

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

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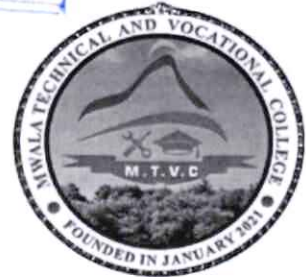
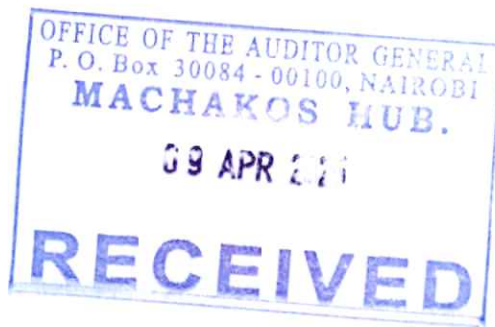
CHRISTINE NDIRITHI

**THE AUDITOR-GENERAL**

**ON**

**MWALA TECHNICAL AND VOCATIONAL  
COLLEGE**

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



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**MWALA TECHNICAL AND VOCATIONAL COLLEGE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE 2023**

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

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

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**1. Acronyms & Glossary of Terms**

AIA	Appropriation-In-Aid
BETA	Bottom-Up Economic Transformation Model
BOG	Board of Governors
CDF	Constituency Development Fund
CSR	Corporate Social Responsibility
ECL	Expected Credit Loss
Fiduciary Management	Key management personnel who have financial responsibility in the entity
FY	Financial Year
GoK	Government of Kenya
HR	Human Resource
ICPAK	Institute of Certified Public Accountants of Kenya
ICT	Information Communication Technology
IGA	Income Generating Activity
IPSAS	International Public Sector Accounting Standards
KUCCPS	Kenya Universities and Colleges Central Placement Service
MIS	Management Information System
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
PSC	Public Service Commission
QMS	Quality Management System
SNA	System of National Account
TTI	Technical Training Institute
TVC	Technical Vocational College
WIP	Work-In-Progress

**2. Key Entity Information and Management**

**(a) Background information**

The Mwala Technical and Vocational College was incorporated/established on January 2021, under the TVET Act with the registration number TVETA/PUBLIC/TVC/0048/2021. The college is domiciled in Kenya and has zero branches. The College is under the Ministry of Education. The Mwala constituency CDF purchased a piece of land and the national government through the ministry of education funded construction of the building. The college started her operations on January 2021 under mentorship of Katine TTI. The college is located in Machakos county, Mwala subcounty, Kamwala Village along Makutano/Kithimani Road.

The institution has the following departments Engineering department, Hospitality and accommodation management department, Agriculture and applied sciences department, Civil and building department, and the business and ICT department. The college is managed by a Board of Governors (BOG) appointed by the cabinet secretary, Ministry of education as stipulated by the TVETA Act (January,2013). The board of governance was appointed on 27<sup>th</sup> February 2021 and inaugurated on the 15<sup>th</sup> May 2021.

**(b) Principal Activities**

**i. Mandate of Mwala TVC**

Mwala TVC mandate is to enhance training, research and innovation to provide high quality technical knowledge necessary to create an entrepreneurial workforce for national development and labour market.

**ii. Vision**

A centre of excellence in technical training for employable workforce.

**iii. Mission**

To provide competent employable graduates by facilitating learning, research and innovative dissemination of knowledge, skills and productive work attitudes to meet social-economic and cultural needs of citizens of Kenya and beyond.

**iv. Core Values**

- Accountability
- Professionalism

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- Integrity
- Respect
- Diversity, Equity, and Inclusion

v. **Core Functions**

- To give quality training and services
- To mould wholesome individuals
- To uphold teamwork in all our undertakings
- To enhance linkage with industries
- To enhance linkage with other institutions
- To uphold research and development
- To uphold innovation and creativity

(c) **Key Management**

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

Board of Governors.  
Accounting officer/ Principal  
Deputy principal  
Registrar  
Dean of students  
Head of Finance

(d) **Fiduciary Management**

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

No.	Designation	Name
1.	Principal	<b>Mr. Kavita C. Kyuli</b>
2.	Deputy principal	<b>Ms. Cecilia Kayongo</b>
3.	Registrar (s)	<b>Ms. Hannah Mwendu Musau</b>
4.	Dean of students	<b>Mr. Cyrus Musau</b>
5.	Head of Finance	<b>Mr. Nzioki Bernard</b>

**Key Entity Information and Management (Continued)**

**(e) Fiduciary Oversight Arrangements**

**Audit and Risk Management Committee**

- a. The committee is responsible for assisting the Board of governance to ensure the quality and integrity of accounting and financial practices
- b. Ensuring the college's financial statements are understandable and reliable.
- c. Review the quality and accuracy of financial reporting by reviewing internal and external financial statements on behalf of the Board of Governors.
- d. Ensure compliance with accounting standards prescribed by the Government and Standards of accounting bodies.
- e. Review the appropriateness and effectiveness of internal control systems and internal audit functions both in finance and academics.
- f. Ensuring the college establishes a thorough risk management process and effective internal controls both in finance and Academics.
- g. Ensuring the college develop and implement a code of conduct and establish effective communication channels

**Infrastructure and Finance Committee Activities**

- a. To advise the board on matters concerning the physical character and development of the college
- b. To consider and offer response to all college plans and acquisitions and to the programming, planning, siting and architectural character of new building additions and renovations
- c. To monitor, review and make recommendations to the Board of Governors with respect to: college master plan and its associated policies and strategies, acquisition of college land or the relocation of a part or all developments approved by the Board of Governors.
- d. Review and recommend to the Board of Governor approval of building design proposals in accordance with the college master plan and relevant framework and policy documented.
- e. Oversee and review of financial and accounting policies and mandatory returns in accordance with the financial regulations and the requirements of funding and regulatory bodies.
- f. Receive regular progress updates on infrastructure and finance related projects

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- g. Receive reports on fees, grants, subscriptions, donations, bequests or other moneys on behalf of the board and make disbursement to the college or other bodies or persons.
- h. Review and recommend to the Board of Governor approval for fees payable prescribing conditions under such fees may be remitted in part or in whole in accordance with the guidelines developed under the provisions of TVET Act 2013 and any other written law,

**Academic and Human Resource Affairs Committee Activities**

- a. Overseeing the conduct of education and training in the college in accordance with the provisions of TVET Act 2013 and any other written law,
- b. Consider and make decisions on all aspects of the admission of students, teaching, assessment and requirements for graduation, prizes, awards and scholarships,
- c. Provide academic leadership in promotion of excellence in quality and relevance in training and learning, by ensuring that the college embraces a philosophy of quality enhancement and innovation in accordance with TVET Act 2013 and any other written law
- d. Preparing annual reports on areas of college mandate, including education and training services and submit the same to the board;
- e. Coordinate making of regulations governing students' conduct, discipline and welfare in the college;
- f. Seek for collaborations or association with other institutions and industries within and outside Kenya subject to prior approval by the board of Governors and Ministry of Education
- g. Formulate, coordinate and review all instructional policies and procedures as well as monitor and regularly report on compliance with the policies, and procedures within the college.
- h. Partner with the Audit and Risk Management Committee to identify, assess and monitor academic risks within the college.
- i. Coordinate and review HR policy and procedures for all staff at the college
- j. Assist in recruitment of trainers and BOG employees from among qualified professionals and practicing trades persons in relevant sectors of industry.







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- (f) **Entity Headquarters**  
P.O. Box 07-90102  
Kamwala Village  
Mwala-Kithimani Road  
Mwala, Machakos, KENYA
- (g) **Entity Contacts**  
Telephone: (254) 796536524  
E-mail: [mwalatvc@gmail.com](mailto:mwalatvc@gmail.com)  
Website: [mwalatvc.ac.ke](http://mwalatvc.ac.ke)
- (h) **Entity Bankers**  
Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya
- Other Commercial Banks  
Kenya Commercial Bank,  
Masii Branch  
P.O. Box 400-90101  
Masii, Machakos, Kenya
- (i) **Independent Auditors**  
Auditor-General  
Office of Auditor General  
Anniversary Towers, Institute 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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**3.The Council/Board of Governors**






S/No	Governor	Title	Passport Photo	Responsibility	Date of Birth Qualifications and Work Experience
1	SC. Kioko Kilukumi	Chairman		Chairing & Overseeing the Performance of The Board	Date of Birth:1963  Qualification: LL. B, CPS (K), Kenya School of Law, Diploma in Law
2	ENG. Peter Thirima	Member in Charge of Industry		Chair, Infrastructure and Finance Committee	Date of Birth:1957  Qualification: Bachelor of Arts (Building Economics)
3	Loise W Wainaina	Member in Charge of Leadership		Chair, Academic and Human Resource Committee & Member, Infrastructure and Finance Committee	Date of Birth:1960  Qualification: Masters in Human Resource Management, CIPD, IHRM
4	Eng. Lawrence Maungu	Member in Charge of Finance		Member, Infrastructure and Finance Committee	Date of Birth:1981 Qualification: BSc. Mechanical Engineering, ACCA
5	Carolyne M Mutua	Member in Charge of ICT		Member, Academic and Human Resource Committee & Audit and Risk Management Committee	Date of Birth:1992  Qualification: BSc. Computer Science
6	Martin K Cheboror	Member in Charge of Engineering		Chair, Audit and Risk Management Committee	Date of Birth:1988  Qualification: BA in Valuation and Property Management

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7	Patrick Kesonkoi	Member in Charge of Technology		Member, Academic and Human Resource Committee & Audit and Risk Management Committee	Date of Birth:1971 Qualification: MSc. Human Resource Development
8	John Maina Wamae	CD TVET		County Director of TVET- Lower Eastern	Date of Birth:1969 Qualification: Masters in Applied Statistics
9	Mr Kavita C. Kyuli	Principal/ Secretary, BOG		Providing Direction for Keeping of Legal Documents Including Minutes of All Board Meetings	Date of Birth:1969 Qualification: MSC Human Resource Development

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**4. Key Management Team**

S/no	Manager	Title	Photograph	Responsibility	Date of Birth, Qualifications & Work Experience
1	Kavita C. Kyuli	Principal/Secretary, BOG		Responsible For the Day-to-Day Leadership & Management of College Activities	Date of Birth:1969  Qualification: MSC Human Resource Development
2	Ms. Cecilia Kayongo	Deputy Principal		Planning, Administration & Academics	Date of Birth:1967  Qualification: Higher Diploma in Psychology
3.	Cyrus Musau	Dean of Students		In Charge of Student's Affairs and Discipline	Date of Birth:1974  Qualification: BSC Agri-Business Management
4.	Ms Hannah Mwendu Musau	Registrar		Planning for Admissions, Accurately Maintaining Trainees' Academic Records, Marketing of Programs and Administration of Examinations	Date of Birth:1993  Qualification: BSC Civil Engineering
3	Nzioki Bernard	Finance Officer		Managing college funds, reporting in accordance to the TVET institutions guidelines	Date of Birth:1993 Qualification: Bachelor of Commerce (Accounting Option), CPAK

### **5. Chairman's Statement**

It's a pleasure to present the annual reports for Mwala Technical & Vocational College for the financial year 2022/2023 for the period ended 30<sup>th</sup> June 2023. The college has continued to record a steady growth in students' numbers and expects the trend to persist in the future. The college has been consisted in recording good performance in the external examinations and our staff and trainees continue to give their best in preparation for industrial positioning of trainees. I take this opportunity to share with you my views on the key initiatives and achievements we have had on economic performance, Education sector changes, financial performance, operations & risks associated with the college, and lastly our future outlook.

