




Enhancing Accountability

 THE NATIONAL ASSEMBLY PAPERS LAID	
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CLERK-AT THE-TABLE:	Mairah Wanjiku

OF

THE AUDITOR-GENERAL

PARLIAMENT
OF KENYA
LIBRARY

ON

**TAVETA TECHNICAL AND VOCATIONAL
COLLEGE**

**FOR THE YEAR ENDED
30 JUNE, 2020**



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TAVETA TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30 JUNE 2020**

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

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1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Taveta Technical and Vocational College was established under the TVET Act 2013, on 13th July 2017. TTVC is domiciled in Kenya and has no branches presently. TTVC is under the Ministry of Education, under the State Department of Vocational and Technical Training.

Taveta Technical and Vocational College is committed to provide quality Education and training in Technical Courses, namely Electrical Engineering, Information and Communication Technology, Tourism Management. The three Departments have been established and have a total of 11 trainers. TTVC presently has 89 students who are KUCCPS sponsored and self-sponsored too. The young college is in cognition of the demand for quality and competent human labour force from TVET Institutions and has fully engaged in high skills training using the modern industrial training equipment from China supplied by the Ministry of Education.

(b) Principal Activities

The Principal activities of Taveta Technical and Vocational College are to teach and train in Technical and Vocational Education.

(c) Key Management

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

- i. Board of Governors(BOG)
- ii. The Principal
- iii. Management team

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30 June 2020 and who had direct fiduciary responsibility were:

Designation	Name
1. Principal	Mr. Ibrahim Nyambu

(e) Fiduciary Oversight Arrangements

Audit Committee activities

The responsibilities of the Committee are:

- i. Perform an independent review of the Financial Statements that ensures integrity of financial reports.
- ii. Review the adequacy and effectiveness of the Institution internal controls.
- iii. Monitor the effectiveness of the institutions internal audit functions.
- iv. Review audit issues by the internal/external audit and ensure external recommendations are fully addressed.
- v. Regulatory compliance: ensure the institution complies with the relevant legislative requirements.
- vi. Reviewing and assessing the quality, reliability and integrity of institutions risk management.
-To monitor and ensure optimal composition of assets and liabilities.

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KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(f) Entity Headquarters

TAVETA TECHNICAL AND VOCATIONAL COLLEGE
P.O. Box 441-80302
MOKINI RD OFF.TAVETA. HOLILI ROAD TAVETA, KENYA

(g) Entity Contacts

Telephone: (254) 748290567
E-mail: tavetatvc2018@gmail.com
Website: www.go.ke

(h) Entity Bankers

Kenya Commercial Bank
P.O BOX 48400-00100
NAIROBI KENYA

Email: contactcentre@kcbgroup.com.
Mobile + (254) 0711087000 or 0732187000
www.kcbgroup.com

(i) Independent Auditors

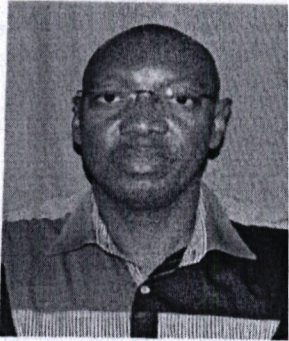

Auditor General
Office of Auditor General
Anniversary Towers, College Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

(j) Principal Legal Adviser



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

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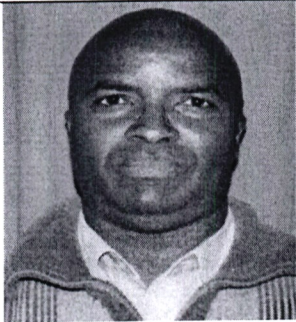

2. THE COUNCIL/BOARD OF GOVERNORS

Name	Position	DOB	Qualifications	Work experience
 1. Leonard Saning'o Ngaluma	Chairman	15.12.1966	-Master's in Business Administration -Bachelors of Arts (Hon) Majoring in History & Kiswahili	2012-date: Commission on Administrative Justice 2010-2012: Senior deputy secretary (operations) 2002-2010: District Commissioner/Senior District Commissioner
 2. Rosina Nasigha Mruttu	Education, Training & Development Committee Member		-Masters in counselling studies -Degree in leadership and management -Higher diploma in psychological counselling	2016-Date: Centre of victims of torture(CVT) Nairobi 2015-2016: Centre of victims of torture(CVT) Dadaab 2011-2015: Kenya counselling and psychological association (KCPA)



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 <p>3. Athumani Omar Sheria</p>	<p>Education, Training & Development Committee Member</p>	<p>1978</p>	<p>-MSc in electrical & electronics engineering (Power system option) (pending g thesis) -Bachelor's degree in electrical & electronic engineering (powerer option) -Diploma in Medical Engineering.</p>	<p>2017-Date: Kenya power & lightning company 2010-2015: Technologist Technical University of Mombasa 2013: Consultant Kubase(K) International limited</p>
 <p>4. David Ochieng Okoth</p>	<p>Administratio n & Finance Committee Member</p>	<p>1979</p>	<p>-Bachelor of commerce degree (finance option) -Master of Business Administration (ongoing) Diploma in Business Management</p>	<p>2010-date: Kenya College of Management 2006-2009: Piaggio services company</p>

