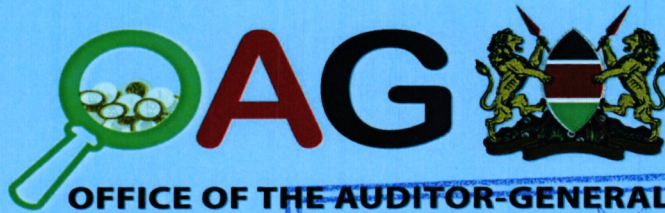


REPUBLIC OF KENYA



Enhancing Accountability

THE NATIONAL ASSEMBLY
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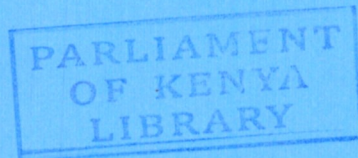
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BY:

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REPORT:

Mairah Wangjiku



OF

THE AUDITOR-GENERAL

ON

**TETU TECHNICAL AND VOCATIONAL
COLLEGE**

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



**Annual Financial Reporting Template
For
Technical Vocational Education Training (TVET) Institutions**

**TETU TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30TH JUNE, 2020**

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



**TETU TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
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KEY COLLEGE INFORMATION AND MANAGEMENT

(a) Background information

The college was established under the TVET Act 2013 on 2ndFeb 2019, it's domiciled in Kenya and has no branches. The College is technical and vocational college under the Ministry of Education Currently the college has the following academic programmes

- a) Food & beverages
- b) Fashion and design
- c) Information communication technology
- d) Plumbing
- e) Electrical engineering
- f) Hairdressing and Beauty therapy

(b) Principal Activities

The principal activity of the *college* is to provide quality TVET skills using appropriate technology to empower trainees for global competitiveness

College motto

TVET skills for industrial growth

Mission

To provide quality TVET skills using appropriate technology to empower trainees for global competitiveness

Vision

To be a leader in provision of technical skills in Kenya and beyond

(c) Key Management

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

- Board of Governors
- Accounting officer/ Principal
- Top Management

**TETU TECHNICAL AND COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
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(d) Fiduciary Management

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

No.	Designation	Name
1.	Principal	Fredrick wainaina
2	Ag Deputy Principal	James Kihara Mwangi
3	Ag. Registrar	Henry Kihara Mbugua
4	Ag Dean of Students	Charles Omweri Omambia
5	Ag Head of Department-ICT	Grace Wangari Murigu
6	Ag Examinations Officer	Fredrick Kiarie Wambugu
7	Ag Head of Department-Institutional Management	Lilly Wangari Mugo
8	Ag Industrial Liaison Officer	Isaac Wambugu Mutitu
9	Ag Guidance and Counselling CA/CU patron	Kenneth Muriuki
10	Ag Head of Section	Veronicah Wambui Mwangi
11	Ag Head of Section	Florence Muthoni Gachoka
12	Ag Head of Section	Jerioth Njeri Gitonga

(e) Fiduciary Oversight Arrangements

Executive committee

S no	Name	Designation
1	Dr Mercy Mwaniki	Chair
2	Mr Fredrick Wainaina	Principal/Bog Secretary
3	Ms Catherine Ngetich	Member
4	Mr Sebastian Kweyu	Member

Risk & audit committee

S no	Name	Designation
1	Ms Doreen Mugiira	Committee Chair
2	Ms Mary Gachuhi	Member
3	Mr Authur Mamo	Member
4		

Finance & human resource committee

S no	Name	Designation
1	Ms Mary Gachuhi	Committee Chair
2	Ms Lucy Wanyitu	Member
3	Ms Doreen Mugiira	Member
4	Ms Mary Gachuhi	Member

Technical committee

S no	Name	Designation
1	Mr Sebastian Kweyu	Committee Chair
2	Ms Catherine Ngetich	Member
3	Ms Lucy Wanyitu	Member
4	Mr Authur Mamo	Member

**TETU TECHNICAL AND COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2020**

(f) College Headquarters

P.O. Box 1716 – 10100,
Nyeri
3 Km from Giakanja Shopping Center Off Nyeri Othaya Road

(g) College Contacts

Telephone :(254) 758 660 300
E-mail: tetutvc@gmail.com
Website: www.tetutvc.ac.ke

(h) College Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Kenya Commercial Bank
Muranga Branch
P.O. Box 112,
Muranga;

(i) Independent Auditors




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

(j) Principal Legal Adviser



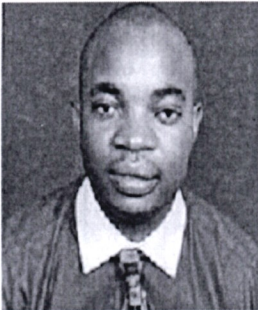

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

**TETU TECHNICAL AND COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2020**


THE BOARD OF GOVERNORS

photo and name, and profession/academic qualifications	description of each Director's date of birth, key qualifications and work experience
 <p>1. Name: Dr. Mercy W Mwaniki Profession: Lecturer Academic: Doctor of philosophy natural science and technology (Bioscience)</p>	<p>Date of birth: 15th April, 1969 Qualification Doctor of philosophy natural science and technology (Bioscience) Work experience: 30 years</p>
 <p>2. Name: Catherine Chepng'eno Ng'etich Profession: Electrical Engineer Academic: BSC. Electrical & Electronics Engineering</p>	<p>Date of birth: 25th Nov 1979 Qualification Bsc. Electrical & electronics engineering Work experience 4yrs as acting senior engineer central engineering workshop 6yrs as electrical engineer 2 central engineering workshop</p>
 <p>3. Name : Arthur Kihato Mamo Profession: Engineer Academic : MBA Project Management BSC. Water Engineering</p>	<p>Date of birth 20th September, 1986 Qualification MBA Project Management BSC. Water Engineering Work experience Project coordinator : 3 yrs Project Engineer: 8 yrs Non –revenue water management engineer: 2yrs</p>

