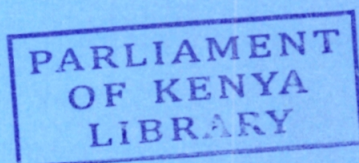


REPUBLIC OF KENYA



Enhancing Accountability

REPORT



THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 23 JUL 2023	DAY: WEDNESDAY
TABLED BY:	HON (DR) ROBERT PUKOSE
CLERK-AT THE-TABLE:	HALIMA SUCEIMANI

OF

THE AUDITOR-GENERAL

ON

**KITUTU MASABA TECHNICAL AND
VOCATIONAL COLLEGE**

**FOR THE YEAR ENDED
30 JUNE, 2023**



KITUTU MASABA TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30TH JUNE 2023**

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

KITUTU MASABA TVC

Annual Report and Financial Statements for the year ended 30th June 2023

Table of Contents

1.	Acronyms and Definition of Key Terms.....	ii
2.	Key Entity Information and Management.....	iii
3.	The Board of Management	viii
4.	Key Management Team	xi
5.	Chairman's Statement	xii
6.	Report of the Principal/Manager	xiii
7.	Statement of Performance against Predetermined Objectives	xv
8.	Corporate Governance Statement.....	xvii
9.	Management Discussion and Analysis	xix
10.	Environmental And Sustainability Reporting Statement.....	xxii
11.	Report of the Board of Management.....	xxv
12.	Statement of Board of Management Responsibilities.....	xxvi
13.	Report of the Independent Auditor.....	xxvii
14.	Statement of Financial Performance for the Year Ended 30 June 2023	1
15.	Statement of Financial Position as At 30th June 2023	3
16.	Statement of Changes in Net Assets For The Year Ended 30 June 2022.....	5
17.	Statement of Cash Flows For The Year Ended 30 June 2022.....	6
18.	Statement of Comparison of Budget & Actual amounts For Year Ended 30 June 2022	7
19.	Notes to the Financial Statements	9
20.	Appendices	33

KITUTU MASABA TVC

Annual Report and Financial Statements for the year ended 30th June 2023

1. Acronyms and Definition of Key Terms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
VTC	Vocational Training College
KMTVC	Kitutu Masaba Technical and Vocational College
S.E.S	School Equipment and Stores
L.T & T	Local Travel and Transport.
R.M.I	Repairs, Maintenance and Improvement
AG	Acting
BOG	Board of Governors
CDF	County Development Fund
ACC	Account
GoK	Government of Kenya

2. Key Entity Information and Management

(a) Background information

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

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

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

(b) Principal Activities

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

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

Vision

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

KITUTU MASABA TVC

Annual Report and Financial Statements for the year ended 30th June 2023

Mission

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

Core Values

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

- i) **Customer focus:** - good service, listening, feedback and personalized experiences
- ii) **Integrity** - Transparency, accountability and cost effectiveness
- iii) **Professionalism:** - scientific excellence, ethics and flexibility
- iv) **Timeliness:** - accuracy, carefulness and quality
- v) **Confidentiality:** - embraces the principle of confidentiality in service delivery
- vi) **Quality and Efficient Services:** - maintenance, of a desired level of quality and efficiency
- vii) **Teamwork:** - Partnership for collaboration, advantage and synergies

Our commitment

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

(c) Key Management

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

Board of Governors

The main role of the Board is to provide policy direction and oversight over management.

To effectively discharge its mandate, the Board has formed three committees which are:

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

Fiduciary Oversight Arrangements

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

i) The finance, infrastructure and development committee

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

Planning and budgeting-overseeing project planning and budget making processes

Implementation-overseeing the implementation of projects and the budget.

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

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

ii) Education Research and Human Resource committee

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

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

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

iii) The Audit, Risk management and compliance committee

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

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

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

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

KITUTU MASABA TVC

Annual Report and Financial Statements for the year ended 30th June 2023

Accounting Officer/Principal

The Principal is responsible for the day to day management of the college operations. He is

Assisted by the following senior management staff:

- i) Deputy Principal
- ii) Registrar
- iii) Dean of Student
- iv) Heads of Departments

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

Designation	Name
Principal	Peter Nyaribo
Deputy principal	Richard Kerongo
Ag. Registrar	Walter Kipchirchir
Ag. Dean of students	Peter Blair
Ag. Head of Examinations	Victor Kiplangat

Key Entity Information and Management (Continued)

(e) Fiduciary Oversight Arrangements

Board Committees

Name of The Committee	Members	Designation
Finance, Infrastructure and Development	Ms. Margaret Nyanyuki Ms. Anne Mwai Ms. Bilha Oching Mr. Tom Olango	Chairperson Member Member Member
Education, Research and Human Resource	Ms. Anne Mwai Ms. Hepsibah Makori Ms. James Makori Mr. Tom Olango	Chairperson Member Member Member
Audit and Risk Management (ARM)	Mr. Charles Nyanyuki Ms Margaret Nyanyuki Ms. Bilha Oching Mr. Tom Olango	Chairperson Member Member Member

KITUTU MASABA TVC

Annual Report and Financial Statements for the year ended 30th June 2023

Key Entity Information and Management (Continued)

(f) Entity Headquarters

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

(g) Entity Contacts

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

(h) Entity Bankers

Kenya Commercial Bank, Kisii West Branch
Account number 1284015963
Equity bank, Kisii branch
Account number 1240281042164

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

3. The Board of Management

No.	Member	Details
1	 Mr. Alphael Gerald Okoko	Date of birth 1969 -Holds a Bachelor of Education (Arts) - He holds a Diploma in clearing, warehousing and practical freight and forwarding ltd/ and he has worked as a head of procurement and logistics – Azania Physical Laboratory Ltd. -He has also held various positions in the corporate world i.e chief logistics officer Telkom Kenya, head of procurement Celtel Kenya, Operations Manager R.J. Reynolds Tobacco Kenya Ltd and Customs Checker – Kenya LTD Date of appointment: 14th October,2020.
2	 Mr. Charles Nyanyuki	He was born in 1958 in Nyambaria Vilage, Nyamira County. He is a holder of bachelor of commerce degree in accounting option He is also a holder of a master's degree in business administration from Eastern and Southern Africa management College (ESAMI) He worked as a Director of Audit in the office of Auditor General where he retired from in the year 2019 Date of appointment: 14th October,2020.
3	 Ms Anne Wangu Mwai	Date of birth 1963 Anne holds a Masters of Education degree in Curriculum Studies from University of Nairobi, Bachelor of Education in Library Science and Special Education from Kenyatta University, a Diploma of Education in Music and Geography from Kagumo College and a Primary Teacher Certificate from St. Mark's college, Kigari. She is a trained ISO Lead Auditor from Kenya Bureau of Standards and holds a certificate in Senior Management from School of Government Kabete. Professionally she has worked as a Faculty Associate/part-time lecturer at Mt. Kenya University, teaching Curriculum Development and Fundamentals of Pedagogy. She has also taught Human Growth &and

