REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

OKAME TECHNICAL AND VOCATIONAL COLLEGE

FOR THE YEAR ENDED 30 JUNE, 2023

OKAME 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)

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

Table of Contents

1. Acronyms & Glossary of Terms

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
TTI	Technical Training Institute
TTC	Teacher Training College
TVC	Technical Vocational College
Fiduciary Management	Key management personnel who have financial responsibility in the OTVC
OTVC	Okame Technical and Vocational College
MOE	Ministry of Education

2. Key OTVC Information and Management

(a) Background information

Okame Technical and Vocational College (OTVC) is a Public Institution established by the Government of Kenya under the TVET Act in 2017. The first batch of students were admitted in September 2018.
The College is located in Teso South Constituency, Teso South Sub-County of Busia County. It is approximately five kilometres off the Mumias –Busia road from Tangakona junction or three kilometres from the Busia-Malaba route's branch off at Adungosi market on the Adungosi-Amukura road. The College is supported by the Ministry of Education (MOE) and admits students for Artisan, Craft, Diploma and competence based education and training (CBET) courses

(b) Principal Activities

The mandate of Okame TVC encompasses the following:- Training and developing middle level manpower for national development, advancing, transmitting and enhancing technical and entrepreneurial skills and knowledge for self-employment and the national production system, offering courses leading to the award of up to diploma certificates in TVET programmes in collaboration with other tertiary institutions and appropriate industries across the sectors. The college's vision is to be unrivalled regional leader in developing high quality and globally competitive technical skills.

(c) Key Management

The governance and management at Okame Technical and Vocational College is under the following key organs:

- Board of Governors
- Accounting officer/ Principal
- Management

(d) Fiduciary Management

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

SN.	Designation	Name
1.	Principal	**Mr. Charles V. Marumbu**
2.	Deputy principal	**Mrs. Irene Musumba**
3	Registrar	**Mr. Erick Imbugwah**
4	Head of Finance	**MS. Esther Ochomo**
5	Procurement Officer	**Ms. Marygoret Adungo**
6	Human Resource Officer	**Mr. Ikileng Duncan**

Key OTVC Information and Management (Continued)

(e) Fiduciary Oversight Arrangements

- Finance, Planning and Development Committee (FPDC)
- Human Resources and Training Committee (HRTC)
- Audit and Risk Management Committee

(f) OTVC Headquarters

Okame Technical and Vocational College (OTVC)
P.O. Box 116-50400.
Amukura – Adungosi Road
Busia KENYA.

(g) OTVC Contacts

Telephone: (+254757006681)
E-mail: okametechnical@gmail.com
Website: www.okametvc.ac.ke

(h) OTVC Bankers

Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

National Bank of Kenya
P.O. Box 264-50400
Busia Kenya

Kenya Commercial Bank
P.O. Box 116-50400
Busia Kenya

(i) Independent Auditors

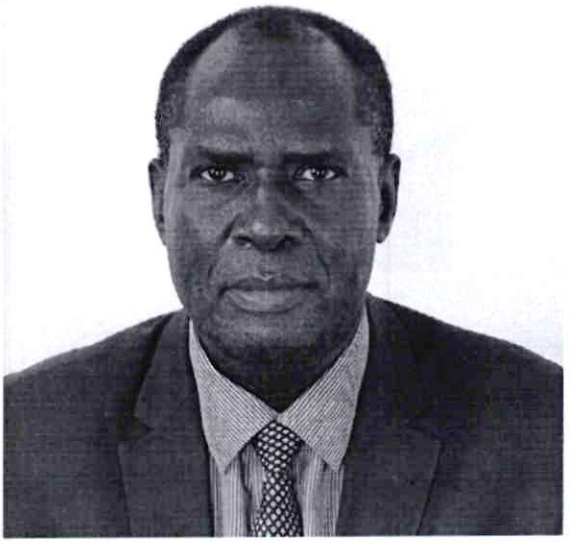
Auditor-General
Office of Auditor General
Anniversary Towers, Institute Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

Key OTVC Information and Management (Continued)

(j) Principal Legal Adviser

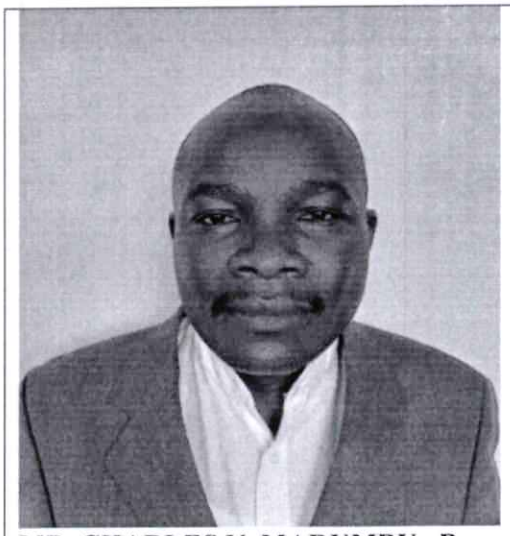
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