**TETU TECHNICAL AND COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
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 <p>4. Name :Lucy Mugure Wanyitu Profession: Teacher /Trainers Academic : Masters in gender &development studies</p>	<p>Date of birth 8th August, 1966 Qualification Master in gender &development studies Bachelors of education arts Work experience 1 Year as county executive officer 4years as member of county assembly 21 years as a teacher at Nyeri Moi Complex and Tetu Girls</p>
 <p>5. Name: Doreen Kairuthi Mugiira Profession: Accountant Academic: Bachelors Of Commerce (Finance)</p>	<p>Date of birth: 05/06/1985 Qualification Bachelors Of Commerce (finance) Diploma In Business Management Certificate In Business Administration Work experience 1 yr as IT and customer relations at centenary sacco 4 yrs as clerical officer at CDF North Imenti Constituency</p>
 <p>6. Name:Sebastian Chitechi Kweyu Profession: Lecturer/Business Consultancy Academic: MBA</p>	<p>Date of birth 24/02/1973 Qualification Phd candidate Kenyatta University MBA University of Nairobi BSC Tourism Degree Moi University Work experience 2012- date Lecturer Kenyatta university 2014 -2015 commercial manager southern airlines 2011- 2011 revenue manager arik air 2006- 2011 senior demand analyst Kenya airways 2005- 2006 capacity control coordinator Qatar airways</p>
	<p>Date of birth 24th January, 1964 Qualification Higher diploma in human resource management Work experience 9 years as human resource officer at KPLC</p>

**TETU TECHNICAL AND COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
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<p>7. Name: Mary Jane Waithira Gachuhi Profession: Human Resource Manager Academic:BA (Economic & public Administration)</p>	<p>23 Years as human resource officer at KenGen</p>
<p>8.  Fredrick wainaina Principal Tetu TVC</p>	<p>Date of birth: 21st march 1968 key Qualifications: Higher diploma in technical education Profession qualifications Diploma in technical education Working experience Teaching experience for 20 years</p>

MANAGEMENT TEAM

No.	Name	Designation
1.	Fredrick wainaina	Principal
2	James Kihara Mwangi	Ag Deputy Principal
3	Henry Kihara Mbugua	Ag. Registrar
4	Charles Omweri Omambia	Ag Dean of Students
5	Grace Wangari Murigu	Ag Head of Department-ICT
6	Fredrick Kiarie Wambugu	Ag Examinations Officer
7	Lilly Wangari Mugo	Ag Head of Department-Institutional Management
8	Isaac Wambugu Mutitu	Ag Industrial Liaison Officer
9	Kenneth Muriuki	Ag Guidance and Counselling CA/CU patron
10	Veronicah Wambui Mwangi	Ag Head of Section
11	Florence Muthoni Gachoka	Ag Head of Section
12	Jerioth Njeri Gitonga	Ag Head of Section

TETU TECHNICAL AND COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2020

CHAIRMAN'S STATEMENT

I am pleased to present the annual report and financial statement of Tetu Technical & Vocational College for the year ended 30th June 2020.



The demand for TVET programmes in the country has continued to rise prompting the institution to continually introduce academic programme that respond to the demand of the market. The objective of the board is to position the college main programmes within the context of the market requirements, cost rationalisation, equity and customer satisfaction.

During the financial 2019 - 2020 period, key achievements were realized, these are

- Increased student's enrolment
- Substantial physical infrastructure
- Establish and Strengthened collaboration and liaison with key local industries where the college can attach its trainees.
- Established collaboration with the sister institutions.
- Established public private partnership to address the shortage of accommodation spaces for the increased population growth.
- Participated in various KATTI activities at both the regional and national levels.
- Strengthen marketing strategies which have prompted population growth.

During this 2019-2020, financial year, financial commitment was geared towards establishment academic structures, policies, implementation of the College strategic plan which has sets out the process and timeframe of putting up various structures suited to give support to academic programmes being the core function of the institution.

I am proud to note that most of the goals set out within the year of the strategic plan have indeed been achieved. These include:

- Growth in student's numbers,
- Competitive recruitment of staff both trainers and other support staff.
- Development of the infrastructures to support academic programmes.
- Development of various physical infrastructures in the college.
- Implementation of the developed policies.


The college received HELB loans /bursary and GoK capitation for the college trainees 'however it has been withheld by the mentoring institution due to the accumulated debt of kshs. 5,924,513.00. It's my appeal to the ministry of education to offset the above outstanding debts owed to the mentor. When released, the fund will be utilised in mounting of academic structures that will boost good training environment for both trainers and trainees.

In this regard, I wish to thank the members of the board who have provided useful insight to the college management making it possible to collectively make progress. The board remains committed to building on the foundation laid down so far and work closely with all the stake holders in order to realise further development. The board is pleased with efforts of the TTVC to ensure prudent management of resources and the level of compliance with the government regulations and statutory requirement.

**TETU TECHNICAL AND COLLEGE
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I thank the government for its financial support so far that has made it possible to implement the TTVC functions and programmes.

I finally, wish to thank all stake holders for their continued support and dedication, even as we together strive to achieve greater heights of excellence.


