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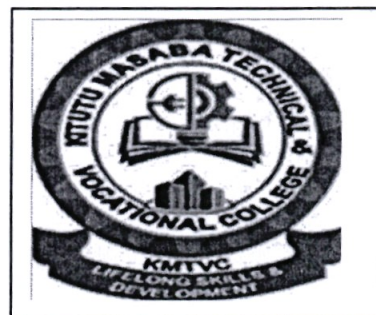
THE AUDITOR-GENERAL

ON

**KITUTU MASABA TECHNICAL AND
VOCATIONAL COLLEGE**

**FOR THE YEAR ENDED
30 JUNE, 2025**

Revised 30th June 2025



KITUTU MASABA TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30TH JUNE 2025**

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

KITUTU MASABA TECHNICAL AND VOCATIONAL COLLEGE
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1. Acronyms and Definition of Key Terms

A. Acronyms

BOG	Board of Governors
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
KMTVC	Kitutu Masaba Technical and Vocational College
L.T & T	Local Travel and Transport
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
R.M.I	Repairs, Maintenance and Improvement
S.E.S	School Equipment and Stores
TVC	Technical Vocational College

B. Definition of Key Terms

Fiduciary Management - Members of Management directly entrusted with the college's financial resources.

Comparative Year- Means the prior period.

2. Key College Information and Management

(a) Background information

The Kitutu Masaba Technical and Vocational College was established under the TVET Act of 2013. The college is domiciled in Kenya and currently does not operate any outside campus. The college's mandate includes provision of quality technical and vocational education and training leading to innovative and employability skills that are satisfactory to the clientele and stakeholders through a proactive approach and trains up to the level of Diploma. Kitutu Masaba Technical and Vocational College is a TVET institution whose construction started in the year 2016 under the mentor-ship of Kisii National Polytechnic and opened its doors for the first intake in the year 2021. The pioneer Principal was posted to the College on 20th December, 2020. The college is located at Monong'oni Hills, 2KM from Birongo market along the Keroka-Kisii highway, Masaba North Sub-County, Nyamira County. The college stands on a ten (10) acre piece of land.

The college is a Centre of Excellence in Refrigeration and air conditioning, and has training equipment in Electrical and Electronics Engineering, Mechanical and automotive Engineering, Institutional Management, Building and Civil Engineering, Business studies and Information and Communication Technology.

The institution has competent and experienced trainers deployed by the Public Service Commission and Board of Governors to equip the youth with requisite technical skills which are in line with the government's policy on industrialization of our country and vision 2030.

(b) Principal Activities

The principal activity is to ensure the College operates according to its mandate as provided by the Ministry of Education which includes;

- i) To offer quality training programs that meet the labor market trends
- ii) To offer innovative and employability skills.
- iii) To carry out applied research and entrepreneurial activities.
- iv) To train skilled manpower for industrial needs.

Vision

To be the preferred training institution offering technical and vocational life-long skills for development.

Mission

To develop highly qualified, globally competitive human resource by providing quality training anchored on applied research, innovation and technology necessary for industrial and economic development.

Core Values

Kitutu Masaba Technical and Vocational College is committed to and will be identified by the following core values:

- i) Customer focus: - good service, listening, feedback and personalized experiences
- ii) Integrity - Transparency, accountability and cost effectiveness
- iii) Professionalism: - scientific excellence, ethics and flexibility
- iv) Timeliness: - accuracy, carefulness and quality

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- v)Confidentiality: - embraces the principle of confidentiality in service delivery
- vi)Quality and Efficient Services: - maintenance, of a desired level of quality and efficiency
- vii)Teamwork: - Partnership for collaboration, advantage and synergies

Our commitment

To make Kitutu Masaba Technical and vocational college a center of quality training in Technical and Vocational Skills.

(c) Key Management

The Kitutu Masaba Technical and Vocational College is managed by the following key organs:

Board of Governors

The main role of the Board is to provide policy direction and oversight over management. To effectively discharge its mandate, the Board has formed three committees which are;

- i. Finance, Infrastructure and Development
- ii. Education, Research and Human Resource
- iii. Audit and Risk Management

Fiduciary Oversight Arrangements

In its oversight responsibility, the board has constituted three board committees which are charged with the duty of over sighting specific activities. These are as follows:

Name of The Committee	Members	Designation
Finance, Infrastructure and Development	Mr. Peter Aoga Ms. Olivia Sally Otieno Mr. Charles Nyanyanyuki Dr. John Nyangweta Osoro	Chairperson Member Member Member
Education, Research and Human Resource	Ms. Olivia Sally Otieno Ms. Hepsibah Makori Ms. Peter Aoga Dr. John Nyangweta Osoro	Chairperson Member Member Member
Audit and Risk Management (ARM)	Mr. Charles Nyanyuki Ms Hepsibah Makori Ms. Bilha Oching Dr. John Nyangweta Osoro	Chairperson Member Member Member

Accounting Officer/Principal

The Principal is responsible for the day to day management of the college operations. He is Assisted by the following senior management staff:

- i) Deputy Principal

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- ii) Registrar
- iii) Dean of Students
- iv) Heads of

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility were:

	Designation	Name
1.	Principal	Peter Nyaribo
2.	Deputy principal	Richard Kerongo
3.	Ag. Registrar	Walter Kipchirchir
4.	Ag. Dean of students	Peter Blair
5.	Ag. Head of Examinations	Victor Kiplangat
6.	Head of Finance	Lilian Nyakweba

(e) Fiduciary Oversight Arrangements

i) The finance, infrastructure and development committee

The committee is charged with the responsibility of over sighting the following key activities;

Planning and budgeting-overseeing project planning and budget making processes

Implementation-overseeing the implementation of projects and the budget.

Strategic planning- overseeing the development, review and implementation of the strategic is planning process.

Financial management-Overseeing of the general management of finances to ensure their prudent use in particular, considering and approving financial proposals, Quarterly reports, annual financial statements and other financial reports.

ii) Education Research and Human Resource committee

Human Resource Management-Development and review of policy documents, staff recruitment process, staff welfare, staff training and development and staff discipline.

Education-Development and review of policy documents, implementation of training programmes, implementation of curricular evaluation of trainee progress, trainee enrolment, welfare and discipline.

Research-Development and review of the policy, planning and implementation of research activities.

iii) The Audit, Risk management and compliance committee

This committee is charged with the responsibility of over sighting the following activities;

Audit function-Development and review of the internal audit policy, internal audit planning and execution, reviewing internal audit reports and action plans.

Risk Management-Development and review of Risk Management Policy and plan, implementing of risk management plans.

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Compliance-Considering compliance audit reports and plans, ensuring compliance to all relevant laws and regulations, corporate social responsibility

(f) College Headquarters

Kitutu Masaba Technical & Vocational College
P.O. BOX 189-40202
KEROKA-KENYA
2 Kilometres from Birongo Trading Centre
Along-Keroka-Kisii Road off Birongo-Rigoma road
Kitutu Masaba Constituency, Nyamira County

(g) College Contacts

Telephone: (+254) 0758 158 142,0743 480 999
E-mail: kitutumasabatvc@gmail.com
Website: www.kmtvc.ac.ke

(h) College Bankers

Kenya Commercial Bank, Kisii West Branch
Account number 1284015963
Account number 1303323192

Equity bank, Kisii branch
Account number 1240281042164



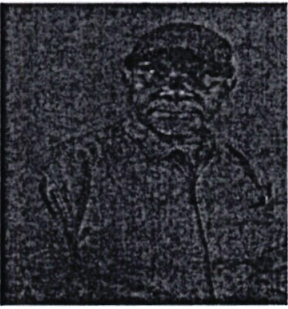
(i) Independent Auditors

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





(j) Principal Legal Adviser

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


3.The Council/Board of Governors

No.	Member	Details
1	 Dr. John Momanyi- Chairman	Date of Birth 1982 Holds Doctor of Philosophy (PHD) from Asia University, Master of Human Resource Management –India, Bachelor of Commerce –JRN university India -Has wide experience in Human Resource and strategy advisory, research and consultancy in various fields -Currently serving as a Consultant with Qatar Charity, Kenya Office-Lead on back to school phase II project in Garisa County, funded by UNICEF and Qatar Charity Date of appointment: 12 th February, 2024
	 Mr. Charles Nyanyuki	He was born in 1958 in Nyambaria Vilage, Nyamira County. He is a holder of bachelor of commerce degree in accounting option He is also a holder of a master’s degree in business administration from Eastern and Southern Africa management College (ESAMI) He worked as a Director of Audit in the office of Auditor General where he retired from in the year 2019 Date of appointment: 12 th February, 2024
3	 Mr. Peter Aoga	Date of Birth 1959 Holds a Bachelor of Arts Economics (Hons) from Aligarh Muslim University, India. - Has wide experience in bilateral and Multi-lateral trade policy and regulations development (EAC, COMESA, and ACP-EU WTO) and Regional Integration Initiates. -Currently Chairs Agricultural Sector Development Support program – Nyamira County Date of appointment: 12 th February, 2024

