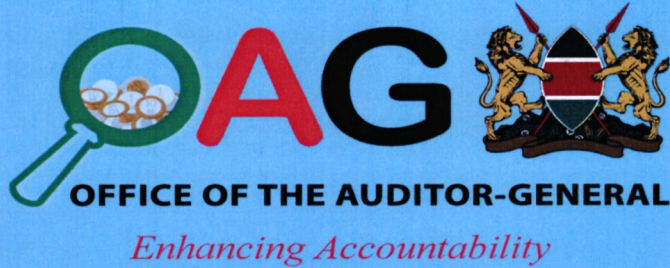


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**REPORT**

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OF

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BY:

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Deputy Minority Party Whip

CLERK-AT  
THE TABLE:

A. Simba

**THE AUDITOR-GENERAL**

**ON**

**IJARA TECHNICAL AND  
VOCATIONAL TRAINING COLLEGE**

**FOR THE YEAR ENDED  
30 JUNE, 2022**



**MINISTRY OF EDUCATION**  
State Department of Technical and Vocational Training  
**Ijara Technical And Vocational College**

P.O. BOX 31-70105 Masalani Garissa County



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***IJARA TECHNICAL AND VOCATIONAL COLLEGE***

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE 2022**



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**PREPARED IN ACCORDANCE WITH THE ACCRUAL BASIS OF ACCOUNTING METHOD UNDER THE  
INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS (IPSAS)**

**IJARA TECHNICAL AND VOCATIONAL COLLEGE,  
Annual Report and Financial Statements for the year ended 30th June 2022**

**IJARA TECHNICAL AND VOCATIONAL COLLEGE,  
Annual Report and Financial Statements for the year ended 30th June 2022**

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**IJARA TECHNICAL AND VOCATIONAL COLLEGE,  
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**I. Key Entity Information and Management**

**(a) Background information**

Ijara Technical and Vocational College is domiciled in Kenya. The *institution* was incorporated/ established under the TVET Act 2013 on Act on 16<sup>th</sup> September,2014 . The institute is under the Ministry of Education.

The Institute received Air conditioning and Refrigeration equipments in 2019 from Alvic international and in February 2020,the equipments were mounted ready for use.

The institute has a computer department with ten mounted and operational computers, a Refrigeration and Air Conditioning workshop, a Plumbing unit and a welding and fabrication unit(both are embryonic).It also has a kitchen but no dining Room.

**(b) Principal Activities**

**(c) Key management**

The principal Vision of IjaraTvc is To be a centre of excellence in Refrigeration and Air conditioning technology.

Its mission is to provide the Kenyan economy and beyond with engineers in the entirety of the Refrigeration and Air conditioning technology.

Its Strategic Objectives are but not limited to:

1. To enhance access and equity in technical training.
2. To enhance relevant infrastructure facilities for training.
3. To engage in applied research to promote innovation and appropriate technology.
4. To establish collaboration and linkages with other institutions.
5. To integrate ICT integration in learning, training, research and management.
6. To develop an efficient and effective communication system.

**(d) Fiduciary Management**

The college day-to-day management is under the following key organs:

Board of Governors,

Accounting officer/ Principal

Management

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**(e) Fiduciary Oversight Management**

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	<b>-Francis MbuguaWainaina</b>
2	Deputy principal (Ag)	<b>Barack NjomWesonga</b>
3	Registrar (s)	<b>-Francis Ng'ang/a Kiiru</b>
4	Head of Finance	<b>- MohamedIdriss</b>
5	HoD Mechanical Engineering	<b>Mbuthia Edwin Macharia</b>
6	PC Coordinator	<b>Nyoike Ezekiel Wainaina</b>

**(f) Fiduciary Oversight Arrangements**

- *Audit and risk committee activities*
- *Finance and operations committee activities*
- *Academic committee activities*
- *Development partner oversight activities*
- *Other oversight activities.*

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**Annual Report and Financial Statements for the year ended 30th June 2022**

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

(g) **Ijara Technical And Vocational College Headquarters.**  
P.O,Box 31-70105,  
Masalani,  
Ijara sub-County,  
Garissa County,  
Kenya

(h) **Ijara Technical And Vocational College Contacts.**  
Telephone: (254) **798 059928**  
E-mail: [admin@itvc.as.ke](mailto:admin@itvc.as.ke)  
Website: [ijaratvc.ac.ke](http://ijaratvc.ac.ke)



(i) **Ijara Technical And Vocational College Bankers**  
  
Kenya Commercial Bank,  
*Garissa Branch*  
*Box 143-70100,*  
*Garissa.*  
*Account no:1285610881*

(j) **Independent Auditors**  
  
Auditor General  
Office of the Auditor General  
Anniversary Towers,  
P.O. Box 30084GPO 00100  
Nairobi, Kenya


(k) **Principal Legal Adviser**  
  
The Attorney General  
State Law Office  
Harambee Avenue  
P.O.Box40112  
City Square 00200  
Nairobi, Kenya

**IJARA TECHNICAL AND VOCATIONAL COLLEGE,  
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**II. The Board of Governors**



No.	Member/ Director	Details
	Hassan Hussein Nurie	Bachelor Of Science In Microbiology County Health Directors' Office
1.	 <p><b>Francis Mbugua Wainaina</b> Bachelar of Arts (Social Cultural and Development Studies),Moi University. Post graduate Diploma in Education;Ergenton University</p>	<p><b>DoB:1970,Kiambu County,</b></p> <ul style="list-style-type: none"> <li>➤ Community Development and Educational Management.</li> <li>➤ Eight years of secondary education teaching and management,</li> <li>➤ Seventeen years in Technical education teaching and management</li> <li>➤ Executive member,</li> <li>➤ Secretary to BoG..</li> </ul>
2.	 <p><b>CPA Mohamed Ali Elmi</b></p>	<p>CPA Mohamed Ali was born on 1<sup>st</sup> January 1988.</p> <p>He holds Master of Business Administration in Finance and Bachelor of Commerce (BCOM-finance) from JKUAT. He is also a CPA (K) with a good standing.</p> <p>He is a Professional Accountant with over 12 years' experience in auditing and assurance, Accounting and Finance in both Public and Private Sector.</p> <p>He is an independent member of the Board and a Chair of Finance Committee.</p>
3.	Ismail Hassan Abdi	<p style="text-align: center;">MSC BED Statistics</p>
4.		<p>DOB 1982 *Experience in teaching and management for over 15yrs.</p>

**IJARA TECHNICAL AND VOCATIONAL COLLEGE,  
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	 <p><b>Hussein Abdi Ali</b></p> <p>*Hold MA in Project Planning and Management .</p>	<p>*Bom member at National and county school Garissa county *BoG member at ijaraTvc. *Attained senior management at KSG. *Hold BEd arts and higher diploma human resources management. *Member of two professional boards with good standing: Kenya association of project managers and institute of HRM.</p>
5.	Mohammed Aden Nuriye	BSC Electrical & electronics
7	UmulkheirHarun Mohamed	Bachelor of Education (English & Literature) Diploma in Information Technology Founder and CEO of Kesho Alliance Nominated Member of Parliament
8	COMMISSIONER HUBI HUSSEIN ALHAJI	BA Dev.Studies Member of the National land Commission

**IJARA TECHNICAL AND VOCATIONAL COLLEGE,  
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**III. Management Team**

No.	Member/ Director	Details
1.	 <p>Francis Mbugua Wainaina Bachelar of Arts (Social Cultural and Development Studies),Moi University. Post graduate Diploma in Education;Ergenton University</p>	<p>-Teach,formulate and supervise educational plans &amp; develop strategies, assign duties &amp; responsibilities to staff, Provide updates of the college growth &amp; development, avail technical advice to Bog, Create a life sustaining system conducive for training and Learning,Safrguard the institutes' properties, records and Lives, supervise, the implantation of the government/MoE educational and training policies and others, Mentor and coach staff. Is the accounting officer of the college.</p>
2.	 <p>Ezekiel Wainaina Nyoike  Bachelor of Science Mechanical Engineering, Technical University of Mombasa  Diploma in Technical Trainer Education; Kenya Technical Trainers College</p>	<ul style="list-style-type: none"> <li>i. Training in mechanical related courses.</li> <li>ii. Preparing learning materials and schemes of work.</li> <li>iii. Setting and marking examination/assignment;</li> <li>iv. Carrying out research work in mechanical area.</li> <li>v. Supervising trainees' projects and practical work.</li> <li>vi. Coordinating on performance contract of the college.</li> </ul>