3.The Council/Board of Governors

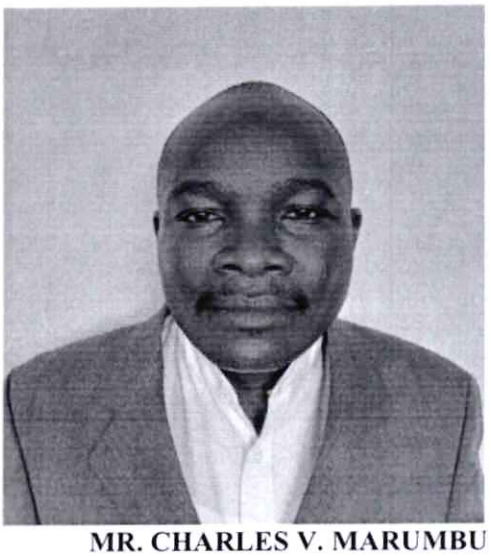
 **MR. DAVID OJAKAA** **Born: 1955**	Dr. David Ojakaa was appointed on 5th October 2018 as the first Chairperson of the Board of Governors for Okame TVC. He holds PhD in Demography from the University of Montreal in Canada, Master of Science in Population Studies from the University of Nairobi and Bachelor of Education (B.Ed) Science, Mathematics and Geography. He is also the Managing Director and Consultant at BRIM RESEARCH Ltd.
 **MS. MERCY ASOYONG** **Born: 1986**	Ms. Mercy Asoyong wasa appointed Board of Governors on 19th February 2022 for OKAME TVC. She holds a degree in Bsc. Law . She is the Chairperson Audit and Risk Mangement Committee.

 **MS. WINNIE ARIYA ATIENO BORN:** 1988	Ms. Winnie Atieno Ariya was Appointed Board of Governors on 19th February 2022 for OKAME TVC. She holds a degree in Bsc.Applied Statistics with Information Technology from Maseno University . On the last stage of MSc. Epidemiology and Biostatistics. She works as Research Manager for Research Management Information Technology. She is committee Member of the Finance,Planning and Development Committee
 **Ms. Stella Kilwake Born:1982**	Ms. Stella Kilwake was appointed Board of Governors on 19th February 2022 for OKAME TVC. She holds a degree in Bsc.Commerce, Finance . She is also the Chairperson Finance and Development Committee.
 **Mr. Robert Otiti Ekasiba Born: 1981**	Mr. Robert Otiti Ekasiba was appointed Board of Governors on 19th February 2022 for OKAME TVC. He holds a degree in Bsc.Geospatial information System from JKUAT. He is currentl the Head of Survey- Department of Lands Nakuru County.He is committee Member of the Finance,Planning and Development Committee

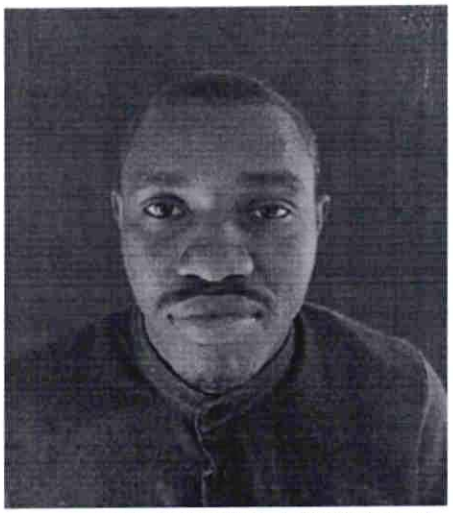
 Mr. Lagat Charles Born: 1984	Mr. Charles Lagat was appointed Board of Governors on 19th February 2022 for OKAME TVC. She holds a degree in Bsc.Textile Engineering from Moi University Eldoret. He is the chairperson Human Resource and TrainingCommittee
 **MRS. LOICE NYONGESA Born: 1992**	Ms. Loice Nyongesa was appointed on 5th October 2018 as a Member of the Board of Governors for Okame TVC. She holds a Bachelor's in Law from Kenyatta University Ms. Nyongesa is currently undertaking a Post graduate Diploma at the Kenya School of Law. She is also a Sacco Administrator at the Kenya China Diaspora Sacco.She is a member of the Human Resource and TrainingCommittee

 **MR. CHARLES V. MARUMBU Born: 1973**	**Name**: CHARLES MARUMBU VINCENT **D.O.B**: 1973 **Key Qualifications:** PhD BM(HR) **Work Experience**: Over 20 years in Educational administration. Mr.Marumbu is the Secretary Board of Governor Okame TVC.
 **MRS. MARTHA WEKESA Born: 1966**	Mrs. Martha Wekesa is the County TVET Director for Bungoma and Busia Regions. She holds a masters in Food Science and Technology, Post Graduate Diploma in Education and SLDP. She has over 25years of experience.
 **MR. CHRISANTUS OKWARE Born: 1968**	Mr. Chrisantus Okware was appointed on 21st July 2020 as an independent Member of the Board of Governors for Okame TVC as the Governors appointee. He is a Public Administrator, County Government of Busia. He is a holder of Postgraduate Diploma in Education and a Bachelors in Arts – Philosophy. He has also worked as a BOM at Alupe Special School.

4. Key Management Team

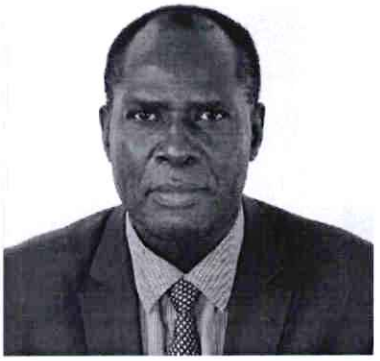
 **MR. CHARLES V. MARUMBU**	**Name**: CHARLES MARUMBU VINCENT **D.O.B**: 1973 **Key Qualifications:** PhD BM(HR) **Work Experience**: Over 20 years in Educational administration. Mr.Marumbu is the Secretary Board of Governor Okame TVC.
 **MRS. IRENE MUSUMBA MUKWANA**	Mrs. Irene Musumba Mukwana was posted as the Deputy Principal (ADFP) in May 2023. She holds a Masters in Economics of Education from Masinde Muliro University. She is currently undertaking PHD (Economics of Education). Mrs. Musumba has over 21 years of experience in teaching, training and management. She has also attained a senior management course at Kenya School of Government.

 MR. ERICK IMBUGWAH	Mr. Imbugwah Erick was deployed to Okame Technical and Vocational College in June 2019 as a mechatronic trainer and internally appointed as the registrar, he holds a bachelor of education in mechanical technology from Moi University. He also worked in Bumbe TTI as a deputy ILO Among other duties
 MS. ESTHER OCHOMO	Ms. Esther Ochomo Okongo was employed to Okame Technical and Vocational College as Accountant, she is CPA finalist an ICPAK member.
 MS. MARYGORET ADUNGO	Ms Adungo Marygorety was employed to Okame Technical And Vocational College as the procurement officer, she holds a bachelor degree in procurement and contract management from Jomo Kenyatta university of agriculture and technology. She is also a registerd member of KISM.

 MR. IKILENG DUNCAN	Mr. Ikileng Duncan was employed to Okam TVC as the Human Resource Officer in January 2023. He holds a bachelor degree in Human Resource Management and Development from Rongo University.

5. Chairman's Statement

Board highlights on strategic milestones:



During the financial year ended 30th June 2023, the Board of Governors (BoG) continued to execute its oversight and strategic roles by holding committee and full board meetings. A highlight of the year was the assessment of the performance contract (PC) where the College emerged with a score of 3.6. The view of the Board was that this was way below the College's potential. Consequently, during the year the Board and Management put in place mechanisms to transform this performance. In this regard, implementation of PC commitments such as tiling of the Principal's office and its environs, setting up of the dairy unit, and near-completion of the food and beverage workshop count among the achievements the Board and Management are proud of. The opening of Kotur campus of the College in February 2023 marked another achievement milestone. There was a change of management in May 2023, when the current Deputy Principal (Administration) Ms. Irene Musumba Mukwana came on board to replace Ms. Caroline Awor Kwedho who was promoted to be the Principal of Butula TVC.

Training:

During the financial year 2022/2023, the Board is happy to report that the College continued to implement its core mandate – training. Nominal enrolment was at 1,523 students during the year with 825 of these in session (in class), and 38 on attachment. The rest – 660 – nevertheless enrolled with the College but various reasons continue on part-time. The College has since measures in place to follow them up and attain as full and continuous enrolment as possible. From these, a cumulative total of 315 sat for their national technical and business examinations which were held in July 2022, November 2022, and March 2023 respectively.

Constraints:

During the financial year and particularly towards its end, the Board, Management, and the College as a who were challenged by the usual problem of inadequate financial resources in particular delayed remittal. It is with this constraint in mind that the Board continues to vigorously explore for viable options for income generating activities (IGAs).

Outlook:

The College continues to mount creative and innovative student strategies, such as the idea of new campuses without lowering the quality of training. It is on this and other rationales that the College targets bigger enrolment in the coming year (223/2024). The Board will continue to exert its oversight role in the coming year , In addition to exploring additional sources of funding, the Board of Governors will exert its broad oversight role in the coming year to ensure continued financial and management discipline.

Signature .....

6. Report of the Principal

Okame Technical and Vocational College is situated in Akadai village, Okame Location, Teso South Sub-county and Busia County. It is a public institution with registration No TVETA/Public/RC/056/2017.The college was mentored by Bumbe Technical Training Institute. The (5) five acre college land Registration No: South Teso /chakol /818 and South Teso /chakol /2543 was purchased by NG-CDF Teso South constituency. The one storey building that was constructed by GOK houses two workshops for Mechatronics Engineering, 8 classrooms, staffroom, computer laboratory, library space and administration offices. The college opened its doors to students in September 2018 with the first intake.

The college has engaged consultants in developing of a five (5) years Strategic plan and a vibrant and interactive website.

HUMAN RESOURCE

The college is managed by a Board of Governors. Currently there are fifty three (53) Trainers in the college, 23 (17 male and 6 female) deployed by the Ministry and thirty (15 male and 15 female) on Board employment. The college has 16 support staffs employed by the Board but plans for increasing the number for efficiency to be enhanced are underway .

COURSES AND ENROLMENT

The college is a Centre of excellence in Mechatronics Engineering. Other courses include ICT, Plumbing, Welding, Secretarial Studies, Hair Dressing and Beauty Therapy, Business Management, Supply Chain Management, Human Resource Management, Accounting Technician Diploma and Electrical & Electronics at different levels. The college is currently offering courses examined by KNEC and TVET CDACC, and KASNEB. The college is on the path to full CBET implementation.

The total enrolment as at June 2023 was 1600 trainees spread across the courses.

Okame TVC has embraced the Open Distance and e Learning (ODEL) method of engaging our students amidst the COVID 19 pandemic going forward.

PROJECTS UNDERTAKEN

With the support of the CDF-NG Teso South, the college has undertaken various projects namely planting 2500 assorted fruit trees, Construction of a 6-door Ventilated Improved Pit (VIP) latrine and acquisition of a 33-seater bus. The construction of food and beverage workshop is underway by the BOG.

The college also has a solar-powered borehole which was constructed by the National Government through The Lake Victoria North Water Services Board that will also provide water to the community as Corporate Social Responsibility (CSR).

STRENGTHS

The college has the following strengths:

1. Citing of the college is strategic since it is the only one of its kind in the area.
2. The college is close to Busia town hence an opportunity to begin Town campus
3. There is good will from the community
4. Substantive Board of Governors in place.
5. The college has state of the art equipment in Mechatronics Technology
6. The college has highly skilled manpower who are frequently used in developing documents used at a National and International levels
7. The college has land for expansion

CHALLENGES

The college is in dire need for:

1. Public Service Commission trainers to ease the burden on the BOG.
2. Hostels to attract students and clients from all over the country.
3. Development of the fields for co-curricular activities.
4. Workshops for Electrical and Electronics Engineering (Power), Mechanical Engineering (Production), Plumbing, Welding and Fabrication, Hair dressing and Beauty Therapy and Food and Beverage (Sales and Service)
5. Equipment and tools for technical courses i.e Electrical and Electronics Engineering (Power), Mechanical Engineering (Production), Plumbing, Welding and Fabrication, Hair dressing and Beauty Therapy, Food and Beverage (Sales and Service), Driving Course and Technical Drawing for hands on training.
6. Transportation: Double Cabin (4 x 4) and a bigger Bus for mobility and training.
7. E- library: Computers, chairs, tables, shelves for research and innovation needs.
8. Fill administrative positions for effective operations of the college.

SIGN.....

C.Y.M

7. Statement of Performance against Predetermined Objectives

Okame Technical and Vocational College has developed its Strategic Plan that runs from FY2020/2021- FY2025/2026 that is on the 3nd year of its implementation.

8. Corporate Governance Statement

Okame Technical and Vocational College is driven by its mission to be a leading TVC in provision of quality Technical and Vocational Education and Training to ensure production of competent human personnel with the requisite skills. The college shall be governed by the Board of Governors appointed by the Cabinet Secretary in the Ministry of Education.

The functions of the board of Governors as set out under section 28 (1) of TVET Act shall include:-

(a) Overseeing the conduct of education and training in the institution in accordance with the provisions of this Act and any other written law;

(b) Promoting and maintaining standards, quality and relevance in education and training in the institutions in accordance with this Act and any other written law;

(c) Administering and managing the property of the institutions;

(d) Developing and implementing the institutions' strategic plan;

(e) Preparing annual estimates of revenue and expenditure for the institution and incurring expenditure on behalf of the institutions;

(f)receiving, on behalf of the institution, fees, grants, subscriptions, donations, bequests or other moneys and to make disbursement to the institution or other bodies or persons;

(g) determining the fees payable and prescribing conditions under which fees may be remitted in part or in whole in accordance with the guidelines developed under the provisions of this Act;

(h) Mobilizing resources for the institutions;

(i) Developing and reviewing programmes for training and to make representations thereon to the Board;

(j) Regulating the admission and exclusion of students from the institutions, subject to a qualifications framework and the provisions of this Act;

(k) Approving collaboration or association with other institutions and industries in and outside Kenya subject to prior approval by the Board;

(1) Recruiting and appointing trainers from among qualified professionals and practising trades persons in relevant sectors of industry;

(m) Determining suitable terms and conditions of service for support staff, trainers and instructors and remunerating the staff of the institution

(n) Making regulations governing organization, conduct and discipline of the staff and students;

(o) Preparing comprehensive annual reports on all areas of their mandate, including education and training services and submit the same to the Board;

(p) Providing for the welfare of the students and staff of the institutions;

(q) Encouraging, nurturing and promoting democratic culture, dialogue and tolerance in the institutions; and

(r) Discharging all other functions conferred upon it by this Act or any other written law

The second schedule of the TVET Act allows the CS to appoint members of the Board of Governors consisting of not less than seven and not more than nine members. The Cabinet Secretary Ministry of Education appointed the following to be the Chairperson and members with effect from 9th February 2022. Chairperson-Dr. David I. Ojakaa, Members- Ms Winfred Winnie Atieno, Mr. Charles Lagat, Ms Nyongesa Loise, Ms. Mercy Asoyong, Mr. Robert Otiti Ekasiba and Ms. Stella Kilwake. Other members of the Board include the Regional County Director TVET MRS. Martha Wekesa, Mr. Chrisantus Okware the Governors appointee and the Principal who is the Secretary to the Board. The Board was inaugurated on 5th February 2022.The Board of Governors have developed a Board Charter that is operational, in addition the Board of Governors signed a Perfomance Contract with the Ministry of Education that shall guide in performance and delivery of services.

9. Management Discussion and Analysis

Okame Technical and Vocational College received total revenues amounting to **Ksh 26,935,197** , Ksh. 17,946,898 being collection from trainees/Sponsors/Parents as college fees and **Ksh 8,700,000 from the** Ministry of education as Government grants and capitation. Resources expended amounted to Ksh **26,829,774** this relates to 68% of the budget for the fiscal year 2022/2023.

The management committed Ksh. 4,500,000 for construction of the Foods and Beverage Workshop which as at 30th June 2023; the workshop is 80% complete.

FOOD AND BEVERAGEWORKSHOP AS AT 30/06/2023

10. Corporate Social Responsibility / Community Engagements

Okame Technical and Vocational College seeks to contribute to the attainment of Kenya Vision 2030 Medium Plan Two (MTPII) by, among other things, enhancing corporate social responsibility through focussing on programmes and initiatives that feed back into the community. In this regard, the college organized for the drilling of a solar-powered borehole which was constructed by the National Government through the Lake Victoria North Water Services Board. This will also provide water to the community as Corporate Social Responsibility (CSR). The college bus shall also be used by the community in any case of public transport during social activities like weddings and burial ceremonies. The board and management of the College will continue to initiate and adapt to practices which ensure that quality services are extended to the community, and enhance conservation of the environment.

11. Report of the Council/Board of Governors

The BOG members submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of the *OTVC's* affairs.

Principal activities

The principal activities of the College are -:Training and developing middle level manpower for national development, advancing, transmitting and enhancing technical and entrepreneurial skills and knowledge for self-employment and the national production system, offering courses leading to the award of up to diploma certificates in TVET programmes in collaboration with other tertiary institutions and appropriate industries across the board, as provided for in the TVET Act.

Results

The results of the OTVC for the year ended June 30 are set out on page 1 to page 6

Council/Board of Governors

The members of the Board of Governors who served during the year are shown on page vi- ix.

Auditors

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

By Order of the Board

MARUMBU CHARLES

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Secretary of the Board of Governors

Date: 30/06/23

12. Statement of Board of Governors/ Council's 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 Board of Governors of Okame Technical and Vocaional College to prepare financial statements which give a true and fair view of the state of affairs of Okame Technical and Vocational College at the end of the financial year and the operating results for that year. The Board members are also required to ensure that *the College* keeps proper accounting records which disclose with reasonable accuracy the financial position of Okame Technical and Vocational College. The Board members are also responsible for safeguarding the assets of the *College.*

The Board members are responsible for the preparation and presentation of financial statements, which give a true and fair view of the state of affairs of Okame Technical and Vocational 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 *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 Okame Technical and Vocational *College's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and *section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013*. The Board members are of the opinion that *Okame Technical and Vocational College's* financial statements give a true and fair view of the state of the *College's* transactions during the financial year ended June 30, 2023, and of the *College's* financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for Okame Technical and Vocational College, which have been relied upon in the preparation of the financial statements as well as the adequacy of the systems of internal financial control.
Nothing has come to the attention of the Board members to indicate that *Okame Technical and Vocational College* will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements
Okame Technical and Vocational College financial statements were approved by the Board on 26th September 2023 and signed on its behalf by:

Ojakaa

.....

Name DAVID OJAKAA

Chairperson of the Board/Council

30/06/23

MARUMBU CHARLES

.....

Name

Accounting Officer/Principal

REPUBLIC OF KENYA

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

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON OKAME 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 the 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.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

The accompanying financial statements of Okame Technical and Vocational College set out on pages 1 to 23 which comprise 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 other explanatory information have been audited on my behalf by Injete Imbuye & Associates, auditors appointed under Section 23 of the Public Audit Act, 2015 and in accordance with the provisions of Article 229 of the Constitution of Kenya. The auditors have duly reported to me the results of their audit and on the basis of their report, I am satisfied that all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit were obtained.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Okame Technical and Vocational College as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act ,2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Receivables from Exchange Transactions

The statement of financial position and as disclosed in Note 14 to the financial statements reflects receivables from exchange transactions balance of Kshs.14,936,739. However, a debtors aging analysis was not provided for audit review to confirm when the debts were incurred.

In the circumstances, the accuracy and completeness of receivables from exchange transactions balance of Kshs.14,936,739 could not be confirmed.

2. Unconfirmed Accumulated Surplus Balance

The statement of changes in net assets reflects accumulated surplus balances of Kshs.17,886,572 and Kshs.20,096,577, as at 30 June, 2022 and 30 June, 2023 respectively. However, audited financial statements for the previous reflect accumulated surplus balance of Kshs.17,609,936 as at 30 June, 2022, resulting to unexplained variance of Kshs.276,636.

In the circumstances, the accuracy and completeness of accumulated surplus balance of Kshs.20,096,577 as at 30 June, 2023 could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Okame 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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis amounts of Kshs.38,784,000 and Kshs.26,935,197 respectively, resulting to under-funding of Kshs.11,848,803 or 31% of the budget. Similarly, the College expended a total of Kshs.26,448,866 against an approved budget of Kshs.34,572,736 resulting to an under-expenditure of Kshs.8,123,870 or 23% of the budget.

In the circumstances, the under-funding and under-expenditure affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements and the Report on Lawfulness and Effectiveness in Use of Public Resources. However, no evidence was provided for audit review indicating whether or not the issues were resolved. Further, all the prior year issues are not disclosed under implementation status of Auditor-General's recommendations section of the financial statements as required by the Public Sector Accounting Standards Board reporting template.

Other Information

The Management is responsible for the other information set out on page iii to xxii which comprise of Key Entity Information and Management, the Board of Governors, Management Team, Chairman's Statement, Report of the Principal, Corporate Governance Statement, Management Discussion and Analysis, Report of the Board of Governors, Statement of Board of Governors' Responsibilities and Statement of Performance Against Predetermined Objectives. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the College's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed,

I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Non-Compliance with Law on Staff Ethnic Diversity

Analysis of the payroll and staff list provided for audit review revealed that during the year under review, the College had fifty-one (51) employees, both teaching and non-teaching and on permanent and pensionable terms. However, out of the total number, twenty-nine (29) employees or 57% were from one ethnic community. This was contrary to Section 7(2) of the National Cohesion and Integration Act, 2008, which provides that no public establishment shall have more than one third of its staff from one ethnic community.

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

The audit was conducted in accordance with ISSAIs 3000 and 4000. The Standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAIs 2315 and 2330. The Standards require that I plan and perform the audit to obtain assurance about whether effective

processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of the 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 controls, risk management and governance.

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply 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 financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected

to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1) (a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/. This description forms part of my auditor's report.

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

23 January, 2025

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

Description	Notes	2022-2023	2021-2022
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government – grants/ gifts in kind	5	8,700,000	16,505,000
		8,700,000	**16,505,000**
Revenue from exchange transactions			
Rendering of services- Fees from students	6	17,946,898	18,117,998
Other Income			116,165
Sale of goods	7	288,299	
Revenue from exchange transactions		**18,235,197**	**18,234,163**
Total Revenue		**26,935,197**	**34,739,163**
Expenses			
Employee costs	9	7,300,193	7,059,147
Remuneration of directors	10	1,051,140	1,191,202
Depreciation and amortization expense	11	1,723,674	813,480
Repairs and maintenance	12	147,800	898,140
Use of goods/ general expenses	8	16,226,059	12,723,412
Total expenses		**26,448,866**	**22,685,381**
Net Surplus/Deficit for the year		**486,331**	**12,053,783**
Attributable to:			
Surplus/(deficit) attributable to minority interest		0	**0**
Surplus attributable to owners of the controlling entity		0	0
		0	0

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

.....	.....	MARUMBI C.Y
Chairman of Council/Board	**Finance Officer**	**Principal**
	ICPAK No ASSOC/4054	
Date: 30/06/2023	**Date: 30/06/2023**	**Date** 30/06/23

15. Statement of Financial Position As At 30th June 2023

Description	Notes	2022/2023 Kshs	2021/2022 Kshs
Assets			
Current assets			
Cash and cash equivalents	13	3,526,002	3,126,914
Receivables from exchange transactions	14	14,936,739	15,882,950
Inventories	18	0	945,926
		18,462,741	**19,955,790**
Non-current assets			
Property, plant and equipment	16	6,550,339	2,862,872
Intangible Assets	17	1,049,816	1,337,814
Total non-current assets		**7,600,155**	**4,200,686**
Total assets		**26,062,896**	**24,156,476**
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	19	2,430,664	570,000
Refundable deposits from customers	20	682,270	383,640
Payments received in advance	21	56,935	
		3,169,869	**953,640**
Non-current liabilities			
Total liabilities			
Reserves		**2,796,450**	**2,796,450**
Accumulated surplus		**20,096,577**	**20,406,386**
Total capital and Reserves		**22,893,027**	**23,202,836**
Total Liabilities and Capital & Reserves		**26,062,896**	**24,156,476**

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

.....	.....	.....
Chairman of Council/Board	**Finance Officer**	**Principal**
	ICPAK No: ASSOC/4054	
Date 30/06/2023	**Date: 30/06/2023**	**Date** 30/06/2023

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

Description	Revaluation reserve	Accumulated Fund	Capital Grants/Fund	Total
At July 1, 2022	**2,796,450**	**5,556,153**	**0**	**8,352,603**
Revaluation gain	0	0	0	0
Surplus/(deficit) for the year	0	12,330,419	0	**12,053,783**
Capital grants received during the year	0	0	0	0
Transfer of depreciation/amortisation from capital fund to Retained earnings	0	0	0	0
At June 30, 2022	**2,796,450**	**17,886,572**	**0**	**20,683,022**
At July 1, 2023	**2,796,450**	**17,886,572**	**0**	**20,683,022**
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	486,331	-	486,331
Capital grants received during the year	-	-	-	-
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	1,723,674	-	1,723,674
At June 30, 2023	**2,796,450**	**20,096,577**	**0**	**22,893,027**

17. Statement of Cash Flows For The Year Ended 30 June 2023

Description	Note	2022/2023 Kshs	2021/2022 Kshs
Cash flows from operating activities			
Receipts			
Transfers from other National Government entities	5	8,700,000	16,505,000
Rendering of services- fees from students	6	17,946,898	18,117,998
Sale of goods	7	288,299	-
Total Receipts		**26,935,197**	**34,622,998**
Payments			
Employee costs	9	7,300,193	7,059,147
Board /Council Expenses	10	1,051,140	1,191,202
Repairs and maintenance	12	147,800	898,140
General and other expenses	8	16,226,059	12,723,412
Total Payments		**24,725,192**	**21,871,901**
Net Cash Flows from operating activities		**2,210,005**	**12,751,097**
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	16	(4,108,261)	-746,850
Increase in payables	19	1,477,024	577,779
Decrease in current assets	15	(945,926)	-
Decrease in current receivables	14	946,211	-10,644,460
Decrease in Intangible assets	17	287,998	-452,221
Net cash flows used in investing activities		**(2,166,482)**	**-11,265,752**
Cash flows from financing activities			
Increase in prepayments	21	56,935	
Increase in deposits	20	298,630	116,165
Net cash flows used in financing activities		**355,565**	**116,165**
Net Increase/(Decrease) in Cash and Cash equivalents		**399,088**	**1,601,510**
Cash and Cash equivalents at 1 JULY 2022	13	3,126,404	1,525,404
Cash and Cash equivalents at 30 JUNE	13	**3,526,002**	**3,126,914**

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
Revenue	**Kshs**	**Kshs**	**Kshs**	**Kshs**	**Kshs**	**%**
Transfers from other National Government entities	46,803,603	(30,803,603)	16,000,000	8,700,000	(7,300,000)	45.6%
Rendering of services- fees from students	23,280,000	(1,206,000)	22,074,000	17,946,898	(4,127,102)	18.6%
Production units	863,250	(153,250)	710,000	288,299	(421,701)	59.0%
Total Income	**70,856,853**	**(32,072,853)**	**38,784,000**	**26,935,197**	**(11,848,803)**	30.5%
Expenses						
Office expenses	11,549,100	(6,895,000)	4,654,100	390,151	(4,263,949)	91.6%
Employee costs	9,133,055	(570,575)	8,562,480	7,300,193	(1,262,287)	14.7%
Board /Council Expenses	2,178,000	(636,000)	1,542,000	1,051,140	(490,860)	31.8%
Repairs and maintenance	1,925,000	(1,230,000)	695,000	147,800	(547,200)	78.7%
Administration Cost	6,903,000	(410,000)	6,493,000	6,006,575	(486,425)	7.4%
Tuition Expenses	10,319,385	(3,631,500)	6,687,885	4,179,350	(2,508,535)	37.5%
General and other expenses	8,899,948	(2,961,677)	5,938,271	7,373,657	1,435,386	-24.1%
Total Expenditure	**50,907,488**	**(16,334,752)**	**34,572,736**	**26,448,866**	**(8,123,870)**	23.4%
Surplus For the Period	**19,949,365**	**(15,738,101)**	**4,211,264**	**486,331**	**(3,724,933)**	88.4%
Capital Expenditure	**20,500,000**	**(16,000,000)**	**4,500,000**	**3,547,608**	**(952,392)**	21.1%

Budget explanatory notes

A) Revenue from GOK grants/ Capitation : i) Partial quarterly funding ii) No grants and capitations transferred by Government for quarter four.

