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REPORT

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OF

THE AUDITOR-GENERAL

ON

**RHAMU TECHNICAL AND VOCATIONAL
COLLEGE**

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

MANDERA COUNTY

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RHAMU TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30TH JUNE 2024

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

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

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1. Acronyms and Definition of Key Terms

A. Acronyms

BOG	Board of Governors
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
TTI	Technical Training Institute
TTC	Teacher Training College
TVC	Technical Vocational College

B. Definition of Key Terms

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

Comparative Year- Means the prior period.

2. Key Rhamu TVC Information and Management

(a) Background information

Rhamu Technical and Vocational College (Rhamu TVC) is a public institution established to provide technical and vocational education and training (TVET) in Mandera County, Kenya. The college aims to equip students with practical skills and knowledge to enhance employability, promote self-reliance, and contribute to local and national economic development.

Establishment and Operations

- **Official Handover:** The institution was officially handed over to the Ministry of Education on **March 10, 2024**.
- **First Student Intake:** Rhamu TVC commenced its first intake in **September 2024**.

Location

Rhamu TVC is situated in Rhamu Town, opposite Sheikh Ali High School, providing an accessible and conducive environment for technical education and skill development.

Programs and Training

The institution offers a variety of technical and vocational courses aimed at equipping students with hands-on skills for employment and entrepreneurship.

Vision and Mission

- **Vision:** To be a leading center of excellence in technical and vocational training, fostering innovation and economic development.
- **Mission:** To provide quality technical and vocational education that meets the needs of industry and the community through skill-based training and research.

(b) Principal Activities

The principal activity is to make sure the Rhamu Technical and Vocational College is complete and operational anytime.

(c) Key Management

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

- Board of Governors
- Accounting officer/ Principal
- Management

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2024 and who had direct fiduciary responsibility were:

SN.	Designation	Name
1.	Principal	Mr. Noor Dahiya Hanshi
3	Ag. Deputy principal	Mr. Hassan Khala Osman

Key Rhamu TVC Information and Management (Continued)

(e) Fiduciary Oversight Arrangements

The fiduciary oversight arrangements are designed to ensure the financial and operational integrity of the institution, and the key activities include:

1. Audit and Risk committee activities

The institute is intending to form audit and risk committee to perform the following responsibility since it does not have the capacity now

Duties and responsibility are:

- a) To ensure financial statement are understandable, transparent and reliable
- b) To ensure strong and effective internal control systems are in place to achieve organization goal
- c) To ensure rule and regulation policies are compiled and control conflict of interest and fraud are controlled.
- d) Reviewing internal audit plans, report and other significant findings.
- e) Establishing a direct reporting relationship with the external auditors.

2. Finance and operation committee activities

The committee shall exercise all the powers of BOG in financial matters. The role of the committee shall be to monitor the financial status of the institute on behalf of the BOG. this are their responsibility.

- a) To provide strategic plan on financial matters
- b) To supervise and organize the arrangement for safeguarding the institute asset.
- c) Financial evaluation and control of projects
- d) To communicate and recommend to BOG on the financing of projects.
- e) To determine fee charge on institute service and facilities.
- f) To receive reports from finance officer.
- g) To supervise the effective and efficient procurement resources and ensure they are utilized.

3. Academic Committee Activities

- **Mandate:** The Academic Committee ensures academic integrity, compliance with education standards, and the proper allocation of resources for academic programs.
- **Activities:**
 - Oversight of curriculum development, quality assurance, and accreditation processes.
 - Monitoring academic performance and recommending necessary improvements.
 - Ensuring financial allocations support academic excellence and growth.

(f) Rhamu TVC Headquarters

Rhamu Technical and Vocational College
P.O. Box 257-70300
Mandera –Kenya

(g) Rhamu TVC Contacts

Telephone: 254 720 096 192
E-mail: rhamutvc@gmail.com

(h) Rhamu TVC Bankers

Equity Bank
Mandera Branch
P.O. Box 536-70300
Mandera, Kenya

(i) Independent Auditors

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



(j) Principal Legal Adviser

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

4. The Board of Governors

The Board of Rhamu Technical and Vocational College (Rhamu TVC) was duly nominated and submitted to the Ministry of Education, State Department for TVET, for review and approval on March 21, 2024. Upon approval, the board members will be formally appointed by the Cabinet Secretary for Education to oversee the governance and strategic direction of the institution.