**IJARA TECHNICAL AND VOCATIONAL COLLEGE,  
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3.	<p>4.</p> 	<p><b>Name:</b> KIIRU FRANCIS NGANGA  <b>Qualifications:</b></p> <ol style="list-style-type: none"> <li>1. Advanced Diploma – Technical Trainer Education ICT -KTTC</li> <li>2. Bachelors Science Computer Science – Kisii University</li> <li>3. Certified Responsive Web Designer <a href="#">Link1</a></li> <li>4. Certified Front End Libraries Developer <a href="#">Link2</a></li> <li>5. Data Visualization Certification <a href="#">Link3</a></li> </ol>
5.	 <p>Barack Njom MSC (ongoing)  BA leadership  HND management  Dip.Refrigeration&amp; Air conditioning</p>	<p>-Teach, formulate and supervise educational plans &amp; develop strategies, supervise staff, Provide updates of the college growth &amp; development, avail technical advice to the principal, Create a life sustaining system conducive for training and Learning,, supervise, the implantation of the government/MoE educational and training policies and others, Mentor and coach staff.  Is the principal assistant to the principal of the college.</p>
6.	 <p>Mbuthia Edwin macharia</p>	<p>Duties and responsibilities as HOD mechanical  Teach subject in my field of specialization  Carry out research and development in this field  Participate in time-tabling process  Prepare termly requisition for my department  Prepare trainers in my charge for both internal and external examinations  Manage and keep an inventory of all materials in my department  Represent my department in all TVET</p>

**IJARA TECHNICAL AND VOCATIONAL COLLEGE,  
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	Bachelor of science mechanical engineering (TUM)	related activities Any other duties assigned to me by the principal
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**IJARA TECHNICAL AND VOCATIONAL COLLEGE,  
Annual Report and Financial Statements for the year ended 30th June 2022**

**IV. Chairman's Statement**

**A BRIEF HIGHLIGHT OF KEY ACTIVITIES THROUGHOUT THE FY 2021/2022**

At the beginning of this financial year, the college had only two water tanks of carrying capacity 2,500 Litres. Another two 10,000 Litres water tank had been bought and delivered to college from Garissa town. One of the 10,000 Litres water tank had been erected and connected to the main pipe connecting the college to Masalani water tank.

The second water tank was eventually erected within this financial year and connected to the water distribution network of the college, particularly the lavatories.

The challenge that eventually faced this programme was that, the Masalani water work pipeline was damaged and could not conduct water to the college from the water tower 9 kms away.

Management embarked on a mission to lobby the county water management body to repair this pipeline.

The pipe line was eventually repaired.

However, there wasn't enough pressure to push the water, from the water tower 9kms away to reach the college and fill its 27,500 Litres capacity containers to sustain it for a term.

The college had hoped to save at least Kshs 34,500 per term in water bills which was not realised.

The board of management has set target of the college admitting its first batch of students in the month of September, 2021.

In light of this, the board engaged in a sub-county wise marketing using posters, local FM Radio stations, and personal selling techniques.

A marketing week was declared which culminated in setting up of an information tent at the main Masalani market manned by the college trainer assisted by some local youths because of the language barrier.

Towards this objective of September in-take, the board of management operationalized the college kitchen.

The board also operationalized the just completed students toilets funded by the sub county NGCDF.

The college was on guard 24/7 by four armed National Kenya police reservists (NKPRP) The board successfully negotiated with the office of the District County Commissioner to allocate two CIPU (Critical infrastructure police unit) officers to boost security.

**IJARA TECHNICAL AND VOCATIONAL COLLEGE,  
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The board intervened with a local secondary school to help with its bus together with its driver to be used in ferrying in and out both students and staff.

The board also over-saw the curving out of academic departments and equipments and facilities laid out.

The board hired four (4) more personnels to assist the college achieve and maintain its targets. These were namely;

- 1) A finance Officer
- 2) A trainer in tailoring,
- 3) Two cleaner; one for the compound and the other one for the classes and offices.

The board also initiated and successfully secure the laying out of the college electrical network and its connectivity to the national grid. The college was finally connected and lighted up by end of October 2021.

However, by the entrance of September, 2021, the Ijara sub county communities found themselves deep in the grip of a devastating drought which saw households losing thousands of livestock.

The community was traumatised by this phenomenon and drove many families into object poverty.

The envisioned opening did not materialize.

However the board maintained contact with the community through awareness activities.

The January-march 2022 saw a total of fifty one (51) students reporting and received academic instructions throughout the term.

Among the market driven courses the board introduced was tailoring.

It attracted twenty students and an instructor was hired to train them in basic tailoring skills.

The board authorized the purchase of ten sawing machines to cater for this group of learners.

In the following term of may-July 2022 the student population increased from thirty nine to fifty eight.(58)

However by now the college was in a dire financial state and the college was sinking deeper and deeper into debts. This situation was occasioned by namely;

- 1) Lack of payment of school fees from 1<sup>st</sup> term January-march 2022 up to 2<sup>nd</sup> term (May-July 2022)
- 2) Delay in the disbursement of the 3<sup>rd</sup> and 4<sup>th</sup> Grant for FY 2021/2022.
- 3) Denegation of Ijara sub county promise of paying school fees for one year for the first one hundred (100) students to join the college
- 4) High cost of commodities and operations in this region.

**IJARA TECHNICAL AND VOCATIONAL COLLEGE,  
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Prepared by



Hassan Hussein Nuriye.  
**Chairman BoGIjaraTvc.**

**IJARA TECHNICAL AND VOCATIONAL COLLEGE,  
Annual Report and Financial Statements for the year ended 30th June 2022**

**V. Report of the Principal**

At the beginning of this financial year, the college had only two water tanks of carrying capacity 2,500 Litres. Another two 10,000 Litres water tank had been bought and delivered to college from Garissa town. One of the 10,000 Litres water tank had been erected and connected to the main pipe connecting the college to Masalani water tank.

Two of the 2,300 Litres water tanks placed on elevated platforms, were meant to channel water into the main buildings' sinks and lavatories. These lavatories were meant to be used by staffs and visitors only.

The second water tank was eventually erected and connected to the water distribution network of the college, particularly the students' toilets.

Initially the officers here had prevailed upon the college to fund the cost of connecting the water tower with the main line which passes near the college. at the estate of Gummyty. The college bore this expense believing it was eventually to receive water

However, upon the release of water from the tower, it was realised that the entire length of the pipeline was damaged as water was leaking at every several meters intervals.

The principal and members of board embarked on a mission to lobby the county water management body to repair this pipeline. Several visits were made by the principal accompanied by some members of the board to the county waterworks managers office in Garissa town.

The pipe line was eventually repaired.

However, there wasn't enough pressure to push the water, from the water tower 9kms away to reach the college and fill its 27,500 Litres capacity containers to sustain it for a term.

The water engineer who undertook this repair advised the principal to source for funds to build an underground water tank as the water reaching the college was a trickle and could not drain into the mounted 10,000 Litre mounted water tanks. Water was then to be pumped into all the other tanks.

The college had hoped to save at least Kshs 34,500 per term in water bills which was not realised.

The board of management has set target of the college admitting its first batch of students in the month of September, 2021.

In light of this, the board embarked on a sub-county wise marketing activity using posters, local FM Radio stations, and personal selling techniques.

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The principal spear-headed these activities. He organised for posters to be printed and distributed out.

He organised his teachers to Mann the information desk at the market place for two weeks.

In the operationalization of the college kitchen, the Principal travelled to Garissa main market and bought cooking equipments and serving utensil as well as water holding containers and thermos flasks for holding tea.

The board also operationalized the just completed students toilets funded by the sub county NGCDF

In this regard, the principal coordinated with the CDF term undertaking this project. It should be noted that these twin male and female students' toilets were not constructed up to the standard requested by the principal. The college will have to source for funds to re-do and complete them to the high standards of modern college toilets.

In his efforts to ensure maintenance of standards, the principal was met by very hostile actors,

The Principal successfully negotiated with the office of the District County Commissioner to allocate two CIPU (Critical infrastructure police unit) officers to boost security.

This was meant to boost security especially when the staff and students were on transit between the college and Masalani Township.

The college is located in an isolated place away from settlements and about 10 kms from Masalani Township;

It is an area associated with the Al shaabab militant activities.

The board intervened with a local secondary school to loan out its bus together with its driver to be used in ferrying in and out both students and staff.

In light of this, the Principal was charged with the responsibility of drafting up an MOU between IjaraTvc and Yussuf Hajji Girls Secondary school.

