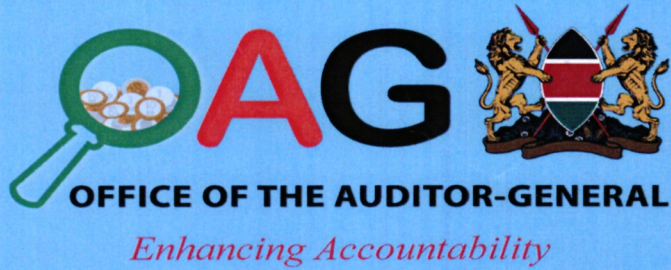


REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY	
<b>REPORT</b>	
DATE: 25 JUL 2023	DAY: TUESDAY
TABLED BY: Hon. Naomi Wago, MP	Deputy Majority Whip
OF	
CLEAR AT THE TABLE: Anne Shubaka	

PARLIAMENT OF KENYA LIBRARY

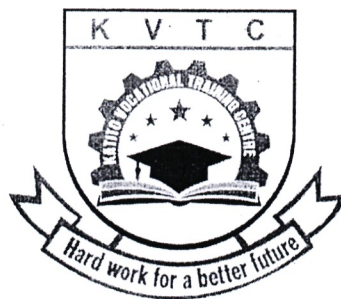
**THE AUDITOR-GENERAL**

**ON**

**KATITO VOCATIONAL TRAINING CENTRE**

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

OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
REGISTRY  
09 MAY 2023  
**RECEIVED**



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**KATITO VOCATIONAL TRAINING CENTRE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**30<sup>TH</sup> JUNE 2022**

---

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

**Katito Vocational Training Centre**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

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**Katito Vocational Training Centre**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

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**I. Key Entity Information and Management**

**(a) Background information**

The Katito Vocational Training Centre was incorporated/ established in 1975 by the local community and co-funded by the Catholic Church to provide training needs to the local populace. The entity was referred to as Katito Village Polytechnic and later, Katito Youth Polytechnic under the ministry of Youth Affairs and Sports. The entity was later registered by TVETA as Katito Vocational Training Centre under the TVET Act 2013 Act on 28<sup>th</sup> January 2016. The entity is domiciled in Kenya and has branches in Katito. The institution is under the County Government of Kisumu in the Department of Education, ICT, and Human Capacity Development

**(b) Principal Activities**

The principal activity/mission/mandate of the entity is to provide employability skills training that is relevant to the contemporary market.

**Our vision statement:**

To be a leading institution linking quality training and sustainable livelihood for holistic growth of our trainees’

**Our mission statement:**

To empower trainees with relevant employability skills for self-directed growth and positive citizenship’

**Our motto:**

‘Hard work for a better future’

**Our core values are;**

- **Quality** - Adopt and ensure high standards in executing KVTC mandate.
- **Team work** - Adapt a participatory approach in discharging the mandate of the VTC
- **Professionalism** - Maintain high standard of operations through skill development and training
- **Innovation** - Utilize the latest, up to date and most appropriate technology in achieving KVTC objectives
- **Dynamism** - Achieve new heights with exemplary success drawing from high levels of energy and enthusiasm
- **Transparency** - Uphold clarity and simplicity in all KVTC endeavors.
- **Accountability** - Demonstrate responsibility for all KVTC decisions, actions and responsive
- **Integrity** - Uphold the quality of being honest and having strong moral principles in all its operations

**(c) Key Management**

The centre day-to-day management is under the following key organs:

- County Directorate
- Board of Governors

- Centre Management  
**(d) Fiduciary Management**

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

No	Designation	Name
1.	CECM	-Dr. John Obiero Awiti
2.	Chief Officer	-Mrs. Penina Onyango
3	Director	-Mrs. Paschalia Ouma
4	Centre Manager	-Mr. Antony Hongo
5	BOG chairman	-Mr. Patrick Obonyo

**(e) Fiduciary Oversight Arrangements**

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

**(f) Entity Headquarters**

P.O. Box 91-40118  
Katito VTC  
Katito-Kendu Bay/Road  
KATITO, KENYA

**(g) Entity Contacts**

Telephone: (254) 0752 705 550  
E-mail: katitopolytechnic@gmail.com  
Website: www.katitovtc.co.ke

