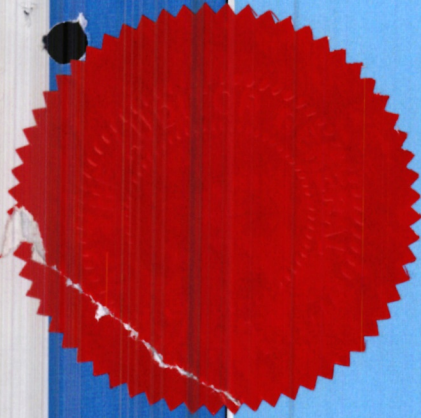


REPUBLIC OF KENYA



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REPORT

THE NATIONAL ASSEMBLY	
DATE: 01 AUG 2023	DAY: TUE
OF	Hon. Naomi Wages MP
BY:	Deputy Majority Whip
CLERK-AT THE TABLE:	Wagyu mwale

THE AUDITOR-GENERAL

ON

**KIPIPIRI TECHNICAL AND
VOCATIONAL COLLEGE**

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

Kipipiri Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2022



KIPIPIRI TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30TH JUNE 2022



Kipipiri Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2022

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Key Entity Information and Management

Background Information

Kipipiri Technical and Vocational College is a public TVET institution under the Ministry of Education and is an integral part of the skills development system in the country. It derives its mandate from the TVET Act 2013 and it is responsible for offering skills development programmes to youth and adults in the technical, business and engineering fields in order to satisfy the needs of the national economy.

Its construction started in 2014 under phase 1 which comprised of 60 TTI's through the Government initiative to construct a TTI in each of the 290 constituencies.

Kipipiri TVC sits on a 2.2 Hectares plot at Mawingo shopping centre along the Ol kalou- Engineer road in a quiet environment conducive for learning.

Principal Activities

The core objectives are:

- Provide adequate and appropriate skilled Artisans, Craftsmen, Technicians and Technologists for all levels of the economy through practical training and experience.
- To offer demand driven and market driven courses through collaboration with industries.
- Provide increased training opportunities for the increasing number of schools leavers to increase their employability.
- Provide continuously upgrading of skills and knowledge at the pace and ability of the trainees.
- Provide a dynamic curriculum responsive to the manpower needs of a dynamic economy, impart marketable skills, technical know-how and attitude that respond to contemporary labour market demands by the industry, informal sector and for self-employment.

Motto:

Empower with Skills and Technology.

Vision:

A College of Choice in TVET and Innovative Research.

Mission:

To develop high quality human resource with emphasis on technical academic excellence and development programmes to meet the growing technological and socioeconomic needs of our nation and the world at large.

(a) Key Management

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

Board of Governors

Principal

(b) Fiduciary Management

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

No.	Designation	Name
1.	Principal	ALEXANDER MAINA MWANGI
2.	Deputy Principal	Alexander Maina Mwangi
3	Finance Officer	Stephen Waweru Chege
4	Dean of Students	Esther Wambui Kariuki
5	Registrar	Job Kibet
6	H.O.D Electrical	Joseph Mwangi Ngaruiya
7	H.O.D ICT	Mary Njeri Wangechi
8	H.O.D Business	Harun Nderitu Karara

(c) Fiduciary Oversight Arrangements

The key fiduciary Oversight committees are:

- I. Education, Research and Development Committee
 - Zachary Nderitu – Chairman.
 - Caroline Gikibi – Member.
 - Caren Ambale – Member.

- II. Finance, Planning and Administration Committee
 - Caren Ambale - Chairman.
 - Joel Oyuga - Member.
 - David Kimani - Member.

- III. Audit and Risk Management Committee
 - Daniel Kabira – Chairman.
 - Zachary Nderitu - Member.

Key Entity Information and Management (Continued)

(d) Entity Headquarters

P.O. Box 483 -20303
Ol kalou
Mawingo Township, Along Ol Kalou-Engineer Road

(e) Entity Contacts

Telephone: +254 -727069870
E-mail: kipipiritechnical2016@gmail.com
Website: www.kipipiritechnical.ac.ke

(f) Entity Bankers

Equity Bank
Ol-Kalou Branch, Kenya
Account 1 Name: Kipipiri Technical and Vocational College
Account Number: 0620276272211

Account 2 Name: NG-CDF Kipipiri Technical and Vocational College
Account Number: 0620280602888

Co-operative Bank
Ol-Kalou Branch, Kenya
Account 1 Name: Kipipiri Technical and Vocational College
Account Number: 01139467681000

Account 2 Name: Kipipiri Technical and Vocational College
Account Number: 01139467681001



Independent Auditors





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


Principal Legal Adviser

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



I. The Board of Governors

No	Member	Details
1	 <p data-bbox="220 674 584 741">JOSEPH KARIUKI KAMIRI (CHAIRMAN)</p>	<p data-bbox="790 405 1026 434">Date of birth: 1967</p> <p data-bbox="790 439 1275 470">Date of appointment: 29th January 2018</p> <p data-bbox="790 474 1425 539">Key qualifications: MBA Marketing and Strategy UON.</p> <p data-bbox="790 544 1469 714">Work experience: He has 28 years' experience in the insurance industry. He is currently the General Manager in charge of Strategy, Marketing and Distribution at CIC Insurance Group. He has previously worked with UAP, APA and Britam Insurance companies.</p>
2	 <p data-bbox="220 1151 663 1218">ALEXANDER MAINA MWANGI (PRINCIPAL/SECRETARY B.O.G)</p>	<p data-bbox="790 891 1457 956">Date of birth: 27th January 1967 Date of appointment: 22nd December 2022</p> <p data-bbox="790 996 1401 1028">Key qualification: MBA (Strategic Management),</p> <p data-bbox="790 1068 1409 1133">Work experience: Has 32 Years teaching in TVET institutions.</p>
3	 <p data-bbox="220 1644 620 1747">CAROLINE NJERI GIKIBI (BOG Member/ Leadership and Management).</p>	<p data-bbox="790 1281 1158 1312">Date of Birth: 09th April 1994</p> <p data-bbox="790 1317 1287 1348">Date of appointment: 18th February 2021</p> <p data-bbox="790 1352 1469 1451">Key qualification: She holds a Master of Public Policy and Administration and a Bachelors of Arts (Economics and Sociology).</p> <p data-bbox="790 1491 1461 1662">Work Experience: Has five years work experience having worked as a sales executive, marketing executive and is currently a liaison officer in the office of the majority leader, county government of Nyandarua.</p>