Dr. Mercy W. Mwaniki
Chair of the Board of Governors

**TETU TECHNICAL AND COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2020**

REPORT OF THE PRINCIPAL



Presented herein is the annual report and financial statement of Tetu Technical & Vocational College for the year ended 30th June 2020 as per requirements of the Public Finance Management Act of 2012 and public audit act, 2003.

Non financial information

(a) Academic programme

During the financial year under review the college had 6 academic programme. Namely

- a) Food & beverages
- b) Fashion and design
- c) Information communication technology
- d) Plumbing
- e) Electrical engineering
- f) Hairdressing and Beauty therapy

(b) Student population

The College admits students allocated by KUCCPS, walk in placements and outsourcing them from high population catchment areas. By the end of the 2019/20 financial year, the College had a population 121 students. The number is expected to rise to over 300 students in the 2020/21 financial year. This will be achieved through

- Aggressive marketing of the college programmes
- Expansion of the college training facilities to accommodate more trainees
- Mounting of academic programmes that are attractive to trainees
- Improved internal and external academic performance
- Strengthened collaborations with local industrials and other institutions of higher learning

(c) Strategic Plan & college operational policies

The college developed and operationalized its 1st strategic plan for the 2019/20 to 2023/24 financial year which is meant to transform the college to the state of the art training institution by the end of the strategic plan horizons. The college also developed the following policies which will steer the college to great heights.

- (i) Academic Policy,
- (ii) Scheme Of Service,
- (iii) Financial Policy
- (iv) Human Resource Policy
- (v) Student Rules & Regulation

(d) Provision of requisite facilities

As a strategy to increase competitive advantage, the management of the College continued to expand the existing training facilities to attract and accommodate more students.

(e) Appointment and inauguration of the new BoG.

In the financial year 2019/2020, the College Board of Governor was appointed and inaugurated in the month of September, and induction was done in the month February 2020 to equip them with prerequisite skills to oversight the management of the College resources.

**TETU TECHNICAL AND COLLEGE
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(f) CORPORATE SOCIAL RESPONSIBILITY

The College embarked on the following CSR activities within the year.

- Hiring members of the local community on casual basis
- Donated face mask to the local community
- Provided Mentorship programmes

Financial information

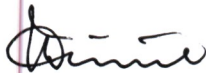
During the financial year under review, the College realized a deficit of **kshs. -4,385,370.59** compared to the deficit of **kshs -3,300,329.25** for the year ended on 30th June 2019.

This has been attributed to decline in sources of the revenue, slow students population growth and increase in the payables of kshs. 5,924,513.00 Which is due to the mentoring institution.

On behalf of the management and staffs of TTVC, i take this opportunity to thank the Board of the Governors for the support accorded to the college and for its visionary direction in development of the college.

I appreciate the support from the GoK through -out the year under review though we appeal for more support especially for the purpose of establishing suitable facilities required towards becoming the TVET of choice for trainers in Kenya and beyond.

I thank all the staffs and trainees of TTVC for their continued cooperation in this challenging but noble task of building the College and I look forward to the same cooperation and enthusiastic participation in 2020 – 2021 financial year.



Fredrick Wainina
Principal/Secretary BOG

**TETU TECHNICAL AND COLLEGE
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REVIEW OF TETU TECHNICAL & VOCATIONAL COLLEGE 'S PERFORMANCE FOR FY 2019/2020

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 college performance against predetermined objectives.

Tetu TVC has seven strategic pillars and objectives within its Strategic Plan for the FY 2019/20-2023/2024. These strategic pillars are as follows:

- Enhancement of access and equity
- Improve college visibility & corporate image
- Infrastructure development
- Enhance research and innovations.
- enhancement of human resource establishment and development
- enhance ICT integration in training & operations
- Enhanced collaboration, partnerships and linkages

Tetu TVC develops its annual work plans based on the above seven 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 2019/2020 period for its seven strategic pillars, as indicated in the diagram below:

**TETU TECHNICAL AND VOCATIONAL COLLEGE
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Pillar no	Objective	K P I	Activities	Achievements
1	Enhancement of access and equity	No of market driven academic programme in place	Start CBET programmes	TVET CDACC programme in hair dressing & beauty therapy
2	Improve college visibility & corporate image	No of trainees enrolled	Aggressively market the college programme through various mean	Enrolment increased by 50 students
3	Infrastructure development	No of infrastructures and equipments in place	build the college main gate plus gate house	gate and gate management house built and in use.
4	Enhance research and innovations.	Research & innovation policy developed	develop online application where potential trainees can apply for courses	Online application platform developed
5	enhancement of human resource establishment and development	Staff establishment in place	Carry out skills gaps analysis Carry out staffs training needs assessments Execute intervention programmes	PSC recruited staffs in areas where there was skills gap
6	enhance ICT integration in training & operations	Number and type of ICT equipment	Update antivirus softwares regularly Back up the college information	antivirus softwares regularly Updated college information Backed up
7	Enhanced collaboration, partnerships and linkages	No of industrial players who have collaborated with college	Collaborate with the players in the hospitality industries where college trainees can be attached. Collaborate with Wamagana health centre unit in promotion in attainment of UHC	MoU developed with identified key players in market training & sensitization on COVID 19 response done by health workers from wamagana health centre

**TETU TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
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CORPORATE GOVERNANCE STATEMENT

Tetu Technical & vocational College corporate objective is to provide Technical and Vocational Education and training for producing competent graduates that can develop rapidly in their specialized fields and are relevant in the global market

This will be done by using innovation, training and community outreach as prescribed by the mission statement and through the discovery, development and conversion of talent and natural resources, and the provision of innovative customer and market- focused academic programmes.

