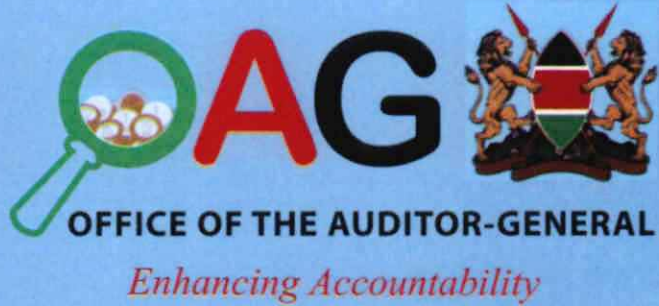


REPUBLIC OF KENYA



REPORT

PARLIAMENT
OF KENYA
LIBRARY

OF


THE AUDITOR-GENERAL

ON

**KENDEGE TECHNICAL AND
VOCATIONAL COLLEGE**

FOR THE YEAR ENDED

30 JUNE, 2023

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE:	06 MAR 2025 DAY
TABLED BY:	Hon. Naomi Waga MP Deputy Majority Party Whip
CLERK-AT THE-TABLE:	A. Shikalo



KENEDGE TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

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



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

505 MAL E S

Kendege Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023
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1. Acronyms & Glossary of Terms

BOG	Board of Governors
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
TVC	Technical Vocational College
Fiduciary Management	Key management personnel who have financial responsibility in the entity
ICT	Information Communications Technology (ICT)
KNEC	Kenya National Examination Council

2. Key Entity Information and Management

(a) Background information

Kendege Technical and Vocational College is situated in Kegonga South Sub-county within Migori County, 3 kilometres from Kehancha Town in the Nyanza region of Kenya. It is approximately 381 kilometres southwest of the Nairobi City. The land currently occupied by the college was previously set aside as a buffer zone between Kuria and Maasai communities following cattle rustling between the two communities. In 1972 the Kuria community leaders demarcated the 108 acres of land for establishing Abakuria Technical School. The college eventually was started in 2014 as one of the 60 new technical institutions that the Government of Kenya (GOK) recommended to be constructed in every constituency. The intention was to increase access to technical education to ensure that all youths are equipped with employable skills in tandem with the emerging market demand.

Upon completion, the college consisted of a double storey tuition block hosting two (2) workshops, eight (8) classrooms, six (6) administration offices, two (2) instructors' offices, a library, lecture room, staffroom, drawing room, staff kitchen and washrooms. Owing to its strategic location, the GOK earmarked it as a Centre of Excellence in Mechanical Engineering. Kendege Technical and Vocational College received its first students in September 2019. It has so far expanded to offer training programmes at diploma, certificate and artisan certificate levels in the following areas:

- Agriculture and applied sciences
- Automotive engineering
- Building and civil engineering
- Business studies
- Electrical and electronics engineering
- Fashion design & clothing technology
- General agriculture
- Hairdressing & beauty therapy.

Key Entity Information and Management (Continued)

- Information Communications Technology (ICT)
- Mechanical engineering
- Social work and community development

(b) Principal Activities

The core mandate of Kendege Technical & Vocational College is to offer training to Students in technical courses and business courses as per the industry needs as examined by KNEC.

VISION

A college of choice in the development of technical and vocational skills.

MISSION

To offer quality training in collaboration with industry to produce competent graduates.

CORE VALUES

Co-operation

Respect and Tolerance

Integrity

Creativity and Innovativeness

Professionalism

MOTTO

Competency and Honesty

(c) College Governance

Kendege Technical and Vocational College is managed by the Board of Governors, appointed by The Cabinet Secretary in charge of Education. The B.O.G. provides leadership in; policy direction and ensures that the institutes programmes and activities are in line with its mandate and set objectives. The principal is the secretary to the Board and executes all policies in line with the institute's core mandate. The principal is assisted by the deputy principal.

Key Entity Information and Management (Continued)

(d) Fiduciary Management

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

No.	Designation	Name
1	Principal	Grace Mauti
2	Deputy principal Academics/ Finance	Kenneth Kahi Kinyangi
3	Registrar (s)	Esther Mwise
4	Dean of students	Erick Osoro

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No.	Designation	Name
5	Head of Finance	Chacha Jackson Maroa
6	Quality Assurance	Job Momanyi

(e) Fiduciary Oversight Arrangements

The college has two oversight committees:
 General purpose and Finance and committee
 Education, Research and Training committee

(f) Entity Headquarters

KENDEGE TECHNICAL AND VOCATIONAL COLLEGE
 P.O. Box 37-40413
 KEHANCHA-KENYA
 KENDEGE Building
 KEHANCHA - KEGONGA Highway
 KURIA-EAST

(g) Entity Contacts

Telephone: (254) 741790941
 E-mail: kendegetvc@gmail.com
 Website: www.kendegetvc.ac.

(h) Entity Bankers

Kenya Commercial Bank-Kisii West
 P.O. Box 4517-40200
 KISII

Kenya Commercial Bank-Kehancha
 P.O. Box 74-40413
 SUNA MIGORI

Key Entity Information and Management (Continued)

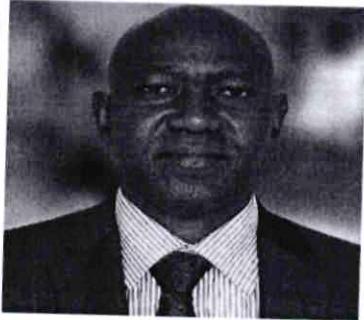

(i) Independent Auditors

Auditor General
 Kenya National Audit Office
 Anniversary Towers, University 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 Governors

No.	Member/ Director	Details
1.	<p>Prof. Peter Mwita Nyamuhanga. BOG Chairperson</p>  <p>PHD, MSC, BSC.</p>	<p>Date of birth: 1968 Appointment: 18th January 2023 Inauguration: 21st February 2023</p> <p>Qualification PhD in Statistics Work Experience: Deputy Vice Chancellor (Research, Innovation and Linkages) and full Professor of Statistics at Machakos University. Was founding Chairman of the Kenya National Bureau of Statistics Board, founding Chairman of Kenya National Statistical Society and Council member of Multimedia University of Kenya.</p>
2.	<p>Sandra Boke Nyangoko Member</p>  <p>Qualification BSc. Mechatronics Engineering</p> <ol style="list-style-type: none"> 1. Registered Graduate Engineer Engineer's Registration Board Serial No. B5634 2. Diploma in Supply chain management Alison 3. Certified Tower Climbing Spectrum Engineering Ltd. 	<p>Date of birth: 13th April 1984 Appointment: 18th January 2023 Inauguration: 21st February 2023</p> <p>Qualification: BSc. Mechatronics Engineering Engineering Board of Kenya Graduate Engineer.</p> <p>Work Experience:</p> <ol style="list-style-type: none"> 1. July 2021-Date DrunTech Development E.A Ltd Operations Manager 2. Jan 2018-June 2021 Sanergy Ltd Technical lead & procurement partner (Inbound Customer Success) 3. April 2016-Dec 2017 DrunTech Development E.A Ltd Technical & Procurement Lead 4. Jan 2009-March 2016 Mather & Platt (K) Ltd Fire systems Manager Project Engineer

