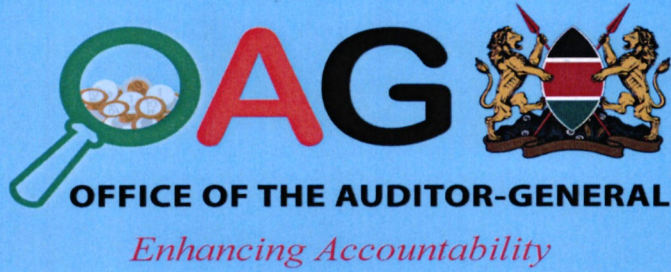


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THE AUDITOR-GENERAL

ON

**MATHIRA TECHNICAL AND
VOCATIONAL COLLEGE**

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

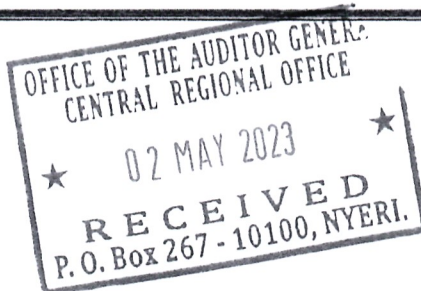




MATHIRA TECHNICAL & VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

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



MATHIRA TECHNICAL & VOCATIONAL COLLEGE
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

Mathira Technical and Vocational College ground breaking ceremony was presided over by His Excellency the Deputy President of the Republic of Kenya, Hon William Samoei Ruto on 21st September 2014. The institute is about 800m off the Karatina-Nyeri road along the Ruthagati - Kabiru-ini road. The college is located in Kaiyaba sub-location, Ngandu location, Mathira West Sub-County in Mathira Constituency of Nyeri County.

Mathira Technical and Vocational College is a public technical training institution under the Ministry of Education and registered by the Technical and Vocational Education and Training Authority (TVETA) - TVET Act of 2013. The Principal Secretary for State Department for Vocational and Technical Training is responsible for the general policy and strategic direction of the institution.

I. Principal Activities

Vision Statement

To be the provider of choice for transfer, technical skills, workforce, and lifelong learning among those whom we serve and to be a source of skilled and competent human resource capable of transforming lives through strengthening competitive workforce in our nation for prosperity.

Mission Statement

To produce highly skilled and competent human resource capable of transforming lives through strengthening self-reliance.

Strategic objectives

The strategic objectives of Mathira Technical & Vocational College are:

1. To produce diverse community of man power with technical and general education skills
2. To create more departments and well-defined organizational structure.
3. To develop a research mentorship program that embrace technical courses
4. To expand revenue generating streams through enhancement of production programs.

MATHIRA TECHNICAL & VOCATIONAL COLLEGE
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a) Mathira TVC Headquarters

P.O. Box 1785-10101

Off Karatina-Nyeri Road

Along Ruthagati Kabiru-ini road Mathira West Sub-County

Karatina, Kenya.

b) Mathira TVC Contacts

Telephone :(254)0720 772225

E-mail: mathiratechnical@gmail.com

Website: www.mathiratechnical.ac.ke

c) Mathira TVC Bankers

1. Central Bank of Kenya

Haile Selassie Avenue

P.O. Box 60000

City Square 00200

Nairobi, Kenya

2. Kenya Commercial Bank

P.O Box 192 - 10101

Karatina, Kenya

d) OFFICE OF THE AUDITOR GENERAL

HEADQUARTERS

Anniversary Towers

Monrovia Street

P.O. Box 30084-00100

Nairobi

Principal Legal Adviser

The Attorney General

State Law Office





Harambee Avenue

P.O. Box 40112-00200




Nairobi, Kenya

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II. The Council/Board of Governors

	NAME	BIRTH AND QUALIFICATIONS
1	 CPA Gabriel O. Ogutu Board of Governors Chairperson	Holds MBA (Accounting) - JKUAT, BCom - Kabarak University CPA (K) (KASNEB) ICPAK member KATC certified and enrolled for PhD at JKUAT (ongoing)
2	 David M. Mburu Secretary and Principal Mathira TVC.	Bachelor of Science in Electrical & Electronic Engineering (DeKUT) Bachelor of Education (KU), Diploma in Electronic Engineering, Diploma in Education
3	 Rev. Dr. Josephat Macharia Wachira Board Member	Has an Honorary doctorate degree from Breakthrough International Bible University and Bachelor's degree in Biblical Studies and Community Development from Nation-to-Nation Christian University, Diploma in Biblical Studies and Theology from Nairobi Pentecostal Bible College,
4	 Janet J. Kipkorir Board Member	Bachelor's degree in Business Management (Finance and Banking Option) from Moi University; Certified Public Accounts (CPA-K) KASNEB Is currently a Master of Science in Finance and Investment candidate at Kenya Methodist University

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5	 Duncan Mwangi Nyamu Board Member	Holds a BBA (Marketing) (UON) He is currently the MD Sequid Hardware Ltd Nairobi
6	 Peter Mwallo Ng'ong'a Board Member	Is a retired educationist with 37 years of teaching at KTTC. Is a consultant with NITA and KNEC
7	 Debora Mbula Muli Board Member	Is an ICT expert. Holds a Master's degree in ICT. She is a part-time lecturer at JKUAT, KCA and Riara Universities

BOARD COMMITTEES

Name of the Committee	Members
Finance Development and Human Resource Committee	1. Rev. Josephat Macharia - Chairperson 2. Ms. Deborah Mbula Muli 3. Regional County of Director TVET
Audit, Governance, Risk and Compliance Committee	1. Ms. Janet Jepleting Kipkorir- Chairperson 2. Mr. Duncan Mwangi Nyamu 3. Mr. Peter Mwallo Ng'ong'a
Academic, Research and Student Students Affairs	1. Mr. Peter Mwallo Ng'ong'a - Chairperson 2. Ms. Deborah Mbula Muli 3. Mr. Duncan Mwangi Nyamu 4. Regional County of Director TVET

