REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

RIAMO TECHNICAL AND VOCATIONAL COLLEGE

FOR THE YEAR ENDED

30 JUNE,2024

MINISTRY OF EDUCATION
STATE DEPARTMENT FOR TECHNICAL VOCATIONA AND TECHNICAL TRAINING
RIAMO TECHNICAL AND VOCATIONAL COLLEGE
P.O BOX 2656-40200 KISII.

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RIAMO TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30TH JUNE 2024

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

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Acronyms and Definition of Key Terms

A. Acronyms

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
HELB	Higher education loans board
RTVC	Riamo Technical and Vocational College

B. Definition of Key Terms

Fiduciary Management - Members of Management directly entrusted with the entity's financial resources.

Comparative Year- 2022-2023.

Key Entity Information and Management

(a) Background information

Riamo Technical and Vocational College was founded in January 2021 as a public Technical and Vocational College on 7 acres of land under the sponsorship of the Ministry of Education. The institution was mentored by The Kisii National Polytechnic. The college started off with ICT and Agriculture value addition trainees. Since then more courses have been introduced at artisan, craft and diploma levels.

The operations of RVTC is governed by the Education Act, 2013, Technical and Vocational Education and Training Act 2013 and TVET Regulations, 2015.

(b) Principal Activities

The principal activity/mission/ mandate of the RTVC is to be a centre of excellence in provision of quality technical skills, knowledge, research and innovation. Increase the enrolment of the students and provide a conducive environment for learning and training.

Vision
To be a world class college for technical and vocational skills development.

Mission Statement
To develop highly qualified, globally competitive and resourceful graduates by providing quality Training and Entrepreneurial skills that are responsive to market demands.

Core Values
The Riamo Technical and Vocational College is committed to and will be identified by the following core values:

i. Excellence.
ii. Integrity.
iii. Professionalism.
iv. Creativity.
v. Team work.
vi. Accountability and transparency.

(c) Key Management

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

(i) Board of Governors
(ii) Principal/Secretary of the Board of Governors
(iii)Management

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2024 and who had direct fiduciary responsibility were:

SN.	Designation	Name
1.	Principal	**NICODEMUS MIRIOBA**
2	Deputy principal Academics	**PAUL MOTONU**
3	Registrar	**JACQUILYNE OMOSA**
4	Dean of students	**NIMLOD NYARIKI**
6	Accounts clerk	**DEBORAH NYABUTO**

Key Entity Information and Management

(e) Fiduciary Oversight Arrangements

Audit, Finance, Audit & General Purposes committee activities
The Committee exercises all the powers of BOG in financial matters except in relation to the items which are reserved to BOG in these Standing Orders, on which the Committee shall advise BOG. Terms of Reference The role of the Committee shall be to monitor the financial status of the Institute on behalf of BOG. In addition to advising BOG on those matters referred to above, the Committee's responsibilities shall include:

- To implement and monitor the proposed projects.
- To receive reports from the Principal and the Finance Officer.
- To monitor implementation of the objectives of the Institute.
- To monitor and facilitate the day-to day running of the institute
- To ensure proper safeguarding of the Institute's assets.
- To ensure the proper financial evaluation and control of projects.
- To make recommendations to BOG on the projects to be commenced on order of priority

(a) Entity Headquarters

P.O BOX 2656-40200
KISII.
OFF KISII-KILGORIS ROAD
SENGERA –BOSOTI LOCATION
KENYA

(b) Entity Contacts

Telephone: (254) 0746162851/0718056703
E-mail: riamotvc@gmail.com/info@riamotvc.ac.ke
Website: www.riamotvc.ac.ke

(c) Entity Bankers

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

Other Commercial Banks

Co-operative Bank
Branch: Kisii
P.O Box 2656-40200

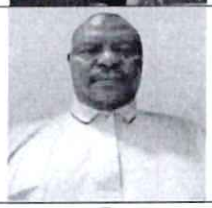
(d) Independent Auditors

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

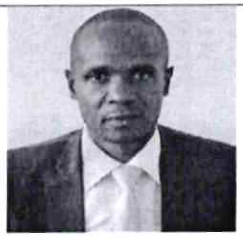
(e) Principal Legal Adviser

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

The Board of Governors

SN.	*photo*	*Member/ Director*	*Details*
1.		*CAROLYNE N. ONCHWARI(CHAIRPERSON)*	***Date Of Birth:*** *12/12/1976.* ***Qualification:*** *BSC(Information Science)* ***Experience:*** *5 years*
2.		*EDDAH C. CHERUIYOT(MEMBER)*	***Date Of Birth:*** *27/09/1981* ***Qualification:*** *Masters Of Management And Leadership* ***Experience:*** *12 years*
3.		*IBRAHIM M. ONGERI(MEMBER)*	***Date Of Birth:*** *11/6/1979* ***Qualification:*** *BSC Survey* ***Experience:*** *13 years*
4.		*DANCAN A. AERO(MEMBER)*	***Date Of Birth:*** *4/10/1996* ***Qualification:*** *BBIT* ***Experience:*** *3 years*
5.		*HARRIET S. KAMONYE(MEMBER)*	***Date Of Birth:****21/07/1984* ***Qualification:*** *BED (Early Childhood)* ***Experience:*** *9 years*
6.		*TOM OLANGO(MEMBER)*	***Date Of Birth:*** *10/03/1972* ***Qualification:*** *MSC (Human Resource)* ***Experience:*** *6 years*
7.		*NICODEMUS MIRIOBA(SECRETARY)*	***Date Of Birth:*** *01/01/1978* ***Qualification:*** *BSC(Aged)* ***Experience:*** *17 years*

