


REPUBLIC OF KENYA



*Enhancing Accountability*



**REPORT**

 <b>THE NATIONAL ASSEMBLY PAPERS LAID</b>	
DATE: <b>18 JUN 2025</b> DAY: <b>Wednesday</b>	
TABLED BY:	Hon. Owen Baya, MP Deputy Majority Leader
CLERK-AT-THE-TABLE:	Womale

PARLIAMENT  
OF KENYA  
LIBRARY

**OF**

**THE AUDITOR-GENERAL**

**ON**

**CHEPSIREI TECHNICAL AND VOCATIONAL  
COLLEGE**

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



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***CHEPSIREI TECHNICAL AND VOCATIONAL COLLEGE***  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**30<sup>TH</sup> JUNE 2024**



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

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**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
CTVC	Chepsirei Technical Vocational College

**B. Definition of Key Terms**

**Fiduciary Management** - Members of Management directly entrusted with the entity's financial resources.

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

## **2. Key Entity Information and Management**

### **(a) Background information**

Chepsirei Technical and Vocational College was established as a Youth Poly early 1970s. In the year 2015 the institution was revived and proposed to be upgraded to a Technical Training Institution (TTI). The establishment of Chepsirei Technical and Vocational College was presided over by The Principal Secretary, State Department of Vocational and Technical Training in March 2015. The institution was later commissioned on 19 October 2019. The institution was registered by the Technical Vocational Education and Training Authority (TVETA) in July 2021 to operate as Technical and Vocational College in accordance with TVET ACT, No 29 of 2013.

### **(b) Principal Activities**

#### **Vision**

To be a global power house in innovations, research, technical and vocational training.

#### **Mission**

To impart quality technical, vocational and innovative skills relevant for individual and national development that meets the demands of the global market.

#### **Mandate**

- To offer technical training
- To provide and promote lifelong learning

#### **Core Values**

The Chepsirei Technical and Vocational College is an integral part of the society and endeavours to exhibit high social and professional standards. Core Values are the fundamental ideals at the heart of the institution and lays the foundation on which it operates. Guided by our vision and mission, we shall uphold the following values at all times:

- Integrity
- Accountability
- Professionalism
- Diversity
- Team work
- Customer focus

#### **The following are the strategic objectives;**

1. To offer innovative and relevant academic programmes that meet the dynamic market needs.
2. To provide and maintain adequate infrastructure to support the core functions of the institution.

3. To develop capacity of staff through training to enhance service delivery
4. To create an enabling environment and policy framework that promote research and development.

**(c) Key Management**

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

- Board of Governors.
- Accounting officer/ Principal
- Management team

**(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	Patrick Tororei
2.	Deputy Principal	David Komen
3	Head Of Finance	Hillary Salkong
4	Head Of Procurement	Richard Kwambai
5	Registrar	Alice Jepchumba
6	Dean Of Students	Daniel Sirengo

**(e) Fiduciary Oversight Arrangements**

The following are the key fiduciary oversight arrangements:

**i) Audit committee activities**

The duties and responsibilities of the audit committee include;

- Discussing risk management policies and practices
- Monitoring choice of accounting policies and principles
- Overseeing hiring, performance and independence of external auditor
- Overseeing the performance of internal audit function
- Development partner oversight activities
- Other oversight activities

**ii) Finance, Infrastructure, Human resource, Education and Technical Training Committee**

The Committee shall exercise all the powers of BOG in financial matters except in relation to items which are reserved to BOG, on which the Committee shall advise the BOG.

Terms of Reference: The role of the Committee shall be to monitor the financial status of the Institute on behalf of the BOG. In addition to advising BOG on those matters referred to above, the Committee's responsibilities shall include:

- (i) To monitor and facilitate the implementation of the Institute's strategy with regard to financial matters;
- (i) To receive reports from the Accounting Officer ensuring that ensuring that financial statements are understandable, transparent and reliable;
- (ii) To consider the adequacy of the Institute estate and proposals for its maintenance and development, including opportunities to dispose of and acquire new projects;
- (iii) To determine the fees and charges made for the institute services and facilities;
- (iv) To supervise the financial administration of the Institute and make recommendations to BOG where appropriate;
- (v) To supervise the arrangements for safeguarding the Institute's assets;
- (vi) To ensure the proper financial evaluation and control of projects;
- (vii) To supervise the arrangements for investing the Institute's funds, including monitoring the performance of investments;
- (viii) To ensure the appropriate exploitation of the Institute's intellectual property;
- (ix) To make recommendations to BOG on the financing of projects; and
- (x) To supervise the effective and efficient procurement and use of resources in accordance with the objectives of the Institute.

**(f) Entity Headquarters**

P.O. Box P.O. Box 766-30100  
Eldoret, Kenya

**(g) Entity Contacts**

Telephone: (254) 797868600  
E-mail: [chepsireitvc@gmail.com](mailto:chepsireitvc@gmail.com)  
Website: [www.chepsireitvc.ac.ke](http://www.chepsireitvc.ac.ke)

**(h) Entity Bankers**

Kenya Commercial Bank  
MTRH Branch  
P.O Box 560-30100  
Eldoret, Kenya

**(i) Independent Auditors**

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



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

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**(j) Principal Legal Adviser**

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

**3. Board of Governors**

<b>Director's photo-size photo and name and key profession/academic qualification</b>	<b>Description of each Director's Date of birth, key qualifications and work experience</b>
 <p>Mr Sam Kalya</p>	<p>Mr Sam Kiprotich Kalya was born in the year 1961. He holds MBA Degree and B. Com Degree from University of Nairobi. He has CPA K. He works as a branch Manager of the former Kenya Reinsurance. He was the county transition coordinator Elgeiyo Marakwet County. He is currently a part time Lecture Koitalel Samoei University. He is the Chairperson, Infrastructure, Finance, Human Resource and Technical Training.</p>
 <p>MR. Abraham Kipkoech Kipruto</p>	<p>Mr. Abraham Kipkoech Kipruto was born in the year 1976. He holds MBA in strategic management and PHD Ongoing  He is agribusiness financial consultant.</p>



Mr Patrick Tororei

Mr. Patrick Tororei  
He is the Principal and Secretary to the Board of Governors.



Mr. Christopher Maingi

Mr. Maingi was born in 1965 he has a B.Sc in Chemistry at Kenyatta University. He has masters Degree in Chemistry at Jomo Kenyatta University. He is currently working at Rivertex East Africa Ltd as a processing manager.



Mr. Stephen Wafula

Mr Stephen Wafula was born in the year 1977. He holds a MSc degree in Biostatistics and BSc Mathematics (statistics). He is a senior Data Analytic Advisor, Palladium. He is a member of Finance, Infrastructure, Human resource, Education and Technical Training



Dr. Sempele Nairesiac Catherine (PHD) was born in the year 1973. She holds a Doctorate degree in Educational Technology (Home science and Technology Education) and Master of Education in Home Science and Technology with Bachelor of Education in Home Science and Technology. She is a lecture at the University of Eldoret. She is the Chairperson of Finance, Infrastructure, Human resource Committee.

Dr. Sempele Nairesiac Catherine (PHD)



Rose Janet Ayugi was born in January 1966. She has a master Degree in law and Bachelor's Degree in Law. She is a senior lecturer and Chair of public law department at Moi University. She worked as an international consultant in southern Sudan. She is a member of Audit Committee.

Ms Rose Janet Ayubi



Eng Janet Jeruto was born in the year 1978. She holds MBA Degree and BSC(Electrical and Electronic Engineerin) from University of Nairobi. She is currently the manager ,Subscriber Data Management(SDM),Safaricom Limited. She is a member of Finance ,infrastructure,Human Resource,Education and Technical Training.



