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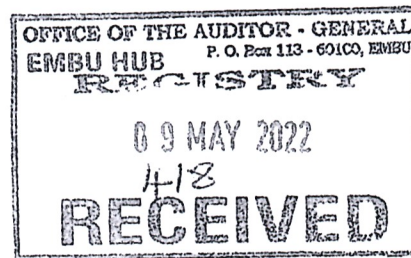
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THE AUDITOR-GENERAL

ON

**TIGANIA EAST TECHNICAL AND
VOCATIONAL COLLEGE**

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



TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)



TIGANIA EAST TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

**TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
TIGANIA EAST TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021**

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I. KEY TIGANIA EAST TECHNICAL AND VOCATIONAL COLLEGE INFORMATION AND MANAGEMENT

(a) Background information

Tigania East Technical and vocational College is a government sponsored College under the Ministry of Education, State Department of Vocational & Technical training. It was incorporated in the year 2020 under the TVET Act 2013. The institution is domiciled in Kenya and has its head office in Mikinduri Town, Tigania East Constituency, in Meru County.

The core mandate of the College is to equip young people with knowledge, skills and attitudes needed to secure employment in today's labour market. As a TVET institute, this is recognized as a driving vehicle towards achieving the Country's BIG4 agendas and the Vision 2030.

As a Centre of Excellence Refrigeration and Air Conditioning, Tigania East Technical and Vocational College opened its doors on the 4th September 2020 and the first batch of 26 students was admitted on 26th October 2020.

The Institution sits on a 5-acre parcel of land not properly demarcated and in a serene environment conducive for learning and personal development. The institution is well equipped and adequately staffed to offer market driven skills and knowledge to its trainees through inspired innovation, creativity, reliability and responsiveness with utmost goal of releasing all rounded graduate.

(b) Principal Activities

The principal activities of Tigania East Technical and Vocational College is to offer skills technical and vocational education and training, the mission and vision are outlined as Follows;

Mission

To promote technical, vocational education and training (TVET) programs for self – reliance and sustainability.

Vision

To be globally recognized institute in technical, vocational education, training, research and innovation
innovation

(c) Key Management

Tigania East Technical and Vocational College day-to-day management is under the following key organs:

- ✓ The Principal
- ✓ Deputy Principal
- ✓ Dean of students
- ✓ Registrar

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(d) Fiduciary Management

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

No.	Designation	Name
1.	Principal	Mrs Lucy Mukiri Anampiu
2.	Deputy Principal	Mr Bernard Maina Kabiru
3	Registrar	Mr. Alex Kobia Kamwiko
4	Dean of students	Miss Evelyn Mbuga
5	Finance Officer	Mary Kawira Kiugu

(e) Fiduciary Oversight Arrangements

Provided in two categories

- Board of Governors

Provides overall oversight, supported by various board committees as outlined below;

Board committees

	Committee	Members
1	Finance, Operations and Development	Mrs Nancy Gitonga- Chairperson Mr. Erick Mwiti - Member Mr. John Kanampiu- Member Margaret Nduhiu –County Director Mrs Lucy Mukiri Anampiu (Principal)
2	Audit Risk and Governance Committee	Mrs Annah Chelangati- Chairperson Mrs Lydia Kagwiria – Member Ms Joyce Mugure – Member Margaret Nduhiu –County Director Mrs Lucy Mukiri Anampiu (Principal)
3	Education, training, Research and Human Resources	Mr. John Kanampiu – Chairperson Mr. Erick Mwiti – Member Mrs. Nancy Gitonga- Member Margaret Nduhiu – County Director Mrs Lucy Mukiri Anampiu (Principal)

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- (f) **Tigania East Technical and Vocational College Headquarters**
P.O. Box 14, 60607
MIKINDURI, KENYA

- (g) **Tigania East Technical and Vocational College Contacts**
Telephone: (254) 745911518
E-mail: tiganiaeasttvc@gmail.com
Website: www.tiganiaeasttechnical.ac.ke




- (h) **Tigania East Technical and Vocational College Bankers**
Equity Bank (Kenya) Limited
Meru Makutano Branch

- (i) **Independent Auditors**
Auditor General
Office of Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya




- (j) **Principal Legal Adviser**
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

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TIGANIA EAST TECHNICAL AND VOCATIONAL COLLEGE
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II. BOARD OF GOVERNORS