Corporate Governance Principles

In pursuit of the corporate objective, we have committed to the highest level of governance and strive to foster a culture that values and rewards exemplary academic excellence within clear ethical standards, personal and corporate integrity and respect for others. The Board of governor governance role, basis and conduct of business are guided by the constitution of Kenya 2010, TVET act of 2012, Mwongozo Code, 2015.

It is our view that governance is not just a matter for the board; a good governance culture must be percolated through the institution system. The current social-economic, business and political environment in which the institution operates underscores the need for continued high standards of corporate governance and accountability. The emerging realities unmasked with the promulgation and implementation of the 2010 constitution, an enlarged space for expression and a more enlightened clientele, calls for diligence in governance.

Size and composition of the board

The board consists of eight board members who possess extensive experience in a variety of disciplines all of which are applied in the overall management of the institute. The board has the right balance of skills and experience appropriate for the requirements of the institute, all members participated in the decision making and that the board operated effectively throughout the year and continues to do so.

In compliance with the constitution in the board composition in terms of males and female board members was 33% and 67% respectively

Board appointment, inauguration & induction

The College Board members were appointed early in 2018 as the college started its operations; however the process of vetting and approval by the ministry of education took 2 years. The inauguration was done in the month of October 2019 and induction to all the new BoG members of TVET institution in Mt Kenya done in the month of February 2020 at Norklas Hotel Riverline.

Board committees

The College Board has established 4 committees that assist it to discharge its functions. These committees are:

Executive committee

S no	Name	Designation
1	Dr Mercy Mwaniki	Chair
2	Mr Fredrick Wainaina	Principal/Bog Secretary
3	Ms Catherine Ngetich	Member

**TETU TECHNICAL AND COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
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4	Mr Sebastian Kweyu	Member
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Risk & audit committee

S no	Name	Designation
1	Ms Doreen Mugiira	Committee Chair
2	Ms Mary Gachuhi	Member
3	Mr Authur Mamo	Member
4		

Finance & human resource committee

S no	Name	Designation
1	Ms Mary Gachuhi	Committee Chair
2	Ms Lucy Wanyitu	Member
3	Ms Doreen Mugiira	Member
4	Ms Mary Gachuhi	Member

Technical committee

S no	Name	Designation
1	Mr Sebastian Kweyu	Committee Chair
2	Ms Catherine Ngetich	Member
3	Ms Lucy Wanyitu	Member
4	Mr Authur Mamo	Member

TETU TECHNICAL AND COLLEGE
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MANAGEMENT DISCUSSION AND ANALYSIS

The PFM act of 2012 requires that the BoG to prepare financial statement for the institute which gives true and fair view of the state of affairs of the college and operating results of the college. The BoG is also required to ensure that the college keeps proper accounting records which disclose with accuracy the financial position of the college and safeguard the college assets.

The BoG is responsible for the preparation and presentation of the college financial statement which give a true & fair view of the college. The 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 misstatement, whether due to error or fraud.
- iv. Safeguard the college assets
- v. Selecting & applying appropriate accounting policies
- vi. Making accounting estimates that are reasonable in the circumstances.

**TETU TECHNICAL AND COLLEGE
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CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY

1. Sustainability strategy and profile

The college has developed the following sustainability strategy to ensure that it remains afloat.

- a) Development and implementation of the college strategic plan which covers 2019/20 to 2023/24 financial years
- b) Development of various operational policies
- c) Appointment, inauguration and induction of Board of Governors
- d) Constituting various Board committees
- e) Strengthening and expanding the current academic programmes and introducing new competitive programmes

Achievement

These include:

- Growth in student's numbers,
- Competitive recruitment of staff, both trainers and other support staff.
- Development of the infrastructures to support academic programmes.
- Development of various physical infrastructures in the college.
- Implementation of the developed policies.

Challenges

Key challenges faced by the college since inception is inadequate resources to finance the proposed projects. The covid 19 pandemic has created uncertainty environment for doing business including the marketing of the college programmes.

2. Environmental performance

The college recognises environmental sustainability as the greatest challenges in the 21st century and commits to ensuring that its major strategy and operations consider their environmental and ecological aspect and impacts. In this respect, the college is:

- a) Partnering with the local community within Kagwathi and Giakanja shopping centre in keeping those towns clean by sponsoring staffs and students to freely participate periodical cleaning exercises
- b) In order to maintain healthy environment, the college planted grass on the sloppy part of the compound to reduce the soil erosion.

3. Employee welfare

The college developed human resource policy and scheme of service that spells out

- a) The terms of employments,
- b) Qualification and experiences needed at each position
- c) Process of the identifying the skills gap
- d) Process of the recruitment

4. Market place practices-

The college has adopted the following marketing practices to ensure it has enough numbers per academic programme as per the MOE requirements.

- a) Established exchange programme with institution of higher learning
- b) College excellence performance trends to its trainers in both internal and external exams
- c) Participating in the regional education forums and also in KATTI activities
- d) Organised career guidance to the form 4 students in secondary schools within the Tetu Region.
- e) Building capacities of its trainers as per the training needs analysis gaps intervention programmes

**TETU TECHNICAL AND COLLEGE
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f) Recruitment of the competent trainers in areas where there are skills gap.

5. Community Engagements-

During the year under review, the college undertook the following corporate social responsibility objective:

- a) Participated in the education forum for schools with Tetu region
- b) Organised a workshop to sensitize the community on the various ways to fight against the spread of the covid 19.
- c) Offered career talk to students during the Mt Kenya TVET exhibition fair at Kerugoya Stadium

**TETU TECHNICAL AND COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
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REPORT OF THE BOARD OF GOVERNORS

The Board members submit their report together with the unaudited financial statements for the year ended June 30, 2020 which show the state of the college's affairs.