Key Management Team

SN	photo	Member/ Director	Details
1.		NICODEMUS MIRIOBA BSC AGRIC EDUCATION & EXTENSION	**Designation:** Principal **Date Of Birth:** 01/01/1978 **Qualification:** BSC(Aged) **Experience:** 17 years
2.		PAUL MOTONU	**Designation:** D/Principal **Date Of Birth:** 18/05/1964 **Qualification:** BED **Experience:** 33 years
3.		JACQUILYNE OMOSA	**Designation:** Registrar **Date Of Birth:** 11/12/1981 **Qualification:**BAC (Information Communication Technology) **Experience:**12 Years
4.		NIMLOD NYARIKI	**Designation:** Dean Of Students **Date Of Birth:** 24/03/1989 **Qualification:** Diploma In Building Technology **Experience:** 8 Years
5.		DEBORAH NYABUTO	**Designation:** Accounts Clerk **Date Of Birth:** 27/05/2001 **Qualification:** Certified Public Accountant(CPA) **Experience:** 1 year

Management Discussion and Analysis

1. OVERVIEW

The management discussion and analysis provides an in-depth review of financial and operational performance of Riamo technical and vocational college for the fiscal year ended 30th June 2024. This report highlights key achievements, challenges, financial position and strategic initiatives undertaken to drive growth and sustainability.

2. OPERATIONAL PERFORMANCE

2.1 Institutional Growth and Achievements

Increased student enrolment reflecting strong demand for technical and vocational training programs,
Expanded academic and training programs to align with industry needs,
Enhanced collaboration with industry partners for internship and job placement opportunities.

2.2 Infrastructure and Facilities Development

Investment in modern equipment and technology to improve training quality.
Upgrades ICT infrastructure to support digital learning and administrative efficiency.

2.3 Human Resource Development

Recruitment of highly qualified faculty and administrative staff.
Professional development programs to enhance staff skills and competencies.
Strengthening performance evaluation frameworks to ensure excellence in service delivery.

3 FINANCIAL PERFORMANCE

3.1 Revenue and Funding Sources

- Funding sources included tuition fees, national & county bursaries, scholarship and government grants

3.2 Expenditure Analysis

- Operational expenses increased due to staff salaries and training equipment procured.

3.3 Financial Position and Liquidity

- The institution maintained a stable financial position with healthy cash flow.
- Debt level remained manageable ensuring financial stability

4. STRATEGIC OUTLOOK AND FUTURE PLANS

- Expansion of industry-driven training program to enhance employability.
- Strengthening partnership with local and international institutions for research and innovation.
- Enhancing student support services to improve retention and graduation rates.

5. CONCLUSION

The institution remains committed to delivering quality education and training while maintaining financial sustainability and operational excellence. Despite challenges, strategic initiatives are undertaken for continued growth and success of the institution.

Statement of Board of Governors Responsibilities.

The Board of Governors at Riamo technical and vocational college (RTVC) plays a pivotal in steering the institution towards achieving its mission of providing quality training and entrepreneurial skills that are responsive to market demands. Their responsibilities encompass several key areas:

1. Strategic Leadership

1. **Mission and vision alignment:** ensure that RTVC's activities align with its mission to develop highly qualified and resourceful graduates
2. **Policy development:** formulate and approve policies that guide the institution's operations and strategic direction.

2. Governance and Oversight

1. **Regulatory compliance:** ensure adherence to the ministry of education's standards and other regulatory requirements.
2. **Ethical standards:** promote uphold the core values of excellence, integrity, professionalism, creativity, teamwork, accountability and transparency.

3. Financial Stewardship

1. **Budget approval:** review and approve annual budget, ensuring financial resources are allocated effectively to support institutional priorities.
2. **Financial monitoring:** oversee financial performance and ensure the sustainability of RTVC's programs to maintain high educational standards.

4. Institutional Performance

1. **Quality assurance:** monitor and evaluate the quality of training program to maintain high educational standards
2. **Performance metrics:** assess institutional effectiveness through key performance indicators and support continuous improvement efforts.

5. Human Resource Management

1. **Staff development:** support policies and programs that promote professional development

6. Stakeholder Engagement

2. **Community relations:** foster strong relationships with the local community, industry partners and other stakeholders to enhance collaboration and support.
3. **Communication:** ensure transparent and effective communication channel between board, management, staff, student and external partners.

7. **Risk Management**
   1. **Policy implementation:** establish and oversee the implementation of policies that mitigate risks associated with institutional risks associated with institutional operations.
   2. **Crisis response:** develop and monitor framework for responding to emergencies and unforeseen challenges.

Approval of the financial statements

The financial statements were approved by the Board on 8/9/2024 and signed on its behalf by:

CAROLINE ONCHWARI	NICODEMUS MIRIOBA
.....	.....
Chairperson of the Board	**Accounting officer/Principal**
Date	**Date** 8/9/2024

PRINCIPAL
RIAMO TECHNICAL & VOCATIONAL COLLEGE
P.O. Box 2656 - 40200, KISII

Chairperson's Statement

I am honoured to present the statement for the annual reports and financial statements of Riamo technical and vocational college (RTVC) for the financial year 2023-2024. This report provides an overview of our institution's achievements, financial performance and strategic direction as we continue our commitment excellence in technical and vocational education.