KITUTU MASABA TVC

Annual Report and Financial Statements for the year ended 30th June 2023

		Development and Child Development Psychology at Masai Mara University. Anne worked at the Kenya College of Curriculum Development (KICD) for ten (10) Date of appointment: 14th October, 2020.
4	 Ms. Margaret Nyanyuki	Date of birth 1970 She is a holder of a bachelor's degree in Business Management from Moi University Diploma in Banking and Finance in 1998 She has worked in the following institutions: Part time lecturer in Kisii University, Part time lecturer in Siala Technical and Vocational College, Kisii College of Accountancy and Nyakundi and Mwencha Company She is a member of ICPAK Date of appointment: 14th October, 2020.
5	 Mr James Magoka	Date of birth 1969 He holds a master of business administration (strategic management) He also holds a bachelor of science in Mechanical Engineering and diploma in Mechanical Engineering He works at Jomo Kenyatta University of Agriculture and Technology Date of appointment: 14th October, 2020.
6	 Bilha Ochieng'	Date of birth 1982 She holds bachelor of science in Biology She is currently working at Sphinx Pharmaceuticals Limited Date of appointment: 24th May, 2022.

7	 Ms Hepsibah Makori	Date of birth 1982 She is a holder of bachelor of Information Communication Technology (ICT) She also holds a diploma Technical Education from KSTVET. Date of appointment: 14th October, 2020.
8	 Mr. Tom Olango	Date of birth 1970 Mr. Tom Olango is the County Director TVET (Kisii and Nyamira). He represents the Principal Secretary, State Department for Vocational and Technical Training in the College's Board of Governors. He holds a bachelor's degree in education science
9	 Peter Nyaribo - Secretary to the Board	- Holds a master's degree in Technology Education (Building and construction Technology) - He is a holder of bachelor of Technology Education (Building and construction Technology) Education (Building and construction Technology) - He is also a holder of Bachelor of Science in Civil Engineering - Holds a certificate in Senior Management from School of Government Baringo.

KITUTU MASABA TVC

Annual Report and Financial Statements for the year ended 30th June 2023

4. Key Management Team

Designation	Name
Principal	Peter Nyaribo
Deputy principal	Richard Kerongo
Ag. Registrar	Walter Kipchirchir
Ag. Dean of students	Peter Blair
Ag. Head of Examinations	Victor Kiplangat

5. Chairman's Statement

On behalf of the Board of Governors (BOG), Kitutu Masaba Technical and Vocational College, I am greatly honoured to make this statement regarding governance and performance of the College. The Board which I chair was appointed in October, 2021 and inaugurated on 26th November, 2021. Induction of the Board was done from 23rd to 25th June 2021 at Kamel Park Resort in Kisii town.

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

The College faces some challenges which militate against effective and efficient performance in the delivery of training services. First on the list is the stalled completion of the Multi-Purpose Hall. The Multi-Purpose Hall is a critical resource whose absence remains a glaring gap with adverse effects on the delivery of training programs. I wish to urge the Government, through the Ministry of Education State Department for TVET to review the funding channels for faster completion of the project. The other challenge is establishment of boundaries and demarcation of land to facilitate fencing of the college compound to enhance security.

The establishment of the college was realized courtesy of the support of the GoK/China project which constituted Refrigeration and Air Conditioning as a centre of excellence. Departments of Electrical, Electronics Engineering, Building and Civil Engineering, Intuition Management and ICT have also been established. The road network leading to the College also needs upgrading to improve accessibility.

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

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



Mr. Alphael Gerald Okoko
Chairman BOG

6. Report of the Principal/Manager

I am pleased to present the annual report and financial statements for the year ended 30th June 2023 whose contents are outlined in this document. The year under review was challenging due to the residual effects of the covid-19 pandemic including disruption of the usual academic calendar – the actual trainer-trainee contact hours were significantly affected. The decision by the Kenya National Examinations Council (KNEC) to extend the examination period has ended up reducing the academic term by 2 weeks. Perhaps the examinations council needs to consider pushing the 2 weeks into the holiday season (April, August & December) instead of eating into the academic term.

Kitutu Masaba Technical and Vocational College (KMTVC) started the year with cash and cash equivalents of Kshs.1,456,379 and received Kshs.1,637,000 from the Government of Kenya as capitation income. Kshs.2,000,000 also as grants from GoK were received.

KMTVC, spent Kshs 7,864,526 during the year, which included employee costs of Kshs.2,092,700 representing 22% of the total income. About 20% of the personal emoluments expense went to compensation of additional trainers contracted to reduce the staffing deficit the College has continued to experience over time. The college spent Kshs.4,981,411 on goods and services, Kshs. 476,000 on general expenses, Kshs.26,415 on repairs and maintenance, Ksh. 288,000 was spent on the BOG expenses.

The College targeted to raise income of Kshs.14,419,280 during the financial year 2022/2023. However, this target was not met mainly because of the adverse operational environment occasioned by the Covid-19 Pandemic and low enrolment. In addition, the College did not receive the 4th quarter capitation and development grants.

The College's enrolment has risen steadily during the year under review. The increase in population has exerted pressure on the limited training facilities including lecture rooms, workshops, and laboratories. The government funded Multi-Purpose Hall project coming up at a cost of Kshs. 9, 419,280 remains incomplete. My earnest appeal is for more support from the government to enable the College to develop more training facilities and in particular for workshops and classrooms.

The College participated in several co-curricular activities including athletics hosted by KATTI Kisumu.

KITUTU MASABA TVC

Annual Report and Financial Statements for the year ended 30th June 2023

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



Mr. Peter Nyaribo
Principal / BOG Secretary

KITUTU MASABA TVC

Annual Report and Financial Statements for the year ended 30th June 2023

7. Statement of Performance against Predetermined Objectives

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives.

The Kitutu Masaba Technical and Vocational College has 6 strategic pillars /issues/ themes and objectives within current Strategic Plan for the FY 2022-2023. These strategic pillars are as follows:

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

KMTVC develops its annual work plans based on the above 6 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The *KMTVC* achieved its performance targets set for the FY 2022/2023 period for its six strategic pillars, as indicated in the diagram below:

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

KITUTU MASABA TVC**Annual Report and Financial Statements for the year ended 30th June 2023**

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

8. Corporate Governance Statement

Introduction

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

Board Charter

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

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

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

Appointment, Inauguration and Induction

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

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

Board Size, Composition and Diversity

The Board is composed of 7 independent members including the Chairman. The other members are the representative of the County Governor (yet to be nominated), the representative of the Principal Secretary, State Department for Vocational and Technical Training, and the Principal / Secretary to the Board. The diversity component is very significant to the quality of governance and oversight provided by the Board. It is therefore important to note that the current Board has members from diverse geographical and professional backgrounds. The following table provides information on Board composition and diversity.