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<p>4</p>	 <p>M/S Olivia Sally Otieno</p>	<p>Date of Birth 1984</p> <p>Holds a Master of Arts in Construction Management from University of Nairobi, Bachelor of Arts (Building Economics,- University of Nairobi.</p> <p>-She is a member of AQS registration Board.</p> <p>-Currently serving as Director, KEMSAL Consultant Ltd</p> <p>Date of appointment: 12th February, 2024</p>
<p>5</p>	 <p>Bilha Ochieng'</p>	<p>Date of birth 1982</p> <p>She holds bachelor of science in Biology</p> <p>She is currently working at Sphinx Pharmaceuticals Limited</p> <p>Date of appointment: 24th May, 2022</p>
<p>6</p>	 <p>Ms Hepsibah Makori</p>	<p>Date of birth 1982</p> <p>She is a holder of bachelor of Information Communication Technology (ICT)</p> <p>She also holds a diploma Technical Education from KSTVET.</p> <p>Date of appointment: 12th February, 2024</p>
<p>7</p>	 <p>Dr. John Nyangweta Osoro - Director TVET</p>	<p>-Holds A PhD in Finance, MBA-Finance , BED- Finance and Accounting</p> <p>-has worked with Ministry of Education -Research and Policy, and part-time lecturer UoN</p> <p>-Previous worked with TVETA on quality Assurance and KNQA</p> <p>-currently serving as Regional Director TVET – Kisii, Nyamira and Migori Counties</p>

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8	 <p>Peter Nyaribo Principal/Secretary BoG</p>	<ul style="list-style-type: none">- Holds a master's degree in Technology Education (Building and construction Technology)- He is a holder of bachelor of Technology Education (Building and construction Technology)- He is also a holder of Bachelor of Science in Civil Engineering- Holds a certificate in Senior Management from School of Government Baringo.
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4. Key Management Team

Key Management Team		
1.	 Peter Nyaribo Principal	<ul style="list-style-type: none"> - Holds a master's degree in Technology Education (Building and construction Technology) - He is a holder of bachelor of Technology Education (Building and construction Technology) - He is also a holder of Bachelor of Science in Civil Engineering - Holds a certificate in Senior Management from School of Government Baringo
2.	 Richard Kerongo Deputy principal	<ul style="list-style-type: none"> - He is a Certified Public Accountant (CPA-K)
3.	 Walter Kipchirchir Ag. Registrar	<ul style="list-style-type: none"> - He is a holder of Postgraduate Diploma in Education (Technical and Vocational Training) - He is a holder of Bachelor of Science in Electrical & Electronics Engineering - He is a Graduate Engineer (EBK - B17640)
4.	 Peter Blair Ag. Dean of students	<ul style="list-style-type: none"> - He is a holder of Bachelor of Engineering in Mechanical and production Engineering - He is a holder of Postgraduate Diploma in Technical Education - He is a Graduate Engineer (20805)
5.	 Victor Kiplang'at Ag. Head of Examinations	<ul style="list-style-type: none"> - He is a holder of Bachelor of Science in Electrical & Electronics Engineering

5. Chairman's Statement

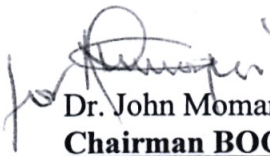
On behalf of the Board of Governors (BOG), Kitutu Masba Technical and Vocational College. I am greatly honoured to make this statement regarding governance and performance of the College. The Board which I chair was appointed on 12th February, 2024 and inaugurated on 19th March, 2024. Induction of the Board was done from 13th to 15th November, 2024 at the Kisumu Hotel in Kisumu City.

The Board was also able to approve the Revised Strategic plan and we are currently working on the Human Resource Policy and Procedures and Board Charter (manual). These important documents should be pivotal in ensuring the compliance environment at Kitutu Masaba TVC is enhanced for the benefit of more effective and efficient service provision.

The College faces some challenges which militate against effective and efficient performance in the delivery of training services. First on the list is in adequate classrooms as well as shortage of workshops and library. Efficient delivery of training programs heavily depends of the availability of these facilities. The establishment of the college was realized courtesy of the support of the GoK/China project which constituted Refrigeration and Air Conditioning as a centre of excellence. Departments of Electrical, Electronics Engineering, Building and Civil Engineering, Institutional Management and ICT have also been established. The road network leading to the College also needs upgrading to improve accessibility.

I would however hasten to appreciate the Government, through the Ministry of Education, staff, students, and other stakeholders for the immense support accorded to the College. Sincere thanks go to the Higher Education Loans Board (HELB) and Kenya Universities and Colleges Central Placement Services (KUCCPS) for the critical roles they play in ensuring trainees access training programs at the College.

I wish to reiterate the commitment of the Board to the provision of steady and consistent oversight and policy guidelines to ensure management provides prudent, effective and efficient service delivery. The Board has the right array of qualifications, skills and experience to deliver on this commitment.


Dr. John Momanyi Ongubo
Chairman BOG

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6. Report of the Principal

I am pleased to present the annual report and financial statements for the year ended 30th June 2025 whose contents are outlined in this document.

Kitutu Masaba Technical and Vocational College (KMTVC) started the year with cash and cash equivalents of Kshs.4,118,109 and received Kshs.3,714,800 from the Government of Kenya as capitation income, Kshs.1,500,000 also as grants from GoK were received. The College also collected tuition fees amounting to Kshs.10,957,194 and kshs. 3,357,601 as income from other charges respectively.


KMTVC spent Kshs 22,559,721 during the year, which included employee costs of Kshs.5,240,131 representing 27% of the total income. The college spent Kshs.12,799,677 on goods and services; Kshs.2,144,628 on general expenses, Kshs.58,900 on repairs and maintenance, Ksh. 831,960 were spent on the BOG expenses.

The College targeted to raise income of Kshs.32,155,370 during the financial year 2024/2025. However, this target was not met mainly because the government did not remit capitation and scholarship as expected. The College did not receive the 4th quarter capitation and development grants.

The College's enrolment has risen steadily during the year under review. The increase in population has exerted pressure on the limited training facilities including lecture rooms, workshops, and laboratories. The government funded (through Kisii National Polytechnic) Multi-Purpose Hall project coming up at a cost of Kshs.11,342,240 was completed. My earnest appeal is for more support from the government to enable the College to develop more training facilities and in particular for workshops and classrooms.

The College participated in several co-curricular activities including athletics and ball games hosted by KATTI.

Finally, I wish to express sincere gratitude to the Government of Kenya, the Board of Governors, staff, students, and all stakeholders for supporting the College.


Mr. Peter Nyaribo
Principal / BOG Secretary

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7. 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 college's performance against predetermined objectives.

The Kitutu Masaba Technical and Vocational College has 6 strategic pillars /issues/ themes and objectives within current Strategic Plan for the FY 2024-2025. These strategic pillars are as follows:

- Pillar/ theme/issue 1: Human resource
- Pillar/ theme/ issue 2: Capacity building
- Pillar/ theme/ issue 3: Physical infrastructure
- Pillar/ theme/ issue 4: Training facilities
- Pillar/ theme/ issue 5: ICT integration
- Pillar/ theme/ issue 6: Resource mobilization, partnerships and linkages

KMTVC develops its annual work plans based on the above 6 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The KMTVC achieved its performance targets set for the FY 2024/2025 period for its six strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements	
Pillar / theme / issue 1	Human resource	To increase the number of teaching and non-teaching staff	Improved service delivery	Write letters to PSC for posting of trainers in areas of shortage Recruit BOG staff	Letters to PSC requesting for trainers written BOG staff recruited
Pillar / theme / issue 2	Capacity building	upgrade the skills of teaching and non-teaching staff	Number of teaching staff trained	Mount short courses for the teaching staff	Short courses for non-teaching staff mounted
Pillar / theme / issue 3	Physical infrastructure	To provide physical infrastructure in the institution	Practical lessons enhanced	Construct and/or equip workshops for carpentry, automotive and central store. Fencing institutional compound	Workshops for training purposes constructed Central store constructed
Pillar / theme / issue 4	Training facilities	To provide quality infrastructure to enhance learning	Convert the use of existing infrastructure as need arises	Install roof gutters for rain water harvesting Provide adequate, clean and safe drinking water. Regularly repair and	Roof gutters installed and clean was harvested.

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			Equipping and stocking of the library.	maintain the existing facilities.	
Pillar / theme / issue 5	ICT integration	To develop and integrate ICT in teaching, learning, research and management	Arch CAD and auto Cad software, Screens, Digital content, Wireless internet, and Laptops procured.	Procure hardware & software Procure internet connectivity Procure LMS	Procured 10 computers, internet connectivity & Learning Management System (LMS)
Pillar / theme / issue 6	Resource mobilization, partnerships and linkages	To establish adequate source of funding for the institution's project	MOUs with the Industry will be ready to undertake/sign.	Increase the number of short term and part-time courses MOUs in place	Short term and part-time courses increased to 5

8. Corporate Governance Statement

Introduction

The Board of Kitutu Masaba Technical and Vocational College is committed to the pursuit of high standards of corporate governance and professional ethics. The board also strives to adhere to the statutory and regulatory frame work including the Constitution of Kenya (2010) and TVET Act (2013) as well as other relevant government policies, circulars and guidelines.