#### **Economic Focus**

The board continues to enhance the efficiency of the college through initiatives to boost college performance. The internal control systems are being laid down to ensure the college stabilizes in the industry. The college had a population of 239 trainees at the start of the FY 2022/2023 and has recorded a growth of 104% to close at 488 students across departments. The college targets to improve on the student's numbers in the coming FY 2023/2024 to hit a 600 active students' population. Despite the few challenges faced on the disbursement of capitation and grants, the college sincerely appreciates the government and the mother ministry for the continued support offered through the Capitation, Operational Grant, and Deployment of PSC trainers to the college.

#### **Successes of the College**

The college is proud to report a few major steps so far made in the achievement of her mandate in the industry. Among other issues, the college has recorded a continued growth in student numbers and majorly on the technical departments. The management together with the BOG have a commitment to establish a pool of professionals in the areas the college venture in training. On this note, the feedback so far obtained from the market were Mwala TVC students have participated in attachment has been a positive one and the trend is expected to be replicated in the job market by our graduates in the future. In addition, the college prospect to enhance career progression in terms of students progressing from one level to the other including as evident by the 100% transition of the artisan group that concluded their artisan level of study during the FY 2022/2023.

The college continues to grow in diverse attributes in supports of the Bottom-Up Economic Model as envisaged in food security and the tree cover initiative, affordable housing, universal health and

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manufacturing, and the objectives of the vision 2030. The college has put in place strategies that will support her growth behold the region with excellence in both academic and co-curriculum activities in the previous year indicating the will and ability to grow. The college has enhanced the environment through climatic rehabilitation initiative of tree planting that serve as an example for the community to emulate. Market tailored courses are expected to yield the best candidates within the market with competence at the heart of each course offered within the college.

**Challenges Faced**

2022/2023 has been a year of its kind for the college. Despite the positivity in students' numbers, the college operations have been coupled with a number of challenges especially on finances. The college draws a greater proportion of its population from within the Machakos county whose household income is derived from farming. The prolonged rains failure in the region continue to affect the parent's ability to clear college fees resulting to huge receivables from students. On the other hand, government remittance of the capitation has also been faced with a lot of challenges with only 32% of the approved capitation having been received during the year. The college has also faced a challenge to sustain the growing demand for trainers appealing to the PSC to fasten the process of PSC trainers' placement to cushion the college from the obligation.

**Outlook**

I am indeed deeply indebted to the members of the Board of Governors for their unwavering support, commitment and hi-tech outlook towards realising the college's objectives in line with the colleges' strategic plan and core mandate of training market-driven technical manpower. Noteworthy is the Board's diverse qualifications and experience. Going forward Mwala TVC is committed to working closely in collaboration with other like-minded entities, institutions, agencies and any other bi-lateral & multi-lateral agencies involved in technical and vocational training to ensure that our trainees continue to receive the Best. Lastly, I would like to wholeheartedly thank my fellow members of the Board of Governors, Management, Trainers, Trainees and all other stake-holders for their co-operation, collaboration, continued support and commitment during this period under review.

  
.....  
SC. Kijoko Kikuyu  
CHAIRPERSON, BOARD GOVERNANCE  
Date: 25th Sep 2023

**BOG CHAIRMAN**  
MWALA TECHNICAL & VOCATIONAL  
COLLEGE  
P. O. Box-07-90102, MWALA-MACHAKOS  
DATE: .....

### **6. Report of the Senior Principal**

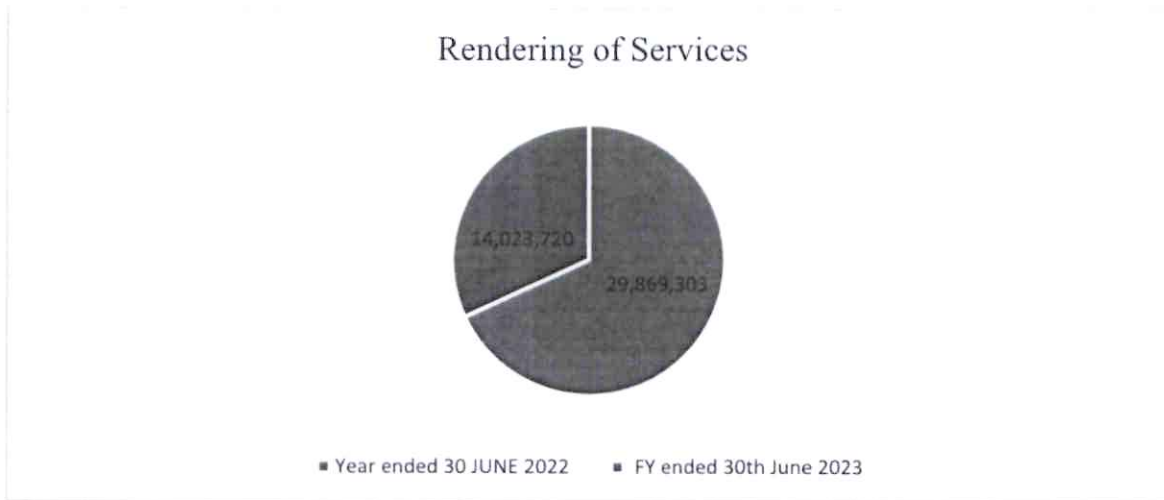
The focus of Mwala Technical and Vocational College has remained unchanged towards providing training to graduates who will move the Kenyan economy and improve the realization of the Bottom-Up Economic Model agendas as well as Vision 2023 strategic objectives. Mwala TVC furtherance of our mandate therefore, we have committed ourselves to consistently and regularly review, improve and consolidate our academic programs in several ways that will ensure their competitiveness in terms of quality and relevance. The college in guidance of our supportive Board of Governance has worked tirelessly in putting structures within the college that will assist the college realize her objective. Among other structure, the college gate, ablution block and water harvesting projects have changed the face of the institution. The college continues to collaborate with different stakeholders in the attempt to transform the environment and the youths within the community. With the guidance of our able Board of Governors team, the college stakeholders will be motivated to work beyond the current status to higher ranks in the education industry. Despite the many challenges brought about by economic constraints, the college nevertheless continued to discharge its mandate of training, research and outreach.

### **Highlights of FY 2022/2023 Performance**

The college continues to improve in performance of different areas with main aim being to equip the trainees with skills that can allow them penetrate the market with or without employment. The college witnessed a great growth on the revenue realised aided by the high number of enrolments recording a revenue of Ksh 29,869,303 in the FY 2022/2023 from the previous years of Ksh 14,023,720. The college remains optimistic in the continuous growth in revenue and plan to put in place internal controls that will enhance fees clearance by students which has been a great challenge in the current financial period with 49% of the total revenue reported as accounts receivable. Among the challenge related to fees collection, the GoK capitation has contributed a lot to the accounts receivables with at least 64% of the receivables resulting from the non-remitted capitation.

**Mwala Technical and Vocational College**  
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**Students Enrolment**

During the FY 2022/2023 the college has endeavoured to record good performance in terms of student enrolment. A number of courses have been introduced during the years that are expected to influence student numbers growth beyond the midterm strategic plan period. In total, the college reported a total enrolment of 488 students as a result of combination of the KUCCPS placement and the field marketing target. The college expects to continue recording better intake numbers in the FY 2023/2024 to meet the Performance Contracting target.

**Projects Undertaken**

As the students' numbers continue to grow, the college has endeavoured to physical structures that will accommodate the Mwala TVC population. Am glad and appreciative to the mentor-institution for the ablution block project that was donated to the college during the FY 2022/2023. Other funding partners prospected during the financial years did not materialize. However, following the qualification of the college for the operational grant during the years that was not budgeted for, the board approved an extra budget for the most pressing projects. Am glad to report that during the FY 2022/2023, the college managed to complete water harvesting project with 60,000 litres capacity, and equipping the computer rooms with 100 computer capacity furniture and networking system. In progress, the college has installed a college gate that is in progress at finishes stage, and a workshop project that is under work in progress at its initial stages.

**Contribution to the Big 4 Agenda**

The institution continues to equip our students with the relevant competency and skills, as Artisans, Crafts and Diplomas. I have confidence that our students are well equipped with the necessary

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skills that strategically aligns them with opportunities within the country, regionally and globally at the same time contributing to the realization of the Big 4 Agenda: Health, Manufacturing, Affordable Housing and Food security.

Mwala TVC being a Tertiary institution desires to enhance its visibility, performance, and competitiveness in the tertiary education sector in the face of stiff competition. To do so, however the Institute requires a lot of support from the Government and other stakeholders. We shall continue to appeal for such support for several years to come especially in the areas of physical amenities to accommodate the growing numbers and programs for research and innovation.

On behalf of the Institute Board and Management, I take this opportunity to thank the Government for its unequivocal support during the year under review. I also appreciate the financial, material and moral support of our collaborators, partners and friends during the year. It is because of the understanding and guidance of the Chairman of the Board, the whole Board of Governors, and the cooperation of the Management team, all staff, our students, and parents that we ended the year within an environment of peace and stability. I wish to register my sincere gratitude to them all.

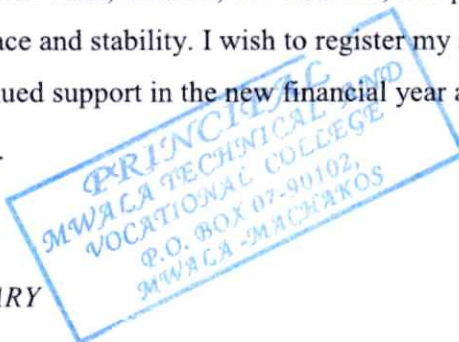
I look forward to their continued support in the new financial year and the years ahead.



*Kavita C. Kyuli*

*PRINCIPAL/BOG SECRETARY*

*Date: 26th Sep 2023*



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**7. Statement of Performance against Predetermined Objectives**

In accordance to section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 that requires the accounting officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives.

