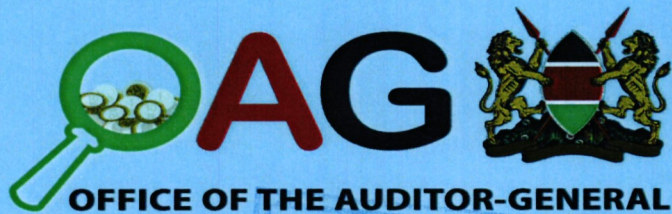


REPUBLIC OF KENYA



Enhancing Accountability

PARLIAMENT
OF KENYA
LIBRARY

THE NATIONAL ASSEMBLY	
DATE: 23 NOV 2022	
Tabled BY: Lom	
THE-TABLE: Moses Lemuna	

OF

THE AUDITOR-GENERAL

ON

**TETU TECHNICAL AND VOCATIONAL
COLLEGE**

**FOR THE YEAR ENDED
30 JUNE, 2021**





International Public Sector Accounting Standards (IPSAS)


TETU TECHNICAL & VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30TH JUNE, 2021**

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

OFFICE OF THE AUDITOR GENERAL
CENTRAL HUB
25 MAY 2022
R E C E I V E D
P. O. Box 267 - 10100, NYERI


THE NATIONAL ASSEMBLY
P. O. Box 10000, NAIROBI
DATE: **23 NOV 2022** **Tuesday**
TABLED BY: **LOM**
CLERK-AT THE-TABLE: **Moses Temuna**

TETU TECHNICAL & VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH, JUNE 2021

Table of Contents

I.	KEY ENTITY INFORMATION AND MANAGEMENT	ii
II.	THE BOARD OF GOVERNORS	v
III.	MANAGEMENT TEAM	viii
IV.	CHAIRMAN'S STATEMENT	xi
V.	REPORT OF THE PRINCIPAL.....	xii
VI.	STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES.....	xv
VII.	CORPORATE GOVERNANCE STATEMENT	xviii
VIII.	MANAGEMENT DISCUSSION AND ANALYSIS	xxii
IX.	ENVIRONMENTAL AND SUSTAINABILITY REPORTING	xxx
X.	REPORT OF THE COUNCIL/BOARD OF GOVERNORS.....	xxxii
	REPORT OF THE BOARD OF GOVERNORS	xxxii
XI.	STATEMENT OF BOARD OF GOVERNORS MEMBERS' RESPONSIBILITIES	xxxiii
XII.	REPORT OF THE INDEPENDENT AUDITOR ON THE ENTITY	xxxiv
XIII.	STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021	1
XIV.	STATEMENT OF FINANCIAL POSITION AS AT 30 TH JUNE, 2021.....	2
XV.	STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2021	3
XVI.	STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021	4
XVII.	STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021.....	5
XVIII.	NOTES TO THE FINANCIAL STATEMENTS.....	6
	APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS	25
	APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY	26
	APPENDIX III: INTER-COLLEGE TRANSFERS	27
	APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES	1

I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

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

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

(b) Principal Activities

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

College motto

TVET skills for industrial growth

Mission

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

Vision

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

(c) Key Management

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

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

- a) Board of Governors
- b) Accounting officer/ Principal
- c) Head of departments
- d) Heads of sections
- e)

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2021 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	Fredrick Wainaina
2	Deputy Principal	Josiah Kivondo Mwanja
3	Ag. Registrar	Henry Kihara Mbugua
4	Ag Head of Department-ICT	James Mwangi Kihara
5	Ag Dean of Students	Charles Omweri Omambia
6	Ag Head of Department-Institutional Management	Lilly Wangari Mugo
7	Ag Head of Department-plumbing	Gideon Muraguri
8	Finance Officer	Kelvin Njaungiri

(e) Fiduciary Oversight Arrangements

Audit and risk committee activities

- To evaluate adequacy of management procedure with regard to issues relating to risk management, control and governance;
- To review external audit findings and recommendations and propose corrective and preventive actions where necessary;
- To review the systems established to ensure sound public financial management and internal controls, as well as compliance with policies, laws, regulations, procedures, plans and ethics;
- To initiate special audits and or investigations on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency in consultation with the Accounting Officer; and
- To exercise such other powers as the Board may from time to time delegate to the Committee

Finance and operations committee activities

- To receive, consider and submit the proposed budget estimates from the various college department for approval by the Board;
- To receive and consider all requests for authorization of expenditure more than the approved annual estimates and make recommendations to the Board;
- To report to the Board all matters related to finance and development;
- To ensure that accurate records are kept on the establishments in the College;
- To consider and recommend to the Board the priority development projects and receive reports, and the recommendations of Management on the progress of the physical development of the College;
- To report to the Board on the progress of physical infrastructure development of the College;
- To prepare College Development plans for an approved period and submit to the Board; and
- To exercise such other powers as the Board may from time to time delegate to the Committee.

Academic committee activities

- Formulation and Review of the Academic Policy
- Quality Assurance
- Development and Implementation of New Programmes
- Determination of Resources:
 - Human Resource
 - Teaching/Learning Materials
- Curriculum Evaluation
- Establish Linkage between the College and Industry
- Ensure Relevance of Courses to Market Needs
- In Charge of Graduations and Academic Awards

(f) College Headquarters

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

(g) College Contacts

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

(h) College Bankers

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

Kenya Commercial Bank
Muranga Branch
P.O. Box 112,
Muranga;




(i) Independent Auditors



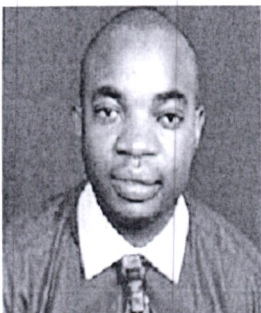
Auditor General
Office of Auditor General
Anniversary Towers, Institute Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya



(j) Principal Legal Adviser

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




II. THE BOARD OF GOVERNORS


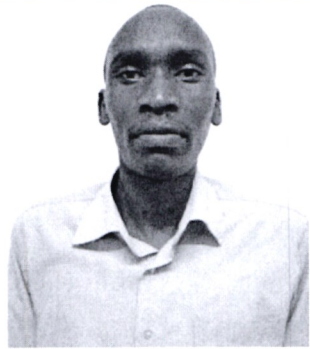

photo and name, and profession/academic qualifications	description of each Director's date of birth, key qualifications and work experience
 <p>1. Name: Dr. Mercy W Mwaniki Profession: Lecturer Academic: Doctor of philosophy natural science and technology (Bioscience)</p>	<p>Date of birth: 15th April,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

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

 <p>7. Name: Mary Jane Waithira Gachuhi Profession: Human Resource Manager Academic:BA (Economic & public Administration)</p>	<p>Date of birth 24th January, 1964 Qualification Higher diploma in human resource management Work experience 9 years as human resource officer at KPLC 23 Years as human resource officer at KenGen</p>
 <p>8. Fredrick wainaina Principal Tetu TVC</p>	<p>Date of birth: 21st march 1968 key Qualifications: Higher diploma in technical education Profession qualifications Diploma in technical education Working experience Teaching experience for 20 years</p>



III. MANAGEMENT TEAM

No.	Member/ Director	Details
1.	 Fredrick wainaina Profession Trainer/Leturer Academic Qualification Higher diploma in technical education	CEO/Principal/Sec BoG
2.	 Josiah Kivondo Mwanja Profession Trainer/Leturer Academic Qualification M. Education (curriculum studies)	Deputy Principal
3.	 Henry Kihara Profession Trainer/Lecturer Academic Qualification Bachelors Of Education(Arts)	Registrar

4.	 <p>James Mwangi Profession Trainer/Lecturer Academic Qualification Bachelors Of Science In Information Technology</p>	HOD Information communication technology
5.	 <p>Gideon Muraguri Profession Trainer/Lecturer Academic Qualification Bachelors Of Technology In Building Construction</p>	HOD Building
6.	 <p>Kelvin Njaungiri Profession Finance Officer Academic Qualification Bachelors Of Commerce/CPA (K)</p>	Finance officer

TETU TECHNICAL & VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

7.	 <p>Lilly Mugo Profession Trainer/Lecturer Academic Qualification Diploma In Technical Education Food & Beverage</p>	HOD Institutional management
8.	 <p>Charles Omwereri Profession Trainer/Lecturer Academic Qualification Diploma In Technical Education Food & Beverage</p>	dean of students

IV. CHAIRMAN'S STATEMENT



It is my pleasure to present Tetu Technical & Vocational College Annual Financial Statements for the financial year ended 30th June, 2021. The College Board notes with appreciation the continued support of the Government and other stakeholders in running the institution. The College continues to offer quality programmes that are market-driven and meet the demands of the market. The Board endeavours to work with the industry and other strategic partners and stakeholders in order to provide facilities to meet the challenges the College is facing.

There has been a steady increase in student population and expansion of the academic programmes, which has exerted a lot of pressure on the existing facilities, thereby necessitating the need for putting up more training facilities. The Board in collaboration with the relevant stakeholders is committed towards delivering the same.

During the financial year 2020/2021, the College embarked on various projects among them;

- a) Initiated the process of acquiring the ownership of the land where the college is built.
- b) Renovated & rehabilitated the former classes owned by Kagwathi Pry School
- c) Partnered with Tetu CDF to construct 200 mtrs long perimeter fence
- d) Partnered with ministry of ICT to provide high speed internet.
- e) Acquired hair dressing and clothing/technology training materials
- f) Equipped the electrical workshop
- g) Levelled the college car park and upgraded the access path from the gate to the administration block with hard-core and marram.
- h) Strengthened the covid 19 measures installation of hand washing stations

The College introduced the CDAAC programmes, which is geared towards support the government's push for the competence-based curriculum.

College has faced numerous challenges attributed to:

- a) Covid 19 pandemic has disrupted the normal academic yearly calendar. This created uncertain business environment and stagnated trainee population growth due to postponement of the major admission seasons.
- b) The GoK delayed the release of quarterly grants, which were already factored in the 2020/21 financial year budget. This resulted to underfunding of the college budget and downsizing of the core mandate budgets.
- c) The capitation the received didn't match with the number of the trainees in the college and the list submitted to KUCCPS.

We continued with the measures of setting up management and governance structures that reflect the College status. During the year, the College held 8 BOG meetings both online and physical meetings. I thank the government for its financial support so far that has made it possible to implement the TTVC functions and programmes.

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


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

V. REPORT OF THE PRINCIPAL



I am pleased to present the Annual report and Financial Statements of Tetu Technical & Vocational College for the financial year ended 30th June, 2021. Tetu Technical & Vocational College is an academic institution committed in generating and transmitting knowledge, skills and right attitudes through Technical, Innovation and vocational for self-reliance of our trainees and bridge the skill gap in the market.

Academic and Student affairs

During the financial year under review, the College has remained on course. The main focus which has been quality, relevance, access and sustainability intended to consolidate and reshape the College with a view to living up to its

vision and mission.

The College had her admissions for the 2020/2021 in January 2021 in the following academic programmes.

S/No.	Programme	January, 2021	May, 2021
1	Clothing /technology /	4	2
2	electrical	6	2
3	ICT	0	0
4	Hair dressing & beauty	14	1
5	Building /civil engineering	0	1
6	food & beverages	10	3
7	Plumbing	6	6
8	Welding	4	0
	Totals	44	15

The College had one KNEC examination sitting within the financial year due to Covid 19 pandemic that destabilised the normal academic calendar. Our trainees performed exceptionally well as per the data below.

