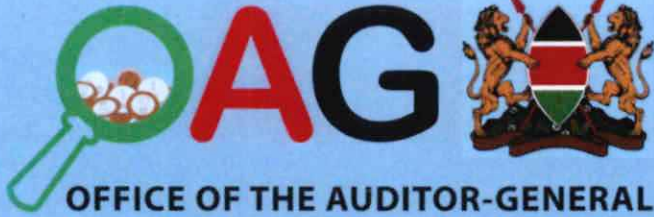



REPUBLIC OF KENYA



*Enhancing Accountability*

PARLIAMENT  
OF KENYA  
LIBRARY

**REPORT**

 <b>THE NATIONAL ASSEMBLY PAPERS LAID</b>	
DATE: <b>19 JUN 2025</b>	DAY: Thursday
TABLED BY:	Hon. Silvanus Odera (Majority Party Whip)
CLERK-AT THE-TABLE:	Anastacia

**OF**

**THE AUDITOR-GENERAL**

**ON**

**LAMU EAST TECHNICAL AND  
VOCATIONAL COLLEGE**

**FOR THE YEAR ENDED  
30 JUNE, 2024**

**LAMU COUNTY**



Revised 30th June 2024



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*LAMU EAST TECHNICAL AND VOCATIONAL COLLEGE.*

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE 2024**

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



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ಕರ್ನಾಟಕ ಸರ್ಕಾರದ ಶಿಕ್ಷಣ, ವಿಜ್ಞಾನ ಮತ್ತು ತಂತ್ರಜ್ಞಾನ ಇಲಾಖೆ

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**Lamu East Technical and Vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

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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
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
TTI	Technical Training Institute
TTC	Teacher Training College
TVC	Technical Vocational College

**B. Definition of Key Terms**

**Fiduciary Management** - Members of Management directly entrusted with the entity.

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

- 1) **Board of Governors,**
- 2) **Accounting officer/ Principal**
- 3) **Senior Administration team Consisting of:**
  - i. **Deputy Principal**
  - ii. **Registrar.**
  - iii. **Dean of Students**
  - iv. **Finance Officer,**
  - v. **Head of Departments.**

**Comparative Year-** Means the prior period.

TVET	Technical and Vocational Education and Training
TVETA	Technical and Vocational Education and Training Authority
CEO	Chief executive Officer
ICT	Information Communication Technology
NG-CDF	National Government Constituency Development Fund
KCNP	Kenya Coast National Polytechnic
SDTVET	State Department of Technical and Vocational Education and Training.
PSC	Public Service Commission
KDF	Kenya Defense Forces
LPO	Local Purchase Order.

**2. Key Entity Information and Management**

**(a) Background information**

- (b) Lamu East Technical and Vocational College is domiciled in Kenya. The institution was incorporated/ established under the TVET Act 2013 on 16<sup>th</sup> September, 2014. The institute is under the Ministry of Education.
- (c) It was completed and handed over from the contractor to the mentor in January 2021.
- (d) A Principal and a trainer had then been deployed.
- (e) In September of 2023, this Principal proceeded into retirement and a new principal, deployed by Tvet, took over as the CEO of the college.
- (f) By the time the college was handed over to the new Principal in September, 2023, it had not yet been operationalized and was in a state of dormancy.
- (g) The Institute has four equipped labs in cosmetology courses,
- (h) It also has a student's training diner and a students' training Kitchen.
- (i) The institute has three (3) Jitume Computer Labs with a total carrying capacity of one hundred (100) computers with internet connectivity infrastructures in place.
- (j) It also has four Lecture rooms each equipped with twenty (20) students' chairs.

**(b) Principal Activities**

The principal activity/mission/ mandate of the entity is to ...

**VISION**

**To be a centre of excellence in Maritime affairs, Mining and Marine life Research.**

**MISSION**

**To provide the Kenyan economy and beyond with skilled manpower in the entirety of marine affairs, mining and marine science.**

**CORE VALUES**

1. Integrity
2. Honesty
3. Professionalism
4. Transparency
5. Accountability
6. Team Work

**(c) Key management**

The principal Vision of Lamu East Tvc is To be a centre of excellence in **Maritime affairs, Mining, Marine life Research and remote sensing technology**

Its mission is to provide the Kenyan economy and beyond with skilled manpower in the entirety of marine affairs, mining, marine sciences and marine remote sensing technology

Its Strategic Objectives are but not limited to:

- i. To enhance access and equity in technical training.
- ii. To enhance relevant infrastructure facilities for training in Marine affairs, Mineral exploitation and marketing of Sea products
- iii. To engage in applied research to promote innovation and appropriate technology in marine affairs and marine mining.
- iv. To establish collaboration and linkages with other local, national and international Partners
- v. To integrate ICT integration in learning, training, research in marine life, mining explorations and Marine-based content creations for Social Media Consumers...
- vi. To develop a competent workforce in water-based skills in Life saving, water bodies motorized and none-motorized manoeuvring skill,
- vii. Prepare the institution as a first and last line of defence in times of major disasters engulfing the communities in this region such as epidemics, earthquakes, tsunamis, warfare etc.

**Key Management**

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

- 1) Board of Governors,
- 2) Accounting officer/ Principal
- 3) Senior Administration team Consisting of:
  - (I) Deputy Principal
  - (II) Registrar.
  - (III) Dean of Students
  - (IV) Finance Officer,
  - (v) Head of Departments

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**(c) Fiduciary Management**

The key management personnel who held office during the financial year ended 30th June 20XX and who had direct fiduciary responsibility were:

SN.	Designation	Name
1.	Principal	-Francis MbuguaWainaina
2.	Deputy principal Finance	-Jacob nyang'owa
3.	Deputy principal Academics	-
4.	Registrar (s)	-Ali Ahmed Mohamed
5.	Dean of students	-Ali Amir Ali
6.	Head of Finance	-Mrs Hudaab Aboud
7.		



*(Include the positions that are regarded as top management in your organization).*

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

- (d) **Fiduciary Oversight Arrangements**  
*(Here, provide a high-level description of the key fiduciary oversight arrangements covering (say):*
- *Audit and risk committee activities*
  - *Finance and operations committee activities*
  - *Academic committee activities*
  - *Development partner oversight activities*
  - *Other oversight activities*
- (e) **Entity Headquarter**  
Lamu East Technical and Vocational College Headquarters,  
P.O, Box 60 – 80501,  
Faza,  
Lamu East sub-County,  
Lamu County,  
Kenya
- (f) **Entity Banker**  
Lamu East Technical and Vocational College Bankers  
Kenya Commercial Bank,  
Lamu Branch  
Box 143-70100,  
Lamu.  
Account no.1290501785
- (g) **Independent Auditors**  
Auditor-General  
Office of Auditor General  
Anniversary Towers, Institute Way  
P.O. Box 30084  
GPO 00100  
Nairobi, Kenya.
- (h) **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

<p>01</p>	 <p><b>Abdallah Ahmed Ali</b> <b>CHAIRMAN BOG</b> <b>MBA. (STRATEGIC MGMNT)</b></p>	<p><b>Work Experience</b></p> <ul style="list-style-type: none"> <li>• Chief officer - Education, Technology and Vocational Training - Lamu County Government</li> <li>• County Public Service Board Member - Lamu County Government</li> <li>• District Education officer - Tana Delta, Laikipia west and, Kwale Districts</li> <li>• Provincial Examination Officer- Coast Province(Mombasa)</li> <li>• Deputy District Education officer - Mombasa District</li> <li>• District Examination Officer / School Inspector- Lamu District</li> <li>• Teachers Advisory Centre - Tutor</li> </ul>
<p>02</p>	 <p><b>Francis Mbugua Wainaina</b> <b>PRINCIPAL/BOG SECRETARY</b></p> <p>Bachelor of Arts (Social Cultural and Development Studies), Moi University. Post graduate Diploma in Education; Ergenton University</p>	<ul style="list-style-type: none"> <li>• Community Development and Educational Management.</li> <li>• Eight years of secondary education teaching and management,</li> <li>• Seventeen years in technical education teaching and management</li> <li>• CEO of the college</li> <li>• Secretary to BoG.</li> </ul>