Board Diversity (Independent Members)

S/No.	NAME	HOME COUNTY	PROFESSIONAL BACKGROUND	GENDER
1	Alphael Gerald Okoko	Nyamira	Education	Male
2	Ms. Margaret Nyanyuki	Nyamira	Finance Management	Female
3	Ms. Hepsibah Makori	Nyamira	ICT	Female
4	James Makori Magoka	Kisii	Engineering	Male
5	Ms. Anne Mwai	Laikipia	Education	Female
6	Mr. Charles Nyanyuki	Kisii	Auditing	Male
7	Ms. Bilha Oching	Homa Bay	Biology	Male

The Role and Responsibilities of the Board

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

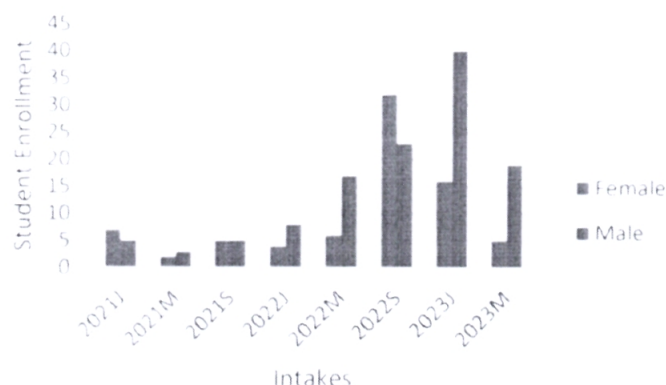
Board Meetings and attendance for 2022/2023

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

NAME	DESIGNATION	MEETING DATES			
		15/07/2022	09/10/2022	03/03/2023	23/06/2023
Mr. Alphael G. Okoko	Chairman Board	√	√	√	√
Ms. Margaret Nyanyuki	Member board	√	√	√	√
Ms. Hepsibah M. Makori	Member board	√	x	√	√
James M. Magoka	Member board	x	x	√	x
Ms. Anne W. Mwai	Member board	√	√	√	√
Mr. Charles N. Nyanyuki	Member board	√	√	√	√
Ms. Bilha Oching	Member board	x	√	x	√
Tom Olango	Member board	√	x	√	√

9. Management Discussion and Analysis

Kitutu Masaba Technical & Vocational College (KMTVC) started enrolling students in January 2021, and has experienced remarkable growth, with its population steadily increasing to the current number of 219, excluding 14 who have already completed their courses. This significant expansion has presented both exciting opportunities and notable challenges for the college



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

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

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

In conclusion, the growth of Kitutu Masaba Technical and Vocational College since January 2021 has brought about exciting opportunities and notable challenges. By focusing on addressing the low enrolment of female students and investing in necessary infrastructure improvements, the college aims to create an inclusive and conducive learning environment that empowers all

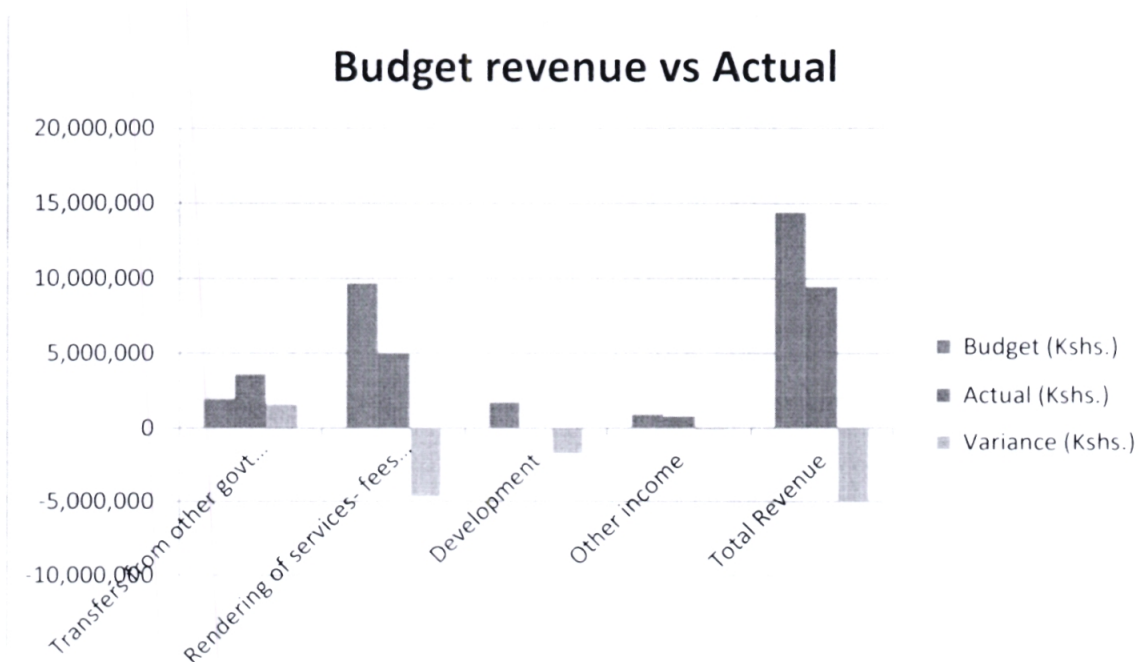
KITUTU MASABA TVC

Annual Report and Financial Statements for the year ended 30th June 2023

students to thrive and reach their full potential. With a steadfast commitment to growth and quality education, KMTVC is poised to make a significant impact on the lives of its students all over the country and the immediate Kitutu Masaba community which it serves.

During the year, the Institute had a revenue budget of Kshs.14,419,280 and actual receipts of Kshs.9,443,868, resulting in a revenue shortfall of Kshs.4,975,412 as depicted in the table and chart below:

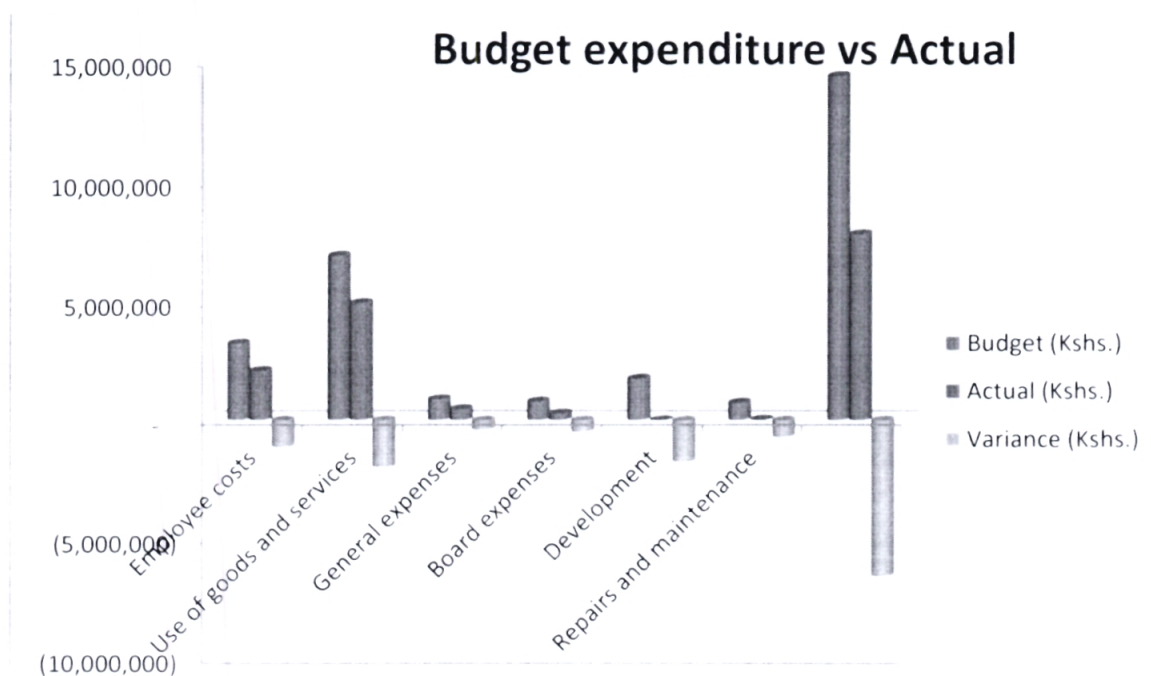
Revenue Source	Budget (Kshs.)	Actual (Kshs.)	Variance (Kshs.)
Transfers from other govt entities and govt grants	2,000,000	3,637,000	1,637,000
Rendering of services- fees from students	9,687,530	4,974,168	(4,713,362)
Development	1,770,000	0	(1,770,000)
Other income	961,750	832,700	(129,050)
Total Revenue	14,419,280	9,443,868	(4,975,412)



KITUTU MASABA TVC**Annual Report and Financial Statements for the year ended 30th June 2023**

Similarly, the Institute had payments budget of Kshs.14,419,280 and actual payments of Kshs.7,859,526, resulting in under expenditure of Kshs.6,559,754 as depicted in the table and chart below:

Expenditure Item	Budget (Kshs.)	Actual (Kshs.)	Variance (Kshs.)
Employee costs	3,242,100	2,092,700	(1,149,400)
Use of goods and services	6,963,050	4,976,411	(1,986,639)
General expenses	895,750	476,000	(419,750)
Board expenses	800,000	288,000	(512,000)
Development	1,770,000	-	(1,770,000)
Repairs and maintenance	748,380	26,415	(721,965)
Total Expenditure	14,419,280	7,859,526	(6,559,754)



10.Environmental And Sustainability Reporting Statement

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

i. Sustainability strategy and profile

Kitutu Masaba Technical and Vocational College recognizes and appreciates the government for the policy on capitation which has ensured many trainees who could not afford to pay for training are able to access this important opportunity. In the same breath, mention must be made of the Higher Education Loans Board (HELB) which together with the efforts made through the constituency development fund (CDF) framework has ensured trainees are retained in college by supplementing their fees obligation. The college has benefited from the partnership with these esteemed public institutions with commendable outcomes.

The College has maintained good relations with the local authority for continuity purposes through the area Member of Parliament and other leaders. This has enhanced student enrolment partly sponsored by the National Government Constituencies Development Fund (NG-CDF) and the Kenya Universities and Colleges Central Placement Service (KUCCPS)

We have engaged the local community through the area Chiefs and the Assistant Chiefs to ensure cordial relations and peaceful co-existence between the College and members of the public. Local traders and business people have been encouraged to put up hostels to accommodate the increased student numbers as all of them require external accommodation

Macroeconomic factors that affected sustainability are late remittance of capitation outside the required quarter, resulting to late or delay in procurement and budget implementation; non-remittance of all funds committed through KUCCPS which resulted in debts which could not be accrued. However, the College has remained committed to discharging of its core mandate through focus and teamwork.

ii. Environmental performance

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

- i. Conducting sensitization campaigns on environmental protection targeting trainees, staff and the community
- ii. Sustainable utilization of natural resources including water, paper and non-renewable energy.
- iii. Planting trees to provide a safe and healthy environment and reduce the greenhouse effect.
- iv. Embracing the waste hierarchy i.e. avoid or reduce, reuse, recycle and dispose of correctly as the last option.

- v. Embracing sustainable practices in relation to design, transport, catering etc.
- vi. Minimizing the use of harmful and hazardous substances.

iii. Employee welfare

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

The College is currently developing a comprehensive a human resource policy and procedures manual that will guide the hiring process on merit and ensures gender balance and that people living with disability are considered. These policies once completed will be revised after every two (2) years to improve on them.

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

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

iv. Marketplace practices-

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

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

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

KITUTU MASABA TVC

Annual Report and Financial Statements for the year ended 30th June 2023

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

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

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

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

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

v. Corporate Social Responsibility / Community Engagements

The College is committed to giving back to the society for mutual benefit and enhancing goodwill to the society with key social responsibility given for promoting community outreach programs. This was achieved through:

- Promoted climate change effects by planting trees.
- The College engaged students in construction and maintenance of college small works.

KITUTU MASABA TVC

Annual Report and Financial Statements for the year ended 30th June 2023

11. Report of the Board of Management

The Board members submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of the Kitutu Masaba Technical and Vocational College's affairs.

Principal activities

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

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

Results

The results of the entity for the year ended June 30, 2023 are set out on page 1 to 4.

Board of Management

The members of the Board who served during the year are shown on page viii to x.

Auditors

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

By Order of the Board



.....
Secretary of the Board

Date: 10/06/2025

12. Statement of Board of Management Responsibilities

Section 81 of the Public Finance Management Act, 2012 and (section 14 of the State Corporations Act, and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013) require the board members to prepare financial statements in respect of Kitutu Masaba Technical and Vocational College, which give a true and fair view of the state of affairs of the college at the end of the financial year/period and the operating results of the college for that year/period. The Board members are also required to ensure that the college keeps proper accounting records which disclose with reasonable accuracy the financial position of the college. The Board members are also responsible for safeguarding the assets of the college.

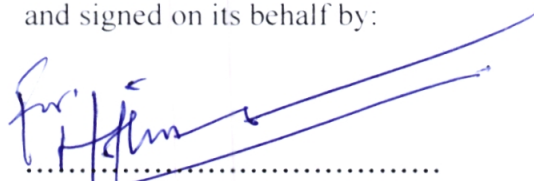
The Board members of Kitutu Masaba Technical and vocational college are responsible for the preparation and presentation of the college's financial statements, which give a true and fair view of the state of affairs of the college for and as at the end of the financial year (period) ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the college, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

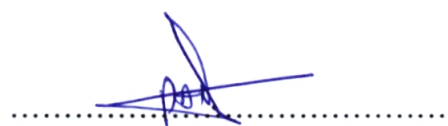
The Board members accept responsibility for the college's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the TVET Act.