S/No.	Programme	credit	Passed	refer	Fail	Total entry	%pass
1	Food & Beverage Craft	5	1	0	0	6	100
2	Fashion & Design Craft	1	1	3	0	5	40
3	Electrical & electronic Craft	0	1	3	2	6	16.7
4	ICT Craft	1	0	4	0	5	20
	Totals	7	3	7	2	22	

TETU TECHNICAL & VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

The college presented 7 trainees for the May series NITA Grade 111 exams as tabulated below

S/No.	Programme	grade III	Total entry	Pass Rate
1	hairdressing	III	3	30%FAIL
2	Food & beverage	III	1	100%PASS
3	Fashion & Design	III	3	33% PASS
	Totals		7	

The College also embarked on rationalization of structures and realigning Academic Programmes in order to focus on its niche.

At the start of 2020/2021 academic year which fell in 2020/2021 financial year, the College introduced the CDAAC programmes, which was geared to support the government's push for the competence-based curriculum and 'Big 4 Agenda'. This will see the College supplement her internally generated incomes in future. Special appreciation goes to all the students who have chosen Tetu Technical & Vocational College as their place of study and it will continue offering market-driven academic programmes for industrial and socio-economic growth.

Students Welfare

Tetu Technical & Vocational College continued to support the welfare of her main stakeholders (students) to enhance their academic environment in the spirit of producing holistic graduates. One of the greatest challenges in the management of students' welfare is the large number of brilliant students from very humble backgrounds. In order to reduce incidences of dropping out due to lack of fees, the College facilitated the disbursement of HELB Loan/ bursaries and NG CDF to students. The college supported the trainees to participate in KATTI regional athletics and ball games emerging one of the best teams in the Mt Kenya KATTI region.

Collaborations and linkages

During the period the College developed memoranda of understanding (MoUs) manual which will be used as a guiding document as it enters into collaborations with different organizations in future.

Tetu Technical & Vocational College also engaged in linkages with several public and private organizations to enable linking industry with academics for the benefit of the trainees and the industries.

College Infrastructure

Tetu Technical & Vocational College initiated various projects geared towards achieving its objectives. These include but not limited to;

- a) Initiated the process of acquiring the ownership of the land where the college is built.
- b) Renovated & rehabilitated the former classes owned by Kagwathi Pry School
- c) Partnered with Tetu CDF to construct 200 mtrs long perimeter fence
- d) Partnered with ministry of ICT to provide high speed internet.
- e) Acquired hair dressing and clothing/technology training materials
- f) Equipped the electrical workshop
- g) Levelled the college car park and upgraded the access path from the gate to the administration block with hard-core and marram.
- h) Strengthened the covid 19 measures installation of hand washing stations

Administration and Staffing

I am humbled to convey my appreciation and gratitude to the Board of Governors and all the members of staff for their support, commitment and dedication to their work and their efforts that have seen Tetu College move towards attaining its vision.

During the financial year, Tetu TVC received additional staffs from Public Service Commission based on the skill gaps and needs identified. The remaining deficit has been filled by recruiting additional trainers under the BOG terms.

To remain on course and continue executing the core mandate of the College, more thematic leaders were appointed from the pool of its competent staffs. The College also ensured continued implementation of the 2020-2024 strategic plan.

Financial Sustainability

During the financial year, the College put in place the necessary financial, procurement and internal control measures on resource utilization to ensure that it meets the targets of revenue collection and cost control measures.


I express my sincere gratitude to the Government of Kenya and in particularly the State Department of Technical & Vocational Training for funding the College through trainees' capitation and operational grants of Kshs. 6,142,500.00 And Kshs.2, 500, 000.00 respectively.

Despite the many challenges the College has faced, I am glad to report that the College has managed to stay afloat financially.

Service Delivery and Vision 2030

To continue providing quality education and services, the Quality Assurance Department was introduced and officers appointed and have come up with various evaluation tools. Tetu TVC has cascaded service charter to the departmental levels and placed it in strategies to monitor its implementation. This has enhanced quality and efficient service delivery.

Finally, I thank the Government of Kenya, the local community, donor agencies, our bankers, suppliers and service providers for their support and cooperation



Fredrick wainaina
Principal/Secretary of the board



VI. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

Tetu TVC has eight strategic pillars and objectives within its Strategic Plan for the FY 2020/2021-2022/2024. These strategic pillars are as follows:

Pillar 1: Access and Equity

Pillar 2: Institutional Corporate Governance/Management

Pillar 3: Ict (Equipment and Technology)

Pillar 4: Research and Innovation

Pillar 5: Financial resources

Pillar 6: Publicity of the College

Pillar 7: Collaboration and Linkages

Pillar 8: Infrastructure Development

Tetu TVC developed its annual work plans based on the above eight 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 2020/2021 period for its eight strategic pillars, as indicated in the diagram below:

TETU TECHNICAL & VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH, JUNE 2021

Pillar no	Strategic issues	Strategic Objective	Key Performance Indicators	Activities	Achievements
1:	access and equity	to diversify training programmes	No. of students enrolled No. of programmes launched	Introduced 7 new learning programmes and applied for registration list the programmes	Increased enrolment of trainees from 120 in year 2020 to 179 in June 2021
2:	Institutional, Corporate Governance /Management	Improve Institutional corporate governance/Management	Organisational structure, HIV/Aids, Drug and substance Abuse, Safety measures, Gender mainstreaming, Disability Mainstreaming Affirmation policies	Established institutional policies, strategies and programmes that are responsive to effective governance and management of TVET	Established 4 policies in the year: -gender main streaming -disability mainstreaming policy -human resource manual -academic policy
3:	ICT	Promote effective application of ICT	upgrade the college server	liaise with the Tetu NGCDF to upgrade the college server	upgraded the college server
4:	Research and Innovation	establish forums for sensitization of staff and students	Originality of research document/ideas Award/recognition for innovation	Participate in TVET Fairs Develop innovations	The trade fair was cancelled due to the COVID 19
5:	Financial Resources	Enhance fees collection	fees collection & debts Control systems established and implemented	fees collection policy developed debt management policy developed and operationalized	fees collection policy debt management policy
6:	Human Resource	Enhance the staff adequacy and competent.	increased number of the PSC /BoG staff	- Liaise with the PSC/BoG for meeting gaps in teaching as per the skills gap analysis done.	2 PSC trainers posted to college within the year and the college BoG recruited (208)

TETU TECHNICAL & VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

					trainers
7:	Collaboration and linkages	Enhance Collaborations and Linkages	Collaboration and linkages frameworks established and strengthened	Participated in KATTI and CAPA activities to strengthen linkages with other TVET institutions.	capacity building on establishing collaboration and linkages to the TVET institutions managers on December 2020 at naivasha and at Meru National Poly in June, 2021
8:	Infrastructure improvement	Upgrade infrastructure	construction of the 200 mtrs perimeter length	develop a bill of quantity for the perimeter fence write a proposal for the funding of the construction of the perimeter	perimeter fence constructed measuring 200 mtrs

TETU TECHNICAL & VOCATIONAL COLLEGE
'ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH, JUNE 2021

VII. CORPORATE GOVERNANCE STATEMENT

Good corporate governance is key to the integrity of state corporations and is central to its sustainability. Corporate governance plays a leading role in how corporations and their boards of governors are directed, controlled, and held to account. Corporate governance, therefore, encompasses the systems, practices, and procedures by which the individual corporation is regulated to remain competitive, ethical, sustainable, and fair.

Tetu TVC Board adheres to principles of openness, integrity, and accountability in its stewardship of the College's affairs. It recognizes the developing nature of corporate governance and assesses the College's compliance with generally accepted corporate governance practice on a regular basis, directly and through its full board and Board committees. The role of the Board is to ensure conformance by focusing on and providing the College's overall strategic direction and policy-making as well as performance review through accountability and ensuring appropriate monitoring and supervision. The Board is also responsible for the overall system of internal control and for reviewing its effectiveness. The controls are designed to both safeguard the College's assets and ensure the reliability of financial information.

The College Board meets regularly to consider issues of operational and strategic importance to the College. Below are the key features of the existing corporate governance practices within Tetu TVC which are reviewed and improved on a regular basis: -

I. College Board

The College Board consists of the Chairman and eight members, who have been appointed in accordance with the TVET Act (2013). The full College Board meets at least four times a year.

The Board is responsible for setting the direction of the College through the establishment of strategic objectives, key policies, and approval of budgets. It monitors the implementation of strategies and policies through a structured approach of reporting by management and consequent accountability.

The Board is actively involved and brings strong independent judgment on its deliberations and discussions. The College Board members have diverse skill set, a wide range of knowledge and experience of College setting that is applied to the formulation of strategic objectives and decision-making. The Board meets regularly and retains full and effective control over the College in all strategic, financial, operational and compliance areas. The College Board held the following full Board meetings during the 2020/2021 financial year:

Meetings held by the Board members

Name	Designation	Meeting Attended					Total Meeting
		3/12/2020	25/7/2020	30/10/2020	18/5/2021	21/5/2021	
Dr Mercy Mwaniki	Chairman of Board	√	√	√	X	X	
Ms Catherine Ngetich	Board Member		√	√	X	√	
Mr Sebastian Kweyu	Board Member	√	√	√	√	X	
Ms Doreen Mugiira	Board Member	√	√	√	√	X	
Ms Mary Gachuhi	Board Member	√	√	√	√	√	
Mr Authur Mamo	Board Member	X	X	X	X	√	
Ms Lucy Wanyitu	Board Member	√	√	√	X	X	
Charles Nyota	county director TVET	X	X	X	X	X	
Mr Fredrick Wainaina	Secretary of Board/principal attendance	X	√	√	√	√	
			9				

TETU TECHNICAL & VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

BOARD COMMITTEES

To assist the Board in the discharge of its responsibilities, Board committees have been established. All the Board committees meet at least two times a year. The committees are as follows: -

1. FINANCE, HR, PLANNING AND DEVELOPMENT COMMITTEE

Membership

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

Responsibilities:

1. To receive, consider and submit the proposed budget estimates from the various college department for approval by the Board;
2. To receive and consider all requests for authorization of expenditure more than the approved annual estimates and make recommendations to the Board;
3. To report to the Board all matters related to finance and development;
4. To ensure that accurate records are kept on the establishments in the College;
5. To consider and recommend to the Board the priority development projects and receive reports, and the recommendations of Management on the progress of the physical development of the College;
6. To report to the Board on the progress of physical infrastructure development of the College;
7. To prepare College Development plans for an approved period and submit to the Board; and
8. To exercise such other powers as the Board may from time to time delegate to the Committee.

