completeness of the financial statements could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Rotary Vocational Training Centre 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.19,850,000 and Kshs.18,703,250 respectively resulting to an under-funding of Kshs.1,146,750 or 6% of the budget. Similarly, the Training Center expended Kshs.19,680,850 against a budget of Kshs.19,850,000 resulting to an under-expenditure of Kshs.169,150 or 1% 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, except for the matter(s) described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Irregular Payment of Stipend Allowances and Casual Employees Wages

The statement of financial performance reflects Kshs.728,800 in respect of employee costs as disclosed in Note 10 to the financial statements. The amount was paid as stipend allowance to volunteer employees engaged by Management during the year under review to supplement the few numbers of employees at the Centre. However, there was no support evidence of the procedure for engagement of the volunteer employees. Further, the volunteers were paid rates varying between Kshs.5,000 and Kshs.15,000 for the stipend contrary to the Employment Act, 2007 which requires that casual employees to

be paid using gazette rates and regulation orders issued by the Government from time to time.

Management was in breach of the law.

2. Incomplete Asset register

Review of the fixed assets registers maintained by the Centre and audit inspection of the assets in March, 2023, revealed that the assets were not tagged for ease of identification and tracking. Further, the assets register provided for audit review was incomplete and did not include vital information such as date of acquisition, asset number, serial numbers, Revaluation value and condition of the assets.

In the circumstances, the existence, and condition of the fixed assets could not be Confirmed.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Delay in Appointment of Principal

Since establishment of the Rotary Vocational Training Centre there has been no recruitment of a Principal as provided for in Section 30 of the Technical and Vocational Education and Training Act No 29 of 2013. As at the time of audit in March, 2023, the Centre was under the leadership of a Centre Manager on secondment from the County Government of Kisumu.

2. Understaffing

During the year under review, the Centre had a staff establishment of forty-one (41) against eight (8) employees in position resulting is a shortage of thirty-three (33) employees. The Centre was therefore understaffed and may have not been discharging its functions effectively. Further the Center lacked key personnel such as procurement officers and a qualified accountant.

As a result, the Centre Manager performed all their functions for which he was not competent.

3. Lack of IT Controls and Weak Internal Controls

A review of the internal control system at Rotary Vocational Training Centre revealed the following weaknesses:

- i. During the year under review, there was no approved strategic plan, risk management policy document to guide strategic direction of the risk mitigation respectively.
- ii. There was no risk assessment carried out by management to identify and address key areas of concern and document specific controls in response to identified risks.
- iii. There was no internal audit and committee in place at the Centre as provided for in the Public Finance Management Act, 2012.
- iv. There was no Information Technology Strategic Committees during the year under review since no committee meeting minutes was availed for audit review.
- v. There was no formal, documented, and tested disaster recovery plan in place and in the event of emergency, the personnel involved might not be aware of what is expected of them.

In the circumstances, the existence of sufficient and effective system of internal control and governance structure could not be ascertained.

4. Lack of Ownership Documents for Assets

The statement of financial position reflects Kshs.12,020,000 in respect of property plant and equipment. Review of the fixed assets register maintained by the Training Center and a physical verification of the assets carried out during audit in March, 2023, revealed that the assets were not tagged for ease of identification and tracking.

In addition, the assets register provided for audit review was incomplete and did not include necessary information such as asset number, serial numbers. Further, ownership documents such as land title deeds, motor vehicle logbooks for the land and motor vehicles owned by the Centre were not provided for audit review.

In the circumstances, the existence, ownership, completeness, and valuation of the fixed assets could not be confirmed.

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them, and that public resources are applied

in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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


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

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

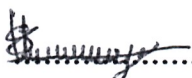
Nairobi

22 September, 2023


**Rotary Vocational Training Centre
Annual Report and Financial Statements for the year ended 30th June 2022**

XIII. Statement of Financial Performance for the year ended 30 June 2022

Description	Notes	2021-2022 ksh	2020-2021 Ksh
Revenue from Non-Exchange transactions			
Transfers from the National Government	6	1,875,000	7,535,217
Transfers from the County Government of Kisumu	7	15,695,000	2,605,337
		17,570,000	10,140,554
Revenue from Exchange transactions			
Rendering of services- fees from students	8	1,133,250	31,900
Other income		-	-
Revenue from Exchange transactions		1,133,250	31,900
Total Revenue		18,703,250	10,172,454
Expenses			
Use of goods and services	9	18,852,050	6,741,085
Employee costs	10	728,800	72,000
Board Expenses	11	100,000	35,000
Total Expenses		19,680,850	6,848,085
Net surplus for the year		(977,600)	3,324,369