**(h) Entity Bankers**

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

1. Kenya Commercial Bank, Kisumu Main Branch  
P.O. Box 17- 40100

**Katito Vocational Training Centre**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

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Kisumu

2. Kenya Commercial Bank, Sondu Branch  
P.O. Box 287- 40109  
Sondu




**(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

## II. The Council/Board of Governors

No.	Name/Photo	Details
1.	<p>Mr. Patrick Okinyi Obonyo</p> 	<p>Mr. Obonyo was born on 20<sup>th</sup> November 1962. He holds a Bachelor of Education (Arts) from the University of Nairobi and a certificate in teaching, learning &amp; assessment from Aga-Khan University Tanzania. Mr. Obonyo has over 30 years of teaching experience and attended short-term courses and seminars related to Education. He is the BOG Chairperson</p>
2.	<p>Ms. Janipher Opondo</p>	<p>Ms. Opondo was Born in the year 1959. She is a P1 teacher with over 30 years of teaching experience.</p>
3.	<p>Ms. Lilian Adhiambo Kere</p> 	<p>Born on 11<sup>th</sup> January 1977, Ms Kere Holds a Diploma in Community Development with over twenty years of working with the community. She is a member of the Training and Infrastructure committee &amp; represents Leadership &amp; Management at the BOG</p>
4.	<p>Mr. Carilus Okech Oloo</p>	<p>Mr. Oloo was born on 20<sup>th</sup> October 1973. He holds a Diploma in Supplies Management. He is a member of the finance committee. He has over 10 years of working experience in the hospitality industry He is the Technology representative at the BOG</p>
5.	<p>Mr. Samuel Onyango Atieno</p> 	<p>Born on 12<sup>th</sup> June 1966, Mr. Atieno is an Electrician with a Certificate in Electrical installation. He is currently working with Kenya Airports Authority with over 30 years of experience in electrical installations and maintenance. He Chairs the Training and Infrastructure committee.</p>
6.	<p>Mr. Dedan Otieno Orieny</p>	<p>Mr Dedan was born on 5<sup>th</sup> October 1962. He holds Post graduate Degree in Economics &amp; Rural Development from Avadh University Faizabad India and a Bachelor of Arts Degree in Economics &amp; Sociology from Barkatulla University, Bhopal India. He is a member of the Training and Infrastructure committee</p>
7.	<p>Mr. Lawrence Odhiambo Okungu</p>	<p>Born on 23<sup>rd</sup> March 1984, Mr. Okungu holds a Bachelor of Science in Information Technology (BSc.IT &amp; Master of Business Administration (MBA-Strategic Management) from Jomo Kenyatta</p>

**Katito Vocational Training Centre  
Annual Report and Financial Statements for the year ended 30th June 2022**

		University of Agriculture & Technology and The University of Nairobi respectively. Mr Okungu is currently the Deputy Director, E-Governance & Systems at the County Government of Kisumu. He is the ICT representative at the BOG.
8.	Mr. Antony Hongo 	Mr Hongo is the secretary to the Board and also the Centre Manager. He was born on 4 <sup>th</sup> June 1986. He holds a Bachelor of Science in Information Technology (BSc.IT) and a Diploma in Education Management.
9.	Mr. James Mbogo	Mr. Mbogo is the Sub-county Administrator representing the Governor.
10.	Ms. Paschalia Ouma	She is the Director responsible for Vocational Education & Training at the County Government of Kisumu.

**III. Management Team**

No.	Member/Director	Details
1.	Centre Manager	Overall in charge of the centre and also the secretary to the Board
2.	Deputy Manager	Assisting the manager to execute management duties
3.	Accounts Clerk	Preparation and keeping of all accounting records, advising on financial issues.

#### **IV. Chairman's Statement**

Katito VTC has over the recent years played a very important role in filling the gap of training young people who otherwise had missed chances to flow into mainstream academic education. The center, encompassed by a wide trainee catchment area, enjoys a competitive advantage over its peers by enrolling a high number of trainees.

Key development projects witnessed in this period include;

##### **Renovations**

1. Two dormitories
2. Agri-business workshop and office
3. 4 washrooms
4. Gate and Security Offices

##### **Completed projects**

1. Motor vehicle service bay
2. Welding & Electrical classrooms
3. Baby care center
4. The first phase of the perimeter wall construction

##### **Other projects**

1. Solar powered borehole water pump system was installed by the County Government of Kisumu

##### **Tools & Equipment**

Below are some of the tools & equipment procured during the year

1. Three office computers
2. Four office chairs
3. Data Projector
4. Tools & Equipment for various departments

##### **Trainee enrolment**

Our trainee's enrolment has steadily improved over the years to the current 381 trainees. This was achieved by the BOG's deliberate effort in publicizing the VTC through the use of local community & Media.

##### **Partnerships**

Katito VTC collaborated with the following public & private partners in the financial year

1. County Government of Kisumu
2. NG-CDF Nyakach
3. KUAP Pandipieri
4. Safaricom Foundation
5. Zizi Afrique
6. GIZ/GFA
7. USAID

##### **Challenges**

Some of the challenges faced by Katito VTC include

**Katito Vocational Training Centre**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

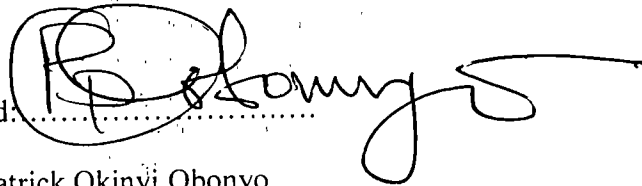
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1. Inadequate trainers
2. Insecurity around Katito VTC
3. Inadequate land for future expansion
4. Inadequate workshops & Modern tools & Equipment
5. Difficulty in payment of exams fees
6. Trainee dropouts
7. Poor attitude of learners to vocational courses hindering improved enrolment.