In this MOU, the secondary school was to avail their bus plus the driver to ferry students to and from the college to Masalani town up to Majengo shopping centre distance of about 20 kms from the college.

IjaraTvc was to service the bus, fuel it and pay the driver a monthly allowance.

In exchange, IjaraTvc was avail three of its Chemistry teachers to help out in this school as they lacked teachers and particularly In the senior classes in these areas,

This did not materialize as the so said teachers refused to report to Ijara citing security risks and have since then been redeployed elsewhere.

**IJARA TECHNICAL AND VOCATIONAL COLLEGE,  
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The principal allocated rooms for each department, allocating the necessary resources both human and technological and activated them.

The board also initiated and successfully secured funds for the laying out of the college electrical network and its connectivity to the national grid. The college was finally connected and lighted up by end of October 2021.

In this endeavour, the principal lobbied Tvet department of infrastructure for connectivity fee with KPLC and was allocated.

It should be noted that the funds availed by CDF was insufficient such that the recommended cable diameter conducting electricity into the main workshop of 150 mm was not installed and instead a 16mm diameter cable was used.

This cable cannot sustain power to power the heavy power consuming refrigeration and air conditioning equipments housed in the main workshop.

Funds will have to be sourced to replace this cable as it is a danger to the well being of these equipments.

However, by the entrance of September, 2021, the Ijara sub county communities found themselves deep in the grip of a devastating drought which saw households losing thousands of livestock.

The community was traumatised by this phenomenon and drove many families into object poverty.

The envisioned opening did not materialize.

When this unfolded, the Principal maintained the college on a full operational mode with the bus making its daily routine from Masalani town in the morning and back in the evening.

This was a marketing strategy meant to convince the community that the transport and security problem was solvable and this was the way. It also facilitated potential clients to visit and consult the college.

The January-march 2022 saw a total of fifty one (51) students reporting and received academic instructions throughout the term.

The Principal guided his team of teachers in making master time table, and other tools used in managing and implementing curriculum at a college level.

Among the market driven courses the board introduced was tailoring.

It attracted over twenty students and an instructor was hired to train them in basic tailoring skills.

The board authorized the purchase of ten sawing machines to cater for this group of learners.

**IJARA TECHNICAL AND VOCATIONAL COLLEGE,  
Annual Report and Financial Statements for the year ended 30th June 2022**

The Principal sourced and hired an instructor to conduct training here.

In the following term of May-July 2022.the student population increased from fifty one (51) to fifty eight(58)

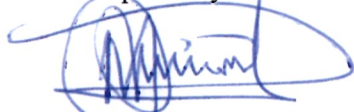
However by now the college was in a dire financial state and the college was sinking deeper and deeper into public debts. This situation was occasioned by namely;

- 1) Lack of payment of school fees from 1<sup>st</sup> term January-march 2022 up to this term (May-July 2022)
- 2) Delay in the disbursement of the 3<sup>rd</sup> and 4<sup>th</sup> Grant for FY 2021/2022.
- 3) The grant office informed the college that its grant cycle of three years was up and as from the financial FY 2022/2023, no grant was to be availed to it.
- 4) Lack of honouring of Ijara sub county CDF promise of paying school fees for one year for the first one hundred (100) students to join the college
- 5) High cost of commodities and operations in this region.

In light of mounting debts with suppliers and wage arrears compounded by suppliers reluctance to maintain supplying the college and on top of a near rebelling support staff work force, the principal decided to send all students home to at least each to raise a minimum of Kshs 5,000.

Very few students returned and the term was not concluded properly.

Prepared by:



Francis MbuguaWainaina  
**PRINCIPAL/BOG SECRETARY**

**IJARA TECHNICAL AND VOCATIONAL COLLEGE,  
Annual Report and Financial Statements for the year ended 30th June 2022**

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

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

*Ijara TVC* has *Five(5)* strategic pillars /issues/ themes and objectives within current Strategic Plan for the FY 2021- 2022 . These strategic pillars are as follows:

*Ijara TV* develops its annual work plans based on the above 5 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The *college* achieved its performance targets set for the FY 2021/22 period for its 5 strategic pillars, as indicated in the diagram below:

Strategic Pillar		Objective	Key Performance Indicators	Activities	Achievements
1) Water and sanitation	a.	Increase the water holding capacity of the college from 5,000 litres to 25,000 Litres's towards 200,000Ltrs target on a constant basis	Availability of water 24/7 throughout the college on a termly basis.	Two 10,000 Litres of water containers bought, transported, mounted and operationalized, three,2,500 Litres water tanks mounted on elevated platforms and operationalized	100%
	b.	Activate and install water outlet systems of both clean and used water. Also, connect the college to Masalani water work public supply network.	An availability of water in the washrooms and outlet of used water. The physical existence of a water line from the college connecting Masalani county waterworks public supply network and the college internal water system. The main water pipe linking Masalani water tower at Gummery to the college was repaired though water didn't flow in as expected.	Identify an appropriate experienced Fundi, raising up of a list of requirements, Purchase of construction and plumbing material and labour. Installation of water systems undertaken up to completion. Lobby the county water works to repair their main pipe passing near the college.	90%
2) Staff and students' welfare	a.	Provide adequate and reliable means of	Trainees and the staff are ferried to and from the college every Monday to	Approach one of the local secondary school with a bus	75%

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		transport to & from the college premises.	Friday.	and negotiate a deal to enable IjaraTvc make use of this resource.	
	b.	Activate the staff and students feeding programme.	Motivated and energetic staff and students boosting enrolment and work productivity.	Students and staff to be served with mid-morning free tea, lunch and supper for guards on night duties.	100%
3) Security	a.	Secure the physical land of the college from illegal encroachment	Ijara TV identified by NICONK as one of the learning institutions to be considered for funding in a number of fronts.	Ongoing engagement with a major development partner, NICONK, on the possibility of fencing the entire college.	40%
	b.	Enhance the college security capability from external armed attackers within as well as on transit.	No terrorist attack for the financial year ended on July 2022. Also, a motivated staff and students.	The college to maintain and motivate four (4) NGKPR (Notional Government Police Reservist) on a 24/7 guarding duties. Also boost the staff and student's security while on transit to and from the college and enhance day-time security.	100%
4) Infrastructures	a.	Connect the college to the national Electrical grid	Training in the technologically dependent courses such as ICT, successfully conducted up to certification level And a pay bill number issued to the college.	Identify source of funds, raise a BQ, tender the contract, sttle on a contractor, install underground electrical cables to the two main building. Lobby KPLC connect college	100%
	b.	Provide a hygienic working environment for both staff and trainees.	Clean classes, offices and compound	Advertise Two vacancies for a male and a female cleaner and a grounds man.	75%
	c.	Source for resources to undertake major repair work to the college buildings	Damage assessment by Deputy Director, presidential Delivery unit and follow-up team lead by Garissa County Commissioner.	Lobbying and advocacy of the government	60%

**IJARA TECHNICAL AND VOCATIONAL COLLEGE,  
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5) Capacity building and empowerment of	a.	To facilitate staff and board to attend seminars and workshops meant to improve their work out put.	Increased efficiency and effectiveness of staff	Staff presents letters of invitation to seminar or workshop, Tabulation of per Diem, travel and seminar/workshop charges.	70%

**IJARA TECHNICAL AND VOCATIONAL COLLEGE,  
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**VII. Corporate Governance Statement**

The following table summarizes board meeting and attendance percentages

<b>S.No</b>	<b>Date of Meeting</b>	<b>Attendee</b>	<b>Absentees</b>	<b>Percentage attendance</b>
02	26th November, 2021	5	5	50
03	13th October, 2021	7	3	70
04	10 <sup>th</sup> February, 2021	6	4	60
05	11 <sup>th</sup> October, 2021 (Interview-panel) 21 <sup>st</sup> January 2022	3	0	100
06	29 <sup>th</sup> July, 2022	7	3	70
07	21 <sup>st</sup> January, 2022	8	3	70

There exists a board charter developed in January 2021 but it has yet to be adopted by the board members.

The process of board appointment and removal of board members, roles and functions of the board are contained in Tvet Act of 2013.

The board has been inducted partially, that is, two members were facilitated to a governance seminar in Naivasha.

IjaraTvc board of governor was appointed on 10th July, 2020.

It was inaugurated at the college premises on 10th October, 2020.

The Matrix of bio-data plus their support documents of individuals suggested therein to be appointed into the board of governor for IjaraTvc was inherited from the working of the previous and first Principal, Mr. Osman Adow, who passed on while in office in February 2020.