Mwala TVC has 5 strategic pillars /issues/ themes and objectives within current Strategic Plan for the FY 2021/2022- 2025/2026. These strategic pillars are as follows:

Pillar 1: Quality technical training

Pillar 2: Research and Innovations Development

Pillar 3: Institutional Development and Management

Pillar 4: Human Capital and Talent Management

Pillar 5: Financial Growth and Sustainability

Mwala TVC develops its annual work plans based on the above 5 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The college achieved its performance targets set for the FY 2022/23 period for its 5 strategic pillars, as indicated in the diagram below:

Strategic Pillar		Objective	Key Performance Indicators	Activities	Achievements
Pillar 1	Quality technical training	To develop and implement relevant training programs that facilitate acquisition of the necessary skills for improved service delivery and employability	-Quality Teaching; -Delivery or methodology; -Accessibility and relevance of training; -Certification of the courses -Market intelligence; -Capacity building of trainers; -Integration of admissions systems; -Create a data base of trainees and establishment of Students' union; -Transfer of learning and post training evaluation	-Source and Implement of Market-Driven Programs - Develop Peer to peer learning - Harmonization and standardization of training -Diversification of mode of teaching delivery - Implementation of Management Information System (MIS)	Performed a market-based selection of courses and application of teaching methods that meet the state of the heart performance requirements in the industry
Pillar 2	Research and Innovations Development	To promote and institutionalize Research and Innovation for informed decision-making in the College and Kenya as large	-Institutionalizing a research culture; -Marketing the College as a research destination; -Dissemination of research findings; -Public trainers research findings in Refereed Journals; -Policy oriented research;	- Promotes relevant research and innovation in the education and training in the College - Undertake operational strategic research on topical issues	Established a culture of innovativeness through addressing the emerging trends and embracing the technological advancement in

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			<ul style="list-style-type: none"> <li>-Uptake of available funding for research;</li> <li>-Motivation for research;</li> <li>-Working paper series/ position papers;</li> <li>-Contributions to GOK policy issues;</li> <li>Regional conferences on topical issues</li> </ul>	<ul style="list-style-type: none"> <li>that impact on MTVC</li> <li>- Develop and promote knowledge sharing platforms</li> </ul>	<ul style="list-style-type: none"> <li>the delivery of teaching services.</li> </ul>
Pillar 3	Institutional Development and Management	To enhance the institutional capacity, profile and corporate image of the College to facilitate effective positioning in the market	<ul style="list-style-type: none"> <li>-Branding and visibility of the College and its services;</li> <li>-Mainstreaming of ICT in training and support services;</li> <li>-Governance and service delivery systems;</li> <li>-Status of infrastructure facilities;</li> <li>-Fostering linkages, partnerships and collaborations;</li> <li>-Institutionalizing Monitoring, Evaluation and Reporting</li> <li>-Develop and institutionalize a sound Performance Management and quality management system</li> <li>-Mainstream HIV/AIDS, drug and substance and Gender issues in the College</li> </ul>	<ul style="list-style-type: none"> <li>- Institutionalization of Centre of Excellence</li> <li>- Enhance Branding and Visibility</li> <li>- Leverage on ICT</li> <li>- Adopt good corporate governance practices</li> <li>- Development and upgrading of infrastructure</li> <li>- Develop and institutionalize a sound Quality Management Systems (QMS)</li> </ul>	<ul style="list-style-type: none"> <li>Adoption of learner centred delivery in teaching.</li> <li>Creating a vibrant image of the college among the members of community through professionalism in the institutional interaction with the community.</li> </ul>
Pillar 4	Human Capital and Talent Management	To build human resource capacity for quality service delivery	<ul style="list-style-type: none"> <li>-College staff retention</li> <li>-College an organizational culture</li> <li>-Manage employee relations</li> <li>-Develop performance among employees</li> </ul>	<ul style="list-style-type: none"> <li>-Attract and retain high performing staff</li> <li>- Foster a MTVC Common culture</li> <li>- Undertake training and development for both the BOG Members and Staff</li> <li>- Improve employee relations</li> <li>- Strengthening performance management</li> </ul>	<ul style="list-style-type: none"> <li>Created a positive environment to attract the best staff and creating the right aptitude among staff in all areas of service delivery</li> </ul>
Pillar 5	Financial Growth and Sustainability	To generate, mobilize and enhance efficiency in the utilization	<ul style="list-style-type: none"> <li>-Diversification of revenue</li> <li>-Cost-effectiveness of programs</li> <li>- Establishment of Income Generating activities</li> </ul>	<ul style="list-style-type: none"> <li>- Diversification of revenue</li> <li>-Review cost effectiveness of</li> </ul>	<ul style="list-style-type: none"> <li>Put in place the internal controls that aimed at enhancing fair and effective</li> </ul>

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		of financial resources	<ul style="list-style-type: none"> <li>-Resource mobilization</li> <li>-Effective budgeting and budgetary control</li> <li>-Enhance efficiency in utilization of funds</li> <li>-Streamline fees collection mechanism</li> <li>-Strengthen the procurement function</li> <li>- Strengthen of Internal Audit function</li> <li>-Elimination of wastage</li> <li>-Improve on financial reporting</li> </ul>	<p>the programs and activities</p> <ul style="list-style-type: none"> <li>- Resource mobilization</li> <li>- Optimization of the cash and cash conversion cycle</li> <li>- Effective budgeting and budgetary control</li> <li>- Enhance efficiency in utilization of funds</li> <li>- Streamline fees collection mechanism</li> <li>- Strengthen the procurement function</li> <li>- Improve the Internal Audit function</li> <li>- Elimination of wastage</li> <li>- Improve financial reporting</li> </ul>	utilization of available resources for the best output in the service delivery and creation of infrastructure.
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Mwala TVC had its first performance contract in the FY 2022/2023 which to a great extent governed both operational activities and development projects in line with the 5 strategic pillars for the benefit of all stakeholders in Mwala TVC as stipulated in the schedule above.

**Mwala Technical and Vocational College  
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**8. Corporate Governance Statement**

The college is managed by the Board of Governance that is appointed by the cabinet secretary, ministry of education following proposals from the principal of the college. The board consist of nine (9) members inclusive of the principal. The board is appointed in line with the Act that provides that Cabinet Secretary shall, in consultation with the TVETA Board, establish the board of governors of the TVET institutions in accordance with section 28. The membership and governance procedures for boards of governors is provided in second schedule of the Act. The succession plan is in accordance with the TVET Act on Board recruitment. During the years, the board developed a number of policies aimed at strengthening the internal controls systems and help in the realization of the strategic objectives. The board is responsible for the monitoring the strategic objectives through evaluation of both short-term and long-term objectives. During the FY 2022/2023, the board had the following meeting as indicated by the attendance. The last meeting planned at the end of June had to be postponed to July but regarded to matters of the FY 2022/2023.

Name	Designation	9/7/2022	16/7/2022	17/9/2022	15/10/2022	29/10/2022	21/1/2023	24/01/2023	30/3/2023	14/4/2023	15/4/2023	22/4/2023	10/6/2023	30/6/2023
	Type of Meeting	Full Board	Finance & Infrastructure	Academic & HR	Audit & Risk	Finance & Infrastructure	Academic & HR	Induction Program	Finance & Infrastructure	Academic & HR	Audit & Risk	Full Board	Finance & Infrastructure	Academic & HR
Kioko Kilukumi	Chairman	Present						Present				Present		
Martin Cheboror	Member	Present			Present			Present			Present	Present		Present
Patrick Kisonkoi	Member	Present		Present	Present		Present	Present		Present	Present	Present		Present
John Wamae	County Director							Present			Present	Present		Present
Loise Wainana	Member	Present	Present	Present		Present	Present	Present	Present	Present		Present	Present	Present
Lawrence Maungu	Member	Present	Present			Present		Present	Present			Present	Present	Present
Carolyne Mutua	Member	Present		Present	Present		Present	Present		Present	Present	Present		Present
Peter Thirima	Member	Present	Present			Present		Present	Present			Present	Present	Present
Kavita Kyuli	Secretary/Principal	Present	Present	Present	Present		Present	Present	Present	Present	Present	Present	Present	Present

**Role and functions of Board of Governors**

- i. Overseeing the conduct of education and training in the institutions in accordance with the provisions of TVET Act 2013 and any other written law;
- ii. 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;
- iii. Administering and managing the property of the institutions;
- iv. Developing and implementing the institutions' strategic plan;
- v. Preparing annual estimates of revenue and expenditure for the institution and incurring expenditure on behalf of the institutions;
- vi. Receiving, on behalf of the institution, fees, grants, subscriptions, donations, bequests or other moneys and to make disbursement to the institution or other bodies or persons;

**Mwala Technical and Vocational College**  
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- vii. 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 and any other written law;
- viii. Mobilizing resources for the institutions;
- ix. Regulating the admission and exclusion of students from the institutions, subject to a qualification's framework and the provisions of TVET Act 2013 and any other written law;
- x. Determining suitable terms and conditions of service for support staff, trainers and instructors and remunerating the staff of the institutions, in consultation with the Authority;
- xi. Making regulations governing organization, conduct and discipline of the staff and students;
- xii. Preparing comprehensive annual reports on all areas of their mandate, including education and training services and submit the same to the Ministry;
- xiii. Providing for the welfare of the students and staff of the institutions;
- xiv. Encouraging, nurturing and promoting democratic culture, dialogue and tolerance in the institutions;
- xv. Approving collaboration or association with other institutions and industries in and outside Kenya subject to prior approval by the Ministry of education;
- xvi. Recruiting and appointing trainers from among qualified professionals and practicing trades persons in relevant sectors of industry
- xvii. Discharging all other functions conferred upon it by TVET Act 2013 and any other written law.

The board members shall be appointed for a 3-year term. Retiring Board members who have successfully completed their constitutional term in office are eligible for reappointment for a period of 1 term. The boards induction which could not take place during the FY 2021/2022 was conducted during the FY 2022/2023 in the January 2023. The college does not operate a month remuneration but has allowances for meetings benchmarked from mentoring college as adopted in during the inauguration meeting which provided allowances for meeting as follows; Chairman Ksh. 15,000, and other members Ksh. 12,000. The board of governance through academics and human resource committee is undertaking board of governance allowance policy to guide on payment of allowances of the members of the board. Board performance is evaluated against strategic plan objectives and has been commendable during the period. As a good practice,

**Mwala Technical and Vocational College**  
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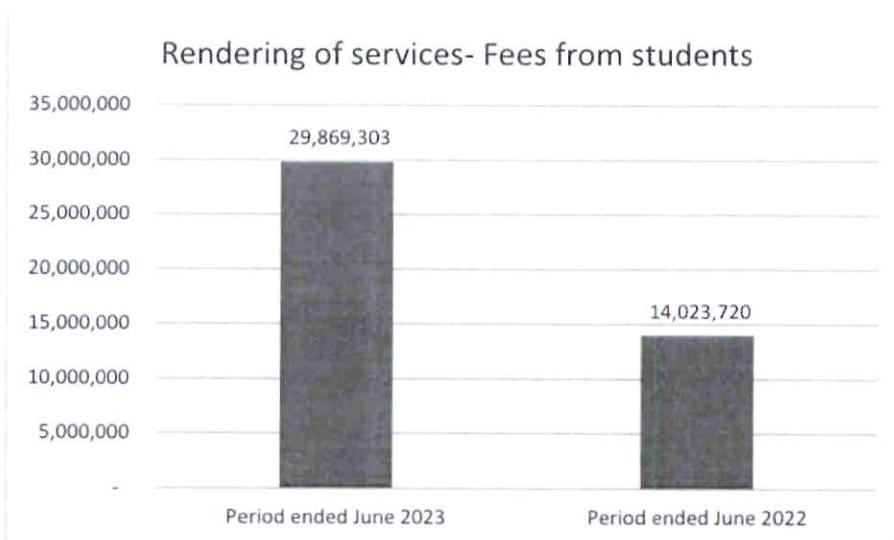
members of the board are required to disclose any matter of conflicting interest before any critical decision in which they participate and conflict of interest register is provided before the start of any meeting. The college through audit and risk management committee is preparing risk management policy to help in management of governance risks.