**Way forward**

- We look forward to working closely with the local community & security agents
- More collaboration with public & private partners to assist in financing our projects
- Mobilize local finances to fill the gaps in financing our development projects
- Thorough publicity in the local community to get more students
- Appeal to the County Government for more trainers

Signed.....



Mr. Patrick Okinyi Obonyo  
BOG chairperson

## **Katito Vocational Training Centre**

### **Annual Report and Financial Statements for the year ended 30th June 2022**

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#### **V. Report of the Centre Manager**

The 2021/2022 financial year was a remarkably busy year for Katito Vocational Training Centre. A new board of governors was inaugurated on 16<sup>th</sup> August 2021 with new members except two who were on the previous board.

I wish to acknowledge the tremendous efforts by the County Government of Kisumu in promoting vocational education and training. In the Financial year 2021-2022, the county government of Kisumu disbursed Ksh.10,230,000.00 for the subsidized training program. This enabled the entity to offer tuition-free training to vulnerable youths who rely on government subsidies to access education. The County Government worked closely with the VTC to improve infrastructural development.

Key development projects witnessed in this period include;

- Renovations of two dormitories, two staff houses, one workshop, two pit latrines, two bathrooms, a security office and a power house at the school of Agribusiness. The works included painting, floor tiling, plumbing works and repairs of cracked walls
- The following projects that begun in the previous financial year were also completed
  - Motor vehicle Mechanics service bay to be used during practical classes by trainees
  - Welding & Fabrication classroom/workshop
  - Electrical classroom
  - Baby care center, is a special room where learners with babies leave them with a caregiver while they attend classes
  - First phase of the perimeter wall
- Solar powered borehole water pumping system was installed by the County Government of Kisumu at the school of Agribusiness

#### **Tools & Equipment**

During the financial year, Katito VTC procured Instructional materials and tools & equipment. Some of the tools and equipment are outlined below.

- Three office computers, for the principal's office, Examinations office, and deputy principal's office
- Four office chairs, for the Principals office & Deputy principal's office
- Data Projector

#### **Trainee enrolment**

Our trainee's enrolment has steadily improved over the years to the current 381 trainees. This was achieved by the BOG's deliberate effort in publicising the VTC through use of local community & Media

#### **Partnerships**

Katito VTC collaborated with the following public & private partners in the financial year

- County Government of Kisumu which remains the main sponsor of the institution
- NG-CDF Nyakach. The CDF office offers bursaries to our trainees

- KUAP Pandipieri supports vulnerable girls at the VTC by sponsoring their exams fee and childcare support
- Safaricom Foundation. The foundation currently sponsors ten trainees
- Zizi Afrique supports the VTC by Capacity building the trainers
- GIZ/GFA. Implements the Agri-Jobs4Youth program, this program offers short-term training in the Agri-food sector
- USAID. Implements the Empowered Youth program. The programs seek to empower youth skills and knowledge on career development

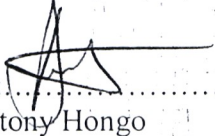
### **Challenges**

Some of the challenges faced by Katito VTC include

- Inadequate trainers remain the biggest challenge faced by Katito VTC, we currently have 3 trainers employed by the county government of Kisumu which has forced the BOG to employ 10 more trainers. The increased wage bill consumes resources that would otherwise be used in development.
- Insecurity. Katito VTC is located within the Katito town which makes it vulnerable to burglary thefts experienced within the town.
- Inadequate land for future expansion. Katito VTC is already feeling the challenge of the small compound with no room for expansion.
- Inadequate workshops & Modern tools & Equipment. There is a need for more workshops & modern tools & equipment for the increasing number of trainees
- Difficulty in payment of exam fees. Most of our trainees come from very poor backgrounds and despite getting tuition-free training, they also need assistance with exams fees.
- Trainee dropouts. some trainees drop out before sitting final exams due to lack of Examinations fee.

### **Way forward**

- On insecurity, the management will work closely with the local community & security agents to prevent burglars and theft of school properties. More collaboration with public & private partners will be encouraged to assist in financing our projects. The BOG shall mobilize local finances to fill the gaps in financing our development projects. We shall continue investing in marketing publicity of the VTC to increase enrolment. Finally, we continue to appeal to the County Government of Kisumu to employ more trainers

Signed: .....  
Mr. Antony Hongo  
Centre Manager/BOG Secretary

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

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

*Katito VTC* has 5 strategic pillars /issues/ themes and objectives within current Strategic Plan for the FY 2020/2021- FY 2025/2026. These strategic pillars are as follows:

- Pillar 1: High training standards
- Pillar 2: Values, hard work & discipline
- Pillar 3: ICT integration
- Pillar 4: Partnerships & Collaborations
- Pillar 5: Infrastructure development

*Katito VTC* develops its annual work plans based on the above 5 pillars. Assessment of the Board's performance against its annual work plan is done quarterly. The VTC achieved its performance targets set for the FY 2021/2022 period for its 5 strategic pillars, as indicated in the diagram below:

<b>Strategic Pillar</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
Pillar 1: High training standards	To ensure that the institution achieves high training standards	-Positive Exams results -Highly skilled TVET graduates	-The staff commits itself to the effective and efficient utilization of resources to achieve high training standards	98% pass in National Exams
Pillar 2: Values, hard work & discipline	To develop an institutional culture of positive values, hard work, and disciplined Trainees	-Low indiscipline cases	-Uphold positive values among trainees & staff -Maintain high standards of discipline in and out of school	-Indiscipline cases reduced by half
Pillar 3: ICT integration	To integrate ICT in teaching and learning	-ICT equipment & Technology used	-Invest resources in Information Communication technology across the departments for ICT integrated learning	50/% integrated

**Katito Vocational Training Centre**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

Pillar 4: Partnerships & Collaborations	To promote partnership with private and public institutions	Partnerships MOUs	-Sign MOUs with partners	3 MOUs signed
Pillar 5: Infrastructure development	To improve physical facilities and acquire modern tools and equipment	-asset inventory	-Construction of 4 pit latrines -Install a Solar power pump for the borehole	4 Pit latrines constructed  Solar-powered pump installed

**VII. Corporate Governance Statement**

The Katito VTC Board of governors met four times during the 2021/2022 financial year period with the board committees also meeting four times

**Key responsibilities of the Board**

1. Monitoring performance against strategic objectives
2. Promoting the aims and objectives of the institution
3. Extending links and communication between the centre and the community
4. Resource mobilization
5. Setting strategic aims and objectives
6. Supporting the centre to achieve its mission and vision

**Remuneration of members of Board of Governors**

Katito VTC pays the BOG Chairperson and BOG members 3000 shillings and 2000 shillings each respectively every time they attend a board meeting.

**Board meetings**

The board of governors holds meetings once every quarter to deliberate on issues relating to the centre. Meetings are chaired by the BOG chairperson or the Vice-chair or any member in case of the absence of the two. The board may on its own volition invite a resource person to sit in their board meetings to solicit particular input. Conflict of interest among board members is prohibited by law and members are expected to apply high ethical standards in carrying out their responsibilities.

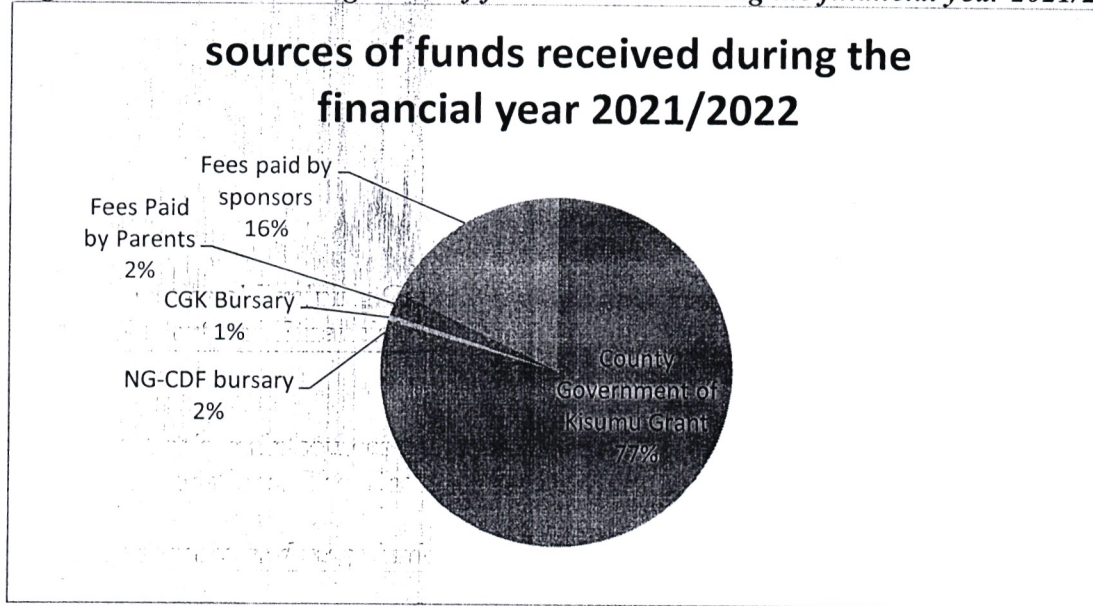
**VIII. Management Discussion and Analysis**

**Operational and Financial performance**

To respond to the prevailing national training needs, Katito VTC infused its resources prudently into key areas to achieve the centre's core objectives. Our day-to-day operations during this period revolved around meeting the needs of our trainees through the provision of quality training, lunch program, trainees' welfare, trainees' psychosocial support mechanisms, trainees' talent development, and linkages with industrial partners.