The board members are of the opinion that the college's financial statements give a true and fair view of the state of college's transactions during the financial year ended June 30, 2023, and of the college's financial position as at that date. The board members further confirm the completeness of the accounting records maintained for the college, which have been relied upon in the preparation of the college's financial statements as well as the adequacy of the systems of internal financial control.

Approval of the financial statements

The college's financial statements were approved by the Board on this 10th Day of June 2025 and signed on its behalf by:


.....
Name: Gerald Okoko
Chairperson of the Board


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

REPUBLIC OF KENYA



Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON KITUTU MASABA TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kitutu Masaba Technical and Vocational College set out on pages 1 to 33, which comprise the statement of financial

position as at 30 June 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kitutu Masaba Technical and Vocational College as at 30 June, 2023, 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

1. Unconfirmed Depreciation Expense

The statement of financial performance reflects depreciation and amortization expenses of Kshs.19,229,113 while Note 14 to the financial statements reflects an amount of Kshs.19,249,363, resulting to unexplained and unreconciled variance of Kshs.20,250. Further, Management did not provide depreciation policy used in computation of the depreciation and amortization expense.

In the circumstance, the accuracy and completeness of the expenditure of Kshs.19,229,113 could not be confirmed.

2. Unsupported Property, Plant and Equipment Balance

The statement of financial position and as disclosed in Note 19 to the financial statements reflect property, plant and equipment balance of Kshs.184,360,884. Records available indicate that the land, buildings, furniture and fittings, plant and machinery and capital work in progress balances were not supported with the relevant ledgers, valuation reports and engineer's certificates.

Further, the land valued at Kshs.6,000,000 had the ownership documents in the name of Nyamira County Council instead of Kitutu Masaba Technical and Vocational College.

In addition, land and buildings had not been valued by a competent valuer since the inception of the college.

In the circumstances, the accuracy, completeness and the ownership of property, plant and equipment balance of Kshs.184,360,884 could not be confirmed.

3. Unreconciled Receivables from Exchange Transactions

The statement of financial position and as disclosed in Note 17 to the financial statements reflect current portion of receivables from exchange transactions balance of Kshs.9,822,763. However, the reconciliation schedule for students capitation for the year was not provided for audit review to confirm the outstanding balances per student sponsored.

In the circumstances, the accuracy and completeness of current portion of receivables from exchange transactions balance of Kshs.9,822,763 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Kitutu Masaba 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.

Emphasis of Matter

Budgetary control and performance

The statement of comparison of budget and actual amounts reflects revenue budget and actual amounts on comparable basis of Kshs.14,419,280 and Kshs.9,443,868, respectively, resulting in under-collection of Kshs.4,975,412 or 35% of the budget. Similarly, the College expended Kshs.7,859,526 against actual receipts of Kshs.9,443,868 resulting to under-absorption of Kshs.1,584,342 or 17 % of total receipts.

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

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. Except for the effect of matters described in the Basis for Qualified Opinion, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report of Effectiveness in Internal Controls, Risk Management and

Governance. However, the management did not include the issues in the annual report and financial statements as per the reporting framework prescribed by the Public Sector Accounting Standards Board.

Other Information

Management is responsible for the other information set out on page iii to xxvi which comprise of Key Entity Information and Management, The Board of Governors, Key Management Team, Chairman Statement, Principal Statement, Statement of performance against predetermined objectives, Corporate governance statement, Management Discussion and Analysis, Corporate Social responsibility , Report of the Board of Governors and Statement of Board of Governors Responsibilities .The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the 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. Failure to Adhere to Fees Policy

The statement of cash flow reflects student fees of Kshs.4,974,168. The College's Module II fee structure indicates total fee per student of Kshs.56,420. The total number of students registered under module II were two hundred and twelve (212). Thus, total fees to be collected was Kshs.11,961,040 instead of Kshs.4,974,168 realized resulting to under-collection of Kshs.6,986,872. The management failed to collect the fees contrary to Part 5.5 of the college fee payment policy, schedule, guidelines and procedure, 2020

on timelines for fee payment which requires all fees to be paid in full before or at the start of the semester into the college's bank accounts as per the fee structure.

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

2. Failure to Adhere to Reporting Deadline

The financial statements for the year ended 30 June, 2023 were submitted and received by the office of the Auditor-General on 26 February, 2025, which was seventeen (17) months after the statutory deadline contrary to section 81 (4) (a) of the Public Finance Management Act, 2012 which requires all public entities to submit annual financial statements within three months after the end of the financial year.

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

3. Irregular Human Resource Practices

The statement of financial performance and as disclosed in Note 11 to the financial statements reflect employee cost of Kshs.2,092,700 which includes payments made to employees on acting capacity for more than six months contrary to section C.14 (1) of the Human Resource Policy May, 2016, which requires acting allowance to be paid for a maximum of six (6) months. The employees include the Registrar, Dean of Students and Head of Examinations.

Review of the personnel records revealed that the College employed 232 members of staff from July 2022 to June 2023. Out of the number, seventy-seven (77) or a third were from the dominant local community contrary to the provision of Section 7 (1) & (2) of the National Cohesion and Integration Act, 2008. The Act states that all public offices shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public institution shall have more than one -third of its staff establishment from the same ethnic community.

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

4. Failure to Develop and Implement Process Management Systems

Records available indicate that Management has not established and implemented formal process management systems to monitor key operational areas, including documentation of procedures or automated systems to track the planning, utilization and reporting. The systems are required in monitoring of donor-funded project implementation and expenditures, revenue generation and collection, routine and non-routine institutional expenditure among other functions. The Management, therefore, contravened sections 68, 72, and 80 of the Public Finance Management Act, 2012, which requires public entities, to establish appropriate financial management systems

and processes to ensure efficient, effective, economical and transparent use of public funds.

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

5. Failure to Develop a Human Resource Plan

Review of the personnel records revealed that the institution did not establish or document a human resource (HR) plan during the year under review. There is no formalized framework outlining procedures for staff recruitment, deployment, appraisal, promotion, training, disciplinary actions and termination. This is contrary to section 9(2) of the Employment Act, 2007 (Kenya) which states that every employer shall provide an employee with a written statement of employment particulars, forming part of employment policy and conditions.

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

6. Un-approved Bank Accounts

Records available indicate that the Management opened and operated bank accounts without the approval of the National Treasury as provided for in regulation 82(4) of the Public Finance Management (National Government) Regulations, 2015. The Regulation states that no accounting officer may open a bank account for the deposit, custody or withdrawal of public moneys or other moneys for which he or she is responsible in his or her official capacity or for the transaction of official banking business without approval. The bank accounts opened irregularly are indicated below.