Board Charter

The Charter is an important document that provides guidance to the Board in the execution of its oversight role. It is significant in spelling out the following among other functions.

- The separation of the roles, functions, responsibilities and powers of the board and its individual members.
- Powers delegated to the board committees.
- Matters reserved for final decision-making and approval by the board.
- Policies and practices of the board on matters of corporate governance, directors' declarations and conflict of interest, conduct of board and board committee meetings.
- Nomination, appointment, induction, on-going training and performance evaluation of the board and its committees.

The Board is in the process of finalizing its charter which will be operationalized to ensure that effectively performs its roles as enshrined in the TVET Act, 2013.

Appointment, Inauguration and Induction

The process of appointment of the Board as provided for in the relevant statute begins with nomination of potential members. The committee responsible for this exercise is composed of the Director TVET, the County Commissioner, the area Member of Parliament and the Principal of the College in this case KMTVC.

The process of appointment is stipulated in the TVET Act 2013 and considers the involvement of the community who are represented by the Member of Parliament for purposes of inclusivity. Board members undergo an induction and are given an overview of the College, new developments in the environment in which the College operates, accounting and financial reporting developments, as well as any regulatory changes. Members are also taken through their roles and responsibilities.

Board Size, Composition and Diversity

The Board is composed of 6 independent members including the Chairman. The other members are the representative of the County Governor (yet to be nominated), the representative of the Principal Secretary, State Department for Vocational and Technical Training, and the Principal / Secretary to the Board. The diversity component is very significant to the quality of governance and oversight provided by the Board. It is therefore important to note that the current Board has members from diverse geographical and professional backgrounds. The following table provides information on Board composition and diversity.

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Board Diversity (Independent Members)

S/No.	NAME	HOME COUNTY	PROFESSIONAL BACKGROUND	GENDER
1	Dr. John Momanyi Ongubo	Nyamira	Human Resource	Male
2	Peter Aoga	Nyamira	Finance Management	Female
3	Ms. Hepsibah Makori	Nyamira	ICT	Female
4	Olivia Sally Otieno	Homa Bay	Engineering	Male
5	Mr. Charles Nyanyuki	Kisii	Auditing	Male
6	Ms. Bilha Oching	Homa Bay	Biology	Male

The Role and Responsibilities of the Board

The basic role of the board is to guide and provide oversight to the College towards sustainable long-term success through the exercise of objective and informed judgement in determining the strategy of the College, having the best team in place to execute that strategy, monitoring performance and maintaining an effective framework of controls to mitigate risks facing the College. To execute its mandate in a structured manner, the College Board has established board committees with specific roles and in the spirit of separation of powers and responsibilities. The committees handle agenda in detail and present reports to the board for adoption and approval.

Board Meetings and attendance for 2024/2025

The College Board meets at least four times a year and the meetings are structured in a way that allows for open discussions. Board papers are prepared and circulated to members for them to prepare and thus facilitate full and effective discussions at the meetings. A summary of board meetings and attendance is shown below:

NAME	DESIGNATION	MEETING DATES
		10/03/2025
Dr. John Momanyi Ongubo	Chairman Board	√
Peter Aoga	Member board	√
Ms. Hepsibah M. Makori	Member board	×
Olivia Sally Otieno	Member board	×
James Bikundo Otwoma	Member board	√
Mr. Charles N. Nyanyuki	Member board	√
Ms. Bilha Oching	Member board	√
Dr. John Nyangweta Osoro	Member board	×

9. Management Discussion and Analysis

Kitutu Masaba Technical & Vocational College (KMTVC) started enrolling students in January 2021, and has experienced remarkable growth, with its population steadily increasing to the current number of 642. This significant expansion has presented both exciting opportunities and notable challenges for the college.

The growth of KMTVC has opened up numerous opportunities for students and the institution as a whole. With a larger student body, the college can now offer a wider range of academic programs, extra-curricular activities like athletics and ball games, and teaching and learning resources to enhance the overall educational experience. This has contributed to a rich and vibrant learning environment.

However, this growth has not been without its challenges. One particular area that requires attention is the low enrolment of female students. Despite the overall increase in student numbers, the college has faced difficulty in attracting and retaining female students, which has resulted in an imbalanced gender ratio. To overcome the enrolment disparity, KMTVC College is actively implementing strategies to encourage and support female students' participation. These initiatives include targeted outreach programs with Egesa FM through their career clinics, scholarships by the area Member of Parliament, mentor-ship opportunities, and the establishment of support networks through area chiefs. By proactively addressing this challenge, the college aims to create a balanced student population that reflects the diversity of its surrounding community.

Additionally, the college faces logistical challenges related to its growth. Facilities and infrastructure must be expanded and upgraded to accommodate the increasing number of students. Adequate classroom space, workshops, and other facilities like multi-purpose hall are essential to ensure an optimal learning environment. The College's administration is actively seeking funding and partnerships to address these infrastructure needs, ensuring that students have access to modern and well-equipped facilities that promote academic excellence.

The college completed the construction of a central store and a canteen during the reporting period. The central store will streamline procurement and inventory management, while the canteen will provide improve welfare services.

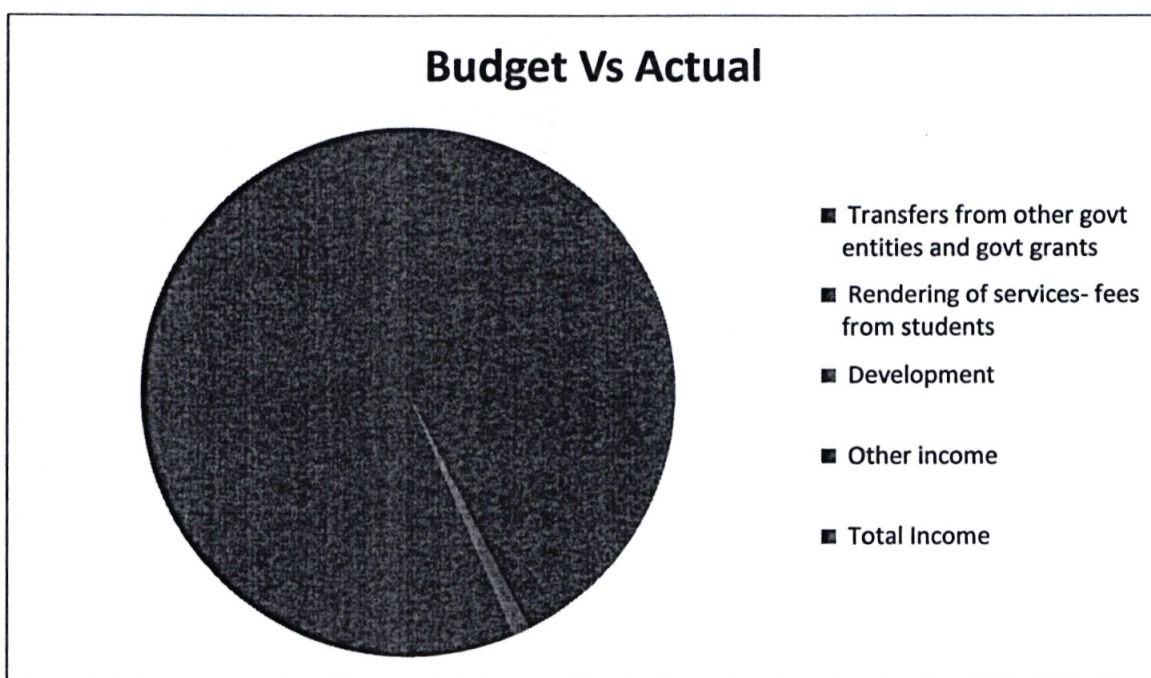
In conclusion, the growth of Kitutu Masaba Technical and Vocational College since January 2021 has brought about exciting opportunities and notable challenges. By focusing on addressing the low enrolment of female students and investing in necessary infrastructure improvements, the college aims to create an inclusive and conducive learning environment that empowers all students to thrive and reach their full potential. With a steadfast commitment to growth and quality education, KMTVC is poised to make a significant impact on the lives of its students all over the country and the immediate Kitutu Masaba community which it serves.

The college remained compliant with all applicable statutory and regulatory requirements during the year under review. This includes adherence to tax obligations, statutory deductions (such as PAYE, NSSF, SHIF), procurement laws, and relevant provisions of the Public Finance Management Act and other sector-specific guidelines.