Principal activities

The principal activities are

- Produce competent and quality trainees as per the demand of the market.
- Generate appropriate knowledge, skills, attitude, competencies, and innovation outputs that impact on the national development goals and social welfare.
- Produce, transfer and disseminate appropriate technology for the benefit of the College, industry and society in general.
- Develop collaborations & linkages with relevant industries and training institution

Results

The results of the college for the year ended June 30 are set out on page 1 to 5

BOARD OF GOVERNORS

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

Auditors

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

By Order of the Board



BoG Secretary
Fredrick wainaina
Tetu TVC

Date.

**TETU TECHNICAL AND COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2020**

STATEMENT OF BOARD OF GOVERNORS 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 board members to prepare financial statements in respect of that college, 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 board 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 board members are also responsible for safeguarding the assets of the college.

The board 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, 2020. This responsibility includes:


- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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 board 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 TVET Act. The board 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, 2020, and of the college's financial position as at that date. The board 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 board 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.

Approval of the financial statements

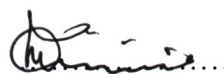
The college's financial statements were approved by the Board on _____ 2020 and signed on its behalf by:

.....


Board

.....

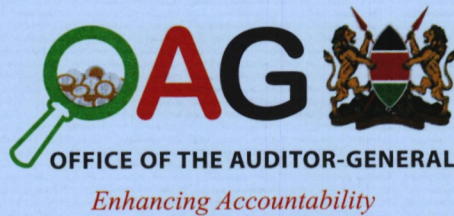
Board

.....


Board

REPUBLIC OF KENYA

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HEADQUARTERS
Anniversary Towers
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NAIROBI

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Tetu Technical and Vocational College set out on pages 1 to 14, which comprise the statement of financial position as at 30 June, 2020, 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 effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Tetu Technical and Vocational College as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013.

Basis for Qualified Opinion

1. Property plant and Equipment

As previously reported, the statement of financial position as at 30 June, 2020 reflects property, plant and equipment balance of Kshs.69,704,785. However, Management has not provided ownership documents for the assets and including title deed for land valued at Kshs.6,000,000 and the basis upon which the values were determined including valuation reports.

Under the circumstances, the accuracy and completeness of property, plant and equipment balance of KShs.69,704,785 as at 30 June, 2020 could not be confirmed.

2. Total Net Assets and Liabilities

The statement of financial position reflects total assets and total liabilities balances of Kshs.74,055,007 and Kshs.5,955,257, respectively as at 30 June, 2020. The statement, however, shows erroneously at the bottom a balance of Kshs.68,099,750.16 instead of Kshs.74,055,007 for total net assets and liabilities. No explanation was provided for this anomaly.

3. Inaccurate Trial balance

The statement of financial position reflects a property plant and equipment balance of Kshs.69,704,785. This balance, however, has not been included in the trial balance for the year ended 30 June, 2020.

Consequently, the completeness and accuracy of the financial statements for the year under review could not be confirmed.

4. Inaccuracies in the Statement of Changes in Net Assets

The statement of financial performance reflects net deficit for the year of Kshs.4,385,370. The same figure is reflected in the statement of changes in net assets under retained earnings instead of revenue reserves.

In addition, Included in the statement of changes in net assets under the retained earnings is an unsupported amount of Kshs.2,887,483.59 (2018/2019-Kshs.3,193,181.25) which has been described as, "transfer of depreciation from capital fund to retained earnings". This amount has been offset in the financial statements against the deficit for the year of Kshs.4,385,370.60 and thus resulting in a negative figure" of Kshs.1,605,035 in the statement of changes in net assets.

Consequently, accuracy and completeness of the balances in the statement of changes in net assets could not be ascertained.

5. Failure to Disclose Material Uncertainty in Relation to Sustainability of Service

The College recorded a deficit of Kshs.4,385,370.60 during the financial year ended 30 June, 2020 (2018/2019 – a deficit of Kshs.3,300,329.25), which further depleted revenue reserves. In addition, the current liabilities balance of Kshs.5,955,257 exceeded the current assets balance of Kshs.4,350,222, resulting in a negative working capital of Kshs.1,605,035 as at 30 June, 2020.

The above precarious financial performance and position is an indication of material uncertainty which may cast significant doubt on the College's ability to continue sustain the services and to meet its obligations as and when they fall due. The financial statements have been prepared on a going concern basis on the assumption that the College will continue to receive financial support from the National Government and its creditors. However, this material uncertainty in relation to sustainability of services and any mitigating measures the being taken by the Management to reverse the undesirable financial situation have not been disclosed in the financial statements.

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Late submission of the Financial statements

The financial statements for the year ended 30 June, 2020 were submitted to the Office of the Auditor-General on 13 January, 2021, three and half months after the statutory deadline date of 30 September, 2020. This is contrary to provisions of Section 47(1) of Public Audit Act, 2015 which requires the Management to submit the financial statements to the Auditor-General within three months after the end of the financial year to which the respective accounts relate.

Consequently, the Management was in breach of the law.

2. Inequitable Remuneration of Staff, Lack of Staff Establishment and Scheme of Service

As previously reported, a review of personnel records and payroll revealed that the College had recruited six trainers under the supervision of Michuki Technical Training College (the Mentoring Institution) and was paying each a gross salary of Kshs.17,000 per month, despite the trainers having different levels of qualifications namely; diploma, certificate, artisan course certificate and experience.