**Mwala Technical and Vocational College**  
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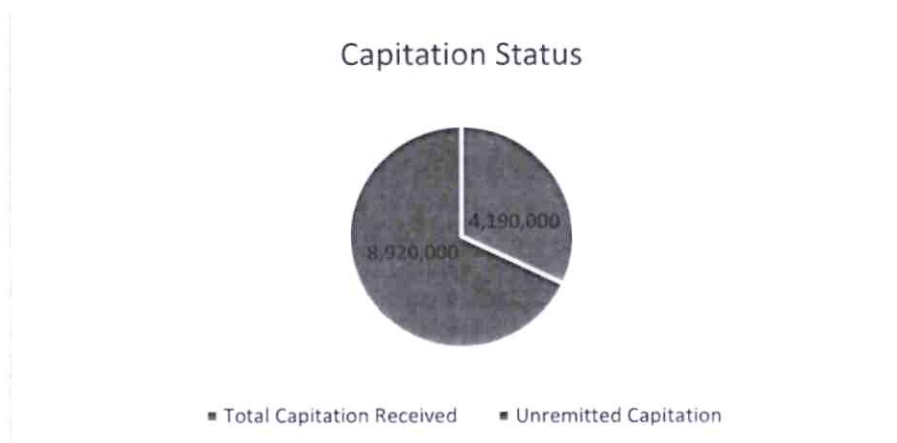
**9. Management Discussion and Analysis**  
**Financial performance of college**

The FY 2022/2023 has been the second year of operation for Mwala TVC as an independent institution from its mentoring college. The college has witnessed steady growth on the financial performance basically from the growth of student's numbers. The students' numbers had grown to 488 students as at the closing of the FY 2022/2023 which contributed to a positive growth in the revenue from rendering of services from Ksh 14,023,720 in the FY 2021/2022 to Ksh 29,869,303 in the FY 2022/2023.



The HELB as a government agency supporting the education system under the TVETA has played a great role in the stability of the colleges' operation. Equally, the government of Kenya has also played a critical role through the disbursement of the capitation for students. Also, the institution has received great support through bursary payment for students from different constituencies NG-CDF and more specifically from the Mwala CDF. However, despite the great growth in revenue, the college has faced some financial constraints as a result of student's not being able to clear their college fees as expected due to the economic conditions especially within the region. Again, the disbursement of the capitation and operational grant by the government has been coupled with a lot of challenges with a maximum contribution of Ksh 4,190,000 from capitation out of the budgeted amount of Ksh 13,110,000 resulting to unfavourable variance of 68%.

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In conclusion, the institution was greatly limited in the realization of its FY 2022/2023 budget on the account of the unremitted capitation that remains pending as at the reporting date. This forced the institution to avoid expenditure on some vote heads resulting negative effect on the smooth running of the institution in both learning programs and other institutional activities.

**Key Entity Projects**

During the FY 2022/2023, the college had planned a number of projects that were to be funded from various sources including the college savings, the Mwala NG-CDF and other GoK development partners. However, the college was able to only initiate the following projects during the financial years.

S/No	Project Description	Completion rate	Financing of the Project	Remarks
1.	Water harvesting Project	100%	AIA	Complete 60,000 litres Capacity
2.	Mwala TVC Gate Construction	79%	AIA	Ongoing but behind schedule
3.	ICT Lab Equipping	100%	AIA	Complete budgeted phase 1.
4.	Construction of Civil and Automotive Workshop phase 1	45%	AIA	Ongoing but behind schedule
5.	Construction of Ablution Block	100%	Development Partner	Completed

**Mwala Technical and Vocational College**  
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**Major risks facing the college**

**Financial mitigation** – The college has considered the operations of the FY 2022/2023 to be coupled with a few challenges. The college had expected the income generating activities to cushion some of the college expenses. The agricultural production was the major focus of the IGA expected to raise Ksh 400,000 in conjunction with other IGAs. In IGA recorded a great improvement from the previous FY 2021/2022 but still did not achieve the target revenue. Although the units of output met the targeted production, the cost per unit targeted was affected by the flooded market resulting to negative variance.

The college also targeted to establish a number of long-term projects like the driving school and construction of learning facilities and workshops which due failure of necessary funding have not been initiated as at 30<sup>th</sup> June 2022.

The college however faces a major challenge in the financing of development projects with no single development grant being received during the financial year 2022/2023. With the population for students and staff expected to double, the college faces a major risk of congestion in the following FY 2023/2024 calling for the need to the GOK to consider financial support through grants such as Lecture Complex, Library Grant, and Recreational facility funding for the college.

**Material arrears in statutory /financial obligations**

The college has faced financial challenges especially resulting from the delayed and partial remittance of the capitation. Almost 70% of the budgeted capitation amounting to Ksh 8,920,000 was not received during the FY 2022/2023 forcing the college to incur pending bills of Ksh 3,578,133 all arising in the 4<sup>th</sup> quarter of the FY and which are expected to be settled immediately the college raises some funds. The college did not have any statutory obligations not met and has been committed to compliance with all the relevant statutory requirements.

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**10. Environmental And Sustainability Reporting Statement**

Mwala TVC exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a highlight of strategies and activities that promote the organisation's strategic objectives.

Mwala TVC is guided by the 5 pillars that include offering quality technical training, providing a platform for research and Innovations Development, commitment to Institutional Development and Management, commitment to enhance Human Capital and Talent Management, and strategize on Financial Growth and Sustainability. Guided by the Big Four and BETA agendas, the college commits to offer technical skills to the young generation for the achievement of these agendas.

**Sustainability strategy and profile**

A sustainability or corporate responsibility strategy is a prioritized set of actions. It provides an agreed framework to focus investment and drive performance, as well as engage internal and external stakeholders. Our immediate stake holders are trainees. We endeavour to ensure that the learning environment is friendly. The college often organizes for student-staff forums aimed at obtaining two-way feedback for suggestion on the best ideas that would transform the institution to the state-of-the-art TVETA in the region.

The table below shows all our stake holders, their possible expectations verse ours.

<b>NAME OF STAKEHOLDER</b>	<b>STAKEHOLDER EXPECTATION</b>	<b>MWALA TVC EXPECTATION</b>
Students	<ul style="list-style-type: none"> <li>➤ Accessible and Confidential counselling services</li> <li>➤ Comprehensive accessible and prompt service provision</li> <li>➤ Quality training</li> <li>➤ Timely information</li> </ul>	<ul style="list-style-type: none"> <li>➤ Pass exams</li> <li>➤ Timely information</li> <li>➤ Feedback</li> <li>➤ Maintain discipline</li> <li>➤ Avail themselves for training</li> </ul>
Parents/Guardians/Sponsors	<ul style="list-style-type: none"> <li>➤ Safety of their children</li> <li>➤ Timely communication with identified channels of communication</li> <li>➤ Value for money</li> </ul>	<ul style="list-style-type: none"> <li>➤ Prompt payment of fees</li> <li>➤ Provision of relevant information</li> <li>➤ Harmonious co-existence</li> <li>➤ Support and guide the students</li> </ul>
Community	<ul style="list-style-type: none"> <li>➤ Employment and Business opportunities</li> <li>➤ Good public relation</li> <li>➤ Solution to their problems</li> </ul>	<ul style="list-style-type: none"> <li>➤ Harmonious co-existence</li> <li>➤ Provision of relevant information</li> </ul>

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Government (MOE)	<ul style="list-style-type: none"> <li>➤ Prudent utilization of fund resources</li> <li>➤ Total compliance to statutory and regulatory guides</li> <li>➤ Timely information and access to information by authorized personnel</li> </ul>	<ul style="list-style-type: none"> <li>➤ Provision of relevant information</li> <li>➤ Adequate financial and technical support</li> <li>➤ Enabling Policy Framework</li> </ul>
External Providers (Suppliers)	<ul style="list-style-type: none"> <li>➤ Timely feedback</li> <li>➤ Integrity and fairness when evaluating and awarding</li> <li>➤ Prompt Payment</li> <li>➤ Provision of Business opportunities</li> <li>➤ Adherence to contract terms</li> </ul>	<ul style="list-style-type: none"> <li>➤ Timely feedback</li> <li>➤ Timely and quality of goods service and works</li> <li>➤ Adherence to contract terms</li> </ul>
Staff	<ul style="list-style-type: none"> <li>➤ Career development</li> <li>➤ Conducive working environment</li> <li>➤ Open communication channels and feed back</li> <li>➤ Rewards, Team Building, Fairness &amp; Recognition</li> </ul>	<ul style="list-style-type: none"> <li>➤ Effective delivery of service</li> <li>➤ Cohesion among staff</li> </ul>
Industry	<ul style="list-style-type: none"> <li>➤ Competent graduates</li> <li>➤ Enhanced collaborations</li> <li>➤ Efficient and effective communication</li> <li>➤ Insurance for the students</li> </ul>	<ul style="list-style-type: none"> <li>➤ Attachment opportunities for students</li> <li>➤ Job opportunities for graduates</li> <li>➤ Provision of occupational standards for CBET curriculum development</li> <li>➤ Safety for the attached students</li> </ul>
Local and National leaders	<ul style="list-style-type: none"> <li>➤ Prudent use of public resources</li> </ul>	<ul style="list-style-type: none"> <li>➤ Goodwill</li> </ul>

We are in the process of developing a sustainability strategy. This is an ideal opportunity to engage external stakeholders and colleagues across the education field. Top and senior management is involved in this essential process. We have involved all the staff on the issues that matter to the training. We have identified measurable objectives - alongside long-term risks and opportunities. This renders our strategy resilient, and creates value for the college community.

**Environmental performance**

The college community is aware of the effects of environmental degradation and pollution. Kenya aims to transition the waste sector in every county away from low collection rates, illegal dumping and uncontrolled dumpsites to affordable waste collection, recycling and composting, and secure final disposal in engineered landfills for the remaining fraction of the waste stream.