Meetings held by the Board committee:

Name	Designation	No. of Meetings	Meetings attended
Ms Mary Gachuhi	Chairperson	2	ALL
Ms Lucy Wanyitu	Board Member	2	ALL
Ms Doreen Mugiira	Board Member	2	ALL
Mr Fredrick Wainaina	Secretary	2	ALL

2. AUDIT AND RISK COMMITTEE

Membership

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

Responsibilities:

- (1) To evaluate adequacy of management procedure with regard to issues relating to risk management, control and governance;
- (2) To review external audit findings and recommendations and propose corrective and preventive actions where necessary;

TETU TECHNICAL & VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

- (3) To review the systems established to ensure sound public financial management and internal controls, as well as compliance with policies, laws, regulations, procedures, plans and ethics;
- (4) To initiate special audits and or investigations on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency in consultation with the Accounting Officer; and
- (5) To exercise such other powers as the Board may from time to time delegate to the Committee

Meetings held by the Board committee

Name	Designation	No. of Meetings	Meetings attended
Ms Doreen Mugiira	Chairperson	2	ALL
Ms Mary Gachuhi	Board Member	2	ALL
Mr Authur Mamo	Board Member	2	ALL
Mr Fredrick Wainaina	Secretary of Board	2	ALL

3

ACADEMIC COMMITTEE

Membership

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

Responsibilities:

- i) To Oversee academic performance of the college
- ii) To formulate guidelines rules and regulations of all academic affairs
- iii) Working with the Principal to implement academic policies in the school

Meetings held by the Board committee

Name	Designation	No. of Meetings	Meetings attended
Mr Sebastian Kweyu	Chairperson	2	ALL
Ms Catherine Ngetich	Board Member	2	ALL
Ms Lucy Wanyitu	Board Member	2	ALL
Mr Authur Mamo	Secretary	2	ALL

2. Board Members' Remuneration

Sitting allowance for Board members and Chairman Honorarium are guided by circular No. OP/CAB.9/21/2A/LII/43 dated 23rd November, 2004. The remuneration for Board members consists of sitting and subsistence allowances in connection with Board & Board committee and Chairman's honorarium the financial year ended 30th June, 2021 are outlined under **Note 11 on page 14** of these Financial Report and Financial Statements (Board expenses).

3. Succession Plan

The appointment of Board members is the prerogative of the Cabinet Secretary, Ministry of Education. Members have no control of the appointment and duration of service.

4. Board Charter

Tetu TVC Board has a board charter. The Board is also guided by Mwongozo Code of Governance.

5. Appointment and removal of Board members

The appointment of Board members is the prerogative of the Cabinet Secretary, Ministry of Education

6. Induction and Training

Tetu TVC Board of governors are inducted on periodical bases however, in the 2021/2022 financial only one training was done due to inconveniences created by the COVID 19 pandemics.

7. Board and Board Members' Performance

The Board performance evaluation exercise was done in July, 2021.

8. Conflict of interest

In every Board meeting held by the Tetu TVC Board, Members declare conflict of interest on matters in the agenda and register the same in the conflict of interest register book.

9. Ethics and Conduct

Tetu College Board Members uphold the highest standard of Ethics and conduct while executing their mandate.

10. Governance Audit

The Board has put in place a combination of processes and structures to inform, direct, manage and monitor the activities of the College towards the achievement of its objectives. There is an independent audit and risk committee that reports to the Board on a regular basis. The audit and risk committee plays a key role in assisting the Board to fulfill its oversight responsibilities in areas such as financial reporting, internal control systems, risk management systems and the external audit functions.

11. Internal Controls

The College has implemented and maintained internal controls designed to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard and maintain accountability of the College's assets.

Such controls are based on Law, Government & College regulations, Policies, and circulars and are implemented by trained personnel with appropriate segregation of duties. The effectiveness of the system of internal controls is monitored regularly through operational meetings and the annual external audit.

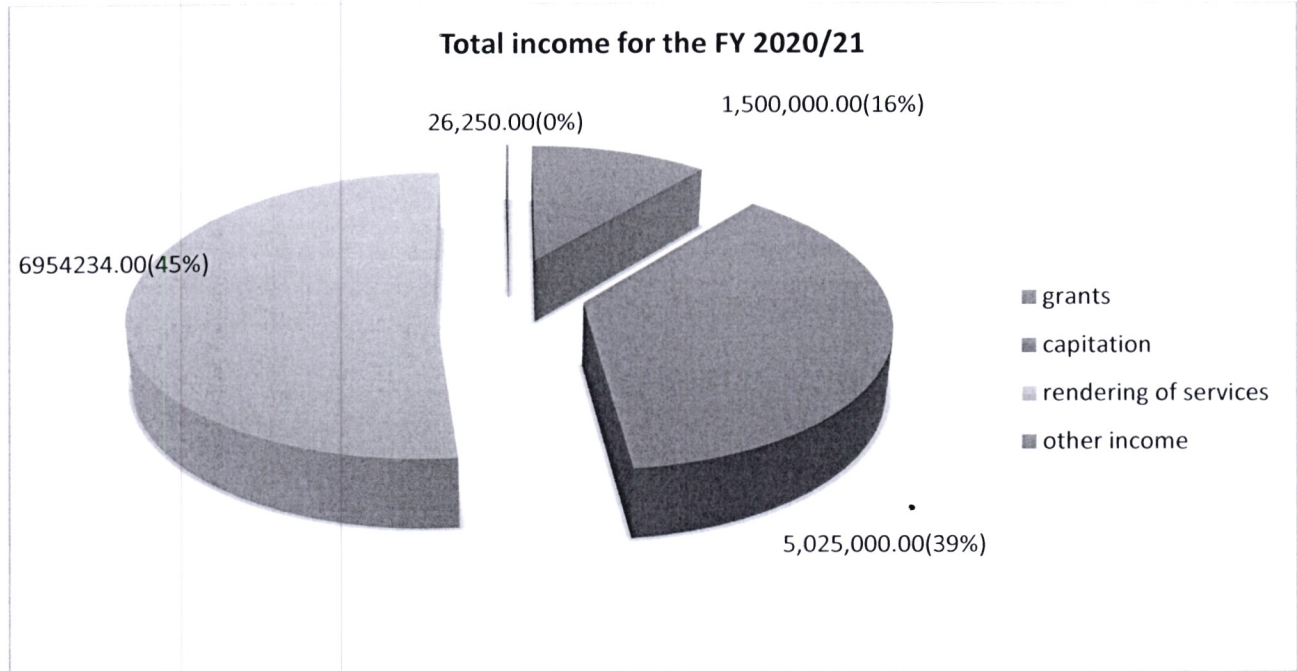
12. Going Concern

The College Board confirms that Tetu College has adequate resources to continue in operation for the foreseeable future and therefore, the continued use of going concern as a basis of preparing the financial statements.

VIII. MANAGEMENT DISCUSSION AND ANALYSIS

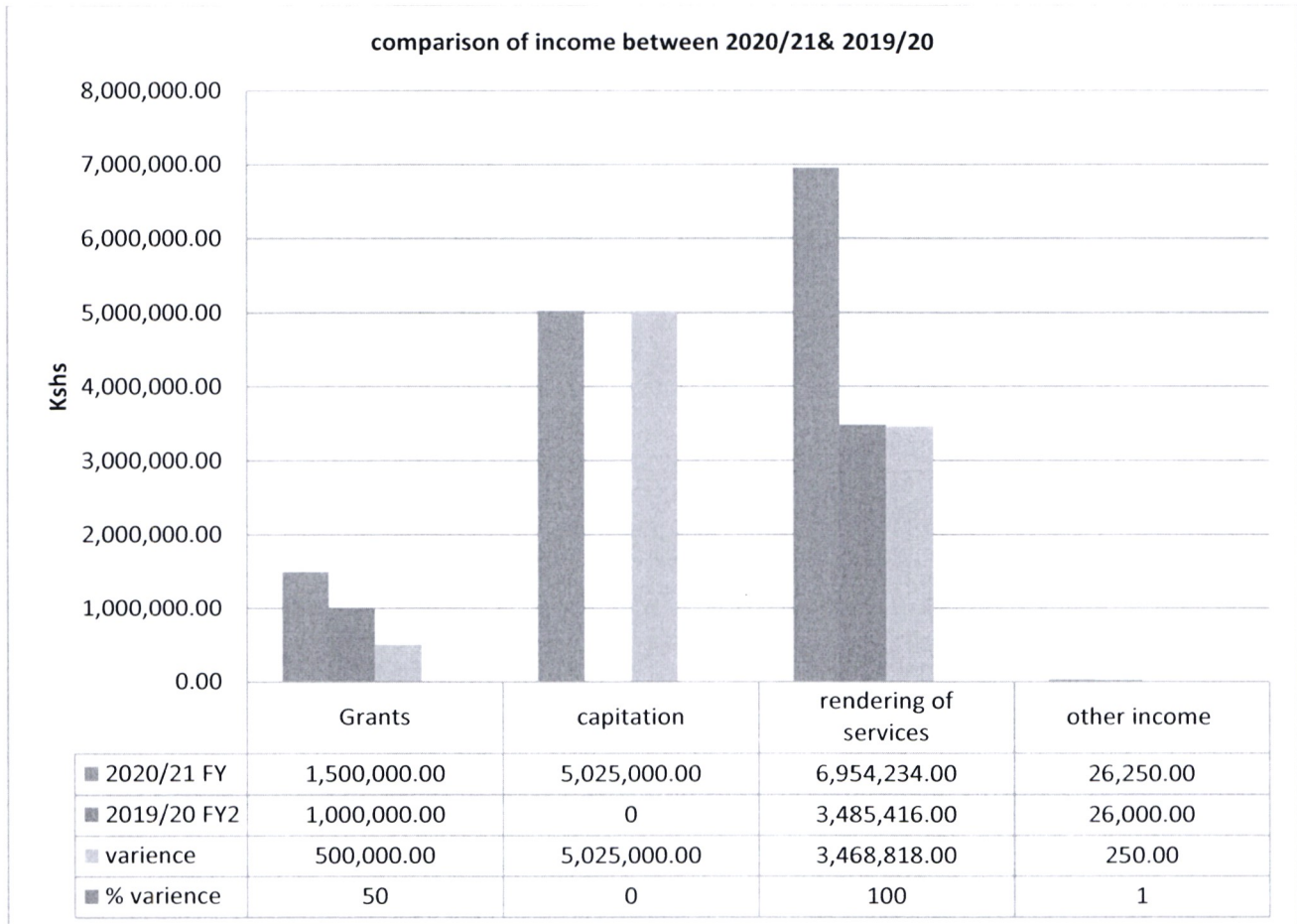
OPERATIONAL AND FINANCIAL PERFORMANCE

A) INCOME ANALYSIS:



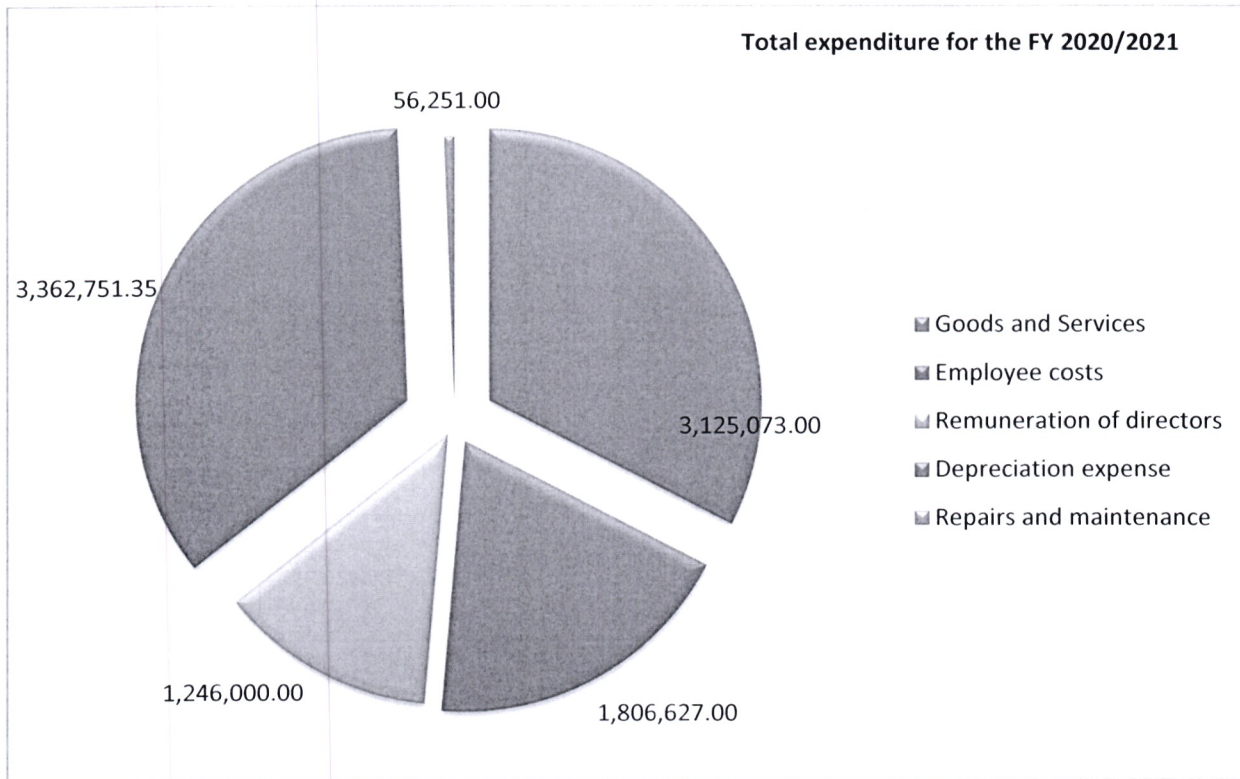
During the 2020/2021 financial year, Government grants contributed to 16% and capitation subsidy 39% of the total recurrent incomes while tuition and its related incomes contributed to 45%. Income generating activities contributed to < 1% respectively. The College mostly depended on fees and Grants to execute its operations.

Comparison of Income between 2020/21 and 2019/2020



There was a substantial improvement of incomes in 2020/2021 financial year compared to 2019/2020 financial year in rendering of services and in grants & capitation subsidy disbursements. The college other income generating activity in the year under review included sale of tender documents and hire/lease of the college land to trainers

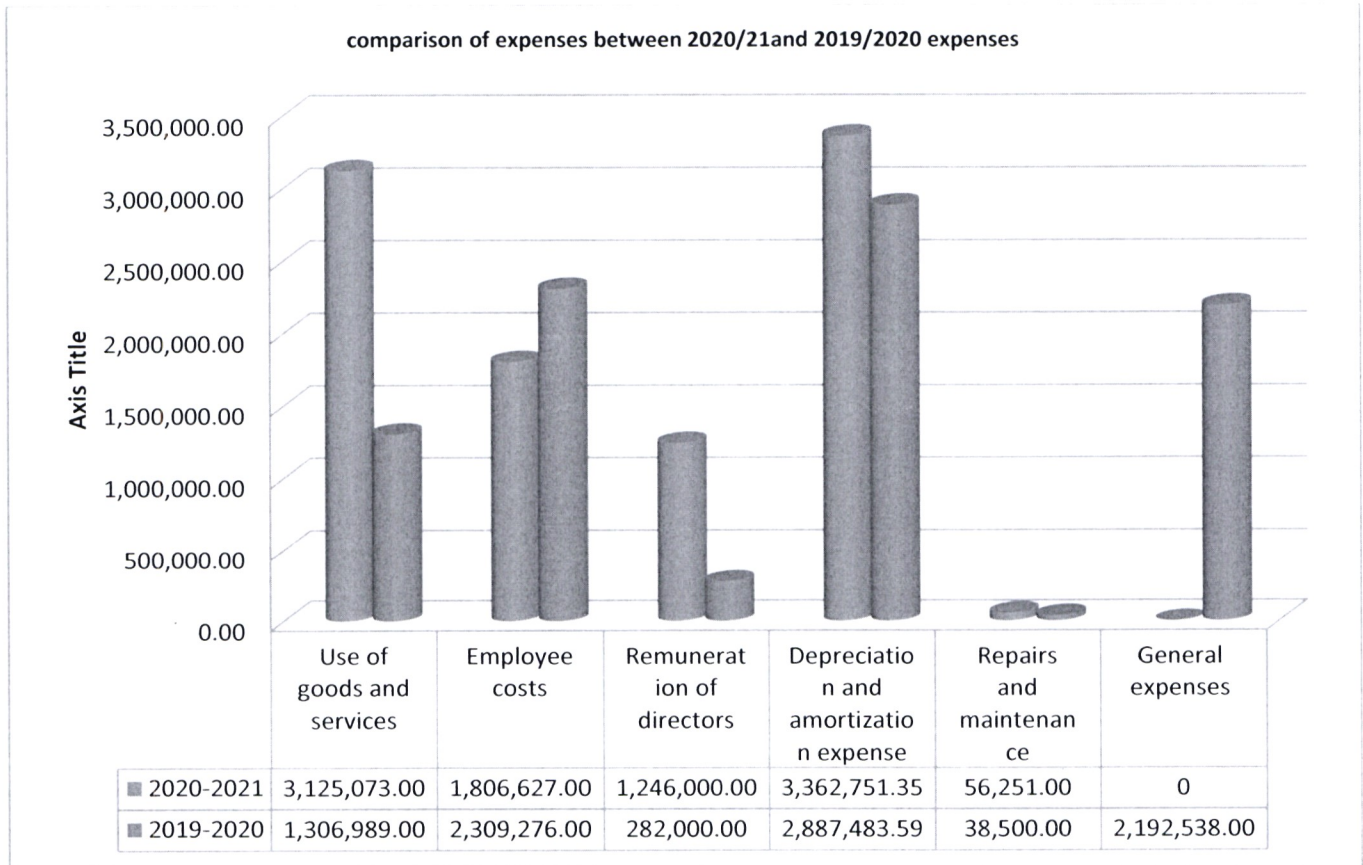
B) EXPENDITURE ANALYSIS



During the 2020/2021 financial year, depreciation expense which is non cash expenditure item of 3,338,908.00 took the second highest amount of recurrent expenditure with 25%. Use of goods and services which include college core mandate operations formed 58 % with the employees cost (personal emoluments), college repairs / improvements and directors allowances taking 14% ,1% and 7% respectively of the total recurrent expenses of Kshs. 13,449,037.00

TETU TECHNICAL & VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

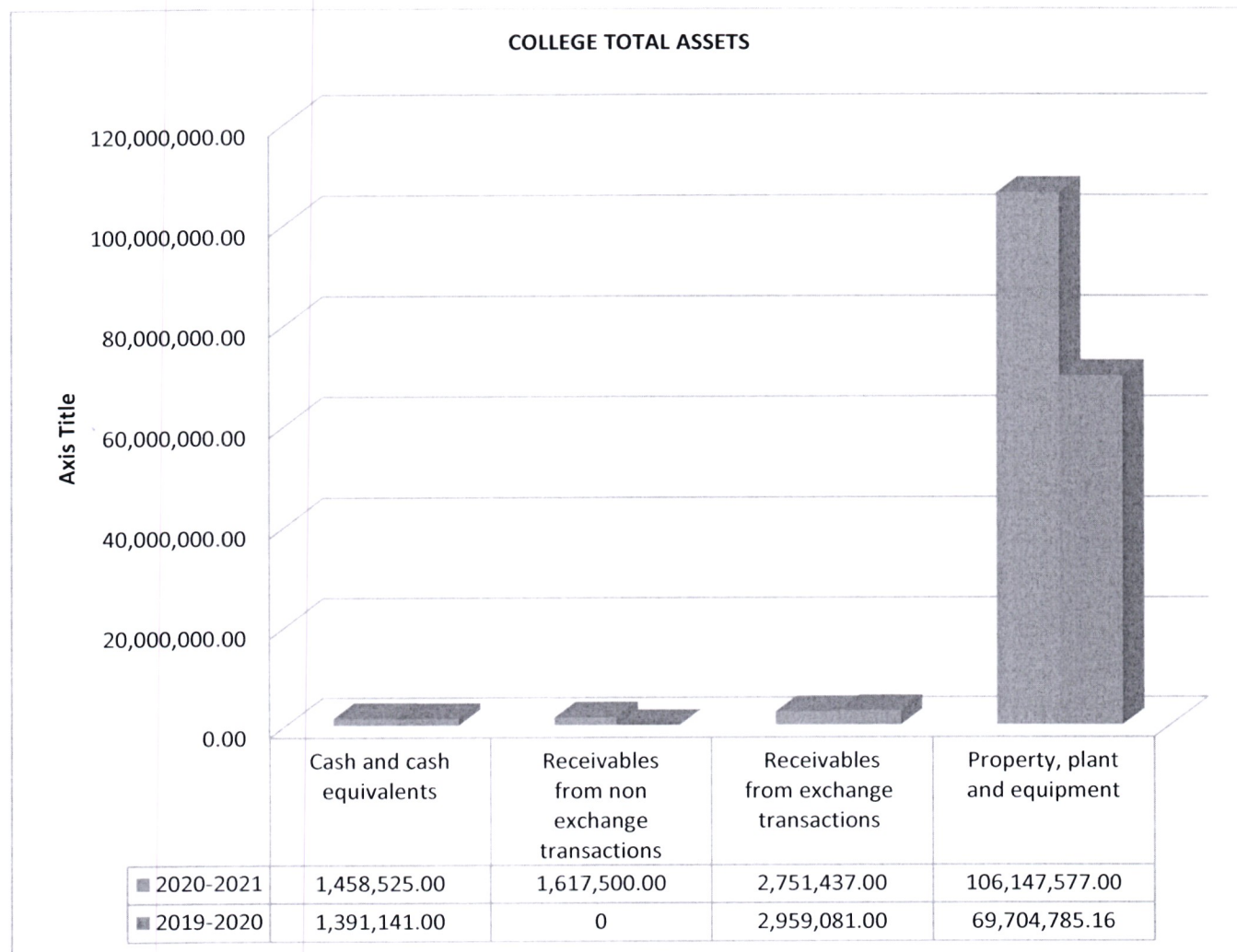
I. Comparison of Expenses between 2020/2021 and 2019/2020



The financial year had a substantial increase in almost all the expenses with use of goods & services, depreciation and amortization cost and repair /improvements increasing by kshs 1,818,084.00, (kshs 475,267.76) and kshs 17,751.00 respectively.