Eng. Janeth Jeruto



Mr. Gichuru Mutulili

Mr. Gichuru Mutulili was born on 3<sup>rd</sup> September 1966. He has MBA Degree and B.Ed. He is Currently the TVET County Director Elgeyo Marakwet County, Uasin Gishu and Nandi Counties

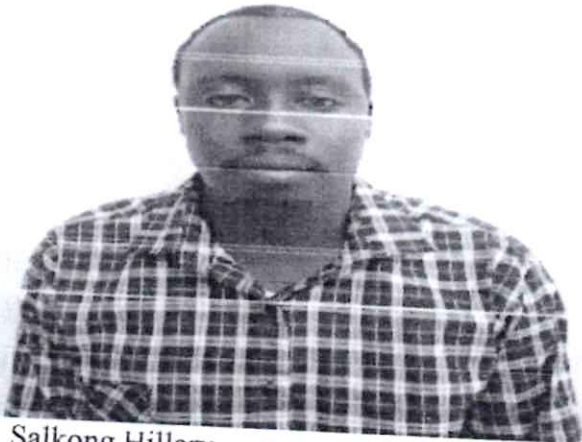
**4. Key Management Team**

Name of the Staff	Responsibility
 <p>Mr. Patrick Tororei</p>	<p>He is the Principal and the Secretary to the Board of Governors</p>
 <p>Mr David Komen</p>	<p>He is the Deputy Principal.                      He is in charge of Administration and Academic affairs</p>



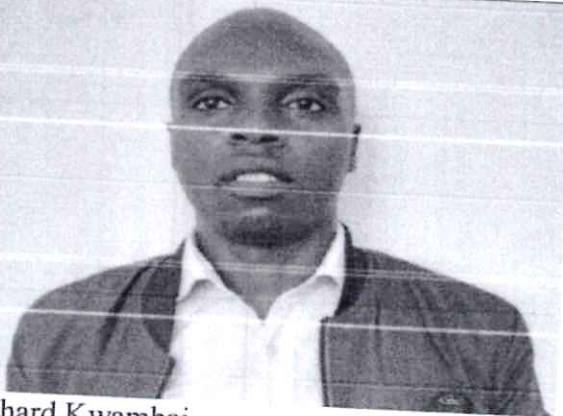
Daniel Sirengo

He is the Dean of students who is in charge of student welfare



Mr. Salkong Hillary  
BCom (Finance) Ongoing  
ICPAK

He is the Acting Accountant and the head of Finance he is in charge of; Financial management, budgeting and control and Financial Reporting



Richard Kwambai  
Procurement Officer

He is the procurement officer who is in charge of advisory serviced and matters pertaining procurement

## **5. Chairman's Statement**


The institution strategic plan 2021-2026 is written and bears in mind the reforms that the MOE has undertaken resulting in the enactment of various laws and policies. Thus, it has become necessary for Chepsirei Technical and Vocational College to come up with a strategic plan to guide its alignment to these new laws and policies. In addition, the ongoing restructuring in government requires programmes to align with the country's development blueprint and national priorities in Kenya's Vision 2030, the Second Medium Term Plan (MTP II) and the 'Big Four Agenda', which will guide the development agenda of the country in the period 2019-2023.

The institution strategic plan 2021-2026 highlights the following key areas: -

- i. Infrastructure
- ii. Curriculum and student enrolment
- iii. Governance and
- iv. leadership
- v. Information communication Technology
- vi. Financial Capacity
- vii. Human Resource Management

The institution focuses on the current reforms that places special demands on TVET as the leading engine that the economy must essentially rely upon, to produce skilled and adequate middle level professionals needed to attain the Vision 2030. The remaining period of implementation will endeavour to achieve this by networking with funders from various levels of government and Non-Governmental Organizations (NGOs).

Name Sam Kalya

  
chairman- board of governors

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

I am pleased to give a review of Chepsirei Technical and Vocational College for the FY 2023-2024. I wish to state from the onset that the institute is well placed to continue providing quality and relevant training to her graduates that will them to contribute towards attainment of our country's vision 2030 strategic objectives and the government Bottom-Up Economic Transformational Agenda (BETA). In furtherance of our mandate therefore, we have committed ourselves to consistently and regularly review, improve and consolidate our institutional policies and academic programs to ensure competitiveness in terms of quality and relevance. With the guidance of the governing board, we are working hard in setting up structures aimed at quidding the institution in the right strategic direction.

During the financial year 2023-2024, the TVET sector underwent major reforms in terms curriculum design and funding model. The government of Kenya directed all TVET institutions to fully implement the competency-based education and training curriculum effective fully September 2023. The institute complied and mounted CBET programs during the September intake and subsequent intakes.

During the year under review, the government of Kenya introduced a new funding model for TVETs and universities. The total fee for TVETS was set at ksh 67,189 which was to be financed partly as scholarship, partly HELB loan and partly by the Households. This was based on the categorization resulting from Means Testing Instrument (MTI) which classified trainees into 5 different bands. This model applied to trainees admitted from September 2023. This was a shift from the previous model that was based on capitation per trainee. In the previous model, the total tuition fee had been capped at ksh 56,420. All eligible trainees would receive capitation of ksh 30,000 while the balance of Ksh 26,420 would be paid by the parents, guardians and sponsors including the Higher Education Loans Board (HELB)

During the year 2023/2024, there was a decrease in trainee enrolment from 360 to 240 by the close of the financial year ended 30 June 2024. The drop could be attributed to trainees going to attachment and others finishing their programs.

The institute also continued with good performance in national exams registering 81% overall pass in KNEC examinations March, 2024 series. I Acknowledge the dedication and team spirit of all the staff who have continued to work selflessly to realize the mission of the college.

On behalf of institute board of governors and management, I take this opportunity to thank the government for unequivocal support during the year under review by the public service commission where the institute is going to receive 7 additional trainers.

I also appreciate the support of all our stakeholders and partners during the year. Special thanks to the chairman and members of the board for their valuable insights and guidance in their oversight role. I look forward for their continued support in the new financial year and years ahead.

In conclusion I assure all stakeholders that the institute is on course in achieving her mandate resource challenge notwithstanding. It is our hope that the economic environment will be

favourable to allow for timely disbursement of allocated funds. During the year under review the institute was faced with reduction in capitation revenue per trainee. Each trainee was to receive capitation of 7,500 per quarter but the government instead release ksh 3500, ksh 3500, ksh 4000, and ksh 4000 in quarters one, two, three and four respectively. This adversely affected our performance and budget projections. However, I look forward to a better performing year ahead.



.....  
Daniel Maswai  
Principal/Secretary to BOG

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

Chepsirei Technical and Vocational College has 7 strategic pillars and objectives within its Strategic Plan for 2021-2026. These strategic pillars are as follows:

- Pillar 1: Physical Infrastructure
- Pillar 2: Curriculum implementation
- Pillar 3: Governance and leadership
- Pillar 4: ICT infrastructure
- Pillar 5: Financial Capacity
- Pillar 6: Research and Innovation
- Pillar 7: Human Resource Management

Chepsirei Technical and Vocational College develops its annual work plans based on the above 7 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The institution set to achieve its performance targets set for the FY 2022/2023 period for its 7 strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: Physical Infrastructure	To upgrade facilities so as to correspond to standards of training required and expansion in enrolment	Availability of workshops	Increase student enrolment	We constructed six temporary classroom
Pillar 2: Curriculum and student enrolment	-To provide quality and relevant technical training -To raise and maintain academic standard standards in all courses	- To increase enrolment	- Enhance marketing - Introduce more courses	Increase in students Enrolment
Pillar 3: Governance and leadership	-To develop a management structure that serves the institution -To establish culture of good governance in management and administration of the institution over the plan period	-Policies implemented -Programmes implemented and reforms implemented -A well working student organization -Monitoring and evaluation mechanism	-Policies and regulation implemented -Programmes implemented and relevant service reforms implemented -Implementation of the institutional policy framework	We have enhanced good corporate governance