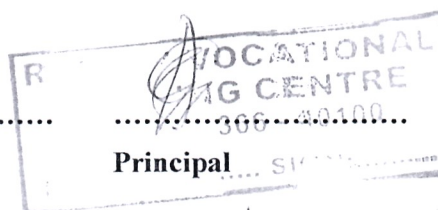

.....
Chairman of Board

Date


.....
Finance Officer

ICPAK No

Date 01/09/2022



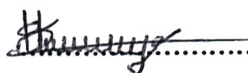
Rotary Vocational Training Centre
Annual Report and Financial Statements for the year ended 30th June 2022

XII. Report of the Independent Auditor on Rotary Vocational Training Centre

Rotary Vocational Training Centre
Annual Report and Financial Statements for the year ended 30th June 2022

XIV. Statement of Financial Position as at 30th June 2022

Description	Notes	2021-2022 Ksh	2020-2021 Ksh
Assets			
Current Assets			
Cash and cash equivalents	12	1,951,699	3,324,369
Current portion of receivables from exchange transactions	13	462,487	-
		2,414,186	-
Non-Current Assets			
Property, plant, and equipment	14	12,020,000	11,500,000
		-	-
Total Assets		14,434,186	11,500,000
Liabilities			
Current Liabilities			
Payments received in advance	15	67,417	-
Non-Current Liabilities			
Total Liabilities		(67,417)	-
Net Assets		14,366,769	11,500,000
Accumulated Surplus		2,346,769	3,324,369
Capital Fund		12,020,000	11,500,000
Total Net Assets and Liabilities		14,366,769	11,500,000



Chairman of Board



Date



Finance Officer

ICPAK No

Date 01/06/2022


ROTARY VOCATIONAL
TRAINING CENTRE
 P.O. BOX 366 - 40100
 DATE: 1/6/22 SIGN: 

Date

**Rotary Vocational Training Centre
Annual Report and Financial Statements for the year ended 30th June 2022**

XV. Statement of Changes in Net Asset for the year ended 30 June 2022

PARTICULARS	Revolving Fund Kshs	Revaluation Reserve Kshs	Accumulated surplus Kshs	Total Ksh
Balance as at 1st July 2021				
Surplus / (Deficit) for the period	-	-	3,324,369	3,324,369
Fund received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Balance as at 30th June 2021	-	-	3,324,369	3,324,369
Balance as at 1 July 2021	-	-	3,324,369	3,324,369
Surplus / (Deficit) for the period	-	-	977,600	977,600
Fund received during the year	-	-	18,703,250	18,703,250
Revaluation gain	-	-	-	-
Balance as at 30 June 2022	-	-	21,050,019	21,050,019


 ROTARY VOCATIONAL
 TRAINING CENTRE
 P.O. BOX 366 - 40100
 SIGN:.....
Principal




Finance Officer

Principal

Finance Officer

ICPAK No
 Date 1/07/22
Date

ICPAK No
 Date 1/07/22
Date



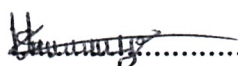
Chairman of Board

Date

Rotary Vocational Training Centre
Annual Report and Financial Statements for the year ended 30th June 2022

XVI. Statement of Cash Flows for the year ended 30 June 2022

Description	Note	2021-2022 Ksh	2020-2021 Ksh
Cash flows from operating activities			
Receipts			
Transfers from other government entities/govt. Grants	6	1,875,000	7,535,217
Transfers from county government of Kisumu	7	15,695,000	2,605,337
Rendering of services- fees from students	8	738,180	31,900
Total Receipts		18,308,180	10,172,454
Payments			
Compensation of employees	10	728,800	72,000
Use of goods and services	9	18,852,050	6,741,085
Board Expenses	11	100,000	35,000
Total Payments		19,680,850	6,848,085
Net Cash Flows from operating activities		- 1,372,670	3,324,369
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		-	-
Net cash flows used in investing activities			
Cash flows from financing activities			
Repayment Of Borrowings		-	-
Net cash flows used in financing activities			
Net Increase/(Decrease) in Cash and Cash equivalents		- 1,372,670	3,324,369
Cash and Cash equivalents at 1 JULY 2021	12	3,324,369	-
Cash and Cash equivalents at 30 JUNE 2022	12a	1,951,699	3,324,369



Chairman of Board


Date



Finance Officer

ICPAK No

Date 01/07/22


ROTARY VOCATIONAL TRAINING CENTRE
 Principal O. BOX 366 - 40100
 DATE:..... SIGN:.....

Date

1/9/22

Rotary Vocational Training Centre
Annual Report and Financial Statements for the year ended 30th June 2022

XVII. Statement of Comparison of Budget & Actual amounts for the year ended 30 June 2022

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization Difference
	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	%
Transfers from other govt entities and govt grants	17,850,000	-	17,850,000	17,570,000	280,000	2%
Rendering of services- fees from students	2,000,000	-	2,000,000	1,133,250	866,750	43%
Total Income	19,850,000	-	19,850,000	18,703,250	1,146,750	6%
Expenses						
Compensation of employees	1,975,000	-	1,975,000	728,800	1,246,200	63%
Use of goods and services	17,275,000	-	17,275,000	18,852,050	1,577,050	-9%
Remuneration of directors	600,000	-	600,000	100,000	500,000	83%
Total Expenditure		-	19,850,000	19,680,850	169,150	1%
Surplus For the Period	19,850,000	-	-	(977,600)	977,600	

Rendering services

The management budgeted for ksh. 2,000,000 under rendering services, however this was not achieved due low admission of student during the year.

Compensation of employees

The management budgeted for employee compensation of ksh.1,975,000, however due to financial constrain this was not actualized.

Remuneration of directors

The management budgeted for ksh.600,000 as board of directors' remuneration however this was not actualized due number of meetings held during that financial year.

XVIII. Notes to the Financial Statements

1. General Information

Rotary VTC entity is established by and derives its authority and accountability from TVET Act of 2013 Section 20(1). The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is technical education.

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.

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, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2022.

IPSASB deferred the application date of standards from 1st January 2022 owing to covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • 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.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>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:</p> <p>(a) The nature of such social benefits provided by the Entity;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p>

**Rotary Vocational Training Centre
Annual Report and Financial Statements for the year ended 30th June 2022**

Standard	Effective date and impact:
	(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	<p>Applicable: 1st January 2023:</p> <p>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.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p>
	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.
Other improvements to IPSAS	<p><i>Applicable 1st January 2023</i></p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>

**Rotary Vocational Training Centre
Annual Report and Financial Statements for the year ended 30th June 2022**

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

iii. Early adoption of standards

Rotary VTC did not early-adopt any new or amended standards in year 2022.

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.

b) Budget information

The original budget for FY 2021/2022 was approved by the Council or Board on 25/03/2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of 25/03/2022 on the FY 2021/2022 budget following the Council/ Board's approval.

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) 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.

d) **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.

i) **financial instruments (Continued)**

Financial assets (Continued)

Impairment of financial assets (Continued)

- The debtors or an 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.

e) **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.

Rotary Vocational Training Centre
Annual Report and Financial Statements for the year ended 30th June 2022

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.

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.

f) 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)

g) Nature and purpose of reserves

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

h) 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.

i) 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 principal and senior managers.

j) 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.

k) Comparative figures

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

l) 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, 2022

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.

6. Transfers from other National Government entities

Description	2021-2022 Ksh	2020-2021 Ksh
Transfer from National Government	1,875,000	7,535,217
Operational Grant	-	-
Total Transfer from National Government	1,875,000	7,535,217

**Rotary Vocational Training Centre
Annual Report and Financial Statements for the year ended 30th June 2022**

7. Transfers from Other Levels of Government

Description	2021-2022 Ksh	2020-2021 Ksh
Transfer from County Government of Kisumu	15,695,000	2,605,337
Transfer from Other Institutes	-	-
Total Transfer from County Government of Kisumu	15,695,000	2,605,337

8. Rendering of Services

Description	2021-2022 Ksh	2020-2021 Ksh
Tuition Fees	566,625	31,900
Activity Fees	169,988	-
Industrial Attachment Fees	169,988	-
Examination Fees	33,998	-
Library Fees	56,661	-
Facilities And Materials	79,328	-
Registration Fees	56,662	-
Total Revenue from The Rendering Of Services	1,133,250	31,900

**Revenue-Fees for the year
2021/2022**

		REVENUE- FEES YR 2021/2022		
	STUDENT DEBTORS AS AT 01/07/2022	18,850	-	-
		18,850	-	-
TERM 3	TOTAL AMOUNT PAID	4,450		
TERM 1	TOTAL AMOUNT PAID	564,850		
TERM 2	TOTAL AMOUNT PAID	168,880		
	STUDENT DEBTORS FOR THE YEAR 2021/2022	443,637		
LESS:	PREPAYMENT	- 67,417		
	REVENUE- FEE FOR YEAR 2021 / 2022	1,133,250.00		

Prepayment

		FEES PAYABLE YR 2021/2022	FEES PAID- YR 2021/2022	TOTAL AMOUNT OUTSTANDING
TERM 3	TOTAL FEE PAYABLE	50,200.00	4,450.00	45,750.00
TERM 1	TOTAL FEE PAYABLE	678,500.00	564,850.00	113,650.00
TERM 2	TOTAL FEE PAYABLE- FOR 2 MONTHS-MAY- JUNE	385,700.00	168,880.00	216,820.00
		1,114,400.00	738,180.00	376,220.00

Rotary Vocational Training Centre
Annual Report and Financial Statements for the year ended 30th June 2022

9. Use of Goods and Services

Description	2021-2022 Ksh	2020-2021 Ksh
Teaching and learning materials	15,352,890	6,695,756
Industrial attachment costs	-	-
Electricity	-	6,400
Security	64,400	-
Examination fees	2,325,000	-
Travelling and accommodation	-	35,725
Printing and stationery	1,109,760	-
Bank Charges	-	3,204
Total use of good and services	18,852,050	6,741,085

10. Employee Costs

Description	2021-2022 Ksh	2020-2021 Ksh
Salaries and wages	728,800	72,000
Employee Costs	728,800	72,000

11. Board Expenses

Description	2021-2022 Ksh	2020-2021 Ksh
Other Allowances	50,000	35,000
Other Board Expenses	50,000	-
Total	100,000	35,000

12. Cash and Cash Equivalents

Description	2021-2022 Ksh	2020-2021 Ksh
Current Accounts	1,951,699	3,324,369
Total Cash and Cash Equivalents	1,951,699	3,324,369

12 (a). Detailed Analysis of Cash and Cash equivalents

Financial Institution	Account number	2021-2022 Ksh	2020-2021 Ksh
a) Current Accounts			
Kenya Commercial Bank	1206319089	1,951,377	69,908
Kenya Commercial Bank	1233831267	322	3,254,461
Grand Total		1,951,699	3,324,369

Rotary Vocational Training Centre
Annual Report and Financial Statements for the year ended 30th June 2022

13. Receivables from Exchange transactions

13.(a) Current Receivables from Exchange transactions

Financial Institution	2021-2022 Ksh	2020-2021 Ksh
Current Receivables		
Student Debtors	462,487	-
Total Current Receivables from exchange transactions	462,487	-

**Rotary Vocational Training Centre
Annual Report and Financial Statements for the year ended 30th June 2022**

Notes to the Financial Statements (Continued)

14. Property, Plant and Equipment

Cost	Land and Building	Motor vehicles	Furniture and fittings	Computers	Other Assets	Plant and equipment	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 1 July 2021	11,500,000	-	-	-	-	-	-	11,500,000
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-	-	-
At 30th June 2022	11,500,000	-	-	-	-	-	-	11,500,000
Additions	-	-	250,000	270,000	-	-	-	520,000
Disposals	-	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	-	-
At 30th June 2022	11,500,000	-	250,000	270,000	-	-	-	12,020,000
Depreciation And Impairment								
At 1 July 2021	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
At 30 June 2022	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	-
At 30th June 2021	-	-	-	-	-	-	-	-
Net Book Values								
At 30th June 2022	-	-	-	-	-	-	-	-
At 30th June 2022	11,500,000	-	250,000	270,000	-	-	-	12,020,000

**Rotary Vocational Training Centre
Annual Report and Financial Statements for the year ended 30th June 2022**

15. Trade and other Payables

Particulars	2021-2022 Ksh	2020-2021 Ksh
Fee Paid in Advance	- 67,417	-
Total Trade and Other Payables	- 67,417	-

**Rotary Vocational Training Centre
Annual Report and Financial Statements for the year ended 30th June 2022**

XIX. Appendices

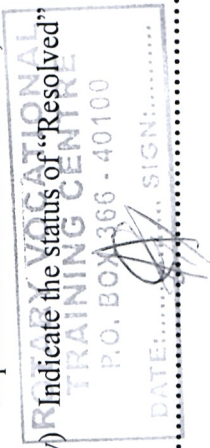
Appendix 1: Implementation Status of Auditor-General Recommendations

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)

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.



 DATE:..... SIGN:.....

Glady Akinyi
Accounting Officer
Centre Manager
 Date

**Rotary Vocational Training Centre
Annual Report and Financial Statements for the year ended 30th June 2022**

Appendix IV: Reporting of Climate Relevant Expenditures

ROTARY VOVATIONAL TRAINING CENTRE
0721546840
rotaryvtc@gmail.com
Mrs Gladys Akinyi

Name and contact details of contact person (in case of any clarifications)
Mrs Gladys Akinyi
0721546840

Project Name	Project Description	Project Objectives	Project Activities	Source Of Funds				Implementing Partners
				Q1	Q2	Q3	Q4	