MATHIRA TECHNICAL & VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2022

III. Management Team

S/no.	Name of the Staff	Responsibility
1.	David M. Mburu	Principal
2.	Michael Gichura Wangari	Deputy Principal
3.	James Chege Kimani	Accountant

FIDUCIARY MANAGEMENT

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

S/no.	Designation	Name
1.	Principal/Sec BOG	David M. Mburu
2.	Deputy Principal	Michael Gichura Wangari
3.	Accountant	James Chege Kimani

(a) Fiduciary Oversight Arrangements

Audit and Finance committee activities

The Committee shall exercise all the powers of BOG in financial matters except in relation to the items, which are reserved, to BOG in these Standing Orders, on which the Committee shall advise BOG. Terms of Reference The role of the Committee shall be to monitor the financial status of the Institute on behalf of BOG. In addition to advising BOG on those matters referred to above, the Committee's responsibilities shall include:

- To monitor and facilitate the implementation of the Institute s strategy with regard to financial matters
- To receive reports from the Principal and the Accountant
- To monitor implementation of the strategy for the Institute
- To receive reports of the extent and condition of the Institute estate including the efficiency of space utilization, the consumption of energy and the adequacy of property insurance arrangements
- To consider the adequacy of the Institute estate and proposals for its maintenance and development, including opportunities to dispose of and acquire new properties.
- To determine the fees and charges made for Institute services and facilities.

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

- To supervise the financial administration of the Institute and make recommendations to BOG where appropriate.
- To supervise the arrangements for safeguarding the Institute's assets
- To ensure the proper financial evaluation and control of projects
- To supervise the arrangements for investing the Institute's funds, including monitoring the performance of investments
- To make recommendations to BOG on the financing of projects

Senior Management Activities

The main purpose of the Senior Management Team is to:

- Ensure that MTVC's BOG is able to take strategic decisions relating to MTVC's activities.
- Provide leadership in communicating MTVC's mission, values, plans and achievements effectively and consistently to BOG Members, staff, Government, the voluntary and community sector, the general public and other stakeholders;
- Be accountable for the development and implementation of MTVC's strategic, corporate and business plans in line with the mission and values.
- Take a strategic overview of performance in all areas of MTVC's activities.
- Makes recommendations to the BOG on the implementation and achievement of the BOG's Strategic Framework;
- Agrees MTVC's Corporate Plan, and monitor delivery through appropriate key management and performance information reporting to the Board of Governors as appropriate.
- In the light of income projections and forecasts, considers the annual grants and operational expenditure and monitors such expenditure;
- Develops, agrees, monitors and reviews strategies relevant to the effective and efficient operation of MTVC, making recommendations as appropriate to the Board of Governors and/or its relevant Committees;

MATHIRA TECHNICAL & VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2022

- Determines strategic issues arising from the introduction of new policies or process, including actively managing risk across the organization and regularly reviewing the corporate risk register;
- Oversees and monitors MTVC's joint work with the other stakeholders
- Considers the impact of external factors and developments, including specific political initiatives and the response to key consultation documents and where appropriate make recommendations to the BOG and/or its relevant Committees.
- Leads all senior managers in motivating and developing MTVC staff to deliver the highest standards of performance and customer service

Government oversight activities

The Government of Kenya's oversight role includes provision of Grants for both Capitation and Development as well as provision of the regulatory framework. The Office of the Auditor General undertakes the audit of the Institutional activities.

MATHIRA TECHNICAL & VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2022

IV. Chairman's Statement

On behalf of the BOG, management, staff and students of Mathira Technical and Vocational College, I would like to thank the Government through the Cabinet Secretary Ministry of Education for giving me the opportunity to serve in this institution as chairperson of the Board of Governors with effect from 20th January 2022.

In the FY2021/2022 the following was achieved:

1. Established of BOG committees.
2. Increased internet bandwidth from 5 Mbps to 10 Mbps
3. Completed plumbing workshop
4. Equipped ICT department with 20 desktop computers
5. Installed CCTV cameras for security surveillance
6. There was increase in gross enrolment from 258 to 300
7. Engaged 1 youth on internship
8. The Institute participated in the KATTI Mt Kenya Region Trade Fair and won two trophies at the region and one trophy at the Nationals.
9. Implemented the cross-cutting issues in compliance with the Performance Contracting requirements in:
 - Implementation of Service delivery Charter
 - Road safety mainstreaming
 - HIV and Aids sensitization
 - Science Technology and Innovations (STI)

MATHIRA TECHNICAL & VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2022

V. Report of the Principal

Mathira Technical and Vocational College is a public POST school TVET institution in Nyeri County, Mathira Constituency.

The college is located in the serene environment of Kirimukuyu ward, Mathira West Sub County. It is built on a previous colonial village land which is about six (6) acres or 2.42 Hectares.

The foundation stone for the college was laid by His Excellency Hon. Dr. William Samoei Ruto President of the Republic of Kenya (Then Deputy President of the Republic of Kenya) on 21st September 2014. The college was registered as a Technical and Vocational training institute by the Technical and Vocational Education and Training Authority (TVETA) on 12th October 2018.

The first batch of students/trainees was admitted in May, 2018.

Management

The college is managed by a Board of Governors appointed by the Cabinet Secretary in charge of Education (TVET Act 2013) for a period of three years. The current board of Governors was appointed in January 2022 by Professor George Magoha, Cabinet Secretary for Education.