The national waste management Policy aims to create the necessary regulatory environment that will enable Kenya to effectively tackle the waste challenge, through systematic collection of waste sorted at source and disposal, processing activities aimed at reusing, recycling or composting waste materials into useful products or sources of energy. To promote sustainable waste management as

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

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an income generating venture, it will be necessary to create an enabling policy and regulatory environment that will incentivize and facilitate the establishment of multiple links in the waste value chain that are currently missing in Kenya.

These include: effective and affordable waste collection in all neighbourhoods; sorting posts where waste will be separated and sorted for subsequent recycling; composting facilities for the organic waste; waste to energy facilities; and fiscal incentives for investment in recycling technologies and facilities. This policy also supports the creation of the planning, finance, technical and governance capacities that county governments need to effectively deliver on their mandate under the Constitution of Kenya 2010, to be the lead actors in delivering sustainable waste management services.

In conjunction with forest cover agenda, the college has planted over 300 trees to help in rehabilitating the environment. We encourage a drug free environment among both the students and staff. Although the college has not carried out a survey to determine its performance index. This will be done in the next financial year.

**1. Employee welfare**

The college has a draft human resource policy which guides in the execution of employment procedures. We have a BOG subcommittee that handles HR issues, conducts interviews during employments and attends to all HR issues. The procedure for hiring is outlined in the HR policy. The vacancies arise as per existing staff needs/gaps and ability to pay. The other factors are gender and qualifications. The college is an equal employer and encourages people living with disabilities to apply.

Upon employment, Employees are issued with employment letters clearly describing the job and remuneration. After reporting for work, a new worker signs an acceptance letter and completes a bio-data form. Thereafter an induction process is undertaken.

The workers enter into goal/target setting each with the immediate supervisor at the beginning of each financial year. The targets are reviewed quarterly and a final evaluation done at the end of the 4<sup>th</sup> quarter. The employee performance is rated and awards or sanctions are implemented.

**2. Market place practices**

The commitment of the TVET colleges has been to provide qualified graduates who can meet the needs of the current labour market by to improving the productivity of the human capital. The college works toward ensuring that their graduates are employable in the market or become employers by embracing entrepreneurial skills. The college commits to reach the diverse markets

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to attract students from all corners of the country through online platforms like Facebook that has been a rich source of our internal recruitment. The selection of the courses offered in the college are keenly selected to ensure that Mwala TVC brand will be recognized beyond the Eastern region.

**3. Corporate Social Responsibility/Community Engagements**

Mwala technical has embraced the spirit of CSR to improve the performance of the institution as well as boost the community welfare. Among the key activities performed in partnership with the community has been tree planting initiative. During the FY 2022/2023, has also offered borehole water to members of the community expected to boost the general tree cover of the locality and improve in addressing the climatic change issue.

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

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**11. Report of the Board of Governors**

The Board members submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of Mwala TVC affairs.

**Principal activities**

The principal activities of the college continue to be to Produce Competent Employable Graduates by Facilitating Learning, Research and Innovative Dissemination of Knowledge, Skills and Productive Work Attitudes to Meet Socio-Economic and Cultural Needs of the Citizens of Kenya and Beyond through offering quality tertiary education in the authorized areas of training.

**Results**

The results of the college for the year ended June 30 are set out on page 1-5 of this financial report for the FY 2022/2023

**Board of Governors**

The members of the Board who served during the year are shown on page viii-ix. During the year none of the director retired or resigned and therefore, there was no appointment of a new member to the board.

**Auditors**

The Auditor General is responsible for the statutory audit of Mwala TVC in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 and there has not been delegation of the responsibility to any Certified Public Accountants by the Auditor General to carry out the audit of Mwala TVC for the year ended June 30, 2023, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

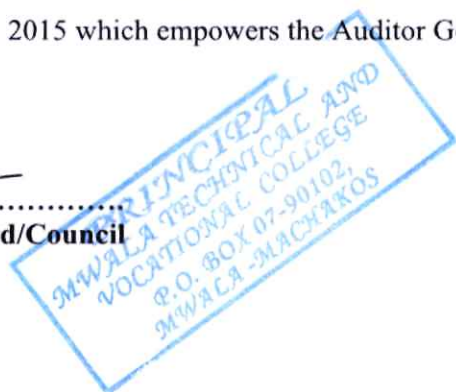
By Order of the Board



Secretary of the Board/Council

Nairobi

Date: 26<sup>TH</sup> 09 -2023



**12. Statement of Board of Governors Responsibilities**

Section 81 of the Public Finance Management Act, 2012 and the State Corporations Act Cap 446 Rev. 2010, and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013 require the council members to prepare financial statements of that institute, which give a true and fair view of the state of affairs of the college at the end of the financial year/period and the operating results of the college for that year/period. The Council members are also required to ensure that the college keeps proper accounting records which disclose with reasonable accuracy the financial position of the college. The council members are also responsible for safeguarding the assets of the college.

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

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

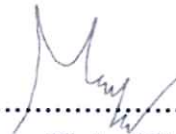
Nothing has come to the attention of the Council members to indicate that the college will not remain a going concern for at least the next twelve months from the date of this statement.

**Mwala Technical and Vocational College**  
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**Approval of the financial statements**

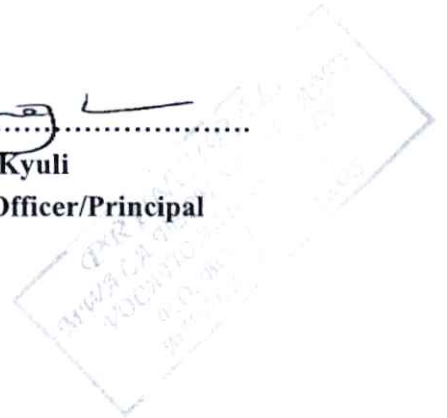
The college's financial statements were approved by the Board on 10<sup>th</sup> September 2023 and signed on its behalf by:

  
.....

**Name: Kioko Kilukumi SC**  
**Chairperson of the Board/Council**

  
.....

**Name: Kavita C. Kyuli**  
**Accounting Officer/Principal**



# REPUBLIC OF KENYA

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*Enhancing Accountability*

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

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### **PREAMBLE**

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

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Mwala Technical and Vocational College set out on pages 1 to 35 which comprise of the statement of financial position as

at 30 June, 2023 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

### **Basis for Qualified Opinion**

#### **1. Unsupported Property, Plant and Equipment**

The statement of financial position reflects property, plant and equipment balance of Kshs.70,053,581 which, as disclosed in Note 23 to the financial statements includes land and buildings valued at Kshs.10,302,000 and Kshs.56,804,726 respectively. However, ownership documents for the parcel of land were not provided for audit review. Although Management explained that the seller had given consent for transfer of ownership and processing of title documents which is at an advanced stage, ownership could not be confirmed.

In addition, included in the property, plant and equipment is Kshs.1,250,310 which relates to additions on office equipment, furniture and fittings. The expenditure includes a payment voucher for materials for construction of tables amounting to Kshs.328,820 which was not supported by original invoices, delivery notes and stores records.

In the circumstances the accuracy, completeness and ownership of property, plant and equipment balance of Kshs.70,053,581 could not be confirmed.

#### **2. Unsupported Rendering of Services - Fees from Students**

The statement of financial performance and as disclosed in Note 9 to the financial statements reflect rendering of services - fees from students amounting to Kshs.29,869,303. However, review of records relating to billing and accounting for student fees revealed that the College lacks an automated student fees billing system that can generate invoices and link them to receipts from students for production of reliable reports for Management's decision making. Further, the fees transactions recorded did not reflect details of the student's invoice number, receipt number and date.

In the circumstances, the accuracy and completeness of rendering of services - fees from students amounting to Kshs.29,869,303 could not be confirmed.

### **3. Inaccuracies in Current Portion of Receivables from Exchange Transactions**

The statement of financial position reflects current portion of receivables from exchange transactions balance of Kshs.14,138,108 which, as disclosed in Note 17 (a) to the financial statements relates to student debtors. However, analysis of the students billing data, the fees payments during the year as per the statement of cash flows and the balance brought forward revealed a balance of Kshs.13,900,953 resulting to unexplained variance of Kshs.237,155.

In the circumstances, the accuracy and completeness of current portion of receivables from exchange transactions balance of Kshs.14,138,108 could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Mwala Technical and Vocational College Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

#### **Emphasis of Matter**

##### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.114,094,700 and Kshs.33,092,783 respectively resulting to an under-funding of Kshs.81,001,917 or approximately 71% of the budget. Similarly, the College spent Kshs.23,371,198 against actual receipts of Kshs.33,092,783 resulting to an under-utilization of Kshs.9,721,585 or approximately 29% of the actual receipts.

The under-funding and under-utilization affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is unmodified in respect of this matter.

#### **Key Audit Matters**

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

#### **Other Matter**

##### **Unresolved Prior Year Matters**

In the audit report of the previous year, several paragraphs were raised. However, Management has not resolved all the prior year matters as prescribed in the reporting

requirements set by the Public Sector Accounting Standards Board. Management has not provided satisfactory explanation for the delay in resolving the issues.

### **Other Information**

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

In connection with my audit on the College's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES**

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Low Value Procurement above the Prescribed Threshold**

The statement of financial performance and as disclosed in Note 11 to the financial statements reflect Kshs.12,809,211 for use of goods and services, which includes cash payments totalling Kshs.106,960 for printing and stationery. In addition, review of procurement records for goods and services valued at Kshs.2,465,992 revealed that the procurement was done through cash purchases from some selected suppliers without due regard for competitive procurement process to ensure fairness in prices paid for the items. This is contrary to Regulation 92 and the Second Schedule of the Public Procurement and Asset Disposal Regulations, 2020, which states that a procuring entity may use low value procurement method under section 107(b) of the Act, where (a) the

estimated cost of the goods, works or services being procured per item per financial year is as per the threshold matrix in the Second Schedule. The Second Schedule further provides that the maximum level of expenditure under this method for purchase of goods is Kshs.50,000 per item per financial year.

In the circumstances, Management was in breach of the law

## **2. Non-Compliance with Law on Ethnic Diversity**

During the year under review, the total number of employees of the College was thirty-eight (38), out of which twenty-five (25) or approximately 66% were members of the dominant ethnic community in the County. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that, "all public offices shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public institution shall have more than one-third of its staff establishment from the same ethnic community".

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

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Lack of Risk Management Policy and Strategy**

The College Management had not put in place risk management policy, strategies, and risk register to mitigate against risk. It was, therefore, not clear how Management manages risk exposures. This is contrary to Regulation 165. (1) (a) and (b) of the Public Finance Management (National Government) Regulations, 2015 which requires the Accounting Officer to ensure that the National government entity develops risk management strategies, which include fraud prevention mechanism; and the National government entity develops a system of risk management and internal control that builds robust business operations.

In the circumstances, the effectiveness of the risk management measures put in place could not be confirmed.