No.	Member / Director	Details
1.	<p>Mrs Regina Karauri Chairperson, BoG Tigania East TVC</p> 	<p>Mrs Regina Karauri was appointed as the first BoG chairperson on 12th May, 2020. She holds a Master's of Science in Management and Organisation (USIU-Kenya) and a Bachelor of Science – International Business Administration – USIU.</p> <p>She is a member of Institute of Certified Public Accountants (Kenya), Institute of Internal Auditors- Global, Institute of Internal Auditors (Kenya Chapter).</p> <p>She has a certification in Risk Management Assurance and she is an Accredited Internal Quality Assessor.</p>
2.	<p>BoG Member Mrs Nancy Gaceri Gitonga</p> 	<p>Mrs Nancy Gacheri Gitonga was appointed as a member BoG Tigania East TVC on 12th May, 2020. She holds a Master's degree in Financial Management, a Bachelor of Commerce (Management option) from African Nazarene University and Diploma in Sales and Marketing (UoN).</p> <p>She is currently Business growth and development Manager (Equity Bank (K) Ltd). She was once a Branch manager (Barclays Bank).</p>
3.	<p>BoG Member Annah Chelangat</p>	<p>Annah Chelangat was appointed as a member BoG Tigania East TVC on 12th May, 2020. She holds a Bachelor of Business Management Accounting option from Moi University, CSIA Part 1, CPA (K) and Diploma in Business Management (KIM).</p> <p>She has worked as a factory accountant with KTDA Holdings Ltd, DL Group of Companies, Internal Auditor-Kapsabet Tea Factory and Audit and Accounts assistant – Kimalel Arap-Kirui CPA(K) Audit and Accountancy Firm.</p>
4.	<p>BoG Member Mr John Kanampiu</p> 	<p>Mr John Kanampiu was appointed as a member BoG Tigania East TVC on 12th May, 2020. He holds a Bachelor of Science in Electrical Engineering. He is a member of EBK. He has a wealth of experience working with Kenya Power and Lighting Company.</p>



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5.	<p>BoG Member Mr Erick Mwiti</p>	<p>Mr Erick Mwiti was appointed as a member BoG Tigania East TVC on 12th May, 2020. He holds a Bachelor of Science degree (Mathematics and Physics) (Egerton), Postgraduate Diploma in Legal Metrology (ITSA) and a certificate in Computer Applications. He works with the County Government of Meru as Weight and Measures officer. He has experience as an Office Administrator, a Teacher, Field Research Agent, Registration and Elections Clerk, Census field supervisor and Civic educator.</p>
6.	<p>BoG Member Joyce Mugure (PHD)</p> 	<p>Joyce Mugure was appointed as a member BoG Tigania East TVC on 12th May, 2020. She holds a PHD, MSc Data Communication- KCA University and Bachelor of Science in IT. She is a lecturer at Meru University of Science and Technology.</p>
7.	<p>County Director Margaret Njoki Nduhiu</p> 	<p>Margaret Nduhiu is the current County Director TVET for Meru / Isiolo and surrounding areas. She is a holder of Masters in Educational Planning (UoN). She is a seasoned professional with 27 years of work experience in teaching and in management. Possess hands on experience in teaching, mentoring students, team building, and institutional management and also in monitoring and reporting implementation of projects in TVET institutions. She is driven by new challenges and desire to be successful in all endeavours, while enjoying consultations while handling complex projects.</p>
8.	<p>Secretary to the Board / Principal Mrs Lucy Mukiri Anampiu</p> 	<p>Mrs Lucy Mukiri Anampiu is a holder of Master degree in Project Planning and Bachelor of education (Mathematics and Chemistry). She is a seasoned administrator with a proven track record and experience in matters of education. Before being deployed to Tigania East TVC as the principal, she had the privilege of serving at Karumo TTI in different capacities.</p>

III. MANAGEMENT TEAM

No.	Member/ Director	Details
1.	 Lucy Mukiri Anampiu Master degree in Project Planning	Principal
1.	 Benard Maina Kabiru Diploma in Building and construction	Deputy Principal
2.	 Alex Kobia Masters in Project Planning and Management and BSc Electrical Engineering	Registrar

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3.	 Evelyne Mbuga BSc ICT	Dean of students
4.	 Mary Kiugu B.COM & CPA(K)	Finance Officer

IV. CHAIRMAN STATEMENT

MESSAGE FROM THE CHAIRPERSON, BOARD OF GOVERNOR

CPA REGINA N. KARAURI

Ladies and Gentlemen!

On behalf of the Board of Governors, Teachers, Students, and Staff of Tigania East Technical and Vocational College, it is an honour and privilege to welcome all of you to Tigania East Technical and Vocational College (TETVC). It is situated in Tigania Central region, of Meru County and one of the fastest growing of its kind since its commencement in November 2020. Over that one Quarter, I am confident to say that God has been gracious to this college. TETVC has grown from 26 students in November 2020 to 94 by 30 June 2021. We have been gifted with wonderful staff who have dedicated their time to ensure students achieve their goals in very difficult conditions. We have a committed Boards of Governors that work tirelessly to oversight over good governance and ensure resources are availed for training, and receptive parents and Guardians who strive to accord their sons and daughters all that they need to ensure they achieve their dreams.