<p><b>Information communication Technology</b></p>	<p>-To build ICT capacity in curriculum delivery, service delivery and institutional management.</p> <p>-To acquire, install, commission and maintain machines and equipment</p> <p>-To build ICT capacity in curriculum delivery.</p>	<p>-Use of ICT in instruction</p> <p>-Interconnectivity of departments through viable means of communication</p>	<p>-Develop an ICT framework</p> <p>-Interaction of ICT in teaching and learning</p> <p>-Develop and maintain fully functional networked and wireless internet facilities</p>	<p>The institution has acquired more computers and installation of reliable Wire less network</p>
<p><b>Pillar5: Financial Capacity</b></p>	<p>-Improve financial sustainability through effective and efficient financial and procurement systems</p>	<p>-Implemented financial policies in daily operations</p> <p>-Developed proposals</p>	<p>-Reduce fees defaults</p> <p>-Cost reductions and savings</p> <p>-Develop funding to the GOK</p> <p>-Develop funding to donors and income generating activities.</p>	<p>The institution has come up with sound Financial Management policies, Strong Internal Control</p>
<p><b>Pillar6: Research and Innovation</b></p>	<p>-To enhance research and development in the institution</p>	<p>-Research and development infrastructure</p>	<p>-Research and development infrastructure</p>	<p>The institution has participated in trade fairs</p>
<p><b>Pillar 7: Human Resource Management</b></p>	<p>-To formulate policies and practices that --- Promotes effective and efficient performance</p>	<ul style="list-style-type: none"> <li>- High morale and productivity of staff</li> <li>- Enhanced HR management</li> <li>- Smooth organization management</li> <li>- Proper staff placement and training needs identification</li> <li>- Identification of staff job related needs.</li> <li>- To ensure continuous smooth flow of work.</li> </ul>	<ul style="list-style-type: none"> <li>- High morale and productivity of staff</li> <li>- Enhanced HR management</li> <li>- Smooth organization management</li> </ul>	<p>The institution enacted HR Policies in the strategic plan</p>

## **8. Corporate Governance Statement**

The statement outlines the key aspects of the Institute's corporate governance framework. Corporate governance is the process by which the Institute is directed, controlled and held to account. It provides the structure through which the strategic objectives of the Institute are set, and the means of attaining of them as well as monitoring performance. Corporate Governance dictates the engagement between the Institute Board of Governors, Management, Regulators and all Stakeholders.

The Institute in its decision-making processes observes the highest ethical standards and benchmarks on global best practices in compliance with the applicable legal principles, its vision, mission and core values for sustainability of the Institute.

### **(i) The Board charter.**

The Board is guided by the Board Charter which defines the governance procedures within which the Board exists and operates. The charter clearly states the respective roles, responsibilities and the authorities of the Board and its Committees.

### **(ii) Board Appointment and Composition.**

In accordance with the TVET Act, 2013, the Board of Governors consists of nine persons appointed by the Cabinet Secretary for a period for of three years and who are eligible for re-appointment for a further one term.

The membership of the Board of Governors comprises of;

- (a) The Chairperson;
- (b) The principal who is the Secretary to the Board of Governors.
- (c) Representative of the Principal Secretary in the Ministry of Education Science and Technology, State Department of TVET
- (d) Representative of the Governor of County Government of Elgeyo Marakwet.
- (e) Five other members appointed on the basis of their knowledge and experience in— (i) leadership and management; (ii) financial management; (iii) technology; (iv) industry; (v) engineering; (vi) information communication technology

### **Some of the roles of the board of governors include:**

- (a) Approve the policies of the Institute
- (b) Employ staff
- (c) Approve the Annual Budget
- (d) Cause the Accounts to be kept and financial statement to be prepared and presented for audit.
- (e) Undertake other functions set out in the TVET Act, 2013.

### **(iii) Board Diversity**

The Board members possess a broad range of skills, expertise, experience and knowledge essential to undertake the Institute's mandate. The Institute endeavors to and remains compliant with the one third (1/3) gender balance.

### **(iv) Separation of Powers**

The Chairman of the Board's responsibilities include the operation, leadership and governance of the Board, ensuring its effectiveness and setting its agenda. The Institute Principal's roles and responsibilities include the

day-to-day management of the Institute's business and overseeing the implementation of strategies, policies approved by the Board.

**(v) Board's Effectiveness**

In order to ensure that the Board members are effective in their contribution to the management of the Institute, the members undergo regular training to enable them to fulfill their responsibilities. The Board members undergo a comprehensive induction and capacity building program upon their inauguration.

**(vi) Board Evaluation**

The Board has put in place evaluation system to ensure that the Board achieves its objective. The Board evaluation is scheduled to take place in the year 2024/2025.

**(vii) Sitting Allowances of the Board**

The Board members are remunerated for their service in accordance with the prevailing relevant legislative provisions and/or guidance from the relevant authority. The remuneration includes sitting allowances per sitting to the Chairman and members. In addition, sitting allowances may be payable when on official duty in and outside the country.

**(viii) Conflict Of Interest**

The Institute conflict of interest policy outlines the circumstances under which a conflict of interest may arise. Board members are required to avoid conflict of interest and deal at arms-length in any matter that relates to the organization. However, a board member who identifies an area of conflict shall be required to disclose any actual or potential conflict of interest to the board. A register of interests is maintained and declarations of any conflicts of interests are made at the start of each committee and board meetings.

**(ix) Committees of the Board:**

The Institute has a total of three committees which are;

- (i) The Audit, Risk and Governance Committee
- (ii) Finance and Resource Mobilization Committee
- (iii) Education, Research and Human Resource Committee.

**9. Management Discussion and Analysis**

**SECTION A:**

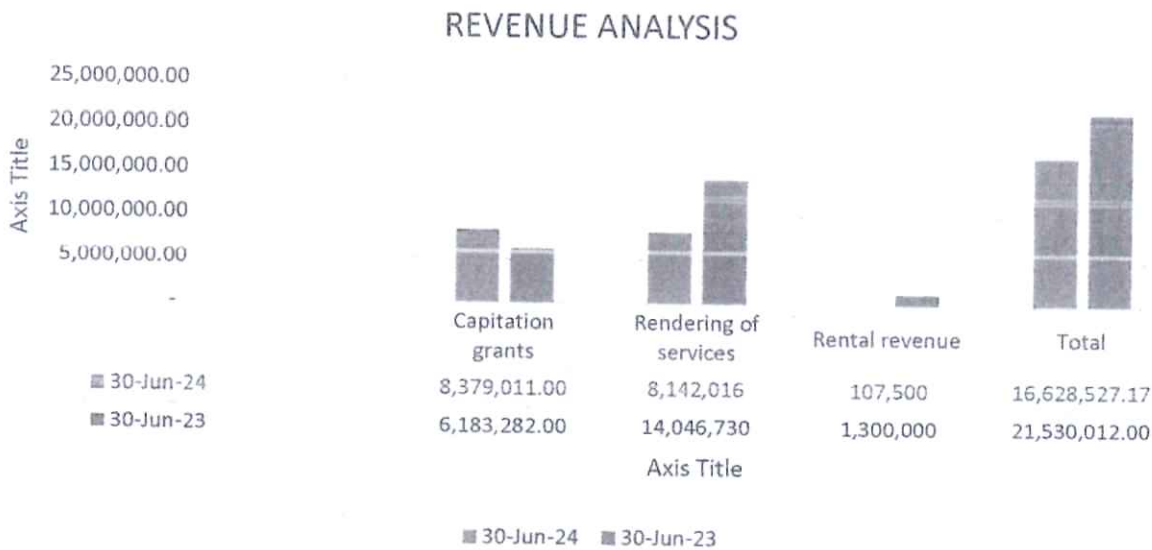
**) The Institute's Performance**

**Revenue**

The Institute's sources of funds during the year under review includes;

- (i) Government Grants – Capitation
- (ii) Internally generated funds – Tuition and other related charges

During the year, revenue of Ksh.8,379,011 was receivable from the national government as capitation, Ksh.8,243,504 receivable from for rendering of services and Kshs 107,500 from rental incomes generated internally. The Institute's total revenue decreased by 23%. The variance was attributed to low enrolment which led to reduction of fees collectible.