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03	 <p><b>James Matole Tuva</b>  <b>CHAIRMAN; FINANCE COMMITTEE</b>  M.A(Criminology)  Bachelor of Buss &amp; Information Tech.  Dip.Infm. Tech  Cert.Comp.Oper.&amp; Buss Technology.</p>	<ul style="list-style-type: none"> <li>• HOD ICT and HCM Automation at National Police Service Commission.</li> <li>• Kenya Revenue Authority, Southern Region,</li> <li>• ToT of Huduma Namba (NIIMS)</li> <li>• Member, Bog; Weru and Kaloleni Technical &amp; Vocational College</li> <li>• United Nation Habitat :- Organizational Change.</li> </ul>
04	 <p><b>Raya Famau Ahmed</b>  <b>BOG MEMBER</b>  Bsc.Development Studies</p>	<ul style="list-style-type: none"> <li>• CEO, Lamu Women Alliance</li> </ul>
05	<p><b>Nyera Mango Sibagaya</b>  <b>BOG MEMBER</b>  B. Coms. (Acc.Option)  CPAK.CPS</p>	<ul style="list-style-type: none"> <li>• Siba &amp; Associate,</li> <li>• Public Accountants)</li> <li>• A Practising Accountant</li> </ul>
06	<p><b>Japhet Olongo Achola</b>  <b>BOG MEMBER</b>  HND,Electrical Engineering</p>	<ul style="list-style-type: none"> <li>• Kenya Ferry Service Limited:-Senior Engineering Technician</li> </ul>
07	 <p><b>Yunia J. Jilo</b>  <b>BOG MEMBER</b>  BA(Dev.studies)</p>	<ul style="list-style-type: none"> <li>• Tana River County Social Dev.Coordinator</li> </ul>
08	<p><b>Adhan Kulmie Bashir</b>  <b>BOG MEMBER</b>  B.Sc(Buss&amp;i8nfm. Techn)</p>	<ul style="list-style-type: none"> <li>• Business Man</li> <li>• Garsen Trading Centre.</li> </ul>

4. Key Management Team

 <p><b>Francis Mbugua Wainaina</b>  <b>PRINCIPAL</b></p> <p>Bachelor of Arts (Social Cultural and Development Studies), Moi University.          Post graduate Diploma in Education; Ergenton University</p>	<ul style="list-style-type: none"> <li>• Teach, formulate and supervise educational plans &amp; develop strategies.</li> <li>• Assign duties &amp; responsibilities to staff, provide updates of the college growth &amp; development.</li> <li>• Avail technical advice to Bog</li> <li>• Create a life sustaining system conducive for training and Learning.</li> <li>• Safeguarding the institutes' properties, records and Lives.</li> <li>• Supervise the implantation of the government/MoE educational and training policies and others.</li> <li>• Mentor and coach staff.</li> <li>• Accounting officer of the college.</li> </ul>
 <p><b>Nyang'owo Jacob Otieno</b>  <b>DEPUTY PRINCIPAL</b></p> <ul style="list-style-type: none"> <li>❖ Date of Birth: 11<sup>th</sup> February 1991</li> <li>❖ 2<sup>nd</sup> Class honours, Bachelor of Tourism Management, Moi University, 2015</li> <li>❖ Pedagogy training, Kenya Technical Trainers School, 2022</li> <li>❖ Certified digital skills Trainer</li> <li>❖ 3 years' experience as a Technical Skills Trainer</li> </ul> <p>Certified Competency based Education and Training expert.</p>	<ul style="list-style-type: none"> <li>• Teach, formulate and supervise educational plans &amp; develop strategies,</li> <li>• supervise staff, provide updates of the college growth &amp; development, ---Avail technical advice to the principal,</li> <li>• Create a life sustaining system conducive for training and Learning,</li> <li>• Supervise the implantation of the government/MoE, educational and training policies and others,</li> <li>• Mentor and coach staff.</li> <li>• Is the principal assistant to the principal of the college.</li> </ul>

	 <p><b>Ali Mohamed Ahmed</b>  <b>REGISTRAR</b>                  Bachelor of Technology in                  Information and Communication                  T</p>	<p><b>Duties and Responsibilities</b></p> <ul style="list-style-type: none"> <li>• Coordination of admissions and registration activities;</li> <li>• Preparing and interpreting registration policies to staff and Trainees;</li> <li>• Custodian of trainees' academic records;</li> <li>• Disseminating examination results;</li> <li>• Coordinating academic, research and innovations, quality standards and policies;</li> <li>• Publishing Institute bulletins, magazines, news-letter and catalogues;</li> <li>• Disseminating information on courses offered and procedures of acquiring transcripts, certificates and clearance;</li> <li>• Training in areas of specialization in accordance with the approved syllabus;</li> <li>• Preparing training materials and aids;</li> <li>• Setting and marking of exams as well as supervision of projects;</li> <li>• Assigning classrooms for optimum use of buildings and equipment; and</li> <li>• Any other duty as assigned.</li> </ul>
	 <p><b>Ali Amri Ali</b>  <b>DEAN OF STUDENTS</b>                  Bsc Electrical and Electronic                  Engineering</p>	<ul style="list-style-type: none"> <li>• In charge of trainees' welfare, guidance &amp; counselling at the college;</li> <li>• Formulating and implementing policies and procedures relating to Trainees' events;</li> <li>• Coordinating social events in and outside the college</li> <li>• Coordinating co-curricular and extra-curricular activities such as athletics, recreation, security and safety, food service, professional counselling, health care and Trainees' accommodation;</li> <li>• Liaising with other departments to ensure co-curricular programs are</li> </ul>

		<p>aligned with the college educational goals;</p> <ul style="list-style-type: none"> <li>• Developing Trainees' guiding material such as the constitution, rules &amp; regulations;</li> <li>• Coordinating/facilitating creation of Trainees' bodies like clubs &amp; movements, alumni, linkage with parents/guardians and other relevant stakeholders;</li> <li>• Coordination preparation of budgets and procurement plan for the section;</li> <li>• Managing Trainees' elections and leadership programmes;</li> <li>• Training in areas of specialization in accordance with the approved syllabus;</li> <li>• Managing academic trips, excursions and field visits; and</li> <li>• Any other duty as assigned.</li> </ul>
	 <p><b>Hudaab Aboud</b>  <b>FINANCE OFFICER</b></p> <p>BBM- Accounting &amp; Finance -          Ahfad University for Women -          Sudan.          Diploma in Supply Chain          Management - KIM .</p>	<ul style="list-style-type: none"> <li>• Keeping financial records on a daily basis.</li> <li>• Plan, direct &amp; control accounting &amp; financial operations.</li> <li>• Update internal system with financial data.</li> <li>• Assist with budget preparation/ financial planning.</li> <li>• Prepare monthly &amp; annual financial statements.</li> <li>• Working closely with other departments.</li> <li>• Work with internal stakeholders to determine procurement needs, quality &amp; delivery requirements.</li> <li>• Control &amp; monitor expenses against approved budget.</li> <li>• Receive, inspect &amp; handover supplies to respective departments.</li> </ul>

**5. Chairman's Statement**

**A BRIEF HIGHLIGHT OF KEY ACTIVITIES THROUGHOUT THE FY 2023/2024**

At the beginning of this financial year, the college was under Principal Mr Geoffrey Juma. In the month of September 2023 Mr Juma (Principal) proceeded into terminal retirement and a new Principal, Mr F.M. Wainaina, was deployed and handed over the reigns of the college.

**Operational status of the college by the time of Handing over.**

- I. The physical infrastructure was in a healthy condition as it was still a virgin.
- II. The college was well electrified and connected to the sub-county electrical grid. However, its Electricity account was not properly captured.
- III. The M.o.E had delivered and mounted training equipment in Cosmetology Field, Food and Beverages.
- IV. The water and sanitation systems were in place. However, it had not been tested yet.
- V. The college had not yet been registered with **Technical and Vocation Education Training Authority (TVETA)**.
- VI. No academic programmes going on,
- VII. Trainers in -station; A Principal and one Trainer.
- VIII. The College was largely not yet operationalized.
- IX. With the above strengths and deficiencies identified, they became the bedrocks of the BOG
- X. Strategic objectives from where to start operationalization of the college.

The development partners were sorted out and a good working relation established with **NG-CDF Lamu East Sub County**, and this gave birth to the actualization of the college launch by the President of the republic of Kenya.

In November 4th, 2023, a presidential inauguration and official opening ceremony took place on the college grounds.

Its here that the college vision and mission was defined. The college was to become a **centre for excellency in sea-fairing activities and an ICT Hub**.

The institute was inspected by TVETA and awarded a Provisional Registration Status. Curriculum was identified and external extermination bodies identified.

By now, two more trainers in the field of ICT and Electricity had been posted from PSC, **State Department of Tvet**.

In January 2024, during the college academic year 2024, a total of one hundred and twenty-seven (127) students registered with the college registry to take up training in courses such as Cosmetology, Hair-dressing and beauty Therapy, Food and beverages, Electricity, Ecotourism and Liberal studies.

Eighty-six (86) of these trainees were awarded full bursary by Lamu East NG-CDF. However, only Kshs 1.7 M out of Kshs 5.4 M was released to the college. Subsequently, Learning and training successfully took off.

The water and sanitation systems were tested, defect rectified and operationalized. The college administration was formed.

**Lamu East Technical and Vocational College**  
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Staff and students' feeding programme was activated.  
**Support staff** were hired to provide services in the **feeding programme, a cleaner, a compound worker, an extract day-time guard, a clerk of work, and a Finance officer.**

Similarly, two trainers were recruited and posted into the Cosmetology Department. Another trainer was also hired and posted into the Food and Beverage Department,

The **NG-CDF Lamu East** awarded the college three projects, namely;

- I. A 200,000 Litres rain-water underground water reservoir,
- II. A female only ablution with three (3) toilets and a shower,
- III. A male only ablution with three (3) toilets and a shower.

The Project was to kick off in September 2024 after public sensitization activities were completed.