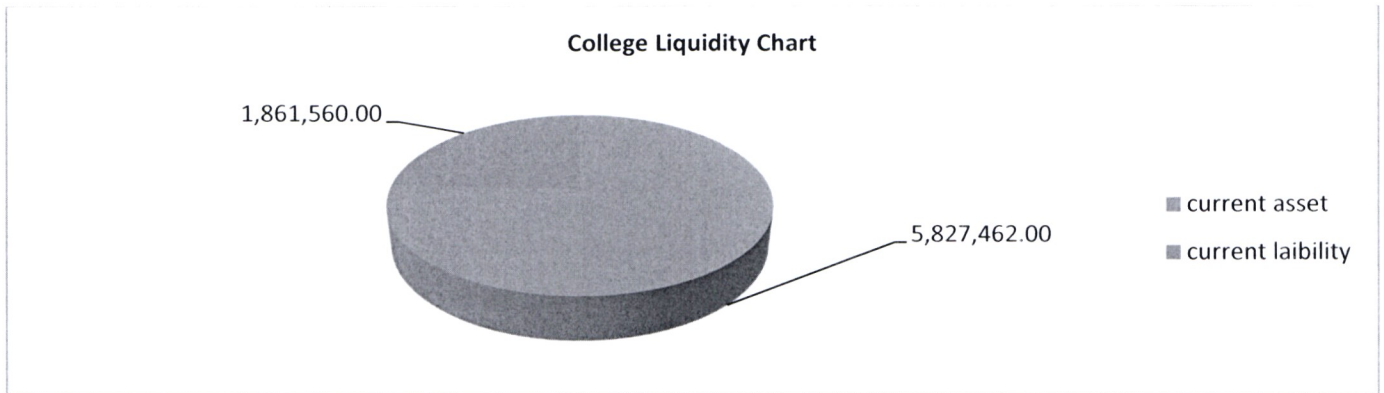
General expenses have been reported in use of goods services as per the 2020/21 reporting template.

C) STATEMENT OF THE FINANCIAL POSITION



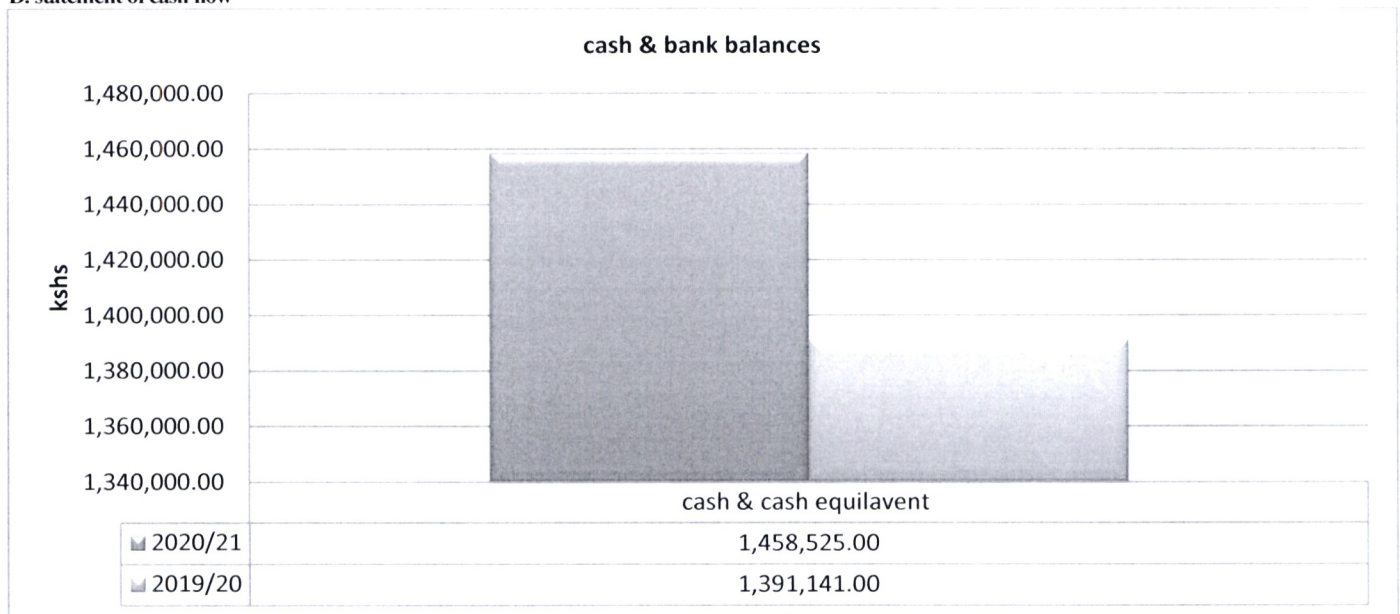
The college statement of financial position included Net book value of the fixed assets kshs 106,147,577.00 some of which were revalued at the end of the financial year. The increase in receivable from revenue from exchange transaction is a result of population growth of trainees and unpredicted academic calendar. Portion of the 2019/2020 receivables was the fees collected through the mentor institution account which in the current financial was debited to offset the outstanding debt with the mentor.

Current assets Vs current liabilities



The College closed the financial year with current assets of Kshs. 5,827,462.00 which can absorb the current liabilities of Kshs. 1,861,560.00. This implies that the liquidity of the College is favorable as at the end of the 2020/2021 financial year.

D. statement of cash flow



The College closed the financial year with cash and cash equivalent of Kshs. 1,458,525.00 compared to the Kshs. 1,391,141.00 in the 2020/2021 financial year. This decrease in cash and bank balance can be attributed to:

- a) Increase in Cash generated from operations activities kshs 67,384.00 (see note: 21)

PROJECTS AND INVESTMENT DECISIONS PLANNED AND IMPLEMENTED

Within the financial year ended 30th June 2021, the College has been implementing the following projects in order of priority;

S/No	Project	% of Completion	Financing of the project	Remarks
1	leveling of the car park & gravelling the path from the gate to administration block	100	A.I.A	Complete
2	construction of the 200 mtrs perimeter fence	100	Tetu NG CDF	complete
3	Renovation of the old classrooms	100	A.I.A	Complete
4	acquisition of plumbing training equipments	100	A.I.A	Complete
5	partitioning of the ICT hub	100	A.I.A	Complete
6	upgrading of the ICT server	100	A.I.A	Complete
7				

Funding for the projects was based on saving realized on cost cutting measures on recurrent expenditures as the Government stopped funding capital development.

COMPLIANCE WITH STATUTORY REQUIREMENTS

During the 2020/2021 financial year, the College complied with all statutory requirements. The Institution does not have any non-compliance that may result to any potential litigation issues or exposure to contingent liabilities.

MAJOR RISKS**OPERATIONAL RISKS**

This is loss resulting from inadequate or failed procedures, systems or policies including:

- 1) Failure to collect the full income owing
- 2) Some students fail to pay their full fees
- 3) Some debtors from non-tuition activities delay paying for services rendered.
- 4) The College is facing the risk of insecurity which is prevalent in the country

Risk Mitigation Strategies

- 1) Strict enforcement of the fees payment policy
- 2) Enhancing debt collection measures
- 3) Enforcement of the 100% payment on admission or on reporting back in new term
- 4) Installation of CCTV security systems and outsourcing more security guards

MARKET RISKS

These are losses due to factors that affect the overall performance of market including:

- 1) Risk of not attracting enough trainees due to the competition from other TVET colleges in the region
- 2) Risk of failing to get enough specialist trainers to act as thematic leaders due to competition.

Risk Mitigation strategies:

- 1) Aggressive marketing of programmes
- 2) Enhance the diversity and quality of the College programmes
- 3) Enhancing the staff working environment and improving staff welfare

TETU TECHNICAL & VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

CAPITAL RISKS

The College is not exposed to any capital risks.

LIQUIDITY RISK

This is termed to be the inability to meet short term financial demands. This usually occurs due to the inability to convert assets like debts to cash.

Risk Mitigation strategies:

1) Step up efforts to collect the outstanding fees and sensitize the trainers on alternative sources of funding like NG CDF bursaries, HELB loan/bursaries.

MATERIAL ARREARS IN STATUTORY AND OTHER FINANCIAL OBLIGATIONS

The College has no material arrears in statutory and financial obligations to the national exchequer or any other Government agency.

FINANCIAL PROBITY AND SERIOUS GOVERNANCE ISSUES

The College does not have any cases of financial improbity as reported by Audit committee, external auditors, or other National Government Agencies providing oversight.

There are no governance issues among the members of the board, college top management team, including conflict of interest. This has been due to the cordial working relationship between the board and College top management as well as adherence to constitutional requirements and guidelines.

IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Sustainability strategy and profile

Innovation and technology- the college has put a lot of Effort in sustainability related R&D in order to reduce environmental impacts in new products and in business activities of training. The college uses BAT (best available techniques) and integrated environmental technologies, we concentrate on cleaner production and zero-emission technologies.

Collaboration – the college maintained a Good cooperation and active collaboration with various business partners which included suppliers, TVET institutions, universities and others working in common programmes and networks on innovative products and technologies. Exchange of information and knowledge through conferences

Knowledge management – the college have planned, developed, organized, maintained, transferred, applied and measured specific knowledge and to improve the organizational knowledge base.

Processes- Clear processes and roles are define so that college activities are efficiently conducted and that every employee knows what the college management expects from him or her.

Purchase- the college had a good Relationship with suppliers focusing also on sustainability.

Sustainability reporting – the college maintained Considerable reporting of sustainability issues within the board meeting reports.

Environmental performance

This dimension deals with environmental impacts due to corporate activities. These environmental impacts are caused by resource use and emissions into air, water, ground and hazardous waste.

Ecological Dimension of Corporate Sustainability

This dimension deals with environmental impacts due to corporate activities. There exist several publications about the most relevant ecological aspects (GRI, 2006; Labuschagne et al., 2005; DJSI, 2007; FTSE, 2006). These environmental impacts are caused by resource use, and emissions into air, into water or into ground, as well as waste and hazardous waste. Additionally, the impact on biodiversity and environmental issues of the product over the life cycle are of importance. This dimension is mainly measured by impacts, but within corporate sustainability strategies the focus has to be laid on the effects causing these impacts, e.g., the higher the maturity levels are the more it has to be concentrated on causes rather than on effects.

Corporate Sustainability Strategies

This dimension is mainly measured by impacts, but within corporate sustainability strategies the focus has to be laid on the effects causing these impacts, e.g., the higher the maturity levels are the more it has to be concentrated on causes rather than on effects.

Emissions into the air-

Emissions into the air due to corporate activities the college does not emit any pollution to air as we are training and not manufacturing.

Employee welfare

Corporate governance- Transparency in all its activities in order to ameliorate relationship towards its stakeholders. During the financial year, the college recruited staff using the laid down recruitment procedures. This was done through the guidance of public service commission who Give insight into all relevant data; following rules of on recruitment of the corporate governance and defining responsibilities and behavior of the board.

Staff Motivation and incentives – this is an Active involvement and exemplary function of management on sustainability of all the Employees Being Aware of their needs, claims and motivation factors of employees in order to implement sustainability sufficiency into the organization due to support of management for acting in sustainable way (e.g. time, money, resources). The management Developed and implemented incentives and reward systems (monetary and non-monetary).

TETU TECHNICAL & VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

Health and safety – the college guarantee that no health and safety risks occur when working in/for the college. No negative impact of employees' physical health at any time was reported. The college has Operation of programmes for employees to prevent dangers and to stay generally fit and healthy.

Human capital development - Development of human capital for sustainability related issues through specific programmes is key to any organization. The college has sponsored staff to various seminars and workshops and also allowed others join holiday classes. The college has also encouraged Broad cross-working education (job enrichment, job enlargement) for staff in order to become aware of the different challenges and issues of corporate sustainability

Market place practices-

a) Responsible competition practice.

The college practices responsible competition by following normal procedure of marketing. The college has developed an anti-corruption policy and non-political adherence

b) Responsible Supply chain and supplier relations-

The college has list of suppliers who were prequalified through advertisement. The policy of the college is to pay all the bills at the end of every month and this has created a good rapport with her suppliers and service providers

c) Responsible marketing and advertisement

The college carries out normal marketing through media and organized talks.

d) Product stewardship.