- a. KCB Account No.1284015963
- b. KCB Account No.1303323192
- c. Equity Bank Account No.1240281042164

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

7. Failure to Maintain Updated Fixed Assets Register

The asset register maintained by the College did not include details such as user department, user, issuer, netbook value, identifier details such as asset code number, serial number and model contrary to the requirement of the National Treasury Guidelines on Asset and Liability Management in the Public Sector, March 2020.

Further, there was no evidence that the College carried out annual physical verification of the assets matching the recorded assets with physical existence and condition. The management had not tagged/branded its assets as required under Regulation 139(1) of the Public Finance Management (National Governments) Regulations, 2015.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Failure to Develop and Implement Financial Policies and Procedures

Management has not developed and implemented formal financial policies and procedures to guide key financial processes such as the management of revenue collection, expenditure control, procurement, payroll, and overall financial reporting.

Further, an amount of Kshs.6,144,800 was expended under grants & subsidies. However, there was no approved and documented policy in place to govern the issuance, administration, and monitoring of such grants and subsidies.

In the absence of the policies and procedures, the internal controls and risk management are weak and the entity is exposed to financial mismanagement, fraud and non-compliance with relevant laws and regulations.

2. Lack of Information and Communication Technology (ICT) Strategic Committee, ICT Strategic Plan and ICT Steering Committee

Review of ICT records and system revealed weaknesses in the internal controls that included absence of a disaster recovery plan (DRP) to ensure business continuity in case of system failures or data loss, lack of an IT strategic plan aligned with institutional objectives, lack of IT strategic committee to guide long-term planning of ICT initiatives, absence of an active IT steering committee to provide oversight and governance of ICT operations and lack of approved IT security policy to safeguard data confidentiality, integrity, and availability.

In the circumstances, internal controls and risk management and governance for the ICT function were weak.

3. Lack of a Risk Management Policy

Review of the records and systems revealed that the College had not developed and implemented a risk management policy as part of its Internal Quality Management Systems. The documentation or framework outlining procedures for risk identification, assessment, mitigation, or monitoring was not provided for audit review.

The absence of a formal risk management framework exposes the institution to unanticipated risks that may affect the delivery of quality training.

It also compromises the institution's ability to proactively manage operational, financial, and strategic risks.

4. Delayed Posting of Capitation Receipts to the Cashbook

Review of receipt records and the cashbook revealed that capitation receipts totalling to Kshs.2,021,000 were posted to the cashbook two (2) to four (4) months after the funds were received in the bank account. The cashbook is not updated on timely basis and as such does not reflect most current financial position.

In the circumstances, the internal controls and risk management for capitation receipts are weak.

The audit was conducted in accordance with ISSAI 2315 and 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 Those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way.

In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, SBS
AUDITOR-GENERAL

Nairobi

12 June, 2025

KITUTU MASABA TVC
Annual Report and Financial Statements for the year ended 30th June 2023
14. Statement of Financial Performance for the Year Ended 30 June 2023

Description	Notes	2022-2023	2021-2022
			Kshs
Revenue from Non-Exchange transactions			
Transfers from other National Government entities	6	3,637,000	2,372,500
Grants from donors and development partners	7		500,000
Transfers from other levels of government			
Public contributions and donations			
		3,637,000	2,872,500
Revenue from Exchange transactions			
Rendering of services- fees from students	8	15,538,718	9,258,220
Finance income			0
Other income	9	832,700	501,850
Revenue from Exchange transactions		16,371,418	9,760,070
Total Revenue		20,008,418	12,632,570
Expenses			
Use of goods and services	10	4,981,411	3,006,207
Employee costs	11	2,092,700	826,000
Board /Council Expenses	12	288,000	230,000
Depreciation and amortization expense	14	19,229,113	21,901,778
Repairs and maintenance	15	26,415	-
Contracted services		0	-
Grants and subsidies			-
Finance costs		0	-
General expenses	13	476,000	183,610
Total Expenses		27,093,639	26,147,595
Other Gains/(Losses)			
Gain on sale of assets			-
Unrealized gain on fair value of investments			-
Impairment loss			-
Total Other Gains/(Losses)			-
Net surplus/deficit for the year		(7,085,221)	(13,515,025)
Attributable to:			
Surplus/(deficit) attributable to minority interest			-
Surplus attributable to owners of the controlling entity		(7,085,221)	(13,515,025)

KITUTU MASABA TVC

Annual Report and Financial Statements for the year ended 30th June 2023

(The notes set out on pages 23 to 28 form an integral part of the Annual Financial Statements).

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



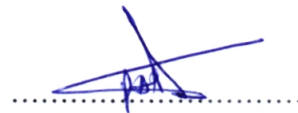
Gerald Okoko
Chairman of Board

Date



Lilian Nyakweba
Accountant
ICPAK No ASSOC/4047

Date 10/06/2025



Peter Nyaribo
Principal

Date 18/06/2025

15. Statement of Financial Position as At 30th June 2023

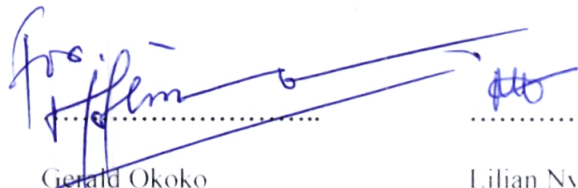
Description	Notes	2022-2023	2021-2022
		Ksh	Ksh
Assets			
Current Assets			
Cash and cash equivalents	16	1,415,053	1,456,379
Current portion of receivables from exchange transactions	17	9,822,763	3,343,500
Receivables from non-exchange transactions			0
Inventories	18	173,305	0
Total current assets		11,411,121	4,799,879
Non-Current Assets			
Long term receivables from exchange transactions	17(b)	1,004,120	0
Property, plant, and equipment	19	184,360,884	204,788,116
Intangible assets			0
Total non-current assets		185,365,004	204,788,116
Total Assets		196,776,125	209,587,995
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions		0	124,500
Total current liabilities		0	124,500
Non-Current Liabilities		0	0
Total Liabilities		0	124,500
Net Assets			0
Revaluation reserves			0
Accumulated surplus		(20,036,796)	(12,951,575)
Capital fund		216,812,921	222,415,070
Total Net Assets		196,776,125	209,463,495
Total Net Assets and Liabilities		196,776,125	209,587,995

KITUTU MASABA TVC

Annual Report and Financial Statements for the year ended 30th June 2023

(The notes set out on pages 23 to 28 form an integral part of the Annual Financial Statements).

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



Gerald Okoko
Chairman of Board

Date



Lilian Nyakweba
Accountant
ICPAK No ASSOC/4047

Date 10/06/2025



Peter Nyaribo
Principal

Date 15/06/2025

KITUTU MASABA TVC**Annual Report and Financial Statements for the year ended 30th June 2023****16. Statement of Changes in Net Assets For The Year Ended 30 June 2023**

Description	Revaluation reserve	Accumulated Surplus	Capital Grants/Fund	Total
At July 1, 2021	-	563,450	-	563,450
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	-13,515,025	-	-13,515,025
Capital grants received during the year	-	-	222,415,070	222,415,070
At June 30, 2022	-	-12,951,575	222,415,070	209,463,495
At July 1, 2022	-	-12,951,575	222,415,070	209,463,495
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	-7,085,221	-	-7,085,221
Capital grants received during the year	-	-	-	-
At June 30, 2023	-	-20,036,796	216,812,921	196,776,125

Note:

The 563,450 relates to the closing balance of 2021, which the college started operations with.

17. Statement of Cash Flows For The Year Ended 30 June 2023

Description	Notes	2022-2023	2021-2022
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other government entities/govt. Grants	6	3,637,000	2,372,500
Rendering of services- fees from students	7	4,974,168	5,914,720
Other income	8	832,700	501,850
Total Receipts		9,443,868	8,789,070
Payments			
Use of goods and services	10	4,981,411	3,006,207
Employee costs	11	2,092,700	826,000
Board expenses	12	288,000	230,000
Repairs and maintenance	15	26,415	0
General expenses	13	476,000	183,610
Total Payments		7,864,526	4,245,817
Net Cash Flows from operating activities		1,579,342	4,543,253
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	19	(162,000)	0
Proceeds from sale of property, plant and equipment			0
Net cash flows used in investing activities		(162,000)	0
Cash flows from financing activities			0
Net cash flows used in financing activities			0
Net Increase/(Decrease) in Cash and Cash equivalents		-41,326	892,929
Cash and Cash equivalents at 1 JULY 2022		1,456,379	563,450
Cash and Cash equivalents at 30 JUNE 2023		1,415,053	1,456,379

*(Presentation of cash flows shall be on the basis of **direct method** for all public sector entities reporting under the IPSAS Accrual basis of accounting)*

18. Statement of Comparison of Budget & Actual amounts For Year Ended 30 June 2023

Description	Original budget	Adjustments	Final budget		Actual on comparable basis	Performance difference		Utilization Difference	
	2022-2023 Kshs		2022-2023 Kshs	2022-2023 Kshs	2022-2023 Kshs	2022-2023 Kshs	2022-2023 Kshs	2022-2023 %	2022-2023 %
Revenue									
Transfers from other govt entities and govt grants	2,000,000	-	2,000,000		3,637,000	1,637,000		82%	
Rendering of services- fees from students	9,687,530	-	9,687,530		4,974,168	(4,713,362)		-49%	
Development	1,770,000		1,770,000			(1,770,000)		-100%	
Other income	961,750	-	961,750		832,700	(129,050)		-13%	
Total Income	14,419,280	-	14,419,280		9,443,868	(4,975,412)		-35%	
Expenses									
Employee costs	3,242,100	-	3,242,100		2,092,700	(1,149,400)		-35%	
Use of goods and services	6,963,050	-	6,963,050		4,981,411	(1,981,639)		-28%	
General expenses	895,750	-	895,750		476,000	(419,750)		-47%	
Board expenses	800,000	-	800,000		288,000	(512,000)		-64%	
Development	1,770,000		1,770,000		-	(1,770,000)		-100%	
Repairs and maintenance	748,380	-	748,380		26,415	(721,965)		-96%	
Total Expenditure	14,419,280	-	14,419,280		7,864,526	(6,554,754)		-45%	
Surplus for the Period	-	-	-		1,579,342	1,579,342			

Budget notes

(a) Transfers from National Government – 82%

We budgeted to receive Ksh 2,000,000 from the Government which we received the full amount also we received capitation of Ksh 1,637,000 leading to an over collection of 82%.

(b) Under collection of Rendering of services (fees from students) –49%

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

(c) Under collection of Other Incomes – 13%

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

Under collection of Development funds-100%

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

(d) Underutilization in Employee Costs– 35%

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

(e) Underutilization in Use of Goods and Services – 28%, RMI – 96%, General Expenses – 47%

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

(f) Underutilization in Board Expenses – 64%

During the financial year, there were fewer Board activities than anticipated

During the FY 2022-2023 there were no Adjustments to the budget.

19. Notes to the Financial Statements

1. General Information

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

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the entity's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 17.

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

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

3. Adoption of New and Revised Standards

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

There are no new standards and interpretations issued in the Financial Year.

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

Standard	Effective date and impact:
IPSAS 43: Leases	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45: Property Plant and Equipment	<i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46: Measurement	<i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by:

Standard	Effective date and impact:
	i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement, and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value.
IPSAS 47: Revenue	<i>Applicable 1st January 2026</i> This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.
IPSAS 48: Transfer Expenses	<i>Applicable 1st January 2026</i> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49: Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.

iii. Early adoption of standards

KMTVC did not early-adopt any new or amended standards in year 2023.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

b) Budget information

The original budget for FY 2022/2023 was approved by the Board on 14th July, 2022. There were no Subsequent revisions or additional appropriations that were made to the approved budget.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 7 of these financial statements.

c) Taxes***Current income tax***

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

Sales tax/ Value Added Tax

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

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

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

d) Investment property

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

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

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

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

e) Property, plant and equipment

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

f) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease

term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g) Intangible assets

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

h) Research and development costs

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

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

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

i) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets**Classification**

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

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial

assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or an entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- ❖ The debtors or an entity of debtors are experiencing significant financial difficulty
- ❖ Default or delinquency in interest or principal payments
- ❖ The probability that debtors will enter bankruptcy or other financial reorganization
- ❖ Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

Financial liabilities***Classification***

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

j) Inventories

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

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

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

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

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

k) Provisions

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

Contingent liabilities

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

Contingent assets

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

l) Social Benefits

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

m) Nature and purpose of reserves

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

n) Changes in accounting policies and estimates

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

o) Employee benefits**Retirement benefit plans**

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

p) Foreign currency transactions

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

q) Borrowing costs

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

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

r) Related parties

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

s) Service concession arrangements

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

t) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

u) Comparative figures

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

v) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2023.

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

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

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

KITUTU MASABA TVC**Annual Report and Financial Statements for the year ended 30th June 2023****6. Transfers from the County Government**

Description	2022-2023	2021-2022
	Kshs	Kshs
Unconditional Grants		
Capitation Grants	1,637,000	1,372,500
Operational Grant	2,000,000	1,000,000
Unconditional Development grants	0	0
Other Grants	0	0
Total unconditional Grants	3,637,000	2,372,500

7. Grants from Development Partners

Description	2022-2023	2021-2022
	Kshs	Kshs
Kitutu Masaba Constituency	0	500,000
Total Grants from Development Partners	0	500,000

8. Fees from students

Description	2022-2023	2021-2022
	Kshs	Kshs
Tuition Fees	4,974,168	5,914,720
Fee arrears	10,564,550	3,343,500
Total Fees from students	15,538,718	9,258,220

9. Other Income

Description	2022-2023		2021-2022	
	Kshs		Kshs	
Student ID	60,500		52,500	
Admission fee	77,500		85,000	
Income from sale of tender	71,000		12,000	
Exam registration	529,200		214,850	
Sale of Murram	0		137,500	
CIDF	0		500,000	
Kucups	86,500		0	
Deposits	3,000		0	
Computer Packages	5,000		0	
Total other income	832,700		501,850	

KITUTU MASABA TVC**Annual Report and Financial Statements for the year ended 30th June 2023****10. Use of Goods and Services**

Description	2022-2023	2021-2022
	Kshs	Kshs
Electricity	46,892	0
Local Transport and Travelling	889,000	514,800
Activity	127,950	
Administration Cost	2,336,444	487,350
Development Expenditures	0	1,354,867
School Stores and Equipment	1,508,745	296,310
Workshop and Practical Expenditure	0	352,880
Industrial Attachment	72,380	0
Total good and services	4,981,411	3,006,207

11. Employee Costs

Description	2022-2023	2021-2022
	Kshs	Kshs
Salaries and wages	2,092,700	826,000
Employee Costs	2,092,700	826,000

12. Board Expenses

Description	2022-2023	2021-2022
	Kshs	Kshs
Board Remuneration	288,000	230,000
Total	288,000	230,000

13. General Expenses

Description	2022-2023	2021-2022
	Kshs	Kshs
Examination	438,050	156,110
Student Id Expense	37,950	27,500
Total general expenses	476,000	183,610

14. Depreciation and Amortization expense

Description	2022-2023	2021-2022
	Kshs	Kshs
Property, plant and equipment	19,229,113	21,901,778
Total depreciation & amortization Expense	19,229,113	21,901,778

15. Repairs, maintenance and improvement

Description	2022-2023	2021-2022
	Kshs	Kshs
Property, plant and equipment	26,415	0
Total repairs, maintenance and improvement	26,415	0

16. Cash and Cash Equivalents

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Account	1,415,053	1,456,379
Total Cash and Cash Equivalents	1,415,053	1,456,379

16 (a). Detailed Analysis of Cash and Cash Equivalents

Financial Institution	Account number	2022-2023	2021-2022
		Kshs	Kshs
a) Current Account			
KCB Bank	1284015963	1,406,620	1,377,246
KCB Bank	1303323192	3,000	0
Equity Bank	1240281042164	5,433	5,433
Sub- Total		1,415,053	1,382,679
b) Others			
KCB Cash			73,700
Sub- Total			73,700
Grand Total		1,415,053	1,456,379

17. Receivables from Exchange transactions

17 (a) Current Receivables from Exchange transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Receivables		
Student Debtors	9,822,763	3,343,500
Total Current Receivables	9,822,763	3,343,500

17(b) Non Current Receivables from Exchange transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Non Current Receivables		
Student Debtors	1,004,120	0
Total Non Current Receivables	1,004,120	0

KITUTU MASABA TVC**Annual Report and Financial Statements for the year ended 30th June 2023**

18. Inventories

Description	2022-2023	2021-2022
	Kshs	Kshs
Office stationery	90,665	0
Institutional Management Department	23,540	0
Building and Civil Engineering	0	0
Electrical and Electronics	38,020	0
Hair dressing and Beauty therapy	9,380	0
Mechanical	11,700	
Catering stores	0	0
Total Inventories at lower of Cost and Net Realizable Value	173,305	0

19. Property, Plant and Equipment

Cost	Land	Buildings	Furniture and fittings	Computers	Plant and equipment	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Depreciation Rate	-	2.50%	12.50%	33.30%	12.50%		
At 30 th June 2021	6,000,000	57,508,210	1,599,500	1,136,430	159,085,634	0	225,329,774
Additions	0	0	0	0	0	1,360,120	1,360,120
Disposals	-	-	-	-	-	-	-
Transfer Adjustments	-	-	-	-	-	-	-
At 30 th June 2022	6,000,000	57,508,210	1,599,500	1,136,430	159,085,634	1,360,120	226,689,894
Additions	-				162,000		162,000
Disposals							
Transfer Adjustments							
At 30 th June 2023	6,000,000	27,508,210	1,599,500	1,136,430	159,247,634	1,360,120	226,851,894
Depreciation And Impairment							
At 30 Jun 2021	-	-	-	-	-	-	-
Depreciation	-	(1,437,705)	(199,938)	(378,431)	(19,885,704)	-	(21,901,778)
Disposals	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
Transfer Adjustment	-	-	-	-	-	-	-
At 30 th Jun 2022	-	(1,437,705)	(199,938)	(378,431)	(19,885,704)	-	(21,901,778)
Depreciation		1,401,763	174,945	252,414	17,399,991		19,229,113
Disposals	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
Transfer Adjustment	-	-	-	-	-	-	-
At 30 th Jun 2023	-	1,401,763	174,945	252,414	17,399,991		19,229,113
Net Book Values							
At 30 th Jun 2021	6,000,000	57,508,210	1,599,500	1,136,430	159,085,634	0	225,329,774
At 30 th Jun 2022	6,000,000	56,070,505	1,399,563	757,999	139,199,930	1,360,120	204,788,116
At 30 th Jun 2023	6,000,000	54,668,742	1,224,617	505,585	121,961,939		184,360,884

KITUTU MASABA TVC**Annual Report and Financial Statements for the year ended 30th June 2023****Valuation**

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

18 (b) Property, Plant and Equipment at Cost

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	6,000,000	0	6,000,000
Buildings	57,508,210	2,839,468	54,668,742
Plant And Machinery	159,247,634	37,285,695	121,961,939
Computers and Related Equipment	1,136,430	630,845	505,585
Office Equipment, Furniture, And Fittings	1,599,500	374,883	1,224,618
Total	225,329,774	41,130,891	184,360,884

20. Trade and Other Payables from Exchange Transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Trade payables (Student prepayments)	0	124,500
Total Trade and Other Payables	0	124,500

21. Financial Risk Management

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

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

(i) Credit risk

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

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

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

(ii) Liquidity risk management

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

(iii) Market risk

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

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

KITUTU MASABA TVC

Annual Report and Financial Statements for the year ended 30th June 2023

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

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

a) Interest rate risk

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

Management of interest rate risk

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

iv) Capital Risk Management

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

Description	2022-2023	2021-2022
	Kshs	Kshs
Revaluation Reserve	0	0
Retained Earnings	0	0
Capital Reserve	216,812,921	222,415,070
Total Funds	216,812,921	222,415,070

22. Events After The Reporting Period

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

23. Currency

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

20. Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

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

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

Guidance Notes:

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

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Name Peter Ngaribo
Principal/Manager
Kitutu Masaba Technical And Vocational College
Date 10/06/2025