In addition, a trainer with artisan course certificate was not licensed by Technical & Vocational Authority as required by TVET Act, 2013 and TVET Regulations, 2015. The College did not also have staff establishment and scheme of service.

Consequently, the Management was in breach of the law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, 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 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether 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 control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk Management and governance.

In preparing the financial statements, Management is responsible for assessing the ability of Tetu Technical and Vocational College to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of intention to dissolve the College or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error,

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

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

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of 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 policies and procedures may deteriorate.

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


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty

exists related to events or conditions that may cast significant doubt on the ability of the College to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the College to cease sustaining its services.

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

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and 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

01 February, 2022

**TETU TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2020**

IV. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE, 2020

	Notes	2019-2020	2018-2019
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government – grants/ gifts in kind	4	1,000,000.00	1,000,000.00
		<u>1,000,000.00</u>	<u>1,000,000.00</u>
Revenue from exchange transactions			
Rendering of services- Fees from students	5	3,485,416.00	1,832,798.00
Other income	6	26,000.00	0.00
Revenue from exchange transactions		<u>3,511,416.00</u>	<u>1,832,798.00</u>
Total revenue		<u>4,511,416.00</u>	<u>2,832,798.00</u>
Expenses			
Use of goods and services	7	1,306,989.00	739,236.00
Employee costs	8	2,309,276.00	638,860.00
Remuneration of directors	9	282,000.00	62,000.00
Depreciation and amortization expense	10	2,887,483.59	3,193,181.25
Repairs and maintenance	11	38,500.00	535,000.00
General expense	12	2,192,538.00	964,850.00
Total expenses		<u>9,016,786.59</u>	<u>6,133,127.25</u>
Net deficit for the year		<u>-4,385,370.59</u>	<u>-3,300,329.25</u>

The notes set out on pages 1 to 5 form an integral part of the Annual Financial Statements.

**TETU TECHNICAL AND COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2020**

V. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2020

	Notes	2019-2020	2018-2019
		Kshs	Kshs
Current assets			
Cash and cash equivalents	13	1,391,141.00	0.00
Receivables non exchange transactions	14		1,000,000.00
Receivables from exchange transactions	15	2,959,081.00	1,891,763.00
		4,350,222.00	2,891,763.00
Non-current assets			
Property ,plant and equipment	16	69,704,785.16	72,592,268.75
		69,704,785.16	72,592,268.75
Total assets		74,055,007.16	75,484,031.75
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	17	5,941,457.00	2,998,911.00
Refundable to customers	18	13,800.00	
Total liabilities		5,955,257.00	2,998,911.00
Net assets		68,099,750.16	72,485,120.75
Financed by			
Retained earnings		(1,605,035.00)	(107,148.00)
Capital funds		69,704,785.16	72,592,268.75
Total net assets and liabilities		68,099,750.16	72,485,120.75

The Financial Statements set out on pages 6 to 16 were signed on behalf of the Board of Governors by:

Allyson M. Mwaniki
Chairman of Board of Governors

Sarah Mwaniki
Finance Officer
ICPAK No *[Signature]*
Date

Victor Wainani
Principal *[Signature]*
Date

Date.....

**TETU TECHNICAL AND COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2020**

VI. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2020

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/Development Grants/Fund	Total
Balance b/f at July 1, 2018					
Revaluation of assets					
Fair value adjustment on quoted investments					
Total comprehensive loss					
Capital/Development grants received during the year					
Transfer of depreciation/amortization from capital fund to retained earnings					
Balance c/d as at June 30, 2019	-	-			
Balance b/f as at July 1, 2019	-	-			
Assets				75,785,450.00	75,785,450.00
Total comprehensive loss			(3,300,329.25)		(3,300,329.25)
Capital/Development grants received during the year					
Transfer of depreciation from capital fund to retained earnings			3,193,181.25	(3,193,181.25)	
Balance c/d as at June 30, 2019	-	-	-107,148.00	72,592,268.75	72,485,120.75
Balance c/f as at July 01, 2019	-		-107,148.00	72,592,268.75	72,485,120.75
Total comprehensive loss			-107,148.00	72,592,268.75	72,485,120.75
Capital/Development grants received during the year			<u>-4,385,370.59</u>		<u>-4,385,370.59</u>
Transfer of depreciation from capital fund to retained earnings					
Balance c/d as at June 30, 2020			2,887,483.59	-2,887,483.59	
			-1,605,035.00	69,704,785.16	68,099,750.16

**TETU TECHNICAL AND COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2020**

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

		2019-2020	2018-2019
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Gok Grants	5	1,000,000.00	1,000,000.00
Rendering Of Services & Other Sources	6	3,485,416.00	1,832,798.00
Other income		26,000.00	
TOTAL REVENUE		<u>3,511,416.00</u>	<u>2,832,798.00</u>
PAYMENTS			
Goods And Services	7	1,306,989.00	739,236.00
Employee Costs	8	2,309,276.00	638,860.00
Remuneration Of Directors	9	232,000.00	62,000.00
Depreciation And Amortization Expense	10	2,887,483.59	3,193,181.25
Repairs And Maintenance	11	88,500.00	535,000.00
General Expenses	12	2,192,538.00	964,850.00
TOTAL EXPENSES		<u>9,016,786.59</u>	<u>6,133,127.25</u>
DEFICT FOR THE PERIOD		<u>-4,385,370.59</u>	<u>(3,300,329.25)</u>
(Add) increase in payables		2,956,346.00	2,998,911.00
(Less) increase in the receivables		-67,318.00	(2,891,763.00)
(Add back) provision for depreciation		2,887,483.59	3,193,181.25
NET CASH FLOWS USED IN FINANCING ACTIVITIES			0.00
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,391,141.00	
CASH AND CASH EQUIVALENTS AT 1 JULY,2019			0.00
CASH AND CASH EQUIVALENTS AT 30 JUNE,2020	13	1,391,141.00	<u>0.00</u>