Tigania East TVC offers courses such as: Electrical and Electronic Engineering, Building and Civil Engineering, Business Studies, Auto Engineering, Cosmetology and ICT. It is a Centre of excellence in refrigeration and Air Conditioning. We are committed to churning out graduates who are not only creative but entrepreneurs who are able to employ themselves, create jobs and develop local solutions to our various challenges

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As the chairperson and on behalf of the Board, allow me to state that as a Board we take great pride in staff and students who are committed to create and perpetuate the great brand of Tigania East TVC. We are committed to fulfilling our mandate which is to ensure TETVC grows to an institution of excellence. I sincerely thank the great past and current leadership of Tigania East Constituency who have tirelessly continued to support our institution, our mentor Meru National Polytechnic and all our partners that have and continue to support the college in various ways. As a new institution there is a lot that needs to be done.

God bless you all, God Bless Tigania East TVC

REGINA N. KARARI


Chairperson, Board of Governors.

V. REPORT OF THE PRINCIPAL

It is worth noting that Tigania East Technical and Vocational College is a new Technical College under the State Department of Vocational and Technical Training in the Ministry of Education. It was constructed with the assistance of The Meru National Polytechnic as the main mentor institution. The construction of the facility was completed in but it was not until 2020 October, that the institution admitted its first students.

The institution sits on a five-acre piece of land near Mikinduri Town area, within Tigania East Constituency. It was among the sixty Technical and Vocational Colleges which were constructed by the government to fulfil its promise of constructing and equipping at least one Technical and Vocational College in every constituency.

Achievements/Successes

(i) State of the Art Equipment

In 2020, the institution received state-of-the-art equipment for Refrigeration and Air Conditioning from the Government in partnership with the Chinese Government. The modern equipment is a sign on the government's commitment to ensure that the Kenyan youths learn and acquire relevant skills which are required by the industry.

(ii) Trainers

The government through the Public Service Commission recruited seven Vocational trainers and the College benefited from that. Additional one trainer was deployed to the institution as the deputy principal, making a total of nine PSC trainers including the principal.

(iii) Enrollment

Since the institution opened its doors a year ago, it has witnessed a steady increase in terms of student enrolment. Currently the student population stands at ninety-six. Considering the fact that we opened our doors for the first students in October 2020, this figure is quite encouraging. This can be attributed partly to the school's location which is situated around the vicinity of Mikinduri Town which in turn attracts a lot of prospective students. The Kenya Universities and Colleges Central Placement Service has also placed a 8 students for year 2020/2021 to undertake various courses.

(iv) Community Support/Partnership

Bearing in mind that the institution is new and has no boarding facilities, the community has stepped in to bridge that gap. The institution in partnership with the community, there are private hostels for the students who normally come from far. The community has taken up the challenge and come up with nice and affordable hostels around the institution which accommodates our students.

(v) Source of Water.

The college has a source of piped water that is in steady supply sometimes. We intend to have another source of water which is more reliable than the one we currently have. Once this is done, any problems with water supply shall be a thing of the past.

(vi) Suppliers.

The college used the list of pre-qualified suppliers from the mentor institution, The Meru National polytechnic. In future the college will advertise for the prequalification of its own suppliers. This will make the college able to acquire its items through competitive tendering at fair prices.

(vii) Ablution Block.

The CDF has constructed an ablution block for the students despite the fact that it is small and may not be enough in future when enrolment increases.

(viii) Inauguration of Board Members.

The inauguration of the members of the Board of Governors in 4th September 2020 in the college boardroom. During inauguration the members were made to understand their mandate and roles. More will be discussed during board induction process. We are optimistic that the year 2022/2023 will be a good year since as far as the board members are concerned, have been informed them of their roles.

Challenges

Despite the fact that the college has made great strides in terms of successes, there are also a number of challenges that has held it back since its inception. Some of these challenges are:

(i) Perimeter Wall.

The institution does not have a perimeter wall. In terms of security, the institution is practically exposed because there is no perimeter wall of any form. We have already made proposals to the CDF to see whether they can assist us. The equipment and other facilities of the institution are at high risk of vandalism or burglary.

(ii) Work Shops.

Lack of well-equipped workshops in other disciplines to cater for the large numbers of trainees who are eager to pursue these courses. The notable courses lacking equipment include Automotive Engineering, Electrical Engineering (Power), Electronics Engineering, Plumbing, ICT, Mechanical Engineering, Building and Civil Engineering, Agriculture (Green House Technology) and Carpentry and Joinery.