Trainees trained in Tetu Technical and Vocational College are competently prepared emotionally, intellectually and spiritually. They are equipped with Hands on Skills and Technology to make a difference in this generation and generations to come. The Tetu Technical and Vocational College is committed to offering the best and top quality training.

Corporate Social Responsibility / Community Engagements

Tetu College being a public entity embraces the policy of Corporate Social Responsibility (CSR) through engaging herself with the following amongst many social responsibilities:

(a) Charitable Activities

The College trainees have been offering material & spiritual support to needy children in various children homes within Tetu region through donation of foodstuffs and cloths.

(b) Communities outreach activities

Tetu TVC in conjunction with Giakanja health centre organised for a COVID 19 awareness sensitization programmes at Chaka shopping centre. . This was a sign that the College is moving towards fulfilling its core mandate of community service. A college worth its name must benefit the community and not only improve its economic activities but also uplift the health and the well-being of people around it to attain the country's Universal Health. Universal Health Coverage (UHC) concept is firmly based on WHO constitution of 1948 declaring health a fundamental Human right. This is equally in line with the Constitution of Kenya 2010 that confers on every Citizen Highest attainable standards of Health Including Reproductive Health. H.E President Uhuru Kenyatta reaffirmed the objective of Kenyan constitution through the Big Four Agenda where Affordable Health Care is a pillar. UHC should be every body's business and a multi-sectoral approach is the way to go in the realization of this concept of Health care delivery.

The College has also been offering both social and economic support to the external community through provision of casual labor opportunities and supplies wherever such opportunities arise.

(c) Environmental Improvement activities

Introduction of communal periodical cleaning day at Kagwathi & Giakanja Shopping Center has been one of the environmental activities of the Institution.

(d) Academic Mentorship

Tetu TVC in conjunction with local secondary schools was involved in offering career advice to students within and around Tetu Sub County during the financial year.

The College also offered internship and industrial attachment to qualified youths from the surrounding community and Institutions.

X. REPORT OF THE COUNCIL/BOARD OF GOVERNORS

REPORT OF THE BOARD OF GOVERNORS

The Board members submit their report together with the audited financial statements for the year ended June 30, 2021 which show the state of the college affairs.

Principal activities

The principal activity of the college is to offer technical & vocational training.

Results

The results of the college for the year ended June 30, 2021 are set out on page 1 - 5

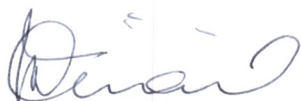
Board of Governors

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

Auditors

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

By Order of the Board



Fredrick Wainaina
Principal/ BoG Secretary
Tetu Technical & Vocational College

Date: 25/5/2022



XI. STATEMENT OF BOARD OF GOVERNORS MEMBERS' RESPONSIBILITIES

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

The board members are responsible for the preparation and presentation of the college financial statements, which give a true and fair view of the state of affairs of the college for and as at the end of the financial year (period) ended on June 30, 2020. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the college; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the college; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The board members accept responsibility for the college financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the TVET Act. The board members are of the opinion that the college financial statements give a true and fair view of the state of college transactions during the financial year ended June 30, 2020, and of the college financial position as at that date. The board members further confirm the completeness of the accounting records maintained for the college, which have been relied upon in the preparation of the college financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The college financial statements were approved by the Board on 17/9/2021 and signed on its behalf by:


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Chairperson of the Board

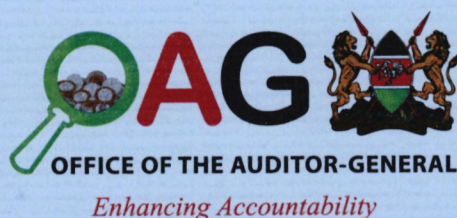

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Accounting officer/Principal



REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON TETU TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Tetu Technical and Vocational College set out on pages 1 to 25, which comprise the statement of financial position as

Report of the Auditor-General on Tetu Technical and Vocational College for the year ended 30 June, 2021

at 30 June, 2021, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the 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 Tetu Technical and Vocational College as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Inaccuracies in the Financial Statements

The statement of financial position and the corresponding Note 16 to the financial statements reflects cash and cash equivalent balance of Kshs.1,952, 423 while Note 16 reflects Kshs.2,206,069 resulting to an unexplained variance of Kshs.253,646. In addition, the statement of changes in net assets reflects capital fund balance of Kshs.69,704,785 while the statement of financial position reflects a balance of Kshs.69,284,469 resulting to an unexplained variance of Kshs.420,316. Further, the statement of cash flows reflects cash and cash equivalents of Kshs.2,206,069 while the statement of financial position reflects cash and cash equivalents of Kshs.1,952,423 resulting to an unreconciled variance of Kshs.253,646.

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

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

Key Audit Matters

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

Other Matter

1. Budgetary Control and Performance

The summary statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs19,365,000 and Kshs.13,505,484 respectively, resulting to an underfunding of Kshs 5,859,516 or 30 % of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis totalling to Kshs18,144,744 and Kshs.9,596,702 respectively, resulting to an underperformance amounting to Kshs. 8,548,041 or 47% of the budget.

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

2. Unresolved Prior Year Matters

Various prior year audit issues remained unresolved as at 30 June, 2021. Management has not provided reasons for the delay in resolving the prior year audit issues. Further, the unresolved prior year issues are not disclosed under the progress on follow up of auditor's recommendations section of the financial statements as required by the Public Sector Accounting Standards Board.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Non – Compliance with the Law on Ethnic Composition

Review of human resource records revealed that during the year under review, the College had twenty-four (24) employees out of which twenty (20) were from one dominant community which translate to 83% of the employees. This is contrary to Section 7(2) of the National Cohesion and Integration Act, 2008 which states that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public establishment shall have more than one third of its staff from the same ethnic community.

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

2. Failure to Deduct and Remit Board's Pay- As- You- Earn (PAYE)

The statement of financial performance and corresponding Note 12 to the financial statements reflects remuneration of directors expenditure of Kshs.1,246,000. However, PAYE for board expenses amounting to Kshs.281,142 was not deducted and remitted to Kenya Revenue Authority. This is contrary to Section 37(1) of Income Tax Act Cap 470, which states that 'an employer paying emoluments to an employee shall deduct therefrom, and account for tax thereon, to such extent and in such manner as may be prescribed'.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and the Board of Governors

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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


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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the College's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the College to cease sustaining its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the College to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships

and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

29 July, 2022

TETU TECHNICAL & VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH, JUNE 2021

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2020-2021	2019-2020
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government – grants	6	1,500,000.00	1,000,000.00
Transfers from the National Government – capitation	7	5,025,000.00	0
		<u>6,525,000.00</u>	<u>1,000,000.00</u>
Revenue from exchange transactions			
Rendering of services- Fees from students	8	6,954,234.00	3,485,416.00
Other income	9	26,250.00	26,000.00
Revenue from exchange transactions		<u>6,980,484.00</u>	<u>3,511,416.00</u>
Total revenue		<u>13,505,484.00</u>	<u>4,511,416.00</u>
Expenses			
Use of goods and services	10	3,125,073.00	1,306,989.00
Employee costs	11	1,806,627.03	2,309,276.00
Remuneration of directors	12	1,246,000.00	282,000.00
Depreciation and amortization expense	13	3,362,751.35	2,887,483.59
Repairs and maintenance	14	56,251.00	38,500.00
General Expenses	15	0.00	2,192,538.00
Total expenses		<u>9,596,702.38</u>	<u>9,016,786.59</u>
Net Surplus for the year		<u>3,908,781.62</u>	<u>-4,505,370.59</u>

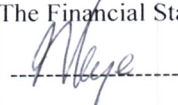
The notes set out on pages 6 to 28 form an integral part of the Annual Financial Statements.

TETU TECHNICAL & VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2021

XIV. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2021

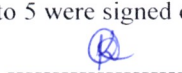
	Notes	2020-2021	2019-2020
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	16	1,952,423.90	1,391,141.00
receivables from non-exchange transactions	18	1,617,500.00	0.00
receivables from exchange transactions	17	1,861,066.00	2,959,081.00
		<u>5,430,989.90</u>	<u>4,350,222.00</u>
Non-current assets			
Property, plant and equipment	19	106,123,733.81	69,704,785.16
		<u>106,123,733.81</u>	<u>69,704,785.16</u>
Total assets		<u>111,554,723.71</u>	<u>74,055,007.16</u>
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	20	1,847,760.00	5,941,457.00
Refundable to customers	21	13,800.00	13,800.00
Total liabilities		<u>1,861,560.00</u>	<u>5,955,257.00</u>
Net assets		<u>109,693,163.71</u>	<u>68,099,750.16</u>
Reserves		39,781,700.00	0
Accumulated surplus		626,994.00	-1,605,035.00
Capital Fund		69,284,469.71	69,704,785.16
Total net assets and liabilities		<u>109,693,163.71</u>	<u>68,099,750.16</u>

The Financial Statements set out on pages 1 to 5 were signed on behalf of the College Board of Governors by:



Chairman of Board of Governors

Date: 25-5-2022



Finance Officer
ICPAK No 25452

Date: 25/5/2022



Principal

Date: 25/5/2022



TETU TECHNICAL & VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2021

XV. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2021

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/Development Grants/Fund	Total
At July 1, 2019			-107,148.00	72,592,268.75	72,485,120.75
Revaluation gain					
Fair value adjustment on quoted investments					
Total comprehensive income			-4,385,370.59		-4,385,370.59
Capital/Development grants received during the year					
Transfer of depreciation/amortisation from capital fund to retained earnings			2,887,483.59	-2,887,483.59	
At June 30, 2020			-1,605,035.00	69,704,785.16	68,099,750.16
At July 1, 2020			-1,605,035.00	69,704,785.16	68,099,750.16
Revaluation gain	39,781,700.00				39,781,700.00
Fair value adjustment on quoted investments					
Total comprehensive income			2,232,029.00		2,232,029.00
Capital/Development grants received during the year					
Transfer of depreciation/amortisation from capital fund to retained earnings					
At June 30, 2021	39,781,700.00		626,994.00	69,704,785.16	110,113,479.16

TETU TECHNICAL & VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2021

XVI. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

		2020-2021	2019-2020
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the National Government – grants	6	1,500,000.00	1,000,000.00
Transfers from the National Government – capitation	7	5,025,000.00	0
Rendering of services- Fees from students	8	6,954,234.00	3,485,416.00
Other income	9	26,250.00	26,000.00
Total Receipts		<u>13,505,484.00</u>	<u>4,511,416.00</u>
Payments			
Goods And Services	10	3,125,073.00	1,306,989.00
Employee Costs	11	1,806,627.03	2,309,276.00
Remuneration Of Directors	12	1,246,000.00	232,000.00
Depreciation And Amortization Expense	13	3,362,751.35	2,887,483.59
Repairs And Maintenance	14	56,251.00	88,500.00
General Expenses	15	0.00	2,192,538.00
Total Payments		<u>9,596,702.38</u>	<u>9,016,786.59</u>
		<u>3,908,781.62</u>	<u>-4,385,370.59</u>
Net cash flows from operating activities	22	1,767,979.97	1,391,141.00
Cash flows from investing activities			
Net cash flows used in investing activities		0	0
Cash flows from financing activities			
Net cash flows used in financing activities		0	0
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at 1 JULY 2020	16	1,391,141.00	0
Cash and cash equivalents at 30 JUNE 2021	16	<u>2,206,069.90</u>	<u>1,391,141.00</u>