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 <p>5. Dr. Merenga Abdallah Sarroney</p>	<p>Education, Training & Development Committee Member</p>	<p>23.03.1962</p>	<p>-PhD (Plastic Physics) MSc (Physics) B.Ed. (Science)</p>	<p>2002-date: Senior lecturer department of Physics Kenyatta University 1996-2002: Lecturer department of Physics Kenyatta University 1996: Assistant Lecturer Egerton University</p>
 <p>6. Farida Abdalla Soud</p>	<p>Administration & Finance Committee Member</p>	<p>11.01.1970</p>	<p>-MSc in Financial Service Management -Certified Public Accountant (CPA)</p>	<p>2015-Date: Group Financial Controller Heritage Hotels East Africa, Kenya 2015: Chief accountant/Preopening accountant Multi-property Makkah, Saudi Arabia 2007-2008: Financial controller. Fairmont Group of Companies Zanzibar.</p>

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<p>7.</p>  <p>Susan Boke Wangwe</p>	<p>Administration & Finance Committee Member</p>	<p>1978</p>	<p>Bachelor of Business Administration Diploma in Cooperative Management</p>	<p>2015-2016: Credit Administration Manager Sidian Bank 2009-2015: Relationship Manager SME Banking 2006-2009: Senior Business Development officer Sidian Bank</p>
<p>8.</p>  <p>Ibrahim Nyambu</p>	<p>Secretary</p>	<p>30.04.1967</p>	<p>-Higher Diploma in Entrepreneurship Development -Diploma in Technical Education</p>	<p>2018-date: Principal 2017-2018: Deputy Principal 3/17-7/17: Registrar 2007: Principal Lecturer 2000-2007: Senior lecturer 1991-2000: Trained Technical Teacher</p>
<p>9. Mr. Peter Mwangi Wangai</p>	<p>County Director TVET</p>			

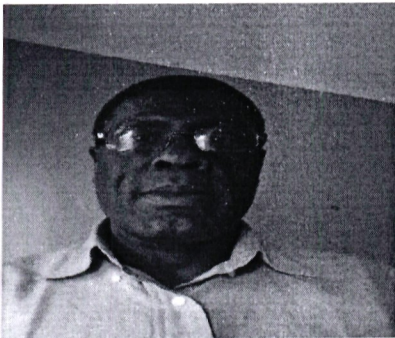
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3. MANAGEMENT TEAM



Mr. Ibrahim Nyambu

Mr. Ibrahim Nyambu has served as a Principal of Taveta Technical and Vocational College since 2018 to September 2019. He holds a Diploma in Entrepreneurship and Technical Education. He also served as a Secretary of Board of Governors.



Mr. David. Murungah

Mr. David Murungah holds a Degree in Technology Education (B.Ed. Technology-Moi University) and Diploma in Technical Education. (KTTC). He was a Deputy Principal at Taveta Technical before being appointed the Principal. Before joining Taveta Technical he had been the Head of Electrical Department at Coast Institute of Technology. Earlier He worked at Kitale National polytechnic where he was a Deputy Head of Department in Electrical and Electronic Engineering Department. He taught in various High schools Before joining TVET Institutions.

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Madam Evelyn Mwongeli

Madam Evelyn Mwongeli Holds a Degree in Tourism Management. She acts as Registrar.



Mr. Andrew Tarus holds a Diploma in Electrical and Electronics Engineering and Diploma in Technical Education. He acts as a Dean of students and trainer.



Mr. Rodgers Makove Wambua

Mr. Rodgers Makove Wambua holds a Bachelor of Science Manufacturing Engineering and Technology

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4. CHAIRMAN'S STATEMENT

I take this opportunity to present the Institute's Annual Report for the year 2019/2020. On behalf of the Board, I wish to sincerely thank all the stake holders who have continued to provide support which has enabled the institution to grow. It should be noted that the training institute was only launched in 2018 and the Board is the only in its second year of existence.

Taveta Technical and Vocational College (TTVC) is committed to be part of the National Government vehicle in delivering the dreams of the Big Four Agenda especially in Technology and innovations. The 2019/2020 Financial Year started well with high expectations in the college getting appropriate funding from the Government forums of financial aids and human resources.

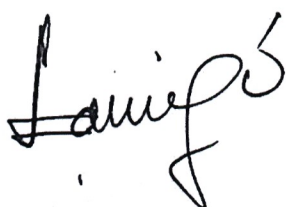
However, financial aid in terms of student loans and tuition capitalization has not covered all students who have reported in Taveta Technical and Vocational College. This has caused some decline in steady growth of student's population as some trainees stay due to lack of fees.

The growth of the College can be attested by the number of students which stand at **(Eighty-nine) 89** compared to only **(Fifty) 50** a year ago. This would not have been possible without the support of the Ministry which has continued to post dynamic trainers. Whose number is **(Nine) 9** an increase of **(Eight) 8** in the last one year alone. We, however urge the Ministry to post more trainers, particularly for the existing departments. We currently have four departments namely Tourism Management, Information and Communication Technology, Human Resource Management and Electrical and Electronic Engineering. The Catering and Accommodation Department will take off as soon as the appropriate equipment is received.

In the year **2019/2020**, the Board approved the acquisition of Technical Drawing tables and stools which are now in place. The trainers are now able to enhance their engineering design skills through drawing using appropriate tools purchased by the management. The borehole project which was envisaged in past budget was not actualized in the last financial year. Am highly optimistic that the supply of clean water will be completed this year because it is again captured in the **2020/2021** budget. The College is also expected to record improved enrolment of trainers because marketing and advertising budget has been put in place. The youth Mtaani project has come in handy and assisted the college in clearing the bush to make the college playing grounds.