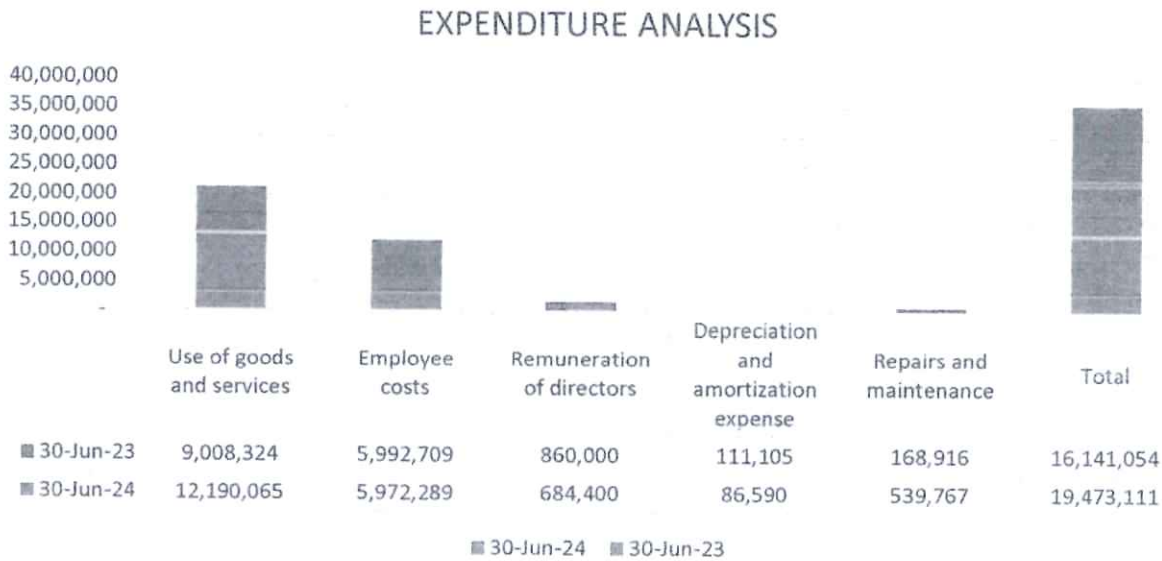


**Fig. 1. The Institute's Comparative Revenue Analysis for the periods ending 30<sup>th</sup> June 2023 and 30<sup>th</sup> June 2024.**

**Expenditure**

The institute's expenditure comprises of the use of goods and services, employee costs, repairs and maintenance, the board of governor's costs, and general expenses.

The overall expenditure for the period increased by 22% to 19,497,620 from 16,166,192 in the last financial year.



**Fig. 2. The Institute’s Comparative Expenditure Analysis for the periods ending 30<sup>th</sup> June 2023 and 30<sup>th</sup> June 2024.**

**(b) The Institute’s Compliance with Statutory Requirements**

The Institute complies with statutory requirements and has remitted payroll statutory deductions over the years.

**(c) Material Arrears in Statutory/Financial Obligations.**

The Institute does not have any loan default, tax default, outstanding staff and pension obligation/actuarial deficit. The pending bills from suppliers as at the end of the financial year stood at Kshs 4,945,089.

**(d) Key Projects and Investment Decisions the Institute is Planning/Implementing.**

During the year under review the Institute undertook the following projects some of which are works in progress

**(e) The proposed projects are provided in the table below:**

No.	ONGOING PROJECTS	SOURCE OF FUNDS
1.		
2.		
3.		
4.		
5.		

**(f) Major Challenges and Risks Facing the Institute**

The following are the major challenges facing the Institute.

No.	Challenge	Mitigation
1	Delayed disbursement of capitation funds from the Government	Making formal follow-ups including, writing letters and visiting the Ministry of Education Offices
2	Low trainee enrolment	Working with National youth service to have their trainees placed in the college

**(f) The Entity's Financial Probity and serious Governance Issues**

There are where no financial probity and serious governance issues during the year under review.

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

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

### **Sustainability strategy and profile**

The triple Bottom Line concepts analyse the sustainability of an organization based on three concepts: Profits, people (social) and Planet (environment).

**Profit:** The institute has adopted a transformation strategy aimed at ensuring that she remains financially sound in the face of dwindling funding from the central government. The institutions have expanded its capacity for internally generated income like production of sanitizers and masks.

**Social:** the institute has developed a succession management policy to address the welfare of employees in the future and ensure that the organization is sustainable in the future

**Environment:** The board of governance has plans to undertake an environmental sustainability audit and developed an environmental policy to address the issues of environmental sustainability that will be identified during the audit.

### **Environmental performance**

Use of softcopy material has been encouraged and thereby reduced on the use of paper. Training sessions are conducted with the use of white boards instead of chalk board thereby reducing dust and related effects.

### **Employee welfare**

The Institute values her employees and the many stakeholders, including the wider community where the training of our students has the potential to bring positive social and environmental change. We value the contribution that individuals and external entities make to our Institute through community consultation process. Capacity building trainings were conducted during the year to improve on the staff competency and planning for retirement.

We integrate the principles of social responsibility into our core mandate internally by exhibiting the behaviors of good corporate governance, ethical decision making, and providing our personnel with opportunities to develop and excel. We integrate the principles of social responsibility into our training activities externally by minimizing our environmental impact and seeking to enhance the amenity of residential communities.

<b>Activity</b>	<b>Description</b>
<b>Better training</b>	<ul style="list-style-type: none"> <li>• Optimizing training operations to meet ongoing social and sustainability objectives.</li> <li>• Providing opportunities for growth as the Institute by becoming involved in our local community.</li> </ul>
<b>Enhanced community</b>	<ul style="list-style-type: none"> <li>• Focusing on good urban design and empowered members for healthy, happy and resilient community.</li> </ul>

- Supported Staff**
- Promoting initiatives that support staff and their families, beyond the provision of employment.
  - Promoting initiatives that recognize the contribution of the students to the community.

### **Policies Guiding the Institute's Hiring Process**

<b>S/no</b>	<b>Title</b>	<b>Review Period</b>	<b>Remarks</b>
1	Career Progression	Regularly	Vacant positions are filled competitively both internally and externally. Financial resources are considered before effecting the strategy
2	Human Resource Manual	Regularly	Terms and conditions of service governing employees are applied across the board without discrimination
3	Internship Policy and guidelines	Regularly	Intern positions are filled competitively and without discrimination
5	Gender Mainstreaming	Regularly	The Institute observes equal employment opportunities during staff recruitment across all genders
6	Disability Mainstreaming	Regularly	The institute offers equal employment opportunities to officers living with disability. The institute also offers rights and privileges as provided in the PWDs Act and Board employment policies

### **Market place practices-**

#### **Responsible Supply Chain and Supplier relations**

The College has maintained good business practice by complying with the government policy and Section 227 of The Constitution of Kenya.

All procurement activities have continuously been carried out where Supply Chain ensured that there are sufficient funds to meet the obligations of the resulting contract and are reflected in the approved budget estimates. Knowledge of available funds acts as a guide in knowing what to procure and when to procure.

The organization has maintained and continuously updated list of registered suppliers, contractors and consultants in various specific categories of goods, works or services according to its procurement needs.

Chepsirei Technical and Vocational College has at all-time ensured responsible treatment of the suppliers in various ways as featured below;

- i) Ensuring proper communication channels e.g., Telephone lines and emails are open so as to make sure information is passed across efficiently and effectively between the procurement department and the suppliers.
- ii) Providing customer support when and where required. This entails listening keenly to suppliers, contractors and consultants and responding appropriately.
- iii) When doing procurement planning the institute has complied with preference and reservation requirements.

- iv) Supply Chain function has ensured timely submission of the suppliers' invoices to facilitate payment process by the finance department after delivery of goods, services or works is completed. This helps in making sure that the payment process is not delayed. Timely payment of suppliers helps in maintaining a good relationship with the supplier and also avoiding of penalties that may arise on delayed payment.
- v) Supply Chain also makes follow ups of invoices issued to finance for payment process to ensure timely payments of suppliers.

### **Corporate Social Responsibility / Community Engagements**

During the year under review, the institute carried out various CSR activities to impact the society such as tree planting, road safety awareness and helping the less fortunate in our community.

