

REPUBLIC OF KENYA



Enhancing Accountability

THE NATIONAL ASSEMBLY
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DATE: 19 JUN 2024

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REPORT

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BY:

THE HON. NAOMI WADO
MP, DEPUTY MAS. WHIP

CLERK-AT
THE-TABLE:

RUTH NGINYO **OF**

PARLIAMENT
OF KENYA
LIBRARY

THE AUDITOR-GENERAL

ON

**IJARA TECHNICAL AND VOCATIONAL
COLLEGE**

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



OFFICE OF THE AUDITOR GENERAL
NORTH EASTERN REGIONAL OFFICE
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IJARA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30TH JUNE 2023

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

Ijara Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

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1. Acronyms & Glossary of Terms

TVET CDACC	(Technical Vocational Education and Training Curriculum Development, Assessment and Certification Council
BOG	Board of Governors
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
TVC	Technical Vocational College
Fiduciary Management	Key management personnel who have financial responsibility in the entity

2. Key Entity Information and Management

(a) Background information

Ijara Technical and Vocational College was incorporated under the TVET Act 2013 on 16th September, 2014. The institute is under the Ministry of Education, state department for Technical Vocational and Education Training. It is located in Masalani (Ijara Constituency) about 7.8 Km along Masalani-Garissa road.

It is a centre of excellence for Air conditioning and Refrigeration. It was equipped by AVIC International in 2019 in the cooperation between Kenya-China government to government. The equipments were mounted on February 2020, ready for use.

It was established to provide technical training skills for the middle level man power for both domestic and global consumption. The trainees in the institute are drawn from secondary school leavers and graduates from other tertiary institutions. The Institution offers curriculum developed by TVET CDACC (Technical Vocational Education and Training Curriculum Development, Assessment and Certification Council), a corporate body established under the Technical Vocational Education and Training TVET Act No 29 of 2013. The institution offers courses at Artisan (level 3), Certificate (level 4 & 5) and Diploma (level 6) in Air Conditioning & Refrigeration, Mechanical engineering, Electrical & Electronics engineering, Computing and Informatics, Institutional Management, Business & Entrepreneurship departments. Currently the mode of learning is fulltime basis.

(b) Principal Activities

The principal activity of Ijara TVC is to produce competent graduates with skills that meet domestic and global demands.

Vision

To excel as a distinguished Centre for Air Conditioning and Refrigeration in the region.

Mission

To provide the Kenyan economy and beyond with technicians and engineers in the entirety of the Refrigeration and Air conditioning technology.

(c) Key Management

Ijara Technical and Vocational College day-to-day management is under the following key organs:

- The Board of Governors
- The Principal

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- The fiduciary Management which comprises: The Principal, The Deputy Principals, The Registrar, The Dean of Students, and the Finance Officer

(d) Fiduciary Management

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

No.	Designation	Name
1.	Principal	Mr. Abdullahi Abdi Ahmed
2	Deputy principal (Ag)	Mr. Ali Komora
3	Registrar (s)	Mr. Francis Kiiru
4	Head of Finance	Not appointed yet
5	HoD Mechanical Engineering	Mr. Mbuthia Edwin Macharia
6	PC Coordinator	Mr. Nyoike Ezekiel Wainaina

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Key Entity Information and Management (Continued)

(e) Entity Headquarters

Ijara Technical and Vocational College
P.O. Box 31-70105
Masalani –Kenya
Masalani- Garissa Road
Garissa –Kenya

(f) Entity Contacts

Telephone: (254) 703 335 541
E-mail: ijaratvc23@gmail.com

(g) Entity Bankers

Kenya Commercial Bank
Garissa
P.O. Box 143-70100,
Garissa, Kenya



(h) Independent Auditors

None

(i) Principal Legal Adviser

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

3.The Council/Board of Governors

<i>SN.</i>	<i>Member/ Director</i>	<i>Details</i>
1.	Hassan Hussein Nurie Chairperson	Education Bachelor of Science In Microbiology Experience County Health Directors' Office
2.	 CPA Mohamed Ali Elmi Member	D.O B: 01-01-1988 Education Master of Business Administration in Finance Bachelor of Commerce (BCOM-finance) CPA (K) Experience Professional Accountant with over 12 years' experience in auditing and assurance, Accounting and Finance in both Public and Private Sector. Independent member of the Board and Chairperson of Finance Committee.
3.	 Hussein Abdi Ali Member	D.O.B: 1982 Education MA in Project Planning and Management. BEd arts and higher diploma human resources management. Experience Attained senior management at KSG. Bom member at National and county school Garissa county Experience in teaching and management for over 15yrs.

Ijara Technical and Vocational College



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		Member of two professional boards with good standing: Kenya association of project managers and institute of HRM.
4.	Ismail Hassan Abdi Member	Education MSC BED Statistics
5.	Mohammed Aden Nuriye Member	Education: BSC Electrical & electronics
6.	Umulkheir Harun Mohamed Member	Education: Bachelor of Education (English & Literature) Diploma in Information Technology Experience: Founder and CEO of Kesho Alliance Nominated Member of Parliament
6.	Commissioner Hubi Hussein Alhaji Member	Education: BA Development Studies Experience: Member of the National Land Commission (NLC)
7.	Mohamed Noor Regional Director	Education: Experience: Regional Director TVET –Garissa and Tana River Regions County
8.	Abdullahi Abdi Ahmed Principal/Secretary BoG	Education: Bachelor Business Information Technology (BBIT) Experience: Registrar Fayya TVC Current Principal Ijara Technical




Ijara Technical and Vocational College
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4. Key Management Team

No.	Member/ Director	Details
1.	Mr. Abdullahi Abdi Ahmed	<p>Education: Bachelor Business Information Technology (BBIT)</p> <p>Experience: Registrar Fayya TVC Current Principal Ijara TVC</p>
2.	Mr Ali Komora	<p>Education: Mechanical & Automotive Engineering</p> <p>Experience: Deputy Principal (Administration & Academics)</p>
3.	 Mr Francis Kiiru	<p>Education: Bachelors Science Computer Science – Kisii University Advanced Diploma – Technical Trainer Education ICT -KTTC</p> <p>Experience: Mr.Francis Kiiru has experience over 2 years as a Registrar and examination officer</p>
4.	 Mr Mbuthia Edwin Macharia	<p>Education: Bachelor of science mechanical engineering (TUM)</p> <p>Experience: HOD, Mechanical Engineering</p>

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5.	 Mr Ezekiel Nyoike	<p>Education: Bachelor of Science Mechanical Engineering (Technical University of Mombasa)</p> <p>Diploma in Technical Trainer Education; Kenya Technical Trainers College</p> <p>Experience: Coordinating on performance contract of the college.</p>
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5. Chairman’s Statement

Our mandate as governing council to the college is oversight and provide credible leadership in designing suitable plans and strategies that will achieve overall development and performance nationally.