The Matrix of these personnels submitted to the office of the Principal Secretary was a negotiated effort of the then Principal Mr. Osman (deceased), the then Garissa and Tana River County Director, Dr. Ali Noor (Deceased) and the then Member of Parliament for Ijara Sub-County Hon. Sophia Abdi.

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**SERIOUS ISSUES PERTAINING TO THIS BOARD.**

- 1) The chairman of the board is in contravention of Tvet Act No.29 of 2013 section 28(3) sub section 5(2). The Act forbade the chair of the board from being chairman of similar boards in the same ministry.
- 2) The seven appointed members of the board are in contravention of Tvet Act 2013 sub section 2 on ethnic composition of the board as they are all of Somali tribe extract.
- 3) The entire board is drawn from one religion (Islam). This goes against the grains of “best Practices,” of a secular nation and alienates the non-Muslim members of IjaraTvc Community.

**CONSEQUENCES OF THESE SHORT-COMINGS OF THE BOARD.**

- 1) The deliberations and resolutions of this board can be challenged in a court of law based on the premises that the board is illegally constituted. Such a threat was made by a coalition of leaders drawn from the entire Garissa County before and after its inauguration. The then Garissa County director Tvet Dr Ali Noor intervened and requested these leaders to give Tvet a chance to internally correct these issues.  
He died while in office before this could be accomplished after battling with a failing Heart and the board was thereafter inaugurated.  
This promise was left to the principal to sort out.
- 2) The rest of the tribes feels alienated and believes the college is a Somali affair only  
The major tribes here are antagonistic to one another. This antagonism is both a social Historical as well as a social economic in nature.  
Lack of ethnic balance within the board has generated the problem of tribes left out  
Restraining their children from joining the college.
3. The intra clan rivalry within the many sub clans of the Somalis has been felt within the board resulting in undesirable consequences which are constantly threatening to dismantle the gain so far gained in operationalization of this college. The college is currently fully operational.
4. The two females appointed to the board have never managed to attend meetings though one has been active in advocacy affairs of the college; **Lady UmulkheirHarun Mohamed, currently the nominated Member of Parliament of Ijara constituency.** This has made the board fall short on the gender requirement in its deliberations.
5. The former county government of Garissa of Ali Korane declined to appoint its representative

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to the board complaining that the appointed board was defective and unrepresentative of the community diversity and once corrected; they were to send their representative then.

6. All the members don't live and work in Ijara Sub County and have been observed to be out of touch with the populace here.

In a letter addressed to the Principal Secretary and to the National Director Tvet, **REF No. ITVC/ADMN//BOG/RSFL/1503022/001** of 15<sup>th</sup> **March,2022**, the above issues were raised and the following recommendations made.

- 1) . Another chair person should be appointed among the other members.
- 2) The choice of the members should be done so that no one tribe has over two third majority as outlined in Tvet Act 2013.
- 3) Three quarters of the board members should be living and working within the catchment zone of the college. This means that they will always be in touch with the college and in touch with the psychosocial dynamics of the demography of the college immediate catchment zones.

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**VIII. Management Discussion and Analysis**

The fy2021/2022 saw the college majorly engaged in preparations for the targeted September 2021 opening and admission of students.

The college relied heavily on government grants for its operationalization activities.

Water and sanitation was an ongoing project which had spilled over from the Fy2020/2021 financial year.

However, it was substantially completed in the fy 2021/2022.

The college had initially set a target of 25,000 Litres water holding capacity and ended up with a 27,000 Litres water capacity.

The college had hoped to save an approximate Kshs 34,000 in savings over water purchase by connecting to Masalani water supply works per term.

However, this did not materialize for reasons explained earlier.

The college had received some funding towards its electrification process in the previous financial year.

The project was successfully undertaken and completed. However, the funds were not enough to install the ministerial recommended cable quality but nonetheless, the college received the much-needed power supply.

The project was not implemented in total compliance with the applying statutory requirements. This was attributed to ignorance of the regulations applying to this kind of project,

The principal moved in to address this breach. It's yet to be completely settled and is an ongoing concern.

The Directorate of Grant has already informed us that the 3<sup>rd</sup> & 4<sup>th</sup> quarter grants for the FY 2021/2022 was to be the last one as the 3 years grant cycle for our college was up.

As for the next term (September –November 2021) and beyond, the college was to relay basically on capitation and student's fees.

Student's fees are highly unreliable as our students hail from very poor families as is evident from the very few who managed to come back after they were sent home to raise a minimum of Kshs 5,000 fees in the May 2021/July 2021 academic term

In the first term of January-march 2022, the college received total of fifty one(51) students.

All the students could not raise the term fees and only managed to pay registration fees only.

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KUCCP has only allocated us with 80 slots for capitation. This translates to approximately Kshs 600,000 per term.

Going by last two terms monthly expenses, our wage bill plus food, water, transport, teaching/learning materials plus other incidentals, was fractuating between Kshs 220,000 to 250,00 per month.

The capitation so far received was Kshs 105,000 for only 14 students who qualified for KUCCP funding.

In order for the college to survive into the future, the college management **MUST** do the following at all costs:

- a) Expand its capitation base by putting up and equipping /expanding the following courses which have attracted students and are promising.
  - I. Welding and fabrication
  - II. Plumbing
  - III. Electrical
  - IV. Tailoring
  - V. Refrigeration and Air Conditioning.

NB/=The college aspires to raise the student's population, qualifying for capitation to three hundred (300) for the FY 2022/2023.

- b) Link up with **HELP** for students financing (not popular here)
- c) Activate commercial **PRODUCTION** activities in the above-mentioned areas.
- d) Link up with the sub counties CDF fund.

1) The table below summaries the scenario facing the college.

**TABLE:1.00, Available Equipments and Tools, Short Falls, Approx. Costs, Number of Students Registered so far & Examination Body(S)**

<i>S.N O</i>	<i>COURSE</i>	<i>AVAILABLE EQUIPMENTS &amp; TOOLS</i>	<i>SHORT FALLS</i>	<i>APPRO X, COSTS (KSHS)</i>	<i>CURRENT NO. OF STDNTS</i>	<i>EXAM.B ODY</i>	<i>EXPECTED CAPACITY</i>
01	<i>Welding and fabrication</i>	<i>+Arc welder +protective gears +2 gas Cylinders +Nozzles etc. +Working table</i>	<i>+2 gas Cylinders (O2+Acetylene) + Working space</i>	<i>150,000</i>	<i>2</i>	<i>KNEC NITA ITVC</i>	<i>40</i>
02	<i>Plumbing</i>	<i>+2 PSC Trainers</i>	<i>+Demonstration boards +Working Tables +Tanks, pipe plus others</i>	<i>150,000</i>	<i>6</i>	<i>KNEC NITA ITVC</i>	<i>40</i>

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03	Electrical	+2 PSC trainers	Demonstration boards +Working Tables +Others as identified	150,000	4	KNEC NITA ITVC	40
05	Tailoring	+10 Manual Sewing Machines + 1 Bog Trainer	+ Cutting Tables + 5 electrical sewing machines	150,000	21	NITA ITVC	30
06	Refrigeration and Air Conditioning	+ Avic supplied equipments and tools. +5 Trainers PSC	+ Hand held gas welder + others as identified by trainers	50,000	7	KNEC NITA ITVC	40
07	ICT	+10 Desk tops Mounted and operational +10 Desk tops unmounted.	+ Computer tables plus cables(to accommodate 10 students)	50,000	11	KNEC ITVC	40
<b>TOTAL PROJECTED COSTS</b>				<b>700,000</b>	<b>51</b>		<b>230</b>

The college owns suppliers of services a total of Kshs 1.2 M. This debt has been captured in its Fy2022/2023 performance contract as a target to be achieved.

The office of capitation Tvet owns the college a total of Kshs 210,000 as arrears for FY2021/2022 3 & 4<sup>th</sup> Capitation for fourteen students (14).

The major risks facing the college are;

- 1) Low student enrolment due to poor perception of technical education among communities in these regions,
- 2) Lack of funding from CDF (Particularly if it's withdrawn from MPs)
- 3) With drawer of the loaned-out bus to us
- 4) Collapse of the badly cracked-up buildings of the college
- 5) A terrorist attack from the Al-Shabaab militias operating in these regions.
- 6) The college not receiving grants and yet its at the pick-up stage.