Core Values

- Integrity
- Truthfulness
- Accountability
- Transparency
- Professionalism
- Customer focus
- Teamwork
- Collective Responsibility
- Efficient Delivery of Service
- Innovativeness

Vision

To be an outstanding provider for technical skills and competencies transfer, workforce and enhance lifelong learning among those we serve

Mission

To produce highly skilled and competent human resource capable of transforming lives through strengthening Self-reliance

Motto

Technical Skills for Posterity

Mandate

To provide Technical, Vocational Education and Training for sustainable development

Core Values

MATHIRA TECHNICAL & VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2022

Driving School Unit

Following the Presidential Directive on establishment of driving schools in TVET institutions, the college requested our Member of Parliament for support. We were assisted with:

- 1 - Suzuki Jimny driving car, KCT 794Y
- 1 - Lorry Isuzu, KCT909Y
- 4 - Yamaha Motor cycles, KMFB150R, KMFB151R, KMFB152R, KMFB153R
- 1 - 46-seater Isuzu Bus, KDA209P

We registered/mounted a Driving school, Mathira Technical & Vocational College Driving School in which we have been training driver. We have trained over 150 drivers to date.

HIGHLIGHTS OF FY 2021/2022 PERFORMANCE

During the Financial Year 2020/2021, the country underwent tough times due to Covid-19 pandemic disrupting the academic calendar/programs and learning in institutions. KNEC November 2020 examinations for secondary schools (KCSE) were not held as scheduled. The examinations had to be rescheduled for February/March 2021. As a result, the January 2021 intake could not take place due to the disruption which affected the student enrolment as had been projected for the year.

Government has been very supportive to the TVET institutions through provision of capitation grants of Kshs. 30,000 p.a. for each trainee/student. The balance of Kshs. 26,420 is to be paid by the trainee. Needy cases may apply for loans and bursaries through HELB.

a) Students Enrolment

The challenges of closure of learning institutions in 2020 and 2021 occasioned by the outbreak of Covid-19 Pandemic affected our overall enrolment due to:

- The economy of the country was affected
- Some parents/guardians lost their jobs,
- Businesses were disrupted
- Some Kenyans lost lives
- Some lost sources of livelihoods.

b) Participation in Co-curriculum activities in the year

The college participated in the following events

- i) KATTI Mt Kenya Region Sporting activities in Soccer Men and Volleyball Men
- ii) KATTI Mt Kenya Region TVET Trade Fair and Robotics Contests
- iii) KATTI National TVET Trade Fair and Robotics Contests

MATHIRA TECHNICAL & VOCATIONAL COLLEGE
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c) ICT and Networking

During the FY 2021/2022, we provided 10 Mbps internet connectivity to our staff and students for use in research and training.

d) Academics programs and National Examinations

Courses

The college is currently offering the following courses

Diploma programs

- Welding and Fabrication
- Mechanical Engineering
- Automotive Engineering
- Electrical and Electronic Engineering
- Fashion Design / Clothing technology
- Information Communication Technology
- Supply Chain Management / Procurement

Certificate programs

- Welding and Fabrication
- Mechanical Engineering
- Motor vehicle Mechanics
- Electrical and Electronic Engineering
- Information Communication Technology
- Plumbing
- Masonry

Artisan programs

- Welding and Fabrication
- Electrical installation
- Plumbing
- Masonry
- Hairdressing and Beauty Therapy

Enrolment

S/No.	Department/Section	Male	Female	Total
1	Electrical and Electronic Engineering	56	16	72
2	Mechanical Engineering	38	4	42
3	Information Communication	12	17	29
4	Supply Chain Management	2	2	4
5	Plumbing	64	16	80
6	Masonry	7	0	7
7	Fashion Design/Clothing Technology	3	18	21
8	Hairdressing and Beauty Therapy	2	38	40
	Total	184	111	295

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The college presented candidates for national examinations in two examination bodies:

- KNEC Diploma, Craft certificate and Artisan in both Technical and Business
- NITA Grade III and II

The results for the examinations have been very encouraging.

e) Performance Contract

The Institute was in the performance contract in the year and was doing very well in all areas.

f) Staffing

The college had the following staff teaching/training in various areas:

i) Trainers/Teacher

S/No.	Department/Section	PSC	BOG	Total
1	Electrical and Electronic Engineering	5	0	5
2	Mechanical Engineering	3	1	4
3	Information Communication	4	0	4
4	Business/Supply Chain Management	1	1	2
5	Plumbing	0	2	2
6	Masonry	0	1	1
7	Fashion Design/Clothing Technology	1	1	2
8	Hairdressing and Beauty Therapy	0	1	1
	Total	14	7	21

ii) Non-teaching staff

S/No.	Department/Section	Total
1	Finance/Accounts	1
2	Secretary	1
3	Procurement	1
4	Casuals	2
5	Driving school instructor	1
	Total	6

g) Infrastructure, Facilities and assets

The institute had two blocks;

- Main block with offices, 16 classrooms 2 workshops
- Plumbing and masonry workshops
- Welding & Fabrication Equipment

MATHIRA TECHNICAL & VOCATIONAL COLLEGE
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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.

Mathira Technical & and Vocational College has nine strategic pillars and objectives within current Strategic Plan for the FY 2021- FY 2022. These strategic pillars are as follows:

Mathira Technical & and Vocational College develops its annual work plans based on the above nine pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Mathira Technical & and Vocational College achieved its performance targets set for the FY 2021/22 period for its nine strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Quality and relevance	To enhance quality and relevance	Staff trained on the use of technology in training	Training of staff on use of technology in training	Trainers and students were trained by Google on Ajira digital
Access and equity	Enhance Access and Equity	Workshop/Tuition block constructed	Construction of Plumbing workshop	A workshop for training Plumbing has been constructed
Governance and management	To diversify training programs	Monitoring and evaluation committee trained	Train the Monitoring and Evaluation committee	Two staff members have been trained in monitoring and assurance
Funding and financing	To improve the financial absorption of funds	compliance and substantive procedures	Follow the government compliance and substantive procedures	Better audit opinion
Service Delivery	improve service delivery to the public	Citizen's delivery charter implemented	Implement Citizens delivery charter	Citizen's delivery charter has been put in place
Research and development	To institutionalize research and development	Participation in regional and National TVET Fairs	Participate in regional and National TVET Fairs	The institute participated in TVET fair in Nyeri polytechnic and Meru