I sincerely thank the National Government for continuous support in provision of trainers and equipment and hope that some more trainers will be posted especially in the main course of Electrical Engineering. We thank the County Government of Taita Taveta for upgrading the road to the college. Finally, we also thank Taveta Constituency MP through CDF for the chain-link fence, entry gate and gate house which are being constructed and were part of the requirement in COVID-19 Pandemic mitigation protocols.

Thank you.



30/09/2020

LEORNARD S. NGALUMA, MBS
B.O.G CHAIRMAN

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5. REPORT OF THE PRINCIPAL

On behalf of Trainers and management Board of Taveta TVC I wish to thank the National Government through Technical Vocational education and Training for posting trainers to this Institution. The three Departments, Tourism, Human Resource Management and Information and Communication are well-staffed as at now and as per our student's capacity. However, the key Department of electrical and electronic training has the Principal and one more trainer employed by the management Board as the trainers. The lean college budget is not able to support the hiring of trainers in the under-staffed Department and I pray for the quick intervention of the ministry to provide some two or more trainers. A cross transfer of one mechanical trainer in exchange of an Electrical trainer from some institution may be a quicker method of solving this under staffing crisis.

The approved budget for the financial year 2020/2021 took care of bush-clearing in the college grounds by allocating Ksh. 90,000/= for the exercise. However, I am happy to note here that Ministry of ICT and Youth Development under National Housing Program posted "kazi Mtaani" group that has cleared the bush within the college compound. Taveta Constituency CDF office has also accepted to put up a fence, gate and a guard house to control entry points to the college in response to COVID-19 pandemic mitigation procedures.

The main course of Electrical and Electronic requires other support subjects like materials and workshop practice which should be done in a Mechanical Engineering workshop set-up. However, Taveta TVC doesn't have any other structure that can accommodate Mechanical engineering related training course. It may cost the college more than Ksh.2,000,000 to build a workshop that facilitates other technical training courses that relate to electrical and electronic training.

Taveta TVC does not have a functioning library as at now. The allocation of Ksh. 1,050,000 for the purchase of Library textbooks may not be of any help if the budget funds are not availed in time. Grants from the National Government should come at the right time if some of these core values of our training are to be achieved.

The trainee's population is a challenge worth taking. The availability of KUCCPS placement, Government sponsorship and HELB loans are motivating factors to attract trainees to Taveta TVC. Taveta Constituency CDF has promised to sponsor trainees to the college and the trainers at the College will have to go out to aggressively market the college. I promise to improve in the trainee's enrolment from the current 89 to more than 200 by the end of the year 2021.



30/09/2020

Mr. Ibrahim Nyambu
Principal/Secretary – Board of Governors

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6. REVIEW OF TAVETA TECHNICAL PERFORMANCE FOR FY 2019/2020

Taveta Technical and Vocational College is yet to develop a strategic plan for her development and performance objectives.

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7. CORPORATE GOVERNANCE STATEMENT

Section 27 of the Technical and Vocational Education and Training Act, 2013 states that training in institutions under section 26.

- (1) (a) Shall be governed and managed in accordance with the provisions of this Act and any instrument of governance approved by the board. Part (2) of this section 27 states that The governance and management structures of all institutions shall aim at;
- (i) Encouraging co-operation and collaboration among all stakeholders for effective representation in governance and management of the institution.
 - (ii) Decentralizing decision-making authority with regard to financial matters, human resource issues, and other relevant matters.
 - (iii) Enhancing the culture of accountability, democracy and management of the institutions.
 - (iv) Ensuring effective and efficient education and training.
 - (v) Ensuring the participation of and consultation with the stakeholders at the county, national and international level.

Taveta Technical and Vocational College is committed to the highest standards of corporate governance and ethics in discharge of its functions. The college takes recognition of the various stakeholders. The funding agencies and the regulations therefor, relating to its obligations as provided in the TVET Act, 2013 for the FY 2019/2020, the college complied with all regulatory provisions set out in the applicable statutes. The Board of Governors (BOG) is responsible for overall day to day administration of the college under the supervision of the principal who is the secretary to the BOG.

The responsibility that relate to the proper conduct of college business, policy development, strategic planning, monitoring effectiveness and performance, finance, audit human resource management, diversity, student welfare health and safety and the appointment of college staff support team is vested in the BOG. The BOG has;

- (a) Finance and Administration Committee.
- (b) Education and Training Committee.

The BOG committee report to the BOG full board meeting through board reports and presented by a committee member. All resolutions of the BOG are executed by the BOG secretary who is the principal of Taveta TVC.

Taveta technical and Vocational College has not had students elected councils to help in administrative matters related to student's welfare. It is hoped that during the next Financial Year, the college shall be able to conduct elections of the student's leadership to be involved in the overall administration of the college.

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MEMBERS PERFORMANCE

NAME	POSITION	MEETING ATTENDED	GENDER	COUNTY	SUB COUNTY
1. Leonard S. Ngaluma	Chairman	4/4	Male	Taita/ Taveta	Taveta
2. Rosina N. Mruttu	Member	3/4	Female	Taita/ Taveta	Taveta
3. Athumani O. Sheria	Member	3/4	Male	Kwale	Kubo
4. David O. Okoth	Member	4/4	Male	Migori	Nyatike
5. Dr. Mereng A. Sarroney	Member	3/4	Male	Taita/Taveta	Taveta
6. Farida A. Soud	Member	4/4	Female	Mombasa	Kisauni
7. Susan B. Wangwe	Member	2/4	Female	Kuria	Kehacha
8. Ibrahim Nyambu	Secretary	4/4	Male	Taita/Taveta	Mwatate
9. Peter Mwangi Wangai	County Director TVET	3/4	Male	Kitui	Kitui Central

The members of Board of Governors are appointed by the Cabinet Secretary Ministry of Education in accordance with TVET Act, 2013. The Board members are appointed for a period of 3 years. The Board of Governors for Taveta Technical and Vocational College was inaugurated on 4th February 2019, its term is expected to end on 5th October 2021. The Board is currently composed of nine members.