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

### **Sustainability strategy and profile**

- 1) As for the next term (September –November 2021) and beyond, our college will relay basically on capitation and students fees.  
Student’s fees are highly unreliable as our students hails from very poor families as is evident from the very few who managed to come back after they were sent home to raise a minimum of Kshs 5,000 fees in the May 2021/July 2021 academic term  
KUCCP has only allocated us with 80 slots for capitation. This translates to approximately Kshs 600,000 per term.

In order for the college to survive into the future, the college management **MUST** do the following at all costs:

- e) Expand its capitation base by putting up and equipping /expanding the following courses which have attracted students and are promising.
  - i. Welding and fabrication
  - ii. Plumbing
  - iii. Electrical
  - iv. Tailoring
  - v. Refrigeration and Air Conditioning.

**NB/=**The college aspires to raise the student’s population, qualifying for capitation to three hundred (300) for the FY 2022/2023.

- f) Link up with **HELP** for students financing (not popular here)
- g) Activate commercial **PRODUCTION** activities in the above-mentioned areas.
- h) Link up with the sub counties CDF fund.

The college is situated about 9kms from Masalani town. It is located within a region which is traditionally known to be crisscrossed by the Al-Shabaab militias.

- 2.) In light of that, the college is secured by six (6) armed guards solicited from the Kenya Police force (four (4) National Kenya Police Reservists, NKPR, and two (2) Administration Police from CIPU).
- 3.) The road which passes by the college is rarely used by vehicles, partly because it is sparsely populated, poor state of the road and partly because of insecurity.
- 4.) There are only two schools which have school buses; namely, Yussuf Hajji Girl’s secondary school and Shurie secondary school, Masalani.
- 5.) The boards of Governors for these two schools are headed by Mr. Hassan Hussein Nurie, the chair of IjaraTvc BOG.

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- 6) In order to overcome the problem of distance, the college entered into an **MOU** with Yusuf Hajji Girl's secondary school. That;
- a) Yussuf Hall Girls Secondary school was to avail their bus to IjaraTvc to ferry staff, Police Officers and students to the college in the morning and back to town in the evening, Monday to Friday.
  - b) The college was to fuel; service and repair the vehicle while in its service and pay the driver an out of pocket allowance while serving the college.
  - c) In exchange, the college was to bail the secondary school out of its Chemistry teaching and practical's as they didn't have chemistry teachers by seconding its Analytical Chemistry teachers who were to be housed, feed and paid an out-of-pocket allowance by the secondary school.

**NB/-**This part of the deal didn't materialize as the three chemistry teachers absconded duty and made it clear that they were unwilling to work and live in North Eastern region due to insecurity. Their case was handed over to the Directorate of Human Resource Management, Tvet in Nairobi.

7. The college has really and not imagined fear that this bus can be withdrawn any time.
8. This would effectively ground classes and operations of this college.  
**NB/-**The College received and started its classes in the month of January 2022 after failing to kick off in September, 2021 due to insurmountable factors.
9. By the end of this financial year, it had 58 students registered and attending classes.

It is my humble submission that the state department of technical and vocational education should move with urgency to facilitate this college to acquire its own bus either through a hire purchase or rental from the facilities availed by Isuzu Kenya to the state department of Tvet or allocation from the state Department of Tvet.

A bus belonging to the ministry of Education and out to serve ALL members of this college regardless of ethnic, religious or political affiliations.  
Similarly, government grant should not be withdrawn at this stage.

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**Environmental performance**

The college is relatively new. It is located about 10 kms from Masalanitownship and about 6kms from the nearest settlement.

The college land is 100 acres of prime land.

Currently, some families have moved and settled inside the land.

Although this is unhealthy and will eventually pose a challenge to the college, they have been provided with water and allowed to graze their livestock on the land.

This has helped the college to manage growth of bushes around it as well as augmenting the security of the college infrastructure, students and staff.

The college has yet to develop and document a comprehensive environmental policy guideline.

It has two septic tanks, one being a bio-digester.

All the human waste is directed towards these two septic tanks.

The college is currently using charcoal sourced from far off dealers to avoid cutting down of its trees.

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**Employee welfare**

The hiring policy of the institute is guided by the policy of “locals first.)  
As Ijara Sub County is made up of several different communities with the Somalis being the largest single tribe, the college envisions a hiring policy reflective of this tribal diversity.

The college observes the performance of its workers keenly. Best performing workers are rewarded through salary increase and those on probationary employment confirmed in their jobs.

It is the policy of this college to develop careers and improves its staff’s skills.  
In light of this, management has facilitated five of its staff to pursue pedagogy both in KTTC and Maseno University.

It has also facilitated its staff on several occasions to attend to seminars and workshops meant to sharpen their skills and create linkages and networks of professionals.

The college also provide transport to and from the college for its staff at no cost.  
Similarly, staff both teaching and supports are provided with 10’ o'clock tea and lunch.

The college has placed firefighting equipments on all the corridors and inside the workshops.

As the college buildings are badly cracked up, the college has sensitized the ministry of education on this plus the provincial administration.

The Deputy director, presidential delivery unit visited the college over this matter; the Garissa County commission also led a delegation of officers from NEMA and Public works on an inspection tour of this facility over its structural integrity.

**Market place practices-**

- a) IjaraTvc makes one monthly budget which captures all payments due to suppliers of goods and services plus any monetary payment obligations.

This monthly budget is prepared by its finance officer and cross-checked and authorized by the principal.

Requests for supplies forms (LPOs) are cross-checked by the deputy principal.

Evidence of payments is strictly maintained.

IjaraTvc does not align itself to any political, tribal or religious group. It maintains a policy of non-alignment.

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- b) IjaraTvc identifies well established and honest businessmen and women in Masalani town for its supply of goods and services.

A letter of acknowledgement of choice of the supplier is awarded to that business concern,

For every order made an LPO form is generated of a specific standard to that supplier of a particular type of goods or services in duplicate. The forms are prepared and signed by the supply officer cum finance officer.

The supplier counter signs against the supplies made and retain a copy while supply officer cum finance office retains a copy.

At the end of every month, a summary form of all goods or services rendered is made and tabulated. If the totals matches those of the supplier, payment is made and a receipt issued for the supply of that particular month.

IjaraTvc makes it a priority of paying its suppliers on a monthly basis unless it has exhausted its funds and the next disbursement of its funds is delayed from its source.

Payments of contractors are immediately honoured unless there is a dispute which may demand withholding of payments.

- c) IjaraTvc makes both posters and banners advertising its courses. These advertisements tools are pasted on strategic public places, placed on various social media platforms in the county and surrounding countess well as on the national wide social media platforms. It also makes use of local radio stations. Tender advertisements and job vacancies follows the same routine.

- d) IjaraTvc has established a customer charter which has outlined consumers of its products rights and services.

The college also provide transport to and from the college for its staff at no cost. Similarly, staff both teaching and supports are provided with 10'oclock tea and lunch.

It is the policy of this college to develop careers and improves its staffs skills. In light of this, management has facilitated five of its staff to pursue pedagogy both in KTTC and Maseno University.

It has also facilitated its staff on several occasions to attend to seminars and workshops meant to sharpen their skills and create linkages and networks of professionals

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Two of the 2,300 Litres water tanks placed on elevated platforms, were meant to channel water into the main buildings' sinks and lavatories. These lavatories were meant to be used by staffs and visitors only.

The second water tank was eventually erected and connected to the water distribution network of the college, particularly the students' toilets.

**Corporate Social Responsibility / Community Engagements**

Currently, some families have moved and settled inside the land.

Although this is unhealthy and will eventually pose a challenge to the college, they have been provided with water and allowed to graze their livestock on the land.

This has helped the college to manage growth of bushes around it as well as augmenting the security of the college infrastructure, students and staff.

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**X. Report of the Council/Board of Governors**

The Council/Board members submit their report together with the audited financial statements for the year ended June 30, 2022, which show the state of the IjaraTvc affairs.

**Principal activities**

The principal activities of the entity are layout on page ii ....

**Results**

The results of the entity for the year ended June 30 are set out on page xiv, xv. xvi....

**Council/Board of Governors**

The members of the Board /Council who served during the year are shown on page v/vi, viii.