Institutional Achievements and Growth

RTVC has continued to make significant progress in advancing its mandate to provide high-quality technical and vocational training. Some of our key accomplishments over the past year include:

- **Expansion of training program:** we have introduced new competency-based education and training (CBET) program to align with industry demands ensuring our graduates are well-prepared for the job market.
- **Infrastructure development:** investment in modern training facilities, including well-equipped workshops and classrooms which has enhanced the learning experience for our students.

Financial Performance and Sustainability

The financial statements for 2023-2024 reflects our commitment to prudent financial management, accountability and sustainability. Key highlights include:

- **Revenue growth and efficient resource allocation:** the institution has effectively managed its financial resources, ensuring operational stability while investing in key priority areas.
- **Transparency and compliance:** RTVC has upheld high standards of financial governance, ensuring compliance with financial regulations and best practices.

Future Outlook

As we move forward, RTVC remains committed to:

- **Enhancing training quality:** by continuously upgrading our curriculum, investing in staff development and embracing technology in teaching and learning.
- **Expanding infrastructure:** to accommodate a growing student population and improve learning facilities.
- **Financial sustainability:** by strengthening revenue generation initiatives and fostering strategic partnership.

Principal's Statement

I am pleased to present the statement for the annual reports and financial statements of Riamo technical and vocational college (RTVC) for the financial year 2023-2024. This report highlights our progress, financial performance and strategic efforts to enhance technical and vocational training for our students.

Institutional Achievements and Growth

The past year has been marked by significant growth and development at RTVC. Some of our notable achievements includes:

- **Expansion of training program**: we have introduced new competency-based education and training (CBET) courses to align with market demands and industry needs.
- **Infrastructure development:** investment in modern training facilities, including workshops, classrooms and ICT infrastructure, which has improved the learning environment for our students.
- **Student enrolment and performance:** RTVC has recorded an increase in student enrolment, reflecting growing demand for technical education. Our students have continued to excel in national examinations and industrial attachments.

Financial Performance and Sustainability

Our financial statements for the year 2023-2024 demonstrate prudent management and accountability in resource allocation. Key highlights include:

- **Efficient use of funds:** despite economic challenges, we have maintained financial stability, ensuring smooth operations and continuous improvements in training facilities.
- **Transparency and compliance:** we have adhered to financial regulations and best practices, reinforcing our commitment to accountability and good governance.

Future plan and strategic directions

Looking ahead, RTVC remains focused on:

- **Enhancing training quality:** we will continue upgrading our curriculum, improving teaching methodologies and investing in faculty development.
- **Expanding infrastructure:** plans are in place to construct additional training facilities to accommodate our growing student population.
- **Strengthening Financial sustainability:** through innovative funding approaches, grants and strategic partnerships, we aim to secure more resources for institutional growth.

Appreciation

I extend my sincere gratitude to the Board of Governors, the Principal, staff, students and all stakeholders for their dedication and support in making RTVC a centre of excellence in technical and vocational education. Together, we will continue to build a brighter future for our students and contribute to national development.

Sincerely,

Caroline Onchwari

Chairperson, Board of Governors
Riamo Technical and Vocational College

REPUBLIC OF KENYA

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HEADQUARTERS
Anniversary Towers
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON RIAMO TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

A. Report on 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 the 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; and,

C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, 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

I have audited the accompanying financial statements of the Riamo Technical and Vocational College set out on pages 1 to 25, which comprise of the statement of financial

position as at 30 June, 2024, and the statement of performance, statement of cash flows and statement of budgeted versus actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015.

I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.
In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Riamo Technical and Vocational College as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standard (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013 and Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracy in the Statement of Financial Position

The statement of financial position reflects net assets balance of Kshs.133,949,359.60. However, this balance is only represented by accumulated surplus balance of Kshs.9,198,626 resulting to unreconciled variance of Kshs.124,750,733.60.

In the circumstances, the accuracy and completeness of the net assets balance of Kshs.133,949,359.60 could not be confirmed.

2. Inaccuracy in the Statement of Changes in Net Assets

The statement of changes in net assets reflects accumulated surplus opening balance as at 1 July 2023 of Kshs.157,194 which differs with the audited closing balance for the year 2022/2023 of Kshs.2,341,374 resulting to unreconciled variance of Kshs.2,184,180. Further, the closing balance as at 30 June 2024 is reflected as Kshs.9,355,820 which differs with the recomputed audited balance of Kshs.11,550,000 resulting to a variance of Kshs.2,184,180.

In the circumstances, the accuracy and completeness of the accumulated surplus balance of Kshs.9,355,820 could not be confirmed.

3. Inaccuracy in the Statement of Cash Flows

The statement of cashflows reflects cash and cash equivalents opening balance as at 1 July 2023 of Kshs.841,919 which differs with the audited closing balance for the year 2022/2023 of Kshs.218,194 resulting to unreconciled variance of Kshs.623,725. Further, the cash and cash equivalent closing balance as at 30 June 2024 according to the net increase in cash and opening cash balance provided in the statement is recomputed as Kshs.1,450,506 which differs with the audited cash balance of Kshs.233,331.60 resulting to a variance of Kshs.1,219,172.40.

In the circumstances, the accuracy and completeness of the cash equivalent computed balance of Kshs.1,450,506 could not be confirmed.

4. Unsupported Property, Plant and Equipment

The statement of financial position reflects Kshs.105,973,455 in respect of property, plant and equipment. However, assets valued at Kshs.104,820,525 which were donations from an International Holding Corporation had not been classified and valued accordingly. The assets were also not included in Note 20 but only disclosed. Further, Kisii National Polytechnic participated in the construction of Riamo Technical and Vocational College as mentors, but had not handed over the building to the College and the procurement file and payment records were not provided to ascertain the value of the building. In addition, the land in which the institution occupies had not been valued, no disclosure had been made in the financial statements, the ownership documents were not provided for audit review, management did not maintain a complete fixed asset register and the assets had not been tagged.

In the circumstances, the accuracy of the balances in the financial statements could not be confirmed.

5. Unexplained Variance- Repairs and Maintenance

The statement of financial performance and as disclosed under Note 12 to the financial statement reflects Kshs.292,090 in respect to repairs and maintenance. However, this amount is not supported by the ledger and any documentary evidence.

In the circumstances, it was not possible to confirm the accuracy and completeness of repairs and maintenance figure of Kshs.292,090.

6. Unsupported Use of Goods and Services

The statement of financial performance and as disclosed under Note 8 to the financial statements reflects Kshs.4,700,077 in respect to use of goods and services. Included in this figure however is Kshs.873,144 in respect to various expenditure items which were not supported by documentary evidence.

In the circumstances, the accuracy and completeness of use of goods and services amount of Kshs.4,700,077 could not be confirmed.

7. Unsupported Current Portion of Receivable from Exchange Transactions

The statement of financial position reflects current portion of receivables from exchange transactions balance of Kshs.11,118,636. However, this balance was not been supported by schedules and other supporting documents.

In the circumstances, the accuracy and completeness of current portion of receivables from exchange transactions figure of Kshs.11,118,636 could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Riamo 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 for the year ended 30 June, 2024 reflects total expenditure budget amounted to Kshs.14,094,020 against actual expenditure of Kshs.7,279,487 resulting to under absorption of Kshs.6,814,533 or 48%, indicating that some activities and budgeted projects may not have been implemented.

The under-expenditure constrained implementation of planned activities and may have impacted negatively on service delivery to the students and other stakeholders of the College. There is need therefore for the College management to review its budget making process with a view to formulating a realistic budget that would be actualized for service delivery as per the College mandate and provide services to the students and other stakeholders.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Information

The Management is responsible for the Other Information set out on page ii to xiv which comprises Key Entity Information and Management, The Board of Governors, Key Management Team, Chairman's Statement, Report of the Principal, Statement of Performance Against Predetermined Objectives, Management Discussion Analysis, Environmental Sustainability Reporting, Report of the Board of Management and Statement of Board of Management Responsibilities. 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 matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Compliance with the Law on Ethnic Diversity in Staffing

Audit review of employees' records indicated that out of the twenty-three (23) employees of the College, eighteen (18) or 88% of the establishment were from one ethnic community. This was contrary to Section 7(1) and Section 7(2) of the National Cohesion and Integration Act, 2008 which requires all public establishments to seek to represent the diversity of the people of Kenya in the employment of staff and ensure that not more than one-third of its staff are from the same ethnic community.

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

2. Failure to Maintain Insurance for the College Staff

The audit revealed that all the Board of Governors (BOG) employees at Riamo technical and vocational college are not covered by any insurance company. This exposes the college staff to risks that may arise during its operations and in line of duty.

This was contrary to section 7 (1) of the Work Injuries and Benefits Act 2007 which states that every employer shall obtain and maintain an insurance policy, with an insurer approved by the ministry in respect of any liability the employee may incur under this Act to any of its employees.

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

3. Weaknesses in Imprest and Cash Management System

Review of accounting records revealed lack of clear management of the petty cash and imprest. All imprests were not recorded in the imprest register, no imprest register was maintained to record all imprests issued, surrendered and outstanding balances. Further, various activities were undertaken throughout the financial year without prior approvals and hence not possible for the management to prevent activities that are not objective and strategic to the goals of the College.

In addition, imprests were issued, but no surrender documents were available for audit verification.

In the circumstances, the regularity of imprest management practices of the college could not be confirmed.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 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 EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Risk Management Policy Framework and Disaster Recovery Plan

During the year under review, it was observed that the College did not have a risk management policy and disaster recovery plan. In absence the above approved policies, the processes and guidelines on how to mitigate operational, legal and financial risks as outlined may not be achieved. The College may lack a blue-print for identifying, preventing and mitigating against disasters and ensuring business processes resume with minimal interruptions.

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

2. Lack of Information Communication Technology Policy

A review of the ICT environment showed that there was no approved ICT Policy, approved IT Strategic Committee and Information Technology Continuity Plan in place to enable the Institute to manage business processes for the delivery of services to the public in an effective and efficient manner. Failure to have in place ICT policy and automate the processing environment fully and effectively to manage the IT operations might lead to data confidentiality, accuracy, reliability, integrity and availability being compromised which may affect the effectiveness of the operations of the College.

In the circumstances, the security and reliability of the College data including the management information system could not be confirmed.

3. Lack of Approved Staff Establishment and Human Resource Manual

The College does not have an approved staff establishment contrary to the Ministry of Education: State Department of Vocational and Technical Education Circular Ref No: MST/DTE/1/1 dated 12 July, 2019 on staff establishment and justification for Technical

and Vocational Education and Training (TVET) Institutions, which requires the institutions to develop a staff establishment with, clear justifications for consideration and approval by the Public Service Commission. Further, the college has no human resource manual and established human resource office for human resource recruitments and other human resource functions. In addition, the College does not have a functional human resource department, which is necessary for staff enrollment and motivation. While the functions of human resource were documented in the policy, there was no office bearer accountable for these functions.

In the circumstances, the effectiveness of human resource function in the college could not be confirmed.

4. Weaknesses in the Management of Fixed Assets

The audit revealed that the college did not maintain a complete asset register to record necessary information such as date of acquisition, type of assets, supplier name, costs, accumulated depreciation, net book values asset codes, custodian and location among other details in respect of the assets the College owns. In addition, no assets manager was appointed or asset management committee put in place to effectively manage the college's assets. The assets have not been tagged and as a result making it difficult for the management to manage its assets efficiently. Further the assets were not insured. There were a number of assets bonded in the stores but no evidence of disposal.

In the circumstances, the effectiveness of the College's internal controls over assets could not be confirmed.

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the College's ability to continue to sustain its services, disclosing, as applicable, matters

related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to cease operations.

The 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 overall 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

09 May, 2025

10.Statement of Financial Performance for Period Ended 30TH June 2024

Description	Notes	2023-2024	2022-2023
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from National Government Entities(capitation, scholarship& recurrent grants)	5	4,311,312	1,980,000
Transfers from other levels of government	6	0	0
Revenue from non-exchange transactions		**4,311,312**	**1,980,000**
Revenue from exchange transactions			
Rendering of services- Fees from students	7	12,181,336	1,941,110
Revenue from exchange transactions		**12,181,336**	**1,941,110**
Total revenue		**16,492,648**	3,921,110
Expenses			
Use of goods and services	8	4,700,077	2,039,274
Employee costs	9	2,173,320	1,292,000
Remuneration of directors	10	114,000	169,000
Depreciation and amortization expense	11	0	0
Repairs and maintenance	12	292,090	260,152
Finance cost (bank charges)	19	14,535	3,490
Total expenses		**7,294,022**	**3,763,916**
Net Surplus for the Period		**9,198,626**	**157,194**

The notes set out on pages 1 to 23 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 25 were signed by:

CAROLINE ONCHWARI	NICODEMUS MIRIOBA	DEBORAH NYABUTO
.....	.....	.....
Chairperson of Board	**Principal**	**Accounts Clerk**
		ICPAK No
Date 8/09/2024	**Date** 8/9/2024	**Date** 8/9/2024

PRINCIPAL
RIAMO TECHNICAL & VOCATIONAL COLLEGE
P.O. Box 2656 - 40200, KISII.

11.Statement of Financial Position as at 30TH June 2024

Description	Notes	2023-2024 Kshs	2022-2023 Kshs
Assets			
Current assets			
Cash and cash equivalents	13	233,331.6	218,194
Current portion of receivables from exchange transactions	14	11,118,636	2,090,040
Receivables from non-exchange transactions	15	0	0
Inventories	18	8,248,755	104,770
Non-current assets			
Long term receivables from exchange transactions	16	9,451,793	0
Long term receivables from non-exchange transactions	17	0	0
Property, plant and equipment	20	105,973,455	104,820,525
Total assets (A)		**135,025,970.6**	**107,233,529**
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	22	666,141	225,470
Payments received in advance	24	410,470	0
Total Current Liabilities		**1,076,611**	**225,470**
Non-current liabilities		0	0
Total liabilities (B)		**1,076,611**	**225,470**
Net assets (A-B)		**133,949,359.6**	**107,008,059**
Represented by:			
Accumulated surplus		**9,198,626**	**182,924**
Capital fund		**0**	**0**
Total net assets and liabilities		**135,025,970.6**	**107,233,529**

The Financial Statements set out on pages1 to 2 were signed by:

CAROLINE ONCHWARI	NICODEMUS MIRIOBA	DEBORAH NYABUTO
.....	.....	.....
Chairperson of Board	**Principal**	**Accounts Clerk**
		ICPAK No
Date 8/09/2024	**Date** 8/9/2024	**Date** 8/9/2024

PRINCIPAL
RIAMO TECHNICAL & VOCATIONAL COLLEGE
P.O. Box 2656 - 40200, KISII

12.Statement of Changes in Net Assets for the period ended 30th June 2024

	Accumulated Surplus	Reserves	Capital Fund	Total
As at July 1, 2023	**157,194**	**0**	**0**	**157,194**
Surplus/ deficit for the period	**9,198,626**	0	0	**9,198,626**
Returns to exchequer	(0)	0	0	(0)
Additions to reserves	0	0	0	0
Other changes (specify)	0	0	0	0
As at 30 June 2024	**9,355,820**	**0**	**0**	**9,355,820**

The Financial Statements set out on pages1 to 3 were signed by:

CAROLINE ONCHWARI	NICODEMUS MIRIOBA	DEBORAH NYABUTO
Chairperson of Board	**Principal**	**Accounts Clerk**
		ICPAK No
Date 8/09/2024	**Date** 8/9/24	**Date** 8/9/2024

RIAMO TECHNICAL & VOCATIONAL COLLEGE
P.O. Box 2656 - 40200, KISII

13.Statement of Cash Flows for the Period Ended 30th June 2024

Description	Note	2023-2024 Kshs	2022-2023 Kshs
Cash flows from operating activities			
Receipts			
Transfers from National Government entities(capitation, scholarship& recurrent grants)		4,311,312	1,980,000
Transfers from other levels of government		0	0
Rendering of services- Fees from students		1,050,700	1,941,110
Total Receipts		**5,362,012**	**3,921,110**
Payments			
Employee Costs		2,173,320	1,292,000
Use of goods and services		4,700,077	2,039,274
Remuneration of directors		114,000	169,000
Repairs and maintenance		292,090	260,152
Finance cost		14,535	3,490
Total Payments		**7,294,022**	**3,763,916**
Net cash-flows from operating activities		**-1,932,010**	**157,194**
Cash flows from investing activities			
Purchase of PPE		0	**0**
Proceeds From Sale Of PPE		0	**0**
Net cash and cash equivalent from investing activities		**0**	**0**
Cash flows from financing activities;			
Proceeds from borrowing		0	**0**
Repayments of borrowings		0	**0**
Net cash flow used in financing activities		**0**	**0**
Net increase /decrease in cash and cash equivalent		**608,587**	**157,194**
Cash and cash equivalent as at 1st July 2023		**841,919**	**61,000**
Cash and cash equivalent as at 30 June 2024		**233,331.6**	**218,194**

The Financial Statements set out on pages1 to 4 were signed by:

CAROLINE ONCHARI	NICODEMUS MIRIOBA	DEBORAH NYABUTO
.....	.....	.....
Chairman of Board	**Principal**	**Accounts Clerk**
		ICPAK No
Date..8/09/2024	**Date**..8/9/2024	**Date**..8/9/2024

14.Statement of Comparison of Budget and Actual Amounts for Period Ended 30TH June 2024

Description	Original annual Budget	Adjustments	Final Annual Budget	Actual on a comparable basis	Budget utilization difference	% of Utilization
	A	B	C=(a+b)	D	E=c-d	F=d/c
Revenue	**Kshs**	**Kshs**	**Kshs**	**Kshs**	**Kshs**	**Kshs**
Transfers from National Government entities	2,000,000	-	2,000,000	4,311,312	-2,311,311	215.6
Transfers from other levels of government	0	-	0	0	0	0
Rendering of services- Fees from students	12,094,020	-	12,094,020	12,181,336	-87,316	100.7
Total Revenue	**14,094,020**	-	**14,094,020**	**16,492,648**	**-2,398,627**	**117**
Expenditure		-				
Use of goods and services	9,690,370	-	9,690,370	4,700,077	4,990,293	206
Employee costs	2,792,000	-	2,792,000	2,173,320	618,680	77.8
Remuneration of directors	0	-	0	114,000	-114,000	0
Repairs and maintenance	1,611,650	-	1,611,650	292,090	1,319,560	18
Total expenses	**14,094,020**	-	**14,094,020**	**7,279,487**	**6,814,533**	**193**
Surplus/deficit	**0**	-	**0**	**9,213,161**	**-9,213,160**	**0**

Budget Notes

- The movement is due the introduction of new funding model (scholarship) at the centre of the year, which increased government funds from compared what we budgeted.
- The movement is due to of failure of budgeting for BOG meeting funds yet they were two meetings during the year.

Notes to the Financial Statements

1. General Information

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

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 Riamo TVC accounting policies. The areas involving a higher degree of judgment 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 Riamo TVC. 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 periods presented.

3 Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Development/capital grants are recognized in the statement of performance after meeting revenue recognition criteria. Conditional grants are recognized as revenue upon fulfilment of the set conditions.

Rendering of services

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

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

Interest income

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

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 2023/2024 was approved by the Council or Board on **1/7/2023.** Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of **1/7/2023** on the FY 2023/2024 budget following the Board's approval. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.
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 cash flows has been presented under section ***xxx*** of these financial statements.

c) Taxes

Current income tax

The entity is exempt from paying taxes as per schedule of the Act.

Sales tax/ Value Added Tax

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

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

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

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of one years. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.
Transfers are made to or from investment property only when there is a change in use.

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

f) Right of use asset

The right-of-use assets comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the entity incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IPSAS 21 or IPSAS 26. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfer's ownership of the underlying asset or the cost of the right-of-use asset reflects that the entity expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the statement of financial position.

g) Tangible Natural Resources

The entity recognises a tangible natural resource recognized if, and only if: It is probable that service potential associated with the natural resource will flow to the entity; the entity controls the tangible natural resource as a result of past events; and the tangible natural resource can be measured reliably. Where this criterion is not met, the entity discloses the tangible natural resource in the notes to the financial statements. Where a tangible natural resource is recognized as an asset as the result of an event that is not a transaction in an orderly market, including non-exchange transactions, the asset shall be measured initially at its deemed cost. An entity shall apply IPSAS 46, Measurement, when

measuring the deemed cost of such a recognized tangible natural resource. A recognized tangible natural resource acquired through an exchange transaction shall be measured at its cost. Historical cost model is applied after initial recognition less any depreciation and impairment losses.

h) 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

i) Research and development costs

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

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

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

j) 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.

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.

I. Financial assets

Classification of financial assets

The entity 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 cash flows 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 entity 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 entity 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.

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 entity 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 entity 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).

Financial liabilities

Classification

The entity 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. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.
Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

k) Provisions

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

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.
The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

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

Contingent assets

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

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.

m) Nature and purpose of reserves

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

n) Changes in accounting policies and estimates

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

o) Employee benefits

Retirement benefit plans

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

s) Service concession arrangements

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

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 period. 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 period.

u) Comparative figures

Where necessary comparative figures for the previous financial period 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 period end with a significant impact on the financial statements for the period ended June 2024.

4 Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

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

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.

5. (a)Transfers from National Government Entities

Description	2023-2024	2022-2023
	Kshs	Kshs
Unconditional grants		
Capitation grants	920,500	480,000
Recurrent grants	2,000,000	1,500,000
scholarship	1,390,812	0
Total government grants and subsidies	**4,311,312**	**1,980,000**

(b)Transfers from Ministries, Departments and Agencies

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the period	Comparative period
			Kshs	Kshs	Kshs
SD-TVET	920,500	920,500	920,500	920,500	920,500
SD-TVET	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
SD-TVET	1,390,812	1,390,812	1,390,812	1,390,812	1,390,812
Total	**4,311,312**	**4,311,312**	**4,311,312**	**4,311,312**	**4,311,312**

6. Transfers from Other Levels of Government

Description	2023-2024	2022-2023
	Kshs	Kshs
Transfer from other levels of government	0	0
Total Transfers	**0**	0

7. Rendering of Services

Description	2023-2024	2022-2023
	KShs	KShs
Tuition fees	6,090,668	1,793,010
Activity fees	190,333.4	148,100
Personal emoluments	3,045,334	0
EW&T	1,522,667	0
LT&T	761,333.5	0
R.M.I	380,666.75	0
Insurance	95,160.35	0
Registration fee	47,583	0
TVETA fees	23,792	0
Student id	11,899	0
Student union	11,899	0
Total revenue from the rendering of services	**12,181,336**	**1,941,110**

Explanations

- There were decrease in tuition fee because students did not manage to clear fees and the government didn't submit all the funds as required
- Activity fee reduces because of smaller financial impacts compared to previous year

8. Use of Goods and Services

Description	2023-2024	2022-2023
	KShs	KShs
Teaching and learning materials	1,365,095	590,895
Activity	11,875	0
advertising	507,004	61,800
Administration	0	111,450
Other operating expenses	1,227,700	382,723
Travelling and accommodation	1,509,004	787,400
Insurance	6,500	0
Internet expenses	72,899	45,006
Subscriptions to KATTI	0	60,000
Total good and services	**4,700,077**	**2,039,274**

9. Employee Costs

Description	2023-2024	2022-2023
	KShs	KShs
Salaries and wages	2,070,000	1,292,000
Employer NSSF contribution	103,320	0
Employee costs	**2,173,320**	**1,292,000**

10. Remuneration of Directors

Description	2023-2024	2022-2023
	KShs	KShs
Chairman's allowance	24,000	24,000
Director's emoluments	0	0
Other members allowances	90,000	121,000
Total director emoluments	**114,000**	**169,000**

11. Depreciation and Amortization Expenses

Description	2023-2024	2022-2023
	KShs	KShs
Property, plant and equipment	0	0

12. Repairs and Maintenance

Description	2023-2024	2022-2023
	KShs	KShs
Property	292,090	249,362
Computers and accessories	0	10,790
Total repairs and maintenance	**292,090**	**260,152**

13 (a). Cash and Cash Equivalents

Description	2323-2024	2022-2023
	Kshs	Kshs
Current account	230,931.60	218,194
Total cash and cash equivalents	230,931.60	218,194

13 (b). Detailed Analysis of Cash and Cash Equivalents

Financial institution	Account number	2023-2024 Kshs	2022-2023 Kshs
a) **Current account**			
Cooperative bank	01141924806700	230,931.60	214,446
Sub- total		**230,931.60**	**214,446**
Cash at hand		**0**	**3,748**
Grand total		**230,931.60**	**218,194**

14. Current Receivables from Exchange Transactions

Description	2023/2024	2022-2023
	KShs	KShs
Current receivables		
Current portion of receivables from exchange transactions	11,118,636	2,090,040
Total current receivables	**11,118,636**	2,090,040

15. Current Receivables from Non-Exchange Transactions

Description	2023-2024	2022-2023
	KShs	KShs
Non-current receivables		
Receivables from non-exchange transactions(capitation & recurrent grants)	0	0
Total non-current receivables	**0**	**0**
Total receivables	**0**	**0**

16. Non-Current Receivables from Exchange Transactions

Description	2023-2024	2022-2023
	KShs	KShs
Current receivables		
Long term receivables from exchange transaction	9,451,793	0
Total current receivables	**9,451,173**	**0**

17. Non-Current Receivables from Non-Exchange Transactions

Description	2023-2024	2022-2023
	KShs	KShs
Current receivables		
Long term receivables from non-exchange transaction	0	0
Total current receivables	**0**	**0**

18. Inventories

Description	2023-2024	2022-2023
	KShs	KShs
Consumable stores	4,039,008	104,770
Maintenance stores	2,019,504	0
Electrical stores	1,186,485	0
Cleaning materials stores	1,003,758	0
Total inventories at the lower of cost and net realizable value	**8,248,755**	**104,770**

19. Finance Cost

Description	2023-2024	2022-2023
	KShs	KShs
Bank charges	14,535	3,490
Bank charges	**14,535,**	**3,490**

20. Plant Property and Equipment's

	Land	Buildings	Motor vehicles	Infrastructure assets	Furniture and fittings	Computers & ICT Equipment	Tools& equipments	Work in progress	Service concession assets	Total
Depreciation Rate		2-10%	10-16.67%	2-20%	12.5%	33.3%	x%			
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As at 1st July 2023	0	374,000	0	0	405,000	0	372,880	0	0	0
NBV as at end of the period 30th June 2024	0	374,000	0	0	405,000	0	372,880	0	0	0

PPE NOTES:

We have assets donated by avic to our college costing ksh 104,820,525 for food science machines, tables and computers but they did not submit schedules showing the cost to each assets.

Valuation

Items of PPE are valued at Historical cost at the point of recognition in the financial statements. Where historical cost is not available or the item has been acquired at, PPE has been valued at the current operational value which is the amount the entity would pay for the remaining service potential of an asset at the measurement date.

21. Investment Property

Description	2023-2024	2022-2023
	KShs	KShs
At beginning of the period(Machinery)	**0**	**0**
Additions	0	0
Fair value gain	0	0
Depreciation (where investment property is at cost)	0	0
At end of the period	0	**0**

22. Trade and Other Payables from Exchange Transactions

Description	2023-2024	2022-2023
	KShs	KShs
Trade payables	666,141	225,470
Employee advances	0	0
Third-party payments	0	0
Other payables	0	0
Total trade and other payables	**666,141**	225,470

23. Provisions

Description	2023-2024	2022-2023
	Kshs.	KShs
Balance at the beginning of the period/year	0	195,920
Balance at the end of the period/year	**0**	**195,920**

Analysed as:

Description	Amount
Current	0
Non- Current	0
Total	**0**

24. Payments Received in Advance

Description	2023-2024	2022-2023
	Kshs	KShs
Fees received in advance	420,470	139,900
Others (Specify)	0	0
Total	**420,470**	**139,900**

5 Events After the Reporting Period

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

6 Ultimate and Holding Entity

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

7 Currency

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

Appendices

Appendix I: Projects Implemented by the Entity

Projects

Projects implemented by the TVET Funded by development partners

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1 NONE						
2						

Status of Projects completion

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

Appendix II: Recording of Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received			Where Recorded/recognized					
	As per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	Total Transfers during the Period
SD-TVET	09/10/2024	Recurrent	500,000	500,000	0	0	0	0	500,000
SD-TVET	18/01/2024	Recurrent	500,000	500,000	0	0	0	0	500,000
SD-TVET	06/02/2024	Recurrent	500,000	500,000	0	0	0	0	500,000
SD-TVET	05/06/2024	Recurrent	500,000	500,000	0	0	0	0	500,000
SD-TVET	09/10/2024	Capitation	238,000	238,000	0	272,000	272,000	0	238,000
SD-TVET	18/01/2024	Capitation	241,500	241,500	0	276,000	276,000	0	241,500
SD-TVET	06/02/2024	Capitation	276,000	276,000	0	241,500	241,500	0	276,000
SD-TVET	05/06/2024	Capitation	165,000	165,000	0	247,500	247,500	0	165,000
SD-TVET	22/02/2024	Scholarship	1,343,780	1,343,780	0	0	0	0	1,343,780
SD-TVET	04/03/2024	Scholarship	47,032	47,032	0	0	0	0	47,032
Total			**4,311,312**	**4,311,312**	0	**1,037,000**	**1,037,000**	0	**4,311,312**

Appendix III Statement of Financial Performance

Description	Notes	Q1	Q2	Q3	Q4	Cumulative(2023-2024)	Comparative Period(2022-2023)
		Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Revenue from non-exchange transactions							
Transfers from National Government Entities	5a	738,000	741,500	2,119,780	665,000	4,311,312	1,480,000
Transfers from other levels of government	6	0	0	0	0	0	0
		782,000	**741,500**	**2,119,780**	**665,000**	**4,264,280**	**1,480,000**
Revenue from exchange transactions							
Rendering of services- Fees from students	7	6,090,668	3,045,334	1,533,667	1,533,667	12,181,336	1,941,110
Revenue from exchange transactions		**6,090,668**	**3,045,334**	**1,533,667**	**1,533,667**	**12,181,336**	**1,941,110**
Total revenue		**6,872,668**	**3,786,834**	**3,653,447**	**1,381,771**	**16,445,616**	**3,421,110**
Expenses							
Use of goods and services	8	2,353,289	1,176,644.25	588,322	588,322	3,688,272	1,645,870
Employee costs	9	543,305	543,305	543,305	543,305	2,173,220	1,238,000
Remuneration of directors	10	52,000	-	-	62,000	114,000	72,000
Repairs and maintenance	12	73,023	73,023	73,023	73,023	292,090	260,152
Total expenses		**3,021,617**	**1,792,972.25**	**1,204,650**	**1,266,650**	**6,267,582**	**3,216,022**
Net Surplus for the Period		**3,851,051**	**1,993,861.75**	**2,448,797**	**115,121**	**10,178,034**	**205,088**