Prepared by



**Mr Abdallah Ahmed.**  
**Chairman BoG Lamu East Tvc.**

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

At the beginning of this financial year (June 2023), the college was under Principal Mr Godfrey Juma.

In the month of September 2024, Mr Juma (Principal) proceeded into terminal retirement and a new Principal, Mr F.M. Wainaina, was deployed and handed over the reigns of the college.

After the handover, the principal carried out a *SWAT* analysis and the following were the Major strengths and weakness identified

- i. The physical infrastructure was in a healthy condition as it was still a virgin.
- ii. The college was well electrified and connected to the sub-county electrical grid. However, its Electricity account was not properly captured.
- i. The M.o.e had delivered and mounted training equipment in Cosmetology Field and Food and Beverages.
- ii. The water and sanitation systems were in place. However, it had not been tested yet.
- i. The college had not yet been registered with *Technical and Vocation Education Training Authority (TVETA)*.
- ii. No academic programmes going on,
- iii. Trainers in -station; One Principal and one Trainer.
- iv. The College was largely not yet operationalized.

With the above strengths and deficiencies identified, the principals' work was clearly cut out and a path-work was devised.

The principal set out to seek out community leaders both Political, opinion leaders, and religious leaders in this new community

Development partners were sort out, good will was restored with NG-CDF Lamu East Sub-County,

This venture gave birth to the actualization of the college launch by the President of the republic of Kenya.

In November 4<sup>th</sup>,2024, a presidential inauguration and official opening ceremony took place on the college grounds.

This event benefitted the college in the following ways;

1. Public awareness of the college and its programmes was created in the region and nationally,
2. The President promised the college 100 computers on top of scholarships for learners joining this institution,
3. A full scholarship for the first 100 students to the college was promised by the area MP Hon.Ruweida Obo.
4. The President directed the college to turn around and become a centre of excellency in the blue economy.
5. To this effect, the PS for the ministry of Fisheries, Mining and blue economy, was directed to lead a hand toward this to the college.
6. The ceremony preparations resulted in the physical infrastructure of the college getting a face lift'

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It's here that the college vision and mission was defined. The college was to become a centre for excellency in sea-fairing activities and an ICT Hub.

The institute was subsequently inspected by TVETA and awarded a **Provisional Registration Status**.

Curriculum was identified and external examination bodies identified.

This move gave the college the legal mandate to offer training and certification.

*Six* courses were *accredited*. Namely:

1. Beauty therapy level 5
2. Hair Dressing Level 5
3. Food and Beverages sales and services Level 5
4. Food production Culinary Arts Level 5
5. Social work and community development
6. Tourism and travel management. Level 5

By now, two more trainers in the field of ICT and Electricity had been posted from PSC, *state Department Of Tvet*.

In January 2024, during the college academic year 2024, a total of one hundred and twenty-seven (127) students registered with the college registry to take up training in courses such as *Cosmetology, Food and beverages, Electricity, ICT, Tourism and Liberal studies*.

Out of these 127 students, 86 were awarded full scholarship by Lamu East NG-CDF.

A partial payment of this scholarship funds of Kshs 20,000 was deposited into the college account with a promise for the balance to be availed later.

However, by the end of this financial year 2023/2024, that balance had not yet materialized.

Subsequently, Learning and training successfully took off.

The water and sanitation systems were tested, defect rectified and operationalized.

The college administration was formed.

A room was identified and restructure into a Mini kitchen.

It was equipped with equipment and tools to produce both food and beverages for members of the college community. (Staff & Students)

Suppliers for foodstuff and learning materials were sourced, identified and engaged.

Henceforth, Supplies were purchased

Staff and students' feeding programme was activated.

Support staff were hired to provide services in the feeding programme, a cleaner, a compound worker, an extract day-time guard, a clerk of work, and a Finance officer.

Similarly, two trainers were recruited and posted into the Cosmetology Department.

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Another trainer was also hired and posted into the Food and Beverage Department, The college did not have PSC trainers in the above areas and therefore, these trainers were engaged under the BOG terms.

The NG-CDF Lamu East awarded this college with three projects, *namely*;

- i. A 200,000 Litres rain-water underground water reservoir,
- ii. A female only ablution with three (3) toilets and a shower,
- iii. A male only ablution with three (3) toilets and a shower.

The Project was to kick off in September 2024 after public sensitization activities were completed.

However, by the close of 2<sup>nd</sup> term, 2024, the college was in a dire financial state and it was sinking deeper and deeper into public debts. This situation was occasioned by namely;

- Lack of payment of school fees from 1<sup>st</sup> term January-march 2024 up to second term, May-July 2024 for 41 students outside the NG-CDF bursary scheme.
- Lack of honouring of Lamu East sub county CDF promise of paying/ remitting the balance for the 86 students they offered full bursaries as they had promised.
- High cost of commodities and operations in this region as its an island.
- KUCCP portal was still none operational.
- The college was largely relying on Government grants (Kshs 500,000) to support all its activities.

Prepared by:



**Francis Mbugua Wainaina**  
**PRINCIPAL/BOG SECRETARY**

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

Lamu East TVC has Seven (7) strategic pillars/issues/ themes and objectives within the current Strategic Plan for the FY 2023- 2024 . These strategic pillars are as follows:

Lamu East TV developed its annual work plans based on the above 7 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The college achieved its performance targets set for the FY 2023/2024 period for its 7 strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
1. Marketing and outreach	<ul style="list-style-type: none"> <li>• Create awareness of the college in Lamu East sub county, Lamu county and coastal region and within the entire nation of Kenya</li> </ul>	<ul style="list-style-type: none"> <li>• Hosted an official Opening ceremony hosted by the area MP and attended by the President of Kenya</li> <li>• Admitting over a hundred (100) students in its first time academic term of January-March 2024</li> </ul>	<ul style="list-style-type: none"> <li>-Bring onboard both Political, opinion leaders and Religion leaders</li> <li>-Engage with regional development partners</li> </ul>	100%
1. Achievement of Legal status	<ul style="list-style-type: none"> <li>• -Have the college registered as a training institute by TVETA authority.</li> <li>• -Legal rights to conduct training.</li> <li>• -Achieve certification recognition</li> </ul>	<ul style="list-style-type: none"> <li>• -Awarded a provision registration from TVETA</li> <li>• Six courses accredited</li> <li>• CDACC engaged as the</li> </ul>	<ul style="list-style-type: none"> <li>• A team from TVETA visits college for inspection for accreditation.</li> <li>• Principal travels to KUCCP</li> </ul>	90%

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		by CDACC, KNEC and NITA.	<ul style="list-style-type: none"> <li>examination and certification body</li> <li>• KUCCP Registration achieved and college given Huduma centre status</li> <li>KRA certificate acquired</li> <li>• Tel.No registered through Safaricom mobile provider</li> <li>• Mobile payments achieved through KCB into college account.</li> </ul>	<ul style="list-style-type: none"> <li>head quarters in Nairobi and achieves this.</li> <li>• Principal approaches the KRA offices in Lamu town and achieves this status.</li> <li>• While in Nairobi, the Principal Visits Safaricom Centre in Moi Avenue and registers this tel.No.in the college name.</li> <li>• The KCB branch in Lamu town was approached and connected the Safaricom Tel.No.and the college account.</li> </ul>	
1. Staff and students' welfare	<ul style="list-style-type: none"> <li>• To provide tea and snack at 10.00 AM and Lunch at 12.30 Noon for</li> </ul>	<ul style="list-style-type: none"> <li>• A kitchen curved and operational</li> <li>• 10.00 0'clock tea and lunch</li> </ul>	<ul style="list-style-type: none"> <li>• Fundi hired to reconfigure a room identified to serve as a mini kitchen.</li> </ul>	100%	

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		<p><b>both teachers, support staff &amp; Students</b></p>	<p><b>being served since January 2024</b></p>	<ul style="list-style-type: none"> <li>• <b>Suppliers for foodstuff identified and engaged</b></li> <li>• <b>Kitchen cooking utensils and equipment and tools bought,</b></li> <li>• <b>Serving utensils bought and handed over to the kitchen staff</b></li> <li>• <b>Two cooks are hired</b></li> <li>• <b>The college Dean of Students is put in-charge of the kitchen operations.</b></li> </ul>	
1. Students financing	<ul style="list-style-type: none"> <li>• <b>Identify funding regimes which fund's poor students' education locally, nationally and international ly.</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Lamu East NG-CDF offered 86 students with full bursary awards</b></li> <li>• <b>KUCCPS registers to college and opens a portal for students; application for capitation.</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>86 NG-CDF bursary forms are issued to students as provided</b></li> <li>• <b>Students fills them and returns to CDF offices.</b></li> <li>• <b>Principal travels to KUCCPs' Headquarters in Nairobi and students'</b></li> </ul>	100%	