**Auditors**

The Auditor General is responsible for the statutory audit of the *IjaraTvc* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or Certified Public Accountants were nominated by the Auditor General to carry out the audit of IjaraTvc for the year/period ended June 30, 2022, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board



.....  
**Secretary of the Board/Council**  
**Nairobi**  
**Date:**

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

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

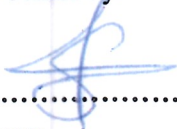
The Council members are responsible for the preparation and presentation of *IjaraTvc* financial statements, which give a true and fair view of the state of affairs of *IjaraTvc* for and as at the end of the financial year (period) ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of *IjaraTvc*, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Council members accept responsibility for *IjaraTvc* 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 council members are of the opinion that *IjaraTvc* financial statements give a true and fair view of the state of *IjaraTvc* transactions during the financial year ended June 30, 2022, and of the *college* financial position as at that date. The Council members further confirm the completeness of the accounting records maintained for the *College*, which have been relied upon in the preparation of the *College* financial statements as well as the adequacy of the systems of internal financial control.

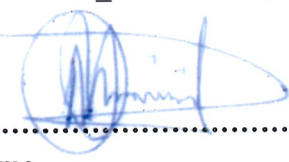
Nothing has come to the attention of the Council members to indicate that *IjaraTvc* will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

*IjaraTvc* financial statements were approved by the Board on 11<sup>th</sup> October, 2022 and signed on its behalf by:

  
.....

Name  
Chairperson of the Board/Council

  
.....

Name  
Principal/BOG Secretary

# REPUBLIC OF KENYA



*Enhancing Accountability*

Telephone: +254-(20) 3214000  
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 IJARA TECHNICAL AND VOCATIONAL TRAINING COLLEGE FOR THE YEAR ENDED 30 JUNE, 2022**

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### **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 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, 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**

#### **Adverse Opinion**

I have audited the accompanying financial statements of on Ijara Technical and Vocational Training College set out on pages 1 to 31, which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial performance,

statement of changes in net assets, statement of cash flows and the 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and do not comply with the Public Finance Management Act, 2012 and the Technical and Vocational Education and Training Act, 2013.

### **Basis for Adverse Opinion**

#### **1. Non-Submission of Prior Year Financial Statements**

Note 15 to the financial statement reflects property plant and equipment opening balance at cost of Kshs.60,278,620 and the statement of cashflows reflects opening cash and cash equivalents balance of Kshs.1,523,920. In addition, review of records revealed the College began operations in the financial year 2020/2021. However, Management did not prepare and submit for audit financial statements for the financial year 2020/2021. This is contrary to Regulation 101(4) of the Public Finance Management (National Government) Regulations, 2015 which requires an Accounting Officer to prepare the financial statements in a form that complies with the relevant accounting standards prescribed by the Public Sector Accounting Standards Board, not later than three months after the end of the financial year and submit them to the Auditor General with a copy to the County Treasury, the Controller of Budget and the National Treasury.

In the circumstances, the accuracy and completeness of balances presented in the financial could not be confirmed.

#### **2. Inaccuracies in the Statement of Changes in Net Assets**

The statement of changes in net assets reflects nil retained earnings while the statement of financial position reflects accumulated surplus of Kshs.1,003,750. In addition, the statement of financial performance reflects deficit amount for the year of Kshs.1,520,170 which was not disclosed in the statement of changes in net assets.

In the circumstances, the accuracy of net assets balance of Kshs.48,354,191 reflected in the statement of changes in net assets could not be confirmed.

#### **3. Un-Supported Expenditure on Repairs and Maintenance**

The statement of financial performance reflects repairs and maintenance expenses of Kshs.146,217 as disclosed in Note 12 to the financial statements. The amount includes repairs and maintenance expenditure amounting to Kshs.122,867 incurred on repairs and maintenance of property, motor vehicles and machinery. However, Management did not

provide details of the motor vehicles repaired since there was no evidence that the College owned any motor vehicles.

In the circumstances, the accuracy and regularity of expenditure amounting to Kshs.122,867 could not be confirmed.

#### **4. Unsupported Local Transport and Travelling**

The statement of financial performance reflects expenditure on use of goods and services of Ksh.1,764,223 as disclosed in Note 9 to the financial statements, which includes local transport and travelling expenditure amounting to Kshs.657,687. However, the expenditure was not supported with relevant documents including invitation letters, details of programs and activities undertaken and attendance registers.

In the circumstances, the accuracy, completeness and propriety of expenditure amounting to Kshs.657,687 could not be confirmed.

#### **5. Omission of Depreciation of Expense**

The statement of financial position reflects property, plant and equipment net book value of Kshs.48,354,191 as disclosed in Note 15 to the financial statements. The balance is net of provision for depreciation of property plant and equipment charge for the year of Kshs.3,022,769. However, the depreciation charge for the year has not been included as part of expenses in the statement of financial performance.

In the circumstances, the accuracy of total expenses amount of Kshs.3,192,360 reflected in the statement of financial performance could not be confirmed.

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

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

#### **Conclusion**

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, based

on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

## **Basis for Conclusion**

### **1. Unapproved Over Expenditure**

The statement of comparison of budget and actual amounts reflects final income budget and actual on comparable basis of Kshs.1,000,000 and Kshs.1,672,040 respectively resulting to an over collection of Kshs.672,040. Similarly, the statement reflects final expenditure budget and actual on comparable basis of Kshs.1,000,000 and Kshs.3,192,210 respectively resulting to over expenditure of Kshs.2,192,210 or 219% of the budget. No approval for the over-expenditure was provided for audit.

In the circumstances, Management was in breach of the law

### **2. Non-Compliance with Public Procurement Procedures and Regulations**

The statement of financial performance reflects expenditure on use of goods and services of Kshs.1,764,223 as disclosed in Note 15 to the financial statements. Included in the amount is Kshs.106,200 incurred on supply of sewing machines procured using low value procurement method. The expenditure exceeded the Kshs.50,000 threshold allowed for low value procurement contrary to Regulation 92(a) of the Public Procurement and Asset Disposal Regulations, 2020 which provides that a procuring entity may use low value procurement method under section 107(b) of the Act, where the estimated cost of the goods, works or services being procured per item per financial year is as per the threshold matrix in the Second Schedule.

Further, there was no evidence that the sewing machines were received in the stores vide counter receipt vouchers (S13) and distribution of the machines vide counter issue vouchers (S11).

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, because of the significance of the matters discussed in the Basis for Adverse Opinion and Report on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, based on the

audit procedures performed, I confirm that internal controls, risk management and governance were not effective.

## **Basis for Conclusion**

### **1. Weaknesses in Internal Controls**

Examination of sampled payment vouchers revealed that payment vouchers totalling Kshs.3,189,360 were not examined by the internal auditors to ensure effective administration of public funds.

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

### **2. Failure to Establish Audit Committee**

During the year under review, the College did not have an Audit Committee as required by Section 73(5) of the Public Finance Management Act, 2013 which provides that every National Government public entity shall establish an audit committee whose composition and functions shall be as prescribed by the regulations.

Lack of an audit committee may have resulted in weak risk management, governance structures and internal controls.

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 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 the 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 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.

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

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

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 controls 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 controls would not necessarily disclose all matters in the internal controls 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 which 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 controls may not prevent or detect misstatements and instances of non-compliance. 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 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 which 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 Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**12 May, 2023**

**IJARA TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

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**XII. Statement of Financial Performance for the year ended 30 June 2022**

Description	Notes	2021-2022
		Kshs
<b>Revenue from Non-Exchange transactions</b>		
Transfers from other National Government entities	6	1,105,000
Transfers from other levels of government	7	492,540
		<b>1,597,540</b>
<b>Revenue from Exchange transactions</b>		
Rendering of services- fees from students	8	74,500
<b>Revenue from Exchange transactions</b>		<b>74,500</b>
<b>Total Revenue</b>		<b>1,672,040</b>
<b>Expenses</b>		
Use of goods and services	9	1,764,223
Employee costs	10	1,008,920
Board /Council Expenses	11	270,000
Repairs and maintenance	12	146,217
Bank Charges		2850
<b>Total Expenses</b>		<b>3,192,360</b>
<b>Deficit for the year</b>		<b>(1,520,170)</b>

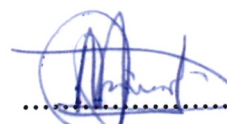


.....  
**Chairman of Council/Board**

**Date**

.....  
**Finance Officer**  
**ICPAK No**

**Date**



.....  
**Principal**

**Date**

**IJARA TECHNICAL AND VOCATIONAL COLLEGE**  
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**XIII. Statement of Financial Position as at 30th June 2022**