(iii) Lack of library and books.

Currently the institution lacks an equipped library. It is our desire to have a modern library which should be equipped with books as well as computers so that students could access materials online.

(iv) Lack of staffroom and offices.

At the moment, the staffroom used by the trainers is very small. It can only accommodate ten (10) trainers comfortably, not any more than that. There is also need for offices because HODs do not have offices. Most of them still share the small staff room with other trainers.

(v) Lack of Dining Hall.

There is need for a place where students can sit and have their meals from as well as a kitchen to prepare food for the them.

(vi) Lack of hostels.

There is a need for hostels to cater for students who are coming from afar. We have had cases in the past where students have declined to report citing lack of hostels.

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(vii) Lack of playing fields.

The current fields we have need to be properly levelled and marked as playing fields. This will enable students to participate in extra curriculum activities. Some will want to explore their talents in sport but there are no playing fields.

(viii) Lack of transportation.

There is a challenge when it comes to college transportation. The institution needs a college car and or a bus for official operations and emergencies.

(ix) Lack of a proper sewerage system.

Since there is no sewerage line nearby, we are using a septic tank. This tank, however, is small in size and its location is not ideal. In future, it will have to be moved farther back than where it currently is, in the middle of the college land.

(x) Lack of enough staff development programs.

In order to properly implement CBET Curriculum, it is our desire that our trainers get equipped with the relevant skills especially with the help of our development partners. If they can be trained in industry-standard practices, it will go a long way in elevating the students' learning experience as well.



Principal / Secretary to the Board

VI. CORPORATE GOVERNANCE STATEMENT

The Board of Governors of Tigania East Technical and Vocational College have met Three (3) times over the course of the year for both general meetings and committee meetings with high attendance levels by the members. The roles of the board are oversight and management of the college activities. Members have been able to provide any and every assistance that has been asked of them by the Management team and are also able to provide advice on policies and growth strategies for the betterment of the Institution.

During December 2021, members of the Board took part in an induction exercise organized by the Kenya Association of Technical Training Institutes (KATTI) where they were able to undergo proper training in areas of policy making, oversight roles and their expected contribution to the growth of the Institution. The induction was a success as it brought about a change in accountability measures especially where management of the institution's funds are concerned.

The board is also keen on enhancing the growth of the college and through meetings several strategies were passed which included marketing the college extensively via media sources as well as introducing various courses in the institution and enabling funding to buy equipment for these courses to be able to thrive and attract more students especially hospitality courses that are in demand from the myriad of inquiries that were recorded at the college. So far there have been no cases of conflict of interest or ethical misconduct as the board remains united in delivering its mandate of ensuring Tigania East Technical and Vocational College grows to be one of the leading Technical Institutions in the country.

VII. MANAGEMENT DISCUSSION AND ANALYSIS

During the Year under review the Tigania East Technical and Vocational College has been able to achieve the following operational and financial objectives.

- ✓ Installation of internet in the college so as to enhance increased student enrolment, to facilitate e-learning and Management Information System
- ✓ Installation of Admission and Finance MIS Module.
- ✓ Compliance with statutory requirements; Tigania East Technical and Vocational College has been up to date in its statutory submissions and payment obligations, namely, PAYE (Pay as you earn), employee defined contribution retirement scheme and medical scheme namely NSSF (National social security fund) and NHIF (National hospital insurance fund).

Major risks

Some of the major external risks which may impede the Technical in its quest towards a sustainable learning environment and operationalization include:

	Risk	Impact	Mitigation action
1.	Slow development	Insufficient funds, for infrastructural development like building of more a bigger tuition block to accommodate the anticipated increase in students' population	Liaison with Ministry to facilitate projects.
2.	COVID-19 Pandemic	The pandemic struck	Employing Covid-19

VIII. REPORT OF THE COUNCIL/BOARD OF GOVERNORS

The Board members submit their financial report together with the audited financial statements for the year ended 30th June 2021 which show the state of the *Tigania East Technical and Vocational College* affairs.

Principal activities

The principal activities of Tigania East Technical and Vocational College are providing world class technical and vocational education and training, for the people of Kenya

Results

The results of the Tigania East Technical and Vocational College for the year ended June 30 2021 are set out on page 1 to 40

Board of Governors

The members of the Board, who served during the year 2020/2021, are shown on page v and vi. During the year none of the members retired/ resigned.

Auditors

The Auditor General is responsible for the statutory audit of the Tigania East Technical and Vocational College in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or Auditors General's Certified Public Accountants were nominated by the Auditor General to carry out the audit of the Tigania East Technical and Vocational College for the year/period ended June 30, 2021 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

IX. STATEMENT OF BOARD OF GOVERNORS RESPONSIBILITIES-STATEMENT OF RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and (section 14 of the State Corporations Act, and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013 require the Board members to prepare financial statements in respect of the Tigania East Technical and Vocational College, which give a true and fair view of the state of affairs of the Tigania East Technical and Vocational College at the end of the Year ended 30th June 2021 and its operating results for that period. The Board members are also required to ensure that the Tigania East Technical and Vocational College keeps proper accounting records which disclose with reasonable accuracy the financial position of the Tigania East Technical and Vocational College. The Board members are also responsible for safeguarding the assets of the Tigania East Technical and Vocational College.

The Board members are responsible for the preparation and presentation of the Tigania East Technical and Vocational College's financial statements, which give a true and fair view of the state of affairs of the Tigania East Technical and Vocational College for and as at the end of the Year ended 30th June 2021 This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring

that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Tigania East Technical and Vocational 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 Tigania East 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 Tigania East Technical and Vocational College's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act, and the TVET Act. The Board members are of the opinion that the Tigania East Technical and Vocational College's financial statements give a true and fair view of the state of Tigania East Technical and Vocational College's transactions during the Year ended 30th June 2021, and of the Tigania East 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 Tigania East Technical and Vocational College, which have been relied upon in the preparation of the Tigania East 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 Tigania East 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

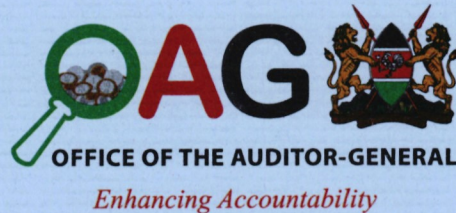
The Tigania East Technical and Vocational College's financial statements were approved by the Board on and signed on its behalf by:

Name..... *REGINA N. KARAU*
Signature..... *[Handwritten Signature]*
Chairperson of the Board/Board

Name..... *Wilfred K Kamunde*
Signature..... *[Handwritten Signature]*
Accounting Officer/Principal

REPUBLIC OF KENYA

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

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Tigania East Technical and Vocational College set out on pages 1 to 22, which comprise of the statement of financial position as at 30 June, 2021, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and

actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

Basis for Qualified Opinion

1. Understated Property, Plant and Equipment

The statement of financial position and as disclosed in Note 14 to the financial statements reflects an amount of Kshs.610,000 under property, plant and equipment. However, the College owns buildings on land which is registered in the name of Ministry of Cooperative Societies. Further, furniture and technical training equipment have been omitted in the financial statements.

In the circumstances, the accuracy and validity property, plant and equipment totalling to Kshs.610,000 could not be confirmed.

2. Unsupported Revenue from Exchange Transactions

The statement of financial performance and as disclosed in Note 6 to the financial statements reflects an amount of Kshs.5,491,480 in respect to rendering of services - fees from students. However, although the amounts were traced to the cashbook and bank statements student fees ledgers and a statement of account with details of the fees invoiced to the students, payments to date and any outstanding tuition fees receivable by names of students, course taken, academic year and admission numbers were not provided.

In the circumstance, the accuracy and validity of the revenue totalling to Kshs.5,491,480 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amount reflects final receipts budget totalling to Kshs.7,642,000 and actual receipt balance of Kshs.1,322,653 resulting to underfunding balance of Kshs.6,319,347 or 82% of the approved budget.

Similarly, the statement reflects an approved expenditure of Kshs.7,642,000, and actual expenditure of Kshs.2,583,152 resulting to a budget under absorption of Kshs.5,035,748 or approximately 66% of the budget.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Non-Compliance with Public Sector Accounting Standards Board Requirements

The financial statements revealed deviations from the financial reporting template issued by the Public Sector Accounting Standards Board as shown below;

- (i) The statement of financial performance states that the notes are set out from page 6 to 20, instead of pages 6 to 22.
- (ii) The statement of comparison of budget and actual amounts omitted the column for performance difference amounts as required of IPSAS board reporting template.

This is contrary to the format prescribed by the Public Sector Accounting Standard Board (PSASB) in accordance with Section 194(1)(d) of the Public Finance Management Act, 2012.

In the circumstances, the annual report and the financial statements prepared and presented for audit were not as per PSASB templates.

2. Non-Gazettement of Board Members

Examination of corporate governance of College revealed that although its seven (7) Board of Governors had been issued with written appointment letters and appended their acceptance; the members had not been gazetted in accordance with Chapter 1 of the code of governance for State Corporation (Mwongozo).

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

3. Non-compliance with the Law on Ethnic Composition

Examination of the staff establishment of the College revealed that 81% of employees were from one ethnic community contrary to Section 7(2) of the National Cohesion and Integration Act, 2008 that states that no public establishment shall have more than one third of its staff from the same ethnic community.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Risk Management Policy

Review of the College's internal controls revealed that the College did not have approved risk management policy. Further, the Management did not provide for audit review evidence of whether the College has documented identified and assessed risks and controls developed to respond to the risk identified contrary to Section 165 of the Public Finance Management (National Government) Regulations, 2015, which stipulates that the accounting officer shall ensure that the National Government entity develops risk management strategies, which include fraud prevention mechanism and system of risk management and internal control that builds robust business operations.

In the circumstances, it is not possible to determine the existence and effectiveness of controls implemented to control risks.

2. Lack of Approved Human Resource Policy

Review of the human resource records revealed that the Management did not have an approved Human Resource Policy, salary structure and approved staff establishment to govern employee welfare and other staff benefits contrary to Section 165, Sub-section (1)(b) of the Public Finance Management (National Government) Regulations, 2015 which states that the Accounting Officer shall ensure that the National Government entity develops a system of risk management and internal control that builds robust business operations.

In the circumstances, Management may not effectively utilize human resources.

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

Those charged with governance are responsible for overseeing the College's financial reporting process, reviewing the effectiveness of how the Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to

governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for

my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the College's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the College to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the College to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


CPA Nancy Gatungu, CBS
AUDITOR-GENERAL

Nairobi

20 July, 2022

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XI. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2020/2021
		Kshs
Revenue from exchange transactions		
Rendering of services- Fees from students	6	5,491,480
Total revenue		5,491,480
Expenses		
Use of goods and services	7	1,587,378
Employee costs	8	332,814
Board of Governors meetings and allowances	9	111,000
Depreciation expense	10	49,500
Repairs and maintenance	11	525,560
Total expenses		2,606,252
Net Surplus for the year		2,885,228

The notes set out on pages 6 to 20 form an integral part of the Annual Financial Statements.

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2021

XII. STATEMENT OF FINANCIAL POSITION AS AT 30 TH JUNE 2021	Notes	2020/2021
		Kshs
Current assets		
Bank and cash equivalents	12	365,189
Receivables from exchange transactions	13	4,168,827
Total Current Assets		4,534,016
Non-current assets		
Property, plant and equipment	14	610,500
Total Non-current Assets		610,500
Total assets		<u>5,144,516</u>
Current liabilities		
Trade and other payables from exchange transactions	15	2,259,288
Net Assets		<u>2,885,228</u>
Capital and Reserves		
Accumulated surplus		2,885,228
Total Capital and Reserves		<u>2,885,228</u>

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

REGINA N. KARARI

Chairperson of Board of Governors

Date

Wilfred E Kamunde

Principal

Date.....

ED 30TH JUNE 2021

XIII. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDE

	Retained earnings	Capital Reserve	2021
Balance b/f as at July 1,2020	-	-	-
Surplus income	2,885,228	-	2,885,228
Capital reserve		-	-
Balance c/d as at June 30, 2021	<u>2,885,228</u>	=	<u>2,885,228</u>

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

	2020/2021
	Kshs
Cash flows from operating activities	
Cash Receipts	
Rendering of services- Fees from students	1,362,603
Total Receipts	1,362,603
Cash Payments	
Use of goods and services	491,900
Employees costs	324,864
Payment of BOG allowances	111,000
Repairs maintenance & improvement	69,650
Total Payments	997,414
Net cash flows from operating activities	365,189
Cash flows from investing activities	
Purchase of property, plant, equipment and intangible assets	
Net cash flows used in investing activities	-
Cash flows from financing activities	
Increase in deposits	
Net cash flows used in financing activities	-
Net increase in cash and cash equivalent	365,189
Cash and cash equivalents at 1 July 2020	-
Cash and cash equivalents at 30th June 2021	<u>365,189</u>

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

	Original and final Budget	Actual on comparable basis	Performance difference
	2020-2021	2020-2021	2020-2021
Revenue	Kshs	Kshs	
Government Grants	2,000,000	-	-10
Rendering of services- Fees from students	5,642,000	1,322,653,	- 7
Total income	7,642,000	1,322,653	
Expenses			
Use of Goods and services	5,757,000	1,587,378	-7.
Board of Governors	600,000	111,000	- 8.
Employees costs	920,000	332,814	-6.
Repairs Maintenance and Improvement	365,000	525,560	-4.
Depreciation	-	49,500	-100
Total expenditure	7,642,000	2,583,152	

NB/ The budgeted revenue from the rendering of services was sh. 5,642,000 from 100 students. The total number of students that was registered during the period is 94 students who would have generated a total revenue of sh. 5,491,480 if they had paid full fees. But the fees that was collected during the period was sh. 1,322,653.