During the year, the Institute had a revenue budget of Kshs.32,155,370 and actual receipts of Kshs.19,529,595, resulting in a revenue shortfall of Kshs.12,625,775 as depicted in the table and chart below:

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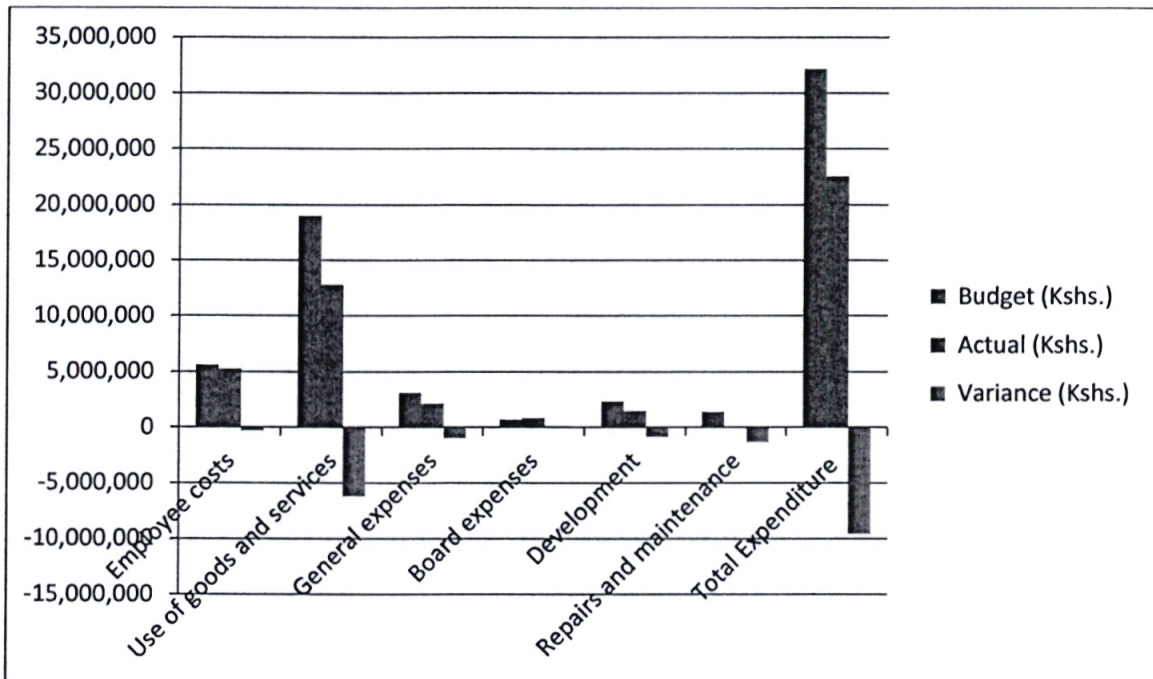
	Budget (Kshs.)	Actual (Kshs.)	Variance (Kshs.)
Transfers from other govt entities and govt grants	2,000,000	5,214,800	3,214,800
Rendering of services- fees from students	25,346,370	10,939,322	-14,407,048
Development	651,000	17,872	- 633,128
Other income	4,158,000	3,357,601	- 800,399
Total Income	32,155,370	19,529,595	- 12,625,775



Similarly, the Institute had payments budget of Kshs.32,155,370 and actual payments of Kshs. 22, 559,721 resulting in under expenditure of Kshs.9, 595,649 as depicted in the table and chart below:

Expenses	Budget (Kshs.)	Actual (Kshs.)	Variance (Kshs.)
Employee costs	5,593,480	5,240,131	-353,349
Use of goods and services	19,014,313	12,799,677	-6,214,636
General expenses	3,115,800	2,144,628	-971,172
Board expenses	700,000	831,960	131,960
Development	2,351,000	1,484,425	-866,575
Repairs and maintenance	1,380,777	58,900	-1,321,877
Total Expenditure	32,155,370	22,559,721	-9,595,649

KITUTU MASABA TECHNICAL AND VOCATIONAL COLLEGE
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10. Environmental And Sustainability Reporting Statement

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

Sustainability strategy and profile

During the reporting period, Kitutu Masaba Technical and Vocational College (TVC) operated within a dynamic socio-economic and political environment shaped by global, national, and local factors. Macroeconomic pressures such as inflation, supply chain disruptions, and delayed public financing affected operations across the education sector. Of particular concern was the delayed disbursement of government capitation beyond the required quarter, which led to late procurement and affected the timely implementation of budgeted activities. In addition, the non-remittance of all funds committed through KUCCPS placements resulted in shortfalls that caused budgetary strain and debts that could not be accrued. Despite these challenges, the College remained committed to fulfilling its mandate through strategic planning, teamwork, and prudent resource management.

We take this opportunity to recognize and sincerely appreciate the Government of Kenya for the continued support through the capitation policy. This initiative has enabled many deserving students to access quality technical and vocational training. We also acknowledge the valuable contribution of the Higher Education Loans Board (HELB), whose support together with the assistance offered through the Constituency Development Fund (CDF) framework has allowed many students to remain in college and complete their studies. These partnerships have significantly improved enrolment and retention outcomes. Furthermore, support from the National Government Constituencies Development Fund (NG-CDF) and the Kenya Universities and Colleges Central Placement Service (KUCCPS) have bolstered student numbers, reflecting increased confidence in TVET institutions as a pathway to employability.

Kitutu Masaba TVC has continued to maintain productive relationships with local leaders, including the area Member of Parliament, county officials, Chiefs, and Assistant Chiefs. These engagements have promoted peaceful coexistence and fostered trust between the college and the surrounding communities. Local businesspeople and traders have also been encouraged to invest in hostel infrastructure to accommodate the growing student population, which has helped address the accommodation gap while stimulating the local economy.

In line with our commitment to sustainability, the College aligns its operations with global and national frameworks, including the United Nations Sustainable Development Goals (SDGs), particularly SDG 4 on Quality Education, SDG 8 on Decent Work and Economic Growth, SDG 5 on Gender Equality, and SDG 13 on Climate Action. At the national level, our operations are guided by the TVET Act, Vision 2030, and the Ministry of Education's Green TVET Framework. The College's sustainability priorities are anchored on four key pillars: environmental sustainability, social inclusion, economic empowerment, and transparent

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governance. These principles guide our training delivery, procurement practices, infrastructure development, and community engagement.

During the reporting year, we made several notable achievements. Student enrolment increased supported by targeted outreach and bursary programs, with a particular focus on women and persons with disabilities.

On procurement and contracts management, Kitutu Masaba TVC adheres to the Public Procurement and Asset Disposal Act and champions inclusive procurement practices in line with the Access to Government Procurement Opportunities (AGPO) framework. During the year, 40% of our procurement value was awarded to local suppliers, with 28% allocated to youth-owned enterprises and women-led businesses, and 2% to enterprises owned by persons with disabilities (PWDs).

Our Service Delivery Charter remains central to our operational excellence and public accountability. The charter commits the institution to transparent, timely, and efficient services, including prompt processing of academic documents, fair admission processes, and structured complaints handling within five working days. It is reviewed annually based on stakeholder feedback and is publicly displayed to enhance accountability and trust.

In conclusion, Kitutu Masaba Technical and Vocational College remains firmly committed to delivering high-quality, inclusive, and sustainable technical education. Through strategic partnerships, responsible leadership, and alignment with both local and international development goals, the institution continues to equip learners with skills that are responsive to the demands of the labor market while contributing to social and economic development. We will continue to innovate and adapt as we advance the mission of empowering youth through technical excellence.

Environmental performance

Responsible environmental stewardship is important to sustainable development. KMTVC values and protects the environment and proactively initiated several interventions including the following.

- i. Conducting sensitization campaigns on environmental protection targeting trainees, staff and the community
- ii. Sustainable utilization of natural resources including water, paper and non-renewable energy.
- iii. Planting trees to provide a safe and healthy environment and reduce the greenhouse effect.
- iv. Embracing the waste hierarchy i.e. avoid or reduce, reuse, recycle and dispose of correctly as the last option.
- v. Embracing sustainable practices in relation to design, transport, catering etc.
- vi. Minimizing the use of harmful and hazardous substances.

Employee welfare

The human resource component constitutes one of the most important and key elements responsible for effective and efficient delivery of services KMTVC offers. The College therefore handles this component with utmost and procedural significance.

The College is currently adopting the developed comprehensive human resource policy and procedures manual that is guiding the hiring process on merit and ensuring gender balance and that people living with disability are considered. These policies will be revised when need be to improve on them.

In compliance with KMTVC human resource procedures, all available vacancies are advertised and competitively filled. The College accords equal opportunities to all persons and in particular, affirms proactive interventions to cater for underprivileged parties including people living with disabilities (PWDs).

The College recognizes the importance of enhancing the capacity and capability of staff to offer continually improved services. To achieve this desirable outcome KMTVC provides opportunities for staff development through training programs including workshops and seminars organized by relevant professional bodies. This is done through budgetary provision and attendance of various training programmes organized by different professional bodies such as MOE, SD-TVET, TVETA, ICPAK, KISM and Kenya School of Government.

Market place practices

Kitutu Masaba Technical and Vocational College believes in fair and competitive access to available opportunities. The College advertises all employment and business opportunities. Job vacancies and tenders for supply of goods, services and works are publicly declared and also uploaded on the College website. KMTVC deals fairly, openly, responsibly, and objectively.

KMTVC offers its services to all citizens without any form of discrimination. As a public institution we are non-political and therefore serve all people equally, with respect and courtesy irrespective of their political, religious, ethnic, racial or social persuasion. The College has therefore attracted clients from all parts of the Republic of Kenya and hopes to spread its wings beyond our national boundaries.