5. Key Management Team

<i>SN.</i>	<i>Member/ Director</i>	<i>Details</i>
1.	 Mr. Noor Dahiya Hanshi Principal	<p>Date of Birth: 01/01/1993</p> <p>Qualification: Bsc Animal Science</p> <p>Experience: 4 years Trainer KISII National Polytechnics 2 years Principal Rhamu TVC</p>
2.	 Hassan Khala Osman Ag. Deputy principal	<p>Date of Birth: 01/01/1997</p> <p>Qualification: Higher National Diploma in Electrical and Electronics Engineering</p> <p>Experience: 3 Years Trainer at Mandera Technical Training Institute 1 Years as Deputy Principal at Rhamu TVC</p>

6. Chairman's Statement

Board appointment in progress

7. Report of the Principal

I am pleased to present this report on the current status, challenges, and achievements of Rhamu Technical and Vocational College (Rhamu TVC). This report outlines key areas of concern, including student enrollment, staffing, infrastructure development, academic performance, and financial sustainability. Our institution continues to strive for excellence in technical and vocational training, despite facing some operational hurdles.

Enrollment and Academic Performance

Rhamu TVC has experienced a steady increase in student enrollment over the past year. As of the latest admission cycle, we have registered 78 students across various diploma and certificate programs. This growth reflects the growing recognition of technical education in the region and the institution's commitment to offering quality training. However, the increasing enrollment places pressure on our existing resources, particularly classrooms, workshops, and hostel facilities. The institution continues to deliver quality education through practical and theoretical training. We remain committed to continuous improvement through curriculum review, faculty development, and industry partnerships.

Staffing and Human Resource Challenges

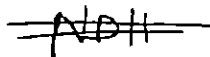
Currently, the institution operates with 7 trainers and 2 support staff. Despite recent postings by the State Department of TVET, we still have a shortage of trainers in critical areas such as Electrical, Health Science, Business Study, Building Technology and ICT. This shortage impacts the quality of education and places an excessive workload on the existing trainers. We urge the relevant authorities to expedite the deployment of additional trainers to enhance the quality of instruction.

Conclusion and Way Forward

Despite the challenges highlighted, Rhamu TVC remains committed to delivering quality technical and vocational training. We seek continued collaboration with stakeholders, including the government, development partners, and the community, to address existing gaps. Our immediate priorities include:

- Recruiting additional trainers to bridge the staffing gap.
- Expanding infrastructure to accommodate growing enrollment.
- Enhancing financial sustainability through diversified funding sources.
- Strengthening industry linkages for practical training opportunities.

We appreciate the unwavering support from the government and partners in advancing the institution's mission. With sustained efforts and necessary interventions, we are confident that Rhamu TVC will continue to grow and impact the lives of many.



NAME: NOOR DAHIA HANSHI
PRINCIPAL



8. Statement of Performance against Predetermined Objectives

Currently Rhamu TVC has no strategic plan since there is no board in place.

9. Corporate Governance Statement

The College affirms that good corporate governance is simply good business. The College commits to ensure that we comply with the statutory and all the legal requirements as well as meeting the set deadlines.

The core mandate of the institution is training as well as carrying out research activities. This entails imparting CBET skills, attitude and knowledge to the trainees.

Senior staff during the year underwent several capacity building sessions in Mombasa, and Nairobi to increase their management skills.

The College has been a mentoring institution in the implementation of the up-coming TVET institutions under construction projects. The projects, located in Mandera North Constituency are in Mandera County.

The current student population by the close of the year under review stood at 78 students. We have always endeavoured to ensure that we hit the 1000 mark but this has been a challenge

~~NDH~~

NAME: NOOR DAHIA HANSHI
PRINCIPAL/SECRETARY TO BOARD OF GOVERNORS



10. Management Discussion and Analysis

The College's operational and financial performance

The Insecurity in our area has heavily impacted on our revenue as there was no students coming from outside Mandera County.

(1) The Ministry commits to ensure that a proper management structure is in place and to make sure that the structure functions to maintain corporate integrity, reputation and responsibility.

(2) The Ministry has a commitment to monitor and evaluate the implementation of strategies, policies, and management criteria and plans of Rhamu Technical and Vocational College and its mentored institutions.

(3) The Ministry constantly reviews the viability and financial sustainability of the College once every year.

(4) The Ministry commits to ensure that Rhamu Technical and Vocational College complies with all the relevant laws, regulations, governance practices, accounting and auditing standards.

Challenges

- In Security in the region has hindered growth in the College and this has contributed to Low enrolment in the College.
- Hardship related issues hinder capacity growth of our staff and this results to low staff moral and little or no income generating activities to generate more income to the institution
- Inadequate physical facilities in the College such as student hostels are some of the challenges relating to low enrolment.

College's compliance with statutory requirements

The College has no court cases at the moment.as at the quarter the College had complied with the statutory obligations as far as debt payment to our creditors.

Key projects and investment decisions the College is planning/implementing

Most of our projects are financed by grants from Government. However, in the year under review, there were no projects undertaken.

Major risks facing the College

Operational risks in the College include

- Loss of funds through student document forgery during payment of tuition and examination fee.
Mitigation, College intends to procure Student Biometric systems once procured will check the problem.

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

- Loss of funds through scrupulous suppliers and service providers providing inferior materials and services.

Mitigation, Enhanced inspection and monitoring of both works and services.

- Risk to loss of funds through downtime on internet and LAN systems.
Mitigation, Signed Maintenance service contract to upgrade the equipment.
- Loss of portable workshop tools and equipment from the workshop stores
Proposal to carry out asset registration and asset tagging to identify tools and equipment from risk of pilfer and theft.

Material areas in statutory/financial obligations

By the close of year in question, the College had some pending bills as indicated but did not have any loan default or tax default on pension obligations to the exchequer.

The College's financial probity and serious governance issues

The College has management committees and policies are in place to ensure that governance issues are well taken care of so far there has not been any conflicts of interest from among the council members.

11. Environmental And Sustainability Reporting Statement

The College affirms that good corporate governance is simply good business. The College commits to ensure that we comply with all the legal requirements as well as meeting set deadlines. We commit to provide excellent training environment for our students who are our major clients.

1. Sustainability strategy and profile -

The core mandate of the Institution is training as well as carrying out research activities. This entails imparting CBET skills, attitude and knowledge to the trainees.

2. Environmental performance

The college have planted trees especially the neem trees around the compound which provide shade for the students, staff and visitors. The trees help to filter out the dust and carbon dioxide from the environment hence improving the quality of air that we breathe inside and around the institution. Despite the Institution being in a semi-arid area, the management has ensured that there is adequate flowing water for sanitation, consumption. And watering of the trees.

3. Employee welfare

The college has qualified staff both in training and subordinate staff composed of both male and female. To ensure that there is motivation and productivity amongst its staff, the college ensures that its employees attend regular workshops and trainings organised by the Institution and other stakeholders like the National Treasury, Kenya Association Technical Training Institutions (KATTI.)

4. Market place practices-

The College is guided by the TVETA Act, the PFM Act 2015 and the Public Procurement and Disposal Act 2015 among other key legislations governing public educational learning institutions. We strive to comply all statutory requirements such as ensuring our books are submitted on time, deducting and remitting of statutory deductions.

12. Report of the Board of Governors

The Board of Rhamu Technical and Vocational College (Rhamu TVC) was duly nominated and submitted to the Ministry of Education, State Department for TVET, for review and approval on March 21, 2024. Upon approval, the board members will be formally appointed by the Cabinet Secretary for Education to oversee the governance and strategic direction of the institution.

Principal activities

The principal activities of the Technical and Vocational College are to provide quality technical Education

Results

The results of the Rhamu TVC for the year ended June 30 are set out on page 1

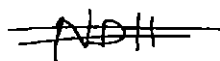
Council/Board of Governors

The Board of Rhamu Technical and Vocational College (Rhamu TVC) was duly nominated and submitted to the Ministry of Education, State Department for TVET, for review and approval on March 21, 2024. Upon approval, the board members will be formally appointed by the Cabinet Secretary for Education to oversee the governance and strategic direction of the institution.

Auditors

The Auditor General is responsible for the statutory audit of the Rhamu Technical and Vocational College in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or Institute of Certified Public Accountants were nominated by the Auditor General to carry out the audit of the Rhamu Technical and Vocational College for the year/period ended June 30, 2024, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board



Secretary of the Board
Nairobi
Date: 31st March 2025

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

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

The Board members are responsible for the preparation and presentation of the Rhamu Technical and Vocational College financial statements, which give a true and fair view of the state of affairs of the Rhamu Technical and Vocational College for and as at the end of the financial year (period) ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Rhamu TVC, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the Rhamu Technical and Vocational College, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Board members accept responsibility for the Rhamu Technical and Vocational College financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the TVET Act 2013. The council members are of the opinion that the Rhamu Technical and Vocational College financial statements give a true and fair view of the state of Rhamu Technical and Vocational College transactions during the financial year ended June 30, 2024, and of the Rhamu Technical and Vocational College financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the Rhamu Technical and Vocational College, which have been relied upon in the preparation of the Rhamu Technical and Vocational College financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Principal has assessed the Rhamu Technical and Vocational College ability to continue as a going concern.

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

Approval of the financial statements

The Rhamu Technical and Vocational College financial statements were approved by the Board on _____ and signed on its behalf by:

.....

Name
Chairperson of the Board/Council

~~NDH~~

Name: Noor Dahia Hanshi
Accounting Officer/Principal



REPUBLIC OF KENYA

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Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

DRAFT REPORT OF THE AUDITOR-GENERAL ON RHAMU TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Rhamu Technical and Vocational College set out on pages 1 to 23, which comprise of the statement of financial

position as at 30 June, 2024 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 Rhamu Technical and Vocational College as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Undisclosed and Unsupported Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.68,920,751 and as disclosed in Note 11 to the financial statements. However, review of documents provided for audit and physical inspection carried out in the month of March, 2025 revealed that the College owns land, furniture and fittings of undetermined value which was not included in the property, plant and equipment balance. In addition, fixed assets register was not maintained while property, plant and equipment balance were disclosed at cost instead of net book value. Further, ownership documents for land were not provided for audit review.

In the circumstances, the accuracy, completeness and ownership of the property, plant and equipment balance of Kshs.68,920,751 could not be confirmed.

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

Key Audit Matters

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

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Late Submission of the Financial Statements

The financial statements for the financial year ended 30 June, 2024 were submitted to the Auditor-General on 7 February, 2025, approximately seven (7) months after the closure of the financial year. This is contrary to Regulation 101(4) of the Public Finance Management (National Government) Regulations, 2015 which provides that an Accounting Officer shall prepare the financial statements in a form that complies with the relevant accounting standards prescribed by the Public Sector Accounting Standards Board, not later than three (3) months after the end of the financial year and submit them to the Auditor-General with a copy to the County Treasury, the Controller of Budget and the National Treasury.

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

2. Failure to Prepare Estimates of Income and Expenditure

The statement of financial performance reflects total revenue and total expenses of Kshs.1,500,000 and Kshs.1,430,773 respectively. However, Management did not prepare estimates of income and expenditure. Although a statement of comparison of budget and actual amounts was prepared and included in the financial statements, the source of budget figures reflected in the statement could not be confirmed. This was contrary to Section 68(2)(h) of the Public Finance Management Act, 2012 which provides that an accounting officer for a National Government entity shall prepare estimates of expenditure and revenues of the entity in conformity with its strategic plan.

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

3. Non-Disclosure of Institute of Certified Public Accountants of Kenya Membership Number

The Institute of Certified Public Accountants of Kenya membership number was not disclosed in the relevant sections of the financial statements. This was contrary to the requirement of the Public Sector Accounting Standards Board Reporting Template (Revised June, 2024) for Technical and Vocational Education and Training institutes.

In the circumstances, the financial statements are not compliant with the requirement by the Public Sector Accounting Standards Board.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Internal Audit Department

The College did not have an internal audit unit during the year under review as required by Section 73(1)(a) of the Public Finance Management Act, 2012 which stipulates that

every national government entity shall ensure that it has appropriate arrangements in place for conducting internal audit according to the guidelines of the Public Sector Accounting Standards Board.

In the circumstances, the effectiveness of internal controls in the College could not be confirmed.

2. Lack of Audit Committee

During the year under review, the College did not have an audit committee in place as required by Section 73(5) of the Public Finance Management Act, 2012 which provides that every National Government public entity shall establish an audit committee whose composition and functions shall be as prescribed by the regulations.

In the circumstances, the effectiveness of governance systems in the College could not be confirmed.

3. Lack of Segregation of Duties

Review of the operations of the College revealed that the principal was executing procurement and finance functions in addition to his teaching and administration responsibilities. In view of the arrangements, there was no segregation of duties which is a key internal control intended to minimize errors or fraud.

In the circumstances, the effectiveness of internal controls in the College could not be confirmed.

4. Lack of Key Policies and Structures to Support Operations of the College

Review of the internal control environment at the College revealed that the College did not have in place a code of conduct for employees, human resource manual, finance policy manual, risk management policy, disaster recovery plan/business continuity plan, and debtors' management policy. Further, the College did not have key departments necessary to support the operations of the College. These include finance, procurement and Information Communication Technology departments with staff posted to the departments to ensure segregation of duties and that the operations of the College were in compliance with the law.

In the circumstances, the effectiveness of internal controls in the College could not be confirmed.

5. Lack of Board of Governors

During the year under review, the College did not have a board of governors in place, as required by Section 28(1) of the Technical and Vocational Education and Training Act, 2013.

In the circumstances, the effectiveness of governance systems in the College could not be confirmed.

The audit was conducted in accordance with 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 Board of Governors

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48

of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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 consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

24 April, 2025

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

15. Statement of Financial Performance For The Year Ended 30 June 2024

	Notes	FY: 2023/2024
		Kshs
Revenue from Non-Exchange transactions		
Transfers from other National Government entities	6	1,500,000
		1,500,000
Revenue from Exchange transactions		
Revenue from Exchange transactions		0
Total Revenue		0
Expenses		
Use of goods and services	7	1,329,773
Employee costs	8	61,000
Board Expenses	9	40,000
Total Expenses		1,430,773
Other Gains/(Losses)		
Total Other Gains/(Losses)		0
Net surplus/(deficit) for the year		69,228

The Financial Statements set out on pages 1 to 5 were signed by:

.....

Chairman of Council/Board

Date

~~NDH~~

Principal

Date: 31/03/2025

[Signature]

Finance Officer

ICPAK No

Date 4/5/2025




Rhamu Technical and Vocational College
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16. Statement of Financial Position As At 30th June 2024

Description	Notes	2023/2024
		Kshs
Assets		
Current Assets		
Cash and cash equivalents	10	69,228
Total Current Assets		69,228
Non-Current Assets		
Property, plant, and equipment	11	68,920,751
Total Non-Current Assets		68,920,751
Total Assets		68,989,979
Liabilities		
Total Current Liabilities		0
Total non- current liabilities		0
Total Liabilities		0
Net Assets		68,989,979
Represented By:		
Accumulated Surplus		69,228
Finance by		68,920,751
Net Assets		68,989,979

The Financial Statements set out on pages 1 to 5 were signed by:

..... 
Chairman of Council/Board

Principal


.....

Finance Officer

ICPAK No

Date

Date: 31/03/2025

Date 4/5/2025



17. Statement of Changes in Net Asset For The Year Ended 30 June 2024

Description	Revaluation reserve	Accumulated Fund	Capital Grants/Fund	Total
At July 1, 2022	0	0	0	0
Surplus/(deficit) for the year	0	0	0	0
At June 30, 2023	0	0	0	0
At July 1, 2023	0	0	0	0
Surplus/(deficit) for the year	0	69,228	68,920,751	68,989,979
At June 30, 2024	0	69,228	68,920,751	68,989,979

18. Statement of Cash Flows For The Year Ended 30 June 2024

Description	2023/2024	
	Note	Kshs
Cash flows from operating activities		
Receipts		
Transfers from other National Government entities	6	1,500,000
Total Receipts		1,500,000
Payments		
Use of goods and services	7	1,329,773
Employee costs	8	61,000
Board Expenses	9	40,000
Total Payments		1,430,773
Net Cash Flows from operating activities		69,228
Cash flows from investing activities		
Net cash flows used in investing activities		0
Cash flows from financing activities		
Net Increase/(Decrease) in Cash and Cash equivalents		69,228
Cash and Cash equivalents at 1 JULY		0
Cash and Cash equivalents at 30 JUNE		69,228

19. Statement of Comparison of Budget & Actual amounts For Year Ended 30 June 2024

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization Difference
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	%
Transfers from other National Government entities	2,000,000	0	2,000,000	1,500,000	500,000	25%
Total Income	2,000,000	0	2,000,000	1,500,000	500,000	25%
Expenses						
Use of goods and services	1,500,000	-	1,500,000	1,329,773	170,228	11%
Employee costs	200,000	0	200,000	61,000	139,000	70%
Board Expenses	300,000	0	300,000	40,000	260,000	87%
Total Expenditure	2,000,000	0	2,000,000	1,430,773	569,228	28%
Surplus For the Period				69,228	- 69,228	
Capital Expenditure						

20. Notes to the Financial Statements

1. General Information

Rhamu Technical and Vocational College is established by and derives its authority and accountability from PFM Act. The Rhamu Technical and Vocational College is wholly owned by the Government of Kenya and is domiciled in Kenya. The Rhamu Technical and Vocational College principal activity is providing Technical Education

2. Statement of Compliance and Basis of Preparation

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

3. Adoption of New and Revised Standards

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

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

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

Standard	Effective date and impact:
IPSAS 43: Leases	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Rhamu TVC. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. Significance to the financial statements The standard had no impact in preparation of financial statements
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. Significance to the financial statements The standard had no impact in preparation of financial statements
IPSAS 45: Property Plant and Equipment	<i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets. Significance to the financial statements The standard had no impact in preparation of financial statements
IPSAS 46:	<i>Applicable 1st January 2025</i>

Rhamu Technical and Vocational College
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Measurement	<p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p>Significance to the financial statements The standard had no impact in preparation of financial statements</p>
IPSAS 47: Revenue	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an Rhamu TVC shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p>Significance to the financial statements The standard had no impact in preparation of financial statements</p>
IPSAS 48: Transfer Expenses	<p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p>Significance to the financial statements The standard had no impact in preparation of financial statements</p>
IPSAS 49: Retirement Benefit Plans	<p>Applicable 1st January 2026</p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p>Significance to the financial statements The standard had no impact in preparation of financial statements</p>

iii. Early adoption of standards

The Rhamu TVC did not early adopt any new or amended standards in year 2024.

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

ii) Revenue from exchange transactions

Rendering of services

The Rhamu TVC 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 Rhamu TVC.

Interest income

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

Rental income

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

b) Budget information

The original budget for FY 2023/2024 was approved by the Management. 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 Rhamu TVC upon receiving the respective approvals to conclude the final budget. The Rhamu TVC's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 1 under section 14 of these financial statements.

c) Taxes

Current income tax

The Rhamu TVC is exempt from paying taxes under Income Tax Act cap 470 Section 13(1), Part I of the First schedule (10).

Sales tax/ Value Added Tax

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

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

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

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over 10 year period. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e) Property, plant and equipment

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

f) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Rhamu TVC. 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 Rhamu TVC also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Rhamu TVC 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 Rhamu TVC. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g) Intangible assets

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

h) Research and development costs

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

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

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

i) Financial instruments

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

Financial assets

Classification

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The Rhamu TVC assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The Rhamu TVC recognizes a loss allowance for such losses at each reporting date.