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1. Teaching staff shortage	<ul style="list-style-type: none"> <li>To secure teachers in the field of Cosmetology, Food &amp; Beverage and the blue economy.</li> </ul>	<ul style="list-style-type: none"> <li>2 trainers in cosmetology hired under BOG terms and one in Food and Beverages</li> <li>PSC Vacancies are declared and advertised</li> <li>4 more teachers in ICT, Marine engineering, Port operations &amp; Fisheries and aquaculture.</li> <li>Letters requesting posting of more trainers dispatched to DHRM TVET Nairobi</li> </ul>	<p>portal is opened.</p> <ul style="list-style-type: none"> <li>AdVERTISEMENTS made locally and in social media for trainers in Cosmetology and Food &amp; Beverages.</li> <li>Three trainers are recruited under BOG terms of employment.</li> <li>5 PSC vacancies are declared as directed by PSC Tvet,</li> <li>Shortlisting of applicants done</li> <li>Interviews conduct as directed by DHRM at KCNP</li> <li>4 teachers successfuly report and are committed to teaching.</li> <li>A letter is dispatched to Nairobi DHRM requesting for trainers</li> </ul>	80%
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**Lamu East Technical and Vocational College**  
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				<p>in  <b>Cosmetology and Food &amp; Beverage</b></p>	
<p>1. <b>Infrastructures &amp; Training Equipment</b></p>		<ul style="list-style-type: none"> <li>• <b>Secure computers and internet connectivity for ICT department</b></li> <li>• <b>Office furniture and equipment</b></li> <li>• <b>Teaching equipment &amp; tools for Electrical department.</b></li> <li>• <b>Secure Gas cylinders for the Food &amp; Beverage department</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Infrastructure to accommodate 100 computers plus their internet connectivity for each already installed in three Jitume Labs, 40 Computers brought and mounted by Jitume Lab. Konz a City.</b></li> <li>• <b>A letter Dispatched to Nairobi, National Tvet Directors' office requesting for supply of Office furniture and equipment.</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Bench marking is undertaken at Weru Tvc Malindi for Jitume Lab. computers workstation.</b></li> <li>• <b>Material is bought from Mombasa for the construction of computer workstations to hold 100 computers.</b></li> <li>• <b>Fundi are hired from Malindi and brought to Kizingitini to construct these workstations.</b></li> <li>• <b>A letter Dispatched to Nairobi, National Tvet Directors' office requesting for supply of Office furniture</b></li> </ul>	<p><b>75%</b></p>

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				<b>and equipment.</b>	
<b>1. Capacity building and empowerment of</b>	<b>To facilitate staff and board to attend seminars and workshops meant to improve their work out put.</b>	<b>Increased efficiency and effectiveness of staff</b>	<b>Staff presents letters of invitation to seminar or workshop, Tabulation of per Diem, travel and seminar/workshop charges.</b>	<b>70%</b>	

**8. Corporate Governance Statement**

The following table summarizes board meeting and attendance percentages

S.No	Date of Meeting	Attendee	Absentees	Percentage attendance
01	17 <sup>th</sup> July 2023	7	3	70%
02	10 <sup>th</sup> May 2024	8	2	80%
03	27 <sup>th</sup> May 2024	7	3	70%
04				

The college is in the process of developing a board charter.

The process of board appointment and removal of board members, roles and functions of the board are contained in Tvet Act of 2013.

The board was inducted in an exercise held in Coast Institute of Technology (CIT).

Lamu East board of governor was appointed on 8<sup>th</sup> September, 2020.

It was inaugurated at the college premises on 28<sup>th</sup> February, 2023 in the college board room.

The board set out two sub committees, namely:

1. *Finance and General purpose (Education, Research, Training, HR, and Administration)*
2. *Risk and Audit*

The following Members were appointed into these two Committees.

COMMITTEE	MEMBERS	CHAIRPERSON
<ul style="list-style-type: none"> <li>• Finance and General purpose (Education, Research, Training, HR, and Administration)</li> </ul>	<ul style="list-style-type: none"> <li>• Mr. Nyera Sibagaya</li> <li>• Governor Representative</li> <li>• Ms. Raaya Famau</li> </ul>	Mr. Nyera Sibagaya
<ul style="list-style-type: none"> <li>• Risk and Audit</li> </ul>	<ul style="list-style-type: none"> <li>Pst. Acholla</li> <li>Mr. Jame Matole</li> <li>Mr. Peter Mwangi</li> <li>Ms. Yunia Jilloh</li> </ul>	Mr. Jame Matole

**SERIOUS ISSUES PERTAINING TO THIS BOARD.**

1. All the members don't live and work in Lamu East Sub County and have been observed to be out of touch with the populace here. Subsequently, they are unconscious of the dynamics facing this community, the inter-play between the socio-economics, its environment and the college.

2. Only two members were born and raised here but moved away to Lamu West sub county, however, of these two members, the chairman, played a critical role during its operationalization phase in this financial year.
3. The county government **never** appointed a representative of the Governor as required by Law. They were approached and a letter to that effect submitted, but didn't respond.
4. The board visited the college during its inauguration but thereafter, most of its meeting has been held on-line. This has greatly blunted the effectiveness and efficiency of this board resulting in its dismay performance during its life span.
5. This board expires in August ,2025.

**RECOMMENDATIONS.**

1. Three quarters of the board members should be living and working within the catchment zone of the college. This means that they will always be in touch with the college and in touch with the psychosocial dynamics of the demography of the college immediate catchment zones.

## **9. Management Discussion and Analysis**

The FY 2023/2024 entered while the college was under the retired Principal, Mr Geoffrey Juma.

The current Principal took over the college in the month of September, 2023.

The college had not yet been operationalized and the new administration embarked on this endeavour.

A grand opening ceremony was launched hosted by the area Member of Parliament and graced by the President of the republic of Kenya and the commander in chief of KDF.

As the process of operationalization kicked off, the college had only one source of funding, that is, Government Grant.

However, in the month of April, 2024, the college received some money as part payment for 86 students whom NG-CDF had awarded full bursaries. The CDF promised to release the rest of the funds in 2<sup>nd</sup> term.

However, by the time this financial year was concluded, these funds had not yet been released.

During the inauguration, the president promised to equip the college with 100 computers.

Thereafter, Jitume Labs. Technologies contacted the principal and provided the guidelines to be followed for the computers to be delivered.

The college was to establish infrastructures capable of holding these computers. Similarly, internet infrastructure connecting to each computer was needed.

This became a big challenge to the college as previously stated, the only source of funds was government quarterly grant of Kshs 500,000.

Upon benchmarking with other institutions within the coastal region, it dawned on us that it was going to cost around Kshs 1.5 M.

As luck would have it, the NG-CDF Lamu ended up doing partial payment for bursary fees for 86 students on full bursary. It availed a total of Kshs 1.7M out of Kshs 5.4M awarded.

By the end of the month of May 2024, three Jitume Labs, complete with internet connection per computers were complete.

Forty (40) computer machines were delivered by Konza National Data Centre and Smart City Facilities Project in the month of August 2024, and mounted.

In 2<sup>nd</sup> term of the college academic term 2024, the institute run into a storm.

This was occasioned by:

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- i. NG-CDF failed to live up to its promise of delivering the balance of the bursary funds for the students they sponsored.
- ii. A large number of students had showed up.
- iii. Out of this, 41 students were taking training with no fees. The college had allowed them in to benefit from those who had benefitted from NG-CDF funds awarded to the 86 students from 1<sup>st</sup> term up to now. This was viewed as a necessity necessitated by the cardinal goal of turning this Centre into a pull factor for the youths of the region.
- iv. On top of having several support staff, the college had also hired three trainers in the field of Cosmetology, and, Food and Beverages. A central component in the training process which comes with a financial implication.
- v. The principal was taken ill, admitted to Garissa referral hospital and underwent surgery. The college was negatively affected. This was attributed to its then embryonic administration. A training need was identified here to be addressed sooner than later.

It's during this Financial year that the *college received its confirmation of registration with Tveta thereby achieving full legal status.*

It's also during this period that the college advertised (...through SDTVE PSC...) *five vacancies* in the following field:

1. *Marine Engineering,*
2. *Fisheries and Aquaculture,*
3. *Clearing & Forwarding (Port Operations)*
4. *Cosmetology.*
5. *Computer science*

A team was dispatched to **KCNP** to carry out shortlisting exercise.

It was done successfully and validated by the board of Governors.

Thereafter, the shortlisted candidates were summoned to appear before an interview panel in the same Venue (**KCNP**).

*Five candidates were recommended for employment by Tveta and to be deployed to Lamu East Tvc as trainers* in the above-mentioned fields.

The **NG-CDF Lamu East** awarded this college *three projects, namely;*

- i. A 200,000 Liters' rain-water underground water reservoir,
- ii. A female only ablution with three (3) toilets and a shower,
- iii. A male only ablution with three (3) toilets and a shower.

The Project was to kick off in September 2024 after public sensitization activities were completed.

**Conclusively,**

The college closed the finishing line of *fy2023/2024* still on a steady pace on the path of operationalization but with tall tell signs of slowing down into a steady laboured pace.

## **10. Environmental and Sustainability Reporting Statement**

### **Sustainability strategy and profile**

The college has set itself on a seven (7) year strategic path towards full realisation of its true potential for the people of this region and the nation of Kenya.

#### **1) BLUE ECONOMY"**

This has informed its Mission, Goal and its strategic objectives.