**TETU TECHNICAL AND COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2020**

VIII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2019

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Variance
	2019-2020	2019-2020	2019-2020	2019-2020	2019-2020	
Revenue						
Gok Grants	0.00	0.00	0.00	1,000,000.00	1,000,000.00	
Rendering Of Services & Other Sources	11,848,200	0.00	11,848,200.00	3,485,416.00	-8,362,784.00	-71
Other income	0.00	0.00	0.00	26,000.00	26,000.00	
	<u>11,848,200.00</u>	<u>0.00</u>	<u>11,848,200.00</u>	<u>3,511,416.00</u>	<u>-8,336,784.00</u>	-70
Expenses						
Goods And Services	5,324,130.00	0.00	5,324,130.00	1,306,989.00	4,017,141.00	75
Employee Costs	2,499,000.00	0.00	2,499,000.00	2,309,276.00	189,724.00	8
Remuneration Of Directors	837,857.00	0.00	837,857.00	282,000.00	605,857.00	72
Depreciation And Amortization Expense		0.00		2,887,483.59	-2,887,483.59	
Repairs And Maintenance	219,450.00	0.00	219,450.00	38,500.00	180,950.00	60
General Expenses	2,967,763.00	0.00	2,967,763.00	2,192,538.00	775,225.00	26
Total expenditure	<u>11,848,200.00</u>	<u>0.00</u>	<u>11,848,200.00</u>	<u>9,016,786.59</u>	<u>2,831,413.41</u>	24
Surplus for the period	<u>0.00</u>		<u>0.00</u>	<u>-4,385,370.59</u>	<u>4,385,370.59</u>	

Explanation to the budget and actual variances

1. The college had a projected population of 2110 students, however by the end of the financial year the total population was of 121 students
2. The expenditure budget was not achieved due stagnated financial streams.

TETU TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE, 2020

IX. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Tetu Technical & Vocational College is established by and derives its authority and accountability from TVET Act of 2013. The college is wholly owned by the Government of Kenya and is domiciled in Kenya. The college's principal activity is training & vocational training.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value.

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

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

3. ADOPTION OF NEW AND REVISED STANDARDS

- i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2020
- ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020
- iii. Early adoption of standards

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the college and can be measured reliably

TETU TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE, 2020

Revenue from exchange transactions
Rendering of services

The college recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably.

b) Budget information

The original budget for FY 20192020 was approved by the Board on Governor. No Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

c) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the college recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

d) Research and development costs

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

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

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

i) 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.

j) 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 College, or vice versa. Members of key management are regarded as related parties and comprise the directors, the principal and top management

TETU TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE, 2020

k) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, Bank account balances include balance held at Kenya Commercial Bank at the end of the financial year.

l) Comparative figures

Comparative figures for the previous financial year have not been amended or reconfigured to conform to the required changes in presentation.

4 TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2019-2020	2018-2019
	KShs	KShs
Unconditional grants		
Operational grant	1,000,000.00	1,000,000.00
Other grants		
Total government grants and subsidies	<u>1,000,000.00</u>	<u>1,000,000.00</u>

5 RENDERING OF SERVICES

Description	2019-2020	2018-2019
	KShs	KShs
Tuition	1,743,270.00	233,853.00
Administration	245,766.00	606,054.00
Practical	0.00	30,405.00
Capacity Building Dev	16,185.00	10,259.00
P. Emolument - Teaching	403,142.00	96,608.00
P. Emolument - Non Teaching	0.00	125,672.00
Practicals	46,023.00	14,891.00
Casuals	37,049.00	46,421.00
L T T	85,830.00	94,967.00
R M I	37,841.00	40,486.00
E W C	112,029.00	120,707.00
Activity	78,855.00	95,470.00
Student Welfare	24,529.00	34,095.00
Insurance	22,650.00	11,255.00
KNEC	515,895.00	271,655.00
Gratuity	13,954.00	0.00
Attach	78,048.00	0.00
CID	24,350.00	0.00
Total revenue from the rendering of services	<u>3,485,416.00</u>	<u>1,832,798.00</u>

6 OTHER INCOME

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Description	2019-2020	2018-2019
	KShs	KShs
Computer Packages	16,000.00	0.00
Hire Of Land	10,000.00	0.00
Total other income	<u>26,000.00</u>	<u>0.00</u>

7 USE OF GOODS AND SERVICES

Description	2019-2020	2018-2019
	KShs	KShs
Text Books	10,028.00	0.00
Training Equipments	90,530.00	0.00
Training Materials	873,211.00	739,236.00
KNEC	328,220.00	0.00
Attachment	5,000.00	0.00
Total good and services	<u>1,306,989.00</u>	<u>739,236.00</u>

8 EMPLOYEE COSTS

Description	2019-2020	2018-2019
	KShs	KShs
Trainers	1,280,280.00	638,860.00
Security	350,138.00	0.00
Casuals	318,400.00	0.00
Non Trainers	207,881.00	0.00
NSSF	40,000.00	0.00
NHIF	57,850.00	0.00
PAYE	54,727.00	0.00
Employee costs	<u>2,309,276.00</u>	<u>638,860.00</u>