TETU TECHNICAL & VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2021

XVII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization Difference	Note No
	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021	
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	%	
Transfers from the National Government – grants	2,000,000.00	0	2,000,000.00	1,500,000.00	-500,000.00	-25	1
Transfers from the National Government – capitation	7,500,000.00	0	7,500,000.00	5,025,000.00	-2,475,000.00	-33	2
Rendering of services- Fees from students	9,746,000.00	0	9,746,000.00	6,954,234.00	-2,791,766.00	-28.645249	3
Other income	119,000.00	0	119,000.00	26,250.00	-92,750.00	-77.941176	4
Expenses	19,365,000.00	0	19,365,000.00	13,505,484.00	-5,859,516.00		
Goods And Services	11,291,811.00	0	11,291,811.00	3,125,073.00	-8,166,738.00	-72.324431	5
Employee Costs	2,604,552.00	0	2,604,552.00	1,806,627.03	-797,924.97	-30.635786	6
Remuneration Of Directors	540,000.00	0	540,000.00	1,246,000.00	706,000.00	130.740741	
Depreciation And Amortization Expense	3,193,181.00	0	3,193,181.00	3,362,751.35	169,570.35	5.31038953	7
Repairs And Maintenance	515,200.00	0	515,200.00	56,251.00	-458,949.00	-89.081716	8
Total expenditure	18,144,744.00	0	18,144,744.00	9,596,702.38	-8,548,041.62		
Surplus for the period	1,220,256.00	0	1,220,256.00	3,908,781.62	2,688,525.62		

Budget notes

Revenue

Note 1: GoK grants. The college received kshs. 1,500,000.00 in respect to the 2020/2021 financial year. An addition of kshs.500, 000.00 was received at the beginning of financial year which is respect to 2019/2020 financial year

Note 2: The capitation received in the year didn't match with list of trainees sent KUCCPS for funding

Note 3: The low fees collection is attributed to suspension of learning from July to September due the COVID 19 pandemic. The unpredictable and inconsistency education calendar affected the January and may intake hence affecting planning the funding of the college budget

Note 4: income from other sources was affected by the suspension of learning from July to December, 2020.

Expenses

Note 5: The under expenditure in the use of goods and services was as result of shorted academic year of the 2020/2021

Note 6. The College under spent on personal emoluments as the service for the BoG hired staffs were temporary suspended.

Note 7. Some activities that were scheduled in the BoG Calendar of events were postponed to later date due to the ranging affects of the Covid 19.

Note 8. Repairs and maintenance were minimised due to the underfunding of the budget

TETU TECHNICAL & VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE, 2021

XVIII. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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 land and property at fair value and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the college's accounting policies.

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

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

TETU TECHNICAL & VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE, 2021

3. ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2021.

Standard	Impact
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks.</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved.</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</p>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021.

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an college's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> •Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; •Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and •Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an college's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting college provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the college; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the college's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.

iii. Early adoption of standards

The college did not early – adopt any new or amended standards in year 2021.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

The college recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to the courses offered and the length of the academic programme.

b) Budget information

The original budget for FY 2020/2021 was approved by the Board or Board in May, 2020. There was no Subsequent revisions or additional appropriations made to the approved budget

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

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

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

TETU TECHNICAL & VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE, 2021

c) Taxes

Current income tax

The college is exempt from paying taxes as per income tax Act.

d) Investment property

College does not have any investments on properties.

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 of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the college recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. 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

The College does hold any asset under lease.

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

h) 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

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

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

TETU TECHNICAL & VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE, 2021

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

i) Nature and purpose of reserves

The College does not maintained reserves

j) Changes in accounting policies and estimates

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

k) Employee benefits

The college does not have any Retirement benefit plans for its employees and directors

l) Related parties

The College regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the College, or vice versa. Members of key management are regarded as related parties and comprise the principal, the Board of governor and senior management team.

m) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank. Bank account balances include amounts held at various commercial banks at the end of the financial year.

n) Comparative figures

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

o) 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, 2021.

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

No Provisions were raised in the 2020/2021 financial year.

TETU TECHNICAL & VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE, 2021

6. (a) TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2020-2021	2019-2020
	KShs	KShs
Unconditional grants		
Capitation grants		
Operational grant	1,500,000.00	1,000,000.00
Other grants		
Total government grants and subsidies	<u>1,500,000.00</u>	<u>1,000,000.00</u>

7. (a) TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2020-2021	2019-2020
	KShs	KShs
Unconditional grants		
Capitation grants	5,025,000.00	0
Total government capitation subsidies	<u>5,025,000.00</u>	<u>0</u>

(b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	2019-2020
	KShs	KShs	KShs	KShs	KShs
MoE/State Department	1,500,000.00			1,500,000.00	1,000,000.00
TVT	3,525,000.00			3,525,000.00	
Total	<u>5,025,000.00</u>			<u>5,025,000.00</u>	<u>1,000,000.00</u>

8. RENDERING OF SERVICES

Description	2020-2021	2019-2020
	KShs	KShs
Tuition	5,753,228.00	1,743,270.00
Administration	113,011.00	245,766.00
Practical	47,810.00	46,023.00
Capacity Building Development	0.00	16,185.00
P. Emolument	157,775.00	403,142.00
Casuals	39,925.00	37,049.00

TETU TECHNICAL & VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE, 2021

Local Transport & Travelling	44,300.00	85,830.00
Repair Maintenance & improvement	26,025.00	37,841.00
Electricity water & conservancy	44,970.00	112,029.00
Activity	39,920.00	78,855.00
Student Welfare	11,050.00	24,529.00
Insurance	13,500.00	22,650.00
Kenya National Examination Council	54,700.00	515,895.00
Gratuity	7,750.00	13,954.00
Attach	32,800.00	78,048.00
College Identity Card	19,800.00	24,350.00
National Industrial Training Authority	37,970.00	0.00
Bursary	509,700.00	0.00
Total revenue from the rendering of services	<u>6,954,234.00</u>	<u>3,485,416.00</u>

9. OTHER INCOME

Description	2020-2021	2019-2020
	KShs	KShs
Income from sale of tender	19,000.00	26,000.00
Lease of college land	7,250.00	
Total other income	<u>26,250.00</u>	<u>26,000.00</u>

10. USE OF GOODS AND SERVICES

Description	2020-2021	2019-2020
	KShs	KShs
Text Books	-	10,028.00
Training Equipments	200,301.00	90,530.00
Training Materials	1,236,329.00	873,211.00
Kenya National Examination Council	75,340.00	328,220.00
National Industrial Training Authority	43,460.00	5,000.00
Attachment	83,817.00	0
Sports	33,955.00	0
Admin Expenses	309,376.00	0
Covid 19	202,846.00	0
Hospitality	126,976.00	0
Internet	20,060.00	0
Electricity Water & Conservancy	239,452.00	0
Stationery/Photocopies	39,520.00	0
Transport	139,390.00	0
Bank Charges	7,871.00	0
Marketing	139,680.00	0
Subsistence Allowance	112,250.00	0
Local Travelling & Transport	114,450.00	0
Total Good And Services	<u>3,125,073.00</u>	<u>1,306,989.00</u>

TETU TECHNICAL & VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE, 2021

11. EMPLOYEE COSTS

	2020-2021	2019-2020
	KShs	KShs
P.emoluments	1,141,273.00	1,488,161.00
Security	453,437.00	350,138.00
Casuals	140,267.00	318,400.00
NSSF	31,000.00	40,000.00
NHIF	40,650.00	57,850.00
PAYE	0.00	54,727.00
Employee costs	1,806,627.00	2,309,276.00

12. REMUNERATION OF DIRECTORS

Description	2020-2021	2019-2020
	KShs	KShs
Directors emoluments	1,188,500.00	0
chairman's honorarium	20,000.00	0
Other allowances	37,500.00	282,000.00
Total director emoluments	1,246,000.00	282,000.00

13. DEPRECIATION AND AMORTIZATION EXPENSE

Description	2020-2021	2019-2020
	KShs	KShs
Property, plant and equipment	3,362,751.35	2,887,483.59
Total depreciation and amortization	3,362,751.35	2,887,483.59

14. REPAIRS AND MAINTENANCE

Description	2020-2021	2019-2020
	KShs	KShs
Property	56,251.00	18,680.00
Repair of the equipment	0.00	13,100.00
Repair of the Sewerage	0.00	6,720.00
Total repairs and maintenance	56,251.00	38,500.00

15. GENERAL EXPENSES

Description	2020-2021	2019-2020
	KShs	KShs
Subsistence Allowances	0.00	442,294.00
Transport	0.00	219,611.00
Hospitality	0.00	490,864.00
Marketing	0.00	53,615.00
EWC	0.00	370,132.00
Postal Charges	0.00	7,725.00
Admin Ex	0.00	136,335.00

TETU TECHNICAL & VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE, 2021

Internet	0.00	44,806.00
Office Stationery	0.00	41,686.00
Bank Charges	0.00	3,115.00
Telephone	0.00	18,050.00
Farm Exp	0.00	2,285.00
KUCCPS	0.00	70,000.00
KATTI	0.00	145,000.00
Activity	0.00	125,650.00
Covid 19 Exp	0.00	21,370.00
Total General expenses	0.00	2,192,538.00

16. CASH AND CASH EQUIVALENTS

Description	2020-2021	2019-2020
	Kshs	Kshs
Current account	1,877,032.90	1,191,016.00
cash	329,037.00	200,125.00
Total cash and cash equivalents	2,206,069.90	1,391,141.00

16 (a). DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

Financial institution	Account number	2020-2021	2019-2020
		Kshs	KShs
a) Current account			
Kenya Commercial bank		1,877,032.90	1,191,016.00
Sub- total		1,877,032.90	1,191,016.00
b) Others(specify)			
cash in hand		329,037.00	200,125.00
Sub- total		329,037.00	200,125.00
Grand total		2,206,069.90	1,391,141.00

17. RECEIVABLES FROM EXCHANGE TRANSACTIONS

17(a) Current Receivables from Exchange Transactions

Description	2020-2021	2019-2020
	KShs	KShs
Current receivables		
Student debtors (fees arrears)	1,861,066.00	1,112,555.00
Michuki TTI (Fees paid through Michuki T T I)	-	1,726,526.00
Salary Advance	-	120,000.00
Lease of land	-	0
Total current receivables	1,861,066.00	2,959,081.00

TETU TECHNICAL & VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE, 2021

18. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Description	2020-2021	2019-2020
	KShs	KShs
Current receivables		
Capitation grants	500,000.00	0.00
Recurrent grants	1,117,500.00	0.00
Total current receivables	<u>1,617,500.00</u>	<u>0.00</u>

18 (b) Reconciliation for Impairment Allowance on Receivables from Non-Exchange Transactions

Description	2020-2021	2019-2020
	KShs	KShs
At the beginning of the year	0.00	0.00
Additional during the year	1,617,500.00	0.00
Recovered during the year	0.00	0.00
Written off during the year	0.00	0.00
At the end of the year	<u>1,617,500.00</u>	<u>0.00</u>