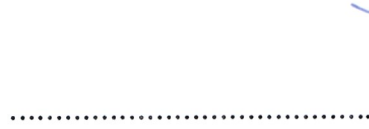
Description	Notes	2021-2022
		Kshs
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	13	3,750
Receivables from non-exchange transactions	14	1,000,000
		<b>1,003,750</b>
<b>Non-Current Assets</b>		
Property, plant, and equipment	15	48,354,191
<b>Total Assets</b>		<b>49,357,941</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Trade and other payables from exchange transactions	16	409,718
<b>Total Current Liabilities</b>		<b>409,718</b>
<b>Non-Current Liabilities</b>		
<b>Total Non-Current Liabilities</b>		<b>0.00</b>
<b>Total Liabilities</b>		<b>409,718</b>
<b>Net Assets</b>		
Reserves		0.00
Accumulated Surplus		1,003,750
Capital Fund		48,354,191
<b>Total Net Assets and Liabilities</b>		<b>49,357,941</b>

The Financial Statements were signed by:



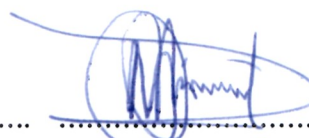
Chairman of Council/Board

Date



Finance Officer  
ICPAK No

Date



Principal

Date

**IJARA TECHNICAL AND VOCATIONAL COLLEGE**  
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**XIV. Statement of Changes in Net Asset for the year ended 30 June 2022**

Description	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/Development Grants/Fund	Total
<b>At July 1, 2021</b>	-	-	-	<b>60,278,620</b>	<b>60,278,620</b>
Revaluation gain					
Fair value adjustment on quoted investments					
Total comprehensive income					
Capital/development grants received during the year					
Transfer of depreciation/amortisation from capital fund to Retained earnings				11,924,429	11,924,429
<b>At June 30, 2022</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>48,354,191</b>	<b>48,354,191</b>

**IJARA TECHNICAL AND VOCATIONAL COLLEGE**  
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**XV. Statement of Cash Flow for the year ended 30 June 2022**

Description	Note	2021-2022 Kshs	2020-2021
<b>Cashflowsfromoperatingactivities</b>			
<b>Receipts</b>			
Transfers from other government entities/govt. Grants	6&7	1,597,540	
Renderingofservices- fees from students	8	74,500	
<b>Total Receipts</b>		<b>1,672,040</b>	
<b>Payments</b>			
Compensationofemployees	10	1,008,920	
Use of goodsandservices	9	1,764,223	
BOG Expencc	11	270,000	
Repair Maintainance& Improvement	12	146,217	
Bank charges		2,850	
<b>Total Payments</b>		<b>3,192,210</b>	
<b>NetCashFlowsfromoperatingactivities</b>		<b>(1,520,170)</b>	
<b>Cash flows from investing activities</b>			
<b>Netcashflowsusedininvestingactivities</b>		<b>0.00</b>	
<b>Cashflowsfromfinancingactivities</b>			
<b>Netcashflowsusedinfinancingactivities</b>		<b>0.00</b>	
<b>NetIncrease/(Decrease)inCashandCash equivalents</b>		<b>(1,520,170)</b>	
Cash and Cash equivalents at JULY		1,523,920	
<b>CashandCashequivalentsat30 JUNE</b>	13	<b>3,750</b>	<b>1,523,920</b>

The Financial Statements were signed by:



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


**Date**



.....  
**Finance Officer**

**ICPAK No**

**Date**



.....  
**Principal**

**Date**

**IJARA TECHNICAL AND VOCATIONAL COLLEGE**  
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**XVI. Statement of Comparison of Budget & Actual amounts for the year ended 30 June 2022**

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization Difference
	2021-2022 Kshs	2021-2022 Kshs	2021-2022 Kshs	2021-2022 Kshs	2021-2022 Kshs	2021-2022 %
<b>Revenue</b>						
Transfers from other govt entities and govt grants	2,000,000	(1,000,000)	1,000,000	1,597,540	(597,540)	159.8%
Rending of services- fees from students	0.00	(0.00)	0.00	74,500	(74,500)	0.00%
<b>Total Income</b>	<b>2,000,000</b>	<b>(1,000,000)</b>	<b>1,000,000</b>	<b>1,672,040</b>	<b>(672,040)</b>	<b>167.20%</b>
<b>Expenses</b>						
Compensation of employees	520,000	(260,000)	260,000	1,008,920	(748,920)	388.05%
Use of goods and services	1,420,000	(710,000)	710,000	1,764,223	(1,054,223)	248.48%
Repair Maintenance & Improvement	60,000	(30,000)	30,000	146,217	(116,217)	487.39%
BOG Expence	-	(-)	-	270,000	(270,000)	0.00%
Bank Charges	-	-	-	2,850	(2,850)	0.00%
<b>Total Expenditure</b>	<b>2,000,000</b>	<b>(1,000,000)</b>	<b>1,000,000</b>	<b>3,192,210</b>	<b>(2,192,210)</b>	<b>319.21%</b>

1. Changes in Revenue were caused by registration fees collected from students joining the college which was not in the original budget
2. Changes in expenditure were caused by high entrance of students when there is price inflation in the market incurring a lot of lunch and travelling expenses

**1. General Information**

Ijara TVC is established by and derives its authority and accountability from State Department of TVET Act. The college is wholly owned by the Government of Kenya and is domiciled in Kenya. The college principal activity is supervise the management.

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

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

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

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

**3. Adoption of New and Revised Standards**

**i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2022.**

IPSASB deferred the application date of standards from 1st January 2022 owing to covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

**ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.**

<b>Standard</b>	<b>Effective date and impact:</b>
<b>IPSAS 41:</b> Financial Instruments	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>
<b>IPSAS 42:</b> Social	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful</p>

**IJARA TECHNICAL AND VOCATIONAL COLLEGE**  
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Standard	Effective date and impact:
Benefits	<p>representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p><b>Applicable: 1st January 2023:</b></p> <p>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.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>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>
Other improvements to IPSAS	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b></li> </ul> <p>Standard no longer included in the 2021 IPSAS handbook as it is now</p>

**IJARA TECHNICAL AND VOCATIONAL COLLEGE**  
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Standard	Effective date and impact:
	superseded by IPSAS 41 which is applicable from 1 <sup>st</sup> January 2023.
IPSAS 43	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance</p>

**iii. Early adoption of standards**

The College did not early-adopt any new or amended standards in year 2022.

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions**

**Transfers from other government entities**

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

**ii) Revenue from exchange transactions**

**Rendering of services**

The 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.

**Sale of goods**

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

**Interest income**

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

**Dividends**

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

4 Summary of Significant Accounting Policies (Continued)

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions (continued)

**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 2021/2022 was approved by the Council or Board. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of *college* on the FY 2021/2022 budget following the Council/ Board's approval.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

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

c) Taxes

**Current income tax**

The college is exempt from paying taxes as per schedule

**Sales tax/ Value Added Tax**

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

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

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



**d) Investment property**

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of 4 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 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.

**4 Summary of Significant Accounting Policies (Continued)**

**f) Leases**

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

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

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

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

**g) Intangible assets**

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

**h) Research and development costs**

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

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

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

During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

**4 Summary of Significant Accounting Policies (Continued)**

**i) Financial instruments**

*Financial assets*

*Initial recognition and measurement*

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

*Loans and receivables*

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

*Held-to-maturity*

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

*Impairment of financial assets*

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

4 Summary of Significant Accounting Policies (Continued)

i) Financial instruments (Continued)

*Financial assets (Continued)*

*Impairment of financial assets (Continued)*

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

*Financial liabilities*

*Initial recognition and measurement*

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

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

*Loans and borrowing*

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

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

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

**4 Summary of Significant Accounting Policies (Continued)**

**Inventories (Continued)**

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

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

**k) Provisions**

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

***Contingent liabilities***

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

***Contingent assets***

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

**Notes to the Financial Statements (Continued)**

**4 Summary of Significant Accounting Policies (Continued)**

**l) Nature and purpose of reserves**

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

**m) 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.

**n) Employee benefits**

**Retirement benefit plans**

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

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

**o) 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.

**p) 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.

**Notes to the Financial Statements (Continued)**

**4 Summary of Significant Accounting Policies (Continued)**

**q) Related parties**

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

**r) Service concession arrangements**

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

**s) Cash and cash equivalents**

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

**t) Comparative figures**

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

**u) 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, 2022.

**Notes to the Financial Statements (Continued)**

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

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

**Estimates and assumptions**

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

**Useful lives and residual values**

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

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

**Provisions**

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

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

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**Notes to the Financial Statements (Continued)**

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

Description	2021-2022
	Kshs
<b>Unconditional Grants</b>	
Capitation Grants	1,105,000
<b>Total Government Grants and Subsidies</b>	<b>1,105,000</b>