Training and Induction

The members of the Board attended an induction training from 1st -3rd April, 2019 at the Kenya School of Government, Mombasa. They were inducted on the principle of governance based on the Mwongozo principle. The other areas of training were in:

(i) Human Resource Management

- a) Management of Trainers and support staff
- b) Recruitment
- c) Staff Motivation
- d) Discipline
- e) Student Management

(ii) Financial Management

- a) Approval of Budget
- b) Sourcing of Funds
- c) Approval of use of funds
- d) Audit and oversight

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(iii) Public Procurement and Asset Disposal Act 2015

- a) Key charges in PPAD Act, 2015
- b) Methods of procurement
- c) Procurement process
- (iv) Financial management in TVET institutions □ Public Finance Management Reforms.**
- (v) Legal framework**
- (vi) Project Management**

Functions of the Board

- a. Overseeing the conduct of education and training in the institution in accordance with the provisions of TVET Act, 2013 and any other written law.
- b. Promoting and maintaining standards, quality and relevance in education and training in the institutions in accordance with TVET Act, 2013 and any other written law.
- c. Administering and managing the institution's property.
- d. Developing and implementing the institution's strategic plan.
- e. Preparing annual estimates of revenue and expenditure for the institution and incurring expenditure on behalf of the institution.
- f. Receiving, on behalf of the institution, fees, grants, subscriptions, donations, bequests or other money and to make disbursement to the institution or other bodies or persons.
- g. Determining the fees payable and prescribing conditions under which fees may be remitted in part or in whole in accordance with the guidelines developed under the provisions of TVET Act, 2013.
- h. Mobilising resources for the institution.
- i. Developing and reviewing programmes for training and to make representation thereon to the Board.
- j. Regulating the admission and exclusion of students from the institution, subject to qualifications framework and the provision of TVET Act, 2013.
- k. Approving collaboration or association with other institutions and industries in and outside Kenya subject to prior approval by the Board.
- l. Recruiting and appointing trainers from among qualified professionals and practising trade persons in relevant sectors of industry.
- m. Determining suitable terms and conditions of services for support staff, trainers and instructors and remunerating the staff of the institution, in consultation with the Authority.
- n. Making regulations governing the organization, conduct and discipline of the staff and students.
- o. Preparing comprehensive annual reports on all areas of their mandate, including education and training services and submit the same to the Board.
- p. Providing for the welfare of the students and staff of the institution.
- q. Encouraging, nurturing and promoting democratic culture, dialogue and tolerance in the institution.
- r. Discharging all other functions conferred upon it by the TVET Act, 2013 or any other written law.

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8. MANAGEMENT DISCUSSION AND ANALYSIS

In the Finance Year ended 30 June, 2020, Taveta Technical and Vocational College has a deficit of Ksh 1,329,340.29 due to depreciation cost of ksh, and 1,260,999.92 from prior year deficit of Ksh 430,307.25.

Total income increased by Ksh 162,792 to Ksh 2,715,910 from Ksh 2,553,120 in year 2018/2019. The increase was attributed by Helb Loan of Ksh 633,600, capitation of Ksh 600,000 bursary of Ksh 11,000 compared to year 2018/2019 while there was a decrease of Government Grants of Ksh 1,210,000 to Ksh 1,000,000 from Ksh, 2,210,000 in year 2018/2019.

Total expenses decreased by Ksh 199,176.88 from Ksh 2,983,427.25 in previous year to Ksh 2,784,250.37 in the reporting year. The receivable from exchange transactions increase by ksh. 2,617,700 from previous year 2018/2019 Ksh475,880.

RENDERING OF SERVICES 2019- 2020	RENDERING OF SERVICES 2018- 2019
Grants Ksh 1,000,000	Grants Ksh 2,210,00
Tuition fee Ksh 270,460	Fee Ksh 343,120
Helb Ksh 633,600	Ksh 2,553,120
Bursary Ksh 11,000	-
Capitation Ksh 600,000	-
Exam fee Ksh 200,850	-
Total Ksh 2,715,910	Ksh 2,553,120

Finance Risks

College financial risks includes credit and liquidity risk and effects of government policy of funds disbursement.

- i. Credit risk – extended to customers – trainers in form of fees payment extended periods. Some customers default to pay fees as agreed in the payment agreement.
- ii. Liquidity Risks – the ultimate liquidity risk management responsibility is in the hands of principal and the board of governors. The college manages liquidity risk through continuous monitoring of forecasts and actual cash flows in the college accounts

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**9. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY
REPORTING**

Taveta Technical and Vocational College being a new institution did not undertake corporate social responsibility activities during the FY 2019/2020 and FY 2018/2019.

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10. REPORT OF THE COUNCIL/BOARD OF GOVERNORS

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

Principal activities

The principal activities of Taveta Technical and Vocational College continues to be training in Vocational and Technical Education.

Results

The results of Taveta Technical and Vocational College for the year ended 30 June 2020 are set on page 22-49.