9 REMUNERATION OF DIRECTORS

Description	2019-2020	2018-2019
	KShs	KShs
Chairman's Honoraria		
Directors emoluments		
Other allowances	282,000.00	62,000.00
Total director emoluments	<u>282,000.00</u>	<u>62,000.00</u>

10 DEPRECIATION AND AMORTIZATION EXPENSE

Description	2019-2020	2018-2019
	KShs	KShs
Property, plant and equipment	2,887,483.59	3,193,181.25
Total depreciation and amortization	<u>2,887,483.59</u>	<u>3,193,181.25</u>

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11 REPAIRS AND MAINTENANCE

Description	2019-2020	2018-2019
	KShs	KShs
Fabrication of furniture	0.00	310,460.00
Fabrication of the advertisement bill boards	0.00	57,280.00
Office curtains	0.00	51,680.00
General improvements of the college properties	18,680.00	115,580.00
Repair of the equipments	13,100.00	0.00
Repair of the Sewerage	6,720.00	0.00
Total repairs and maintenance	<u>38,500.00</u>	<u>535,000.00</u>

12 GENERAL EXPENSES

Description	2019-2020	2018-2019
	KShs	KShs
Subsistence Allowances	442,294.00	0.00
Transport	219,611.00	0.00
Hospitality	490,864.00	0.00
Marketing	53,615.00	0.00
EWC	370,132.00	48,955.00
Postal Charges	7,725.00	0.00
Admin Ex	136,335.00	830,695.00
Internet	44,806.00	0.00
Office Stationery	41,686.00	0.00
Bank Charges	3,115.00	0.00
Telephone	18,050.00	0.00
Farm Exp	2,285.00	0.00
KUCCPS	70,000.00	0.00
KATTI	145,000.00	85,200.00
Activity	125,650.00	0.00
Covid 19 Exp	21,370.00	0.00
Total repairs and maintenance	<u>2,192,538.00</u>	<u>964,850.00</u>

13 CASH AND CASH EQUIVALENTS

Description	2019-2020	2018-2019
	KShs	KShs
Current account	1,191,016.00	0.00
Cash	200,125.00	0.00
Total cash and cash equivalents	<u>1,391,141.00</u>	<u>0.00</u>

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(a). DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

		2019-2020	2018-2019
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank		1,191,016.00	0.00
Sub- total		<u>1,191,016.00</u>	<u>0.00</u>
b) Others(specify)			
cash in hand		200,125.00	0.00
Sub- total		<u>200,125.00</u>	<u>0.00</u>
Grand total		<u>1,391,141.00</u>	<u>0.00</u>

14 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2019-2020	2018-2019
	KShs	KShs
Current receivables		
Student debtors (fees arrears)	1,112,555.00	183,977.00
Michuki TTI (Fees paid through Michuki T T I)	1,726,526.00	1,707,786.00
Salary Advance	120,000.00	0.00
Total current receivables	<u>2,959,081.00</u>	<u>1,891,763.00</u>

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15 PROPERTY, PLANT AND EQUIPMENT

	LAND SHS	BUILDINGS	MOTOR VEHICLES SHS	FURNITURE, FITTINGS, EQUIPMENTS SHS	COMPUTERS SHS	TOTALS SHS
COST						
At July 2019	6,000,000.00	52,185,000.00		14,162,268.75	245,000.00	<u>72,592,268.75</u>
Additions						
Disposals						
Transfers/adjustments						
At 30th June 2020	6,000,000.00	52,185,000.00		14,162,268.75	245,000.00	<u>72,592,268.75</u>
Additions						
Disposals						
Transfer/adjustments						
At 30th June 2020	6,000,000.00	52,185,000.00		14,162,268.75	245,000.00	<u>72,592,268.75</u>
Depreciation rate		0.020	0.250	0.125	0.300	
Depreciation						
Impairment						
At 30 June 2019	6,000,000.00	52,185,000.00		14,162,268.75	245,000.00	<u>72,592,268.75</u>
Depreciation				1,770,283.59	73,500.00	2,887,483.59
Disposals	0.00	0.00	0.00	0.00	0.00	0.00
Impairment						
Transfer/adjustment						
At 30th June 2019	<u>6,000,000.00</u>	<u>51,141,300.00</u>	<u>-</u>	<u>12,391,985.16</u>	<u>171,500.00</u>	<u>69,704,785.16</u>
Net book values						

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16 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2019-2020	2018-2019
	KShs	KShs
Refundable to Mentoring institution	5,924,513.00	2,854,746.00
Fees paid in advance	16,944.00	144,165.00
Total trade and other payables	<u>5,941,457.00</u>	<u>2,998,911.00</u>

17 REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS

Description	2019-2020	2018-2019
	KShs	KShs
Caution money	13,800.00	0.00
Total deposits	<u>13,800.00</u>	<u>0.00</u>

18 RELATED PARTY BALANCES

Nature of related party relationships

Entity and other parties related to the college include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions.

Government of Kenya

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

- i) The National Government;
- ii) The Ministry of education;
- iii) Top management;
- iv) Board of directors;

19 EVENTS AFTER THE REPORTING PERIOD

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

20 ULTIMATE AND HOLDING COLLEGE

The college is a TVET institution under the Ministry of education. Its ultimate parent is the Government of Kenya.

21 Currency

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

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APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

Guidance Notes:

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



Fredrick Wainaiana
Principal

Date.....

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APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Ministry of Education	Date received	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Education	26/5/2020	Recurrent	1,000,000.00	Statement of financial performance					1,000,000.00
Total			<u>1,000,000.00</u>						<u>1,000,000.00</u>