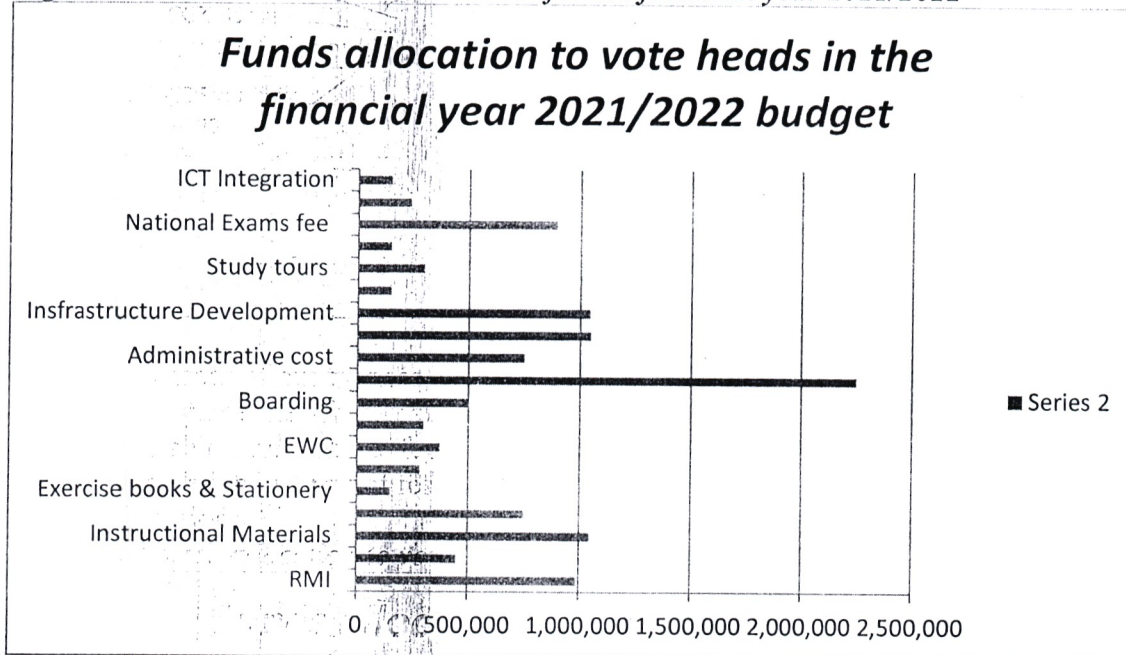
The institution's main sources of funding are; County Grant, own revenue collected from fees, IGAs, and donations. The Chart below shows the magnitude of these sources in the period 2021/2022.

**Figure 1: sources and magnitude of funds received during the financial year 2021/2022**



To meet the needs of our trainees, the management developed key budget lines, all of which are in tandem with guidelines from national government policies. The following were financial vote heads that enabled the centre to fully cover all its training objectives. The vote heads were accorded different weighting in terms of resource allocation. The table chart below depicts these allocations during this period.

**Figure 2: Funds allocation to vote heads for the financial year 2021/2022**



**Key projects done**

The following are key projects the management executed during this period.

1. Construction of MVM service bay
2. Construction of Electrical & Welding Classrooms
3. Phase one of the perimeter fence
4. Renovation of Dormitories

**Major risks facing the Centre**

When the management assessed risk factors that the VTC faces, the following were narrowed down as the major ones;

1. Insecurity
2. Drug & substance abuse among the youth

**IX. Environmental and Sustainability Reporting Statement**

Katito VTC 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.

**Sustainability strategy and profile**

Katito VTC is keen to always operate and conduct its business with integrity both in the domain of compliance to statutory laws and pro-activeness in instituting initiatives that promote human rights, help communities, and conserve the natural environment

**Environmental performance**

Katito VTC recognizes the need to protect the natural environment. It is our policy that every member participates in promoting clean environment approach by reducing, reusing and recycling waste. We endeavour to manage and treat our wastes within the entity.

**Employee welfare**

Our policy on employee welfare is hinged on three main points namely promoting the health and safety of our employees, supporting diversity and inclusion, and protecting human rights.

We are also dedicated to ensuring that we motivate our employees through non-monetary rewards and continued capacity building.

**Market place practices-**

Katito vtc maintains a clear profile on best market practices by adhering to the following practices;

- a) Transparent and fair treatment of our suppliers during our procurements
- b) Conducting objective advertisement and sensitization campaigns that do not malign the reputation of our competitors
- c) Strict adherence to statutory laws

## **Katito Vocational Training Centre**

### **Annual Report and Financial Statements for the year ended 30th June 2022**

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#### **Corporate Social Responsibility / Community Engagements**

The management of Katito VTC is acutely aware that the centre does not exist in isolation; it is bound by an environment consisting of both man-made and natural aspects. Cognizant of this, the management reiterates its willingness to observe and propagate community values.

#### **X. Report of the Council/Board of Governors**

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

#### **Principal activities**

The principal activity of the Centre is to provide employability skills training that is relevant to the contemporary market.

#### **Results**

The results of the entity for the year ended June 30 are set out on page 6-19

#### **Council/Board of Governors**

The members of the Board/Council who served during the year are shown on page vi

#### **Auditors**

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

By Order of the Board



.....  
**Secretary of the Board/Council**

Nairobi

Date:

**XI. Statement of Board of Governors/ Council's Responsibilities**

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

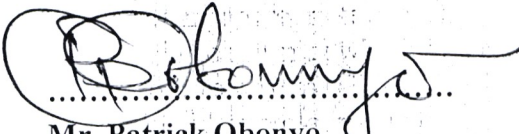
The Council members are responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2022. This responsibility includes: (i) maintaining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

The Council members accept responsibility for the entity's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments 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) – entities should quote applicable legislation as indicated under). The council members are of the opinion that the entity's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2022, and of the entity's financial position as at that date. The Council members further confirm the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.