MATHIRA TECHNICAL & VOCATIONAL COLLEGE
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Collaboration and linkages	To enhance collaboration and Linkages	Industry and Manufacturing sector agreements	Industry and manufacturing sector linkage creation	The institute has agreement with Mathira water & sanitation company through industrial liaison office to take up trainees for industrial attachment in plumbing works
Human resources	To ensure the staff are adequate, competent and highly motivated	Qualified teaching staff in service	Recruit qualified teaching and non-teaching staff	Two qualified staff were recruited in Masonry and one in Mechanical Engineering
Equipment and technology	To promote and equip institutional departments	CCTV surveillance system designed and implemented	Design and implementation of a CCTV surveillance system	CCTV camera security system was installed in February 2022 has improved security

VII. Corporate Governance Statement

Corporate governance comprises rules, procedures, regulations and processes through which the Institute is directed. It involves balancing the interests of the Institute in order to achieve long-term strategic objectives of the Institute.

The roles and functions of the Board members are clearly defined and include giving the overall oversight of management and giving the strategic direction of the Institute. The Board members defines the Institute's strategies, objectives, values and ensures that procedures and practices are put in place to ensure effective control over strategic, financial, operational and compliance issues. The Board members develops short and long-term goals of the Institute, develops strategies to achieve those goals and monitors the performance of the Institute against the set goals. The Board members also spearheads the preparation of financial statements and reports of the Institute, approves and reviews annual budgets and ensures that the Institute has adequate systems of internal controls together with appropriate monitoring of compliance activities to ensure business continuity.

The Board members provides oversight to the Institute's top management and has unrestricted access to timely and relevant information as well as advice and services of the Corporation Secretary to discharge its duties effectively.

Mathira Technical & Vocational College Board members operates in compliance with the Mwongozo code that offers corporate governance framework for all state corporations. The members of Board have duly undergone training under this code.

The Board members prepares an annual almanac showing the schedule of meetings planned for each year. During the year, the Institute Board members held regular quarterly meetings, while special meetings were called when necessary.

The Board is headed by the Chairman and is composed of nine members inclusive of the principal who is the only executive member. The constitution of the Board members takes into consideration requirements of the sector, diversity of skills, academic qualifications, gender, age and experience necessary to add value to the operations of the Institute. The Board members are appointed to various Board Members' Committees mandated to carry out specified functions. The Board members therefore bring their diverse experiences in deliberations during Board meetings.

The Board members' committees have well defined terms of reference. The committees are intended to facilitate efficient decision making by the Board members in them discharging their duties and responsibilities.

MATHIRA TECHNICAL & VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2022

VIII. Management Discussion and Analysis

THE ENTITY'S OPERATIONAL AND FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022:

Mathira TVC operational and financial performance

Mathira Technical and Vocational College's financial statements are indicative of the good performance as it is a going concern. The current assets of the institution are adequate enough to meet the current obligations as at the end of the period ending 30 June 2022.

Funds obtained from the cash flow statement, explains that, cash available in liquid form is mostly generated from operating activities.

The Institution's Board of Governors are of the opinion that, the financial statements give a true and fair view state of financial affairs of the entity.

IX. Environmental and Sustainability Reporting

Mathira Technical & Vocational College exists to transform lives. This is our purpose; the driving force behind everything we do. It is what guides us to deliver our strategy, which is founded on pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar.

Sustainability strategy and profile

Key Institute staff attended career days and workshops for head teachers in order to motivate and mentorship to students in high schools. These motivational talks are a permanent feature in our calendar of events every year and they ensure that the Institute maintains a strong link with students who are aspiring to join Institutes.

Environmental performance

Environmental degradation has severe negative effects in the world. It is therefore important for constant efforts to be made to conserve the environment around us. During the year, the Institute started a project to grow trees in the Institute. This project will be continued in subsequent years in order to improve the total tree cover in the Institute. Due to the Impact of Covid-19 the institute has put in place water points for future use.

MATHIRA TECHNICAL & VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2022

Employee welfare

The Institute has developed a Human resource policy to help in the recruitment of its staff. The policy is also gender sensitive as it has contributed to the third gender rule as per government directives. Employees hold capacity trainings every year to motivate them. This has improved the morale the employees in the place of work and thus improved service delivery. The Institute is in the process of putting in place a safety policy in order to be compliance with Occupational Safety and Health Act of 2007, (OSHA).

There is a reward and appraisal system in place for all the employees of Mathira Technical & Vocational College

Market place practices-

The organisation should outline its efforts to:

- a) Responsible competition practice.
Explain how the organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors.
- b) Responsible Supply chain and supplier relations- explain how the organisation maintains good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices.
- c) Responsible marketing and advertisement-outline efforts to maintain ethical marketing practices.
- d) Product stewardship- outline efforts to safeguard consumer rights and interests.

Corporate Social Responsibility / Community Engagements

Mathira Technical & Vocational College, as a responsible corporate institution established to achieve public good, recognizes the link between sustainable growth and development of the institution and the need to invest in society, the local community and protection of the environment. This is important to ensure that social, economic and environmental benefits accrue to the society and other stakeholders as the Institute conducts its business. During the year, the Institute contributed to various community initiatives and noble projects, despite the prevailing resource constraints.

MATHIRA TECHNICAL & VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2022

X. Report of the Council/Board of Governors

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

Principal activities

The principal activity of the institute is to: offer competence Based Technical Training, prepare and guide trainees, for evaluation and certification by appropriate examining bodies and promote Science, Technology and Innovation in all training programs.

Results

The results of the institute for the year ended 30 June 2022 are set out on page 1 of these financial statements.