Kendeg Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

<p>3.</p>	<p>Mr. Maurice Livingstone O. Owili Member</p>  <p>Master of Philosophy (M.Phil.)</p>	<p>Date of Birth: 10th August, 1968 Appointment: 18th January 2023 Inauguration: 21st February 2023</p> <p>Qualification On-going PhD in Environmental Planning and Management Master of Philosophy in Environmental Studies (Environmental Information Systems) Bachelor of Technology in Education (Btech) Mechanical Engineering</p> <p>Experience Coordinator Performance Contract, ISO and Strategic Planning (2019 – Date) Coordinator Performance Contract, ISO, Resource Mobilization and Strategic Planning (2013 – 2019) Deputy Principal – Bushiangal T.T.I (2012 -2013) Deputy Principal – Ramogi Institute of Advance Technology (RIAT) (2011 – 2012) Deputy Principal – Moi Institute of Technology (MIT) (2007 – 2011)</p>
<p>4.</p>	<p>LEAH A. AUMA Member</p>  <p>Qualification: Msc Entrepreneurship Jomo Kenyatta University Agriculture and Technology.</p>	<p>Date of birth: 6th October 1982 Appointment: 18th January 2023 Inauguration: 21st February 2023</p> <p>Qualification: Msc Entrepreneurship Jomo Kenyatta University of Agriculture and Technology. Bsc Biochemistry and Molecular Biology (JKUAT)</p> <p>Extensive training on MSME financing and development, Women World Banking (IFC), credit risk management, financial statement analysis and Leadership essentials and development.</p> <p>Work Experience:</p> <p>Seasoned banking with fourteen years’ experience in both traditional and Fintech banking, with a proven track record of impactful change through sustainable business practices. Currently serving as a Branch Manager, KCB Bank Kenya Limited charged with managing overall branch operations, delivery of excellent customer experience, relationship management, portfolio management,</p>

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

budgeting, internal controls and risk management and team leadership.

Alfred Anakalo Shitandi
Member



Qualification PhD

Date of birth: 20th March 1963

Appointment: 18th January 2023

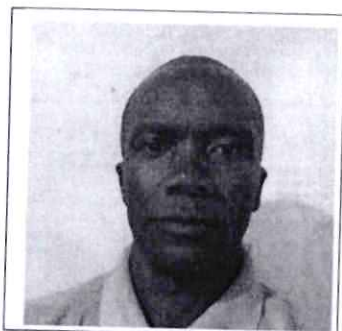
Inauguration: 21st February 2023

Qualification: PhD

Work Experience: 32 years in Education Administration and Teaching and Research at University level

5.

Benard Onserio Masita
Member



Qualification
 1. Master of Information Systems
 2. BBAM – Mgt Science
 3. HND Mgt Infor. Systems

Date of birth: 15th February 1973

Appointment: 18th January 2023

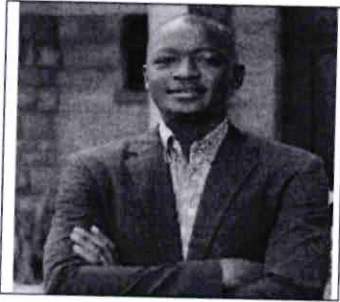
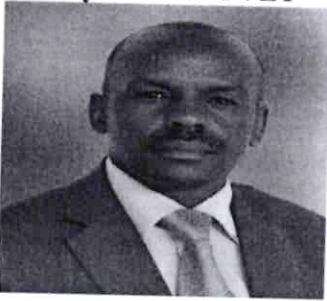
Inauguration: 21st February 2023

Qualification:


Work Experience: 25 Years ICT

6.





Kendege Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

7.	<p>Name: CPA Chacha Mogaya Member</p>  <p>Qualification Master's in business administration – Finance Option</p>	<p>Date of birth: 17th April 1978</p> <p>Appointment: 18th January 2023</p> <p>Inauguration: 21st February 2023</p> <p>Qualification: MBA (finance) Bcom – Finance, CPAK</p> <p>Work Experience: Chacha is currently working for BOMA a local NGO operating in the dry lands of Africa. He is based at the headquarters in Nairobi as the Director of Finance and Administration responsible for ensuring the effective and efficient financial, administrative, and operational support functions. Previously he has held the following position with BOMA 2018 to 2020 as a Finance Manager, 2020 to 2022 Finance and Administration Manager. Chacha has worked as the Country Finance Manager while at the Norwegian Refugee Council for South Sudan and Yemen. Chacha has a lot of experience within the region and horn of Africa</p>
8.	<p>Mr. Tom Olang'o County Director TVET</p>  <p>Master of Education in Curriculum Studies and PHD ongoing</p>	<p>Year of Birth: 1970</p> <p>Qualification and Experience: A Deputy Director of Technical Education currently serving as a Regional Director of Technical and Vocational Education and Training (TVET) in charge of Kisii, Nyamira, Migori and HomaBay Counties. He is a long serving public servant with twenty-six years of experience. He was initially employed as a Graduate Teacher of Mathematics by the Teachers Service Commission and later joined the Ministry of Education as an Education officer in 1999 where he has served to date. He was born in 1970 and is a holder of Master of Education in Curriculum Studies from Nairobi University and currently pursuing a PhD on the same at Kenyatta University. He has been engaged in several international assignments and is currently the Ministry's Focal Point Person for Skills Initiative for Africa Project by AUDA NEPAD.</p>


Kendege Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

9.	<p>Mrs. Grace Mauti</p>  <p>Principal/Secretary BOG</p>	<p>Year of Birth: 11/09/1964</p> <p>Qualifications: Master's Degree in Guidance and Counselling- On-going BED Arts- 1989 Senior ,Management Course (SMC) 2018 Lead Auditor-Quality management Systems (QMS) 2012</p> <p>Experience Principal/ Secretary BOG-Kendege Technical and Vocational College</p>
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4. Key Management Team

No.	Member	Details
1.	<p>Mrs. Grace Mauti</p>  <p>Principal/BOG Secretary</p>	<p>The Principal is the Chief Executive Officer responsible for all operations. She is charged with College improvement and planning, Strategic Planning, Staff Development, leadership and Compliance. Mandatory Signatory to all bank accounts and Secretary to the Board of Governors.</p>
2.	<p>Mr. Kenneth Kahi Kinyangi</p>  <p>Deputy Principal BS Agricultural Extension and Education</p>	<p>Mr. Kenneth Kahi Kinyangi deputizes the principal and he is in charge of curriculum implementation and discipline. He ensures academic time tables are made in time. Also ensures that the lessons that appear on the time table are adequately taught.</p>
3.	<p>Ms. Esther Mwise Mariba</p>  <p>Ag. Registrar BBM Finance & Banking</p>	<p>Ms. Esther Mwise Mariba ensures that term programmes, students who apply for courses in the institute meet the relevant requirements for admission. She is also in charge of marketing of institute courses to ensure increase in enrolment.</p>
4.	<p>Mr. Erick Maranga Ogega</p>  <p>Ag. Dean of Students BSc. Electrical engineering and Electronics</p>	<p>Mr. Erick Maranga Ogega is the Dean of Students who is in charge of student affairs i.e. processing boarding issues like accommodation and disciplinary cases.</p>

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5.	<p>Mr. Chacha Jackson Maroa</p>  <p>Finance Officer ICPAK</p>	<p>Mr. Jackson is in charge of institution finances, preparing financial reports and give financial advisory to the institution.</p>
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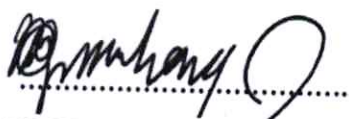
5. Chairman's Statement

I have the pleasure to present an overview of the institute's performance for the financial year ending 30th June 2023. Notwithstanding the challenges facing Technical and Vocational colleges, I am proud to declare that Kendege Technical and Vocational College continues to implement and focus on its mission and objectives.

Academically, the institute has made excellent progress and it's clear that the institute's long-term strategic plan is now yielding results. We have improved and increased examinable courses, training materials and equipment and human resource capacity, all these with the aim of providing affordable training programme delivery as we adhere to quality assurance standards so as to satisfy industry and community needs.

These achievements reflect the enormous hard work of our staff over a period of time. They also reflect the commitment of Board of Governors to the academic strategy and to securing the institute's financial sustainability.

I wish to finally thank the Government of Kenya, Ministry of Education state department of TVET, fellow Board Members, management and staff for their dedication and participation over the financial year in striving to make Kendege TVC globally competitive Technical and Vocational training college for trainees in the region.



PROF. PETER NYAMUHANGA MWITA – BOARD CHAIRPERSON
ON BEHALF OF BOARD OF GOVERNORS

6. Report of the Principal

Presented here is the yearly report and financial statements of Kendege TVC for the year ended 30th June 2023 as required by the Public Finance Management Act, 2012.

Kendege Technical and Vocational College (KENDEGE TECHNICAL AND VOCATIONAL COLLEGE) was founded through the Government of Kenya initiative of having a technical college in every constituency. The initiative was to increase access to technical education with a view of empowering Kenyan youths with skills that spur growth and development. The college is in Kuria East Constituency and boasts of being in a Strategic location surrounded by three (3) other Constituencies- Kuria West, Suna East and Kilgoris. This positions Kendege as a central location with a rich catchment.

The College opened its doors in September 2019 with enrolment of 348 trainees (246 male and 102 female). The college has continued with its core business of disseminating knowledge through, training and innovation. The current trainee population is 838 and is expected to increase to over 1000 by the end of the next financial year.

Departments and Courses

- a) Mechanical & Automotive Engineering- Includes; Mechanical Engineering, Automotive Engineering, Welding & Fabrication
- b) Electrical & Electronics Engineering- Includes; Electrical Power Engineering, Electronics Engineering
- c) Building & Civil Engineering- Includes; Building Technology, Civil Engineering, Plumbing, Masonry, Carpentry & Joinery
- d) Agriculture and Environmental Studies- Includes; General Agriculture, Environmental Studies
- e) Hospitality and Institutional Management- Includes; Clothing and Textile/ Fashion Design, Cosmetology/Hairdressing & Beauty Therapy
- f) Computing and informatics
- g) Business Studies- Includes; Supply Chain Management, Business Management, Human Resource Management
- h) Liberal Studies- Includes; Social Work and Community Development

Staff Members

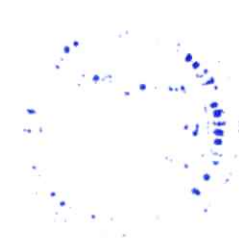
Population for both teaching and the non-teaching staff stood at 40 at the close of fourth quarter for the financial year 2022/2023 and is expected to rise for both academic and administrative staff in the financial year 2023/2024. Gender Distribution; Male 27 and Female 13.

Development Partners and Projects

Currently there is no major on-going development project. However, we have Bee-keeping, potato and maize farming. We also have plans to construct temporal workshops within the college compound to be used during practical lessons for building and civil engineering.

Best Practice

Kendege TVC has embraced best practice in Service Delivery by investing in a five (5) year Strategic Plan. The Vision of the college is “A College of Choice in Development of Technical and Vocational Skills” to ensure service delivery as envisaged in the vision, the college uses Performance Contracting as well as Performance Appraisal to ensure targets are set by all staff and are used to inform and measure Performance. Plans are underway to have a Management Information System to streamline service delivery for growth and efficiency.



Kendege Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

Kendege TVC has incorporated co-curricular activities which enables trainees develop themselves and exploit their talent beyond the curriculum. The college has also participated in Research Conference organised by Kenya Association of Technical Training Institutions (KATTI) in order to provoke the innovative spirit among trainees.

Income

Kendege Technical and Vocational College received a total of Ksh. **31,414,470**. Out of which; Ksh **15,880,000** was the amount received from capitation, Ksh **477,000** from maize farming, **33,800** realised from potato proceeds, Ksh **1,070** from sale of vegetables and ksh **15,022,600** as rendering services.

Expenses

The Technical College incurred a total of Kshs **15,253,600** in recurrent expenditure for the financial year 2022/2023.

Challenges

Kendege faces unique challenges that mitigate against intended growth initiatives. The challenges include;

- a) As a technical and vocational college, Kendege TVC has experienced low growth in facilities as financing depends on Government Capitation which is either delayed or never disbursed. This means that necessary facilities and infrastructure such as classrooms are not built relying only on one block to run all programs.
- b) Lack of hostels within the college and in the neighbourhood locking out and discouraging trainees from far flung areas who end up not turning up or transferring to other colleges.
- c) Fencing of the compound, Kendege TVC is on a large track of land which is not fenced. This exposes the institution to insecurity and encroachment.
- d) Invasion by the locals in search of gold with the belief that Kendege lies on gold deposits. As a result, large excavations have been made within college grounds posing a danger to both trainees and staff besides damaging the environment.
- e) Shortage of trainers and other staff with a large portion of the budget going to salaries of trainers employed by the Board.

Conclusion

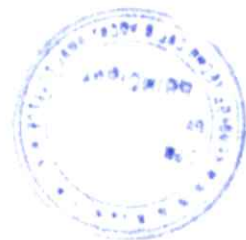
On behalf of Kendege TVC management and staff, I wish to take this opportunity to thank the Government, our Development partners and all Stakeholders for their continued support.

Finally, I would like to express my sincere gratitude for constituting the College Board of Governors to help provide, policy and strategic guidance, the entire college staff and students who have worked tirelessly to ensure smooth running of the college.

Thank you.



GRACE MAUTI
PRINCIPAL/ C.E.O.



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.

Kendege Technical and Vocational College had the following strategic pillars/issues/ themes and objectives in the FY 2022/2023.

Cultivate dynamics training experiences that evolve with the market demands. Kendege Technical and Vocational College cultivated its training experiences to the market demand dynamics, by focusing on trainings that goes with market trend both locally and globally.

Enhance students' enrolment and retention, Kendege Technical and Vocational College had devised on various ways of students enrolment and retention, since there is a lot of competition for other higher and tertiary learning institutions retaining students sometimes become a bit challenge. Kendege has ensure that all the enrolled students get quality training, learning materials and conducive learning environment.

Advancing technical training through partnerships and alliances with external stake holders, Kendege Technical and Vocational College has been partnering and making alliances with stake holders to advance technical training through exchange of programmes with stakeholders.

Improve on the infrastructure and learning environment to strengthen Kendege Technical and Vocational College financial sustainability, currently there is a plan to come up with a temporal workshop within the compound of Kendege Technical and Vocational College this will accommodate the increase number of students and intern in the fees collection. Kendege Technical and Vocational College has bought modern training materials.

Utilize modern technology to improve operation processes and promote an environment of innovation.

Retain a competent and motivated workforce, Kendege Technical and Vocational College has a draft of human resource policy that provides a guidelines on how to recruit, motivate and retain a competent staff. By doing this Kendege Technical and Vocational College has been able to recruit competent staff and retain them by providing them with a good working environment, recognising their effort and appreciating the employees this has made employees to remain loyal to the institution.

8. Corporate Governance Statement

Board meetings held

Kendege TVC board held a total of sixteen (16) sittings both full board and committee in the FY2022-2023. The attendance of those sittings was good at 96 per cent. The Kendege TVC board achieved most planned activities. However, some of the planned activities were not implemented due to inadequate funds available.

Succession plan

Three months to the expiry, a proposal of the board will be done by nominations. As at the time of reporting the institute had done a proposal to the nominees expected to take office immediately, they are approved by the minister for Education.

Service delivery charter

Kendege TVC has an approved service delivery charter in place.

Roles and functions of the board

The Kendege TVC board has a role to plan for the college activities and oversight the implementation of the same.

Induction and training

As per TVET regulations, the board of Kendege TVC was inaugurated and taken for induction and trained on their work mandate. In order to reduce cost, two other institutions joined Kendege TVC to conduct joint induction for three days at Kisumu Hotel on 21 February 2023.

Board and member performance

During the FY2022/2023, the Kendege BOG held nine meetings. The major achievements include;

- Improvement in teaching and learning facilities.
- Increased enrolment.
- Developed a five-year strategic plan
- Developed institution's policies

Conflict of interest

In the FY2022/2023, the Kendege TVC board was asked to declare conflict of interest any time they had a meeting but none was declared.

Board remuneration

Kendege TVC board utilised a total of Ksh 1,357,000. This total comprises of sitting allowances plus transport allowances paid during the financial year

Ethics and conduct as well as governance audit

The board members adhered to public officer's ethics Acts 2003 while performing their duties during the financial year under review.

Governance audit

Kendege TVC developed a strategic plan which is now in use. Hence it can now be used as a tool to measure the performance of the board.

9. Management Discussion and Analysis

Key projects and investment decisions the entity implemented

Kendege technical and vocational college implemented three key projects that contributed to generation of additional income. These projects are:

Maize Farming.

The College piloted on maize farming by planting on 10 acres piece of land. The College invested Ksh.945,600 into the project and was anticipating for good returns. However due to the challenges of weather issues, the institute managed to realize Ksh 577,000. For better returns in future, the college intends to employ better farming and management practices in the next financial year.

Potato farming

The College is also involved in the potato farming where it realized a total of ksh 38,000.

SECTION D

Major challenges facing the entity

Inadequate infrastructure to support increasing number of students.

At the moment, Kendege technical and vocational college is experiencing the following risks

Unreliable power supply

Inadequate learning space

Lack of accommodation for students

No secure fence

Inadequate staffing (Teaching and Non-Teaching)

SECTION E

Material arrears in statutory/ financial obligations

Kendege TVC Complied adequately to the deduction and remittance of the statutory deduction to the relevant authorities for the better and benefit of its BOG staff. And therefore had no pending arrears with regards to the statutory deductions.

SECTION F

The entity's financial probity and serious governance issues

There has been no any financial probity by the following bodies at Kendege technical and vocational college:

1. Board audit committee
2. Internal audit
3. External audit or even
4. National government providing oversight.

There is no conflict of interest by the top management of the institution or even any interest that may thwart proper governance of the institution that may lead to under performance of the board in place.

1. Education Research and Training Committee

S/No.	Name of BoG Member	Date: 11/07/2022	Date: 4/04/2023
1	Dr. Ezekiel Omwenga	✓	
2	Ms. Margaret Nyanyuki	✓	
3	Ms. Jane Akelo	✓	
4	Mr. Tom Olang'o	✓	✓
5	Prof. Alfred Shitandi	-	✓
6	Mr. Tom Olang'o	-	✓

2. General Purpose and Finance Committee

S/No.	Name of BoG Member	Date: 11/07/2022	Date: 5/04/2023
1	Mr. Maurice OL Owili	✓	-
2	Dr. James Muya	✓	-
3	Ms. Mabel Wendo	✓	-
4	Mr. Tom Olang'o	✓	✓
1	CPA Gabriel Mogaya	✓	✓
2	Mr. Benard Masita	✓	✓

1. Full Board Meeting

S/No.	Name of BoG Member	Date: 13/07/2022	Date: 13/02/2023	Date: 12/04/2023	Date: 29/06/2023
1	Prof. Peter Mwita	✓	✓	✓	✓
2	Ms. Mabel Wendo	✓	✓	✓	✓
3	Mr. Maurice OL Owili	✓	✓	✓	✓
4	Ms. Margaret Nyanyuki	✓	✓	✓	✓
5	Dr. Ezekiel Omwenga	✓	✓	✓	✓
6	Dr. James Muya	✓	✓	✓	✓
7	Ms. Jane Akelo	✓	✓	✓	✓
8	Mr. Tom Olang'o	✓	✓	✓	✓
9	Prof Alfred Shitandi	-	✓	✓	✓
10	CPA Gabriel Mwita	-	✓	✓	✓
11	Mr. Benard Masita	-	✓	✓	✓
12	Ms. Leah Atieno	-	✓	✓	✓
13	Ms. Sandra Boke	-	✓	✓	✓

2. Executive Board Governors Meeting

S/No.	Name of BoG Member	Date: 11/01/2023	Date: 3/03/2023	Date: 5/04/2023
1	Prof. Peter Mwita	✓	-	✓
2	Mr. Tom Olang'o	✓	-	✓
3	Mr. Maurice OL Owili	-	✓	-

10. Environmental and Sustainability Reporting Statement

Kendege TVC 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 first by delivering relevant services, and improving operational excellence. Below is a highlight of strategies and activities that promote the organization's strategic objectives.

Sustainability strategy and profile

Achievement

- Increased student enrolment.
- Fair KNEC examination result.
- Increased learning material (welding machine, Sewing machine and dead motor engine)
- Good gender balance in employment.
- Equipping the library with text books.
- Inclusivity in terms of employment.
- Establishing a library and equipped it with computers for online learning and deploying staff to man it.

Failures

- Inability to initiate viable resource mobilization
- Inability to collect 100% school fee.
- Lack of adequate infrastructural development.
- Inability to set up makeshift workshop for engineering departments.

Environmental performance

- The college planted more than 4,000 tree seedlings.
- The college procured one grass cutter which is used to maintain the college ground.
- The college has occasionally employed 2 casual laborers on a weekly basis to assist in college cleanliness.
- The college purchased office dustbins
- The college provided adequate maintenance of 21 hand washing points. This will assist the college in mitigating against Covid 19 pandemic.

Employee welfare

- Currently the college has no human resource policy. The current gender ratio is 6:5 in favor of men which is within the approved legal standards.
- The human resource development is allowed for the staff where trainers and support staff are allowed to further their studies.
- Trainers are appraised annually as per the public service performance appraisal system.
- The building is equipped with fire extinguishers in strategic locations.

Market place practices-

Responsible competition practice.

All interested parties who were interested to do business with the institution were given an opportunity and the best out of those interested were hired for service.

The institution has no political favorites but welcomed all who had support to give to the institution without discrimination.

Product stewardship

The Kendege students are given the freedom to do courses of their choice and trainers ensure they have received adequate training in readiness for exams and industry.

Responsible marketing and advertisement

Kendege TVC carried out aggressive marketing of the college in Kuria East and West sub counties through FM radio Station (Radio Togotane). Further there was distribution of brochures, posters to the residents in market places and career fairs/ exhibitions.

We advertised and recruited suppliers on competitive basis through posters, WhatsApp and the college website

Responsible Supply chain and supplier relations

We also maintained good relationship by adhering to Public Procurement and Disposal Act of 2015.

In the FY 2022-2023, we sourced for quotations and we chose the best among those quotations to supply goods and services that were required. Once goods were received, and the user department was satisfied we promptly paid the suppliers.

Corporate Social Responsibility / Community Engagements

- During bereavement in the community the college sent representations and financial support.
- The Kendege college family has assisted some students who are facing financial challenges.
- The College has established a demonstration farm from which members of the community and students learn.

11. Report of Board of Governors

Principal activities

The principal activity of Kendege Technical and Vocational College is to offer technical and business courses to various students in the republic without discrimination on gender, race or even physical appearance.

BOARD OF GOVERNORS

The members of the Board who served during the year are shown on page vii to page xi. During the year, director neither retired nor resigned.

Auditors

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

The external audit was carried out for the financial year 2021/2022.

By Order of the Board



Secretary of the Board/Council
Nairobi
Date:

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

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

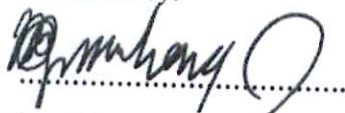
The board members are responsible for the preparation and presentation of Kendege TVC's financial statements, which give a true and fair view of the state of affairs of Kendege for and as at the end of June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements 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 Kendege; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The board members accept responsibility for Kendege's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Section 81 of the Public Finance Management Act, 2012 and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013. The council members are of the opinion that Kendege's financial statements give a true and fair view of the state of Kendege's transactions during the financial year ended June 30, 2022, and of Kendege's financial position as at that date. The board members further confirm the completeness of the accounting records maintained for Kendege, which have been relied upon in the preparation of Kendege's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

Kendege financial statements were approved by the Board on 25th September, 2023 and signed on its behalf by:



Peter Mwita Nyamuhanga
Chairperson of the Board/Council



Grace Mauti
Accounting Officer/Principal



REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



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

Enhancing Accountability

REPORT OF THE AUDITOR-GENERAL ON KENDEGE 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 the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on the 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 Kendege Technical and Vocational College set out on pages 1 to 32, 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 Kendege 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 Public Finance Management Act, 2012 and the Technical and Vocational Educational and Training Act, 2013.

Basis for Qualified Opinion

1.0. Unsupported Employees Expenses

The statement of financial performance reflects employee expenditure amount of Kshs.4,222,319 which, as disclosed in Note 11 to the financial statements, includes Kshs.3,846,032 in respect of salaries and wages (BOG Staff). However, Management did not provide for audit contract agreements for contractual staffs employee and casuals.

Further, the amount of Kshs.4,222,319 includes PAYE and NHIF amounts of Kshs.2,430 and Kshs.142,750 respectively, whose supporting schedules were not provided for audit.

In addition, Management did not provide the list of staff who were recruited and those who exited the service during the year under audit.

In the circumstances, the accuracy, completeness and propriety of the expenditure of Kshs.4,222,319 could not be confirmed.

2.0. Unsupported Board Expenses

The statement of financial performance and as disclosed in Note 12 to the financial statements reflects Board Expenses of Kshs.1,357,000. However, Management did provide for audit invitation letters for Board meetings, attendance registers and the minutes of the Board meetings.

Further, Management did not provide for audit the Board calendar and annual work plan for the year under review, contrary to Section 1.9 of Chapter 1 of Mwongozo Code of Governance for State Corporations issued in January, 2015, which requires board members to ensure development of an annual board work plan.

In the circumstances, the accuracy, completeness and propriety of the Board expenses of Kshs.1,357,000 could not be confirmed. Also, Management was in breach of the law.

3.0. Unconfirmed Property, Plant and Equipment (PPE) Balance

The statement of financial position and as disclosed in Note 20(a) to the financial statements reflect property, plant and equipment balance of Kshs.46,501,490. However, review of records revealed the following anomalies:

- i. The statement of financial position describes the balance as non-current assets, while in Note 20(a), the balance is reported as property, plant and equipment. No explanation was provided for the different descriptions.
- ii. The PPE balance comprises land and buildings balance of Kshs.46,450,162 and furniture and fittings balance of Kshs.51,328, whose supporting assets registers were not provided for audit.
- iii. As reported in the previous year, a stakeholders meeting held on 30 October, 2020 resolved that a total of 34 acres be hived off from the College's land and be given to Kenya Prisons (20 acres), Kendege Prisons Primary School (4 acres) and a Secondary school (10 acres). However, ownership of these hived off parcels of land had not been transferred as at the time of audit in January, 2025.
- iv. Other categories of assets in the register such as, computers, workshop machineries and other stores equipment owned by the College have not been disclosed in the financial statements.

In the circumstances, the accuracy, completeness and ownership of the reported property, plant and equipment balance could not be confirmed.

4.0. Unsupported Receivables from Exchange Transactions

The statement of financial position and as disclosed in Note 18 to the financial statements reflects receivables from exchange transactions balance of Kshs.36,345,435, being student debtors, which indicates an increase of Kshs.7,563,309, or 26%, from the balance of Kshs.28,782,126 reported in the previous year. However, Management did not provide for audit student debtors aging analysis for the balance Kshs.36,345,435.

Further, the College did not have operational debt recovery policy and, as result, student debts has continued to grow over the years.

In the circumstances, the accuracy, completeness and recoverability of receivables from exchange transactions balance of Kshs.36,345,435 not be confirmed.

5.0. Unsupported Receivables from Non-exchange Transactions

The statement of financial position and as disclosed in Note 19 to the financial statements reflects receivables from non-exchange transactions balance of Kshs.11,937,000, being undisbursed capitation grant, which indicates an increase of Kshs.9,372,000, or 365% from Kshs.2,565,000 reported in the previous year. However, Management did not provide aging analysis and the movement schedule for receivables from non-exchange transactions.

In the circumstances, the accuracy, completeness and recoverability of the receivables from non-exchange transactions balance of Kshs.11,937,000 could not be confirmed.

6.0. Undisclosed Inventories

The statement of financial position does not disclose inventories balance. However, review of records and interview with the stores personnel revealed that the College did not maintain store ledger cards (S3), bin cards, counter requisition and issue voucher (S11) for controlling the receiving and issuance of agriculture, farm goods, laboratory and electrical equipment procured. Further, Management did not provide an end of year stock report to confirm nil stock balance.

In the circumstance, the accuracy and fair presentation of the financial statements could not be confirmed.

7.0. Inaccuracies in the Financial Statement and Non-compliance with the Prescribed Financial Reporting Framework

The financial statements as presented contain the following instances of non-compliance with the prescribed financial reporting template for TVETs and TTCs, revised June, 2023:

- i. The statement of financial position reflects "non-current assets" instead of "Property, plant and equipment".
- ii. The statement of cash flows includes "Working Capital Changes" before arriving at net cash flows from financing activities, which is not provided for in the prescribed reporting template.
- iii. Further, the statement of cash flows reflects increase in accounts receivable-non exchange amount of Kshs.8,962,183. However, re-computation using balances reflected in the statement financial position revealed a corresponding amount of Kshs.9,372,000, resulting in an unreconciled variance of negative Kshs.409,817. Further, although an increase in receivables is a cash outflow, the amount of Kshs.8,962,183 is shown as a cash inflow.
- iv. In addition, the statement of cash flows reflects net cash flows from operating activities amount of negative Kshs.16,529. However, the supporting Note 33 to the financial statements does not include surplus for the year amount of Kshs.16,160,870 reflected in the statement of financial performance as a starting point.
- v. Further, Note 33 reflects an amount of Kshs.6,788,870 in respect of increase in receivables from government, which differs with the re-computed amount of Kshs.9,372,000, resulting in an unreconciled variance of negative Kshs.2,583,130.
- vi. The statement of comparison of budget and actual amounts includes a row on surplus for the period actual with an actual amount of Kshs.16,160,370 and another row on development grants which are not required.

vii. Notes 18 on receivables from exchange transactions, 19 on receivables from non-exchange transactions and 22 on accrued trade payables do not include aging analyses as required.

viii. Note 20(a) to the financial statements on property, plant and equipment was not prepared using the format provided in the prescribed reporting template.

In the circumstances, the accuracy and fair presentation of the financial statements could not be confirmed. In addition, the financial statements do not comply with the accounting standards as prescribed by the Public Sector Accounting Standards Board in accordance with the provisions of Section 81(3) of the Public Finance Management Act, 2012 and, therefore, Management was in breach of the law.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects total income budget and actual on comparable basis amounts of Kshs.31,710,744 and Kshs.22,042,470 respectively, resulting in an underfunding of Kshs.9,668,274, or 30% of the budget. Similarly, the College spent Kshs.14,292,806 against an approved budget of Kshs.31,710,744, resulting in an under-expenditure of Kshs.17,417,938, or 55% of the budget.

Further, the actual receipts of Kshs.22,042,470 and actual expenditure of Kshs.14,292,806 results in under-utilization of available funds by Kshs.7,749,664.

The underfunding, under-expenditure and under-utilization of available funds affected planned activities and may have negatively impacted learning in the College.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matter(s) described in the Basis for Adverse Opinion/Material Uncertainty Related to Going Concern section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

Various prior year audit issues remained unresolved as at 30 June, 2023. Management has not provided satisfactory reasons for the delay in resolving the prior year audit issues.

Other Information

The Management is responsible for the other information set out on page iv to xxiii which comprises Key Entity Information, Board of Governors, Key Management Team, Chairperson's Statement, Report of the Principal, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environment and Sustainability Reporting, Report of the Board of Governors and Statement of Board of Governor's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Kendege Technical and Vocational College financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. 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.

The Management is responsible for the other information set out on page iii to xx which comprises Key Entity Information and Management, Governance Statement, forward by the College Principal, Statement of Performance against Technical and Vocational College Predetermined Objectives, Corporate Social Responsibility Statement/Sustainability Reporting and Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Kendege Technical and Vocational College financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. 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 USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that nothing 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

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAI) 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements 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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect(s) of the matter(s) 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

1.0. Lack of Information and Communication Technology (ICT) Policy

Review of Information Technology (IT) environment and its controls revealed that no ICT policy was in place to govern IT environment. Specifically, the College did not have:

- i. IT strategic committee to guide in IT governance.
- ii. IT Security policy to ensure data confidentiality, integrity and availability and to ensure there is patch management process on all systems software's
- iii. Formally documented and approved processes to manage upgrades made to all information systems.
- iv. Physical access controls to ensure that physical access to sensitive areas like server rooms, storage rooms and network rooms are properly controlled.

- v. Environmental control policies and procedures to cover environmental controls like fire suppression system, ups and air conditioning systems especially in server rooms.
- vi. Logical access controls - user management standards and procedures in the College, like user access rights in line with responsibilities.

In the circumstances, the effectiveness of the overall internal control system and risk management by the College could not be confirmed.

2.0. Ineffective Internal Audit Function

During the year under review, the College did not have an effective Internal Audit Function to assess the effectiveness of its internal controls, risk management and overall governance. Therefore, the College did not plan or carry out an audit of its operations during the year under review.

In the circumstances, the effectiveness of the overall internal control system and risk management by the College could not be confirmed.

3.0. Lack of a Risk Management Policy

During the year under review, the College did not have a risk management policy in place to mitigate against risk. Lack of risk management framework and risk register indicates that Management did not taken proactive steps to identify, assess, and mitigate potential risks that their daily operations might face.

In the circumstances, it was not possible to confirm the effectiveness of the internal controls, risk management and governance of the College.

4.0. Lack of Approved Strategic Plan

During the year under review, the College did not have an approved strategic plan in place to provide guidance on the achievement of the College missions and objectives.

In the circumstances, the College may not achieve its intended objectives and mission.

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

Responsibilities of the Management and the Board of Governors

The Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as the Management determines is necessary to enable the preparation of financial statements that are free

from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, the 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.

The 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, the Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the INTOSAI Framework of Professional Pronouncements (IFPP). The Framework requires 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 IFPP 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 also 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

29 January, 2025

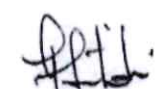
Kendege Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023
14. Statement of Financial Performance for The Year Ended 30th June 2023


	Note	2022-2023	2021-2022
Revenues		KShs	KShs
Revenue from non-exchange transactions			
Transfer from the National Government	6A	15,880,000	9,420,000
Transfer from the mentor	7	0	-
Total Revenue from non-exchange transactions		15,880,000	9,420,000
Revenue from exchange transactions			
Rendering of services	8A	15,022,600	17,314,400
Other Income	9	511,870	573,000
Total Revenue from exchange transactions		15,534,470	17,887,400
Total Revenue		31,414,470	27,307,400
Expenses			
Goods and Services	10	6,918,884	8,612,040
Employee costs	11	4,222,319	4,038,081
Board Expenses	12	1,357,000	1,975,000
Repairs and maintenance	13	752,063	1,041,810
Farming Costs	14A	945,600	-
Administration Costs	15	96,940	-
Other Expenses	16	0	-
Depreciation and amortisation		960,794	983,349
Total Expenses		15,253,600	16,650,280
Surplus for the period		16,160,870	10,657,120


Principal/BOG Secretary
Governors

Finance Officer
ICPAK No. (26102)

Chairman of Board of


Date


Date


Date





14. Statement of Financial Position As At 30th June 2023

Assets	Note	2022-2023 KShs	2021-2022 KShs
Current assets			
Cash and Cash Equivalents	17	1,074,548	1,091,077
Receivables from exchange transactions	18	36,345,435	28,782,126
Receivables from non-exchange transactions	19	11,937,000	2,565,000
Total Current Assets		49,356,983	32,438,203
Property Plant and Equipment	20	46,501,490	47,462,284
TOTAL ASSETS		95,858,473	79,900,487
Liabilities			
Current liabilities			
Prepaid Tuition fee	21	438,080	433,244
Accrued trade payables	22	795,805	1,003,525
Total Current Liabilities		1,233,885	1,436,769
Total Liabilities		1,233,885	1,436,769
Net Assets			
Capital Fund		33,446,335	33,446,335
Accumulated Fund		61,178,253	45,017,383
TOTAL NET ASSETS AND LIABILITIES		95,858,473	79,900,487

Principal/BOG Secretary
Governors



Date.....

Finance Officer
ICPAK No. (26102)



Date.....

Chairman of Board of



Date.....



15. Statement of Changes in Net Asset For The Year Ended 30th June 2023

Description	Accumulated Fund	Capital Fund	Total
At June 30, 2021	34,360,263	-	34,360,263
AT JuLY 30, 2021	34,360,263	-	34,360,263
Revaluation gain	-	-	-
Fair value adjustment on quoted investments	-	-	-
Accumulated Reserve	10,657,120	-	10,657,120
Capital Reserve	-	33,446,335	33,446,335
Transfer of depreciation/amortization from capital fund to Retained earnings	-	-	-
30 June 2022	45,017,383	33,446,335	78,463,718
At July 1, 2022	45,017,383	33,446,335	78,463,718
Revaluation gain	-	-	-
Fair value adjustment on quoted investments	16,160,870	-	16,160,870
Accumulated Reserve	-	-	-
Capital Reserve	-	-	-
Transfer of depreciation/amortization from capital fund to Retained earnings	-	-	-
At June 30, 2023	61,178,253	33,446,335	94,624,588

Kendege Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

Statement of Cash Flows for the Year Ended 30 June 2023

	Note	2022-2023	2021-2022
		KShs	KShs
Cash flows from operating activities			
Receipts			
Transfers from National Government		5,508,000	6,855,000
CAPITATION GRANT		1,000,000	-
Rendering of Services		7,021,211	6,438,894
Other Income		511,870	573,000
Income from operating activities		14,041,081	13,866,894
Payments			
Goods and services		6,683,688	8,105,509
Compensation of employees		4,222,319	4,038,081
Board Expenses		1,357,000	1,873,000
Repairs and Maintenance		752,063	1,041,810
Farming costs		945,600	-
Administration Costs		96,940	-
Total payments		14,057,610	15,058,400
Net Cash flows from Operating Activities	33	-16,529	-566,628
Cash flows from Investing Activities			
Installing bee hives		0	-80,200
Acquisition of Fixed Assets		-	-
Net Cash flows from Investing Activities		0	-80,200
Cash flows from Financing Activities			-
			-646,828
Decrease/Increase in Cash and cash equivalent			-646,828
		-	
		16,529	
Cash and Cash equivalents as at 1 JULY 2022		1,091,077	1,737,905
Cash and Cash equivalents at 30 JUNE 2023	17	1,074,548	1,091,077

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18. Statement of Comparison of Budget and Actual Amounts for The Year Ended 30th June 2023

	Original budget	Adjustment	Final budget	Actual on comparable basis	Performance difference	Utilisation Difference
	2022-2023	2022-2023	2022-2023	2022-2023	2022-2023	2022-2023
	Kshs	Kshs	Kshs	Kshs	Kshs	%
Revenue						
Transfers from other government entities and government grants	11,300,000	-	11,300,000	6,508,000	4,792,000	42.41
Rendering of services- Fees from students	19,760,744	-	19,760,744	15022600	4,738,144	23.98
Production Units - Farm Income	650,000	-	650,000	511,870	138,130	21.25
Total income	31,710,744	-	31,710,744	22,042,470	9,668,274	30.49
Expenses						
Use of goods and services	14,044,502	-	14,044,502	6,918,884	7,125,618	50.74
Compensation of employees	6,996,442	-	6,996,442	4,222,319	2,774,123	39.65
Remuneration of directors	1,500,000	-	1,500,000	1,357,000	143,000	9.53
Repairs and Maintenance	1,619,800	-	1,619,800	752,063	867,737	53.57
Farming costs	800,000	-	800,000	945,600	-145,600	- 18.20
Administration Costs	200,000	-	200,000	96,940	103,060	51.53
Infrastructure Development	6,550,000	-	6,550,000	0	6,550,000	100.00
Total Payment	31,710,744	-	31,710,744	14,292,806	17,417,938	54.93
Surplus	-	-	-	7,749,664	- 7,749,664	- 24.44
Surplus for the Period actual				16,160,870		
Development Grants	20,000,000	-	20,000,000	-	-	-
Capital Expenditure	20,000,000		20,000,000			

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Note:

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

Notes on comparison of budget verses Actual:

1. Rendering of services fall short by 23.08% because we fall short of targeted number of students who join our institution in the financial year 2022/2023
2. Farm incomes fall short by 21.25% due to dynamic changes in price of maize in the market.
3. Transfers from other government entities and government grants fall short by 59.12% because the government failed to remit kshs. 9,372,000.
4. Use of goods and services, Compensation of employees, Repairs and Maintenance and administration Costs both fall short of projected expenditure due to shortage in income collected.

19. Notes to the Financial Statements

1. General Information

The Kendege TVC Project was started around 2014. It was one of the first 60 institutions the Government of Kenya had planned for constituencies. The project was handed over for use in May, 2019 under the ministry of education state department of vocational and technical training. The principal activity of Kendege technical and vocational college is to offer technical and business courses to various students in the republic without discrimination on gender, race or even physical appearance.

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 judgment or complexity, or where assumptions and estimates are significant to the financial statements.

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

The financial statements have been prepared in accordance with the PFM Act, the TVET Act 2015 and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2023.

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p><i>This amendment has enabled Kendege Technical and Vocational College to recognised all the income in the year they were delivered and not when cash is reconceived</i></p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ol style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <ol style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.

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Standard	Effective date and impact:
	<p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement. Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023. <p><i>State the impact of the standard to the Entity if relevant</i></p>

ii. **New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.**

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

Early adoption of standards

Kendege TVC did not early – adopt any new or amended standards in year 2022.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

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

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.

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the entity's right to receive payments is established.

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 11th April 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional

appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity did not recorded additional appropriations of any amount in the FY 2021/2022 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 a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

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

c) Taxes

Current income tax

The entity is exempt from paying taxes as per first schedule of the income tax Act cap 470

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.

Summary Of Significant Accounting Policies (Continued)

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 no depreciated was provided for in FY2022/2023.

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

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

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance cost 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 so as 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.

Summary Of Significant Accounting Policies (Continued)

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

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

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

Summary of Significant Accounting Policies (Continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into

account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

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:

i) Financial instruments (Continued)

- 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

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Summary of Significant Accounting Policies (Continued)

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

i) 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:

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 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.

j) 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.

Summary Of Significant Accounting Policies (Continued)

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.

k) Nature and purpose of reserves

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

l) 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.

m) 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.

Summary of Significant Accounting Policies (Continued)

n) 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.

o) 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.

p) 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 CEO/principal and senior managers.

q) 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.

r) Cash and cash equivalents

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

Summary Of Significant Accounting Policies (Continued)

s) Comparative figures

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

t) Subsequent events

There has been no event subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2021.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the 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

No provisions were raised.

Notes to the Financial Statements (Continued)

6. (A) TRANSFERS FROM NATIONAL GOVERNMENT
MINISTRIES

Description	2022-2023	2021-2022
	KShs	KShs
Unconditional grants		
Capitation grants	14,880,000	6,855,000
Operational grant	1,000,000	-
Total government grants and subsidies	15,880,000	6,855,000

6. (B) TRANSFERS FROM NATIONAL GOVERNMENT
MINISTRIES

Description	2022-2023	2021-2022
	KShs	KShs
Transfers from National Government Entities-Amount Recognised in the Statement of Financial Performance	14,880,000	9,420,000
Less: Accrued Revenue Receivable	9,372,000	2,565,000
Amount Recognised in Statement of Cash flows	5,508,000	6,855,000

7. TRANSFERS FROM OTHER LEVELS OF GOVERNMENT

Description	2022-2023	2021-2022
	KShs	KShs
Transfer from Kisii National Polytechnic	0	0
Total Transfers	0	0

Notes to the Financial Statements (Continued)

8. (A) RENDERING OF SERVICES

	2022-2023	2021-2022
	KShs	KShs
Tuition fees	8,221,610	14,307,100
Activity fees	-	-
Repair, Maintenance and Improvement(R.M.I)	-	-
Personal Emoluments	-	-
Industrial, Attachment, Medical & Insurance	-	-
Registration/Admission fees	114,800	93,000
Student ID	102,600	52,200
HELB	2,887,000	2,080,800
Facility Hire	13,000	
RTD Cheques	135,500	
Welfare	76,450	
Attachment fees	-	85,250
KNEC-Exam fees	1,034,850	522,750
CDF	2209290	29,500
KUCCPS Registration fee	227,500	143,800
Others	-	-
Total revenue from the rendering of services	15,022,600	17,314,400

8. (B) RENDERING OF SERVICES

Description	2022-2023	2021-2022
	KShs	KShs
Rendering of Services-Amount Recognized in the Statement of Financial Performance	15,022,600	17,314,400
Less: Student Debtors	7,563,309	-
Add:- Prepaid Tuition Fees	438,080	11,300,126
Amount Recognised in Statement of Cash flows	7,021,211	6,438,894

Notes to the Financial Statements (Continued)

9. OTHER INCOME

Description	2022-2023	2021-2022
	KShs	KShs
Proceeds from sale of maize	477,000	554,000
Proceeds from sale of Vegetables	1,070	-
Income from Debtors	-	-
Proceeds from sale of sweet potato	33,800	19,000
Total other income	511,870	573,000

10. GOODS AND SERVICES

Description	2022-2023	2021-2022
	KShs	KShs
Stores Equipment and Supplies	140,000	325,150
Local transport & Travel	2,208,200	1,799,100
Contingencies	-	1,360,824
Practical	27,000	1,271,740
Attachments	27,350	5,494
Electricity ,Water & Conservancy	48,215	81,580
Operational Costs	2,695,280	959,138
Activity	67,774	118,800
Examination Materials	543,635	1,362,200
KNEC Registration fee	1,161,430	-
Statutory deductions	-	172,628
Bank charges	-	36,183
Consultancy Services	-	23,400
Perfomance Contract	-	7,000
Refund from maize proceeds	-	226,240
Maize farming	-	523,760
Potato farming	-	34,400
Learning Material	-	304,403
Total goods and services	6,918,884	8,612,040

Notes to the Financial Statements (Continued)

11. EMPLOYEE COSTS

Description	2022-2023	2021-2022
	KShs	KShs
Salaries and wages (BOG Staff)	3,846,032	4,038,081
HELB	141,107	
NSSF	90,000	
PAYE	2,430	
NHIF	142,750	
Employee costs	4,222,319	4,038,081

12. BOARD EXPENSES

Description	2022-2023	2021-2022
	KShs	KShs
Board Members Sitting allowances	1,357,000	1,975,000
Meals served	0	-
Total director emoluments	1,357,000	1,975,000

13. REPAIRS AND MAINTENANCE

Description	2022-2023	2021-2022
	KShs	KShs
Property	-	-
Equipment and machinery	-	-
Furniture and fittings	-	-
Repairs and maintenance of Infrastructure	520,060	854,910
Advertising and Marketing	232,003	186,900
Total repairs and maintenance	752,063	1,041,810

14. FARMING COSTS

Description	2022-2023	2021-2022
	KShs	KShs
Maize farming	945,600	-
Potato farming	-	-
Bee Keeping	-	-
Total finance costs	945,600	-

Notes to the Financial Statements (Continued)

15. ADMINISTRATION COSTS

Description	2022-2023	2021-2022
	KShs	KShs
Bank charges	34,140	-
Consultancy Services	62,800	-
Policy formulation	-	-
Total administration Costs	96,940	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. OTHE EXPENSES

Description	2022-2023	2021-2022
	KShs	KShs
Perfomance Contract	-	-
Refund from maize proceeds	-	-
Total administration Costs	-	-

17. CASH AND CASH EQUIVALENTS

Description	2022-2023	2021-2022
	KShs	KShs
Current account	1,074,548	1,091,077
Total cash and cash equivalents	1,074,548	1,091,077

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

Financial institution	2022-2023	2022-2023
	Account number	KShs
a) Current account		
Kenya Commercial bank	1280646055	994,208
Kenya Commercial bank	1259204170	80,340
Grand total		1,074,548

Notes to the Financial Statements (Continued)

18. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2022-2023	2020-2021
	KShs	KShs
Current receivables		
Student Debtors	36,345,435	28,782,126
Total current receivables	36,345,435	28,782,126

19. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Description	2022-2023	2021-2022
	KShs	KShs
Capitation Grant	11,937,000	2,565,000
Total	11,937,000	2,565,000

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Notes to the Financial Statements (Continued)

20(a) PROPERTY, PLANT AND EQUIPMENT MOVEMENT SCHEDULE

	Land and Buildings	Motor vehicles	Furniture and fittings	Total
Cost	Kshs	Kshs	Kshs	Kshs
At 1 July 2021	-	304,403	-	304,403
Additions	48,365,433	-	80,200	48,445,633
Disposals	-	(304,403)	-	(304,403)
Transfers/Adjustments	-	-	-	-
At 30th June 2022	48,365,433	-	80,200	48,445,633
Additions	-	-	-	-
Disposals	-	-	-	-
Transfers/Adjustments	-	-	-	-
At 30th June 2023	48,365,433	-	80,200	48,445,633
				-
Depreciation And Impairment				-
At 1 July 2022	967,309		16,040	983,349
Depreciation	947,962		12,832	960,794
Impairment	-	-	-	-
At 30th June 2023	46,450,162	-	51,328	46,501,490
Net Book Values				
At 30th June 2022	47,398,124	-	64,160	47,462,284

Notes to the Financial Statements (Continued)

20 (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	-	-	-
Buildings	47,398,124	947,962	46,450,162
Plant And Machinery	-	-	-
Motor Vehicles including Motorcycles	-	-	-
Computers and Related Equipment	-	-	-
Office Equipment, Furniture, And Fittings	64,160	12,832	51,328
Total	47,462,284	983,349	46,501,490

21. PREPAID TUITION FEE

Description	2022-2023	2021-2022
	KShs	KShs
Prepaid Tuition Fee	438,080	433,244
Total	438,080	433,244

22. ACCRUED TRADE PAYABLES

Description	2022-2023	2021-2022
	KShs	KShs
Accrued trade payables	795,805	1,003,525
Total	795,805	1,003,525

23. REFUND OF PROCEEDS FROM SALE OF MAIZE

Description	2022-2023	2021-2022
	KShs	KShs
Sammy Makenge	-	52,000
Tobias Mochambili	-	174,240
Total administration Costs	-	226,240

Notes to the Financial Statements (Continued)

24. FINANCIAL RISK MANAGEMENT

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

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

(i) Credit risk

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

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

(i) Credit risk

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

The 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.

Financial Risk Management (Continued)

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

(iii) Market risk

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

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

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

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

a) Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

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

(iii) Market risk (Continued)
Foreign currency sensitivity analysis

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

Notes to the Financial Statements (Continued)

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.

b) Interest rate risk(continued)

Sensitivity analysis

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

iii) 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:

	2022-2023	2021-2022
	Kshs	Kshs
Revaluation reserve	0	0
Retained earnings	16,160,870	11,928,832
Capital reserve		
Total funds	16,160,870	11,928,832
Total borrowings		-
Less: cash and bank balances	1,074,548	1,091,077
Net debt/(excess cash and cash equivalents)		-
Gearing	7.81%	9.15%

Financial Risk Management (Continued)

25. RELATED PARTY BALANCES

Nature of related party relationships

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

Government of Kenya

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

- i) The National Government;
- ii) The Ministry of education;
- iii) Key management;
- iv) Kenya power and lighting company;
- v) Board of directors;

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

	2022-2023	2021-2022
	Kshs	Kshs
Transactions with related parties		
Key management compensation		
Board of directors' emoluments	1,357,000	1,975,000
Meals served	0	-
Total	1,357,000	1,975,000

Note: In the FY2022-2023, no payment was made to any other related party other than the directors.

26. CAPITAL COMMITMENTS

In the financial year 2022-2023, Kendege TVC had no capital commitment that has been undertaken, but Kendege TVC intends to construct temporal workshop for practical lesson.

27. DEFERRED TAX LIABILITY

Deferred tax is calculated on all temporary differences under the liability method using the enacted tax rate, currently 30%. The net deferred tax liability at year end is attributable to the following items:

NOTE: Kendege TVC being a learning institution in the public sector, it is not liable to pay differed taxes.

Notes to the Financial Statements (Continued)

28. EVENTS AFTER THE REPORTING PERIOD

Kendege TVC had no material adjusting and non- adjusting events after the reporting period that may lead the financial statement to be adjusted.

29. ULTIMATE AND HOLDING ENTITY

The Kendege TVC is a State Corporation under the Ministry of education. Its ultimate parent is the Government of Kenya.

30. CURRENCY

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

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31. 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)	Timeframes: (Put a date when you expect the issue to be resolved)
SNY/KENDEGE TVC/2021/2022/ (31)	Lack of Human resource Instruments.	Management has a draft for the and has plans to come up with a full document	Resolved	By end of FY 2023/2024
SNY/KENDEGE TVC/2021/2022/ (31)	Discrepancies between financial statement and trial balance figures.	The management amended the financial statement and corrected the anomalies	Resolved	By Early of FY 2022/2023 (completed)
SNY/KENDEGE TVC/2021/2022/ (31)	Undisclosed property plant and equipment and lack of Fixed Asset Register.	The management did valuation of Asset on May 2024	Resolved	completed
SNY/KENDEGE TVC/2020/2021/ (31)	Lack of Risk management policy and framework.	Management has a draft for the and has plans to come up with a full document	Not Resolved	By end of FY 2022/2023
SNY/KENDEGE TVC/2021/2022/ (31)	Lack of audit committee and internal audit function.	Already implemented	Resolved	Completed
SNY/KENDEGE TVC/2021/2022/ (31)	Lack of strategic plan.	Already implemented	Resolved	Completed

Accounting Officer

Grace Mauti

Kendege Technical and vocational College

Signature




Date.....

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Notes to the Financial Statements (Continued)

33. Cash generated from operations.

Surplus for the year before tax	2022/2023	2021/2022
	Kshs	Kshs
Surplus for the year before tax	16,160,870	10,657,120
Adjusted for:		
Depreciation	960,794	16,040
Non-Cash grants received	-	-
Impairment	-	-
Contribution to provisions	-	-
Finance Cost	-	-
Working Capital Adjustments	-	-
Increase in Inventory	-	-
Increase in Receivables	(7,563,309)	1,942,213
Increase in From Government	(9,372,000)	148,673
Increase in Payables	(207,720)	(952,525)
Increase in Payments received in advance	4,836	635,813
Net Cash Flow from Operating Activities	(16,529)	12,447,334