#### **Employee welfare**

The Institute values employees and all stakeholders, including the wider community where the training of our students has the potential to bring positive social and environmental change. We value the contribution that individuals and external entities make to our Institute through community consultation process. Capacity building trainings were conducted during the year to improve on the staff competency and planning for retirement.

We integrate the principles of social responsibility into our core mandate internally by exhibiting the behaviours of good corporate governance, ethical decision making, and providing our personnel with opportunities to develop and excel. We integrate the principles of social responsibility into our training activities externally by minimizing our environmental impact and seeking to enhance the amenity of residential communities.

<b>Activity</b>	<b>Description</b>
<b>Better training</b>	<ul style="list-style-type: none"><li>• Optimizing training operations to meet ongoing social and sustainability objectives.</li><li>• Providing opportunities for growth as the Institute by becoming involved in our local community.</li></ul>
<b>Enhanced community Supported Staff</b>	<ul style="list-style-type: none"><li>• Focusing on good urban design and empowered members for healthy, happy and resilient community.</li><li>• Promoting initiatives that support staff and their families, beyond the provision of employment.</li><li>• Promoting initiatives that recognize the contribution of the students to the community.</li></ul>

### **Corporate Social Responsibility / Community Engagements**

During the year under review, the institute carried out various CSR activities to impact the society such as tree planting, road safety awareness and helping the less fortunate in our community.

**11. Report of the Board of Governors**

The Board members submit their report together with the audited financial statements for the year ended June 30, 2024, which show the state of Chepsirei Technical and vocational College's affairs.

**Principal activities**

The principal activities of Chepsirei Technical and vocational college is training middle level technicians and continues to be so.

Results


**Board of Governors**

The members of the Board who served during the year are shown on page iv

Auditors

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

By Order of the Board



.....  
**Daniel K. Maswai**

**Secretary to the Board**

**Chepsirei Technical and vocational college.**

**Date: 27th September 2024**

**12. Statement of Board of Governors Responsibilities**

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

The board members are responsible for the preparation and presentation of Chepsirei Technical and Vocational College financial statements, which give a true and fair view of the state of affairs of Chepsirei Technical & Vocational College as at the end of the financial year ended on June 30, 2024. This responsibility in Chepsirei Technical and Vocational College includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the college; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Chepsirei 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 Chepsirei 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 board members are of the opinion that the Chepsirei Technical and Vocational College's financial statements give a true and fair view of the state of Chepsirei Technical & Vocational College's transactions during the financial year ended June 30, 2024, and of the Chepsirei Technical and Vocational College's financial position as at that date. The board members further confirm the completeness of the accounting records maintained for the Chepsirei Technical and Vocational College, which have been relied upon in the preparation of the Chepsirei Technical and Vocational College'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 the Chepsirei Technical and Vocational College will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

Chepsirei TVC financial statements were approved by the Board on 27<sup>th</sup> September 2024 and signed on its behalf by:

  
.....

**Chairperson of the Board**

  
.....

**Mr. Daniel Maswai**  
**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

## **REPORT OF THE AUDITOR-GENERAL ON CHEPSIREI TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2024**

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### **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 the 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 aim to address the Auditor-General's statutory roles and responsibilities 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 Chepsirei Technical and Vocational College set out on pages 1 to 33, 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 Chepsirei Technical and Vocational College as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Technical and Vocational Education and Training Act, 2013.

### **Basis for Qualified Opinion**

#### **1. Unsupported Rendering of Services – Fees from Students**

The statement of financial performance reflects an amount of Kshs.8,243,504 as fees from students and as disclosed in Note 7 to the financial statements. However, the balance was not supported with a ledger or nominal roll data showing the students that were in session for various courses during the year and the respective fees charged per student per session.

In the circumstances, the accuracy and completeness of the reported amount of Kshs.8,243,504 in respect of rendering of services – fees from students could not be confirmed.

#### **2. Inaccurate Property, Plant and Equipment Balance**

The statement of financial position reflects property, plant and equipment balance of Kshs.1,363,595 as disclosed in Note 17 to the financial statements. However, the following anomalies were noted:

- i) The College sits on a 15.57 hectares of land owned by Chepsirei Youth Polytechnic. However, the value of the land was not disclosed in the financial statements. The College also accommodated Soy South Ward offices and National Youth Service yet no agreement in this regard was provided for review.
- ii) The property, plant and equipment balance of Kshs.1,363,595 was not supported by a schedule showing the breakdown of the assets. Therefore, it was not possible to ascertain whether the balances were reported on historical cost nor valuation basis.

- iii) There was no proof of proper demarcation, planning and utilization of the land from physical planning as there was no master plan.
- iv) The College received various assets from the parent Ministry for use in refrigeration and air conditioning technology courses which however were excluded from the reported property, plant and equipment balance of Kshs.1,363,595. In addition, the value could not be ascertained.
- v) There was no asset coding and tagging.
- vi) The handing over files from the mentoring institution, Emining Technical Training Institute, were not provided for audit verification.

Further, the statement of financial performance reflects depreciation and amortization expense of Kshs.111,099. However, the reported balance was not supported by a schedule showing the computation neither was it possible to recompute since the rates of the depreciations charged were not disclosed in the financial statements.

In the circumstances, the accuracy, ownership and valuation of property, plant and equipment balance of Kshs.1,363,595 could not be confirmed.

### **3. Unsupported Current Portion of Receivables from Exchange Transactions**

The statement of financial position and, as disclosed in Note 15 to the financial statements, reflects current portion of receivables from exchange transactions of Kshs.16,491,183 which includes student debtors balance of Kshs.16,313,195. However, the balance was not supported by a movement schedule showing the student's opening balances, additions, payments and closing balance and detailed aging analysis. Further, there were no provisions made for bad and doubtful debts.

In the circumstances, the accuracy, completeness, presentation and disclosure of the current portion of receivables from exchange transactions balance of Kshs.16,491,183 could not be confirmed.

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

#### **Emphasis of Matter**

##### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final revenue budget of Kshs.39,806,680 and actual on a comparable basis of Kshs.16,730,015 resulting to an under-funding of Kshs.23,076,665 or 58% of the budget.

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

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters 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 Board of Governors are responsible for the other information set out on page iii to xxvii which comprise of Key Entity Information and Management, The Board of Governors, Management Team, Chairman's Statement, Report of the Principal, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Corporate Social Responsibility 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.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES**

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the matter 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.

### **Use of Spreadsheets in Financial Reporting**

The College uses spreadsheets for recording and posting transactions. Use of spreadsheets as an accounting software does not guarantee the internal check normally achieved via an inbuilt double entry system in an Enterprise Resource Management System.

In addition, the financial records, ledgers and cash books were maintained in spreadsheets with no backup system and lacked an audit trail. Further, the use of

spreadsheets does not provide for approval and authorization of transactions as they can be amended without the consent of the Accounting Officer as required by Regulation 102(3) of the Public Finance Management (National Government) Regulations, 2015 which states that an Accounting Officer shall satisfy himself or herself that where an alteration of a financial record requires the authorization, approval and, or deletion of any transaction or data whether electronic or manual by any means other than in writing, that there is sufficient audit trail which shall identify the person who approved the transaction.

The use of spreadsheets does not also meet the requirements of Section 68(2)(c) of the Public Finance Management Act, 2012 which states that an Accounting Officer shall ensure that all financial and accounting records the entity keeps in any form, including in electronic form are adequately protected and backed up.

In the circumstances, Management was in breach of the law and controls over financial reporting could not be confirmed.

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

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on the 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**

#### **Weak Human Resource Management System**

During the year under review, the College did not have an approved salary structure, an approved scheme of service for its Board of Management staff to define job categories by profession, qualifications and experience, career progression and conditions of progression.

In the absence of the scheme of service, it was not possible to ascertain how recruitment, promotion and reward of staff were determined. This may have had the effect of creating unfair human resource practices affecting employees' morale and productivity in the long run.