COUNCIL/BOARD OF GOVERNORS

The members of the Board who served during the year are shown on page.

Auditors

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

By Order of the Board



Corporate Secretary

Nairobi

Date: 30/09/2020

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11. STATEMENT OF BOARD OF GOVERNORS/COUNCIL MEMBERS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act 2012, and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013 require the council members to prepare financial statements in respect of that Taveta Technical and Vocational College, which give a true and fair view of the state of affairs of the Taveta Technical and Vocational College at the end of the financial 2019/2020 and the operating results of the Taveta Technical and Vocational College for that 2019/2020. The Board members are also required to ensure that Taveta Technical and Vocational College keeps proper accounting records which discloses with reasonable accuracy the financial position of the Taveta Technical and Vocational College. The Board members are also responsible for safeguarding the assets of the Taveta Technical and Vocational College.

The Board are responsible for the preparation and presentation of the Taveta Technical and Vocational College financial statements, which give a true and fair view of the state of affairs of Taveta Technical and Vocational College for and as at the end of the financial year ended on June 30, 2020. 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 Taveta Technical and Vocational College, (v) selecting and applying appropriate accounting policies and (vi) making accounting estimates that are reasonable in the circumstances.

The Board members accept responsibility for Taveta Technical and Vocational College financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with international public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the TVET Act 2013. The Board members are of the opinion that the Taveta Technical and Vocational College financial statements give a true and fair view of the state of Taveta Technical and Vocational College transactions during the financial year ended June 30, 2020 and of the Taveta Technical and Vocational College financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the Taveta Technical and Vocational College, financial statement as well as the adequacy of the systems of internal financial control.

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Nothing has come to the attention of the Board members to indicate that the Taveta Technical and Vocational College will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Taveta Technical and Vocational College financial statements were approved by the Board on 30/09/2020 and signed on its behalf by:



Board member

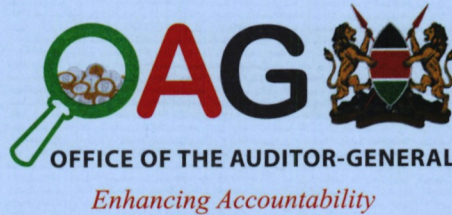


Board Member



Board Member

REPUBLIC OF KENYA



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HEADQUARTERS
Anniversary Towers
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON TAVETA TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Taveta Technical and Vocational College set out on pages 22 to 49, which comprise the statement of financial position as at 30 June, 2020, 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.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of the Taveta Technical and Vocational College as at 30 June, 2020, 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 do not comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Adverse Opinion

1.0. Inaccuracies in the Financial Statements

1.1. The financial statements for the year ended 30 June, 2020 had the following inaccuracies:

- i. The statement of changes in net assets for the year ended 30 June, 2020 reflects an amount of Kshs.50,472,330 presented as fair value adjustment reserve instead of revaluation gain. Further, the figure varies with the re-casted total of Kshs.50,480,220 by Kshs.7,890. In addition, no supporting documentation for the adjustment was availed for audit review.
- ii. The statement of changes in net assets for the year ended 30 June, 2020 reflects nil transfer of depreciation to retained earnings instead of Kshs.1,261,000.
- iii. The statement of financial position as at 30 June, 2020 reflects total assets of Kshs.54,060,545. However, the total net assets and liabilities as at 30 June, 2020 is indicated as Kshs.54,573,445, resulting to unexplained and unreconciled variance of Kshs.512,900. Further, excluded from the accumulated deficit of Kshs.1,519,911 is a loss of Kshs.430,307 realized in the previous year.

- iv. The statement of cash flows reflects nil opening cash and cash equivalents balance while the audited financial statements reflected a balance of Kshs.3,869,538.
- v. The statement of comparison of budget and actual amounts reflects transfers from other government entities of Kshs.2,244,600 while statement of financial performance reflects Kshs.1,000,000, resulting to a variance of Kshs.1,244,600 which has not been explained or reconciled.

Consequently, the accuracy, validity and completeness of financial statements for the year ended 30 June, 2020 could not be ascertained.

2.0. Non-Disclosure of Depreciation Policy

Note 11 to the financial statements for the year ended 30 June, 2020 reflects Kshs.1,260,999 in respect of depreciation expenses. However, the rate used has not been disclosed in the accounting policies. Further, the rate applied and depreciation charged has not been disclosed in the movement schedule at Note 11 to the financial statements. Consequently, the accuracy and completeness of depreciation of Kshs.1,260,999 for the year ended 30 June, 2020 could not be confirmed.

3.0. Unsupported Receipts and Payments

The financial statements contain balances which differ with supporting schedules as detailed below:

Item	Note	Financial Statement Amount (Kshs.)	Supporting Schedule Amount (Kshs.)	Variance (Kshs.)
Rendering of Services - Capitation	7	600,000	202,500	397,500
Use of Goods and Services - Repairs	8	13,750	23,400	(9,650)

Consequently, the accuracy, validity and completeness of the College's financial statements for the year ended 30 June, 2020 could not be confirmed.

4.0. Property, Plant and Equipment

As previously reported, the statement of financial position as at 30 June, 2020 reflects property, plant and equipment balance of Kshs.50,472,330. However, physical verification of the building in the month of January, 2021 revealed that the building had developed cracks along the wall mortars, beams, columns and on the ground floor. Valuation report in support of the assets was not provided for audit review. Management did not explain how depreciation charge for the year amounting to Kshs.1,261,000 was arrived at.