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

**Approval of the financial statements**

The *entity's* financial statements were approved by the Board on 22<sup>nd</sup> June 2022 and signed on its behalf by:

  
.....

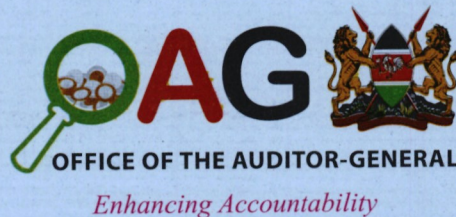
**Mr. Patrick Obonyo**  
**Chairperson of the Board/Council**

  
.....

**Antony Hongo**  
**Accounting Officer/Principal**

# REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



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

## REPORT OF THE AUDITOR-GENERAL ON KATITO VOCATIONAL TRAINING CENTRE FOR THE YEAR ENDED 30 JUNE, 2022

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Katito Vocational Training Centre set out on pages 1 to 17, which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and

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*Report of the Auditor-General on Katito Vocational Training Centre for the year ended 30 June, 2022*

other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015.

In my opinion, 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 Katito Vocational Training Centre as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, and the Technical and Vocational Education and Training Act, 2013.

## **Basis for Qualified Opinion**

### **1. Unconfirmed Opening Balances**

The financial statements reflect comparative balances for 2020/2021. However, the management did not submit financial statements for 2020/2021 to the Auditor-General for audit and have not been submitted to date.

In the circumstances, the accuracy of the opening and closing balances could not be confirmed.

### **2. Inaccuracies in the Financial Statements**

The financial statements submitted for audit had various errors and inconsistencies as detailed below;

- (i) Management did not provide a ledger to support the balances in the financial statements. Further, the financial statements balances were at variance with the trial balance provided for audit.
- (ii) The balance of Kshs.10,926,739 reflected as net asset in the statement of financial position was not supported with any schedules.
- (iii) The statement of cash flow reflects closing cash and cash equivalent balance of Kshs.928,918. However, a recasting of the statement reflects Kshs.1,215,684 resulting in unexplained difference of Kshs.286,766.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

### **3. Unsupported Board Expenses**

The statement of financial performance reflects board expenses of Kshs.112,760. However, the supporting schedule provided for audit reflects an amount of Kshs.135,380 resulting in an unexplained variance of Kshs.22,620.

In the circumstances, the accuracy of board expenses of Kshs.112,760 could not be confirmed.

#### **4. Non-Disclosure of Property, Plant and Equipment**

The statement of financial position has not disclosed any balance for property, plant and equipment. However, physical inspection at the institution indicated that the Centre has fixed assets of undetermined values in form of buildings, furniture and computers all of which have not been accounted for in the financial statements.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

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

#### **Key Audit Matters**

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

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

##### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing 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**

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

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

##### **Conclusion**

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

## **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## **Responsibilities of Management and 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.

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Training Centre's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Training Centre to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Training Centre to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

23 June, 2023

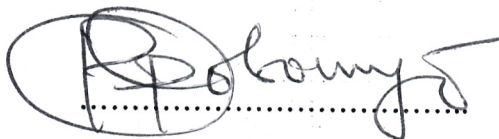
**Katito Vocational Training Centre**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

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

Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
<b>Revenue from Non-Exchange transactions</b>			
Transfers from other National Government entities	6	-	2,490,000
Transfers from other levels of government (County Government of Kisumu)	7	10,230,000	-
		<b>10,230,000</b>	<b>2,490,000</b>
<b>Revenue from Exchange transactions</b>			
Rendering of services- fees from students	8	1,563,060	1,483,945
<b>Revenue from Exchange transactions</b>		<b>1,563,060</b>	<b>1,483,945</b>
<b>Total Revenue</b>		<b>11,793,060</b>	<b>3,973,945</b>
<b>Expenses</b>			
Use of goods and services	9	8,241,657	2,595,181
Employee costs	10	1,191,500	628,440
Board /Council Expenses	11	112,760	-
Repairs and maintenance	12	1,721,004	990,138
<b>Total Expenses</b>		<b>11,266,921</b>	<b>4,213,759</b>
<b>Net surplus for the year</b>		<b>526,139</b>	<b>(239,814)</b>
Attributable to:			

The notes set out on pages 6 to 16 form an integral part of the Annual Financial Statements

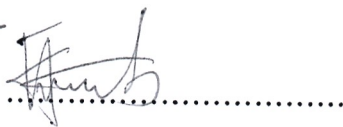
The Financial Statements set out on pages 1 to 5 were signed by:



Chairman of Council/Board

Date

05/05/23



Finance Officer

ICPAK No

Date

05/05/2023



Centre Manager

Date

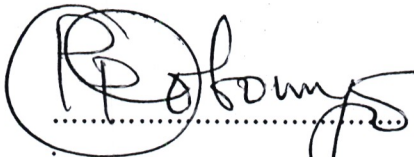
5/5/2023

**KATITO VOCATIONAL TRAINING CENTRE**  
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**XIV. Statement of Financial Position as at 30th June 2022**

Designation	Notes	2021/2022 Kshs	2020/2021 Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	13	928,919	689,546
Current portion of receivables from exchange transactions	14	9,332,440	-
Inventories	15	916,606	-
		<b>11,177,965</b>	<b>689,546</b>
<b>Total Assets</b>		<b>11,177,965</b>	<b>689,546</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables from exchange transactions	16	251,226	-
<b>Total Liabilities</b>		<b>251,226</b>	<b>-</b>
<b>Net Assets</b>		<b>10,926,739</b>	<b>689,546</b>
<b>Total Net Assets and Liabilities</b>		<b>10,926,739</b>	<b>689,546</b>

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



Chairman of Council/Board

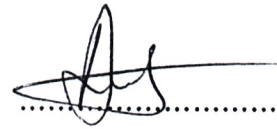
Date 05/05/23



Finance Officer

ICPAK No

Date 5/5/2023



Centre Manager

Date 5/5/2023

KATITO VOCATIONAL TRAINING CENTRE  
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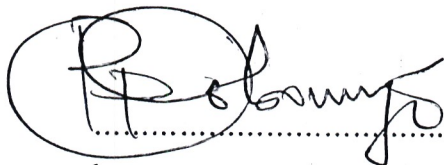
XV. Statement of Changes in Net Asset for the year ended 30 June 2022

	Revaluation RESERVE	Fair Value Adjustment RESERVE	Retained EARNINGS	Capital Development GRAND FUND
At July 1, 2020	901,876.65	0	0	901,876.65
At June 30, 2021	501,829	0	0	501,829
At July 1, 2021	501,829	0	0	501,829
At June 30, 2022	526,139	0	0	526,139

**KATITO VOCATIONAL TRAINING CENTRE**  
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**XVI. Statement of Cash Flows for the year ended 30 June 2022**

Description	Notes	2022	2021
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other government entities/govt. Grants		10,230,000	2,490,000.00
Rendering of services- fees from students		1,563,060	1,483,945.00
<b>Total Receipts</b>		<b>11,793,060</b>	<b>3,973,945</b>
<b>Payments</b>			
Compensation of employees		1,191,500	628,440
Use of goods and services		8,241,657	2,135,181.00
Repairs and maintenance		1,721,004	0
Board expenses		112,760	
<b>Total Payments</b>		<b>11,266,921</b>	<b>3,753,759.0</b>
<b>Net Increase/(Decrease) in Cash and Cash equivalents</b>			0
Cash and Cash equivalents at 1 JULY	14	689,545.65	0
<b>Cash and Cash equivalents at 30 JUNE</b>	14	<b>928,918.65</b>	<b>689,545.65</b>



Chairman of Council/Board

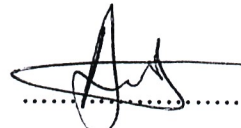
Date 05/05/23



Finance Officer

ICPAK No

Date 5/5/2023



Centre Manager

Date 5/5/2023

**KATITO VOCATIONAL TRAINING CENTRE**  
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**XVII. Statement of Comparison of Budget & Actual amounts for the year ended 30 June 2022**

	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	%
<b>Revenue</b>							
Transfers from other govt entities and govt grants	10,650,000	(420,000)	10,230,000	10,230,000	0	0	100%
Rendering of services- fees from students	9,290,000	(7,726,940)	1,563,060	1,563,060	0	0	100%
<b>Total Income</b>	<b>19,940,000</b>	<b>(8,146,940)</b>	<b>11,793,060</b>	<b>11,793,060</b>	<b>0</b>	<b>0</b>	<b>100%</b>
<b>Expenses</b>							
Compensation of employees	1,338,000	(146,500)	1,191,500	1,191,500	0	0	100%
Use of goods and services	17,399,770	(9,158,113)	8,241,657	8,241,657	0	0	100%
Repairs and maintenance	1,052,230	668,774	1,721,004	1,721,004	0	0	100%
Board expenses	150,000	(112,610)	112,760	112,760	0	0	100%
<b>Total Expenditure</b>	<b>19,940,000</b>	<b>(8,748,449)</b>	<b>11,266,921</b>	<b>11,266,921</b>	<b>0</b>	<b>0</b>	<b>100%</b>
<b>Surplus For the Period</b>	<b>0</b>	<b>0</b>	<b>526,139</b>	<b>526,139</b>	<b>0</b>	<b>0</b>	<b>100%</b>

**XVIII. Notes to the Financial Statements**

**1. General Information**

Katito VTC is established by and derives its authority and accountability from TVETA Act 2013. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is the provision of technical training.