B) Revenue from Production units : Production policy still under development and implementation stage.

C) Compesation of employees :Understaffing contrary to projections and implementation of career progression in progress.

D) Administration expenses : Lack of eneough administrative officers deployed and under funding by G.O.K.

E) Tuition expenses: Low enrolment resulting to low income from rendering of services

F) Remuneration of Directors : Due to low funding B.O.G programmes and meetings could not run as planned.

G) Other General expenses: Due to low income receipts from G.O.K and low enrolment, the budgeted expenditures could not be met.

H) Capital Expenditure: No grants and capitations transferred by Government for quarter four

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H) Capital Expenditure: No grants and capitations transferred by Government for quarter four

19. Notes to the Financial Statements

1. General Information

OTVC is established by and derives its authority and accountability from TVET Act. The OTVC is wholly owned by the Government of Kenya and is domiciled in Kenya. The OTVC's principal activity encompasses the following: Training and developing middle level manpower for national development, advancing, transmitting and enhancing technical and entrepreneurial skills and knowledge for self-employment and the national production system, offering courses leading to the award of up to diploma certificates in TVET programmes in collaboration with other tertiary institutions and appropriate industries across the sectors.

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 *OTVC's* accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *OTVC*. 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:
IPSAS 41: Financial Instruments	**Applicable: 1st January 2023:** The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an OTVC's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an OTVC's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	**Applicable: 1st January 2023** The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting OTVC provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess: (a) The nature of such social benefits provided by the OTVC. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the OTVC's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	**Applicable: 1st January 2023:** a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting

Standard	Effective date and impact:
	for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued. d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.
Other improvements to IPSAS	***Applicable 1st January 2023*** • *IPSAS 22 Disclosure of Financial Information about the General Government Sector.* Amendments to refer to the latest System of National Accounts (SNA 2008). • *IPSAS 39: Employee Benefits. 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	***Applicable 1st January 2025*** 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 OTVC. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	***Applicable 1st January 2025*** The Standard requires, 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: 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.

iii. Early adoption of standards

OTVC 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 entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the OTVC 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 OTVC 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 OTVC.

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.

b) Budget information

The original budget for FY 2023/2023 was approved by the Council or Board on 21/02/2022. 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 OTVC upon receiving the respective approvals to conclude the final budget. Accordingly, the OTVC recorded negative appropriations of ***Ksh. 32,072,853*** on the FY 2023/2023 budget following the Council/ Board's approval. The OTVC's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on 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 5 under section ***one*** of these financial statements.

c) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition 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 OTVC 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.All college assets shall be depreciated under the Straight line method of depreciation as follows:

NO.	*ASSET TYPE*	*YEARS OF USEFUL LIFE*
1.	Computers/Printers/Photocopiers	10
2.	Motor vehicle, Plant and Equipemnt	15
3.	Office Funiture	12
4.	Buildings	30
5.	Land	-
6.	Tools	5

d) 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.

e) Employee benefits

Retirement benefit plans

The *OTVC* provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an OTVC pays fixed contributions into NSSF 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.

f) Related parties

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

g) 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.

h) Comparative figures

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

i) 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.

5. Transfers from other National Government entities

Description	2022-2023	2021-2022
	KShs	KShs
Unconditional grants		
Operational grant		500,000
Other grants- Capitation	8,700,000	16,005,000
Total government grants and subsidies	**8,700,000**	**16,505,000**

6. Rendering of Services

Description	2022-2023	2021-2022
Tuition	5,634,606	5,355,990
Personal Emoluments	3,560,325	3,748,260
Electricity, Water &Conservancy	1,027,695	1,206,360
Repairs, Maintenance& Improvement	643,000	715,170
Transport (LT&T)	1,331,170	1,593,180
Medical	287,650	339,900
Activity	1,070,890	1,277,100
Insurance	301,790	314,400
Student ID	152,340	70,740
Student Council	396,350	501,000
Attachment	1,031,730	913,500
Administration cost	1,486,147	1,725,000
Examination	834,845	325,898
Admission fees	188,360	31,500
Total revenue from the rendering of services	**17,946,898**	**18,117,998**

7. Sale of Goods

Description	2022-2023	2021-2022
	Kshs	Kshs
IGA/PU -	288,299	00
		00
Total Revenue from Sale of Goods	288,299	**0.0**

8. Use of Goods and Services

Description	2022-2023	2021-2022
	KShs	KShs
Tuition	4,179,350	1,512,880
Electricity, Water &Conservancy	141,756	365,802
Transport (LT&T)	1,342,578	942,010
Medical	0	4,500
Activity	1,533,945	1,675,710
Insurance	239,207	182,503
Student Council	597,890	215,720
Attachment	353,220	151,082
Administration Costs	6,006,575	5,082,734
Advertisement & Publicity	647,800	282,804
Sewerage and Sanitation	138,705	46,670
Bank Charges	14,092	35,762
Examinations		2,115,340
Motor Vehicle repairs	134,810	109,855
Production Units	505,980	0
Office expenses	390,151	0
Total general expenses	**16,226,059**	**12,723,412**

9. Employee Costs

	2022- 2023	2021-2022
		KShs
Salaries and wages	7,300,193	7,059,147
Employee costs	**7,300,193**	**7,059,147**

10. Board/Council Expenses

Description	2022- 2023	2020-2021
		KShs
Directors emoluments	1,051,140	1,191,202
Total director emoluments	**1,051,140**	**1,191,202**