To guard against fraud and possible corruption, KMTVC is in the process of developing and operationalizing the anti-corruption policy. The College has an active corruption prevention committee and has identified corruption risk areas which have been documented and mitigation measures put in place. To minimize the risk and temptation brought about by handling liquid money, KMTVC is working on automating all its fees transactions with all funds payable directly to the College's bank accounts.

The College has an outsourced an operational external audit function which reports to the Audit and Risk Management Committee of the Board of Governors. This is an important safeguard which has immensely contributed to a more transparent and accountable work environment at KMTVC.

KITUTU MASABA TECHNICAL AND VOCATIONAL COLLEGE
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The College is committed to continually improving its training environment for a more satisfactory customer experience through the offering of effective and efficient training services so that KMTVC graduates will continue being preferred in the workplace.

KMTVC is a member of the Kenya Association of Technical Training Institutions (KATTI) and Association of Technical Universities and Polytechnics in Africa (ATUPA) formerly the Commonwealth Association of Polytechnics in Africa (CAPA) both of which encourage partnership and collaboration amongst technical institutions, as well as encouraging healthy competition and benchmarked growth.

Suppliers are paid within 30 days upon bringing all the required documents (i.e. delivery note, invoice, credit note) in line with our service delivery charter. We also give opportunity to eligible suppliers through continual enlisting of (Access to Government Procurement Opportunities) AGPO registered suppliers.

Marketing the courses offered at KMTVC was done through the print and electronic media as well as outreach publicity initiatives targeting diverse geographical locations without bias.

Corporate Social Responsibility / Community Engagements

Kitutu Masaba Technical and Vocational College (KMTVC) is committed to giving back to the society through meaningful community engagement and corporate social responsibility (CSR) initiatives. These efforts are designed to foster mutual benefit, promote institutional goodwill, and reinforce the College's role as a responsible public institution rooted in the needs of the local community.

During the reporting period, the College undertook several CSR activities with a focus on environmental sustainability and community empowerment. To address the effects of climate change and support the national afforestation agenda, the College spearheaded a tree planting campaign both within the institution and in neighboring public spaces. These initiatives were carried out in collaboration with students and staff, promoting environmental awareness and encouraging sustainable practices among the youth.

Additionally, the College provided opportunities for students to participate in the construction and maintenance of small scale infrastructure works within the institution. This not only reduced operational costs but also offered students practical, hands on experience aligned with their training programs. Through such activities, KMTVC reinforces the value of service, civic responsibility, and skill development.

These outreach efforts reflect the College's broader commitment to social impact, sustainability, and active contribution to community development.

11. Report of the Council/Board of Governors

The Council/Board members submit their report together with the audited financial statements for the year ended June 30, 2025, which show the state of the College's affairs.

Principal activities

The principal activities of the institution are to ensure the College operates according to its mandate as provided by the Ministry of Education which includes;

- i. To offer quality training,
- ii. To offer research and innovation
- iii. To train skilled manpower and entrepreneurship skills for industry.

Results

The results of the college for the year ended June 30 are set out on page 1 to 4


Board of Governors

The members of the Board who served during the year are shown on page vii to ix. During the year 2025 one board member passed on in the Month of August, 2024.

Auditors

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

Date: 26/05/2025

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

The Board members of Kitutu Masaba Technical and vocational college 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, 2024. 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.

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act, 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 Kitutu Masaba Technical and Vocational 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 of Kitutu Masaba Technical and vocational college 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, 2025. 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 judgments 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, 2024, 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

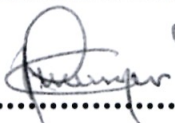
KITUTU MASABA TECHNICAL AND VOCATIONAL COLLEGE
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of the college's financial statements as well as the adequacy of the systems of internal financial control.

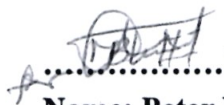
In preparing the financial statements, the Principal has assessed the college's ability to continue as a going concern. Nothing has come to the attention of the Board members to indicate that the College will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The college's financial statements were approved by the Board on 26/08/2025 and signed on its behalf by:



.....
Name: Dr. John Momanyi Ongubo
Chairperson of the Board



.....
Name: Peter Nyaribo
Accounting Officer/Principal

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KITUTU MASABA TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kitutu Masaba Technical and Vocational College set out on pages 1 to 43 which comprise of the statement of financial position as at 30 June, 2025, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget

and actual amounts, for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kitutu Masaba Technical and Vocational College as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standard (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracy of Transfers from Other National Government Entities

The statement of financial performance reflects transfers from other National Government entities amounting to Kshs.5,214,800. The amount includes capitation grants totalling Kshs.3,714,800 as disclosed in Note 6 to the financial statements. However, supporting schedules in support of capital grants provided reflected Kshs.3,147,800 resulting in unexplained variance of Kshs.567,000.

In the circumstances, the accuracy and completeness of transfers from other National Government entities amounting to Kshs.5,214,800 could not be confirmed.

2. Inaccuracy of Rendering of Services-Fees from Students

The statement of financial performance reflects rendering of services-fees from students amounting to Kshs.42,441,017. However, the amount differs with the recomputed amount of Kshs.46,997,373 resulting in unexplained variance of Kshs.4,556,356.

In the circumstances, the accuracy and completeness of rendering of services-fees from students amounting to Kshs.42,441,017 could not be confirmed.

3. Inaccuracy of Property, Plant and Equipment

The statement financial position reflects property, plant and equipment totalling Kshs.171,768,349. However, the amount differs with the recomputed balance of Kshs.171,748,099 resulting in unexplained variance of Kshs.20,250.

Further, the amount includes land valued at Kshs.6,000,000. However, the title deed for the land where the College is situated is registered under the name of Nyamira County Council. The assets register was also not maintained.

In addition, Note 32(b) to the financial statements reflects total property, plant and equipment cost before depreciation totalling Kshs.226,851,894. However, the amount differs with the recomputed balance of Kshs.249,593,381 resulting in unexplained variance of Kshs.22,741,487.

In the circumstances, the accuracy and completeness of property, plant and equipment balance totalling Kshs.171,768,349 could not be confirmed.

4. Inaccuracy of Employee Costs

The statement of financial performance reflects employee costs amounting to Kshs.5,240,131. However, the amount differs with the employee costs totalling Kshs.5,163,665 reflected in the payroll resulting to unexplained variance of Kshs.76,466.

In the circumstance, the accuracy and completeness of employee cost of Kshs.5,240,131 could not be confirmed.

5. Misclassification of Use of Goods and Services

The statement of financial performance reflects use of goods and services amounting to Kshs.14,284,102. The amount includes administration costs amounting to Kshs.7,159,968 as disclosed in Note 9 to the financial statements. However, the administration costs include development related expenditure amounting to Kshs.1,484,425 which ought to have been capitalized.

In the circumstances, the accuracy and completeness of use of goods and services amounting to Kshs.1,484,425 could not be confirmed.

6. Long Outstanding Receivables from Exchange Transactions

The statement of financial position and as disclosed in Note 16(b) to the financial statements reflects long-term receivable from exchange transactions totalling Kshs.4,611,548. However, the entire amount had been outstanding for more than one (1) year and no provision was made for bad and doubtful debts. Management has also not made any effort to recover long outstanding student debts.

In the circumstances, the accuracy and recoverability of the receivables of Kshs.4,611,548 could not be confirmed.

7. Cash and Cash Equivalents

7.1 Undisclosed Cash Book Balances

The statement of financial position reflects cash and cash equivalents balances of Kshs.1,803,733. The amount includes two current accounts held at KCB bank with balance of Kshs.1,589,877 and as disclosed in Note 15(a) to the financial statements. However, the bank account reconciliation statements for one account reflected unrepresented cheques amounting Kshs.86,690 which Kshs.194,523 were not supported by date of cash book entry and payee's name. Similarly, receipt in bank (direct deposits) not in the cash book of Kshs.189,799 whose depositor's name and purpose was not disclosed.

The second bank reconciliation for the second bank account reflected receipts in bank not in the cash book (direct deposits) of Kshs.55,600 whose details of the depositor's name and purpose was not provided for audit review.

In the circumstances, the accuracy and completeness of cash and cash equivalent balance of Kshs.1,803,733 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final budgeted income of Kshs.32,155,370 and actual on comparable basis income of Kshs.19,529,595, resulting to under-funding of Kshs.12,625,775 or approximately thirty-nine (39%) of the budget. Similarly, the statement reflects expenditure of Kshs.22,559,721 against total receipts of Kshs.19,529,595 resulting in over-expenditure of Kshs.3,030,126 of the total receipts which was not authorized.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Audit Matters

In the audit reports of the previous year, seventeen (17) issues were raised under the Report on the Financial Statements as shown in **Appendix I**. However, Management had not resolved the issues or given any explanations for failure to implement the recommendations.