**2. Statement of Compliance and Basis of Preparation**

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

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

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the TVET Act, 2013 and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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

**3. Adoption of New and Revised Standards**

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

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

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

Standard	Effective date and impact:
<p><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>

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Standard	Effective date and impact:
<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> <ul 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> </ul>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<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 guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</li> </ul> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other improvements to IPSAS</p>	<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></li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul>

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Standard	Effective date and impact:
	<p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b> Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</li> </ul>
IPSAS 43	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></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><b><i>Applicable 1<sup>st</sup> January 2025</i></b></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**

(The entity) did not early-adopt any new or amended standards in year 2022.

#### 4. Summary of Significant Accounting Policies

##### a) Revenue recognition

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

###### Transfers from other government entities

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

##### b) Budget information

The original budget for FY 2021/2022 was approved by the Council or Board on **22/12/2020**. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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

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

##### c) 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

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

**Inventories (Continued)**

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

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

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

**d) Provisions**

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

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

**e) 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.

**f) Comparative figures**

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

**g) Subsequent events**

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

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

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

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

**Estimates and assumptions**

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

**Useful lives and residual values**

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

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

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

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

Description	2021-2022	2020-2021
	KShs	KShs
<b>Unconditional Grants</b>		
Capitation Grants	0	2,490,000
<b>Total Government Grants and Subsidies</b>	<b>0</b>	<b>2,490,000</b>

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

Description	2021-2022	2020-2021
	KShs	KShs
Transfer from County Government of Kisumu	10,230,000	-
<b>Total Transfers</b>	<b>10,230,000</b>	<b>-</b>

**8. Rendering of Services**

Description	2021-2022	2020-2021
	KShs	KShs
Industrial Attachment Fees	12,000	1,483,945
Examination Fees	782,000	
Facilities and Materials	304,616	
Administration Fees	104,029	
Lunch program	360,415	
<b>Total Revenue from The Rendering Of Services</b>	<b>1,563,060</b>	<b>1,483,945</b>

*(Provide brief explanation for this revenue)*

**9. Use of Goods and Services**

Description	2021-2022	2020-2021
	KShs	KShs
Instructional Materials & Tools	4,198,608	1357311
Electricity	60,000	152,080
Water	6000	0
Security	210,000	0
Professional and consultancy services	82,000	67,500
Cocurricular activities	362,000	67,804
Advertising	114,000	0
Examination fees	1,583,020	101,500
School lunch	1,036,225	171,460
Travelling and accommodation (boarding expenses)	50,000	0
Admin cost	237,240	85279

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Postage	7,725	0
Skills Competitions	212,500	130,669
Internet expenses	74,491	0
Bank Charges	7,848	1578
<b>Total good and services</b>	<b>8,241,657</b>	<b>2,135,181</b>

**10. Employee Costs**

Description	2021-2022 Kshs	2020-2021 Kshs
Salaries and wages	1,191,500	628,440
<b>Employee Costs</b>	<b>1,191,500</b>	<b>628,440</b>

**11. Board/Council Expenses**

Description	2021-2022 Kshs	2020-2021 Kshs
Other Board/Council Expenses	112,760	0
<b>Total</b>	<b>112,760</b>	<b>0</b>

**12. Repairs and Maintenance**

Description	2021-2022 Kshs	2020-2021 Kshs
Property	1,721,004	-
<b>Total Repairs and Maintenance</b>	<b>1,721,004</b>	<b>990,138</b>

Notes to the Financial Statements (Continued)

13. Cash and Cash Equivalents

	2021-2022	2020-2021
	KShs	KShs
Current Account	928,918.65	689,546
<b>Total Cash and Cash Equivalents</b>	<b>928,918.65</b>	<b>689,546</b>

(The amount should agree with the closing and opening balances as included in the statement of cash flows)

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

Financial Institution	Account number	2021-2022	2020-2021
		KShs	KShs
<b>a) Current Account</b>			
Kenya Commercial Bank(COUNTY)	1112431306	97.65	1186.65
Kenya Commercial Bank(SCHOOL)	1234184036	317,334	104,029.00
Kenya Commercial Bank(SVTCSG)	1233819372	611,487	396,614.00
<b>Total</b>		<b>928,918.65</b>	<b>501,829.65</b>

14. Receivables from Exchange transactions

	2021-2022	2020-2021
	KShs	KShs
<b>Current Receivables</b>		
Student Debtors	9,293,940	0
Staff advanced payments	38,500	0
<b>Total Current Receivables</b>	<b>9,332,440</b>	<b>0</b>

15. Inventories

	2021-2022	2020-2021
	KShs	KShs
Consumable stores	134,106	0
Learning Materials Stores	782,500	0
<b>Total Inventories at lower of Cost and Net Realizable Value</b>	<b>916,606</b>	<b>0</b>

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**16. Trade and Other Payables from Exchange transactions**

Trade payables	251,226	0
<b>Total Trade and Other Payables</b>	<b>251,226</b>	<b>0</b>

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**XIX. 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.

Have any of the external audit Report	Issue/ Observations from Auditor	Management comments	Status (Resolved/ Not Resolved)	Timeline (By when the issue to be resolved)
N/A	No previous external audit report	N/A	N/A	N/A

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**Antony Hongo  
Accounting Officer  
(Centre Manager)  
Date:**