## **2. Lack of Internal Audit Function and an Audit Committee**

The College has not established an internal audit function and an Audit Committee. This is contrary to Section 155 of the Public Finance Management Act, 2012 which provides for the establishment of the internal audit function and an Audit Committee. As such the College did not benefit from the assurance and advisory services from the internal audit function as well as oversight from the Audit Committee.

In the circumstances, the effectiveness of the internal controls and risk management could not be confirmed.

## **3. Lack of an Approved Information and Communication Technology (ICT) Security Policy**

Review of the College's information technology systems revealed that the College did not have an ICT policy for governance and management of its ICT resources. In addition, there is no ICT steering committee in place to assist in the development of ICT policy framework to enable the College to realize long-term ICT strategic goals. Lack of an approved IT policy may result in an unclear direction regarding maintenance of information security across the organization and safeguarding the Company's ICT assets. Further, without a sound and approved framework, users do not have any rules and procedures to follow in order to minimize risk of errors, fraud and loss of data confidentiality, integrity and availability.

In the circumstances, the effectiveness of the IT controls could not be confirmed.

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

## **Responsibilities of Management and those Charged with Governance**

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

In preparing the financial statements, Management is responsible for assessing the College's, ability to continue as a going concern, disclosing, as applicable, matters related

to going concern and using the going concern basis of accounting unless Management is aware of the intention 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 comply with the authorities which govern them and that public resources are applied in an effective way.

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

#### **Auditor-General's Responsibilities for the Audit**

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

15 April, 2025

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

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

	Notes	FY 2022/2023	FY 2021/2022
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the National Government – grants/ gifts in kind	6	1,500,000	2,000,000
Transfers from other levels of government	7	0	538,500
Public contributions and donations	8	0	658,350
		<b>1,500,000</b>	<b>3,196,850</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Fees from students	9	29,869,303	14,023,720
Sale of goods	10	223,480	10,900
		<b>30,092,783</b>	<b>14,034,620</b>
<b>Total revenue</b>		<b>31,592,783</b>	<b>17,231,470</b>
<b>Expenses</b>			
Use of goods and services	11	12,809,211	6,629,993
Employee costs	12	6,558,097	3,086,537
Remuneration of directors	13	1,168,150	625,270
Depreciation and amortization expense	14	2,503,645	2,606,097
Repairs and maintenance	15	125,370	382,870
		<b>23,164,474</b>	<b>13,330,767</b>
<b>Total expenses</b>		<b>23,164,474</b>	<b>13,330,767</b>
<b>Other gains/(losses)</b>			
<b>Total other gains/(losses)</b>		-	-
<b>Net Surplus for the Period</b>		<b>8,428,309</b>	<b>3,900,703</b>
Attributable to:			
Surplus/(deficit) attributable to minority interest			
Surplus attributable to owners of the controlling entity		8,428,309	3,900,703
		<b>8,428,309</b>	<b>3,900,703</b>

(The notes set out on pages 6 to 35 form an integral part of the Annual Financial Statements).

The Financial Statements set out on pages 1 to page 5 were signed by:

  
 .....  
**Chairman of Council Board**

**Date: 26<sup>th</sup> September 2023**




  
 .....  
**Finance Officer**

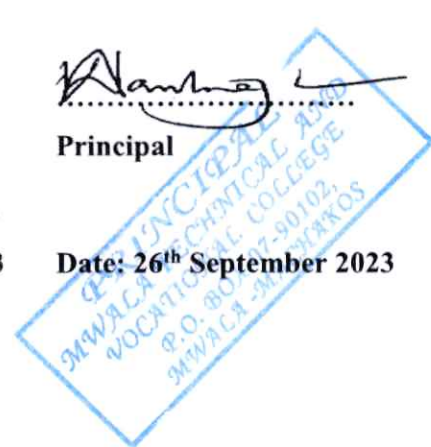
**ICPAK No: 31015**

**Date: 26<sup>th</sup> September 2023**



  
 .....  
**Principal**

**Date: 26<sup>th</sup> September 2023**



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

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


	Notes	FY 2022/2023	FY 2021/2022
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	16	1,879,425	1,650,834
Current portion of receivables from exchange transactions	17(a)	14,138,108	3,859,523
Receivables from non-exchange transactions	18	500,000	1,000,000
Inventories	19	0	50,000
		<b>16,517,533</b>	<b>6,560,357</b>
<b>Non-current assets</b>			
Property, plant and equipment	23	70,053,581	68,192,896
		70,053,581	68,192,896
<b>Total assets</b>		<b>86,571,113</b>	<b>74,753,253</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	21	3,578,133	0
Refundable deposits from customers	20	577,610	894,565
Salaries payable		0	375,737
		<b>4,155,743</b>	<b>1,270,302</b>
<b>Non-current liabilities</b>			
<b>Total liabilities</b>		<b>4,155,743</b>	<b>1,270,302</b>
Reserves			
Accumulated surplus		12,329,013	3,900,703
Capital reserve		70,086,358	69,582,248
<b>Total net assets and liabilities</b>		<b>86,571,113</b>	<b>74,753,253</b>

The Financial Statements set out on pages 1 to page 5 were signed by:

  
 .....  
**Chairman of Council/Board**

**Date: 26<sup>th</sup> September 2023**

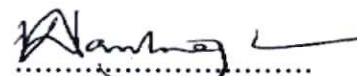


  
 .....  
**Finance Officer**

**ICPAK No: 31015**

**Date: 26<sup>th</sup> September 2023**



  
 .....  
**Principal**

**Date: 26<sup>th</sup> September 2023**

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

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

Description	Revaluation reserve	Accumulated Fund	Capital	Total
			Reserves	
<b>At July 1, 2021</b>	0	0	0	0
Revaluation gain	0	0	0	0
Surplus/(deficit) for the year (Restated Balance)	0	3,900,703	69,582,248	<b>73,482,951</b>
Capital grants received during the year	0	0	0	0
Transfer of depreciation/amortisation from capital fund to Retained earnings	0	0	0	0
<b>At June 30, 2022</b>	0	<b>3,900,703</b>	<b>69,582,248</b>	<b>73,482,951</b>
	0			
<b>At July 1, 2022</b>	0	<b>3,900,703</b>	<b>69,582,248</b>	<b>73,482,951</b>
Revaluation gain	0	0	0	0
Surplus/(deficit) for the year	0	8,428,309	504,110	<b>8,932,419</b>
Capital grants received during the year	0	0	0	0
Transfer of depreciation/amortization from capital fund to Retained earnings	0	0	0	0
<b>At June 30, 2023</b>	0	<b>12,329,012</b>	<b>70,086,358</b>	<b>82,415,370</b>

**Note:** The restatement of the opening balance in the statement of changes in net assets relates to the adjustment of an omission from the previous financial statements for the capital reserves that was correctly captured in the balance sheet of Ksh. 69,582,248 but omitted in the previous year statement of changes in net assets. The adjustment therefore, was necessary to balance off the opening balances in the balance sheet that should be matching the balance in the statement of changes in net assets.

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

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

		<b>FY 2022/2023</b>	<b>FY 2021/2022</b>
	Note	<b>Kshs</b>	<b>Kshs</b>
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other Government entities/Govt. grants		2,000,000	2,000,000
Transfers from other Government entities (Katine TTI)		0	538,500
Public contributions and donations		0	658,350
Rendering of services- Fees from students		19,827,873	14,023,720
Sale of goods		223,480	10,900
<b>Total Receipts</b>		<b>22,051,353</b>	<b>17,231,470</b>
<b>Payments</b>			
Compensation of employees		6,933,834	3,086,537
Use of goods and services		10,334,188	6,629,993
Remuneration of directors		1,069,150	625,270
Repairs and maintenance		125,370	382,870
<b>Total Payments</b>		<b>18,462,542</b>	<b>10,724,670</b>
<b>Net cash flows from operating activities</b>	26	<b>3,588,811</b>	<b>72,449,827</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets		3,360,220	70,798,993
Proceeds from sale of property, plant and equipment			
<b>Net cash flows used in investing activities</b>		<b>3,360,220</b>	<b>70,798,993</b>
<b>Cash flows from financing activities</b>			
<b>Net cash flows used in financing activities</b>		<b>0</b>	<b>0</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>228,591</b>	<b>1,650,834</b>
Cash and cash equivalents at end of previous year	16	1,650,834	0
<b>Cash and cash equivalents at end of current year</b>	16	<b>1,879,425</b>	<b>1,650,834</b>

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

	Original annual Budget	Adjustments	Final Annual Budget	Actual Cumulative to date	Performance difference	Utilization Difference
	a	b	c=a+b	d		e=d/c %
<b>Revenue</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>		<b>Kshs</b>
Transfers from other Govt entities Govt grants	0	1,500,000	1,500,000	1,500,000		100%
Public contributions and donations	78,050,000	0	78,050,000	1,500,000		2%
Rendering of services- Fees from students	34,144,700	0	34,144,700	29,869,303		87%
Sale of goods	400,000	0	400,000	223,480		56%
<b>Total income</b>	<b>112,594,700</b>	<b>1,500,000</b>	<b>114,094,700</b>	<b>33,092,783</b>		<b>29%</b>
<b>Expenses</b>						
Compensation of employees	8,308,440	0	8,308,440	6,558,097		79%
Use of Goods and services	22,920,320	0	22,920,320	12,809,211		56%
Repairs and maintenance	1,246,940	0	1,246,940	125,370		10%
Remuneration of directors	2,069,000	0	2,069,000	1,168,150		56%
Public contributions and donations projects	78,050,000	0	78,050,000	2,710,370		3%
<b>Total expenditure</b>	<b>112,594,700</b>	<b>0</b>	<b>112,594,700</b>	<b>23,371,198</b>		<b>21%</b>
<b>Surplus for the period</b>	<b>-</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>9,721,585</b>		

**Budget Variances Explained**

- i. The public contribution and donations in form of project funding partners resulted into 98% variance as only Ksh. 1,500,000 donations from Katine TTI in the form of Ablution Block was received during the financial year.
- ii. The revenue from rendering of services resulted to a variance of 13% resulting from low turn-up of the students who concluded a module during the period but did not enrol immediately for the next module resulting to delayed billing to the next period.
- iii. Sales of goods realised a variance of 44% as a result of adverse market conditions that affected the market prices for the agriculture produce.
- iv. Compensation for employees' budget was under-absorbed by 21% resulting from the budget realization constraints that limited the college from recruiting some of the subordinate staff planned during the financial year.
- v. Use of goods and services resulted to a variance of 45%, which was contributed by financial constraints resulting from delayed government capitation, and grants that were part of the budgeted costs but could not be actualised as well as low trainees' payment of their fees.
- vi. Remuneration of directors reported a variance of 44% that resulted from the lack of finances to facilitate a team building activity planned for the board that never materialized.
- vii. Public contributions and donation projects budgeted recorded a variance of 97% due to the failure of the college to secure financing partners.

**19. Notes to the Financial Statements**

**1. General Information**

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

**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 college 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 4 (e). The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the College. The values are rounded off to the nearest shilling. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the TVET Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2023.