11. Depreciation and Amortization expense

Description	2022-2023	2021-2022
	KShs	KShs
Property, plant and equipment	1,101,222	479,026
Intangible Assets	622,452	334,454
Total Depreciation and Amortization	1,723,674	813,480

12. Repairs and Maintenance

Description	2022-2023	2020-2022
	KShs	KShs
Property	147,800	898,140
Total repairs and maintenance	147,800	898,140

13. Cash and Cash Equivalents

Description	2022-2023	2021-2022
	KShs	KShs
Tuition Account- 1252776799	**367,695**	3,040,794
Operations Account- 1252776632	**3,115,677**	
Cash at Hand	-	28,500
Mpesa	42,630	57,620
Total cash and cash equivalents	**3,526,002**	**3,126,914**

14. Receivables from Exchange transactions

Description	2022-2023	2021-2022
	KShs	KShs
Current receivables		
Student debtors	14,759,939	15,882,950
Other exchange debtors	176,800	-
Total current receivables	**14,936,739**	**15,882,950**

15. Inventories

Inventories		
Description	**2022-2023**	**2021-2022**
	kshs	**kshs**
Consumable stores	-	945,926
Central stores	-	-
Total Inventories	**0**	**945,926**

16. Property, Plant and Equipment

	Land/Biological assets	Buildings-WIP	Motor vehicles	Furniture and fittings	Computers	Other Assets Biological	Plant and equipment	Other assets and Tools	Total
Cost	**Shs**	**Shs**	**Shs**	**Shs**	**Shs**	**Shs**	**Shs**	**Shs**	**Shs**
At 1July 2021	**0**	**0**	**0**	**2,278,800**	**202,500**	**0**	**315,150**	**0**	**2,796,450**
Additions	0	0	0	450,000	0	0	96,000	200,850	**746,850**
Disposals									**0**
Transfers/adjustments									**0**
At 30th June 2022	**0**	**0**	**0**	**2,728,800**	**202,500**	**0**	**411,150**	**200,850**	**3,543,300**
At 1st July 2022	**0**	**0**	**0**	**2,728,800**	**202,500**	**0**	**411,150**	**200,850**	**3,543,300**
Additions	0	3,547,608	0	176,988	0	32,000	331,441	20,224	**4,108,261**
Disposals									**0**
Transfer/adjustments									-
At 30th June 2023	**0**	**3,547,608**	**0**	**2,905,788**	**202,500**	**0**	**742,591**	**221,074**	**7,619,561**
Depreciation and impairment									-
At 1July 2022	**0**	**0**	**0**	**510,063**	**88,218**	**0**	**57,040**	**25,107**	**680,428**
Depreciation				324,336	14,285	0	61,635	20,538	**420,794**
Impairment					0	0	0	0	-
At 30 June 2022	**0**	**0**	**0**	**834,399**	**102,503**	**0**	**118,675**	**45,645**	**1,101,222**
Net book values									
At 30th June 2023	**0**	**3,547,608**	**0**	**2,071,389**	**99,997**	**32,000**	**623,916**	**175,429**	**6,550,339**
At 30th June 2022	**0**	**0**	**0**	**2,218,737**	**114,282**	**0**	**354,110**	**175,743**	**2,862,872**

Valuation of College Assets

The management is in process to acquire a certified professional valuer to assess and value all assets donated by the MOE. For purposes of accuracy and completeness of property, plant and equipment; this assets have not been included in the financial statements.

17. Intangible Assets

Description	2022-2023	2021-2022
	KShs	KShs
Cost		
At beginning of the year	1,672,268	1,672,268
Cost end of the year	1,672,268	1,672,268
Amortization and impairment		
At beginning of the year	**334,454**	
Amortization	**287,999**	**334,454**
Amortization at end of the year	**622,452**	**334,454**
Impairment loss		
At end of the year		
NBV	**1,049,816**	**1,337,814**

18. Biological Assets

	2022-2023	2021-2022
	Kshs	Kshs
Cattle	32,000	0
Total	**32,000**	**0**

19. Trade and Other Payables

Description	2022-2023	2021-2022
	KShs	KShs
Trade payables	1,748,394	570,000
Other refundable deposits	682,270	383,640
Total trade and other payables	**2,430,664**	953,640

20. Refundable Deposits from Customers/Students

Description	2022-2023	2021-2022
	Kshs	Kshs
Consumer deposits	-	-
Caution money	682,270	383,640
Other refundable deposits	-	-
Total Deposits	**682,270**	**383,640**

21. Payments Received in advance

Description	2022-2023	2021-2022
	Kshs	Kshs
	-	-
Fees paid in advance	56,935	-
	-	-
Total Deposits	**56,935**	**00**

22. Financial Risk Management

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

The OTVC's financial risk management objectives and policies are detailed below:

(i) Credit risk

The OTVC has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

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

23. Related Party Balances

Nature of related party relationships

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

i) The National Government;
ii) The Parent Ministry;
iii) Teso South NG-CDF
iv) Board of Governors
v) Key management;
vi) HELB
vii) BUMBE TTI
viii)

24. Events After The Reporting Period

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

25. Ultimate And Holding OTVC

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

26. Currency

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

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:
1.	Inclusion of other Property Plant and equipment values	Delay of funds disbursement to conduct Asset Valuation	Not resolved	31st March 2024
2.	Lack of Approved Staff establishment	Development in progress	Not Resolved	31st January 2024

MARUMBU CHARLES

Name
Accounting Officer
(Enter title of Head of OTVC)
Date 30/06/23

Appendix II: Projects Implemented by Okame TVC

Projects

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	FOOD AND BEVERAGE WORKSHOP	4,529,227	3,547,608	90%	4,500,000		FEES FROM TRAINEES