TETU TECHNICAL & VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

19. PROPERTY, PLANT AND EQUIPMENT

	LAND	BUILDING	MOTOR VEHICLES	FURNITURE, FITTINGS, EQUIPMENTS	COMPUTERS	TOTALS
	Shs	Shs	Shs	Shs	Shs	Shs
Cost						
At 1 July 2019						
Additions(<i>tentative value of the assets</i>)	6,000,000.00	52,185,000.00	0	14,162,268.75	245,000.00	<u>72,592,268.75</u>
Disposals						
Transfers/adjustments						
At 30 th June 2020	<u>6,000,000.00</u>	<u>52,185,000.00</u>	<u>0</u>	<u>14,162,268.75</u>	<u>245,000.00</u>	<u>72,592,268.75</u>
Additions						
valuation	4,000,000.00	35,781,700.00	0.00	0.00	0.00	39,781,700.00
Disposals						
Transfer/adjustments						
At 30 th June 2021	<u>10,000,000.00</u>	<u>87,966,700.00</u>	<u>0</u>	<u>14,162,268.75</u>	<u>245,000.00</u>	<u>112,373,968.75</u>
Depreciation and impairment						
At 1 July 2019						
Depreciation	0	1,043,700.00	0	1,770,283.59	73,500.00	2,887,483.59
Impairment						
At 30 June 2020	0	1,043,700.00	0	1,770,283.59	73,500.00	2,887,483.59
Depreciation	0	1,759,334.00	0	1,548,998.14	54,419.21	3,362,751.35
Disposals						
Impairment						
Transfer/adjustment						
At 30 th June 2021	<u>0</u>	<u>2,803,034.00</u>	<u>0</u>	<u>3,319,281.73</u>	<u>127,919.21</u>	<u>6,250,234.94</u>
Net book values						
At 30 th June 2020	<u>6,000,000.00</u>	<u>51,141,300.00</u>	<u>0</u>	<u>12,391,985.16</u>	<u>171,500.00</u>	<u>69,704,785.16</u>
At 30 th June 2021	<u>10,000,000.00</u>	<u>85,163,666.00</u>	<u>0</u>	<u>10,842,987.02</u>	<u>117,080.80</u>	<u>106,123,733.81</u>

TETU TECHNICAL & VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE,
2021

Valuation

Land and buildings were valued by Icon independent valuer ltd on 25th august,2021 on market value basis of valuation. These amounts were adopted on 17/09/2021

19 (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:

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	10,000,000.00	0	10,000,000.00
Buildings	87,966,700.00	2,803,034.00	85,163,666.00
Plant and machinery	0	0	0.00
Motor vehicles, including motorcycles	0	0.00	0.00
Computers and related equipment	245,000.00	127,919.21	117,080.80
Office equipment, furniture, and fittings	14,162,268.75	3,319,281.73	10,842,987.02
Total	<u>112,373,968.75</u>	<u>6,250,234.94</u>	<u>106,123,733.81</u>

20. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2020-2021	2019-2020
	KShs	KShs
Refundable to Mentoring institution	1,376,901.00	5,924,513.00
Fees paid in advance	184,569.00	16,944.00
Trade payables	286,290.00	0.00
Total trade and other payables	<u>1,847,760.00</u>	<u>5,941,457.00</u>

21. REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS

Description	2020-2021	2019-2020
	KShs	KShs
Caution money	13,800.00	13,800.00
Total deposits	<u>13,800.00</u>	<u>13,800.00</u>

The college also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The college's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at KShs. 400 per employee per month. The college does not have other defined contribution scheme other than NSSF.

For NSSF, Employees contribute 50% while employers contribute 50% of the total NSSF contribution. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred

TETU TECHNICAL & VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE,
2021

22. CASH GENERATED FROM OPERATIONS

	2020-2021	2019-2020
	KShs	KShs
Surplus for the year before tax	3,908,781.62	-3,300,329.25
Adjusted for:		
Depreciation	3,362,751.35	2,998,911.00
Working Capital adjustments		
Increase /decrease in receivables	(1,409,856.00)	-2,891,763.00
Increase/decrease in payables	(4,093,697.00)	3,193,181.25
Net cash flow from operating activities	<u>1,767,979.97</u>	<u>0</u>

23. FINANCIAL RISK MANAGEMENT

The college's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The college'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 college does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

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

(i) Credit risk

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

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 board of governor. The amounts presented in the statement of financial position have not been subjected into provision of doubtful receivables as most its customers are continuing trainees

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2020				
Receivables from exchange transactions	2,959,081.00	0	0	0
Receivables from non-exchange transactions	0	0	0	0

TETU TECHNICAL & VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE,
2021

Bank balances	1,458,525.00	0	0	0
Total	<u>4,417,606.00</u>	<u>0</u>	<u>0</u>	<u>0</u>
At 30 June 2021				
Receivables from exchange transactions	1,861,066.00	0.00	0.00	0
Receivables from non exchange transactions	1,617,500.00	1,617,500.00	0	0
Bank balances	1,877,032.90	0	0	0
Total	<u>5,355,598.90</u>	<u>1,617,500.00</u>	<u>0.00</u>	<u>0.00</u>

(i) **Credit risk.**

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

The college has significant concentration of credit risk on amounts due from 60 days.

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

(ii) **Liquidity risk management**

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

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

	Less than 1month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2020				
Trade payables				
prepaid fees		16,944.00		16,944.00
refundable to customers			13,800.00	13,800.00
refundable to mentor			5,924,513.00	5,924,513.00
Total		<u>16,944.00</u>	<u>5,938,313.00</u>	<u>5,955,257.00</u>
At 30 June 2021				
Trade payables		286,290.00		286,290.00
prepaid fees		184,569.00		184,569.00
refundable to customers			13,800.00	13,800.00
refundable to mentor			1,376,901.00	1,376,901.00
Total		<u>470,859.00</u>	<u>1,390,701.00</u>	<u>1,861,560.00</u>

(iii) Market risk

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

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

The college's Finance Department is responsible for the development of detailed risk management policies and for the day to day implementation of those policies.

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

a) Foreign currency risk

The college has no transactional currency exposures as it has not been purchasing goods and services in currencies other than the local currency.

b) Interest rate risk

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

TETU TECHNICAL & VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE,
2021

Sensitivity analysis

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

iv) Capital Risk Management

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

	2020-2021	2019-2020
	KShs	KShs
Revaluation reserve	39,781,700.00	0.00
Retained earnings	626,994.00	(1,605,035.00)
Capital reserve	69,704,785.00	69,704,785.16
Total funds	<u>110,113,479.00</u>	<u>68,099,750.16</u>
Total borrowings	0.00	0.00
Less: cash and bank balances	1,458,525.00	1,391,141.00
Net debt/(excess cash and cash equivalents)	1,458,525.00	1,391,141.00
Gearing	0.00%	0.00%

TETU TECHNICAL & VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE,
2021

24. RELATED PARTY BALANCES

Nature of related party relationships

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

Government of Kenya

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

- i) The National Government;
- ii) The Parent Ministry; ministry of education
- iii) Tetu CDF
- iv) Local community
- v) Nyeri County Government
- vi) College Top management and trainers;
- vii) Board of Governors;
- viii) College trainees, sponsors and guardians.

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

	2020-2021	2019-2020
	Kshs	Kshs
a) Grants /Transfers from the Government		
Grants from government grants	1,500,000.00	1,000,000.00
Grants from capitation subsidies	3,525,000.00	0
Total	<u>5,025,000.00</u>	<u>1,000,000.00</u>
b) Key management compensation		
Directors' emoluments	1,246,000.00	<u>282,000.00</u>
	<u>1,246,000.00</u>	<u>282,000.00</u>
Total	<u>6,271,000.00</u>	<u>1,282,000.00</u>

25. EVENTS AFTER THE REPORTING PERIOD

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

26. ULTIMATE AND HOLDING ENTITY

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

27. CURRENCY

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

TETU TECHNICAL & VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE,
2021

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

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:

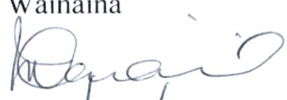
- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed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

Accounting Officer

Name

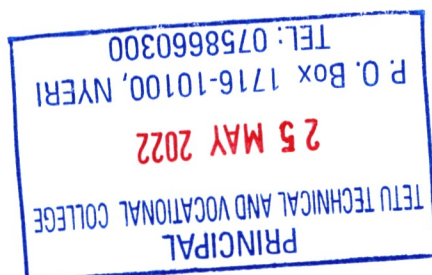
Fredrick N Wainaina

Signature



Date.

25/5/2022



TETU TECHNICAL & VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE,
2021

APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

Projects implemented by the college Funded by development partners

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1	0.00	0.00	0.00	0.00	0.00	0.00
2	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3	0.00	0.00	0.00	0.00	0.00	0.00	0.00

TETU TECHNICAL & VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE,
2021

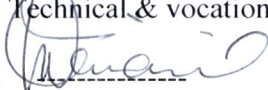
APPENDIX III: INTER-COLLEGE TRANSFERS

ENTITY NAME:		Tetu Technical & Vocational College		
Break down of Transfers from the State Department of Technical Education				
FY 2020/2021				
a.	Recurrent Grants			
		Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
		9/1/2021	500,000.00	2020/2021FY
		3/3/2021	500,000.00	2020/2021FY
		20/04/2021	500,000.00	2020/2021FY
			1,500,000.00	
b.	Capitation			
		Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
		16/9/2020	1,200,000.00	2020/2021 FY
		3/12/2020	810,000.00	2020/2021 FY
		3/3/2021	810,000.00	2020/2021 FY
		20/4/2021	705,000.00	2020/2021 FY
		Total	3,525,000.00	
c.	Direct Payments			
		Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
		Total	5,025,000.00	

The above amounts have been communicated to and reconciled with the parent Ministry

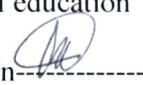
Principal /sec BoG
Tetu Technical & vocational college

Sign



Head of Accounting Unit
Ministry of education

Sign




TETU TECHNICAL & VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2021

APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent /Development/ Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized					Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specific		
Ministry of Education		Recurrent	500,000.00	500,000.00						500,000.00
Ministry of Education	09/01/2021	Recurrent	500,000.00	500,000.00						500,000.00
Ministry of Education	03/03/2021	Recurrent	500,000.00	500,000.00						500,000.00
Ministry of Education	20/04/2021	Recurrent	500,000.00	500,000.00						500,000.00
Ministry of Education		Recurrent	500,000.00	500,000.00			500,000.00			500,000.00
TOTAL			<u>2,500,000.00</u>	<u>2,500,000.00</u>			<u>500,000.00</u>			<u>2,500,000.00</u>
Ministry of Education		Recurrent	1,500,000.00	1,500,000.00						1,500,000.00
Ministry of Education		Recurrent	1,200,000.00	1,200,000.00						1,200,000.00
Ministry of Education	16/9/2020	Recurrent	1,200,000.00	1,200,000.00						1,200,000.00
Ministry of Education	03/12/2020	Recurrent	810,000.00	810,000.00						810,000.00
Ministry of Education	03/03/2021	Recurrent	810,000.00	810,000.00						810,000.00
Ministry of Education	20/4/2021	Recurrent	705,000.00	705,000.00						705,000.00
Ministry of Education		Recurrent	1,117,500.00	1,117,500.00			1,117,500.00			1,117,500.00
TOTAL			<u>6,142,500.00</u>	<u>6,142,500.00</u>			<u>1,617,500.00</u>			<u>6,142,500.00</u>
			8,642,500.00	8,642,500.00						8,642,500.00