Further, the College received high value automotive training equipment, computers and accessories, furniture and fittings from the State Department of Technical and Vocational Training. The assets have been omitted in the financial statements and the handing over report for assets was not provided for audit review.

Consequently, the accuracy and completeness of the property, plant and equipment balance of Kshs.50,472,330 as at 30 June, 2020 could not be ascertained.

5.0. Unsupported Balances

The statement of financial position as at 30 June, 2020 reflects total assets balance of Kshs.54,060,545 out of which supporting documents for assets amounting to Kshs.53,100,230 were not provided for audit review as detailed below:

Item	Amount (Kshs.)	Anomalies Noted
Receivables from Exchange Transactions	2,617,700	No supporting Schedule availed for audit review.
Property, Plant and Equipment	50,472,330	Fixed Assets Register not availed for audit review.
Inventories	10,200	No supporting Schedule availed for audit review.
Total	53,100,230	

Consequently, the propriety, accuracy and completeness of assets balance of Kshs.54,060,545 as at 30 June, 2020 could not be confirmed.

6.0. Cash and Cash Equivalents

The statement of financial position as at 30 June, 2020 reflects cash and cash equivalents balance of Kshs.960,315. However, bank reconciliation statement as at 30 June, 2020 to support the amount of Kshs.960,315 was not provided for audit review.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.960,315 as at 30 June, 2020 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Taveta 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 adverse 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 comparative budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.14,018,635 and Kshs.3,960,510 respectively resulting to an under funding of Kshs.10,058,125 or 70% of the budget.

Similarly, the expenditure budget was Kshs.13,058,320 against actual expenditure of Kshs.4,235,820.92 or 32%, resulting to an under-expenditure of Kshs.8,822,499 or 68% of the budget. The under funding and under performance affected the planned activities and may have impacted negatively on service delivery to the public.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, because of the significance of the matters described in the Basis for Adverse Opinion section of my report, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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, because of the significance of the matters described in the Basis for Adverse Opinion and Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

Lack of a Strategic Plan and Performance Objectives

Management has disclosed on page 12 of the financial statements that the College's Strategic Plan and development and performance objectives had not been developed as at 30 June, 2020. As such, the College's performance cannot be reliably evaluated.

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 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 the Board of Governors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal 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 the Management is aware of the intention to terminate the College or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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 with limited assurance as to 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 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 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 Gatungu, CBS
AUDITOR-GENERAL

Nairobi

07 February, 2022

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13. STATEMENT OF FINANCIAL PERFORMANC FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2019-2020	2018-2019
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government – grants/ gifts in kind	6	1,000,000	2,210,000
Total Revenue from non-exchange transactions		1,000,000	2,210,000
Revenue from exchange transactions			
Rendering of services- Fees from students	7	1,715,910	343,120
Revenue from exchange transactions		1,715,910	343,120
Total revenue		2,715,910	2,553,120
Expenses			
Use of goods and services	8	1,419,407	1,195,575
Employee costs	9	1,555,414	305,519
Allowance of BOG Members	10	-	189,000
Depreciation and amortization expense	11	1,260,999.92	1,293,333.25
Total expenses		4,235,821	2,983,427.25
Other gains/(losses)			
Net Surplus /Deficit for the year		(1,519,911)	(430,307.25)
Attributable to:			
Surplus/(deficit) attributable to minority interest			
Surplus attributable to owners of the controlling entity			

The notes set out on page 22-49 form an integral part of these Financial Statements.

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14. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Notes	2019-2020 Kshs	2018- 2019 Kshs
Assets			
Current assets			
Cash and cash equivalents	12	960,314.70	-
Receivables from exchange transactions	13	2,617,700	
Inventories	14	10,200	-
Receivables from Non-exchange transactions		-	4,148
		3,588,214.70	4,148
Non-current assets			
Property, plant and equipment	15	50,472,330.08	51,733,330
Total assets		54,060,544.78	51,737,478
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	16	512,900	3,003,660
Refundable deposits from customers		-	7,000
Total Current Liabilities		512,900	3,010,660
Non-current liabilities			
		-	-
Total liabilities		512,900	3,010,660
Net assets			
Reserves			
Accumulated surplus/Deficit		(1,519,911)	(430,307.25)
Capital Fund		51,741,220	51,741,220
Total Capital and Reserves		48,952,419.08	51,310,912.75
Total net assets and liabilities		54,573,444.78	54,321,572.75

The Financial Statements set out on pages 22 to 49 were signed on behalf of the Council/ Board of Governors by:

Principal
Name: Mr. Ibrahim Nyambu

Accounts Clerk
Name: Mary W. Kilangi

Chairman of the BOG
Name: Leonard S. Ngaluma

Sign: 

Sign: 

Sign: 

Date: 30/09/2020

Date: 30/09/2020

Date: 30/09/2020

TAVETA TECHNICAL AND VOCATIONAL COLLEGE
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15. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2020

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/Development Grants/Fund	Total
At July 1, 2019		51,741,220	-	-	-
Revaluation gain	-		-	-	-
Fair value adjustment on quoted investments	-		-	-	-
Total comprehensive income	-		-	-	-
Capital/Development grants received during the year	-		-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings	-		-	-	-
At June 30, 2020					
At July 1, 2019	-	51,741,220	-		51,741,220
Revaluation gain	-		-		
Fair value adjustment on quoted investments	-		-		
Surplus/Deficit for the year	-		(1,519,911)		(1,519,911)
Total comprehensive income	-		-	-	-
Capital/Development grants received during the year	-		-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings	-	1,260,999.92	-	-	-
At June 30, 2020		50,472,330.08	(1,519,911)		48,952,419.08

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16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

		2019-2020	2018 - 2019
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other Government entities/Govt. grants	6	1,000,000	2,210,000
Rendering of services- Fees from students, Helb, Capitation, Bursary	7	1,715,910	343,120
Total Receipts		2,715,910	2,553,120
Payments			
Compensation of employees	8	1,555,414	305,519
Use of goods and services	9	1,419,407	1,195,575
Other payments		-	-
Allowances of BOG Members	10	-	189,000
Depreciation	11.	1,260,999.92	1,293,333.25
Total Payments		4,235,820.92	2,983,427.25
Net cash flows from operating activities		(1,519,911)	
Cash flows from investing activities			
Net cash flows used in investing activities		-	-
Cash flows from financing activities		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		(1,519,911)	3,869,538
Cash and cash equivalents at 1 JULY, 2019		-	-
Cash and cash equivalents at 30 JUNE 2020		960,314.70	-

TAVETA TECHNICAL AND VOCATIONAL COLLEGE
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17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2020

	Original budget		Adjustments		Final budget		Actual on comparable basis		Performance difference	
	2019-2020	Kshs	2019-2020	Kshs	2019-2020	Kshs	2019-2020	Kshs	2019-2020	Kshs
Revenue										
Transfers from other Govt entities Govt grants	7,880,000		960,314.70		8,840,314.70	2,244,600	6,595,714.70			
Rendering of services- Fees from students	5,178,320		-		5,178,320	1,715,910	3,462,410.00			
Total income	13,058,320		-		14,018,320	3,960,510	10,058,124.70			
Expenses										
Compensation of employees	2,983,200		-		2,983,200	1,555,414	1,427,786			
Use of Goods and services	9,399,120		-		9,399,120	1,419,407	7,979,713			
Allowances of BOG Members	676,000		-		676,000	-	676,000			
Depreciation	-		-		-	1,260,999.92	1,260,999.92			
Total expenditure	13,058,320		-		13,058,320	4,235,820.92	8,822,499.08			
Surplus for the period	-		-		-	(275,310.92)	-			

TAVETA TECHNICAL AND VOCATIONAL COLLEGE
 ANNUAL REPORT AND FINANCIAL STATEMENTS
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18. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Taveta Technical and Vocational Training College is established by and derives its authority and accountability from The Technical and Vocational Education and Training Act, 2013. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to reach and train in Technical and Vocational Education.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *entity's* accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 21-53

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

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

3. ADOPTION OF NEW AND REVISED STANDARDS

- i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2019

Standard	Impact
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019 The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations.

TAVETA TECHNICAL AND VOCATIONAL COLLEGE
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 ADOPTION OF NEW AND REVISED STANDARDS (Continued)

- ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2022: 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>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2022:</p> <ol style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of

TAVETA TECHNICAL AND VOCATIONAL COLLEGE
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Standard	Effective date and impact:
	accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets. d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.

iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2020.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies adopted in the preparation of these financial statements are set out below:

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.

TAVETA TECHNICAL AND VOCATIONAL COLLEGE
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

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 2018/2019 was approved by the Council or Board on ~~xxxx~~. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of ~~xxxx~~ on the FY 2018/2019 budget following the Council/ Board's approval.

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

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

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

TAVETA TECHNICAL AND VOCATIONAL COLLEGE
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 FOR THE YEAR ENDED 30 JUNE 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Taxes (continued)

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.

Transfers are made to or from investment property only when there is a change in use.

c) Property, plant and equipment

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

Depreciation is charged so as to allocate the cost of assets of assets less their residual Values over their estimated useful life, using the following annual rates:

	Rate- %	
Motor vehicle	25%	Straight line
Buildings	2%	Straight line
Computers	30%	Straight line
Furniture and fittings	12.5%	Straight line
Library books	12.5%	Straight line

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Leases

Finance leases are leases that transfer substantially all of the 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.

e) 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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) 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 a 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 a 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.

i) 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)

i) 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.

j) 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)

k) Nature and purpose of reserves

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

l) 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.

m) 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.

n) 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.

o) 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)

p) Related parties

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

q) 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.

r) 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.

s) Comparative figures

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

t) 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, 2019.

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 were not included.

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.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Unconditional grants	2019-2020	2018-2019
Operational grant	1,000,000.00	2,210,000.00
Other grants	-	-
	1,000,000.00	2,210,000.00

7 RENDERING OF SERVICES

	2019-2020	2018-2019
	Kshs	Kshs
Tuition fees	270,460.00	343,120.00
Examination fees	200,850.00	-
Higher Education Loans Board(HELB)	633,600.00	-
Bursary	11,000.00	
Capitation	600,000.00	
Total revenue from the rendering of services	1,715,910.00	343,120.00

8 USE OF GOODS AND SERVICES

	2019-2020	2018-2019
	Kshs	Kshs
Travel and subsistence	146,180	602,100
Electricity	58,826.11	50,460
Security	540,000	-
Repairs	13,750	36580
General expenses	-	30,995
Stationeries	57,780	105,185
Telecommunication	-	31,710
Postage	18,155	4,890
Photocopy –cyber services	-	6,655
Training expenses	86,630	255,000
Interview expenses	-	16,000
Accommodation	45,000	56,000
Consumables	12,750	-
Registration fee to KUCCPS	70,000	-
Detergents	8,650	-
Internet services	42,586.26	-
Accreditation of College	43,000	-
Healthy and safety	7,000	-
Furniture	68,250	-
Examination fee	200,850	-
Total good and services	1,419,407.37	1,195,575