NOTES TO THE FINANCIAL STATEMENTS

GENERAL INFORMATION

Tigania East Technical and Vocational College is established by and derives its authority and accountability from TVETA Act 2013. The Tigania East Technical and Vocational College is wholly owned by the Government of Kenya and is domiciled in Kenya. The Tigania East Technical and Vocational college's principal activity is to offer technical and vocational education and training.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the institution 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 6 to 18

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. ADOPTION OF NEW AND REVISED STANDARDS

- i. Relevant new standards and amendments to published standards effective year ended 30th June 2021.

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Tigania East Technical and Vocational College provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess: (a) The nature of such social benefits provided by the Tigania East Technical and Vocational College; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Tigania East Technical and Vocational College financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023: a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>

ii. Early adoption of standards

The Tigania East and vocational College did not early – adopt any new or amended standards in year 2021.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

The Tigania East Technical and Vocational College recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to 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.

b) Budget information

The first and final budget for FY 2020/2021 amounting to Ksh. 7,642,000 was approved by the Board on *21st May 2021*

The Tigania East and Vocational 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 a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by *presentation to be on the same basis as the approved budget*. *A comparison of budget and actual amounts*, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

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

es

Current income tax

The Tigania East Technical and Vocational College deducts and withholds taxes arising from payment to its employees

Sales tax/ Value Added Tax

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

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

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

d) Investment property

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

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

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

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

e) Property, plant and equipment

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

Where an asset is acquired in a non-exchange transaction for nil consideration, the asset is initially measured at its fair value.

f) Leases

Finance leases are leases that transfer substantially the entire risks and benefits of ownership of the leased item to the Entity. Assets held under a finance lease are carried at the commencement of the lease at the fair value of the leased property or, if lower, the present value of the future minimum lease payments. The Entity also recognizes an associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

g) Intangible assets

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

h) Research and development costs

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

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

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of

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—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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Changes in accounting policies and estimates

The Tigania East Technical and Vocational College recognizes the effects of changes in accounting policy.

j) Employee benefits

Retirement benefit plans

The Tigania East Technical and Vocational College provides retirement benefits for employees and directors. Defined contribution plans are post-employment benefit plans under which an Tigania East Technical and Vocational College pays fixed contributions into a separate Tigania East Technical and Vocational 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. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

k) 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.

l) 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.

TO THE FINANCIAL STATEMENTS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) Related parties

The Tigania East Technical and Vocational College regards a related party as a person or an entity that is related to the Tigania East Technical and Vocational College with the ability to exert control individually or jointly, or to exercise significant influence over the Tigania East Technical and Vocational College, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO/principal and senior managers.

n) Service concession arrangements

The Tigania East Technical and Vocational 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 Tigania East Technical and Vocational College 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 Tigania East Technical and Vocational College also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

o) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits and highly liquid investments with an original maturity of three months or less and are readily convertible to known amounts of cash and are subject to insignificant 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 these financial statements, cash and cash equivalents also include short term advances to authorised public officers and/or institutions which were not accounted for at the end of the financial year.

p) Comparative figures

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

q) Subsequent events

There have been no events subsequent to the financial year end that require adjustment to the financial statements for the year ended June 30, 2021.

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION ^{30TH JUNE}

The preparation of the Tigania East Technical and Vocational College 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 classification 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 Tigania East Technical and Vocational College based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Tigania East Technical and Vocational College. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

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

- The condition of the asset based on the assessment of experts employed by the Tigania East Technical and Vocational College
- 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.

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AS TO THE FINANCIAL STATEMENTS (Continued)

RENDERING OF SERVICES

Description	2020/2021 KShs
School Equipment and Stores (Capitation)	2820000
Activity fees	282000
Industrial attachment fees	211500
Personal Emolument (PE)	1143980
Electricity Water and Consumption (EWC)	338400
Local Transport and Travel (LT &T)	225600
Registration fees	47000
Repairs ,Maintenance and Improvements	282000
Registration with KUCCPS	141000
Total revenue from the rendering of services	5491480

NB the estimates are based on the number of students registered during the Financial year under review (94 students).