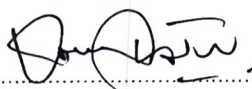
Council/Board of Governors

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

Auditors

The Auditor General is responsible for the statutory audit of the institute 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

Mathira Technical & Vocational College

Date: 28/4/2023

MATHIRA TECHNICAL & VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2022

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

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

The board members are responsible for the preparation and presentation of Mathira Technical & Vocational College financial statements, which give a true and fair view of the state of affairs of Mathira Technical & Vocational College Institute for and as at the end of the financial year ended on June 30, 2021. 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 institute; (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 Mathira Technical & Vocational College (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The board members accept responsibility for the Mathira Technical & Vocational College financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the TVET Act). The board members are of the opinion that the Mathira Technical & Vocational College's financial statements give a true and fair view of the state of Mathira Technical & Vocational College's transactions during the financial year ended June 30, 2021, and of the Mathira Technical & Vocational College's financial position as at that date. The board members further confirm the completeness of the accounting records maintained for the Mathira Technical

MATHIRA TECHNICAL & VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2022

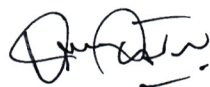
& Vocational College, which have been relied upon in the preparation of the Mathira Technical & Vocational College's financial statements as well as the adequacy of the systems of internal financial control. Nothing has come to the attention of the board members to indicate that the Mathira Technical & Vocational College will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

Mathira Technical & Vocational College financial statements were approved by the Board on 23/09/2022 and signed on its behalf by:



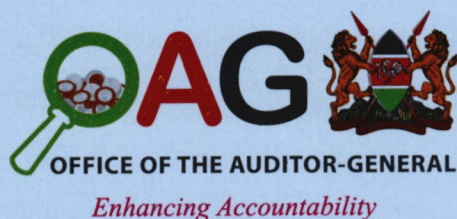
CPA Gabriel O. Ogutu
Chairperson of the Board



David M. Mburu
Accounting Officer/Principal

REPUBLIC OF KENYA

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



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

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Mathira Technical and Vocational College set out on pages 1 to 20, which comprise of the statement of financial position as at 30 June, 2022, 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 effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly in all material respects, the financial position of the Mathira Technical and Vocational College as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Technical and Vocational Education and Training Act, 2013.

Basis for Qualified Opinion

1. Unconfirmed Revenue from Student Fees

The statement of financial performance and as disclosed in Note 5 to the financial statements reflects an amount of Kshs.5,929,490 for rendering of services-fees from students, from eleven (11) revenue streams. However, the supporting schedule provided for audit did not indicate details of individual revenue streams.

In the circumstances, the validity, accuracy and completeness of rendering of services amount of Kshs.5,929,490 could not be confirmed.

2. Unsupported Receivables from Exchange Transactions

The statement of financial position and as disclosed in Note 13 reflects a balance of Kshs.4,885,731 in relation to receivables from exchange transactions (student debtors). However, the balance was not supported by an ageing analysis of individual debtors. Further, there was no provision for bad and doubtful debts in the financial statements.

In the circumstances, the validity, accuracy and completeness of receivables from exchange transactions balance of Kshs.4,885,731 could not be confirmed.

3. Unconfirmed Property, Plant and Equipment Balance

The statement of financial position and as disclosed in Note 18 to the financial statements reflects Kshs.64,495,283 in respect of property, plant and equipment.

However, the following anomalies were noted.

- i. Included in this balance is an amount of Kshs.4,500,000 in respect to a parcel of land measuring approximately 6 acres on which the College is located and whose tittle deed, valuation reports, ownership documents or relevant acquisition documents were not provided for review.
- ii. Review of fixed assets register revealed that the register lacked crucial information including suppliers' details, dates of acquisition, depreciation rate, accumulated depreciations, net book values and locations of the assets; and
- iii. The statement of cash flows reflects a balance of Kshs.2,372,250 under investing activities in respect to machines donated by Mathira NG-CDF which have been excluded from the property, plant and equipment balance.

In the circumstances, the ownership, accuracy and completeness of the property, plant and equipment balance of Kshs.64,495,283 as at 30 June, 2022 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final expended amounts of Kshs.10,049,010 against an approved budget of Kshs.18,625,275 resulting to an under-expenditure of Kshs.8,576,265 or 46% of the budget.

The underperformance affected the planned activities of the College and may have impacted negatively on service delivery to the public.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter 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

Non-Compliance with Law on Ethnic Composition

During the year under review, the total number of employees of the College was thirteen (13) out of which ten (10) or 77 % were from one dominant ethnic community. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that, "all public offices shall seek to represent the diversity of the people of Kenya in employment of staff and that no public institution shall have more than one third of its staff establishment from the same ethnic community.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Internal Audit Function

The College has not established an Internal Audit Function contrary to Section 73(1)(a) of the Public Finance Management Act, 2012 which provides for the establishment of the internal audit function according to guidelines of the Accounting Standards Board. As such, the College did not benefit from the assurance and advisory services from the internal audit function.

In the circumstances, the effectiveness of internal controls and governance during the year under review could not be confirmed.

2. Lack of Risk Management Policy

Review of records revealed that Management had not put in place a Risk Management Policy. It was, therefore, not clear how risk exposures are managed. This is contrary to Regulation 165 (1)(a) and (b) of the Public Finance Management (National Government) Regulations, 2015 which requires the Accounting Officer to ensure that the national government entity develops risk management strategies, which include fraud prevention mechanism, and develops a system of risk management and internal control that builds robust business operations.

In the circumstances, the existence of effective risk management measures could not be confirmed.

3. Lack of Approved Information Communication Technology (ICT) Security Policy

Review of the College's Information Communication Technology systems revealed that it has in place Enterprise Resource Planning (ERP) to manage its operations. However, there was no approved ICT Policy for governance and management of its ICT resources. In addition, there is no ICT Steering Committee in place to assist in the development of ICT Policy framework to enable the College to realize long-term ICT strategic goals and ensure data confidentiality, integrity and availability.