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 EMPLOYEE COSTS

	2019-2020	2018-2019
	KShs	KShs
Salaries and wages	1,136,374.00	305,519.00
Employee related costs - contributions to pensions and medical aids	227,860.00	-
Travel, motor car, accommodation, subsistence and other allowances	191,180.00	
Employee costs	1,555,414.00	305,519.00

10 ALLOWANCES OF BOG MEMBERS

	2019-2020	2018-2019
	KShs	KShs
Board of Governors allowance	-	189,000.00
Total Board of Governors Allowances	-	189,000.00

11 DEPRECIATION AND AMORTIZATION EXPENSE

	2019-2020	2018-2019
	Kshs	Kshs
Property, plant and equipment	1,260,999.92	1,293,333.25
Total depreciation and amortization	1,260,999.92	1,293,333.25

12 CASH AND CASH EQUIVALENTS

	2019-2020	2018-2019
	Kshs	Kshs
Current Account	960,314.70	-
Total cash and cash equivalents	960,314.70	-

13 RECEIVABLES FROM EXCHANGE TRANSACTIONS

13(a)

	2019-2020	2018 -2019
	Kshs	Kshs
Current receivables		
Student debtors	2,617,700.00	-
Coast Institute of Technology		4,148.00
Total current receivables	2,617,700.00	4,148.00

TAVETA TECHNICAL AND VOCATIONAL COLLEGE
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

14 INVENTORIES

	2019-2020	2018-2019
	Kshs	Kshs
Stationery	10,200.00	-
Total inventories at the lower of cost and net realizable value	10,200.00	-

TAVETA TECHNICAL AND VOCATIONAL COLLEGE
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

15 PROPERTY, PLANT AND EQUIPMENT

	Land and Building	Motor vehicle	Furniture and Fittings	Computers	Other Assets	Plant And Equipment	Capital Work in progress	Total
Cost	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
At 1 July 2018								
Additions	51,733,330	-	-	-	-	-	-	51,733,330
As at 30 th June 2019	51,733,330	-	-	-	-	-	-	51,733,330
Additions	-	-	-	-	-	-	-	-
AS at 30 th June 2019		-	-	-	-	-	-	-
Depreciation	1,260,999.92	-	-	-	-	-	-	1,260,999.92
As at 30 th June 2019								
Net book values								
As at 30 th June 2020	50,472,330.08	-	-	-	-	-	-	50,472,330.08
As at 30 June 2019	51,733,330.00	-	-	-	-	-	-	51,733,330

TAVETA TECHNICAL AND VOCATIONAL COLLEGE
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

16 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

	2019-2020	2018-2019
	Kshs	Kshs
Trade payables(Part of security since the College was built to date)	-	2,502,500
Trade payables-fund spent by college before it started receiving funds from Government.	-	500,000
Fees paid in advances	-	1,160
Kenya Universities and College central placement services(KUCCPS)	25,500	-
Allowances for shortlisting of trainers	127,400	-
Allowances of BOG Members	360,000	-
Total trade and other payables	512,900	3,003,660

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17 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 external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

(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.

(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.

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.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2020				
Trade payables	512,900			512,900
Total	512,900			512,900
At 30 June 2019				
Trade payables			3,003,660	3,003,660
Total			3,003,660	3,003,660

(iii) Market risk

The board 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 company'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.

a) 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.

iv) Capital Risk Management

The objective of the entity's capital risk management is to safeguard the Board's ability to continue as a going concern.

TAVETA TECHNICAL AND VOCATIONAL COLLEGE
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 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;

19 EVENTS AFTER THE REPORTING PERIOD

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

20 ULTIMATE AND HOLDING ENTITY

The entity is a Semi- Autonomous Government Agency under the Ministry of Education, State Department for Vocational and Technical Training. Its ultimate parent is the Government of Kenya.

21 Currency

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

TAVETA TECHNICAL AND VOCATIONAL COLLEGE
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19. APPENDICES


APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
5.0. property plant and equipment	Valuation report in support of the assets not availed	The valuation is on going	David murungah – principal	Not resolved	10/12/2021
8.0 Board of Governors roles and responsibilities	Lack of strategic plan for oversight role	The management is in the process of making the 5 year strategic plan for the institution	David murungah-principal	Not resolved	10/12/2021

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.


Director General/C.E. O/M. D (enter title of head of entity)
Chairman of the Board

Date 30/09/2020

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APPENDIX II: INTER-ENTITY TRANSFERS

ENTITY NAME:		TAVETA TECHNICAL AND VOCATIONAL COLLEGE		
Break down of Transfers from the State Department of Vocational and Technical Training				
FY 18/19				
a. Recurrent Grants				
		<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>Indicate the FY to which the amounts relate</u>
		8 October 2018	500,000.00	FY 18/19
		18 February 2019	710,000.00	FY 18/19
		27 June 2019	1,000,000.00	FY 18/19
		Total	2,210,000.00	FY 18/19
	FY 19/20	6 May 2020	1,000,000.00	FY 19/20

The above amounts have been communicated to and reconciled with the parent Ministry

Accounts Clerk
Entity

Head of Accounting Unit
Ministry

Sign

Sign