Standard	Effective date and impact:
<p><b>IPSAS 41:</b> Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• 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.</li> </ul>
<p><b>IPSAS 42:</b> Social Benefits</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ol style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the Entity.</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</li> </ol>

**Mwala Technical and Vocational College**

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

Standard	Effective date and impact:
	Social benefit reporting has made the college to embrace the culture of corporate social responsibility in its operations and reporting.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p><b>Applicable: 1st January 2023:</b></p> <ul style="list-style-type: none"> <li>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.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> <li>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.</li> <li>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</li> </ul>
Other improvements to IPSAS	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008).</li> <li>• <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</li> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement.</b> Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</li> </ul>

Notes to the Financial Statements (Continued)

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

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

iii. **Early adoption of standards**

Mwala Technical and Vocational College did not early-adopt any new or amended standards in year 2022/2023.

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions**

**Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

**ii) Revenue from exchange transactions**

**Rendering of services**

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

**Sale of goods**

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

**Interest income**

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

**Rental income**

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

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**b) Budget information**

The original budget for FY 2022/2023 was approved by the Council or Board on 9 July 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals to conclude the final budget. Accordingly, the entity recorded additional appropriations of **Ksh. 1,500,000** on the FY 2022/2023 budget following the Council/ Board's approval resulting from the adjustment of operational grant by the ministry on students' numbers. 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 cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on the section for notes of these financial statements.

**c) Taxes**

***Current income tax***

The entity is exempt from paying taxes as per First Schedule Section 10 subsection (a) and (b) of the 2010 income tax Act.

***Sales tax/ Value Added Tax***

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

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

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

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**d) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 10-year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

**e) Property, plant and equipment**

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

Depreciation is calculated in accordance to the guidelines of -IPSAS 17 on a reducing balance method over the estimated useful life of each asset. The depreciation is only charged for assets providing economic benefit to the college and therefore, projects under WIP are exempted from depreciation. The following rates are used for the depreciation of assets: i) Land- 0%, ii) Buildings – 4%, iii) Motor Vehicles- 25%, iv) Computer and related items- 33%, v) Office equipment, furniture and fittings- 8%, vi) Other equipment and reference materials- 8%.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**f) Leases**

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

**g) Intangible assets**

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

**h) Research and development costs**

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

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

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

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

**i) Financial instruments**

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

***Financial assets***

***Classification***

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

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**Subsequent measurement**

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

**Amortized cost**

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

**Fair value through net assets/ equity**

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

**Fair value through surplus or deficit**

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

**Trade and other receivables**

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

**Impairment**

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Since the college does not maintain financial assets, there are no critical estimates and significant judgments made by management in determining the expected credit loss (ECL).

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

***Financial liabilities***

***Classification***

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

**j) Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method.
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

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

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

**k) Provisions**

Provisions are recognized when the college has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the college expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

***Contingent liabilities***

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

***Contingent assets***

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

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**l) Social Benefits**

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

**m) Nature and purpose of reserves**

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

**n) Changes in accounting policies and estimates**

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

**o) Employee benefits**

**Retirement benefit plans**

The college provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**p) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

**q) Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

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

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**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**r) Related parties**

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

**s) Service concession arrangements**

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

**t) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**u) Comparative figures**

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

**v) Subsequent events**

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

**Notes to the Financial Statements (Continued)**

**5. Significant Judgments and Sources of Estimation Uncertainty**

The preparation of the college'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 college.
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the asset.
- Changes in the market in relation to the asset

**Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 18 (a).

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.

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

**Notes to the Financial Statements (Continued)**

**6. Transfers from other National Government entities**

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
<b>Unconditional grants</b>		
Operational grant	1,500,000	2,000,000
	<b>1,500,000</b>	<b>2,000,000</b>
<b>Conditional grants</b>	0	0
<b>Total government grants and subsidies</b>	<b>1,500,000</b>	<b>2,000,000</b>

**(a) Transfers from other Government entities (Categorized)**

Name of the Entity Sending The Grant	Amount recognized to Statement of Comprehensive Income Kshs	Amount deferred under deferred income Kshs	Amount recognised in capital fund.	Total grant income during the year
			Kshs	Kshs
Ministry of education (Recurrent Grant Q1)	500,000	0	0	500,000
Ministry of education (Recurrent Grant Q2)	500,000	0	0	500,000
Ministry of education (Recurrent Grant Q3)	500,000	0	0	500,000
Ministry of education (Recurrent Grant Q4)	0	0	0	0
<b>Total</b>	<b>1,500,000</b>	<b>0</b>	<b>0</b>	<b>1,500,000</b>

*NB: Quarter 3 and Quarter 4 recurrent grants amounting to Kshs. 1,000,000 were not received as at end of June 2023 and only Quarter 3 was received in the month of July hence the receivable from non-exchange transactions amounting to Ksh. 500,000 hence the cumulative income from non-exchange transactions for the year amounted to Kshs. 1,500,000*

**7. Transfers from Other Levels of Government**

	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
<b>Transfers from Other Levels of Government</b>		
Katine Technical Training Institute	0	538,500
<b>Total transfers from other Levels</b>	<b>0</b>	<b>538,500</b>

**8. Public Contributions and Donations**

	FY 2022/2023	FY 2021/2022
	Kshs	Kshs.
Well Wishers	0	658,350
<b>Total revenue from the public contributions and donations</b>	<b>0</b>	<b>658,350</b>

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

Notes to the Financial Statements (Continued)

9. Rendering of Services

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Tuition fees	12,000,560	6,344,720
Activity	1,319,950	706,650
P. Emoluments.	4,548,440	2,518,280
RMI	721,615	400,235
EWC	1,284,220	685,140
LTT	1,180,045	666,415
Industrial Att.	1,181,000	623,000
Registration	265,000	239,000
Student ID	132,500	119,500
Material Fees	733,000	478,000
KUCCPS	397,500	358,500
Examination fees	2,684,973	884,280
Food and accommodation	3,200,500	0
Industrial attachment insurance & Log book	220,000	0
<b>Total revenue from the rendering of services</b>	<b>29,869,303</b>	<b>14,023,720</b>

10. Sale of Goods

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
<b>Sale of goods</b>		
Other incomes	223,480	10,900
<b>Total revenue from the sale of goods</b>	<b>223,480</b>	<b>10,900</b>

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

**Notes to the Financial Statements (Continued)**

**11. Use of Goods and Services**

<b>Description</b>	<b>FY 2022/2023</b>	<b>FY 2021/2022</b>
	<b>KShs</b>	<b>KShs</b>
Teaching and learning materials	1,511,390	1,412,770
Industrial attachment costs	36,916	0
Electricity	0	13,000
Water	20,000	33,280
Security	0	1,700
Professional and Consultancy services	3,500	0
Subscriptions	0	82,000
Advertising	75,735	153,380
Examination fees	1,801,110	768,540
Examination cutting list	1,609,778	760,985
Catering, Conferences, and delegations	613,000	765,800
Travelling and accommodation	106,050	71,000
Legal expenses	8,000	0
Licenses and permits	0	140,210
Bank Charges	10,696	0
Postage	7,885	11,885
Printing and stationery	106,960	153,376
KATTI Expenses	0	98,000
TVETA expenses	0	28,000
General maintenance	0	54,500
Telephone expenses	228,000	61,000
Internet expenses	198,995	143,196
Students IDs Processing	39,200	58,500
Training expenses and staff development	177,790	170,385
Agriculture production cost	40,780	73,449
Administration expenses	956,413	408,618
Students activity	1,568,905	931,119
Policy development expense	108,000	0
Performance contracting expenses	310,030	2,500
Students accommodation	3,270,078	232,800
<b>Total good and services</b>	<b>12,809,211</b>	<b>6,629,993</b>

**12. Employee Costs**

	<b>FY 2022/2023</b>	<b>FY 2021/2022</b>
	<b>KShs</b>	<b>KShs</b>
Salaries and wages	6,398,797	3,086,537
Social contributions	159,300	0
<b>Employee costs</b>	<b>6,558,097</b>	<b>3,086,537</b>

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

**Notes to the Financial Statements (Continued)**

**13. Board/Council Expenses**

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Director's emoluments	1,168,150	547,000
Other board expenses	0	78,270
<b>Total director emoluments</b>	<b>1,168,150</b>	<b>625,270</b>

**14. Depreciation and Amortization expense**

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Property, plant and equipment	2,503,645	2,606,097
<b>Total depreciation and amortization</b>	<b>2,503,645</b>	<b>2,606,097</b>

**15. Repairs and Maintenance**

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Property	125,370	382,870
<b>Total repairs and maintenance</b>	<b>125,370</b>	<b>382,870</b>

**16. Cash and Cash Equivalents**

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Current account	1,879,425	1,650,834
<b>Total cash and cash equivalents</b>	<b>1,879,425</b>	<b>1,650,834</b>

**16 (a). Detailed Analysis of Cash and Cash equivalents**

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
<b>Financial institution</b>		
a) Current account		
Kenya Commercial bank	1,879,425	1,650,834
<b>Sub- total</b>	<b>1,879,425</b>	<b>1,650,834</b>
<b>e) Others(specify)</b>		
cash in hand	0	0
<b>Sub- total</b>	<b>0</b>	<b>0</b>
<b>Grand total</b>	<b>1,879,425</b>	<b>1,650,834</b>

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

Notes to the Financial Statements (Continued)

17. Receivables from Exchange transactions

17 (a) Current Receivables from Exchange transactions

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
<b>Current receivables</b>		
Student debtors	14,138,108	3,859,523
<b>Total current receivables</b>	<b>14,138,108</b>	<b>3,859,523</b>

17 (c) Ageing Analysis of Receivables from Exchange transactions

Description	FY 2022/2023		Insert Comparative FY	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	11,310,486	80%	3,859,523.00	100%
Between 1- 2 years	2,827,622	20%	0	0%
Between 2-3 years	0	0%	0	0%
Over 3 years	0	0%	0	0%
<b>Total (a+b)</b>	<b>14,138,108</b>	<b>100%</b>	<b>3,859,523</b>	<b>100%</b>

18. Receivables from Non-Exchange transactions

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
<b>Current receivables</b>		
Transfers from other govt. entities	500,000	1,000,000
<b>Total current receivables</b>	<b>500,000</b>	<b>1,000,000</b>

18 (a) Reconciliation for Impairment Allowance on Receivables from Non-Exchange Transactions

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
At the beginning of the year	0	0
Additional provisions during the year	0	0
Recovered during the year	0	0
Written off during the year	0	0
At the end of the year	<b>0</b>	<b>0</b>

19. Inventories

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Maintenance stores	0	50,000
<b>Total inventories at the lower of cost and net realizable value</b>	<b>0</b>	<b>50,000</b>

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

**Notes to the Financial Statements (Continued)**

**20. Refundable Deposits**

<b>Refundable Deposits</b>	<b>FY 2022/2023</b>	<b>FY 2021/2022</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Refundable Deposits (Caution money)	461,000	249,000
Student Prepayments	116,610	645,565
<b>Total Refundable Deposits</b>	<b>577,610</b>	<b>894,565</b>