Financial liabilities

Classification

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

j) Inventories

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

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

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

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

Inventories (Continued)

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

k) Provisions

Provisions are recognized when the Rhamu TVC 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 Rhamu TVC expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

The Rhamu TVC 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 Rhamu TVC 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 Rhamu TVC in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

l) Social Benefits

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

m) Nature and purpose of reserves

The Rhamu TVC creates and maintains reserves in terms of specific requirements.

n) Changes in accounting policies and estimates

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

o) Employee benefits

Retirement benefit plans

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

p) Foreign currency transactions

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

q) Borrowing costs

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

r) Related parties

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

s) Service concession arrangements

The Rhamu TVC 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 Rhamu TVC 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 Rhamu TVC also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

t) Cash and cash equivalents

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

u) Comparative figures

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

v) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Rhamu TVC'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 Rhamu TVC 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 Rhamu TVC. 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 Rhamu TVC.
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the asset.
- Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available.

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

6. Transfers from other National Government entities

Description	2023/2024
	Kshs
Unconditional Grants	
Operational Grant	1,500,000
Total unconditional Grants	1,500,000
Conditional Grants amortised/ recognised in revenue	
Total Government Grants and Subsidies	1,500,000

7. Use of Goods and Services

Description	2023/2024
	Kshs
Subscriptions	80,000
Travelling and accommodation	1,164,200
Printing and stationery	43,000
Bank Charges	2,573
Other (Specify) - FACILITATION OF TVET @100	40,000
Total good and services	1,329,773

8. Employee Costs

Description	2023/2024
	Kshs
Salaries and wages	40,000
Performance and other bonuses	21,000
Employee Costs	61,000

9. Board Expenses

Description	2023/2024
	Kshs
Other Allowances	40,000
Total	40,000

10. Cash and Cash Equivalents

Description	2023-2024
	Kshs
Current Account	69,228
Total Cash and Cash Equivalents	69,228

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

Financial Institution	Account number	2023-2024
		Kshs
a) Current Account		
Equity Bank, 1000284525182		69,228
Sub- Total		69,228
b) On - Call Deposits		
Sub- Total		0
c) Fixed Deposits Account		
Sub- Total		0
d) Staff Car Loan/ Mortgage		
Sub- Total		0
e) Others(Specify)		0
Sub- Total		0
Grand Total		69,228

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11. Property, Plant and Equipment

Cost	Building	Land	Motor vehicles	Furniture and fittings	Computers	Plant and equipment	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 1 July 2022								
Additions	0			-		-		0
Disposals			-	-		-		
Transfers/Adjustments						-		
At 30th June 2023	0							0
Additions	68,920,751			-				68,920,751
Disposals		-	-	-		-		
Transfer/Adjustments						-		
At 30th June 2024	68,920,751							68,920,751
Depreciation and Impairment								
At 1 Jun 2022	-					-		-
Impairment	-	-	-	-		-	-	-
At 30 Jun 2023								
At 30th Jun 2023								
Net Book Values								
At 30th Jun 2023		-	-	-	-	-	-	
At 30th Jun 2024	68,920,751		-	-	-	-	-	68,920,751

Notes to the Financial Statements (Continued)

Valuation

As per National Treasury guidelines, Land and buildings were identified and valued as per the National Liabilities and Management Policy and guidelines (Issued June 2020).

11 (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
Buildings	68,920,751	0	68,920,751
Total	68,920,751	0	68,920,751

12. Events After The Reporting Period

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

13. Ultimate And Holding Rhamu TVC

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

14. Currency

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

21. Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
None	None	N/A	N/A	N/A

~~NDH~~

Name: Noor Dahia Hanshi
 Accounting Officer
 Principal
 Date : 04/02/2025

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Appendix II: Projects Implemented by The Rhamu TVC

Projects

There was no Projects implemented by the State Corporation/ SAGA Funded by development partners 2023/2024

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Appendix III- Inter-Rhamu TVC Confirmation Letter

Name of transferring

Name of beneficiary

There was no transferring and receiving of fund from other institution.

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Appendix IV: Reporting of Climate Relevant Expenditures

There was no expenditure related to Climate in the FY 2023/2024

Appendix V: Reporting on Disaster Management Expenditure

There was no expenditure related to Disaster Management in the FY 2023/2024