Its growth and development will be towards the sea.

In this pursue it will establish training units in the field of *sea faring, marine life and marine sea-bed resources.*

Towards this goal, it embarked on recruitment of experts in this field expected to be concluded in the next financial year 2024/2025.

It will start in the following fields:

- i. Marine Engineering,**
- ii. Fisheries and Aquaculture,**
- iii. Clearing & Forwarding (Port Operations.)**

In this regard, the college will approach for partnership, the following entities:

- a) Lamu East sub county NG-CDF**  
They will be approached to fund infrastructural development for the blue economy department and students' sponsorship/bursaries.
- b) Lamu County government**  
It will be approached for incorporation of their departments dealing with marine life and sea faring activities with those of the college. The college hopes to secure both students; funding, training equipment and machines as well as infrastructure development.
- c) The Ministry of Fisheries, Blue Economy and Mining.**  
The Cabinet Secretary will be approached for the Physical construction and Provision of;
  - i. A dry dock for the Marine Engineering Section,**
  - ii. Aquariums/Fish ponds, a mini oxygen producing plant, and diving equipment/gears for the Fisheries and Aquaculture Section.**
  - iii. A mini port for training in Port operations.**
  - iv. Provision of Bulky equipment such as boats, submersibles, drilling equipment, and a chemical analytical Laboratory (Fully furnished)**
- d) Ministry of Education.**  
The ministry of education will be approached for the provision of;
  - i. Training equipment and tools for the courses being offered in the blue economy.**
  - ii. Physical infrastructures such as offices, Laboratories and workshops.**
- e) All Country governments**  
The county government's Fire brigades and emergency handling departments.

They will continuously be approached to sponsor their personnel in these departments to acquire skills in handling water related disaster/emergencies such as skills in diving, flood related rescue missions etc.

## **2) THE OTHER DEPARTMENTS**

The rest of the college will sustain itself through **FIVE** broad-based major pillars listed in accordance to their current levels of reliability. Namely:

- 1) Government Grants and development funding**
- 2) Government Agencies,**
- 3) Student's capitation avenues**
- 4) Commercial Production activities.**
- 5) Internal and external Donors**
- 6) Philanthropists**

## **Environmental performance**

The college is relatively new. It is located on the western sides of Patte Island. Patte island is a well greened land with various trees, bushes and grass mostly of indigenous origine.

The Island receives adequate rainfall to keep the its vegetation greenish throughout the year. Most of the seafronts are thickly forested by mangrove tress.

Patte island is part of Lamu East Subcounty of Lamu County. The island is rich in marine life thereby forming the economic backbone of the people of this region.

The largest economic activity here is Fishing. A bit of farming and Livestock keeping and trading.

The largest ethnic tribe are the **Bajunis** (*...the Kenyan Swahili people*) interspersed with other coastal and none coastal people of Kenya.

Educational standards are low with many youths dropping out of school after standard eight. It is majorly an Islamic dominated region with a very rich history in Pre colonial and during colonial periods.

Lamu East sub county is basically an archipelago as it consists of other islets.

Due to the subsistence life style of the people who uses firewood as their source of cooking fuel, the land is showing signs of deforestation.

The college has started the process of afforestation by Planting tree seedlings in conjunction with the Kenya forest department.

An environmental champion has been appointed among its staff and connected to the national team working towards the nation goal of increasing Kenyan tree coverage acreage.

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The college land is below 5 acres and as such, the ministry of Lands will be contacted to allocate more land for this college.

The college has yet to develop and document a comprehensive environmental policy guideline.

It has one bio-digester septic tank.

All the human waste and waste water is directed towards this septic tank.

The college is currently using charcoal and gas but with the intention to shift fully towards the use of Gas cooking for both the students' learning restaurants and the college communal kitchen.

### **Employee welfare**

The hiring policy of the institute is guided by the policy of *"locals first."* As Lamu East Sub County is made up of several different communities with the Banjunis being the largest single tribe, the college envisions a hiring policy reflective of this tribal diversity.

The college observes the performance of its workers keenly. Best performing workers were rewarded through salary increase and those on probationary employment confirmed in their jobs.

It is the policy of this college to develop careers and improves its staff's skills.

It has also facilitated its staff on several occasions to attend seminars and workshops meant to sharpen their skills and create linkages and networks of professionals.

The college also provides the teaching staff and support staffs with both with *10'oclock tea and lunch.*

The college has placed firefighting equipment on all the corridors and inside the workshops.

### **Market place practices-**

- Lamu East Tvc makes one monthly budget which captures all payments due to workers, suppliers of goods and services plus any monetary payment obligation.  
This monthly budget is prepared by its finance officer and cross checked and authorized by the principal or the Deputy Principal  
Requests for supplies forms (LPOs) are cross-checked by either the principal or the deputy principal.  
Evidence of payments is strictly maintained.
- Lamu East Tvc does not align itself to any political, tribal or religious alignment and maintains a policy of non-alignment.
- Lamu East Tvc identifies well established and honest businessmen and women in the island villages for its supply of goods and services.

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A letter of acknowledgement of choice of the supplier is awarded to that business concern,

For every order made an LPO form is generated of a specific standard to that supplier of a particular type of goods or services in duplicate. The forms are prepared and signed by the supply officer cum finance officer.

The supplier counter signs against the supplies made and retain a copy while supply officer cum finance office retains a copy.

At the end of every month, a summary form of all goods or services rendered is made and tabulated. If the totals matches those of the supplier, payment is made and a receipt issued for the supply of that particular month.

Lamu East Tvc makes it a priority of paying its suppliers on a monthly basis unless it has exhausted its funds and the next disbursement of its funds is delayed from its source.

Payments of contractors are immediately honoured unless there is a dispute which may demand withholding of payments.

- Lamu East Tvc makes both posters and banners advertising its courses. These advertisements tools are pasted on strategic public places, placed on various social media platforms in the county and surrounding countess well as on the national wide social media platforms.

Tender advertisements and job vacancies follows the same routine.

- Lamu East Tvc has established a customer charter which has outlined consumers of its products rights and services.

The college has incorporated the provincial Administration in its trainee's recruitment drives.

It has also partnered with the local NG-CDF to source and fund the student's tuition fees.

**Corporate Social Responsibility / Community Engagements**

- 1) Some families have settled inside the land creating an encroachment. Although this is unhealthy and will eventually pose a challenge to the college, they have been provided with assistance especially during the month of Ramadan when they were in need of storage of refrigerated food products and provision for cold clean drinking water for breaking the fast., and similarly, allowed to graze their livestock on the land. This has helped the college to manage growth of bushes around it as well as augmenting The security of the college infrastructure, students and staff. However, its a problem which will be settled in the near future and not now.
- 2) In its human resource support staff docket, it has hired five personnels from the local Banjuni tribe and three from other ethnic groups living and working here. This is in accordance with the Employment policy on ethnicity.

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3) In the beginning months of the Academic year 2024, a total of 127 students reported and selected various courses on offer.

86 of these received partial tuition fees from the local NG-CDF. 41 of these trainees missed out on this funding.

The college decided to accommodate them as it set out knocking doors for funds.

The college, as stated earlier, crossed the finishing line of *FY2023/2024 heavily bogged down by financial constraints.*

Academic timelines were severely affected.

4) Similarly, the college procures its supplies of goods and services from local business people. In this regard, it has started contributing to the socioeconomic growth of this region.

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**Annual Report and Financial Statements for the year ended 30th June 2024**

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**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, 2024, which show the state of the Lamu East Tvc affairs.

**Principal activities**

The principal activities of the entity are layout on page iii ....

**Results**

The results of the entity for the year ended June 30 are set out on page xiv, xv. xvi....


**Council/Board of Governors**

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

**Auditors**

The Auditor General is responsible for the statutory audit of the Lamu East Tvc in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or Certified Public Accountants were nominated by the Auditor General to carry out the audit of Lamu East Tvc for the year/period ended June 30, 2023, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board



.....  
**Secretary of the Board/Council**  
**Faza, Lamu County**

**Date:**

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

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 council members to prepare financial statements in respect of that Lamu East Tvc, which give a true and fair view of the state of affairs of the Lamu East Tvc at the end of the financial year/period and the operating results of Lamu East Tvc for that year/period. The Council members are also required to ensure that Lamu East Tvc keeps proper accounting records which disclose with reasonable accuracy the financial position of Tvc. Lamu East The council members are also responsible for safeguarding the assets of Lamu East Tvc.

The Council members are responsible for the preparation and presentation of Lamu East Tvc financial statements, which give a true and fair view of the state of affairs of Lamu East Tvc 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 entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of Lamu East Tvc, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Council members accept responsibility for Lamu East Tvc financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the State Corporations Act, and the TVET Act). The council members are of the opinion that Lamu East Tvc financial statements give a true and fair view of the state of Lamu East Tvc transactions during the financial year ended June 30, 2024, and of the college financial position as at that date. The Council members further confirm the completeness of the accounting records maintained for the College, which have been relied upon in the preparation of the College financial statements as well as the adequacy of the systems of internal financial control.