**21. Trade and Other Payables**

<b>Description</b>	<b>FY 2022/2023</b>	<b>FY 2021/2022</b>
	<b>KShs</b>	<b>KShs</b>
Learning materials (Structured ICT cabling Project)	959,580	0
Examination fees (July Kneec Series fees)	1,495,870	0
'Examination cutting list (Catering and accommodation July materials)	126,215	0
'Examination cutting list (Fashion design July Materials)	53,048	0
'Examination cutting list (ICT and business department July Materials)	50,660	0
'Examination cutting list (Automotive and electrical July Materials)	158,560	0
'Examination cutting list (Building department July Materials)	42,500	0
'Examination cutting list (Airtime for KNEC Milestones uploading)	500	0
Students Accommodation (Comfort Gate rates for May-July Hostel)	408,000	0
Administration Expenses (Extraneous allowances for management attending full board meeting)	26,000	0
BOG Expenses (Full Board allowances for July meeting)	99,000	0
PPE (Payment for 50 Lecture chairs supplied)	115,000	0
PPE (Last installment for ICT lab tables installment)	43,200	0
<b>Total trade and other payables</b>	<b>3,578,133</b>	<b>0</b>

<b>Ageing analysis:</b>	<b>FY 2022/2023</b>	<b>% of the Total</b>	<b>FY 2021/2022</b>	<b>% of the Total</b>
Under one year	3,578,133	100%	0	0%
1-2 years	0	0%	0	0%
2-3 years	0	0%	0	0%
Over 3 years	0	0%	0	0%
<b>Total (to tie to totals above)</b>	<b>3,578,133</b>	<b>100%</b>	<b>0</b>	<b>0%</b>

**22. Staff Expenses Payable**

<b>Staff Payables</b>	<b>FY 2022/2023</b>	<b>FY 2021/2022</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Accrued Salaries	0	375,737
<b>Total Staff Payables</b>	<b>0</b>	<b>375,737</b>

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**Notes to the Financial Statements (Continued)**

**23. Property, Plant and Equipment**

	Land	Buildings	Motor vehicles	Office Equipment, Furniture, And Fittings	Computers	Other Equipment & Reference materials	Capital Work in progress	Total
Cost	Shs		Shs	Shs	Shs	Shs	Shs	Shs
As at 1 July 2022 ( <i>beginning of the year</i> )	10,302,000	58,744,743	0	634,900	459,000	658,350	0	70,798,993
Additions during the period	0	2,710,370	0	1,250,310	0	0	403,650	4,364,330
Disposals during the period	0	0	0	0	0	0	0	0
Transfers/adjustments during the period	0	0	0	0	0	0	0	0
As at 30 June 2023 ( <i>close of the period</i> )	10,302,000	61,455,113	0	1,885,210	459,000	658,350	403,650	75,163,323
<b>Depreciation and impairment</b>								
As at 1 July 2022 ( <i>beginning of the year</i> )	0	2,349,790	0	50,792	152,847	52,668	0	2,606,097
Depreciation for the period	0	2,300,597	0	66,039	89,989	47,020	0	2,503,645
Impairment for the period	0	0	0	0	0	0	0	0
As at 30 June 2023 ( <i>close of the period</i> )	0	4,650,387	0	116,831	242,836	99,688	0	5,109,742
<b>Net book values</b>								
As at 30 June 2023 ( <i>close of the period</i> )	10,302,000	56,804,726	0	1,768,379	216,164	558,662	403,650	70,053,581
As at 1 July 2022 ( <i>beginning of the year</i> )	10,302,000	56,394,953	0	584,108	306,153	605,682	0	68,192,896

*Note on WIP: The work in progress relates to the construction of the Automotive workshop that had been initiated during the year but due to tough financial condition in the institution, strained the savings that the college had planned to utilize in the project. The project was expected to be concluded in the FY 2023/2024. SNA*

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

**Valuation**

As per National Treasury guidelines, Land and buildings were identified and valued as per the National Liabilities and Management Policy and guidelines (Issued June 2020). The college is in the process of getting her land and buildings revalued by a professional valuer to be adopted in the fourth coming financial years.

**23 (b) Property, Plant and Equipment at Cost**

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

	Cost	Accumulated Depreciation	NBV
Land	10,302,000	0	10,302,000
Buildings	61,455,113	4,650,387	56,804,726
Motor vehicles	0	0	0
Office Equipment, Furniture, And Fittings	1,885,210	116,831	1,768,379
Computers	459,000	242,836	216,164
Other Equipment & Reference materials	658,350	99,688	558,662
Capital work in progress	403,650	0	403,650
<b>Total</b>	<b>75,163,323</b>	<b>5,109,742</b>	<b>70,053,581</b>

**24. Refundable Deposits from Customers/Students**

Description	FY 2022/2023		FY 2021/2022	
	Kshs		Kshs	
Consumer deposits	0		0	
Caution money	461,000		249,000	
Students prepayments	116,610		645,565	
<b>Total Deposits</b>	<b>577,610</b>		<b>894,565</b>	
<b>Ageing analysis:</b>	<b>FY 2022/2023</b>	<b>% of the Total</b>	<b>FY 2021/2022</b>	<b>% of the Total</b>
Under one year	328,610	57%	894,565	100%
1-2 years	249,000	43%	0	0%
2-3 years	0	0%	0	0%
Over 3 years	0	0%	0	0%
<b>Total (to tie to totals deposits above)</b>	<b>577,610</b>	<b>100%</b>	<b>894,565</b>	<b>100%</b>

**25. Retirement benefit Asset/ Liability**

The entity only operates with contribution to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at 6% of the gross pay and capped at Kshs. 1,080 per employee per month in which each employee contributes an equal amount towards the scheme. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

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**Notes to the Financial Statements (Continued)**

**26. Cash generated from operations.**

	<b>FY 2022/2023</b>	<b>FY 2021/2022</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Surplus for the year before tax</b>	<b>8,428,309</b>	<b>3,900,703</b>
<b>Adjusted for:</b>		
Depreciation	2,503,645	2,606,097
Changes in general reserves		69,582,248
<b>Working Capital Adjustments</b>		
Increase in Inventory	50,000	- 50,000
Increase in Receivables	- 10,278,585	- 4,859,523
Increase in Payables	3,202,396	375,737
Increase/Decrease in Payments received in advance	- 316,955	894,565
<b>Net Cash Flow from Operating Activities</b>	<b>3,588,811</b>	<b>72,449,827</b>

**Notes to the Financial Statements (Continued)**

**27. 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.

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

<b>Description</b>	<b>Total amount</b>	<b>Fully performing</b>	<b>Past due</b>	<b>Impaired</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>At 30 June 2022 (previous year)</b>				
Receivables from exchange transactions	3,859,523	3,859,523	0	0
Receivables from non-exchange transactions	1,000,000	1,000,000	0	0
Bank balances	1,650,834	1,650,834	0	0
<b>Total</b>	<b>6,510,357</b>	<b>6,510,357</b>	<b>0</b>	<b>0</b>
<b>At 30 June 2023 (current year)</b>				
Receivables from exchange transactions	14,138,108	14,138,108	0	0
Receivables from non-exchange transactions	500,000	500,000	0	0
Bank balances	1,879,425	1,879,425	0	0
<b>Total</b>	<b>16,517,533</b>	<b>16,517,533</b>	<b>0</b>	<b>0</b>

**Notes to the Financial Statements (Continued)**

**Financial risk management (continued)**

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

The entity has significant concentration of credit risk on amounts due from the last quarter of FY 2022/2023

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

**(ii) Liquidity risk management**

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2022 (previous year)</b>				
Trade Payables	0	0	0	0
Employee Benefit Obligation	357,737	0	0	357,737
<b>Total</b>	<b>357,737</b>	<b>0</b>	<b>0</b>	<b>357,737</b>
<b>At 30 June 2023 (current year)</b>				
Trade Payables	1,109,580	2,468,553	0	3,578,133
Employee Benefit Obligation	0	0	0	0
<b>Total</b>	<b>1,109,580</b>	<b>2,468,553</b>	<b>0</b>	<b>3,578,133</b>

**Notes to the Financial Statements (Continued)**

**Financial risk management (continued)**

**(iii) Market risk**

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

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

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

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

**a) Foreign currency risk**

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

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
<b>At 30 June 2023</b>			
Financial Assets (Investments, Cash, Debtors)	0	0	0
Liabilities			
Trade and Other Payables	0	0	0
Borrowings	0	0	0
Net Foreign Currency Asset/(Liability)	<b>0</b>	<b>0</b>	<b>0</b>

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

Notes to the Financial Statements (Continued)

Financial risk management (continued)

Foreign currency sensitivity analysis

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

	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
<b>2022</b>			
Euro	10%	0	0
Usd	10%	0	0
<b>2023</b>			
Euro	10%	0	0
Usd	10%	0	0

**b) Interest rate risk**

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

**Management of interest rate risk**

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

**Sensitivity analysis**

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs 0 in 2022. A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs 0 since the college did not have any outstanding loan balance.

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

**Notes to the Financial Statements (Continued)**

**Financial risk management (continued)**

**iv) Capital Risk Management**

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

<b>Description</b>	<b>FY 2022/2023 Kshs</b>	<b>FY 2021/2022 Kshs</b>
Revaluation Reserve	0	0
Retained Earnings	8,428,309	3,900,703
Capital Reserve	70,086,358	69,582,248
<b>Total Funds</b>	<b>78,514,667</b>	<b>73,482,951</b>
Total Borrowings	4,155,743	1,270,302
Less: Cash and Bank Balances	1,879,425	1,650,834
Net Debt/(Excess Cash and Cash Equivalents)	2,276,318	(380,532)
<b>Gearing</b>	<b>3%</b>	<b>-1%</b>

**28. 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 college, 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;

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

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

**29. Segment Information**

The college operates a single branch and hence does not qualify for the segmental reporting in accordance with the IPSAS 18.

**30. Events After the Reporting Period**

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

**31. Ultimate And Holding Entity**

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

**32. Currency**

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

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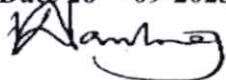
**20. Appendices**

**Appendix 1: Implementation Status of Auditor-General Recommendations**

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

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
N/A	N/A	N/A	N/A	N/A

**Name**  
**Accounting Officer**  
**Kavita C. Kyuli**  
**Date 26<sup>th</sup> -09-2023**




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**Appendix II: Projects Implemented by Mwala TVC**

**Projects**

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

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1	N/A	N/A	-	-	-	-

**Status of Projects completion**

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**Appendix IV: Reporting of Climate Relevant Expenditures**

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
N/A	N/A	N/A	N/A	-	-	-	-	-	-

**Appendix V: Reporting on Disaster Management Expenditure**

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments
N/A	N/A	N/A	-	-	-	-