In the circumstances, the existence of effective controls over human resource systems could not be confirmed.

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

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

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

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

considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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



**FCPA Nancy Gathungu, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**29 May, 2025**

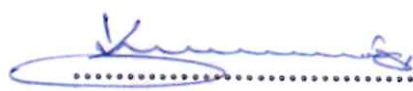
**Chepsirei Technical and Vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

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


	Notes	Year Ended 30 June 2024	Year Ended 30 June 2023
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the National Government – capitation	6	8,379,011	6,183,282
<b>Total revenue from non-exchange transactions</b>		<b>8,379,011</b>	<b>6,183,282</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Fees from students	7	8,243,504	14,046,730
Rental revenue from facilities and equipment	8	107,500	1,300,000
Other incomes			
<b>Total revenue from exchange transactions</b>		<b>8,351,004</b>	<b>15,346,730</b>
<b>Total revenue</b>		<b>16,730,015</b>	<b>21,530,012</b>
<b>Expenses</b>			
Use of goods and services	9	12,190,065	9,008,324
Employee costs	10	5,972,289	5,992,709
Remuneration of directors	11	684,400	860,000
Depreciation and amortization expense	12	111,099	136,243
Repairs and maintenance	13	539,767	168,916
Finance cost			4821
<b>Total expenses</b>		<b>19,497,620</b>	<b>16,171,013</b>
<b>Surplus/(deficit) for the year</b>		<b>(2,767,604)</b>	<b>5,358,999</b>

(The notes set out on pages 6 to 30 form an integral part of the Annual Financial Statements).

The Financial Statements set out on pages 1 to 6 were signed by:

  
 .....  
**Chairman of Council/Board**

  
 .....  
**Principal**

  
 .....  
**Finance Officer**

Date 06.03.2025

Date 06/03/2025

ICPAK No 13711

Date 05/03/2025

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

**15. Statement of Financial Position As At 30th June 2024**

	Notes	As at 30 June 2024 Kshs	As at 30 June 2023 Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	14	169,561	2,479,079
Current portion of receivables from exchange transactions	15	16,491,183	17,142,135
Inventories	16	104,455.00	104,025
<b>Total current assets</b>		<b>16,765,199</b>	<b>19,725,239</b>
<b>Non-current assets</b>			
Property, plant and equipment	17	1,363,595	1,474,693
<b>Total non-current assets</b>		<b>1,363,595</b>	<b>1,474,693</b>
<b>Total assets</b>		<b>18,128,794</b>	<b>21,199,932</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	18	7,882,752	8,233,189
Refundable deposits from customers	19	542,500	500,418
<b>Total liabilities</b>		<b>8,425,252</b>	<b>8,733,607</b>
<b>Net Assets</b>		<b>9,703,542</b>	<b>12,466,325</b>
<b>Capital and assets</b>			
Reserves	21	5,799,064	5,910,162
Accumulated surplus	21	2,323,576	4,975,261
Capital Fund	21	1,580,902	1,580,902
<b>Total net assets and liabilities</b>		<b>9,703,542</b>	<b>12,466,325</b>

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

  
 .....  
 Chairman of Council/Board

  
 .....  
 Principal

  
 .....  
 Finance Officer

Date 06.03.2025

Date 06/03/2025

ICPAK No 13711

Date 05/03/2025

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

	Reserves KSHS	Accumulated surplus KSHS	Capita Fund KSHS	Total KSHS
At July 1, 2022	6,046,405	(519,981)	1,580,902	7,107,326
Surplus/Deficit		1,482,030	-	5,388,958
Transfer of depreciation/amortisation from capital fund to retained earnings	(111,105)	111,105	-	-
At June 30, 2023	5,935,300	4,980,082	1,580,902	12,496,284
At July 1, 2023	5,910,162	4,980,082	1,580,902	12,471,146
Surplus/Deficit		(2,767,604)	-	(2,767,604)
Transfer of depreciation/amortisation from capital fund to retained earnings	(111,099)	111,099	-	-
At June 30, 2024	5,799,064	2,323,576	1,580,902	9,703,542

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

	0	30 June 2024	30 June 2023
	Note	Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
<b>Transfers from non-exchange transactions</b>			
Transfers from the National Government – capitation grants	6	8,379,011	6,183,282
Rendering of services- Fees from students	7	8,590,493	7,988,691
Rental revenue from facilities and equipment	8	107,500	1,485,300
Other income		-	-
<b>Total Receipts</b>		<b>17,077,004</b>	<b>15,657,273</b>
<b>Payments</b>			
Use of goods and services	9	12,190,065	7,079,857
Employee costs	10	5,972,289	5,992,709
Remuneration of directors	11	684,400	860,000
Repairs and maintenance	13	539,767	168,916
<b>Finance cost</b>			<b>4,821</b>
<b>Total Payments</b>		<b>19,386,521</b>	<b>14,106,303</b>
<b>Cash flows from operating activities</b>			
<b>Net cash flows from operating activities</b>		<b>(2,309,517)</b>	<b>1,550,970</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets		-	-
<b>Net cash flows used in investing activities</b>		<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Net cash flows used in financing activities		-	-
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(2,309,517)</b>	<b>1,550,970</b>
Cash and cash equivalents at 1 JULY	14	2,479,079	928,109
Cash and cash equivalents at 30 JUNE	14	169,562	2,479,079

## 18. Statement of Comparison of Budget &amp; Actual amounts For Year Ended 30 June 2024

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilisation Difference	Explanation
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	%	
Transfers from the National Government –Capitation	16,620,000	-	16,620,000	8,379,011	(8,240,989)	-49.6%	(a)
Rendering of services- Fees from students	14,636,680	-	14,636,680	8,243,504	(6,393,176,)	-43.7%	(b)
Rental revenue from facilities and equipment	8,550,000	-	8,550,000	107,500	(8,442,500)	-98.7%	(c)
<b>Total income</b>	<b>39,806,680</b>	<b>-</b>	<b>39,806,680</b>	<b>16,730,015</b>			
<b>Expenses</b>							
Use of goods and services	20,122,680	-	20,122,680	12,190,065	(7,932,615)	-39.4%	(d)
Employee costs	9,418,000	-	9,418,000	5,972,289	(3,445,711)	-36.6%	(e)
Remuneration of directors	2,050,000	-	2,050,000	684,400	(1,365,600)	-66.6%	(f)
Repairs and maintenance	2,216,000	-	2,216,000	539,767	(1,676,233)	-75.6%	(g)
<b>Total expenditure</b>	<b>33,806,680</b>	<b>-</b>	<b>33,806,680</b>	<b>19,386,521</b>			
<b>Surplus for the period</b>	<b>6,000,000</b>		<b>6,000,000</b>	<b>(2,656,506)</b>			
<b>Capital Expenditure</b>	<b>6,000,000</b>	<b>-</b>	<b>6,000,000</b>	<b>-</b>	<b>(6,000,000)</b>	<b>-100.0%</b>	<b>(h)</b>

**(Budget notes)**

- (a) The government funding fall to remit Capitation
- (b) Rendering of Services: The negative deviation results in Low turn up of the students
- (c) Accommodation; The introduction on PAYE (Pay As You Eat) Programme discourage the student from boarding
- (d) Capital Expenditure: i.e Jitume Vdi Programme &Transformer Lv Panel and its Accessories has not started due to lack of funds

**19. Notes to the Financial Statements**

**1. General Information**

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

**2. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the College'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 College. 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, 2013, 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.*

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

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

**iii. Early adoption of standards**

The College did not early adopt any new or amended standards in year 2023-2024.

**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 entity and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is

recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that have been acquired using such funds.

**ii) Revenue from exchange transactions**

**Rendering of services**

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

**Sale of goods**

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

**Interest income**

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

**Rental income**

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

**b) Budget information**

The original budget for FY 2023-2024 was approved by the Council or Board on 27.6.2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The College'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.

**c) Taxes**

***Current income tax***

The entity is exempt from paying taxes as per schedule 1 of the Income Tax Act.