It is in our commitment that we will perform our responsibilities diligently and to the best of our abilities to achieve agreed performance targets as set in our strategic plan document that outlines both our short term and long term desired goals. Through Strategic Planning and envisioning of 2030 goals, the Institute seeks to provide relevant knowledge and skills that contribute to the economy of the country and beyond.

The college is committed to gradually introduce Competency Based Education and Training (CBET) with a major focus on infusing industry expectations in our training methodologies. In this regard, the Plan proposes a systematic facet of issues from which pertinent objectives are realized and addressed through derived strategies.

The successful implementation of the plan requires devoted collaboration all key stakeholders including the various level Government. The plan is therefore, contain the strategies for the increased collaboration between the stakeholders in the sector in terms of the resource mobilization, funding and governance.

Ijara TVC Strategic Plan essentially presents its Corporate Strategy. It provides a sufficient framework within which Annual Work Plans will be developed. In this regard, it has been aligned

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Annual Report and Financial Statements for the year ended 30th June 2023

to the Ministerial Strategic Plan, Medium Term Plans within Kenya Vision 2030 paradigm etc. the purpose of this Strategic Plan is therefore: -

- (i) To present key milestones in the Institution's TVET programs
- (ii) To present the institute's ideology on the TVET's Strategic options identified and modalities for the national respective agenda as a foundation for Vision 2030.
- (iii) To avail a tool for engagement and negotiation between the Governments, key Stakeholders and Collaborators regarding the financing of TVET.
- (iv) To provide a basis for resource targeting.
- (v) To provide a basis for programme implementation and performance evaluation.


MR. HASSAN HUSSEIN NURIE
For **CHAIRPERSON, BOARD OF GOVERNORS**

6. Report of the Principal

The government through the Ministry of Education has strengthened the focus of Science, Technology and Innovation and Technical Education Policies as underlying the country's National Development efforts.

The government also recognizes that its Development Agenda can be accelerated if there is renewed focus on the integration of ST&I in all the Social-Economic sectors as outlined in the Kenya Vision 2030.

The government has therefore embraced Science, Technology and Innovation and Technical Education (TE) as one of its top priorities.

The State Department of Vocational and Technical Training in the Ministry of Education has been mandated to spearhead the integration of S.T & I. and T.E and Higher Education in National Development.

The Strategic Plan reviews the Vision and Mission that will encompass all those involved in its execution. It also reviews the analysis of the Internal and External environment using Strengths, Weaknesses, Opportunities and Threats (SWOT) and Political, Economic, Social, Technological, Environmental and Legal (PESTEL) analysis. Subsequently, it identifies key stakeholders and their roles, outlines the Strategic issues and objectives and identifies the strategies to address them. The reviewed Plan prioritizes activities to be implemented under the strategies, and provides an Implementation Plan, a Monitoring and Evaluation system and a projection of the Resource requirements.

MR. ABDULLAHI ABDI AHMED
PRINCIPAL

7. 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.

Ijara TVC has *Five(5)* strategic pillars /issues/ themes and objectives within current Strategic Plan for the FY 2022- 2023 . These strategic pillars are as follows:

Ijara Technical and Vocational College
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Ijara TV develops its annual work plans based on the above 5 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The college achieved its performance targets set for the FY 2021/22 period for its 5 strategic pillars, as indicated in the diagram below:

Strategic Pillar		Objective	Key Performance Indicators	Activities	Achievements
1) Water and sanitation	a.	Increase the water holding capacity of the college from 5,000 litres to 25,000 Litres towards 200,000Ltrs target on a constant basis	Availability of water 24/7 throughout the college on a termly basis.	Two 10,000 Litres of water containers bought, transported, mounted and operationalized, three,2,500 Litres water tanks mounted on elevated platforms and operationalized	100%
	b.	Activate and install water outlet systems of both clean and used water. Also, connect the college to Masalani water work public supply network.	An availability of water in the washrooms and outlet of used water. The physical existence of a water line from the college connecting Masalani county waterworks public supply network and the college internal water system. The main water pipe linking Masalani water tower at Gummery to the college was repaired though water didn't flow in as expected.	Identify an appropriate experienced Fundi, raising up of a list of requirements, Purchase of construction and plumbing material and labour. Installation of water systems undertaken up to completion. Lobby the county water works to repair their main pipe passing near the college.	90%
2) Staff and students' welfare	a.	Provide adequate and reliable means of transport to & from the college premises.	Trainees and the staff are ferried to and from the college every Monday to Friday.	Approach one of the local secondary school with a bus and negotiate a deal to enable Ijara Tvc make use of this resource.	75%
	b.	Activate the staff and students feeding programme.	Motivated and energetic staff and students boosting enrolment and work productivity.	Students and staff to be served with mid-morning free tea, lunch and supper for guards on night duties.	100%

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3) Security	a.	Secure the physical land of the college from illegal encroachment	Ijara TV identified by NICONEK as one of the learning institutions to be considered for funding in a number of fronts.	Ongoing engagement with a major development partner, NICONEK, on the possibility of fencing the entire college.	40%
	b.	Enhance the college security capability	No imminent danger Also, a motivated staff and students.	The college to maintain and motivate four (4) NGKPR (Notional Government Police Reservist) on a 24/7 guarding duties. Also boost the staff and student's security while on transit to and from the college and enhance day-time security.	100%
4) Infrastructures	a.	Connect the college to the national Electrical grid	Training in the technologically dependent courses such as ICT, successfully conducted up to certification level And a pay bill number issued to the college.	Identify source of funds, raise a BQ, tender the contract, sttle on a contractor, install underground electrical cables to the two main building. Lobby KPLC connect college	100%
	b.	Provide a hygienic working environment for both staff and trainees.	Clean classes, offices and compound	Advertise Two vacancies for a male and a female cleaner and a grounds man.	75%
	c.	Source for resources to undertake major repair work to the college buildings	Damage assessment by Deputy Director, presidential Delivery unit and follow-up team lead by Garissa County Commissioner.	Lobbying and advocacy of the government	60%
5) Capacity building and empowerment of	a.	To facilitate staff and board to attend seminars and workshops meant to improve their work out put.	Increased efficiency and effectiveness of staff	Staff presents letters of invitation to seminar or workshop, Tabulation of per Diem, travel and seminar/workshop charges.	70%

8. Corporate Governance Statement

Ijara Technical and Vocational College is dedicated to upholding the highest standards of corporate governance to ensure transparency, accountability, and integrity in all our activities. We believe that effective governance is fundamental to building trust among our stakeholders and achieving our mission of providing quality technical and vocational education.

Governance Structure

Board of Governors: The College is governed by a Board of Governors responsible for providing strategic direction, overseeing management, and ensuring compliance with legal and regulatory requirements. The Board comprises individuals with expertise in education, business, and community leadership, who bring diverse perspectives and insights to decision-making.

Committees: The Board has established committees to support its functions, including the Academic Affairs Committee, Finance Committee, and Governance Committee. These committees are tasked with specific responsibilities to ensure effective oversight and decision-making within their respective areas.

Management: The day-to-day operations of the College are managed by the Principal and senior management team. Management is committed to implementing the strategic objectives set by the Board and upholding the College's values of excellence, innovation, and inclusivity.

Ethical Standards and Corporate Responsibility

Ijara Technical and Vocational College is committed to conducting its affairs with the highest standards of ethics, integrity, and social responsibility. We adhere to a code of conduct that guides the behaviour of all employees and stakeholders, emphasizing honesty, fairness, and respect for diversity. Additionally, the College actively engages with the local community and industry partners to promote sustainable development and contribute positively to society.

Risk Management and Internal Controls

The College recognizes the importance of effective risk management and internal controls in safeguarding its assets and achieving its objectives. We have implemented robust risk management processes and internal control mechanisms to identify, assess, and mitigate risks across all areas of operation. Regular monitoring and evaluation ensure the effectiveness of these controls in maintaining the College's financial stability and operational resilience.

Stakeholder Engagement

Ijara Technical and Vocational College is committed to fostering open and transparent communication with all its stakeholders, including students, faculty, staff, parents, government agencies, and the wider community. We actively seek feedback and input from stakeholders to inform decision-making and continuously improve our programs and services.

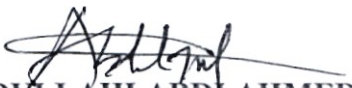
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In conclusion, Ijara Technical and Vocational College is dedicated to maintaining the highest standards of corporate governance to fulfil our educational mission and serve the needs of our stakeholders. We believe that strong governance practices are essential for building trust, ensuring accountability, and driving sustainable growth and success.

The College affirms that good corporate governance is simply good business. The College commits to ensure that we comply with the statutory and all the legal requirements as well as meeting the set deadlines.

The core mandate of the institution is training as well as carrying out research activities. This entails imparting CBET skills, attitude and knowledge to the trainees. There are Six (6) departments: Mechanical Engineering (Centre of Excellence in Air Conditioning and Refrigeration), Electrical & Electronics Engineering, Computing & Informatics, Institutional Management, Business Studies and Entrepreneurship and Liberal Studies Department

Senior staff during the year underwent several capacity building session to increase their management skills. The College is partnering with Local Organization Like KPLC, Local NGOs and County Government of Garissa for Industrial Attachment Training to our trainees through the office of ILO officer.



ABDULLAHI ABDI AHMED
PRINCIPAL/SECRETARY TO BOARD OF GOVERNORS

Ijara Technical and Vocational College
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9. Management Discussion and Analysis

The College's operational and financial performance

The Insecurity in our area has heavily impacted on our revenue as there was no students coming from outside this County.

(1) The Board commits to ensure that a proper management structure is in place and to make sure that the structure functions to maintain corporate integrity, reputation and responsibility.

(2) The Board has a commitment to monitor and evaluate the implementation of strategies, policies, and management criteria and plans of Ijara Technical and Vocational College and its mentored institutions.

(3) The Board constantly reviews the viability and financial sustainability of the College once every year.

(4) The Board commits to ensure that Ijara Technical and Vocational College complies with all the relevant laws, regulations, governance practices, accounting and auditing standards.

Challenges

- Inadequate facilities in the College such as lack of means of transport, fencing and student hostels are some of the challenges relating to low enrolment.
- Insecurity in the region has hindered growth in the College and this has contributed to Low enrolment in the College.
- Hardship related issues hinder capacity growth of our staff and this results to low staff moral and little or no income generating activities to generate more income to the institution

College's compliance with statutory requirements

The College has no court cases at the moment.as at the quarter the College had complied with the statutory obligations as far as debt payment to our creditors.

Key projects and investment decisions the College is planning/implementing

Most of our projects are financed by grants from Government and Development partners. However, in the year under review, there were no major projects undertaken.

Major risks facing the College

Operational risks in the College include

- Means of transport to ferry students
- High cost of commodities in the region.
- Lack of physical resources such as canteen, halls and Student Centre
- High cost of management Systems,

Ijara Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

Material areas in statutory/financial obligations

By the close of year in question, the College had some pending bills as indicated but did not have any loan default or tax default obligations to the exchequer.

The Institutes' financial probity and serious governance issues

The college has management committees and policies are in place to ensure that governance issues are well taken care.

10. Environmental and Sustainability Reporting Statement

The College commits to ensure that the environment meets standards by being conducive and friendly for learning and habitation. We commit to provide excellent training environment for our trainees.

1. Sustainability strategy and profile -

The core mandate of the Institution is training as well as carrying out research activities. This entails imparting CBET skills, attitude and knowledge to the trainees. There are Six (6) departments: Mechanical Engineering (Centre of Excellence in Air Conditioning and Refrigeration), Electrical & Electronics Engineering, Computing & Informatics, Institutional Management, Business Studies and Entrepreneurship and Liberal Studies Department

2. Environmental performance

The college has maintained its natural trees by preserving it well through the ground man, thus providing reliable shade for the students, staff and visitors. Forestry officers through KEFRI issued seeds and other items in relation to presidential directive on tree planting in all TVET institutions unfortunately the college lacks flowing water which has hindered the effort. Lack of perimeter fence and invasion by domestic and wild animals constantly cause damage to the trees that are grown within the institution.

3. Employee welfare

The college has qualified staff both in training and subordinate staff composed of both male and female. To ensure that there is motivation and productivity amongst its staff, the college ensures that its employees attend regular workshops and trainings organised by the Institution and other stakeholders.

4. Market place practices-

The College is guided by the TVETA Act, the PFM Act 2015 and the Public Procurement and Disposal Act 2015 among other key legislations governing public educational learning institutions. We strive to comply all statutory requirements such as ensuring our books are submitted on time, deducting and remitting of statutory deductions like PAYE, NSSF, NHIF.

11. Report of the Council/Board of Governors

The Board members submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of the Ijara Technical and Vocational College affairs.

Principal activities

The principal activities of the Ijara Technical and Vocational College are to provide quality technical Education

Results

The results of the Ijara Technical and Vocational College for the year ended June 30 are set out on page .

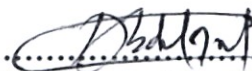
Board of Governors

The members of the Board who served during the year are shown on page vi, vii, viii.

Auditors

The Auditor General is responsible for the statutory audit of the Ijara Technical and Vocational College in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or Institute of Certified Public Accountants were nominated by the Auditor General to carry out the audit of the Ijara Technical and Vocational College for the year/period ended June 30, 2023, 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



Secretary of the Board

Nairobi

Date:

Ijara Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

12. Statement of Board of Governors Responsibilities

Section 81 of the Public Finance Management Act, 2012 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 Ijara Technical and Vocational College, which give a true and fair view of the state of affairs of the Ijara Technical and Vocational College at the end of the financial year/period and the operating results of the Ijara Technical and Vocational College for that year. The Council members are also required to ensure that the Ijara Technical and Vocational College keeps proper accounting records which disclose with reasonable accuracy the financial position of the Ijara Technical and Vocational College. The council members are also responsible for safeguarding the assets of the Ijara Technical and Vocational College.

The Board members are responsible for the preparation and presentation of the Ijara Technical and Vocational College financial statements, which give a true and fair view of the state of affairs of the Ijara Technical and Vocational College for and as at the end of the financial year ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the Ijara Technical and Vocational College, (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 Ijara Technical and Vocational College 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 Technical and Vocational Education and Training Act, 2013. The council members are of the opinion that the Ijara Technical and Vocational College financial statements give a true and fair view of the state of Ijara Technical and Vocational College transactions during the financial year ended June 30, 2023, and of the Ijara Technical and Vocational College financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the Ijara Technical and Vocational College, which have been relied upon in the preparation of the Ijara Technical and Vocational College financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Principal has assessed the Ijara Technical and Vocational College ability to continue as a going concern nothing has come to the attention of the Board members to indicate that the Ijara Technical and Vocational College will not remain a going concern for at least the next twelve months from the date of this statement.

Ijara Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023


Approval of the financial statements

The Ijara Technical and Vocational College financial statements were approved by the Board on 05th September 2023 and signed on its behalf by:


.....

Name:

Chairperson of the Board


.....

Name:

Accounting Officer/Principal

REPUBLIC OF KENYA

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HEADQUARTERS
Anniversary Towers
Monrovia Street
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON IJARA TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2023

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 the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and 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.

Disclaimer of Opinion

I have audited the accompanying financial statements of Ijara Technical and Vocational College set out on pages 1 to 33, which comprise of the statement of financial position as at 30 June, 2023 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and

Report of the Auditor-General on Ijara Technical and Vocational College for the year ended 30 June, 2023

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 do not express an opinion on the accompanying financial statements, because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

1. Inaccuracies in the Statement of Financial Position

Notes 13(a) reflects receivables from exchange transactions of Kshs.951,120. However, the statement of financial position reflects Nil balance of receivables from exchange transactions. In addition, Note 13(b) reflects receivables from non-exchange transactions of Kshs.500,000. However, the statement of financial position reflects receivables from non-exchange transactions of Kshs.1,451,000 resulting to an unexplained variance of Kshs.951,120.

In the circumstances, the accuracy of balances presented in the statement of financial position could not be confirmed.

2. Late Submission of Financial Statements

The financial statements for the financial year ended 30 June, 2023 were submitted to the Auditor-General on 19 March, 2024, eight and half (8^{1/2}) months after the end of the financial year. This was in contravention of Regulation 101(4) of the Public Finance Management (National Government) Regulations, 2015 which provides that an Accounting Officer shall prepare the financial statements in a form that complies with the relevant accounting standards prescribed by the Public Sector Accounting Standards Board, not later than three months after the end of the financial year and submit them to the Auditor General with a copy to the County Treasury, the Controller of Budget and the National Treasury.

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

3. Unsupported Revenue

The statement of financial performance reflects total revenue for the year of Kshs.2,325,000 comprising of transfer from other government entities of Kshs.2,321,000 and fees from students of Kshs.4,000. However, Management did not provide the relevant documents including ledgers and primary records to support the amounts.

In the circumstances, the accuracy of the total revenue of Kshs.2,325,000 could not be confirmed.

4. Unsupported Expenditure

The statement of financial performance reflects total expenses for the year of Kshs.2,195,678 comprising of use of goods and services of Kshs.766,828, employee costs of Kshs.936,000, board expenses of Kshs.307,500 and repairs and maintenance of Kshs.185,350. However, Management did not provide the relevant documents including ledgers and payment vouchers to support the expenditure.

In the circumstances, the accuracy of expenses of Kshs.2,195,678 could not be confirmed.

5. Unsupported Cash and Cash Equivalentents

The statement of financial position reflects cash and cash equivalentents balance of Kshs.129,322 as at 30 June, 2023. However, cashbooks, bank reconciliations, board of survey report, certificate of bank balance and cheque dispatch registers for the bank account operated by the College were not provided for audit.

In the circumstances, it was not possible to confirm the accuracy of cash and cash equivalentents balance of Kshs.129,322.

6. Unsupported Trade and Other Receivables

The statement of financial position reflects receivables from non-exchange transactions balance of Kshs.1,451,000. However, Management did not provide ledgers and schedules to support the balance. In addition, aging analysis for the receivables was not included in the notes to the financial statements as required.

In the circumstances, the accuracy of the receivables from non-exchange transactions balance of Kshs.1,451,000 could not be confirmed.

7. Property, Plant and Equipment

Note 14 to the financial statements reflects cost of property, plant and equipment balance of Kshs.60,278,620 as 1 July, 2021. However, additions, depreciation charges in 2021/2022 and 2022/2023 financial years and the resultant net book value as at 30 June, 2023 were not disclosed in the Note. In addition, the statement of financial position reflects nil balance for property, plant and equipment.

Further, Management did not maintain a fixed asset register and therefore it was not possible to confirm the number of assets in existence, net book values, depreciation amounts, physical location and their condition. In addition, Management did not provide ownership documents on which the College buildings sits.

In the circumstances, the accuracy and ownership of the property, plant and equipment balance of Nil balance reflected in the statement of financial position could not be confirmed.

8. Unsupported Trade and Other Payables

The statement of financial position as at 30 June, 2023 reflects trade and other payables from exchange transactions of Kshs.1,496,000 as disclosed in Note 15 to the financial statements. However, Management did not provide schedules and ledgers to support the balance.

In the circumstances, the accuracy of the trade and other payables balance of Kshs.1,496,000 could not be confirmed.

9. Operation Without an Approved Budget

Management did not prepare estimates of revenue and expenditure as required. As result the college operated without an approved budget during the year under review. This was contrary to the provisions of Section 68(2)(h) of the Public Finance Management Act, 2012 which provides that the accounting officer for a national government entity shall prepare estimates of expenditure and revenues of the entity in conformity with the strategic plan for the entity.

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

10. Presentation and Disclosure of the Financial Statements

The financial statements submitted for audit did not fully comply with the format prescribed in the Annual Financial Reporting Template (Revised June, 2023) issued by the Public Sector Accounting Standards Board.

10.1 Incomplete Details for Board of Governors and Management Team

Information for some of the members of the Board of Governors was not disclosed. This included date of birth, key qualifications, and work experience and membership and position to the various committees. In addition, Key Management team information including the passport-size photograph for the Principal, key profession/academic qualifications and area of responsibility were not provided.

10.2 Incorrect Formats

The statement of changes in net assets and the statement of cash flows were not prepared in the format prescribed in the Annual Financial Reporting Template. Net cash flow from operating activities was not computed.

10.3 Other Presentation Anomalies

The financial statements were not signed by the finance officer. In addition, guidance notes provided in the Annual Financial Reporting Template were retained in the financial statements instead of deleting them in the financial statements. Further, the implementation status of Auditor-General's recommendations indicated four issues as

resolved. However, Management did not provide evidence to support how the issues were resolved.

In the circumstances, the financial statements were not in compliance with the Annual Financial Reporting Template (Revised June, 2023) issued by the Public Sector Accounting Standards Board.

11. Weak Internal Control System

Review of the documentation and internal controls at the College revealed that the College did not have in place a code of conduct for employees, human resource manual, finance policy manual, strategic plan, risk management policy, disaster recovery plan/business continuity plan, and debt management policy. In addition, the College did not have an audit committee.

Further, the college did not have finance, procurement, information communication technology and an internal audit department with staff posted to the departments to ensure segregation of duties and effective checks and balances.

In the circumstances, it was not possible to confirm the existence of effective internal controls at the College.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

I do not express a conclusion on the lawfulness and effectiveness in the use of public resources as required by Article 229(6) of the Constitution. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

I do not express a conclusion on the effectiveness of internal controls, risk management and governance as required by Section 7(1)(a) of the Public Audit Act, 2015. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

Responsibilities of Management and the Board of Governors

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 governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the College's financial statements in accordance with International Standards of Supreme Audit Institutions (ISSAIs) 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. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

In addition, my responsibility is 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. I also consider internal control, risk management, and governance processes and systems in order to give an assurance on the effectiveness of internal controls, risk management, and governance 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. However, because of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources, and Internal Controls, Risk Management and Governance sections of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit conclusion.

I am independent of the Ijara Technical and Vocational College Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


30 April, 2024

Ijara Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

14. Statement of Financial Performance For The Year Ended 30 June 2023

	Notes	2022/2023	2021/2022
		Kshs	Kshs
Revenue from Non-Exchange transactions			
Transfers from other National Government entities	6	2,321,000	1,597,540
Revenue from Exchange transactions		0.00	0.00
Rendering of services- fees from students	7	4,000	74,500
Rental revenue from facilities and equipment		0.00	0.00
Revenue from Exchange transactions		0.00	0.00
Total Revenue		2,325,000	1,672,040
Expenses			
Use of goods and services	8	766,828	1,764,223
Employee costs	9	936,000	1,008,920
Board Expenses	10	307,500	270,000
Repairs and maintenance	11	185,350	146,217
Total Expenses		2,195,678	3,189,360
Other Gains/(Losses)			
Net surplus/(deficit) for the year		129,322	(1,517,320)

The Financial Statements set out on pages 1 to 6 were signed by:



Chairman of Board

19/3/2024
Date

Finance Officer

ICPAK No
19/3/2024
Date



Principal

19-03-2024
Date

IJARA TECHNICAL &
VOCATIONAL COLLEGE
P.O. Box 31-70105, MASALANI
Date:
Sign:
PRINCIPAL

Ijara Technical and Vocational College
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15. Statement of Financial Position As At 30th June 2023

Description	Notes	2022/2023	2021/2022
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	12	129,322	3,750
Current portion of receivables from exchange transactions		0.00	0.00
Receivables from non-exchange transactions	6	1,451,000	1,597,540
Total Current Assets		1,580,322	1,597,540
Non-Current Assets			
Property, plant, and equipment		-	-
Total Non-Current Assets		0.00	
Total Assets		-	-
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions.	15	1,496,000	1,496,000
Total Current Liabilities		1,496,000	1,496,000
Non-Current Liabilities		0.00	0.00
Total Liabilities		1,496,000	1,496,000
Net Assets			
Capital Fund		0.00	0.00
Accumulated Surplus		129,322	3,750
Total Net Assets and Liabilities		1,625,322	1,499,750

The Financial Statements set out on pages 1 to 6 were signed by:

.....
 Chairman of Council/Board

.....
 Finance Officer
 ICPAK No

.....
 Principal

Date 19/3/2024

Date 19/3/2024

Date 19/3/2024

16. Statement of Changes in Net Asset for The Year Ended 30 June 2023


Description	Accumulated Fund	Capital Grants/Fund	Total
At July 1, 2022	-	2,321,000	2,321,000
Surplus/(deficit) for the year			129,322
At June 30, 2023			129,322

Ijara Technical and Vocational College
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17. Statement of Cash Flows For The Year Ended 30 June 2023

Description	Note	2022/2023	2021/2022
		Kshs	Kshs
Cash flows from operating activities			
Receipts		4,000	0.00
Transfers from other National Government entities	6	2,321,000	1,597,233
Rendering of services- fees from students	7	4000	74,500
Rental revenue from facilities and equipment		0.00	0.00
Total Receipts		2,325,000	1,672,040
Payments			
Use of goods and services	8	766,828	1,764,223
Employee costs	9	936,000	1,008,920
Board Expenses	10	307,500	270,000
Repairs and maintenance	11	185,350	146,217
Total Payments		2,195,678	3,189,360
Net Cash Flows from operating activities		0.00	0.00
Cash flows from investing activities		0.00	0.00
Purchase of property, plant, equipment and intangible assets		0.00	0.00
Net cash flows used in investing activities		0.00	0.00
Cash flows from financing activities		0.00	0.00
Net Increase/(Decrease) in Cash and Cash equivalents		0.00	0.00
Cash and Cash equivalents at 1 JULY	12	3,750	0.00
Cash and Cash equivalents at 30 JUNE		129,322	3,750

The Financial Statements set out on pages 1 to 6 were signed by:




Chairman of Council/Board

19/3/2024
 Date

.....

Finance Officer

ICPAK No
 19/3/2024
 Date



Principal

19/3/2024
 Date
 IJARA TECHNICAL &
 VOCATIONAL COLLEGE
 P.O. Box 31-70105, MASALANI
 Sign:
 PRINCIPAL

18. Statement of Comparison of Budget, Actual amounts For Year Ended 30 June 2023

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization Difference
	Kshs	Kshs	Kshs	Kshs	Kshs	%
Revenue						
Transfers from other National Government entities	2,821,000	0	2,821,000	2,321,000	500,000	82%
Rendering of services- fees from students	951,120	0	951,120	4,000		0.4%
Total Income	2,325,000					
Expenses						
Use of goods and services	1,500,000	0	1,500,000	766,000	734,000	51%
Employee costs	1,000,000	0	1,000,000	936,000	64,000	93.6%
Board /Council Expenses	500,000	0	500,000	307,500	192,500	62%
Repairs and maintenance	500,000	0	500,000	185,350	314,650	37%
Development	--		-		--	-
Total Expenditure	3,500,000					
Surplus For the Period	129,322					

Budget notes

- a) Movement is due to Less capitation Received from Ministry of education state department for TVET. The budgeted turnout was 36 students where each was supposed to receive kshs. 26,420 for 2022-2023 financial Year but instead the institution received kshs. 248,000 for students, 36. Capitation from the government has not been realized in time.
- b) Movement is due to the fees collected from students through direct payment from parents and bursaries. Much of this fund has not been realized as a result of draught and poverty as main factors..
- c) Movement is due to realization of capitation funds from the government. This has been insufficient..
- d) Movement is due to cost cutting measures in the prudence use of the available funds to meet the target goals.

19. Notes to the Financial Statements

1. General Information

Ijara Technical and Vocational College is established by and derives its authority and accountability from PFM Act. The Ijara Technical and Vocational College is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is providing 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 Ijara Technical and Vocational College accounting policies. There were no 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 Ijara Technical and Vocational College. The values are rounded off to the nearest shilling. 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 2023.

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>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 Ijara Technical and Vocational College future cash flows. 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 Ijara Technical and Vocational College risk management strategy and the accounting treatment for instruments held as part of the risk management strategy. <p>Significance to the financial statements The standard had no impact in preparation of financial statements</p>
<p>IPSAS 42: Social Benefits</p>	<p>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:</p> <p>(a) The nature of such social benefits provided by the Ijara Technical and Vocational College.</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Ijara Technical and Vocational College financial performance, financial position and cash flows.</p> <p>Significance to the financial statements The standard had no impact in preparation of financial statements</p>
<p>Amendments to Other IPSAS</p>	<p>Applicable: 1st January 2023:</p>

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

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

Standard	Effective date and impact:
IPSAS 43	<p>Applicable 1st January 2025</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 Ijara Technical and Vocational College 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>Applicable 1st January 2025</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>

Ijara Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

iii. Early adoption of standards

Ijara Technical and Vocational College did not early-adopt any new or amended standards in year 2023.

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 Ijara Technical and Vocational College 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. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

The Ijara Technical and Vocational College 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 Ijara Technical and Vocational College.

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.

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.

Ijara Technical and Vocational College
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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

b) Budget information

The original budget for FY 2022/2023 was approved by the Board 16th September 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 to conclude the final budget. Accordingly, the Ijara Technical and Vocational College 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 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 on page *I* under section *6* of these financial statements.

c) Taxes

Current income tax

The Ijara Technical and Vocational College is exempt from paying taxes under Income Tax Act cap 470 Section 13(1), Part I of the First schedule (10)

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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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 an 20-year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit.(entity to amend appropriately).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 or construction of the item of property appropriately according to the acronyms you use in your financial statements plant and equipment. 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.

f) Leases

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

Summary of Significant Accounting Policies (Continued)

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. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

h) Research and development costs

The Ijara Technical and Vocational College expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Ijara Technical and Vocational College 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.

i) Financial instruments

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

**Ijara Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023**

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Financial assets

Classification

The Ijara Technical and Vocational College classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an Ijara Technical and Vocational College has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the Ijara Technical and Vocational College classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Fair value through surplus or deficit

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

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Impairment

The Ijara Technical and Vocational College assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*.

Financial liabilities

Classification

The Ijara Technical and Vocational College classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

j) 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.

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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Inventories (Continued)

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 Ijara Technical and Vocational College.

k) Provisions

Provisions are recognized when the Ijara Technical and Vocational College 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 Ijara Technical and Vocational College 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 Ijara Technical and Vocational College 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 Ijara Technical and Vocational College 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 Ijara Technical and Vocational College 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.

l) Social Benefits

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

Summary of Significant Accounting Policies (Continued)

m) Nature and purpose of reserves

The Ijara Technical and Vocational College creates and maintains reserves in terms of specific requirements.

n) Changes in accounting policies and estimates

The Ijara Technical and Vocational College recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

o) Employee benefits

Retirement benefit plans

The Ijara Technical and Vocational College 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.

p) 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.

q) 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.

r) 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.

Ijara Technical and Vocational College
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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

s) Service concession arrangements

The Ijara Technical and Vocational College 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 Ijara Technical and Vocational College 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 Ijara Technical and Vocational College also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

t) 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.

u) Comparative figures

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

v) Subsequent events

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

Ijara Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

Notes to the Financial Statements (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Ijara Technical and Vocational College 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 Ijara Technical and Vocational College 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 Ijara Technical and Vocational College. 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 Ijara Technical and Vocational College.
- 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.

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)

6. Transfers from other National Government entities

Description	FY: 2022/2023	FY:2021/2022
	Kshs	Kshs
Unconditional Grants		
Capitation Grants	2,321,000	1,597,540
Operation grants	-	0.00
Total unconditional Grants	2,321,000	1,597,540

7. Rendering of Services

Description	FY: 2022/2023	FY: 2021/2022
	Kshs	Kshs
Tuition Fees	4,000	74,500
Industrial Attachment Fees	0.00	0.00
Examination Fees	-	0.00
Advance Payment	0.00	0.00
Facilities and Materials	0.00	0.00
Total Revenue from The Rendering of Services	4,000	74,500

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Annual Report and Financial Statements for the year ended 30th June 2023

8. Use of Goods and Services

Description	FY: 2022/2023	FY: 2021/2022
	Kshs	Kshs
Teaching and learning materials	20,000	106,200
Industrial attachment costs	0.00	0.00
Electricity	49,182	101,865
Water	24,000	
Activity	0.00	101,110
Professional and consultancy services	0.00	0.00
Subscriptions	0.00	0.00
Advertising	60,000	0.00
Examination fees	0.00	
Travelling and accommodation	110,000	657,687
Fuel and oil	50,000	0.00
Insurance	0.00	0.00
Firewood supplies	10,000	0.00
Foodstuff supplies	400,000	542,170
Postage	0.00	0.00
Printing and stationery	14,000	0.00
Hire charges	0.00	0.00
Bank charges	4818	0.00
Telephone expenses	14,000	0.00
Internet expenses	0.00	0.00
Training expenses	10,000	255,191
Medical Expenses	0.00	0.00
Other (support staff new admin Arrangement)	0.00	0.00
Total good and services	766,000	1,764,233

Ijara Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

Notes to the Financial Statements (Continued)

9. Employee Costs

Description	2022/2023	2021/2022
	Kshs	Kshs
Salaries and wages	936,000	1,004,000
Employee related costs - contributions to pensions and medical aids	0.00	4,000
Performance and other bonuses	0.00	0.00
Social contributions	0.00	0.00
Employee Costs	936,000	1,008,000

10. Board/Council Expenses

Description	2022/2023	2021/2022
	Kshs	Kshs
Allowances	307,500	270,000
Total	307,500	270,000

11. Repairs and Maintenance

Description	2022/2023	2021/2022
	Kshs	Kshs
Property	185,350	146,217
Computers and accessories	0.00	0.00
Total Repairs and Maintenance	185,350	146,217

Notes To the Financial Statements (Continued)

12. (a) Cash and Cash Equivalents

Description	2022/2023	2021/2022
	Kshs	Kshs
Current Account	129,322	3,750
Total Cash and Cash Equivalents	129,322	3,750

Ijara Technical and Vocational College
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12 (b). Detailed Analysis of Cash and Cash equivalents

Financial Institution	Account number	2022/2023	2021/2022
		Kshs	Kshs
a) Current Account			
Kenya Commercial Bank-	1285610881	129,322	3,750
Kenya Commercial Bank			
Sub- Total			
Cash in Hand		0.00	0.00
Sub- Total			
Grand Total		129,322	3,750

13. Receivables from Exchange transactions

(a) Current Receivables from Exchange transactions

Description	2022/2023	2021/2022
	Kshs	Kshs
Current Receivables		
Student Debtors	951,120	0.00
Total Current Receivables	951,120	0.00

13 (b) .Receivables from Non-Exchange transactions

Description	2022/2023	2021/2022
	Kshs	Kshs
Current Receivables		
Capitation Grants	500,000	1,000,000
Total Current Receivables	500,000	1,000,000

Ijara Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

Notes to the Financial Statements (Continued)

14. Property, Plant and Equipment

Cost	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Plant and equipment	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 1 July 2021	-	58,455,620	-	1,323,000	500,000	-	-	60,278,620
Additions	-	-	-	-	-	-	-	-
At 30 th June 2022	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
At 30 th June 2023	-	-	-	-	-	-	-	-
Depreciation and Impairment								
At 1 Jun 2021	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
At 30 Jun 2022	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
At 30 th Jun 2022	-	-	-	-	-	-	-	-
Net Book Values	-	-	-	-	-	-	-	-
At 30 th Jun 2022	-	-	-	-	-	-	-	-
At 30 th Jun 2023	-	-	-	-	-	-	-	-

Ijara Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

Notes to the Financial Statements (Continued)

14 (b) Property, Plant and Equipment at Cost

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Buildings	58,455,620	31,00,000	27,455,620
Total	58,455,620	31,000,000	27,455,620

15. Trade and Other Payables

Description	FY:2022/2023	FY:2022/2023
	Kshs	Kshs
Trade payables	1,496,000	409,718
Total Trade and Other Payables	1,496,000	409,718

16. Financial Risk Management

The Ijara Technical and Vocational College 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 Ijara Technical and Vocational College financial risk management objectives and policies are detailed below:

(i) Credit risk

The Ijara Technical and Vocational College 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.

Ijara Technical and Vocational College
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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 Ijara Technical and Vocational College maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount Kshs	Fully performin g Kshs	Past due Kshs	Impaired Kshs
At 30 June 2022				
Receivables from exchange transactions	2,321,000	0	-	-
Receivables from non-exchange transactions	0.00	0	-	-
Bank balances	129,233	-	-	-
Total	2,450,233	-	-	-
At 30 June 2023				
Receivables from exchange transactions	2,321,000	-	-	-
Receivables from non-exchange transactions	0.00	0	-	-
Bank balances	129,233	-	-	-
Total	2,450,233	-	-	-

Financial risk management (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 Ijara Technical and Vocational College has significant concentration of credit risk on amounts due from

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.

Notes to the Financial Statements (Continued)

(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 Ijara Technical and Vocational College short, medium and long-term funding and liquidity

Ijara Technical and Vocational College**Annual Report and Financial Statements for the year ended 30th June 2023**

management requirements. The Ijara Technical and Vocational College 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.

Description	Less than 1 month	Between 1- 3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022				
Trade Payables	-	-		409,718
Total	-	-		
At 30 June 2023				
Trade Payables	-	-		1,496,000
Total	-	-		1,496,000

(iii) Market risk

The Ijara Technical and Vocational College 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 Ijara Technical and Vocational College 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 Ijara Technical and Vocational College exposure to market risks or the manner in which it manages and measures the risk.

Notes to the Financial Statements (Continued)**17. Related Party Balances****Nature of related party relationships**

Ijara Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

Ijara Technical and Vocational College and other parties related to the Ijara Technical and Vocational College 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 Ijara Technical and Vocational College holding 100% of the Ijara Technical and Vocational College 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;

The transactions and balances with related parties during the year are as

Description	2022/2023	2021/2022
	Kshs	Kshs
Transactions with Related Parties		
a) Sales to related parties		
Total	-	-
B) Purchases from related parties		
Total	-	-
b) Grants /Transfers from the Government		
Grants from National Govt	2,321,000	1,597,540
Total	2,321,000	1,597,540
c) Expenses incurred on behalf of related parties		
Total	-	-
d) Key Management Compensation		
Board Allowances	307,500	270,000
Total	2,013,500	1,327,540

18. Segment Information

Ijara Technical and Vocational College Has only one area of operation

Notes to the Financial Statements (Continued)

19. Contingent Assets and Contingent Liabilities

Ijara Technical and Vocational College did not have any contingent nor Liability

Ijara Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

20. Capital Commitments

Ijara Technical and Vocational College did not have capital commitments in financial year 2022/2023

21. Events After The Reporting Period

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

22. Ultimate And Holding Entity

The Ijara Technical and Vocational College is a State Corporation/ or a Semi-Autonomous Government Agency under the Ministry of Education. Its ultimate parent is the Government of Kenya.

23. Currency

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

Ijara Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

20. 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)
OG/NERO/TIVET/IJARA/2/1	Non-submission of prior year financial statements	The issues of non – submission of financial statement for FY: 2020/2021 for Ijara Technical & Vocational College is ready and to be submitted to OAG by the end of June	Not Resolved	JUNE 2024
OG/NERO/TIVET/IJARA/2/2	Inaccuracies in the statement of changes in Net Assets	The college has in place Asset Register in place.	Resolved	
OG/NERO/TIVET/IJARA/2/3	Unsupported expenditure on Repair and Maintenance	The expenditure on vehicles repair and maintenance has stopped. The bus belonging to Hajji Girls High school has been returned to its owners.	Resolved	
OG/NERO/TIVET/IJARA/2/4	Unsupported Local Transport and Travelling	Local transport and travel Claims are issued based on	Resolved	

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)
		authorization from the PS and Ministry with supportive documents such as invitation letters, programme schedule etc		
OG/NERO/TIVET/IJARA/2/5	Omission of depreciation of Expense	The omission of depreciation factor has been a concern due to absence of a detailed and well-prepared property, plant and equipment schedule and net book values for assets,	Not resolved	SEPT 2024
OG/NERO/TIVET/IJARA/2/6	Unapproved over expenditure	The management has put in place Internal control to establish budget , Finance and Internal Audit committee to oversee the expenditure use	Resolved	
OG/NERO/TIVET/IJARA/2/7	Non-compliance with Public Procurement Procedures and Regulations	The board and college management will put measures to ensure Public Procurement	Not resolved	SEPT 2024

Ijara Technical and Vocational College
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		procures are fully followed.		



.....

Name
 Accounting Officer
 Abdullahi Abdi Ahmed
 Date 19/3/2024

Ijara Technical and Vocational College
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Appendix II: Projects Implemented by Ijara Technical and Vocational College

Projects

Ijara Technical and Vocational College is not running any development project at the moment

Status of Projects completion

Ijara Technical and Vocational College is not running any development project at the moment

Ijara Technical and Vocational College
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Appendix III- Inter-Entity Confirmation Letter



IJARA TECHNICAL AND VOCATIONAL COLLEGE

P.O BOX 31-70105 MASALANI

GARISSA COUNTY

TEL: 07035541

Email: ijaratvc23@gmail.com

Ijara Technical and Vocational College
P O Box 31-70105

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

Confirmation of amounts received by Ijara Technical and Vocational College as at 30 th June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30th June 2023				Amount Received by Ijara TVC (Kshs) as at 30 th June 2022 (E)	Differences (Kshs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
	06/7/2022	500,000		-	500,000		
	06/7/2022	500,000	-	-	500,000		
	24/10/2022	500,000	-	-	500,000		
	24/10/2022	70,000		-	70,000		
	16/1/2023	500,000			500,000		
	26/1/2023	124,000			124,000		
	29/6/2023	124,000			124,000		
Total		<u>2,321,000</u>			<u>2,321,000</u>		

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

Head of Accountants department of Ijara Technical and Vocational College:

Name SignDate
.....

Appendix IV: Reporting of Climate Relevant Expenditures

There was no expenditure related to Climate in the FY 2022/2023

Appendix V: Reporting on Disaster Management Expenditure

There was no expenditure related to Disaster Management in the FY 2022/2023