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

**Lamu East Technical and Vocational College**  
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**Approval of the financial statements**

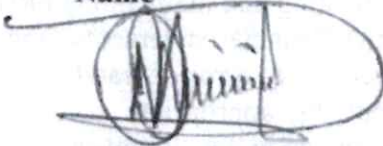
Tvc financial statements were approved by the Board on 3rd December 2023 and signed on its behalf by:

x  
.....  
Name **ASPAWA A. ALI**



**Chairperson of the Board/Council**

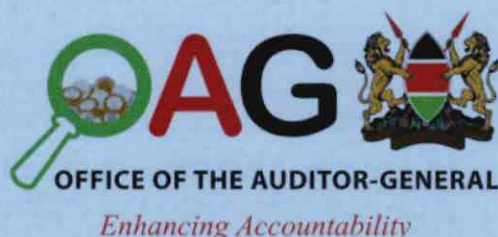
.....  
Name **FRANCIS M. DAIKALHA**



**Principal/BOG Secretary**

# REPUBLIC OF KENYA

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

## REPORT OF THE AUDITOR-GENERAL ON LAMU EAST TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2024 – LAMU COUNTY

### 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 Lamu East Technical and Vocational College – Lamu County set out on pages 1 to 31, which comprise the statement of financial position as at 30 June, 2024, 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 matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Lamu East Technical and Vocational College as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Technical and Vocational Education and Training Act, 2013.

### Basis for Qualified Opinion

#### Inaccurate Cash and Cash Equivalents Balance

The statement of financial position reflects cash and cash equivalents balance of Kshs.2,137 as disclosed in Note 14 to the financial statements. However, the statement of cashflows reflects a cash and cash equivalents balance of Kshs.11,733 resulting in unreconciled variance of Kshs.9,596.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.2,137 could not be confirmed.

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

### Emphasis of Matter

#### Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on a comparable basis of Kshs.41,299,000 and Kshs.5,700,000 respectively,

resulting in an under-funding of Kshs.35,599,000 or 86 % of the budget. However, the College spent a balance of Kshs.5,656,337 against actual receipts of Kshs.5,700,000, resulting in an under-utilization of Kshs.43,663 or 1% of actual receipts.

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

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 matter described in the Basis for Qualified Opinion, I have determined that, there were no other key audit matters to communicate in my report.

### **Other Information**

The Management is responsible for the other information set out on page iii to xxxiv which comprise of Key Entity 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, Environmental and Sustainability Reporting statement, Report of the Board of Governors, and The Statement of the 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, I am required to report that fact. Based on the audit procedures performed and the matters described in my Basis for Qualified Opinion, I confirm that other information is not materially inconsistent with the financial statements.

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 matters 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**

### **1. Late Submission of Financial Statements for Audit**

Management submitted the financial statements to the Auditor-General on 8 April, 2025 instead of the statutory deadline of 30 September, 2024, which is approximately ten (10) months after the end of the financial year. This was contrary to Section 47(1) of the Public Audit Act, 2015 which states that the financial statements required under the Constitution, the Public Finance Management Act, 2012 and any other legislation, shall be submitted to the Auditor-General within three (3) months after the end of the fiscal year to which the accounts relate.

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

### **2. Lack of an Approved Procurement Plan**

The statement of financial performance reflects total revenue and expenses of Kshs.5,700,000 and Kshs.9,156,337 respectively. However, during the year under review, Management did not prepare an annual procurement plan as part of the annual budget preparation process, contrary to Regulation 40 of the Public Procurement and Asset Disposal Regulations, 2020 which require a procuring entity to prepare a procurement plan for each financial year as part of the annual budget preparation process.

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

### **3. Lack of an Approved Budget**

The statement of comparison of budget and actual amounts reflects a final total income and expenditure budget amount of Kshs.41,299,000. However, the budget provided for audit was not approved by the Board of Governors contrary to Regulation 44 (2) of the Public Finance Management (National Government) Regulations, 2015 which provides that National government entities shall execute their approved budgets based on the annual appropriation legislation.

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, except for the effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### Basis for Conclusion

#### 1. Lack Internal Audit Function and Failure to Establish Audit Committee

The College was operating without an internal audit unit and also the Board had not established an audit committee. This is contrary to Section 73(1) (a) of the Public Finance Management Act, 2012 which requires that every National Government public entity to ensure that it has appropriate arrangements in place for conducting internal audit according to the guidelines of the Accounting Standards Board and Section 73 (5) of the Act which require every National Government public entity to establish an internal auditing committee whose composition and functions are to be prescribed by the regulations.

In the circumstances, the College did not benefit from the oversight role and advise from the Audit Committee and Internal Audit function.

#### 2. Lack of Fixed Asset Register and Ownership Documents

The statement of financial position reflects property, plant and equipment balance of Kshs.66,500,000 as disclosed in Note 16 to the financial statements. However, Management did not maintain a fixed asset register and review of the documents provided for audit revealed that the College owns a piece of land approximately 4.6 acres whose land ownership documents were not provided for audit. Further, the college sits on the same compound with Kizingitini Village Polytechnic owned by the County Government of Lamu.

In the circumstances, the ownership and safe custody of the property, plant and equipment could not be confirmed.

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

## **Responsibilities of the Management and Those Charged with Governance**

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

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

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

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

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

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

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

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

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

04 June, 2025

**Lamu East Technical & Vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

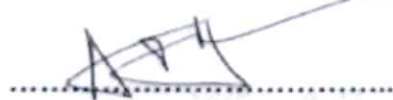
**14. Statement of Financial Performance for The Year Ended 30 June 2024**

	Notes	2023/2024
		Kshs
<b>Revenue from Non-Exchange transactions</b>		
Transfers from other National Government entities		0
Transfers from other levels of government	6(a)	2,000,000
Public contributions and donations		0
		<b>2,000,000</b>
<b>Revenue from Exchange transactions</b>		
Rendering of services- fees from students	7	3,700,000
<b>Revenue from Exchange transactions</b>		<b>3,700,00</b>
<b>Total Revenue</b>		<b>5,700,000</b>
<b>Expenses</b>		
Use of goods and services	8	2,820,058
Employee costs	9	665,000
Board /Council Expenses	10	140,000
Depreciation and amortization expense	11	3,500,000
Repairs and maintenance	12	2,058,760
Bank Charges	13	12,519
<b>Total Expenses</b>		<b>9,196,337</b>
<b>Other Gains/(Losses)</b>		
Gain on sale of assets		-
<b>Total Other Gains/(Losses)</b>		<b>-</b>
<b>Net surplus/(deficit) for the year</b>		<b>-3,496,337</b>

*(The notes set out on pages 18 to 20 form an integral part of the Annual Financial Statements).*

The Financial Statements set out on pages 1 to 32 were signed by:

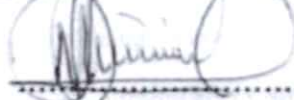
Abdalla Ahmed



Chairman of Council/Board

Date

Francis M. Wainaina



Principal

Date

Hudaa Aboud



Finance Officer

Date

Lamu East Technical and Vocational College  
Annual Report and Financial Statements for the year ended 30th June 2024

15. Statement of Financial Position as at 30th June 2024

Description	Notes	2023/2024
		Kshs
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	14	2,137.00
Receivables from exchange transactions	15	1,249,500.00
<b>Total Current Assets</b>		<b>1,251,637.00</b>
<b>Non-Current Assets</b>		
Property, plant, and equipment	16	66,500,000.00
<b>Total Non-Current Assets</b>		<b>66,500,000.00</b>
<b>Total Assets (A)</b>		<b>67,751,637.00</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Trade and other payables from exchange transactions	17	1,247,974.00
<b>Total Current Liabilities</b>		<b>1,247,974.00</b>
<b>Non-Current Liabilities</b>		
<b>Total Liabilities (B)</b>		<b>1,247,974.00</b>
<b>Net Assets (A-B)</b>		<b>66,503,663.00</b>
<b>Represented By:</b>		
Revaluation Reserves		-
Accumulated Surplus/Deficit		-3,496,337.00
Capital Fund		70,000,000.00
<b>Net Assets</b>		<b>66,503,663.00</b>

The Financial Statements set out on pages 1 to 32 were signed by:

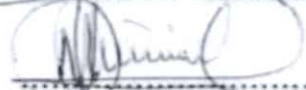
Abdalla Ahmed



Chairman of Council/Board

Date

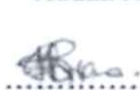
Francis M. Wainaina



Principal

Date

Hudaa About



Finance Officer

Date

Lamu East Technical & Vocational College  
Annual Report and Financial Statements for the year ended 30th June 2024

16. Statement of Changes in Net Asset for The Year Ended 30 June 2024

Description	Revaluation reserve	Accumulated Fund	Capital Grants/Fund	Total
<b>At July 1, 2023</b>	-	-	70,000,000	70,000,000
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	(3,496,337)	-	(3,496,337)
Capital grants received during the year	-	-	-	-
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-	-	-
<b>At June 30, 2024</b>	-	(3,496,337)	70,000,000	66,503,663

*Note:*

1. For items that are not common in the financial statements, the entity should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.
2. Prior year adjustments should have an elaborate note describing what the amounts relate to. In such instances a restatement of the opening balances needs to be done

Lamu East Technical & Vocational College  
Annual Report and Financial Statements for the year ended 30th June 2024

17. Statement of Cash Flows for The Year Ended 30 June 2024

Description	2023-2024	
	Note	Kshs
<b>Cash flows from operating activities</b>		
<b>Receipts</b>		
Transfers from other National Government entities		-
Grants from donors and development partners		-
Transfers from other levels of government	6(a)	2,000,000
Public contributions and donations		-
Rendering of services- fees from students	7	3,700,000
Sale of goods		-
<b>Total Receipts</b>		<b>5,700,000</b>
<b>Payments</b>		
Use of goods and services	8	2,820,058
Employee costs	9	665,000
Board /Council Expenses	10	140,000
Repairs and maintenance	12	2,058,760
Bank Charges	13	12,519
Contracted services		-
Grants and subsidies		-
<b>Total Payments</b>		<b>5,696,337</b>
<b>Net Cash Flows from operating activities</b>		<b>3,663</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant, equipment and intangible assets		-
Proceeds from sale of property, plant and equipment		-
<b>Net cash flows used in investing activities</b>		<b>(-)</b>
<b>Cash flows from financing activities</b>		
Proceeds From Borrowing		-
Repayment Of Borrowings		(-)
<b>Net cash flows used in financing activities</b>		<b>-</b>
<b>Net Increase in Cash and Cash equivalents</b>		<b>3,663</b>
Cash and Cash equivalents at 1 JULY,2023		8,070
<b>Cash and Cash equivalents at 30 JUNE,2024</b>	14	<b>11,733</b>

*IPSASB has prescribed the direct method of cash flow preparation and presentation for all public sector entities reporting under the IPSAS Accrual basis of accounting.*

*NB: Money amounting to Ksh. 4,550. Was lost as it was transferred to the wrong recipient.*

18. Statement of Comparison of Budget & Actual amounts for Year Ended 30 June 2024

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization Difference
<b>Revenue</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>%</b>
Transfers from other National Government entities	35,000,000	(0.00)	35,000,000	2,000,000	33,000,000	6%
Grants from donors and development partners	-	-	-	-	-	-
Transfers from other levels of government	-	-	-	-	-	-
Public contributions and donations	-	-	-	-	-	-
Rendering of services- fees from students	6,299,000	(0.00)	6,229,000	3,700,000	2,599,000	41%
<b>Total Income</b>	<b>41,299,000</b>	<b>(0.00)</b>	<b>41,299,000</b>	<b>5,700,000</b>	<b>35,599,000</b>	<b>13.8%</b>
<b>Expenses</b>						
Use of goods and services	38,715,000	(0.00)	38,715,000	2,780,058	35,934,942	7%
Employee costs	2,064,000	(0.00)	2,064,000	665,000	1,399,000	32.2%
Board /Council Expenses	280,000	(0.00)	280,000	140,000	140,000	50%
Repairs and maintenance	240,000	(0.00)	240,000	2,058,760	-1,818,760	857.5%
Bank Charges	0.00	0.00	0.00	12,519	12,519	0%
<b>Total Expenditure</b>	<b>41,299,000</b>	<b>(0.00)</b>	<b>41,299,000</b>	<b>5,656,337</b>	<b>35,642,663</b>	<b>13.7%</b>

1. The differences between actual and budgeted amounts was due to under-funding.

19. **Notes to the Financial Statements**

1. **General Information**

Lamu East Technical & Vocational College is established by and derives its authority and accountability from TVET Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is xxx.

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 *entity'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 *entity*. 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, (*include any other applicable legislation*), and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

**Lamu East Technical & Vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

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

*i. New and amended standards and interpretations in issue effective in the year ended 30 June 2024.*

There are no new standards in the year ended 30th June 2024

*ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.*

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 43: Leases	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. <i>State the expected impact of the standard to the Entity if relevant</i>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> 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. <i>State the expected impact of the standard to the Entity if relevant</i>
IPSAS 45: Property Plant and Equipment	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> 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. <i>State the expected impact of the standard to the Entity if relevant</i>
IPSAS 46: Measurement	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> The objective of this standard was to improve measurement guidance across IPSAS by:

**Lamu East Technical & Vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

	<p>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</p> <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> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 47: Revenue	<p><b>Applicable 1<sup>st</sup> January 2026</b></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 entity 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> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 48: Transfer Expenses	<p><b>Applicable 1<sup>st</sup> January 2026</b></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> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 49: Retirement Benefit Plans	<p><b>Applicable 1<sup>st</sup> January 2026</b></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> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>

**iii. Early adoption of standards**

Lamu East Technical & Vocational College did not early adopt any new or amended standards in year 2024./the entity adopted standard xx and xx. The impact of these standards on entity's financial statements is xx.(amend appropriately)

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

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

**Transfers from other government entities**

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

**ii) Revenue from exchange transactions**

**Rendering of services**

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

**Sale of goods**

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

**Interest income**

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

**Rental income**

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

**b) Budget information**

The original budget for FY 2023/2024 was approved by the Council or Board on xxx. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals to conclude the final budget. Accordingly, the entity recorded additional appropriations of xxx on the FY 20XX/20XX budget following the Council/ Board's approval. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page xx under section xxx of these financial statements.

**c) Taxes**

***Current income tax***

The entity is exempt from paying taxes as per schedule xxx of the xxx Act.

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

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

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

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

**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 an xx-year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit. (entity to amend appropriately).* Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

**e) Property, plant and equipment**

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

**f) Leases**

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

**g) Intangible assets**

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

**h) Research and development costs**

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

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

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

**i) Financial instruments**

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

## *Financial assets*

### *Classification*

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

### **Amortized cost**

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

### **Fair value through net assets/ equity**

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

### **Fair value through surplus or deficit**

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

### **Trade and other receivables**

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

### **Impairment**

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. 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 entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

#### **j) Inventories**

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

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

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

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

### **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 *Entity*.

### **k) Provisions**

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

### ***Contingent liabilities***

The *Entity* 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 *Entity* 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 *Entity* 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.

### **l) Social Benefits**

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

**m) Nature and purpose of reserves**

The *Entity* creates and maintains reserves in terms of specific requirements. (*Entity to state the reserves maintained and appropriate policies adopted*).

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

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

**o) Employee benefits**

**Retirement benefit plans**

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

**p) Foreign currency transactions**

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

**q) Borrowing costs**

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

**r) Related parties**

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

**s) Service concession arrangements**

The *Entity* 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 *Entity* 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 *Entity* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**t) Cash and cash equivalents**

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

**u) Comparative figures**

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

**v) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2024.

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

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

### **Estimates and assumptions.**

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

### **Useful lives and residual values**

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

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

### **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.

*(Include provisions applicable for your organisation e.g. provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).*

6. (a) Transfers from other Government entities (Categorized)

Name of the Entity Sending The Grant	Amount recognized to Statement of Financial performance *	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year
	Kshs	Kshs	Kshs	Kshs
Ministry of Education	2000,000	-	-	2000,000
<b>Total</b>	<b>2000,000</b>	<b>-</b>	<b>-</b>	<b>2000,000</b>

7. Rendering of Services

Description	FY 2023-2024
	Kshs
Tuition Fees – NG-CDF lamu East bursary	1,879,444
Activity Fees	388,204
Industrial Attachment Fees	339,614
Examination Fees	339,614
Library Fees	-
Facilities And Materials	280,124
Registration Fees	86,000
Others (EWC, P.E & Medical & Insurance)	387,000
<b>Total Revenue from The Rendering of Services</b>	<b>3,700,000</b>

(Fees from NG-CDF Lamu East for sponsored students)

8. Use of Goods and Services

Description	FY 2023-2024
	Kshs
Teaching and learning materials	1,263,930
Electricity Water & Conservancy(EWC)	131,478
Local Transport & Travelling(LT&T)	1,065,440
Administration Cost	181,830
Cleaning & Sanitation	40,000
Miscellaneous Expense	0
Lunch Programme	137,380
<b>Total good and services</b>	<b>2,820,058</b>

**9. Employee Costs**

Description	FY 2023-2024
	Kshs
Salaries and wages	665,000.00
Social contributions	-
<b>Employee Costs</b>	<b>665,000.00</b>

**10. Board/Council Expenses**

Description	FY 2023-2024
	Kshs
Board/Council Expenses	140,000
<b>Total</b>	<b>140,000</b>

**11. Depreciation and Amortization expense**

Description	FY 2023-2024
	Kshs
Property, plant and equipment	3,500,000
<b>Total depreciation and amortization</b>	<b>3,500,000</b>

**12. Repairs and Maintenance**

Description	FY 2023-2024
	Kshs
Property	2,058,760
<b>Total Repairs and Maintenance</b>	<b>2,058,760</b>

**13. Bank Charges**

Description	FY 2023-2024
	Kshs
Others (Bank Charges)	12,519
<b>Total Finance Costs</b>	<b>12,519</b>

**14. Cash and Cash Equivalents**

Financial Institution	Account number	FY2023-2024
		Kshs
<b>a) Current Account</b>		
Kenya Commercial Bank	1290501785	2,137.00
Equity Bank, etc.		-
<b>Sub- Total</b>		<b>2,137.00</b>
<b>b) On - Call Deposits</b>		
Kenya Commercial Bank		-
Equity Bank – etc.		-
<b>Sub- Total</b>		-
<b>c) Fixed Deposits Account</b>		
Kenya Commercial Bank		-
Bank B		-
<b>Sub- Total</b>		-
<b>d) Staff Car Loan/ Mortgage</b>		
Kenya Commercial Bank		-
Bank B		-
<b>Sub- Total</b>		-
<b>e) Others(<i>Specify</i>)</b>		
Cash in Transit		-
Cash in Hand		-
Mobile Money account		-
<b>Sub- Total</b>		-
<b>Grand Total</b>		<b>2,137.00</b>

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

Financial Institution	Account number	FY2023-2024
		Kshs
<b>f) Current Account</b>		
Kenya Commercial Bank	1290501785	2,137.00
Equity Bank, etc.		-
<b>Sub- Total</b>		<b>2,137.00</b>
<b>g) On - Call Deposits</b>		
Kenya Commercial Bank		-
Equity Bank – etc.		-
<b>Sub- Total</b>		-
<b>h) Fixed Deposits Account</b>		
Kenya Commercial Bank		-
Bank B		-
<b>Sub- Total</b>		-
<b>i) Staff Car Loan/ Mortgage</b>		
Kenya Commercial Bank		-
Bank B		-
<b>Sub- Total</b>		-
<b>j) Others(<i>Specify</i>)</b>		
Cash in Transit		-
Cash in Hand		-
Mobile Money account		-
<b>Sub- Total</b>		-
<b>Grand Total</b>		<b>2,137.00</b>

**15. Receivables from Exchange transactions**

**15 (a) Current Receivables from Exchange transactions**

Description	FY2023-2024
	Kshs
<b>Current Receivables</b>	
Student Debtors	1,209,500.00
Rent Debtors	-
Consultancy Debtors	-
Other Exchange Debtors	40,000.00
<b>Total Current Receivables</b>	<b>1,249,500.00</b>

**15 (b) Ageing Analysis of Receivables from Exchange transactions**

Description	FY2023-2024	
	Kshs	% of the total
Less than 1 year	1,249,500	100%
Between 1- 2 years	0.00	0%
Between 2-3 years	0.00	0%
Over 3 years	0.00	0%
<b>Total</b>	<b>1,249,500</b>	<b>100%</b>

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16. (a)Property, Plant and Equipment

Cost	Land	Buildings 5%	Motor vehicles	Furniture and fittings	Computers	Plant and equipm ent	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
<b>At 1<sup>st</sup> July 2023</b>	0	70,000,000	-	-	-	-	70,000,000
Additions	0	0	-	-	-	-	-
Disposals	0	0	-	-	-	-	-
Transfers/Adjustments	0	0	-	-	-	-	-
<b>At 30<sup>th</sup> June 2024</b>	0	70,000,000	-	-	-	-	70,000,000
<b>Depreciation And Impairment</b>							
<b>At 1 July, 2023</b>	-	70,000,000	-	-	-	-	70,000,000
Depreciation	-	3,500,000	-	-	-	-	3,500,000
Disposals	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
<b>At 30 Jun 2024</b>		66,500,000	-	-	-	-	66,500,000
<b>Total Depreciation</b>		3,500,000		-		-	3,500,000
<b>Net Book Value as at 30<sup>th</sup> June 2024</b>		66,500,000		-		-	66,500,000

Furniture & Fittings and Computers were acquired during this Financial Year.

**Lamu East Technical & Vocational College**  
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**Notes to the Financial Statements (Continued)**

**Valuation**

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

**16 (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	NBV
	Kshs	Kshs	Kshs
Land	0.00	0.00	0.00
Buildings	<b>70,000,000</b>	3,500,000	<b>66,500,000</b>
Plant And Machinery	<b>0.00</b>	0.00	<b>0.00</b>
Motor Vehicles including Motorcycles	0.00	0.00	0.00
Computers and Related Equipment	0.00	0.00	0.00
Office Equipment, Furniture, And Fittings	<b>0.00</b>	0.00	0.00
<b>Total</b>	<b>70,000,000</b>	<b>3,500,000</b>	<b>66,500,000</b>

**17. Trade and Other Payables**

Description	FY2023-2024	
	Kshs	
Trade payables	1,247,974.00	
Fees paid in advance	-	
Salary deductions	-	
Third-Party Payments	-	
Other Payables	-	
<b>Total Trade and Other Payables</b>	<b>1,247,974.00</b>	
<b>Ageing analysis:</b>	<b>FY2023-2024</b>	<b>% of the Total</b>
Under one year	1,247,974.00	100%
1-2 years	-	%
2-3 years	-	%
Over 3 years	-	%
<b>Total (to tie to totals above)</b>	<b>1,247,974.00</b>	<b>100%</b>

**18. Financial Risk Management**

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

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

**(i) Credit risk**

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

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

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
<b>At 30 June 2024</b>				
Receivables from exchange transactions	1,249,500	1,249,500	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	<b>1,249,500</b>	<b>1,249,500</b>	<b>-</b>	<b>-</b>

**Financial risk management (continued)**

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

The entity has significant concentration of credit risk on amounts due from 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.

**Lamu East Technical & Vocational College****Annual Report and Financial Statements for the year ended 30th June 2024****(ii) Liquidity risk management**

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

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

Description	Less than 1 month	Between 1- 3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2024</b>				
Trade Payables	-	248,989.00	998,985	1,247,974
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred Income	-	-	-	-
Employee Benefit Obligation	-	-	-	-
<b>Total</b>	-	<b>248,989.00</b>	<b>998,985</b>	<b>1,247,974</b>

**(iii) Market risk**

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

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

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

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

**a) Interest rate risk**

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

***Management of interest rate risk***

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

***Sensitivity analysis***

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs 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 entity's capital risk management is to safeguard the entity's ability to continue as a going concern. The entity capital structure comprises of the following funds:

Description	FY 2023-2024
	Kshs
Revaluation Reserve	0
Retained Earnings	0
Capital Reserve	0
<b>Total Funds</b>	<b>0</b>
Total Borrowings	0
Less: Cash and Bank Balances	(0)
Net Debt/(Excess Cash and Cash Equivalents)	0
<b>Gearing</b>	<b>0%</b>

**19. Related Party Balances**

**Nature of related party relationships**

Entities and other parties related to the entity include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

**Government of Kenya**

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

- i) The National Government;
- ii) The Parent Ministry;
- iii) Key management;
- iv) Board of directors;

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

Description	FY2023-2024
	Kshs
<b>Transactions with Related Parties</b>	
<b>a) Sales to related parties</b>	
Sales of electricity to govt agencies	0.00
Rent income from govt. agencies	0.00
Water sales to govt. agencies	0.00
Others ( <i>specify</i> )	0.00
<b>Total</b>	<b>0.00</b>
<b>B) Purchases from related parties</b>	
Purchases of electricity from kplc	0.00
Purchase of water from govt service providers	0.00
Rent expenses paid to govt agencies	0.00
Training and conference fees paid to govt. agencies	0.00
Others ( <i>specify</i> )	0.00
<b>Total</b>	<b>0.00</b>
<b>b) Grants /Transfers from the Government</b>	
Grants from National Govt	2000,000
Grants from County Government	-
Donations in Kind	-
<b>Total</b>	<b>2000,000</b>

**20. Events After the Reporting Period**

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

**21. Ultimate and Holding Entity**

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

**22. Currency**

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

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

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 entity 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.

*Feresu M. Wamero*

Name

Accounting Officer

(Enter title of Head of entity)

Date

*Senior Principal*

*21st May, 2025*

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Appendix II- Inter-Entity Confirmation Letter


Name of transferring entity: Ministry of Education

Name of beneficiary entity: Lamu East Technical & Vocational College


Confirmation of amounts received by Lamu East Technical & Vocational College as at 30 <sup>th</sup> June 2024					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
MoE/DTE/CAP9/35(113)	11-07-2023	500,000.00	0	500,000.00	
MoE/DTE/CAP9/35(92)	02-10-2023	500,000.00	0	500,000.00	
MoE/DTE/CAP9/36(54)	18-01-2024	500,000.00	0	500,000.00	
MoE/DTE/CAP9/37(54)	05-02-2024	500,000.00	0	500,000.00	
Total		2000,000.00		2000,000.00	

I confirm that the amounts shown above are correct as of the date indicated.

Head of Accounts Department - Disbursing Entity:

Name F.M. Wainaina Sign  Date 21/05/2025

Head of Accounts Department - Beneficiary Entity:

Name Hudaa Aboud Sign  Date 21/05/2025

OFFICE OF THE AUDITOR GENERAL  
P. O. Box 91012 NAIROBI  
28 MAY 2025  
RECEIVED  
KIIFI REGIONAL OFFICE