4	 <p>CAREN AKUMU AMBALE (BOG Member/ Financial Management)</p>	<p>Date of birth: 9th December 1987 Date of appointment: 29th January 2018 Key qualification; She is a holder of Master of Economics (Policy and Management) from Kenyatta University. She has 9 years working experience in the banking industry. She is currently working at Consolidated Bank head office.</p>
5	 <p>ARCH JOEL ODHIAMBOOYUGA (BOG Member/Technology)</p>	<p>Date of birth: 9th January 1982 Date of appointment: 29th January 2018 Key qualification: He holds a MSc (Construction Project Management) from JKUAT. He has 13 years' experience in both teaching and architectural designing. He is currently an Architect Partner at Synarc Systems Ltd.</p>
6	 <p>DANIEL KABIRA WAMAE (BOG Member/Industry)</p>	<p>Date of birth: 7th August 1983 Date of appointment: 18th February 2021 Key qualification: He holds a BCom. (Finance) and CPA (K). He has 13 years working experience in Finance and Accounting.</p>
7	 <p>ZACHARY KARIUKI DERITU (BOG Member/ICT)</p>	<p>Date of birth: 14th February 1986 Date of appointment: 29th January 2018 Key qualification: He holds a BSc (Computer Technology) from JKUAT He has 10 years of experience as a Systems Administrator, having worked with Interswitch Kenya for 4 years in the ATM operations and Support and currently with Tower Sacco Ltd among key responsibilities is LAN/WAN monitoring and maintenance.</p>

9	 <p>DAVID KAMAU KIMANI (BOG Member/ Engineering)</p>	<p>Date of birth: 24th September 1991</p> <p>Date of appointment: 19th July 2021</p> <p>Key qualifications: He is a Bachelor of Construction Management from University of Nairobi.</p> <p>He has 8 years working experience in constructions.</p>
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II. Management Team

No	Member	Details
1	 <p>ALEXANDER MAINA MWANGI (PRINCIPAL/SECRETARY B.O.G)</p>	<p>Date of birth: 27th January 1967 Date of appointment: 22nd December 2022</p> <p>Key qualification: MBA (Strategic Management),</p> <p>Work experience: Has 32 Years teaching in TVET institutions.</p>
2	 <p>STEPHEN WAWERU CHEGE (FINANCE OFFICER)</p>	<p>Date of birth: 20th November 1980</p> <p>Key qualification: Diploma in Business Information Technology, CPA(K), CIFA (K)</p> <p>Work Experience: 10 Years experience in accounting</p>

Chairman's Statement

It is my pleasure to present the Annual Report and Financial statements of Kipipiri Technical and Vocational College for the financial year ended 30th June, 2022. Kenya today requires acceleration of her usage of specialized skills, knowledge and innovation to support and expand her economy.

Technical and Vocational Education and Training is a solution for sustainable development and a key driver in achieving vision 2030 and other development goals.

Kipipiri TVC intends to use ICT integration to fasten and improve service delivery as well as increasing the quality and diverse range of products offered.

The College has positioned itself to empower young people by equipping them with the appropriate scientific and technological knowledge, skills and attitudes to accelerate their ability to contribute in nation building. This will increase production of goods and innovations to improve the socioeconomic welfare of the people of Kenya.

Since inception, Kipipiri TVC endeavors to improve its service delivery through teamwork, transformative leadership with coordinated efforts in order to achieve a comparative advantage within an increasingly competitive educational sector.

The College was registered as a public institution in 2017 and is offering market driven programs approved by TVETA and Examined by KNEC. More programs will be added in the near future as we anticipate actualizing the Big Four Agenda.

I wish to thank the Board of Governors for its dedication and effort to steer and provide governance support to the College affairs. I also express my sincere gratitude to the Government of Kenya through the Ministry of Education, NG-CDF Kipipiri and other stakeholders for their continued support. This has gone a long way towards establishing a solid institution that is true to its mandate and stakeholders' expectations.



Mr. Joseph Kariuki Kamiri

CHAIRMAN, BOARD OF GOVERNORS

18th May 2023

III. Report of the Principal

Kipipiri Technical and Vocational College is well positioned to provide adequate and relevant skills to trainees that enable them to contribute towards the attainment of Kenya's Vision 2030 strategic objectives and the Big Four Agenda. In furtherance of our mandate therefore, we have committed to consistently and regularly review, improve and consolidate the college programs in ways that will ensure their competitiveness in terms of quality and relevance.

The first batch of students was admitted in September 2017. The enrolment has grown to 180 students as at 30th June 2022

Kipipiri TVC had three academic departments in the year 2021/2022 as follows:

- Electrical and Electronic Engineering.
- Business Studies.
- Information Communication Technology.

Currently the College offers a number of courses at three levels examined by Kenya National Examination Council (KNEC) and National Industrial Training Authority (NITA) namely:

- Diploma
- Craft
- Artisan

The college plans to improve its capacity in quality education and training delivery through the implementation of Performance Contracting, Strategic Plan and development of Policies to improve on service delivery.

The College introduced Hair Dressing and Beauty Therapy, Plumbing, Civil Engineering, and Food and Beverage Production and Service courses in the month of September 2021. This has made the College more attractive to prospective trainees as they have a wide range of courses to choose from.

Major risks facing the entity.

The college's major risks are mainly related to its core business which is training and human resource development. Some of the identified risks include;

- i. Low student enrolment thereby not breaking even.
- ii. High rate of student drop-out.
- iii. Lack of student accommodation and support facilities.
- iv. Delayed disbursement and/or lack of capitation from the Government.

Challenges

2020/21 was a year of unprecedented events caused by the COVID-19 pandemic which resulted in government directed lockdowns and subsequent restrictions and protocols that had a significant impact on College operations and training. We entered 2021/22 with expectations of a much settled year but the events of the previous year continued to affect our operations.

The College faced various challenges during the year as outlined below:

- ❖ Funding, low enrolment attributed to Covid-19 pandemic.
- ❖ Lack of training equipment and tools especially in the newly introduced courses.
- ❖ Staffing challenges: Lack of adequate government trainers.

Successes

Kipipiri Technical and Vocational College admitted a total of 147 new students in the year 2021/2022. This was as a result of an intensive publicity and marketing campaign mounted in the beginning of the year.

Future Outlook

The College plans to increase training equipment and tools especially in the introduced courses and capacity build trainers by facilitating them to attend workshops, seminars and trainings organized by the Ministry and professional bodies. The College will increase its publicity and outreach activities to boost enrolment. The management also intends to engage financing agencies such as the NG-CDF for infrastructural development funding.

Thank you.

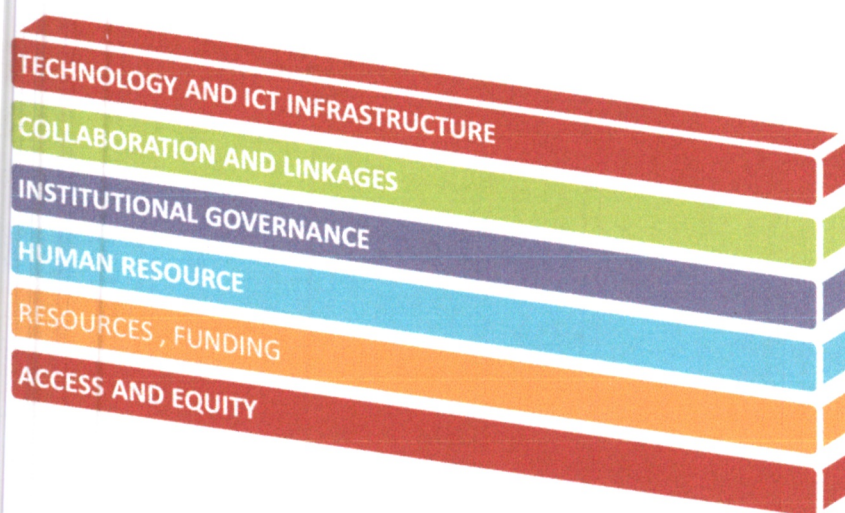
ALEXANDER MAINA MWANGI

Principal/Secretary BOG

IV. Statement of Performance against Predetermined Objectives

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the Accounting Officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives.

Kipipiri Technical and Vocational College has 6 strategic pillars and objectives within its Strategic Plan for the FY 2016/2017- 2021/2022. These strategic pillars are as follows:



Kipipiri Technical Vocational College develops its annual work plans based on the above 6 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The *College* achieved its performance targets set for the FY 2021/2022 period for its 2 strategic pillars, as indicated in the diagram below:

A STRATEGIC PILLAR	Objective	Key Performance Indicators	Activities	Achievements
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Pillar 1: TECHNOLOGY AND ICT INFRASTRUCTURE	Promote effective application of ICT	<ul style="list-style-type: none"> ❖ Complete ICT infrastructures ❖ Installation of Management Information System ❖ ICT courses 	<ul style="list-style-type: none"> ❖ Develop adequate ICT capacity and infrastructure ❖ Institutionalized Management Information System (MIS) ❖ Promote the use of ICT in Curriculum delivery and management systems 	ICT courses are being offered in the institution MIS is in the process of being installed
	Enhance Equipment and Technology	<ul style="list-style-type: none"> ❖ Institution incubator and use of modern equipment and Technology 	<ul style="list-style-type: none"> ❖ Develop institution incubator ❖ Promote use of modern equipment and Technology 	To be implemented
Pillar 2: Competitiveness	Enhance competitiveness	<ul style="list-style-type: none"> ❖ Increased students' numbers 	<ul style="list-style-type: none"> ❖ Strengthen existing competitiveness benchmarks ❖ Establish new competitiveness benchmarks 	<ul style="list-style-type: none"> ❖ Student numbers have continued to increase
Pillar 3: INSTITUTIONAL GOVERNANCE	<ul style="list-style-type: none"> ❖ Improve institutional corporate governance ❖ Develop and Implement M&E Systems 	<ul style="list-style-type: none"> ❖ Constant review of courses offered ❖ Improved result-based management in the training system ❖ Improved budget accuracy level 	<ul style="list-style-type: none"> ❖ Develop and implement institutional policies, strategies, and programmes (E.g. HIV/AIDS, Alcohol and drug abuse and health and safety, and environment) ❖ Embrace results based management in the training system ❖ Develop and implement M&E systems ❖ Fast track institutional expenditure review 	<ul style="list-style-type: none"> ❖ New courses being offered ❖ Improved budget accuracy

Pillar 4: HUMAN RESOURCE	❖ Harness Human resource	❖ Increased number of staff to match the increasing number of students	❖ Increase staff at PSC and BoG levels ❖ Develop competencies in staff	❖ New BOG Staff have been employed
	❖ Improve and sustain relevance of skills		❖ Ensure quality assurance and standards ❖ Promote innovativeness in ST&I ❖ Establish the Center of excellence ❖ Improve the quality of work culture Strategy	
Pillar 5: FINANCIAL RESOURCES	❖ Diversify sources and increase funding	❖ New development partners ❖ Enhanced existing partners' relationship ❖ Increase in government development funds	❖ Increase GOK funding ❖ Exploit external funding possibilities through developed criteria ❖ Expand income generation at institutional level	❖ There are development partners funding development projects. ❖ The institution continues to receive development funds from the Government.
Pillar 6: ACCESS AND EQUITY	Enhance Access and equity	❖ Improved training programmes in MSE sector. ❖ Expansion of facilities	❖ Expand facilities based on government priorities ❖ Support TVET trainees ❖ Promote affirmative action for TVET trainees ❖ Reform and enhance education, training, and guidance services. ❖ Improve training programmes in MSE sector. ❖ Offer higher level programmes	❖ Expansion of facilities achieved

V. Corporate Governance Statement

Kipipiri TVC is committed to good corporate governance, which promotes the long-term interests of the Government of Kenya and any other stakeholder, that strengthens Board and management accountability and helps build public trust in the College.

The Board is appointed by the Government of Kenya through the Cabinet Secretary, Ministry of Education, to oversee the Government's interest in the long-term success of the college and its financial strength in order to discharge its mandate. The Board serves as the ultimate policy making body of the college, except for those matters reserved to or shared with the Government of Kenya. The Board selects and oversees the members of senior management, who are charged by the Board with conducting the business of the college in line with the Technical, Vocational, Education & Training Act of 2013 and the constitution of the Republic of Kenya.

The Board of Governors held two Full board meetings and two subcommittee meetings in the financial year 2021/2022. The current board was appointed on 19th February 2021 for a term of 3 years ending 18th February 2024.

There are three Committees of the Board currently in place, namely; The key fiduciary Oversight committees are:

- i. Education, Research and Development Committee (Three members)
- ii. Finance, Planning and Administration (Three Members)
- iii. Audit and Risk Management Committee (Two Members)

Under the TVET act of 2013, the functions of Board of Governors as set out under section 28 (1) shall include -

- a) Overseeing the conduct of education and training in the institutions 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; (1) 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;
- f) 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 the TVET Act;
- g) Developing and reviewing programmes for training and to make representations thereon to the Board;
- h) Regulating the admission and exclusion of students from the institutions, subject to a qualifications framework and the provisions of this Act;
- i) Approving collaboration or association with other institutions and industries in and outside Kenya subject to prior approval by the Board;

- j) Recruiting and appointing trainers from among qualified professionals and practicing trades persons in relevant sectors of industry;
- k) Determining suitable terms and conditions of service for support staff, trainers and instructors and remunerating the staff of the institutions, in consultation with the Authority;
- l) Making regulations governing organization, conduct and discipline of the staff and students;
- m) Preparing comprehensive annual reports on all areas of their mandate, including education and training services and submits the same to the Board;
- n) Providing for the welfare of the students and staff of the institutions;
- o) Encouraging, nurturing and promoting democratic culture, dialogue and tolerance in the institutions; and
- p) Discharging all other functions conferred upon it by this Act or any other written law.
- q) The board in the period it has been in existence has endeavoured to discharge its functions independently with vigour and passion. Their diligence and prudent management of resources has been result-oriented and much has been achieved during their term in office. They have been able to interpret government policies and TVET Act as well as other relevant laws in existence making the institution to move forward as we actualize the strategic plan. Moving forward, the Board is aligning its discharging of duties by improving on its operations while surpassing the set targets where possible. In the interest of quality service delivery, the board is able to read from the same script as the render their duties above board.
- r) This will be attained with the incorporation of team spirit and self-sacrifice that is deep within them.

BOG Remuneration

It is the policy of the college not to pay any salary to the BOG. However, BOG members are reimbursed any expenses incurred in attending meetings.

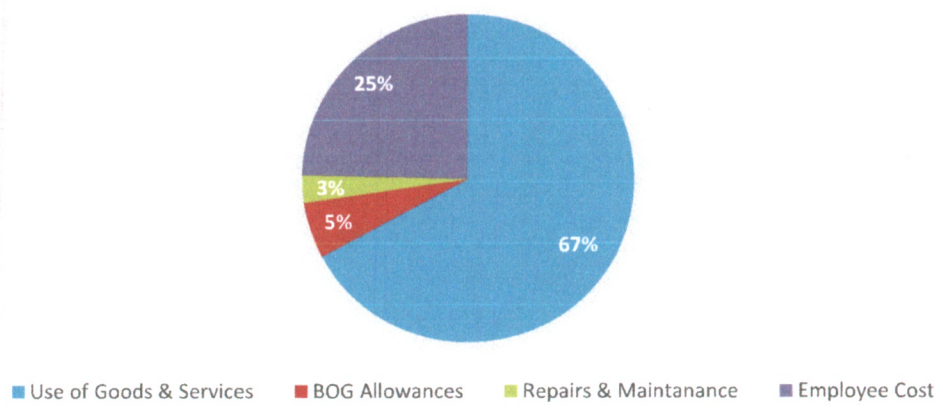
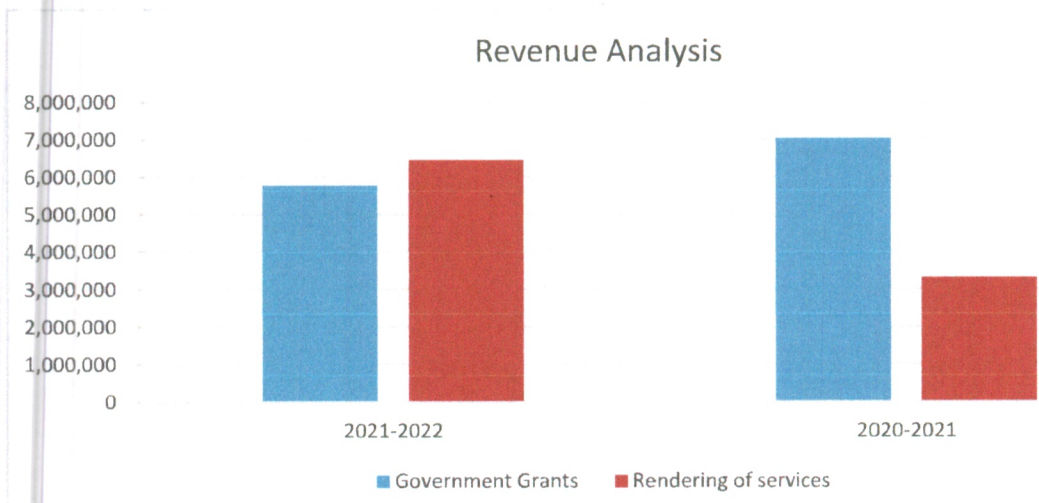
The total reimbursement for the year was Ksh. 744,935

VI. Management Discussion and Analysis

Kipipiri Technical and Vocational College operational and financial performance

During the year ended 30 June 2022, the College had 178 students. The education sector was recovering from the outbreak of Covid 19 in the world, and this was attributed to the low enrolment.

Below are the graphs and pie charts analysing the revenues and expenses of the College.



The above graph shows that the government funding was lower in year 2021/2022 compared to 2020/2021.

Rendering of services income increased in year 2021/2022 compared to 2020/2021 .

The contribution of each expense as a percentage of total expenses is also shown above.

Kipipiri Technical and Vocational College compliance with statutory requirements

Kipipiri Technical and Vocational College complies to deduction and remittance of statutory deductions such NHIF, NSSF and PAYE

Major risks facing the organisation.

The institutes' major risks are mainly related to its core business which is training and human resource development. Some of the identified risks include;

- i. Low student enrolment.
- ii. Student turnover
- iii. Inadequate student accommodation and support facilities
- iv. Delayed disbursement of capitation and HELB grants

Key projects and investment decisions

The project under consideration in the FY 2021/2022 is summarised in the table below

Project:	Rehabilitation of workshop at Kipipiri Technical and vocational college
Client:	Ministry of Education, Science and Technology
User:	Kipipiri Technical and Vocational college
Project Manager:	Sub county works officer – North Kinangop
Main contractor:	M/S Clear crystal Kinangop Enterprises
Contract sum:	Ksh. 944,200

VII. Environmental And Sustainability Reporting Statement

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

Sustainability strategy and profile

The focal areas include environmental sustainability planning, pollution control, climate change mitigation and adaptation, environmental and ecological enhancement, environmental education and awareness and, promoting environmental protection and conservation through partnerships with stakeholders.

Environmental performance

The college seeks to reduce the negative environmental impact caused by activities and processes through:

- Opting for Paperless Documents as much as is practically feasible
- Avoid Disposable Kitchen Items.
- Encourage employees to use public transportation to reduce emissions

Employee welfare

At Kipipiri Technical and Vocational College, we value our employees and our many stakeholders, including the wider community where the training of our students has the potential to bring positive social and environmental change. We value the contribution that individuals and external entities make to our Institute through community consultation process.

Market place practices-

To support effective competition, Kipipiri TVC endeavours to clearly identify and respond to demand from students and the local community. In particular we critically assess our current offer to identify where current provision could be improved or expanded due to growing or changing learner demand.

The rise of supply chain management and procurement in Kenya has given rise to a number of unethical business practices that violates codes of conduct. For instance when tendering processes is not executed in a transparent manner, then suppliers may have chances and vantages to solicit for consideration by advancing bribes and other forms of corruption It is for this reason that Kipipiri TVC has entrenched transparency, fair treatment in bidding and awards of tenders, accountability and responsible purchasing and supply in order to guarantee a positive implication on procurement processes ensure increased performance and delivery.

Corporations are responsible not only for the shareholders, employees, suppliers, and customers but also for the public at large.

It is assumed that there exists a “social contract” between a corporation and society, as a member of the community. By behaving in a way that meets the expectations of a variety of groups, a corporation seeks legitimacy. It is for this reason that Kipipiri TVC strives to be mindful of the social consequences of the messages they craft in their advertising.

Higher education has a very important role in supporting the improvement of the national economy, especially because colleges are the producers of competent human resources. For this reason Kipipiri TVC strives to attain the highest level of quality in service delivery

Corporate Social Responsibility / Community Engagements

During the year under review, the college carried out various CSR activities to impact the society like Children Homes’ visits.

VIII. Report of the Board of Governors

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

Principal activities

The principal activities of the entity are training and development of human resource in various fields.

Results

The results of the entity for the year ended June 30 are set out on page 24 to 28


Board of Governors

The members of the Board who served during the year are shown on page 8 to 9. During the year no director retired/ resigned.

Auditors

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

By Order of the Board

for 

ALEXANDER MAINA MWANGI
Secretary of the Board

Date: 18.05.2023

IX. 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 BOG members to prepare financial statements in respect of that *entity*, which give a true and fair view of the state of affairs of the *entity* at the end of the financial year/period and the operating results of the *entity* for that year/period. The BOG members are also required to ensure that the *entity* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *entity*. The BOG members are also responsible for safeguarding the assets of the *entity*.


The BOG members are responsible for the preparation and presentation of the *entity’s* financial statements, which give a true and fair view of the state of affairs of the *entity* for and as at the end of the financial year (period) ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the *entity*, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the *entity*, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.


The BOG members accept responsibility for the *entity’s* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the TVET Act of 2013) The board of governors are of the opinion that the *entity’s* financial statements give a true and fair view of the state of *entity’s* transactions during the financial year ended June 30, 2022, and of the *entity’s* financial position as at that date. The BOG members further confirm the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the *entity’s* financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

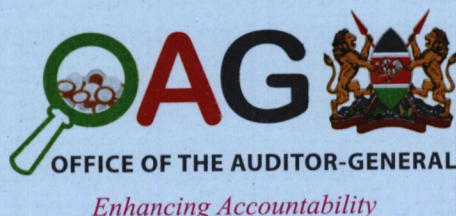
The *entity’s* financial statements were approved by the Board on 28th September 2022 and signed on its behalf by:


.....
Joseph Kariuki Kamiri
Chairperson of the Board of Governors

for 
.....
ALEXANDER MAINA MWANGI
Principal

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KIPIPIRI TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kipipiri Technical and Vocational College set out on pages 24 to 62, which comprise the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual

amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kipipiri Technical and Vocational College as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, the Technical and Vocational Education and the Training Act, 2013.

Basis for Qualified Opinion

1. Inaccuracy in Cash and Cash Equivalents

The statement of financial position and Note 13 to the financial statements reflects cash and bank balance of Kshs.661,982. However, the bank reconciliation statements and cashbook for one bank account reflect a balance of Kshs.285,455 whereas the explanatory Note 13 reflects a balance of Kshs.273,035 resulting to an unexplained and unreconciled variance of Kshs.12,420.

In the circumstances, the accuracy and completeness of cash and bank balance of Kshs.661,982 could not be confirmed.

2. Property, Plant and Equipment

2.1 Lack of Land Ownership Documents

The statement of financial position reflects a balance of Kshs.106,695,839 under property, plant and equipment which as disclosed in Note 17 to the financial statements includes a balance of Kshs.12,000,000 relating to the College's land measuring approximately 2.2 hectares and whose ownership documents were not provided for audit.

Further, review of the fixed assets revealed that Management did not maintain an updated asset register to account for its electrical classes of assets. The donated assets were under Kenya/China TVC project phase II donation by Avic International Holding Corporation at USD.1,036,061 (approximately kshs.103,606,100) and have not been included in the fixed asset register but appeared as a block figure in the financial statements.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.106,695,838 could not be ascertained.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kipipiri Technical and Vocational College Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe

that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts indicates that the College had a budget revenue of Kshs.13,940,000 against an actual revenue of Kshs.17,993,680 resulting in a positive performance of Kshs.4,053,680 or 29% of the budget. However, the College spent an amount of Kshs.13,306,007 against the budgeted amounts of Kshs.13,940,000 resulting to an under expenditure of Kshs.633,993 or 4.5% of the approved budget.

In the circumstances, the positive budget performance implies conservative forecasts for revenue.

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 matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Non-Compliance with Staff Ethnic Diversity

Review of the personnel and the staff establishment records revealed that the College had a total number of twenty-nine (29) employees as at 30 June, 2022, out of whom twenty-five (25) or 86% are from the dominant ethnic community. This is contrary to the requirements of Section 7(2) of the National Cohesion and Integration Act, 2008 which states that, no public establishment shall have more than one third of its staff from the same ethnic community.

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

2. Human Resource Management Inefficiencies

The statement of financial performance reflects employee costs of Kshs.2,815,144. However, a total of Kshs.1,603,746 was paid to non-contractual staff members of non-teaching and teaching staff who are not provided for in the staff establishment. Management did not provide evidence of the recruitment needs or vacancies forwarded

to the Public Service Commission for the vacancies to be filled and the criteria used in hiring, remunerating and retiring the staff was not explained. Further, the payments were not subjected to statutory deductions in the form of taxes, health insurance and social security benefits.

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

3. Failure to Comply with Procurement Laws and Regulations

The statement of financial performance reflects Kshs.8,240,943 in respect of use of goods and services and as disclosed in Note 8 to the financial statements. The amount includes Kshs 925,870 paid for Internet expenses, security services expenses and printing and stationery with following anomalies.

- i. There was no evidence of requisitions being submitted to head of procurement for procurement initiation as spelt out in Regulation 71(1) of the Public Procurement and Asset Disposal (PPAD) Regulations, 2020 which states that the head of the user department shall initiate the procurement through a requisition as per the approved procurement plan;
- ii. There were no calls for bids from a registered supplier as required by Section 57(1) of the PPAD Act, 2015 on the requirement for registered suppliers or Section 96 of PPAD Act, 2015 on open tender advertisement;
- iii. There was no tender evaluation to deal with eligibility and capability of the bidder as required under Section 46 of the PPAD Act, 2015 on evaluation committee;
- iv. There was no contract execution as contained in Section 135(1) of PPAD Act, 2015 which states that the existence of a contract shall be confirmed through the signature of a contract document incorporating all agreements between the parties;
- v. There was no inspection and acceptance of goods as stipulated in Section 48(1) of PPAD Act, 2015 which states that the accounting officer of a procuring entity may establish an ad hoc committee known as the inspection and acceptance committee;
- vi. The College did not conduct its own market survey on prices or results as required by Section 43(4)(a) of the PPAD Regulations, 2020 which states that in making a procurement decision in relation to the market price index in paragraph (2), the procuring entities shall take into consideration their own market survey prices or results and
- vii. There was no tax invoicing as required by Section 42(1) of the Value Added Tax (VAT) Act, 2013 which requires that a registered person who makes a taxable supply shall at the time of supply furnish the purchaser with the tax invoice containing the prescribed details for the supply.

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

4. Irregular Board Expenditure

The statement of financial performance reflects Board reimbursement expenses of Kshs.669,435 and as disclosed under Note 10 to the financial statement. The payments were made without requisite approvals from the Cabinet Secretary contrary to Section 17 of the second schedule of the Technical and Vocational Education and the Training Act, 2013, which requires approval from the Cabinet Secretary.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Review of IT processes and preparedness in case of any unforeseen eventualities established that the College did not have a data recovery strategy plan. Further, there was no offsite back up storage facility existing. In addition, the college lacked an IT officer and IT strategic committee to steer the College forward on the IT systems in place.

In the circumstances, the effectiveness of the IT resource service continuity and disaster recovery during the year under review could not be confirmed.

2. Lack of Internal Audit Function

Review of College's internal audit function established inexistence of internal auditor and internal audit department to aid in review of effectiveness of the financial and non-financial performance management systems of the College.

In the circumstances, the efficiency and effectiveness of improvement of the internal control mechanisms and risk Management for the Institute during the year under review could not be confirmed.

3. Lack of Insurance Cover on College Assets

The statement of financial position reflects property, plant and equipment of Kshs.106,695,839 and as disclosed in Note 17 to the financial statements. Scrutiny of records revealed that Management did not insure the College assets against the unforeseen risks or contingent liabilities during the year under audit review.

In the circumstance, the College assets are at financial risk/loss in the event of unforeseen eventualities.

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the 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 terminate the College or to cease operations.

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

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

Those charged with governance are 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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the College's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the College to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the College to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

21 June, 2023



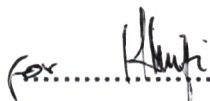
Kipipiri Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2022

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

Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
Revenue from Non-Exchange transactions			
Transfers from other National Government entities	6	5,780,000	7,020,000
		5,780,000	7,020,000
Revenue from Exchange transactions			
Rendering of services- fees from students	7	11,213,680	3,309,640
Revenue from Exchange transactions		11,213,680	3,309,640
Total Revenue		16,993,680	10,329,640
Expenses			
Use of goods and services	8	8,240,943	5,465,170
Employee costs	9	2,815,144	1,860,528
BOG Reimbursement	10	669,435	315,000
Depreciation and amortization expense	11	12,451,851	15,118,986
Repairs and maintenance	12	334,435	1,318,615
Total Expenses		24,511,808	24,078,299
Other Gains/(Losses)			
Total Other Gains/(Losses)		-	-
Net surplus for the year		(7,518,128)	(13,748,659)

(The notes set out on pages 29 to 59 form an integral part of the Annual Financial Statements).

The Financial Statements set out on pages 24 to 28 were signed by:


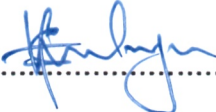

		
.....
Chairman of the Board	Finance Officer	Principal
	ICPAK No 16130	
Date	Date 18/5/2023	Date 18.05.2023

Kipipiri Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2022

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

Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
--Assets			
Current Assets			
Cash and cash equivalents	13	661,982	3,077,142
Current portion of receivables from exchange transactions	14	4,751,450	4,481,800
Receivables from non-exchange transactions	15	1,000,000	500,000
		6,413,432	8,058,942
Non-Current Assets			
Property, plant, and equipment	17	106,695,839	118,465,797
Total Assets		113,109,271	126,524,739
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	18	49,531	65,205
Payments received in advance		440,790	414,020
		490,321	479,225
Non-Current Liabilities			
		-	-
Total Liabilities		490,321	479,225
Net Assets		112,618,950	126,045,514
Reserves		-	-
Accumulated Surplus		(7,518,128)	(9,820,141.00)
Capital Fund		120,137,078	135,865,655
Total Net Assets and Liabilities		112,618,950	126,045,514

The Financial Statements set out on pages 24 to 28 were signed by:

		for 
Chairman of the Board	Finance Officer	Principal
	ICPAK No 16830	
Date	Date 18/5/2023	Date 18.05.2023

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

Description	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/Development Grants/Fund	Total
At July 1, 2020	-	-	3,928,518	133,584,783	137,513,301
Revaluation gain	-	-	-	-	-
Prior year adjustments: Development Bank	-	-	-	1,000,000	1,000,000
Total comprehensive income	-	-	-	1,280,872	1,280,872
Capital/development grants received during the year	-	-	-	-	-
Total comprehensive income	-	-	(13,748,659)	-	(13,748,659)
At June 30, 2021	-	-	(9,820,141)	135,865,655	126,045,514
At July 1, 2021	-	-	(9,820,141)	135,865,655	126,045,514
Revaluation gain	-	-	-	-	-
Fair value adjustment on quoted investments	-	-	-	-	-
Total comprehensive income	-	-	(7,518,128)	-	-
Capital/development grants received during the year	-	-	-	-	-
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-	(12,451,851)	-	-
At June 30, 2022	-	-	(17,704,379)	135,865,655	112,618,950

(Note:


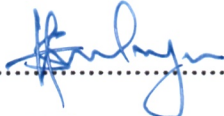
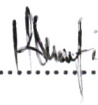
1. Prior year adjustments relate to development bank account that had been omitted in the previous year

Kipipiri Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2022

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

Description	Note	2021-2022	2020-2021
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other government entities/govt. Grants		5,780,000	7,020,000
Public contributions and donations		1,000,000	-
Rendering of services- fees from students		11,213,680	3,309,640
Total Receipts		17,993,680	10,329,640
Payments			
Compensation of employees		2,815,144	1,860,528
Use of goods and services		8,240,943	5,442,770
BOG Remuneration		669,435	315,000
Repairs & Maintainance		334,435	1,318,615
Total Payments		12,059,957	8,959,313
Net Cash Flows from operating activities	43	5,933,723	1,370,327
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(1,604,370)	(851,898)
Proceeds from sale of property, plant and equipment		-	-
Net cash flows used in investing activities		(1,604,370)	(851,898)
Cash flows from financing activities			
Proceeds From Borrowing		-	-
Repayment Of Borrowings		-	-
Deposits receipts		-	-
Net cash flows used in financing activities		-	-
Net Increase/(Decrease) in Cash and Cash equivalents		(2,415,160)	(1,401,537)
Cash and Cash equivalents at 1 JULY	26	3,077,142	1,675,605
Cash and Cash equivalents at 30 JUNE	26	661,982	3,077,142

The Financial Statements set out on pages 24 to 28 were signed by:

		for 
Chairman of Council/Board	Finance Officer	Principal
	ICPAK No 16830	
Date	Date 18/5/2023	Date 18.05.2023

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization Difference
	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	%
Transfers from other govt entities and govt grants	10,000,000	(4,000,000)	6,000,000	5,780,000	(220,000)	(3.81)
Public contributions and donations	1,000,000	-	1,000,000	1,000,000	-	-
Rendering of services- fees from students	7,740,000	(800,000)	6,940,000	11,213,680	3,907,570	56.3
Sale of goods	-	-	-	-	-	-
Finance income	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Gains on disposal, rental income and agency fees	-	-	-	-	-	-
Total Income	18,740,000	(4,800,000)	13,940,000	17,993,680	4,053,680	22.52
Expenses					-	-
Compensation of employees	3,070,000	(391,160)	2,678,840	2,815,144	136,304	4.84
Use of goods and services	10,190,000	(1,904,630)	8,285,370	8,217,058	(68,312)	(0.83)
Finance costs	-	-	-	-	-	-
Rent paid	-	-	-	-	-	-
Remuneration of Board of Governors	690,000	250,000	940,000	669,435	(270,565)	(40.42)
Development Expenditure	4,790,000	(2,754,210)	2,035,790	1,604,370	(431,420)	(26.89)
Total Expenditure	18,740,000	(4,800,000)	13,940,000	13,306,007	(633,993)	(4.54)
Surplus For the Period	-	-	-	4,321,563	4,687,673	

(Budget notes)

XVI. Notes to the Financial Statements

1. General Information

Kipipiri TVC is established by and derives its authority and accountability from TVETA Act 2013. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is technical 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 *entity's* accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note xx.

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

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

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

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

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

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

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity’s future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p><i>(There is no impact of this standard on the entity)</i></p>

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Standard	Effective date and impact:
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity’s financial performance, financial position and cash flows.</p> <p><i>(There is no impact of this standard on the entity)</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p><i>(There is no impact of this standard on the entity)</i></p>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i>

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Standard	Effective date and impact:
	<p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023. <p><i>(There is no impact of this standard on the entity)</i></p>
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>(There is no impact of this standard on the entity)</i></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>(There is no impact of this standard on the entity)</i></p>

iii. Early adoption of standards

The college did not early-adopt any new or amended standards in year 2022.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

ii) Revenue from exchange transactions

Rendering of services

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

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

Sale of goods

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

Interest income

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

Dividends

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

4 Summary of Significant Accounting Policies (Continued)

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions (continued)

Rental income

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

b) Budget information

The original budget for FY 2021/2022 was approved by the Board on 21/07/2021. 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 revised downwards appropriations *on* the FY 2021/2022 budget following the BOG approval.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section *xiv* of these financial statements.

c) Taxes

Current income tax

The entity is exempt from paying taxes as per schedule 1 (10) of the *income tax* 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.

Notes to the Financial Statements (Continued)

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of 5 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.

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

f) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite

h) Research and development costs

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

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

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit.

During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

i) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

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

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

i) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

Financial liabilities

Initial recognition and measurement

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

Loans and borrowing

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

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

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

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

Inventories (Continued)

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

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.

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

l) Nature and purpose of reserves

The Entity does not create and does not maintain reserves in terms of specific requirements.

m) 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.

n) Employee benefits

Retirement benefit plans

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

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

o) 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.

p) Borrowing costs

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

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

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

q) Related parties

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

r) 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.

s) 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.

t) Comparative figures

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

u) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2022.

Notes to the Financial Statements (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

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

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

(Include provisions applicable for your organisation e.g. provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).

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Notes to the Financial Statements (Continued)

6. Transfers from other National Government entities

Description	2021-2022	2020-2021
	Kshs	Kshs
Unconditional Grants		
Capitation Grants	5,280,000	5,520,000
Operational Grant	500,000	1,500,000
Total Government Grants and Subsidies	5,780,000	7,020,000

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Notes to the Financial Statements (Continued)

Notes to the Financial Statements (Continued)

7. Rendering of Services

Description	2021-2022	2020-2021
	Kshs	Kshs
Tuition Fees	11,213,680	3,309,640
Total Revenue from The Rendering Of Services	11,213,680	3,309,640

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Notes to the Financial Statements (Continued)

8. Use Of Goods And Services

Description	2021-2022	2020-2021
	KShs	KShs
Electricity and Water	508,520.00	166,680.00
SES	-	20,000.00
Subscriptions	270,000.00	103,000.00
Activity fee	177,930.00	322,800.00
Examination & teaching materials	2,466,590.00	1,408,907.00
Admin expenses	363,820.00	352,835.00
Internet expenses	347,940.00	290,005.00
Security services expenses	450,000.00	450,000.00
Printing and stationery	127,930.00	116,135.00
Fines and penalties	10,000.00	79,169.00
Bank charges	18,900.00	9,800.00
Contingencies	187,160.00	30,640.00
Performance contract	238,480.00	289,640.00
Marketing expenses	133,700.00	118,050.00
Newspapers	16,580.00	24,880.00
Insurance	-	8,100.00
Postage	8,525.00	9,775.00
Conference	132,000.00	228,000.00
Travel, motor car, accommodation, subsistence and other allowances	2,086,048.00	1,237,554.00
Recruitment	53,000.00	-
Seminars and trainings	339,420.00	136,800.00
Consultancy fees	30,000.00	40,000.00
Industrial Attachment	56,350.00	-
Telephone Expenses	148,500.00	
Licenses & Permits	11,000.00	
Cleaning Expenses	46,850.00	
Casual Wages	11,700.00	
Total good and services	8,240,943.00	5,442,770.00

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Notes to the Financial Statements (Continued)

9. Employee Costs

Description	2021-2022	2020-2021
	Kshs	Kshs
Salaries and wages	2,815,144	1,860,528
Employee Costs	2,815,144	1,860,528

10. Board Reimbursement Expenses

Description	2021-2022	2020-2021
	Kshs	Kshs
Board of Governance Allowances	669,435	315,000
Total	669,435	315,000

11. Depreciation and Amortization expense

Description	2021-2022	2020-2021
	Kshs	Kshs
Property, plant and equipment	12,451,850.75	15,118,986
Total depreciation and amortization	12,451,850.75	15,118,986

12. Repairs and Maintenance

Description	2021-2022	2020-2021
	Kshs	Kshs
Property	334,435	1,318,615
Total Repairs and Maintenance	334,435	1,318,615

Notes to the Financial Statements (Continued)

13. Cash and Cash Equivalents

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Account	558,824.75	2,075,582
Development account	103,158	1,001,560
Total Cash and Cash Equivalents	661,982.25	3,077,142

Notes To The Financial Statements (Continued)

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

		2021-2022	2020-2021
Financial Institution	Account number	Kshs	Kshs
a) a) Current account			
Co-operative Bank	01139467681000	285,790	1,440,417
Equity Bank	0620276272211	273,035	635,165
b) Development			
Co-operative Bank	01139467681001	1,080	1,560
Equity Bank	0620280602888	102,078	1,000,000
Grand Total		661,983	3,077,142

Notes to the Financial Statements (Continued)

14. Receivables from Exchange transactions

14(a) Current Receivables from Exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Receivables		
Student Debtors	4,751,450	4,481,800
Total Current Receivables	4,751,450	4,481,800

Notes to the Financial Statements (Continued)

15. Receivables from Non-Exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Receivables		
Capitation Grants*	1,000,000	500,000
Total Current Receivables	1,000,000	500,000

Notes to the Financial Statements (Continued)

16. Investments

Description	2021-2022	2020-2021
	Kshs	Kshs
a) Investment in Treasury Bills and Bonds		
Financial Institution		
CBK	-	-
Sub- Total	-	-
b) Investment with Financial Institutions/ Banks		
Equity Bank	-	-
Cooperative Bank	-	-
Sub- Total	-	-
Grand Total	-	-

d) Shareholding in other entities

For investments in equity share listed under note 30 (c) above, list down the equity investments under the following categories:

Name of Entity where Investment is Held	No of Shares		
	Direct Shareholding	Indirect Shareholding	Effective Shareholding
	%	%	%
GOK	100	-	-
	100	-	-

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Notes to the Financial Statements (Continued)

17. Property, Plant and Equipment

	Buildings	Land	Furniture and fittings	Computers	Plant and equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 1 July 2021	53,000,000	12,000,000	3,020,500	2,531,398	105,768,000	176,319,898
Additions	-	-	498,870	-	-	498,870
Disposals	-	-	-	-	-	176,818,768
Transfers/Adjustments	-	-	-	-	-	-
At 30th June 2022	53,000,000	12,000,000	3,519,370	2,531,398	105,768,000	176,818,768
Depreciation And Impairment						
At 1 July 2021	1,018,024	-	239,258	323,400	135,358,304	15,118,986
Depreciation	997,664	-	328,219	295,325	10,830,643	12,451,851
Impairment	-	-	-	-	-	-
At 30 June 2022	2,015,688	-	567,477	618,725	146,188,947	2,015,688
Net Book Values						
At 30th June 2022	48,885,512	12,000,000.00	1,798,660	689,093	43,322,5723	106,695,838
At 30th June 2021	49,883,176	12,000,000	2,126,879	984,418	54,153,216	118,465,797

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Notes to the Financial Statements (Continued)

Valuation

As per National Treasury guidelines, Land and buildings are yet to be identified and valued as per the National Liabilities and Management Policy and guidelines (Issued June 2020)

17 (b) Property, Plant and Equipment at Cost

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	12,000,000	-	12,000,000
Buildings	53,000,000	4,114,488	48,885,512
Plant And Machinery	105,768,000	62,445,427	43,322,573
Computers and Related Equipment	2,531,398	1,842,305	689,093
Office Equipment, Furniture, And Fittings	3,519,370	1,720,710	1,798,660
Total	176,818,768	70,122,930	106,695,838

Notes to the Financial Statements (Continued)

18. Trade and Other Payables from Exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Fees paid in advance	440,790	414,020
Trade Creditors	49,531	65,205
Total Trade and Other Payables	490,321	479,225

Notes to the Financial Statements (Continued)

Recognition of Retirement Benefit Asset/ Liability

The entity contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at 6% per employee's gross salary per month.

Notes To The Financial Statements (Continued)

19. Cash generated from operations

	2021-2022	2020-2021
Surplus for the year before tax	Kshs	Kshs
Adjusted for:	(7,518,128)	(13,748,659)*
Depreciation	12,451,851	15,118,986
Working Capital Adjustments		
Increase in Inventory	-	-
Increase in Receivables	(7,904,040)	(2,523,620)
Increase in Deferred Income	(1,000,000)	(500,000.00)
Increase in Payables	11,096	(577,413)
Increase in Payments received in advance	-	-
Net Cash Flow from Operating Activities	5,933,723	2,230,706

***The cashflow figures have been restated**

20. Financial Risk Management

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

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

(i) Credit risk

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

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or

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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

Notes to the Financial Statements (Continued)

the company's management based on prior experience and their assessment of the current economic environment.

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2021				
Receivables from exchange transactions	4,481,800	4,481,800	-	-
Receivables from non-exchange transactions	500,000	500,000	-	-
Bank balances	3,077,142	3,077,142	-	-
Total	8,058,942	8,058,942	-	-
At 30 June 2022				
Receivables from exchange transactions	4,751,450	4,751,450	-	-
Receivables from non-exchange transactions	1,000,000	1,000,000	-	-
Bank balances	661,982	661,982	-	-
Total	6,413,432	6,413,432	-	-

(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

44. Financial Risk Management (Continued)

(i) Credit risk (continued)

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

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

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

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the entity's directors, who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

Notes to the Financial Statements (Continued)

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2021				
Trade Payables	-	4,481,800	-	4,481,800
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred Income	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	4,481,800	-	4,481,800
At 30 June 2022	1,673,859	2,510,789	1,394,882.5	4,751,450
Trade Payables	49,531	440,790	-	490,321
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred Income	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	1,723,390	2,951,579	1,394,883	5,241,771

44. Financial Risk Management (Continued)

(iii) Market risk

The entity has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The entity's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

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

Notes to the Financial Statements (Continued)

a) Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2022			
Financial Assets (Investments, Cash, Debtors)	7,241,512	-	7,241,512
Liabilities			
Trade and Other Payables	310,457	-	310,457
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	6,931,055	-	6,931,055

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

44. Financial Risk Management (Continued)

(iii) Market risk (Continued)

a) Foreign currency risk (Continued)

	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
At 30th June 2022			
Financial Assets (Investments, Cash, Debtors)	7,241,512	-	7,241,512
Liabilities			
Trade and Other Payables	310,457	-	310,457
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	6,931,055	-	6,931,055

a) Foreign currency sensitivity analysis

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

Notes to the Financial Statements (Continued)

	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
20xx			
Euro	10%	None	None
Usd	10%	None	None
20xx			
Euro	10%	None	None
Usd	10%	None	None

b) Interest rate risk

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

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

44 Financial Risk Management (Continued)

(iii) Market risk (Continued)

b) Interest rate risk(continued)

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs xxx (2022: Kshs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (2022 – Kshs xxx)

Notes To The Financial Statements (Continued)

iv)Capital Risk Management

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

Description	2021-2022	2020-2021
	Kshs	Kshs
Revaluation Reserve	-	-
Retained Earnings	(12,469,907)	(9,820,141)
Capital Reserve	126,045,514	135,865,655
Total Funds	113,575,607	126,045,514
Total Borrowings	-	-
Less: Cash and Bank Balances	661,982	3,077,142
Net Debt/(Excess Cash and Cash Equivalents)	0.54	0.34
Gearing	54%	34%

21. Related Party Balances

Nature of related party relationships

Entities and other parties related to the entity include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

Government of Kenya

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

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

Notes to the Financial Statements (Continued)

22. Events After The Reporting Period

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

23. Ultimate And Holding Entity

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

24. Currency

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

XVII. Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4.1	Key performance indicators of the year under review FY 2020-2021 were not achieved due to underfunding of the college	The 2021/2022 budget was prepared with a projected Government recurrent grant of Ksh. 12,000,000 which was not realized. It must also be noted that it is during the year under review that the COVID crisis was at its peak resulting in the closure of the institution for four months i.e July – October 2020.	Resolved	31 st Dec 2022
4.2	Amount of Ksh. 95,540 was spent on fuelling private vehicles that has not been authorized.	The college has no official car and thus there are occasions that private vehicles were fueled in order to meet goals and objectives of the college with efficiency. Substance over form in accounting refers to a concept that transactions recorded in the financial statements and accompanying disclosures of a company must reflect their economic substance rather than their legal form. Whoever prepares	Not Resolved	31 st Dec 2022

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		the financial statements of a company needs to use their judgement to derive the business sense from the transactions and events in order to present them in a manner that best reflects their true essence.		
4.4	The institution does not have an approved policy on ICT The institution does not have fire suppression system.	There is a draft policy on Information communication technology which was forwarded to Madam Ann Gituiya on 16 th May 2022 via email. The college has twelve (15) 5kg carbon dioxide fire extinguishers and six (6) fire hose and reel to respond in case of a fire disaster.	Resolved	31 st Dec 2022
4.14	Property, Plant and Equipment balance of Ksh. 119,181,791 donated by the ministry through China had not been valued	Plans are underway to have the public works officials value the assets. There seems to be no clear understanding as to who is supposed to value assets.	Not Resolved	31 st Dec 2022
4.15	Failure to implement IFMIS directive contrary	This is due to budgetary constraints	Not Resolved	31 st Dec 2022



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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	to the executive order no 6 of 2016			
4.22	Lack of a fraud policy contrary to section 165(1) of the National Government regulation of 2015	The entity has a risk management draft policy. It will however incorporate the fraud policy in the same.	Resolved	31 st Dec 2022
4.24	Land ownership and valuation could not be established as there was no title deed and valuation report.	The management is following up with the issuance of the title deed	Not Resolved	31 st Dec 2022
4.25	Lack of accounting information system and instead the use of Ms. Excel to maintain accounting records	The management is in talks with system 1 to provide an ERP that supports student registration and billing.	Not Resolved	31 st Dec 2022
4.26	The institute did not have in place a functional internal audit department	This is due to budgetary constraints	Not Resolved	31 st Dec 2022

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ALEXANDER MAINA MWANGI
Principal

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Appendix II: Projects Implemented by Kipipiri Technical and Vocational College

Projects

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

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreeme nt (Yes/No)	Consolidate d in these financial statements (Yes/No)
Rehabilitation of workshop at Kipipiri Technical and vocational college	1	NG-CDF	1 YEAR	Done	NO	Yes