7. USE OF GOODS AND SERVICES

Description	2020/2021 KShs
Teaching and Learning materials	732,617
Electricity	29900
Subscriptions	184450
Advertising and Publicity	96200
Catering, Conference and delegations	35,715
Travelling and Accommodation	122,900
Postage	350
Printing and Stationery	256,205
Hire Charges	2500
Telephone Expenses	1860
Internet expenses	65
First Aid Kits	
Other administrative costs	
Bank charges	
Total use of goods and services	

8. EMPLOYEES COSTS

Description	20
Salaries and Wages	
Employee related costs- contributions to pensions and medicals	
Total Employees Costs	

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9. REMUNERATION OF BOARD MEMBERS

Description	2020/2021
	KShs
Board Members sitting allowances	111,000
Total Remuneration of Board members	111,000

10. Depreciation

Description	2020/2021
	KShs
Depreciation charge during the year	45,900

11. Repairs Maintenance and Improvements

Description	2020/2021
	KShs
Equipment and Machinery	519770
Furniture and fittings	5790
Total repairs and Maintenance and improvements	525,560

12. CASH AND CASH EQUIVALENTS

Description	2020/2021
	KShs
Bank balance as at 30 th June 2021	362025
Cash in hand as at 30 th June 2021	3,164
Total Cash and Cash equivalent	365,189

13. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2020/2021
	KShs
Total fees expected	5,491,480
Total fees collected	(1,322,653)
Total current receivables from exchange transactions	4,168,827

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14. Property plant and equipment

Description	30%
Costs	Computers KShs
as at 1 st July 2020	-
Additions during the year	660000
Total during the period	660000
Depreciation charge during the year	(49500)
Net Book Value as at 30th June 2021	610500

Nb the Asset being depreciated was bought and used in the 4th quarter and has so been depreciated on a prorata basis

15. PAYABLES FROM EXCHANGE TRANSACTIONS

	2020/2021
Fees paid in advance	500
exam Fees paid in advance	39430
Other payables -statutory deductions- NHIF	4,150
KRA - PAYE	200
NSSF -	3,600
	47,880
suppliers - invoices	
1 Bee Evans	51,550
2 Famous Steel Stores Limited	338,790
3 Cliftec Supplies	85,990
4 Nambi Electricals and Construction Company	389,100
5 Romel General Merchants	36,200
6 Lan furnitures	79,400
7 Mauta Hardware	37,850
8 Morrynet Digital Supplies	36,260
9 Bruney Stationers	42,930
10 Chess Comfort Hotel	19,590
11 Stewan computer Garage	660,000
12 Premium Tools and Equipments	123,898

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13	Grey Ladder	209,850
14	KATTI MT. Kenya region	40,000
15	KATTI National Office	60,000
	Total Trade payables from exchange transactions	<u>2,259,288</u>

16. RECEIPTS

Description	2020/2021
	KShs
Rendering of Services	1,322,673
Exam fees paid in advance	39,430
Registration fee paid in advance	500
Total good and services	1,362,603

17. FINANCIAL RISK MANAGEMENT

(i) Market risk

The Tigania East Technical and Vocational College has put in place an internal audit function (out sourced) to assist it in assessing the risk faced by the Tigania East Technical and Vocational College on an on-going 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 Tigania East Technical and Vocational College 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 Tigania East Technical and Vocational College 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 Tigania East Technical and Vocational College exposure to market risks or the manner in which it manages and measures the risk.

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iv) Capital Risk Management

The objective of the Tigania East Technical and Vocational College capital risk management is to safeguard the Tigania East Technical and Vocational College ability to continue as a going concern. The Tigania East Technical and Vocational College capital structure of the institution comprises of the following funds:

	2020/2021
	Kshs
Surplus for the year	2,885,228
Capital reserve	-
Total funds	2,885,228
Total borrowings	2,259,288
Less: cash and bank balances	(365,189)
Net debt/(excess cash and cash equivalents)	1,894,099
Gearing	65%

Conclusion the gearing ratio of the institution is high

18. RELATED PARTY BALANCES

Nature of related party relationships

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

Government of Kenya

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

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

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

	2020/2021
	Kshs
Transactions with related parties	
a) Purchases from related parties	
Purchases of electricity from KPLC	29900
Total	52690
b) Expenses incurred on behalf of related party	
Payments of salaries and wages for employees	332814
Total	332814
c) Key management compensation	
Board of Governors emoluments	111000
Total	111000

19. EVENTS AFTER THE REPORTING PERIOD

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

20. ULTIMATE AND HOLDING TIGANIA EAST TECHNICAL AND VOCATIONAL COLLEGE

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The Tigania East Technical and Vocational College is a Semi- Autonomous Government Agency under the Ministry of Education. Its ultimate parent is the Government of Kenya.

21. CURRENCY

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

Institution Bankers

Equity Bank Kenya Limited

Meru Makutato Branch

A/C NO. 1040279548571



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