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

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

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

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

**d) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 29-year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

**e) Property, plant and equipment**

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

**f) Leases**

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

**g) Intangible assets**

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

**h) Research and development costs**

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

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

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

**i) Financial instruments**

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

## ***Financial assets***

### ***Classification***

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

### ***Subsequent measurement***

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

### ***Amortized cost***

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

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

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

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

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

### **Trade and other receivables**

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

### **Impairment**

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*.

### **Financial liabilities**

#### **Classification**

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

#### **j) Inventories**

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

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

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

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

### **Inventories**

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

### **k) Provisions**

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

### ***Contingent liabilities***

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

### ***Contingent assets***

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

### **l) Social Benefits**

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

**m) Nature and purpose of reserves**

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

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

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

**o) Employee benefits**

**Retirement benefit plans**

The College provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an College pays fixed contributions into a separate College (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. 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

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

**s) Service concession arrangements**

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

**t) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short-term cash imprest 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, 2023.

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

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

### **Estimates and assumptions.**

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

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

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

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

### **Provisions**

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

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

**6. Transfers from other National Government entities**

	For the Year ended 30 June 2024	For the Year ended 30 June 2023
	KSHS	KSHS
<b>Unconditional grants</b>		
Capitation grants	6,379,011	5,683,282
Operational grants	2,000,000	500,000
<b>Total transfers from national government</b>	<b>8,379,011</b>	<b>6,183,282</b>

**(a) Transfers from other Government entities (Categorized)**

Name of the Entity Sending The Grant	Amount recognized to Statement of Financial performance *	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	Comparative FY
	Kshs	Kshs	Kshs	Kshs	Kshs
State Department of XX	xx	xx	xx	xx	xx
XX Ministry	xx	xx	xx	xx	xx
<b>Total</b>	<b>xx</b>	<b>xx</b>	<b>xx</b>	<b>xx</b>	<b>xx</b>

*(Ensure that the amount recorded above as having been received from the Ministry fully reconciles to the amount recorded by the sending Ministry. An acknowledgement note/receipt should be raised in favour of the sending Ministry.)*

*\*Amount recognised in the statement of financial performance should be the recurrent grant and the development grant to the extent that there are no conditions attached.*

*(NB: Total of column 1 should tie to the first part of note 6 on unconditional grants)*

The details of the reconciliation have been included under appendix xxx

**7. Rendering of Services**

Description	For the Year ended 30 June 2024	For the Year ended 30 June 2023
	KSHS	KSHS
Tuition	2,372,969	2,532,500
Personal emolument	1,945,498	3,545,500
EWC	395,906	607,800
Administration	212,000	506,500
LT&T	565,506	1,013,000
RMI	328,709	506,500
Activity	401,670	572,345
Medical	283,667	506,500
Registration	42,400	101,300
Student Union	212,000	506,500
ICT	252,280	602,735
Library	318,000	759,750
Insurance	233,200	557,150
Industrial attachment	318,000	759,750
Student ID card	127,200	303,900
Registration fees	234,500	665,000
<b>Total revenue from Rendering services</b>	<b>8,243,504</b>	<b>14,046,730</b>

*This relates to fees collected from government scholarships, loans and households contribution under the new funding model amounting to ksh 67,189 per trainee per year and also ksh 26,420 per trainee per year under the old funding model.*

**8. Rental revenue from facilities and equipment**

RENTAL REVENUE FROM FACILITIES AND EQUIPMENT	For the Year ended 30 June 2024	For the Year ended 30 June 2023
	KSHS	KSHS
Accommodation fees	107,500	1,300,000
<b>Total revenue from rental of facilities and equipment</b>	<b>107,500</b>	<b>1,300,000</b>

*This relates to accommodation fees collected from the trainer who use the college hostels*

**9. Use of Goods and Services**

USE OF GOODS AND SERVICES	For the Year ended 30 June 2024	For the Year ended 30 June 2023
	KSHS	KSHS
Activity	81,898	200,520
Administration expenses	1,981,050	4,162,044
EWC	256,200	250,669
Examination fees	1,685,700	1,876,370
LT&T	1,872,165	202,530
Accommodation expenses	936,427	1,015,587

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Tuition expenses	5,078,434	1,295,783
Bank charges	6,236	4,821
Student union	15,500	-
ICT Automation	197,555	-
Industrial attachment	78,900	-
<b>Total use of goods</b>	<b>12,190,065</b>	<b>9,008,324</b>

**10. Employee Costs**

	For the Year ended 30 June 2024	For the Year ended 30 June 2023
<b>EMPLOYEE COSTS</b>	<b>KSHS</b>	<b>KSHS</b>
Salaries and wages	5,640,639	5,992,709
Statutory deduction	331,650	-
<b>Total employee costs</b>	<b>5,972,289</b>	<b>5,992,709</b>

**11. Board Expenses**

	For the Year ended 30 June 2024	For the Year ended 30 June 2023
<b>REMUNERATION OF DIRECTORS</b>	<b>KSHS</b>	<b>KSHS</b>
Board allowances and expenses	684,400	860,000
<b>Total remuneration of directors</b>	<b>684,400</b>	<b>860,000</b>

**12. Depreciation and Amortization expense**

	For the Year ended 30 June 2024	For the Year ended 30 June 2023
<b>DEPRECIATION AND AMORTIZATION EXPENSE</b>	<b>KSHS</b>	<b>KSHS</b>
Property, plant and equipment	111,099	136,243
<b>Total depreciation and amortization expense</b>	<b>111,099</b>	<b>136,243</b>

**13. Repairs and Maintenance**

	For the Year ended 30 June 2024	For the Year ended 30 June 2023
<b>REPAIRS AND MAINTENANCE</b>	<b>KSHS</b>	<b>KSHS</b>
Property, property and equipment	539,767	168,916
<b>Total repairs and maintenance</b>	<b>539,767</b>	<b>168,916</b>

**14. Cash and Cash Equivalents**

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CASH AND CASH EQUIVALENTS	30 June 2024	30 June 2023
	KSHS	KSHs
Description	KSHS	KSHS
Current account	169,562	2,479,079
Cash at hand	-	-
<b>Total cash and cash equivalents</b>	<b>169,562</b>	<b>2,479,079</b>

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

Financial institution	Account number	30 June 2024	30 June 2023
		KSHS	KSHS
<b>a) Current account</b>			
Kenya Commercial Bank	1265240752	136,609	2,384,311
Kenya Commercial Bank	1265240787	619	94,342
Kenya Commercial Bank	1265240825	32,334	426
<b>Sub-total</b>		<b>169,561</b>	<b>2,479,079</b>
<b>b) Others(specify)</b>			
cash in hand		-	-
<b>Sub- total</b>		<b>-</b>	<b>-</b>
<b>Grand total</b>		<b>169,562</b>	<b>2,479,079</b>

**15. Receivables from Exchange transactions**

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

Current Receivables from Exchange Transactions	30 June 2024	30 June 2023
	KSHS	KSHS
Student debtors	16,313,195	16,801,635
Rental debtors	177,988	340,500
<b>Total current receivables</b>	<b>16,491,183</b>	<b>17,142,135</b>

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

Description	30-Jun-24		30-Jun-23	
	Kshs		Kshs	
	Current FY	% of the total	Comparative	% of the total
Less than 1 year	1,943,407	12%	1,909,717	11%
Between 1- 2 years	1,909,717	11%	5,514,320	32%
Between 2-3 years	10,299,039	63%	6,174,449	36%
Over 3 years	2,287,178	14%	3,568,786	20%
<b>Total (a+b)</b>	<b>16,491,183</b>		<b>17,142,135</b>	

**16. Inventories**

INVENTORIES	30 June 2024	30 June 2023
	KSHS	KSHS
Consumable stores	104,455	104,025
<b>Total inventories at the lower of cost and net realizable value</b>	<b>104,455</b>	<b>104,025</b>

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**17. Property, Plant and Equipment**