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

Name Of The Entity Sending The Grant	Amount recognized to Statement of Comprehensive Income Kshs	Amount deferred under deferred income Kshs	Amount recognised in capital fund.	Total grant income during the year
			Kshs	Kshs
State Department of vocational and technical training	105,000			105,000
Ministry of education	1,000,000			1,000,000
<b>Total</b>				<b>1,105,000</b>

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**Notes to the Financial Statements (Continued)**

**7. Transfers from Other Levels of Government**

Description	2021-2022
	Kshs
Transfer from Ijara Institute(old account)	492,540
<b>Total Transfers</b>	<b>492,540</b>

**8. Rendering of Services**

Description	2021-2022
	Kshs
Registration Fees	74,500
<b>Total Revenue from the Rendering Of Services</b>	<b>74,500</b>

**9. Use Of Goods And Services**

Description	2021-2022
	Kshs
Teaching and learning materials(TLM)	106,200
Electricity Water & Conservancy(EWC)	101,865
Local Transport & Travelling(LT&T)	657,687
Administration Cost	101,110
Contingencies	255,191
Lunch Programme	542,170
<b>Total good and services</b>	<b>1,764,223.00</b>

**10. Employee Costs**

Description	2021-2022
	Kshs
Salaries and wages	1,004,000
NHIF	4,920
<b>Employee Costs</b>	<b>1,008,920</b>

**11. Board/Council Expenses**

Description	2021-2022
	Kshs
BOG Allowances	270,000
<b>Total</b>	<b>270,000</b>

**12. Repairs and Maintenance**

Description	2021-2022
	Kshs
Property	146,217
<b>Total Repairs and Maintenance</b>	<b>146,217</b>

Notes to the Financial Statements (Continued)

13. Cash and Cash Equivalents

Description	2021-2022
	Kshs
KCB A/C	3,750
<b>TotalCashandCashEquivalents</b>	<b>3,750</b>

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

Financial Institution	Account number	2021-2022
		Kshs
a) Current Account		
Kenya Commercial Bank	1285610881	3,750
<b>Grand Total</b>		<b>3,750</b>

14. Receivables from Non-Exchange transactions

Description	2021-2022
	Kshs
<b>CurrentReceivables</b>	
Capitation Grants*	1000,000
<b>TotalCurrentReceivables</b>	<b>1000,000</b>

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**Notes to the Financial Statements (Continued)**

**15. Property, Plant and Equipment**

<b>Cost</b>	<b>Land and Buildings</b>	<b>Motor vehicles</b>	<b>Furniture and fittings</b>	<b>Computers</b>	<b>office equipment</b>	<b>Plant &amp; machinery</b>	<b>Total</b>
<b>Rate</b>	<b>5<sup>1/2</sup>%</b>	<b>25%</b>	<b>20%</b>	<b>33.30%</b>	<b>15%</b>		
At 1 July 2021	58,455,620	0.00	700,000	500,000	623,000	-	60,278,620
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> June 2022</b>	<b>58,455,620</b>	<b>0.00</b>	<b>700,000</b>	<b>500,000</b>	<b>623,000</b>		<b>60,278,620</b>
<b>Depreciation And Impairment</b>							
At 1 <sup>st</sup> July 2018	58,455,620						
Depreciation	2,922,781	-	-	-	-	-	2,922,781
Impairment	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> June 2019</b>	<b>55,532,839</b>						<b>2,922,781</b>
<b>Depreciation And Impairment</b>							
At 1 July 2019							
Depreciation	2,922,781	-	-	-	-	-	2,922,781
Impairment	-	-	-	-	-	-	-
<b>At 30 June 2020</b>	<b>52,610,058</b>						<b>2,922,781</b>
At 1 <sup>st</sup> July 2020							
Depreciation	2,922,781	-	46,667	55,500	31,150	-	3,056,098

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Cost	Land and Buildings	Motor vehicles	Furniture and fittings	Computers	office equipment	Plant & machinery	Total
Rate	5%	25%	10%	33.30%	15%		
Disposals	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
At 30 <sup>th</sup> June 2021	49,687,277	-	653,333	444,500	591,850	-	51,376,960
At 1 <sup>st</sup> July 2021							
Depreciation	2,922,781	-	35,000	41,625	23,363	-	3,022,769
Disposals	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
At 30 <sup>th</sup> June 2022	46,764,496	-	618,333	402,875	568,487	-	48,354,191
Total Depreciation	11,691,124	-	81,667	97,125	54,513	-	11,924,429
Net Book Values							
At 30 <sup>th</sup> June 2020	52,610,058	-	-	-	-	-	52,610,058
At 30 <sup>th</sup> June 2021	49,687,277	-	653,333	444,500	591,850	-	51,376,960
At 30 <sup>th</sup> June 2022	46,764,496	-	618,333	402,875	568,487	-	48,354,191

**IJARA TECHNICAL AND VOCATIONAL COLLEGE**  
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**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). These amounts were adopted in the financial statements on 2022

**15 (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	0.00	0.00	0.00
Buildings	58,455,620	11,691,124	46,764,496
Plant And Machinery	0.00	0.00	0.00
Motor Vehicles including Motorcycles	0.00	0.00	0.00
Computers and Related Equipment	500,000	97,125	402,875
Office Equipment, Furniture, And Fittings	1,323,000	136,180	1,186,820
<b>Total</b>	<b>60,278,620</b>	<b>11,924,429</b>	<b>48,354,191</b>

**16. Trade and Other Payables from Exchange transactions**

Description	2021-2022
	Kshs
Trade payables	409,718
<b>Total Trade and Other Payables</b>	<b>409,718</b>

**Retirement benefit Asset/ Liability**

The college operates a defined benefit scheme for all full-time employees from July 1, 2021. The scheme is administered by statutory deduction body while nssf are the custodians of the scheme. The scheme is based on certain percentage of salary of an employee at the time of retirement.

An actuarial valuation to fulfil the financial reporting disclosure requirements of IPSAS 39 was carried out as at 30th June 2022 by F.S actuarial valuers on this basis the present value of the defined benefit obligation and the related current service cost and past service cost were measured using the Projected Unit Credit Method. The principal assumptions used for the purposes of valuation are as follows:

The entity also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. 400 per employee per month. Other than NSSF the entity also has a defined contribution scheme operated by retirement Pension Fund. Employees contribute xx% while employers contribute 2% of basic salary. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

### **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 the company's management based on prior experience and their assessment of the current economic environment.

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

#### **(i) Credit risk (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 entity has significant concentration of credit risk on amounts due from 2022

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.

**(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.

**a) Foreign currency risk**

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

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

**a) Foreign currency sensitivity analysis**

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

**b) Interest rate risk**

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

***Management of interest rate risk***

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

**Financial Risk Management (Continued)**

**(iii) Market risk (Continued)**

**b) Interest rate risk(continued)**

***Sensitivity analysis***

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs xxx (2022: Kshsxxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (2022 – Kshs xxx)

**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:

**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.

**Deferred Tax Liability**

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

**Events After The Reporting Period**

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

**Ultimate And Holding Entity**

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

**Currency**

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

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**XVII. Appendices**

**Appendix 1: Implementation Status of Auditor-General Recommendations**

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

			Status	Timeframe:

Name: Mohamed Idriss Yussuf  
 Accounting Officer

Ijara Technical & Vocational College

Signature:.....

Date :.....

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**Appendix II: Projects Implemented by Ijara Technical & Vocational College**  
**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)	Consolidated in these financial statements (Yes/No)
1						
2						

**Status of Projects completion**

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

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

**Confirmation of amounts received by Ijara Technical & vocational College as at 30<sup>th</sup> June 2022**

Reference Number	FROM	TO	Amounts Disbursed by State Department of Technical & Vocational Training as at 30th June 2022			Amount Received by Ijara TVC (KShs) as at 30 <sup>th</sup> June 2022	Differences (KShs)
			F/Y	AMOUNT	DATE		
Grant 1	Ministry of Education	Ijara Technical & Vocational College	FY 2021/2022	500,000	13/11/2021	500,000	0.00
Grant 2	Ministry of Education	Ijara Technical & Vocational College	FY2021/2022	500,000	13/11/2021	500,000	0.00
	Ministry of Education	Ijara Technical & Vocational College	FY2021/2022	105,000	03/06/2022	105,000	0.00
<b>Total</b>						<b>1,105,000</b>	

The above amounts have been communicated to and reconciled with the parent ministry

**Head of Accountants department of Ijara Technical & Vocational College**

Name ..... Sign ..... Date.....



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