Other Information

Management is responsible for the Other Information set out on page iii to xxvi which comprise of College Information and Management, The Board of Governors, Key Management Team, Chairman's Statement, Report of the Principal, Statement of Performance Against Predetermined Objectives, Corporate governance Statement, Management Discussion and Analysis, Corporate Social responsibility, Environmental and Sustainability Reporting Statement, Report of the Board of Governors, and Statement of Board of Governors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in the 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

Irregular Recruitment of Trainers

The statement of financial performance reflects employee costs amounting to Kshs.5,240,131. Review of records revealed that twenty-six (26) trainers were recruited during the year. However, twelve (12) of the recruited trainers were not licensed. This was contrary to Section 23 (1) of the Technical and Vocational Education and Training Act, 2013 which states that any person who intends to become a trainer in an institution shall apply for licensing and registration by the Board.

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

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

REPORT ON 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 else 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 effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and Board of Directors

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

In preparing the financial statements, Management is responsible for assessing the Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

16 December, 2025

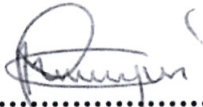
Appendix I

Unresolved Prior Year Audit Matters


Number	Financial Year	Issue
1	2023/2024	Inaccuracies in the Financial Statements
2	2023/2024	Unconfirmed Depreciation Expenses
3	2023/2024	Unsupported Property, Plant and Equipment Balance
4	2023/2024	Unreconciled Receivables from Exchange Transactions balance
5	2023/2024	Budgetary Control and Performance
6	2023/2024	Prior year Matters
7	2023/2024	Failure to Adhere to Fees Policy
8	2023/2024	Failure to Adhere to Reporting Deadlines
9	2023/2024	Irregular Human Resource Practices
10	2023/2024	Failure to Develop and Implement Process Management Systems
11	2023/2024	Failure to Develop a Human Resource Plan
12	2023/2024	Un- Approved Bank Account
13	2023/2024	Failure to Maintain Updated Fixed Assets Register
14	2023/2024	Failure to Develop and Implement Financial Policies and Procedures
15	2023/2024	Lack of Information and Communication Technology(ICT) Strategic Committee, ICT Strategic Plan and ICT Steering Committee
16	2023/2024	Lack of Risk Management Policy
17	2023/2024	Delayed Posting of Capitation Receipts to the Cash Book

KITUTU MASABA TECHNICAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2025

The Financial Statements set out on pages 1 to 4 were signed by:


.....
for **Dr. John M. Ongubo**
Chairman of Board

Date 26/08/2025


.....
for **Peter Nyaribo**
Principal

Date 26/08/2025


.....
Lilian Nyakweba
Finance Officer
ICPAK No: ASSOC/4047

Date 26/08/2025

KITUTU MASABA TECHNICAL AND VOCATIONAL COLLEGE
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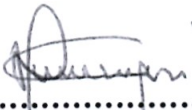
15. Statement of Financial Position As At 30th June 2025

Assets			
Current Assets			
Cash and cash equivalents	15	1,803,733	4,118,109
Current portion of receivables from exchange transactions	16(a)	37,915,508	11,076,467
Receivables from non-exchange transactions		0	0
Inventories	17	2,307,531	314,030
Total Current Assets		42,026,772	15,508,606
Non-Current Assets			
Long term receivables from exchange transactions	16(b)	4,611,548	4,044,093
Property, plant, and equipment	18	171,768,349	174,440,725
Intangible assets	19	1,050,000	0
Total Non-Current Assets		177,429,897	178,484,818
Total Assets (A)		219,456,669	193,993,424
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	20	619,411	996,400
Payments received in advance	21	2,880,744	0
Current portion of borrowings		0	0
Social Benefits		0	0
Total Current Liabilities		3,500,155	996,400
Non-Current Liabilities			
Total Liabilities (B)		3,500,155	996,400
Net Assets (A-B)		215,956,514	192,997,024
Represented By:			
Revaluation Reserves		0	0

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Description	Notes	2024/2025	2023/2024
		KSh	KSh
Accumulated Deficit		-12,199,047	(23,815,897)
Capital Fund		228,155,561	216,812,921
Net Assets		215,956,514	192,997,024

The Financial Statements set out on pages 1 to 4 were signed by:



Dr. John M. Ongubo
Chairman of Board

Date 26/08/2025



Peter Nyaribo
Principal

Date 26/08/2025



Lilian Nyakweba
Finance Officer
ICPAK No: ASSOC/4047

Date 26/08/2025

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16. Statement of Changes in Net Asset For The Year Ended 30 June 2025

At July 1, 2023	0	-20,036,796	216,812,921	196,776,125
Revaluation gain	0	-	-	-
Surplus/(deficit) for the year	-	-3,779,101	-	-3,779,101
Capital grants received during the year	-	-	-	-
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-	-	-
At June 30, 2024	-	-23,815,897	216,812,921	192,997,024
At July 1, 2024	-	-23,815,897	216,812,921	192,997,024
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	11,616,850	-	11,616,850
Capital grants received during the year	-	-	11,342,640	11,342,640
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-	-	-
At June 30, 2025	-	-12,199,047	228,155,561	215,956,514

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17. Statement of Cash Flows For The Year Ended 30 June 2025

Description	2025	2024	2023
Cash flows from operating activities			
Receipts			
Transfers from other National Government entities	6	5,214,800	4,931,000
Rendering of services- fees from students	7	10,957,194	9,932,507
Miscellaneous income	8	3,357,601	1,210,877
Total Receipts		19,529,594	16,128,518
Payments			
Use of goods and services	9	12,799,677	9,932,507
Employee costs	11	5,240,131	3,312,763
Board /Council Expenses	12	831,960	319,000
Repairs and maintenance	14	58,900	107,715
Development	9	1,484,425	0
General expenses	10	2,144,628	976,635
Total Payments		22,559,721	14,648,620
Net Cash Flows from operating activities	22	-3,030,127	1,479,898
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	18	(3,479,315)	(10,459,400)
Net cash flows used in investing activities		(3,479,315)	(10,459,400)
Cash flows from financing activities			
Net cash flows used in financing activities		(0)	0
Net Increase/(Decrease) in Cash and Cash equivalents		(2,314,376)	2,703,056
Cash and Cash equivalents at 1 JULY	15	4,118,109	1,415,053
Cash and Cash equivalents at 30 JUNE	15	1,803,733	4,118,109

(PSASB has prescribed the direct method of cashflow preparation and presentation for all public sector entities reporting under the IPSAS Accrual basis of accounting)

18. Statement of Comparison of Budget & Actual amounts For Year Ended 30 June 2025

Description	a	b	c=(a+b)	d	e=(c-d)	f=d/c*100
Receipts						
Transfers from other govt entities and govt grants	2,000,000	0	2,000,000	5,214,800	3,214,800	161%
Rendering of services- fees from students	25,346,370	0	25,346,370	10,939,322	-14,407,048	-57%
Development	651,000	0	651,000	17,872	-633,128	-97%
Other income	4,158,000	0	4,158,000	3,357,601	-800,399	-19%
Total Receipts	32,155,370	0	32,155,370	19,529,595	-12,625,775	-39%
Payments						
Employee costs	5,593,480	0	5,593,480	5,240,131	-353,349	-6%
Use of goods and services	19,014,313	0	19,014,313	12,799,677	-6,214,636	-33%
General expenses	3,115,800	0	3,115,800	2,144,628	-971,172	-31%
Board expenses	700,000	0	700,000	831,960	131,960	19%
Development	2,351,000	0	2,351,000	1,484,425	-866,575	-37%
Repairs and maintenance	1,380,777	0	1,380,777	58,900	-1,321,877	-96%
Total Expenditure Payments	32,155,370	0	32,155,370	22,559,721	-9,595,649	-30%
Deficit		0	-3,030,126	-3,030,126		0

Budget notes

(a) Transfers from National Government – 161%

We budgeted to receive Ksh 1,500,000 from the Government which we received the full amount also we received capitation of Ksh 3,714,800 leading to an over collection.

(b) Under collection of Rendering of services (fees from students) –57%

Our students depend on HELB loans, government capitation and scholarship to pay their fees which the Government did not fully disburse the funds during the financial year. We therefore under collected fees from students as expected.

(c) Under collection of Other Incomes – 19%

The expectation of enrolling more students during the financial year was not met hence the collection target was not met since other income includes collection from student identification, application fee.

Under collection of Development funds-97%

During the financial year we did not receive development funds since we expected the government to send full capitation for the apportionment to development but we did not receive all the funds as expected.

(d) Underutilization in Employee Costs– 6%

The college was not able to employ more employees and increasing salaries for the existing employees because the college did not have enough funds at their disposal.

(e) Underutilization in Use of Goods and Services – 33%, RMI – 96%, General Expenses – 31%

The college was still at its inception stage; hence the expenditures were lower like the repairs since the equipment are still in a good condition; we did not also register many students for examination as anticipated during the year.

(f) Overutilization in Board Expenses – 19%

During the financial year, there was Inauguration of Board members and many Board activities than anticipated leading to overutilization of the funds.

During the FY 2024-2025 there were no Adjustments to the budget.

19. Notes to the Financial Statements

1. General Information

Kitutu Masaba Technical and Vocational College is established by and derives its authority and accountability from TVET Act. The college is Semi-Autonomous Government Agency of and is domiciled in Kenya. The college's principal activity is training.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the college's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note xx. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the college. The values are rounded off to the nearest shilling. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the TVET Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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3. Adoption of New and Revised Standards

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2025.

There are no new and amended standards issued in the financial year.

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.

New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025	
IPSAS 43: Leases	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an College. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45: Property Plant and Equipment	<i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46: Measurement	<i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by: i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.

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	<p>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</p> <p>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47: Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an college shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48: Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49: Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <p>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</p> <p>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</p> <p>iii. Disclosures that identify and explain the amounts in the college's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</p>

iii. Early adoption of standards

The College did not early – adopt any new or amended standards in the financial year.

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 college and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that have been acquired using such funds.

ii) 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. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

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

Interest income

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

Rental income

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

b) Budget information

The original budget for FY 2024/2025 was approved by the Board on 27th June, 2024. There were no Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The college's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of Cashflows has been presented.

c) Taxes

Current income tax

The college is exempt from paying taxes as per schedule Three of the Income Tax Act (Cap. 470) of the Laws of Kenya

Sales tax/ Value Added Tax

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

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

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

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of time.

Investment properties are de-recognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

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

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition or construction of the item of property appropriately according to the acronyms you use in your financial statements plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the college 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.

f) Leases

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

g) Intangible assets

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

h) Biological Assets

The college recognizes biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to the college, and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured at fair value less costs to sell, except where fair value cannot be reliably determined. In such cases, the asset is measured at its cost less accumulated depreciation and any accumulated impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur.

i) 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.

j) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the

entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The college assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The college recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*.

Financial liabilities

Classification

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

k) Inventories

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

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

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

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

Inventories (Continued)

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

l) Provisions

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

Contingent liabilities

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

Contingent assets

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

m) Social Benefits

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

n) Nature and purpose of reserves

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

o) 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.

p) Employee benefits

Retirement benefit plans

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

q) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

r) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

s) Related parties

The College regards a related party as a person or the college with the ability to exert control individually or jointly or to exercise significant influence over the College, or vice versa.

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Members of key management are regarded as related parties and comprise the directors, the Principal and senior managers.

t) Service concession arrangements

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

u) 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.

v) Comparative figures

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

w) 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, 2025.

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The College 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 College. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

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

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

Provisions

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

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

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6. Transfers from other National Government entities

	2024/2025	2023/2024
Unconditional Grants		
Capitation Grants	3,714,800	2,931,000
Operational Grant	1,500,000	2,000,000
Development grants	0	0
Other Grants	0	0
Total unconditional Grants	5,214,800	4,931,000

7. Rendering of Services

	2024/2025	2023/2024
Tuition Fees	23,041,149	9,986,641
Activity Fees	3,130,495	
Personal emoluments	9,163,092	
Local travel and transport	2,783,177	
Development fund	2,189,915	
Repairs,maintenance and improvement	2,317,601	
E.w.c	2,782,425	
Medical and Insurance	1,290,000	
Arrears	299,519	15,120,560
Total Revenue from The Rendering of Services	42,441,017	25,107,201

This is revenue to be collected from students

8. Miscellaneous Income

	2024/2025	2023/2024
Student ID	238,500	9,078
Admission Fees	243,000	88,500
Sale of Tender Documents	37,000	7,000
Exam Registration	2,317,084	821,672
KUCCPS	132,500	211,900
DEPOSITS	-	2,000
Student union	589,700	-
Computer Packages	27,000	3,900
TVETA	313,500	66,827

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Hall and Projector hire	424,900	-
Total other income	4,323,184	1,210,877

9. Use of Goods and Services

Description	2024-2025	2023-2024
S.E.S	3,072,410	2,176,883
Industrial attachment costs	67,100	16,000
Electricity	150,000	210,000
Adminstration cost	7,159,968	4,297,233
Sundry bank charges	18,137	
Practical materials	351,591	
Marketing and publicity	30,000	
Examination fees		
Activity	860,320	581,800
Local Transport and Traveling	1,019,701	2,650,591
Insurance	11,500	
Student union	58,950	
Development	1,484,425	
Total good and services	14,284,102	9,932,507

10. General Expenses

Description	2024-2025	2023-2024
	KShs	KShs
Student Id	88,200	40,200
Examination	2,110,428.00	936,435
Total General Expenses	2,198,628	976,635

11. Employee Costs

Description	2024-2025	2023-2024
	KShs	KShs
Salaries and wages	5,240,131	3,312,763
Employee Costs	5,240,131	3,312,763

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12. Board/Council Expenses

	2024-2025	2023-2024
Board Remuneration	831,960	319,000
Other Board/Council Expenses	0	0
Total	831,960	319,000

13. Depreciation and Amortization expense

	2024-2025	2023-2024
Property, plant and equipment	17,598,431	19,229,113
Intangible assets	150,000	-
Total depreciation and amortization	17,748,431	19,229,113

14. Repairs and Maintenance

	2024-2025	2023-2024
Property	58,900	107,715
Total Repairs and Maintenance	58,900	107,715

15. Cash and Cash Equivalents

	2024-2025	2023-2024
Current Account	1,803,733	4,118,108
Total Cash and Cash Equivalents	1,803,733	4,118,108

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

	2024-2025	2023-2024	
a) a) Current Account			
Kenya Commercial Bank	1284015963	1,589,877	4,107,676
Kenya Commercial Bank	1303323192	194,523	5,000
Equity Bank	1240281042164	5,433	5,433
b) Sub- Total		1,789,833	4,118,109

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b) Others			
KCB Cash		13,900	0
Sub- Total			
Grand Total		1,803,733	4,118,109

16. Receivables from Exchange transactions

16 (a) Current Receivables from Exchange transactions

Current Receivables		
Student Debtors	37,915,508	11,076,467
Total Current Receivables	37,915,508	11,076,467

16 (b) Long- term Receivables from Exchange transactions

Non-Current Receivables		
Student Debtors	4,611,548	4,044,093.00
Total Non-Current Receivables	4,611,548	4,044,093.00
Total Receivables	42,527,056	15,120,560

16 (c) Ageing Analysis of Receivables from Exchange transactions

Description	2024-2025		2023-2024	
	2024-2025	% of the total	2023-2024	% of the total
Less than 1 year	37,915,508	89%	11,076,467	73%
Between 1- 2 years	2,216,607	5%	4,044,093	27%
Between 2-3 years	2,394,942	6%		
Over 3 years				
Total (a+b)	42,527,056	100%	15,120,560	100%

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17. Inventories

Office stationery	225,453	198,827.00
Institution management department	677,238	11,220.00
Building and civil engineering	758,540	40,202.00
Electrical and electronics	329,315	35,041.00
Hair dressing and beauty therapy	160,840	600.00
Catering stores	156,145	21,510.00
Mechanical	-	6,630.00
Total Inventories at lower of Cost and Net Realizable Value	2,307,531	314,030.00

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18. Property, Plant and Equipment

Cost	Buildings		Furniture and fittings	Computer equipment	Plant and equipment	Other	Capital work in progress	Patrol
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Depreciation Rate		2.50%	12.50%	33.30%	12.50%	12.50%		
At 1 July 2023	6,000,000	54,668,742	1,224,618	505,585	121,941,689	-	-	184,340,634
Additions	-		112,500	10,197,200	149,700			10,459,400
Disposals	-	-	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
At 30th June 2024	6,000,000	54,668,742	1,337,118	10,702,785	122,091,389			194,800,034
Additions	-	13,140,635	481,320	-	-	1,200,000	254,100	15,076,055
Disposals	-							-
Transfer/Adjustments	-							-
Revaluation	-							-
At 30th June 2025	6,000,000	67,809,377	1,818,438	10,702,785	122,091,389	1,200,000	254,100	209,876,089
Depreciation And Impairment								
At 1 Jun 2024								
Depreciation		-1,366,719	- 167,140	- 3,564,027	- 15,281,674	-		- 20,379,560
Disposals								
Impairment								
At 30 Jun 2025		- 1,366,719	- 167,140	- 3,564,027	15,281,674	-	-	
Depreciation		-1,661,066	-206,412	- 2,377,206	- 13,353,746			- 17,598,431
Disposals								-
Impairment						- 150,000		- 150,000

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Transfer/Adjustment								-
At 30 th Jun 2025		-1,661,066	-206,412	- 2,377,206	-13,353,746	- 150,000	-	- 17,748,431
Net Book Values								
At 30 th Jun 2024	6,000,000	53,302,023	1,169,978	7,138,758	106,829,966	-	-	174,440,725
At 30 th Jun 2025	6,000,000	64,781,592	1,444,886	4,761,552	93,476,220	1,050,000	254,100	171,768,349

Capital Work in Progress is an amount of workshop construction which is ongoing.

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Notes to the Financial Statements (Continued)

Valuation

As per National Treasury guidelines, Land and buildings were identified and valued as per the National Liabilities and Management Policy and guidelines (Issued June 2020). The assets were revalued by xxx professional valuers on xxx. These amounts were adopted in the financial statements on xxx.

32 (b) Property, Plant and Equipment at Cost

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

Description	Cost	Accumulated Depreciation	Net Book Value
Land	6,000,000	-	6,000,000
Buildings	70,648,845	5,867,253	64,781,592
Furniture and fittings and office equipment	2,193,321	748,435	1,444,886
Computers	11,333,630	6,572,078	4,761,552
Plant, machinery and equipment	159,417,585	65,941,365	93,476,220
Total	226,851,894	79,129,131	170,464,250

19. Intangible Assets

Cost		
At beginning of the year	1,200,000	0
Additions	0	0
At end of the year	1,200,000	0
Amortization and impairment		
At beginning of the year	0	0
Amortization	150,000	0
At end of the year	150,000	0
NBV	1,050,000	0

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20. Trade and Other Payables

Trade payables	619,411		0	
Other Payables				
Total Trade and Other Payables	619,411		0	
	2024-2025	% of the Total	2023-2024	% of the Total
Ageing analysis:				
Under one year	619,411	100%	-	0%
1-2 years	0	0%	-	-
2-3 years	0	0%	-	-
Over 3 years	0	0%	-	-
Total (to tie to totals above)	619,411	100%	0	0%

21. Payments received in advance

Fees received in advance	2,880,744		996,400	
Total	2,880,744		996,400	
	Current FY	% of the Total	Comparative FY	% of the Total
Ageing analysis:				
Under one year	2,231,544	77%	996,400	100%
1-2 years	649,200	23%	0	%
2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total	2,880,744	100%	996,400	100%

22. Cash generated from operations.

Surplus for the year to 30th June 2025		
Adjusted for:		
Depreciation	17,598,431	20,379,559
Non-Cash grants received	11,342,640	0
Impairment	150,000	0
Working Capital Adjustments		
Increase in Inventory	(1,993,501)	(314,030)

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Surplus for the year before tax	2024/2025	2023/2024
	KSh	KSh
Increase in Receivables	(32,631,452)	(19,582,031)
Increase in Payables	619,411	0
Increase in Payments received in advance	1,884,344	996,400
Net Cash Flow from Operating Activities	-3,030,127	1,479,898

(The total of this statement should tie to the cash flow section on net cash flows from/ used in operations)

23. Financial Risk Management

The college's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The company's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The company does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The college's financial risk management objectives and policies are detailed below:

(i) Credit risk

The college has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

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

Financial risk management (continued)

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

The college has significant concentration of credit risk on amounts due from xxxx

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

(ii) Liquidity risk management

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

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

(iii) Market risk

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

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

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

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

a) Foreign currency risk

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

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

Foreign currency sensitivity analysis

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

b) Interest rate risk

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

Management of interest rate risk

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

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Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs xxx (20XX: Kshs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (20XX – Kshs xxx)

iv) Capital Risk Management

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

Revaluation Reserve	0	0
Retained Earnings	0	0
Capital Reserve	228,155,561	216,812,921
Total Funds	228,155,561	216,812,921

24. Related Party Balances

Nature of related party relationships

Entities 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. Related parties include management personnel, their associates and close family members.

Government of Kenya

The Government of Kenya is the principal shareholder of the college, holding 100% of the 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 Parent Ministry;
- iii) Key management;
- iv) Board of directors;
- v) XXX

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

25. Events After The Reporting Period

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

26. Ultimate And Holding College

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

27. Currency

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

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20. Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

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

Reference Number	Summary of Issue	Auditor-General Comments	Management Comments	Implementation Status
1.	Inaccuracies in Cash and Cash Equivalents Balance	We have amended the financial statements accordingly. Equity bank account number 1240281042164 had a closing balance of kshs. 5,433 and Kenya Commercial bank account number 1303323192 had a balance of kshs.5, 000. The difference is due to reconciling items mainly for Kenya Commercial bank account number 1284015963. The reconciliation statement has been provided		Resolved
2.	Unconfirmed Depreciation Expense	When the college started it was under the mentorship of Kisii National Polytechnic we requested to be guided on depreciation of Equipment/facilities and they allowed us to adopt their policy. However, the college is now considering developing its own policy in the first quarter of the FY		Resolved

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Reference Number of the Observation and Report	Key Observations from Audit	Management Comments	Resolution Status	Resolution Period
		2025/2026. KMTVC is a relatively new established institution and requires to develop many policies among them the depreciation policy.		
3.	Unsupported Property, Plant and Equipment Balance	Ledgers for plant and equipment were supposed to be provided to KMTVC by the (Kisii National Polytechnic) KNP since it was the mentor as they were in charge of procuring them. The process of acquiring the Title deed is underway. By the end of the financial year 2024/2025 we shall have a valuer to value the assets.	Not resolved	1 year
4.	Unreconciled Receivables from Exchange Transactions Balance	The debtors aging analysis schedule to indicate the period the fees have remained outstanding has been provided for audit review	Resolved	
1.	Failure to Adhere to Fees Policy	The management has undertaken to strengthen fee collection mechanisms by enforcing strict payment policies, conducting regular follow-ups, and implementing student account reconciliations to ensure full compliance with the fee structure.	Not resolved	1.5 years
2.	Failure to Adhere to Reporting Deadline	The finance office had not been established as the college had just	Resolved	

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Performance Indicators, Risks/Challenges/Issues, Management Responses				
		started to help in the early preparation and presentation of the financial statements but the office has now been established and we shall adhere to early submission of the financial statements.		
3.	Irregular Human Resource Practices	Since we are in a remote area most of the employees prefer not to accept the acceptance letter or take a transfer because of distance. Also, we only appoint as per the applicants we receive.	Not Resolved	1 year
4.	Failure to Develop and Implement Process Management Systems	The management of the College will Develop and institutionalize comprehensive process management systems and Standard operating procedures (SOPs) by the 1 st quarter of FY2025/2026. This will guide monitoring of donor projects, revenue, and expenditure, Establish a Monitoring and Evaluation (M&E) framework integrated with financial reporting systems, Ensure that all donor-funded and internally funded projects are tracked against approved budgets and implementation	Resolved	

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Reference No. of the irregularity	Issue/Objection/Concern	Management Comments	Status (Resolved/Not Resolved)	Timeframe (If a date when you expect the issue to be resolved)
		milestones and Build staff capacity in process management, project reporting, and operational auditing.		
5.	Failure to Develop a Human Resource Plan	The institution had not developed the human resource policy because it was at inception and there were no funds for developing the document however, the human resource policy has been developed and approved by the board on 10th March, 2025 Min 012/03/25.	Resolved	
6.	Un-approval Bank Account	Approval for opening college bank accounts was communicated to both the ministry and national treasury but the college can again seek a post facto approval for the opening of the official bank accounts if need be	Not resolved	3 Months
7.	Failure to Maintain Updated Fixed Assets Register	Management will ensure proper records of assets and account for all the assets are maintained and valued and tagged at the end of 30 th June, 2025. Although the supporting documents have not been handed over to KMTVC by the Kisii National Polytechnic. See Annex 3 & 4. By the end of this financial year 2024/2025	Not Resolved	1 year

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Risk Register				
Risk Category	Risk Description	Management Strategy	Status	Remarks
		we will have a valuer to do asset valuation		
1.	Failure to Develop and Implement Financial Policies and Procedures	The College has embarked urgently to develop and institute comprehensive financial policies and procedures by the 1 st quarter of FY2025/2026. The policy will cover key areas such as: Revenue collection and receipting, Expenditure and payment, Procurement and stores management, Payroll and personnel expenses and financial reporting and budget control. The policies will be approved by the Board and disseminated to all relevant staff. The management will ensure periodic reviews and updates of the policies to align with changing regulatory requirements and best practices.	Resolved	
2.	Lack of Information and Communication Technology (ICT) Strategic Committee, ICT Strategic Plan and ICT Steering Committee	The institution has undertaken to develop and adopt the Disaster Recovery Plan in the first quarter of the FY 2025/2026. The institution has also undertaken to constitute the IT strategic and steering committees in the next three weeks and will	Resolved	

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Reference to the Annual Report	Issue/Observation from Auditor	Management comments	Status (Resolved/In-Progress)	Management's plan to address the issue (if not resolved)
		operationalize it before the end of the last (fourth) quarter of this financial year (FY 2024 2025)		
3.	Lack of a Risk Management Policy	The institution through the Board of Governors will expedite development and implementation of the Risk management policy for the college to ensure the institution is not exposed to unanticipated risks that may affect delivery and quality of training. This will be done in the first quarter of 2025/2026.	Resolved	
4.	Delayed Posting of Capitation Receipts to the Cashbook	We could sight the money in our bank statement but the Ministry shares the letter and students list late for allocation bringing about the delay. Further, as an institution we are working on strengthening internal controls to ensure we have clear implementation and documentation procedures by ensuring immediate posting of cash receipts upon confirmation of bank deposits.	Resolved	

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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 the implementation of each issue;
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to the National Treasury.


.....
Name: Peter Nyaribo
Accounting Officer

Date

26/08/2025