In the circumstances, the effectiveness of the College's ICT systems and its governance could not be confirmed

4. Lack of Approved Human Resource Policy Documents

Review of personnel documents revealed that the College did not have a Human Resource Department and trained staff on human resources matters. Further, the College did not have an approved Staff Establishment and Human Resource Policy Manual to guide in staff matters including recruitment, remuneration and career

progression. This is a contravention of Part II- Section B2 (1 and 2) of Human Resource Policies and Procedures Manual for Public Service, 2016 which requires a public entity to prepare HR plans to guide recruitment, selection, appointment and transfer of staff.

In the circumstances, the effectiveness of the College's human resource operations and its governance could not be confirmed.

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

Responsibilities of Management and the Board of Governors

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion 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 control 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 College's policies and procedures may deteriorate.

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

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

obtained up to the date of my audit report. However, future events or conditions may cause the College to cease to continue to sustain its services.

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

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal 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, SBS
AUDITOR-GENERAL

Nairobi


18 May, 2023


MATHIRA TECHNICAL & VOCATIONAL COLLEGE
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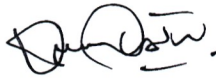
XIII. Statement of Financial Performance for the year ended 30 June 2022

	Notes	2021/2022 FY	2020/2021 FY
Revenue from non-exchange transactions			
Transfers from the National Government	4a	6,840,000	5,092,500
Transfer from other government agencies-KENHA	4b	2,965,033	1,590,318
Total revenue from non-exchange transactions		9,805,033	6,682,818
Revenue from exchange transactions			
Rendering of services- Fees from students	5	5,929,490	3,198,895
Other Incomes	6	1,672,500	362,727
Total revenue from exchange transactions		7,601,990	3,561,622
Total revenue		17,407,023	10,244,440
Expenses			
Use of goods	7	5,523,853	3,908,949
Employee costs	8	3,297,232	1,550,041
BOG expenses	9	605,143	528,572
Repairs and maintenance	10	622,782	691,831
Depreciation	17	3,648,050	4,067,564
Total expenses		13,697,060	10,746,957
Net (deficit)/surplus for the year		3,709,963	-502,517

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


Chairperson of Board
 Date 28/4/23


Finance Officer ICPAK No 21228
 Date 28/4/2023


Principal
 Date 28/4/2023


MATHIRA TECHNICAL & VOCATIONAL COLLEGE
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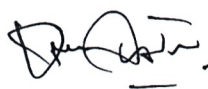
XIV. Statement of Financial Position as at 30th June 2022

	Notes	2021/2022 FY	2020/2021 FY
Assets			
Current assets			
Cash and cash equivalents	11	6,488,886	2,690,111
Inventories	12	2,666,416	
Receivables from exchange transactions	13	4,885,731	3,363,187
Receivables from non-exchange transactions	14	3,368,336	3,597,818
Total Current Assets		17,409,369	9,651,116
Non-current assets			
Property, plant and equipment	18	64,495,283	66,220,803
Total Non-current Assets		64,495,283	66,220,803
Total assets		81,904,652	75,871,919
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	15	394,570	219,190
Total Current Liabilities		394,570	219,190
Total liabilities		394,570	219,190
Capital and Reserves			
Reserves	16	89,016,510	86,869,120
Accumulated surplus/deficit	16	-7,506,428	-11,216,391
Total Reserves		81,510,082	75,652,729
Total Liabilities and Reserves		81,904,652	75,871,919

The Financial Statements set out on pages 2 to 2 were signed by:


Chairperson of Board
Date 28/4/23


Finance Officer ICPAK No 21228
Date 28/4/2023


Principal
Date 28/4/2023

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

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

For the year ended 30 June 2022	Note	Accumulated surplus (Deficit)	Capital Donations & Reserves	Total
Balance brought forward as at 1 July 2021		-11,216,391	86,869,120	75,652,729
Capital reserves	16		2,147,390	2,147,390
Surplus/deficit for the year		3,709,963		3,709,963
Balance carried forward as at 30 June 2022	16	-7,506,428	89,016,510	81,510,082

MATHIRA TECHNICAL & VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2022

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

		2021/2022 FY	2020/2021 FY
	notes	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from Government entities/ Operational grants	6a	6,840,000	5,092,500
Transfers from other Government entities	6b	2,965,033	1,590,318
Rendering of services- Fees from students	5	5,929,490	3,198,895
Other income	6	1,672,500	362,727
Total Receipts		17,407,023	10,244,440
Payments			
Compensation of employees	8	3,297,232	1,550,041
Use of goods and services	7	5,523,853	3,908,949
BOG expenses	9	605,143	528,572
Repairs and maintenance	10	622,782	691,831
Depreciation	17	3,648,050	4,067,564
Total Payments		13,697,060	10,746,957
Net (deficit)/surplus for the year		3,709,963	-502,517
Adjustment for non-cash items; Depreciation & Amortization expense	17	3,648,050	4,067,564
Net cash flows from operations		7,358,013	3,565,047
Cash flows from operations (working capital)			
(Increase)/Decrease in receivables- from exchange transactions	12	-1,522,544	-3,597,818
(Increase)/Decrease in receivables- from non-exchange transactions	13	229,482	-778,769
(Increase)/Decrease in inventories		-2,666,416	
Increase in payables	14	175,380	97,690
Net cash flows from operating activities		3,573,915	-4,278,897
Cash flows from Investing activities			
Capital Grants & Mathira NG- CDF Donations	15	2,372,250	17,331,346
Purchase (additions) of Property Plant & Equipment and Intangible assets	16	-2,147,390	-17,331,346
Net cash flows from investing activities		0	0
Net increase/(decrease) in cash and cash equivalents		3,798,775	-713,850
Cash and cash equivalents at 1 July 2021	11	2,690,111	3,403,961
Cash and cash equivalents at 30 June 2022	11	6,488,886	2,690,111

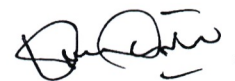
The Financial Statements set out on pages 4 to 4 were signed by:



Chairperson of Board
Date 28/4/23



Finance Officer ICPAK No 21228
Date 28/4/2023



Principal
Date 28/4/2023

MATHIRA TECHNICAL & VOCATIONAL COLLEGE
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XVII. Statement of Comparison of Budget & Actual amounts for the year ended 30 June 2022

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization Difference
	Shs A	Shs b	Shs c= a+b	Shs D	Shs	%
Revenue						
Transfer from National government	9,300,000		9,300,000	6,840,000	2,460,000	26%
Development grants from National government	0	-	0		0	
Transfers from other levels of Government		-		2,965,033	-2,965,033	-1%
Income Generating activities	916,075	-	916,075	1,672,500	-756,425	-83%
Rendering of services and other incomes	8,409,200	-	8,409,200	5,929,490	2,479,710	29%
Total income	18,625,275		18,625,275	17,407,023	1,218,252	7%
Expenses						
Use of Goods and Services						
Personnel emoluments	11,536,275		11,536,275	5,523,853	6,012,422	52%
Remuneration to Board of Governors	3,776,000	-	3,776,000	3,297,232	478,768	13%
Repairs and maintenance	1,259,000	-	1,259,000	605,143	653,857	52%
Total expenses	2,054,000	-	2,054,000	622,782	1,431,218	70%
	18,625,275		18,625,275	10,049,010		

EXPLANATIONS OF MATERIAL VARIANCES

- (a) The difference of 26% is because capitation for quarter four was not received and enrollment remained at 258 students instead of 310 students projected in the year.
- (b) There was no operational grant projected since the institute had hit the 200 students mark beyond which funding for recurrent grant isn't given.
- (c) There was no projection made for other levels of income however revenue was expected from KENHA.
- (d) There was an 83% increase from income generating which was as a result of funding from Mathira NG-CDF.
- (e) The difference of 29% is because expected enrollment of 310 was not achieved during the year
- (f) Expenditure was at 52% during the year since the board of governors was formed late in the third quarter and appropriated few major expenditures then
- (g) The difference of 13% is because the institution got a trainer from public service commission in supply chain management therefore cost of hiring a BOG Staff reduced.
- (h) The difference of 52% is because the board was formed in third quarter therefore couldn't absorb the amount allocated.
- (i) The difference of 70% is because less improvements such as making of a motor vehicle shed were not constructed since capitation for quarter four which was budgeted to construct such structures was not received from the government.

MATHIRA TECHNICAL & VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2022

XVIII. Notes to the Financial Statements

1. General Information

Mathira Technical & Vocational College is established by and derives its authority and accountability from TVET Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is offering competence Based Technical Training, prepare and guide trainees, for evaluation and certification by appropriate examining bodies and promote Science, Technology and Innovation in all training programs.

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 Mathira Technical & Vocational College accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of Mathira Technical & Vocational College.

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

MATHIRA TECHNICAL & VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2022

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

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

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

Rental income

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

b) Budget information

The original budget for FY 2021/2022 was approved by the Council or Board on 30/09/2021 no subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

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

MATHIRA TECHNICAL & VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2022

of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actual as per the statement of financial performance has been presented under section1 of these financial statements

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c) Property, plant and equipment

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

Land and buildings are not depreciated.

Depreciation on property, plant and equipment is recognized in the income statement on a reducing balance basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The annual rates in use are:

Land	0%
Buildings	2.0%
Motor Vehicles	20%
Ablution Block	2.0%
Furniture and fittings	12.50%
Motor cycles	20%
Machinery	12.50%
Other Equipment	12.50%
WIP (plumbing workshop)	0%

A full year's depreciation charge is recognized both in the year of asset purchase and in the year of asset disposal.

d) 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

Inventories

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.

e) Changes in accounting policies and estimates

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

f) 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.

g) Comparative figures

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

h) 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.

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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4.a Transfers from other National Government entities

Transfers from National Government Ministries	Year ended 30 June 2022	Year ended 30 June 2021
Unconditional grants		
Government capitation	6,840,000	3,592,500
National Government Grants	0	1,500,000
Total Government grants and subsidies	6,840,000	5,092,500

4. b Transfers from other Government entities

	Year ended 30 June 2022	Year ended 30 June 2021
Transfer from other Government Agencies		
KENHA	2,965,032.55	1,590,318
Total transfers from other Government Agencies	2,965,032.55	1,590,318

5. Rendering of Services

Rendering of Services	Year ended 30 June 2022	Year ended 30 June 2021
School Equipment &Stores (SES)	1,665,000	898,125
Personal Emoluments (PE)	1,862,580	1,004,703
Local Travel & Transport (LT&T)	266,400	143,700
Repair Maintenance &Improvement (RMI)	222,000	119,750
Insurance	59,100	35,925
Electricity Water &Conservancy (EWC)	570,720	307,758
Activity Fund	606,950	365,238
Industrial Attachment	410,700	221,538
Registration fee	0	
Student Id	66,600	13,500
Development	0	
ICT Materials	0	
Student welfare	88,000	21,600
Gratuity	111,440	67,060
Contingencies		
Total rendering of services	5,929,490	3,198,895

6. Other Income

Other incomes	Year ended 30 June 2022	Year ended 30 June 2021
Textile unit Income		42,187
Driving school	1,393,500	320,540
Rentals (hire of institution facilities)	78,500	
Sale of tender document		
Computer packages income	200,500	
Total other incomes	1,672,500	362,727

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7. Use Of Goods and Services

Use of goods and services	Year ended 30 June 2022	Year ended 30 June 2021
Administration expenses	2,596,939	1,587,078
Activity expenses	210,850	128,987
Electricity and water	274,753	184,891
Driving school	86,102	194,100
Tuition	748,780	777,961
Industrial attachment	51,940	2,200
Insurance	410,522	225,976
Local Travel and transport	565,050	226,440
Contracted services	498,600	288,651
Covid-19 expenses	3858	241,526
Textile unit expenses	0	40,050
Student welfare	30,700	8,800
Bank charges	7,959	2,289
computer packages	37,800	
Total use of goods	5,523,853	3,908,949

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8. Employee Costs

	Year ended 30 June 2022	Year ended 30 June 2021
Personnel Emoluments	3,297,232	1,550,041
Total Employee costs	3,297,232	1,550,041

9. Board/Council Expenses

	2021-2022	2020-2021
	Kshs	Kshs
BOG expenses	605,143	528,572
Total BOG expenses	605,143	528,572

10. Repairs and Maintenance

	2021-2022	2020-2021
	Kshs	Kshs
Repairs Maintenance and Improvement (RMI)	622,782	691,831
Total Repairs and maintenance	622,782	691,831

11. Cash and Cash Equivalents

a). Cash And Cash Equivalents	2021- 2022	2020-2021
	Kshs	Kshs
Cash and Cash Equivalents		
Current account	6,293,866	2,683,789
Cash on hand	195,020	6,322
Total cash and cash equivalents	6,488,886	2,690,111

(b). Detailed Analysis of Cash and Cash equivalents

	2021-2022	2020-2021
	Kshs	Kshs
Financial Institution		
Current Account		
Kenya Commercial Bank	6,293,866	2,683,789
Cash in Hand	195,020	6,322
Sub- Total	195,020	6,322
Grand Total	6,488,886	2,690,111

12. Inventories

Description	2021-2022	2020-2021
	Kshs	Kshs
Consumable stores	2,666,416	0
Total Inventories at lower of Cost and Net Realizable Value	2,666,416	0

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13. Receivables from Exchange transactions

	2021-2022	2020-2021
	Kshs	Kshs
Student debtors	4,885,731	3,363,187
Total current receivables	4,885,731	3,363,187

14. Receivables from Non-Exchange transactions

	2021-2022	2020-2021
	Kshs	Kshs
Government capitation	1,325,000	2,007,500
KENHA	2,043,336	1,590,318
Total non-exchange receivables	3,368,336	3,597,818

15.(a) Trade and Other Payables from Exchange transactions

	Year ended 30 June 2022	Year ended 30 June 2021
Trade payables		
Examination fees	135,070	70,690
Accruals		
Total trade and other payables	135,070	70,690

15. (b) Refundable Deposits from Customers/Students

Description	2021-2022	2020-2021
	Kshs	Kshs
Caution money	259,500	148,500
Total Deposits	259,500	148,500

16. Capital reserves & additions

(a)	Property plant and equipment additions from capital reserves		
Date	Donor	Asset	Amount
	Mathira T.V.C.	Furniture and fittings	225,300
	Mathira T.V.C.	Work in progress Work in progress (WIP)- masonry workshop	352150
	Mathira T.V.C.	plumbing workshop	570496
	Mathira T.V.C.	Other Equipment	684,084
	Mathira T.V.C.	Loose tools	33,810
	Mathira T.V.C.	Machinery	193,550
	Mathira T.V.C.	Buildings	88,000
	Sub-total		
Total			2,147,390

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17. Property, Plant and Equipment

COST	Land	Buildings	Motor Vehicles	Motor cycles	Ablution Block	Furniture and fittings	Machinery	(Plumbing workshop)	WIP Masonry workshop)	Loose tools	Other Equipment	TOTAL
	Shs	Shs	Shs		Shs	Shs	Shs				Shs	Shs
At 1st July 2021	4,500,000	46,253,346.00	12,877,122	460,096	1,215,000	653,382	2,318,596	1,369,108			379,184	70,025,834
Additions		88,000	0	0	0	225,300	193,550	570,496	352,150	33,810	684,084	2,147,390
At 30 June 2022	4,500,000	46,341,346	12,877,122	460,096	1,215,000	878,682	2,512,146	1,939,604	352,150	33,810	1,063,268	72,173,224
Accumulated Depreciation	-	925,067	2,575,424	105,439	24,300	109,835	289,825					4,029,890
Depreciation		908,326	2,060,340	92,019	23,814	109,835	277,790	38,792	-	4,226	132,909	3,648,051
Net book values												
At 30 June 2022	4,500,000	44,507,954	8,241,358	368,077	1,166,886	768,847	1,944,531	1,900,812	352,150	29,584	930,360	64,495,283
At 30 June 2021	4,500,000	45,328,279	10,301,697	460,096	1,190,700	653,382	2,028,771	1,369,108			379,184	66,220,803

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18.a Depreciation and Amortization expense

Description	2021-2022	2020-2021
	Kshs	Kshs
Property, plant and equipment	3,648,050	4,067,564
Total depreciation and amortization	3,648,050	4,067,564

18.b Depreciation Rates.

	Depreciation Rates (%)	Method
Land	0%	
Buildings	2%	Straight line
Motor Vehicles	20%	Straight line
Ablution Block	2%	Straight line
Furniture and fittings	12.5%	Straight line
Motor cycles	20%	Straight line
Machinery	12.5%	Straight line
Other Equipment	12.5%	Straight line
WIP(plumbing workshop)	0%	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4	Lack of approved information technology security policy documents	The Management undertakes to ensure approved information technology security policy documents by 31 st May 2023	Not Resolved	By 31 th May 2023
5	Lack of approved human resource policy document	A draft human resource policy document has been developed	Resolved	
6	Failure to appoint board of directors	A full board was constituted on 20 th January 2022	Resolved	

NOTE. Accounts for the previous financial years were not audited by the office of the auditor general therefore there is no issue to report in appendix 1 above.

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.



David M. Mburu
Principal/Secretary BOG

Date 28/4/2023

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XX. APPENDIX II: Projects Implemented by the College

Projects

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

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
Plumbing Workshop	1	Mathira T.V.C.	1 year	2,000,000	NO	YES

Status of Projects completion

Project	Total project Cost Kshs	Total expended to date Kshs	Completion % to date	Budget	Actual	Sources of funds
1 Plumbing Workshop	1,800,000	1,369,108	76%	2,000,000	1,369,108	Mathira T.V.C. internally generated funds