Cost	Land and buildings	Furniture and fittings	Computers	Plant and equipment	Total
		Shs	Shs	Shs	Shs
Depreciation Rate	2.50%	12.50%	30%	12.5%	
At 1 July 2022-Net Book value	1,005,490	315,000	202,426	88,020	1,610,936
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-
At 30th June 2023	1,005,490	315,000	202,426	88,020	1,610,936
Depreciation and impairment	-	-	-	-	-
Depreciation	25,137	39,375	60,728	11,003	136,243
At 30th June 2023	25,137	39,375	60,728	11,003	136,243
Net book values					
<b>At 30th June 2023</b>	<b>980,353</b>	<b>275,625</b>	<b>141,698</b>	<b>77,018</b>	<b>1,474,693</b>
<b>At 30th June 2022</b>	<b>1,005,490</b>	<b>315,000</b>	<b>202,426</b>	<b>88,020</b>	<b>1,610,936</b>
At 1 July 2023	980,353	275,625	141,698	77,018	1,474,693
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-
At 30th June 2024	980,353	275,625	141,698	77,018	1,474,693
Depreciation and impairment	-	-	-	-	-
At 30 June 2024	-	-	-	-	-
Depreciation	24,509	34,453	42,509	9,627	111,099
At 30th June 2024	24,509	34,453	42,509	9,627	111,099
Net book values					
<b>At 30th June 2023</b>	<b>980,353</b>	<b>275,625</b>	<b>141,698</b>	<b>77,018</b>	<b>1,474,693</b>
<b>At 30th June 2024</b>	<b>955,844</b>	<b>241,172</b>	<b>99,189</b>	<b>67,390</b>	<b>1,363,595</b>

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**Notes to the Financial Statements**

**Valuation**

As per National Treasury guidelines, Land and buildings were identified and valued as per the National Liabilities and Management Policy and guidelines (Issued June 2020). The assets have not been revalued.

**32 (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	xxx	xxx	xxx
Buildings	980,353	24,509	955,844
Plant And Machinery	77,018	9,627	67,390
Furniture and fittings	275,625	34,453	241,172
computers	141,698	42,509	99,189
	xxx	xxx	xxx
<b>Total</b>	<b>1,474,693</b>	<b>111,099</b>	<b>1,363,595</b>

**18.Trade and Other Payables**

Description	30-Jun-24		30-Jun-23	
	Kshs		Kshs	
Trade payables	4,945,089		5,732,621	
Fees paid in advance	2,937,663		2,500,565	
<b>Total Trade and Other Payables</b>	<b>7,882,752</b>		<b>8,233,186</b>	
<b>Ageing analysis:</b>	<b>30-Jun-24</b>	<b>% of the Total</b>	<b>30-Jun-23</b>	<b>% of the Total</b>
Under one year	7882752	100%	8,233,186	100%
<b>Total (to tie to totals above)</b>	<b>7,882,752</b>		<b>8,233,186</b>	<b>100%</b>

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**19. Refundable Deposits from Customers/Students**

Description	30-Jun-24		30-Jun-23	
	Kshs		Kshs	
Caution money	542,500		500,418	
<b>Total Deposits</b>	<b>542,500</b>		<b>500,418</b>	
<b>Ageing analysis:</b>	<b>30-Jun-24</b>	<b>% of the Total</b>	<b>30-Jun-23</b>	<b>% of the Total</b>
Under one year	46,900	9%	70,000	14%
1-2 years	70,000	13%	425,600	86%
2-3 years	425,600	78%	-	0%
<b>Total (to tie to totals deposits above)</b>	<b>542,500</b>	<b>100%</b>	<b>500 418</b>	<b>100%</b>

**20. Employee Benefit Obligations**

The College contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The College's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. 1080 per employee per month.

**21. RESERVES**

RESERVES	Year ended 30	Year ended 30
	June 2024	June 2023
	Kshs	Kshs
Reserves	5,799,064	5,910,162
Accumulated surplus	2,323,576	4,975,261
Capital Fund	1,580,902	1,580,902
<b>Total net assets and liabilities</b>	<b>9,703,542</b>	<b>12,466,325</b>

**22. Cash generated from operations.**

<b>Surplus for the year before tax</b>	<b>Year ended 30</b>	<b>Year ended 30</b>
	<b>June 2024</b>	<b>June 2023</b>
	<b>Kshs</b>	<b>Kshs</b>
Surplus for the year before tax	-2,767,604	5,358,999
<b>Adjusted for</b>		
Depreciation	111,099	136,243
<b>Working Capital Adjustments</b>		
Increase in Inventory	( 430)	79,080
Increase in Receivables	650,952	(6,672,376)
Increase in Payables	(303,534)	2,649,024
<b>Net Cash Flow from Operating Activities</b>	<b>-2,309,517</b>	<b>1,550,970</b>

**10. Financial Risk Management**

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

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

**(i) Credit risk**

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

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

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2023</b>				
Receivables from exchange transactions	17,167,272	17,167,272	-	-
Bank balances	2,479,079	2,479,079	-	-
<b>Total</b>	<b>19,646,351</b>	<b>19,646,351</b>	-	-
<b>At 30 June 2024</b>				
Receivables from exchange transactions	16,540,829	16,540,829	-	-
Bank balances	169,562	169,562	-	-
<b>Total</b>	<b>16,710,390</b>	<b>16,710,390</b>	-	-

**Financial risk management (continued)**

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

The 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.

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2023</b>				
Trade Payables	xxx	xxx	xxx	5,732,621
<b>Total</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>5,732,621</b>
<b>At 30 June 2024</b>				
Trade Payables	xxx	xxx	xxx	4,945,089
<b>Total</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>4,945,089</b>

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**(iii) Market risk**

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

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

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

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

**iv) Capital Risk Management**

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

Description	30-Jun-24	30-Jun-23
	Kshs	Kshs
Revaluation Reserve	5,799,064	5,910,162
Retained Earnings	2,323,576	4,975,261
Capital Reserve	1,580,902	1,580,902
<b>Total Funds</b>	<b>9,703,542</b>	<b>12,466,325</b>
Total Borrowings	4,945,089	5,732,621
Less: Cash and Bank Balances	169,562	2,479,079
Net Debt(Excess Cash and Cash Equivalents)	4,775,527	3,253,542
<b>Gearing</b>	<b>49%</b>	<b>26%</b>

### **23.Related Party Balances**

#### **Nature of related party relationships**

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

#### **Government of Kenya**

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

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

### **24.Events After the Reporting Period**

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

### **25.Ultimate And Holding Entity**

The College is a Semi-Autonomous Government Agency under the Ministry of Education. Its ultimate parent is the Government of Kenya.

### **26.Currency**

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

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**20. Appendixes**

**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. in 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)
2021-2022-1-01-1062-00-CHEPTVC-01	Unsupported administration expenses	The expenditure was not all imprest as shown in appendix 5	Not resolved	04/10/2024
	Inaccuracy of property plant and equipment	- Community participation has been done ,land surveyed and titling in process	Ongoing	30/06/2025
	Variance in financial statements	It was an error	Resolved	

**Guidance Notes:**

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

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.....

Name *Pauline Mwangi*

Accounting Officer

(Enter title of Head of entity)

Date

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**Appendix II: Projects Implemented by (The Entity)**

**Projects**

Projects implemented by the State Corporation/ SAGA Funded by development partners.

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Co-financed in these financial statements (Yes/No)
1						
2						

**Status of Projects completion**

*(Summarise the status of project completion at the end of each quarter, i.e. total costs incurred, stage which the project is etc)*

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

**Appendix III- Inter-Entity Confirmation Letter**

Name of transferring entity.....k

Name of beneficiary entity.....

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 <sup>th</sup> June (Current FY)					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
<b>Total</b>					

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

**Head of Accounts Department - Disbursing Entity:**  
 Name ..... Sign ..... Date .....

**Head of Accounts Department - Beneficiary Entity:**  
 Name DANIEL MASWAT Sign [Signature] Date 06/03/2025

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**Appendix IV: Reporting of Climate Relevant Expenditures**

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

**Appendix V: Reporting on Disaster Management Expenditure**

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments