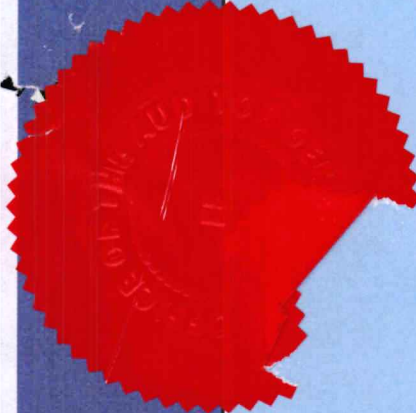


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability



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REPORT

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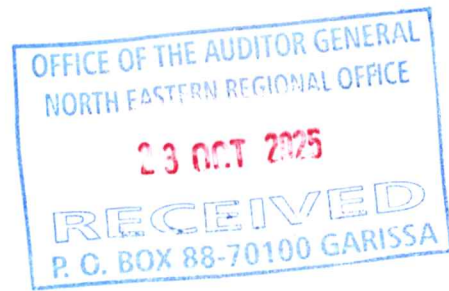
ON

LAFEY TECHNICAL AND VOCATIONAL COLLEGE

FOR THE YEAR ENDED 30 JUNE, 2025

MANDERA COUNTY





LAFEY TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30TH JUNE 2025**

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

Lafey Technical and Vocational college
Annual Report and Financial Statements for the year ended 30th June 2025

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1. Acronyms and Definition of Key Terms

A. Acronyms

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

B. Definition of Key Terms

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

Comparative Year- Means the prior period.

2. Key Entity Information and Management

(a) Background information

Construction and equipping of Technical Training Institutions in the country is a government initiative aimed to increase access and equity in Technical and Vocational training. The Government of Kenya (GoK) started the initiative in February 2019. The projects are fully funded by GoK in partnership with NGCDF providing seed capital of Kshs 10 million, land, water, and electricity. The Construction is undertaken in phase: the phase of 60; the phase of 70 and the phase of 30.

Lafey Technical and Vocational College was established for institutions under phases of 30, 60, and 70 on February 2019 under the mentorship of Mandera technical Training Institute and the project is now 100% complete. The institute is located in Lafey Sub County.

(b) Principal Activities

The principal mandate of Mandera Technical Training Institute (MTTI) is to provide quality technical, vocational, and entrepreneurial training aimed at equipping trainees with relevant skills, knowledge, and competencies for the labor market and self-employment.

Vision

To be a leader in provision of quality technical, vocational and entrepreneurial training in the region and beyond

Mission

To produce innovative and industrious graduates with relevant technical, technological and entrepreneurial knowledge and skills to fit in the labor market locally and globally

(c) Key Management

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

- The Board of Governors
- The Principal
- The fiduciary Management which comprises: The Principal.

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility were:

SN.	Designation	Name
1.	Principal	Mr. Omar Rashid Abdi
2.	Registrar	Mr. Ahmed Hussein Abdinur

Key Entity Information and Management (Continued)

(e) Fiduciary Oversight Arrangements

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

1. Audit and Risk Committee Activities

- **Mandate:** The Audit and Risk Committee is responsible for ensuring that proper financial controls are in place and that risks are identified, monitored, and mitigated.
- **Activities:**
 - Regular internal and external audits to evaluate compliance with financial regulations and reporting standards.
 - Risk assessments and implementation of risk management strategies.
 - Monitoring the effectiveness of internal controls and recommending improvements where necessary.

2. Finance and Operations Committee Activities

- **Mandate:** This committee oversees the financial planning, budgeting, and operations of the institution.
- **Activities:**
 - Review and approve annual budgets, financial reports, and forecasts.
 - Monitor the institution's financial health, including revenue streams, expenditures, and cash flow management.
 - Ensure operational efficiency and the alignment of financial resources with institutional goals.

3. Academic Committee Activities

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

(f) Entity Headquarters

P.O. Box 257-70300
Mandera
Mandera , KENYA

(g) Entity Contacts

Telephone: 254 727 778 663
E-mail: lafeytvc@gmail.com

(h) Entity Bankers

Kenya Commercial Bank
Mandera
P.O. Box 275 - 70300
Mandera, Kenya

National Bank
Mandera
P o box 345-70300
Mandera

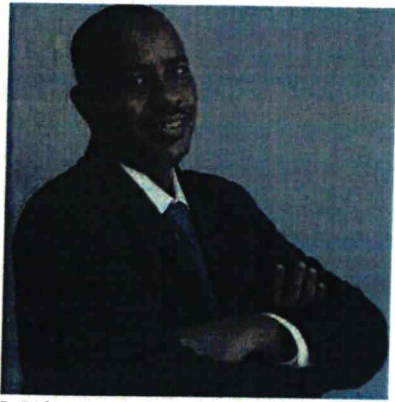

(i) Independent Auditors




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

(j) Principal Legal Adviser




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

3.The Board of Governors


SN.	Member/ Director	Details
1.	 <p data-bbox="386 909 690 975">Mohamud Omar Absiye Chairman</p>	<p data-bbox="813 362 980 393">D.O.B: 1964</p> <p data-bbox="813 433 1308 504">Education: Master in Education, Leadership Policy</p> <p data-bbox="813 539 971 570">Experience:</p> <ul data-bbox="854 583 1539 1106" style="list-style-type: none"> - He has 35 years of career experience in Education and administration sector. - He served as a Principal in Sheikh Ali High School in 2001-200 and Arabia Boys in 1996-2000 - Staffing Officer Teacher Service Commission of Kenya. Mandera 2012-2013 - Worked as the County Executive Committee member for Education. Sport and Culture 2013-2015 - Worked as the County Executive Committee member for Agriculture, Livestock. Fisheries and Irrigation Mandera County 2016-2017. - Deputy Head of efficiency and Monitoring Unit- Mandera County Government <p data-bbox="797 1112 1373 1143">- Currently retired and offering consultancy serve</p>
2.	 <p data-bbox="370 1546 634 1612">Halima Hassan Alim Member</p>	<p data-bbox="797 1143 964 1174">D.O.B: 1990</p> <p data-bbox="797 1223 1133 1294">Education: BSC Development Studies.</p> <p data-bbox="797 1347 951 1378">Experience:</p> <ul data-bbox="833 1400 1533 1740" style="list-style-type: none"> - Currently Chief officer for Vocational Training Centre. Mandera County Government, 2022-to date - Worked as Administrator for Mandera County Government- 2017-2022 - Worked as clerk at Kenya National Bureau of Statistics- Mandera. - Worked with IEBC as Deputy Presiding officer - Mandera East - Clerical officer with Islamic Relief Kenya.

<p>3.</p>	 <p>Noor Sheikh Ahmed Hassan Member</p>	<p>D.O B: 1957</p> <p>Education Higher Diploma in Mechanical Engineering.</p> <p>Experience</p> <ul style="list-style-type: none"> - Consultant Kenya Youth Employment Opportunities Project 2019- 2021. - Served as Regional Enterprise Development Officer- North Eastern Region 2017-2021. - County Enterprise Development officer- Ministry of Trade and Industrialization 2011- 2016. - Provincial Enterprise Development Officer Ministry of Labour North Eastern Province 2000-2011 - District Applied Technology Officer- Ministry of Research, Technical Training and Technology, Vihiga County I 99-1-2000 - Technical Teacher at Wajir High School. Rift Valle) Institute of Science and Technology) and NEP Technical Institute 1983- I 991
<p>4.</p>	 <p>Abdikarim Ibrahim Hassan Member</p>	<p>D.O B: 1977</p> <p>Education Bachelor of Business Administration CPA (K), CIFA Part One, Diploma in Accountancy Masters in Project Management on going</p> <p>Experience</p> <ul style="list-style-type: none"> - Currently working as Fund Manager Lafey Constituency) 2011-Todate - Senior Bursar- Arabia Boys 2000-2011
<p>5.</p>	 <p>Abdikadir Mohamed Bare Member</p>	<p>D.O B: 1968</p> <p>Education BED in Education (Arts).</p> <p>Experience</p> <ul style="list-style-type: none"> - Currently the Head-Teacher Waraqara Primary School 2003-2004 - Deputy Head- Teacher Lafey Primary School 1995-2002.



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Annual Report and Financial Statements for the year ended 30th June 2025

6.	 <p>Ahmed Ali Madey Member</p>	<p>D.O B: 1973</p> <p>Education MSc in Governance.</p> <p>Experience</p> <ul style="list-style-type: none"> - Head of Governance Delivery Unit Mandera county 2018-todate - Executive Committee member for Roads. Public Works and Transport- Mandera County 2015-2018 - County Executive Member for Water. Sanitation. Energy. Environment and Natural Resource Management 2013-2015 - Programme Manager (Non -State Actors) net Project. - Worked as Project Manager for Rural Agency for Community Development and Assistant (RACIDA) 2011-2013 - Programme Coordinator for Cooperation for an integrated Rural Development (CIDRI) Nairobi, Kenya 2002-2005
7.	 <p>Haretha Abdi Ugas Member</p>	<p>D.O B: 1996</p> <p>Education Bachelor of Early Childhood Education & Diploma in Early Childhood Education. Certificate in computer Education</p> <p>Experience</p> <ul style="list-style-type: none"> - Currently Working as Earl)- Childhood Education Coordinator- Lafey Sub- County. 2023 lo date - Worked as a teacher at Mandera Tawakal Primary School 2018-2023 - Worked as a teacher at Al-Bukhari Primary School.2016-2017.
8.	 <p>Yussuf Mohamed Kassim Regional Director</p>	<p>D.O.B: 01/01/1969</p> <p>Education: Master of Business Administration Bachelor Education</p> <p>Experience: Regional Director TVET -Wajir and Mandera County Former High School Principal</p>

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9.	 <p>Omar Rashid Abdi Principal/Secretary BoG</p>	<p>D.O.B: 01/06/1978</p> <p>Education: Bsc Information communication technology Cisco Certified Network Associate</p> <p>Experience: -IT Officer -hass petroleum Uganda -Data management officer at ALDEF KENYA NGO - Chief ICT -Wajir County -Validation officer -NDMA</p>
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4. Key Management Team

<i>SN.</i>	<i>Member/ Director</i>	<i>Details</i>
1.	 Omar Rashid Abdi Principal/Secretary BoG	<p>D.O.B: 01/06/1978</p> <p>Education: Bsc Information communication technology Cisco Certified Network Associate</p> <p>Experience: -IT Officer -hass petroleum Uganda -Data management officer at ALDEF KENYA NGO - Chief ICT -Wajir County -Validation officer -NDMA</p>
2.	 Ahmed Hussein Abdinur Registrar	<p>D.O.B: 05/01/1996</p> <p>Education: Diploma in Agricultural Engineering</p> <p>Experience: Registrar at Lafey TVC</p>

5. Chairman's Statement

It is our responsibility to provide the required leadership in designing suitable plans and strategies that will contribute to high and sustainable socio-economic development. It is our undertaking to ensure that Lafey Technical and Vocational College project work is done according to the bill of quantities and will be complete within the time line of the extension and will deliver the desired goals.

It is also our undertaking that we will perform our responsibilities diligently and to the best of our abilities to support the achievement of the agreed performance targets.

Our challenge therefore is to identify the needs of our communities and infuse training in technologies and concepts that are practical in line with industry demands.

The successful implementation of the plan requires devoted collaboration all key stakeholders including the various level Government. The plan is therefore, contain the strategies for the increased collaboration between the stakeholders in the sector in terms of the resource mobilization, funding and governance.

The Lafey Technical and Vocational College Plan essentially presents its Corporate Strategy. It provides a sufficient framework within which Annual Work Plans will be developed. In this regard, it has been aligned to the Ministerial Strategic Plan, Medium Term Plans within Kenya Vision 2030 paradigm etc. the purpose of this Plan is therefore: -

- (i) To present key milestones in the Institution's TVET programs
- (ii) To present the institute's ideology on the TVET's Strategic options identified and modalities for the national respective agenda as a foundation for Vision 2030.
- (iii) To avail a tool for engagement and negotiation between the Governments, key Stakeholders and Collaborators regarding the financing of TVET.
- (iv) To provide a basis for resource targeting.
- (v) To provide a basis for programme implementation and performance evaluation.



MR. MOHAMUD OMAR ABSIYE
CHAIRMAN, BOARD OF GOVERNORS

6. Report of the Senior Principal

In the global arena, Science, Technology and Innovation (ST& I.) is the driver for rapid world's economic prosperity, social development and provision of tools and solutions to address global challenges. For this reason, the government through the Ministry of Education has strengthened the focus of Science, Technology and Innovation and Technical Education Policies as underlying the country's National Development efforts.

The Government's National Development Agenda is clearly outlined in various key policy documents including the Economic Recovery Strategy for Wealth and Employment Creation (ERSWEC) 2003-2007 and the National Development Plan 2002-2008. The government also recognizes that its Development Agenda can be accelerated if there is renewed focus on the integration of ST&I in all the Social-Economic sectors as outlined in the Kenya Vision 2030. The government has therefore embraced Science, Technology and Innovation and Technical Education (TE) as one of its top priorities.

The State Department of Vocational and Technical Training in the Ministry of Education has been mandated to spearhead the integration of S.T & I. and T.E and Higher Education in National Development. It has prepared its Strategic Plan as a comprehensive statement on how it plans to pursue its mandate for the next five years. In line with the government and the Ministry's Development Agenda, Lafey Technical and Vocational College as one of the TVET institutions charged with the mandate of training middle level technical manpower, presents this Strategic Plan as its Road Map to guide its Development Agenda for the next five years.

The Strategic Plan reviews the Vision and Mission that will encompass all those involved in its execution. It also reviews the analysis of the Internal and External environment using Strengths, Weaknesses, Opportunities and Threats (SWOT) and Political, Economic, Social, Technological, Environmental and Legal (PESTEL) analysis. Subsequently, it identifies key stakeholders and their roles, outlines the Strategic issues and objectives and identifies the strategies to address them. The reviewed Plan prioritizes activities to be implemented under the strategies, and provides an Implementation Plan, a Monitoring and Evaluation system and a projection of the Resource requirements


MR. OMAR RASHID ABDI
PRINCIPAL



7. Statement of Performance against Predetermined Objectives

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

Lafey Technical and Vocational College has 2 strategic pillars and objectives within current Strategic Plan for the FY 2023- FY 2027. These strategic pillars are as follows:

- Pillar 1: Physical Facilities and Infrastructure
- Pillar 3: Environmental management

Lafey Technical and Vocational College develops its annual work plans based on the above X pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Lafey Technical and Vocational College achieved its performance targets set for the FY 2021/2026 period for its 2 strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Physical Facilities and Infrastructure	To improve on physical facilities and infrastructure	Collaboration Between the College and Ministry of Education State Department for TVET	<ul style="list-style-type: none"> ▪ Qualify needs ▪ Identify Implementation stages ▪ Quantify financial requirements ▪ Identify sources of funding ▪ Tender ▪ Select Contractor ▪ Certify Commission 	Ministry of Education State Department for TVET Develop New Administration Block, Twin Workshop and Class rooms
Environmental management	To enhance environmental management and sustainable development by establishing partnerships with relevant stakeholders	conduct environmental impact assessment for new project	<ul style="list-style-type: none"> • Participate in environmental conservation days • Landscape and beautify the compound 	Tree planting around New Administration Block

8. Corporate Governance Statement

i. Appointment of Board Members

Lafey Technical and Vocational College operates under the provisions of the TVET Act, 2013, which governs the appointment and tenure of Board of Governors (BoG) members. Board members are appointed by the Cabinet Secretary for Education upon nomination by relevant stakeholders, including the County Education Board, industry representatives, and the local community.

The process involves submission of nominations, vetting by the Ministry, and issuance of appointment letters. The tenure of each member is typically three (3) years, renewable based on performance and compliance with governance principles.

Removal of a Board member is effected in accordance with the TVET Act for reasons such as gross misconduct, incapacity, breach of the Board charter, or non-performance. The Board comprises diverse members representing different sectors including education, industry, and community leadership, ensuring gender balance and inclusivity in age and professional expertise. A Board Charter exists to guide the mandate, roles, and code of conduct of the Board.

ii. Roles and Functions of the Board

The Board provides strategic leadership, policy formulation, and oversight in the management of Lafey TVC. Its core functions include:

- Approving strategic and annual work plans, budgets, and policies.
- Overseeing financial management and ensuring accountability.
- Monitoring institutional performance against set targets.
- Ensuring compliance with relevant laws and regulations.
- Mobilizing resources and fostering partnerships for institutional growth.
- Safeguarding the welfare of staff and trainees.

iii. Induction, Training, and Development

Upon appointment, new Board members undergo an induction program covering institutional policies, TVET governance framework, financial management, and ethics. Continuous professional development is encouraged, with members participating in workshops, seminars, and governance training organized by the State Department of TVET and other professional bodies.

iv. Board and Members' Performance

The performance of the Board is evaluated annually against key governance and strategic objectives. Individual member participation, attendance, and contribution to Board discussions form part of the evaluation criteria. The Chairperson submits an annual performance report to the Ministry of Education.

v. Number of Board Meetings and Attendance

During the reporting period, the Board held **Two (2)** regular meetings. Attendance averaged over 85%, with most members attending all scheduled sessions. Attendance registers are maintained as part of governance records.

vi. Succession Plan

Lafey TVC has a succession plan to ensure continuity in leadership both at the Board and management levels. This includes identifying and preparing potential successors for key leadership positions, and maintaining a pipeline of qualified professionals to step into governance roles as needed.

vii. Policy to Manage Conflict of Interest

A conflict of interest policy exists to guide Board members in declaring any personal or business interests that may influence their decision-making. Declarations are made at the beginning of each meeting and recorded in the minutes. Members with conflicts abstain from related deliberations and decisions.

viii. Board Remuneration

Board members receive allowances as stipulated in the Salaries and Remuneration Commission (SRC) guidelines for parastatal and public institution boards. No additional benefits are provided beyond the approved rates.

ix. Ethics and Conduct

The Board operates under a strict code of ethics aligned with Chapter Six of the Constitution of Kenya. Members are expected to demonstrate integrity, accountability, professionalism, and respect for diversity. Ethical breaches are addressed through disciplinary measures outlined in the Board Charter.

x. Governance Audit

A governance audit is conducted periodically, as required by the Mwongozo Code of Governance for State Corporations. This independent review assesses compliance with governance standards and provides recommendations for improvement. The last audit indicated satisfactory compliance with most governance principles.

xi. Communication Policy

Lafey TVC has a communication policy to guide internal and external communications. It ensures transparency, accuracy, and timeliness in information dissemination, while safeguarding confidential and sensitive data. The Principal serves as the official spokesperson, while the Board Chair addresses policy-related matters.

xii. **Terms of Reference of Committees**

The Board operates through committees with defined Terms of Reference (ToR), including:

- **Finance, Audit, and Risk Committee** – oversees budgeting, financial reporting, risk management, and internal controls.
- **Human Resource and Administration Committee** – handles staffing, training, welfare, and organizational development matters.
- **Academic Affairs and Training Committee** – supervises curriculum implementation, quality assurance, and student affairs.

These committees report to the full Board with recommendations for approval.

xiii. **Policy on Related Party Transactions**

The institution has a policy to identify, disclose, and manage related party transactions. All such transactions must be conducted at arm's length and in compliance with public procurement laws to avoid favoritism or undue influence.



OMAR RASHID ABDI

PRINCIPAL/SECRETARY TO BOARD OF GOVERNORS



9. Management Discussion and Analysis

The College's operational and financial performance

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

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

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

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

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

Challenges

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

College's compliance with statutory requirements

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

Key projects and investment decisions the College is planning/implementing

Most of our projects are financed by partly by our internal generated revenue, and mostly grants from Government and Development partners. However, in the year under review, there were projects undertaken.

Major risks facing the College

Operational risks in the College include

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

Lafey Technical and Vocational college

Annual Report and Financial Statements for the year ended 30th June 2025

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

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

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

Material areas in statutory/financial obligations

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

The College's financial probity and serious governance issues

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

10. Environmental And Sustainability Reporting Statement

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

1. Sustainability strategy and profile -

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

2. Environmental performance

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

3. Employee welfare

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

4. Market place practices-

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

Corporate Social Responsibility / Community Engagements

Since Lafey TVC is newly established and currently focuses on water supply as a CSR initiative, here are ways to enhance and expand its Corporate Social Responsibility (CSR) and Community Engagement efforts:

Water Supply & Sanitation Initiatives

- **Expansion of Water Access:** Improve water distribution to reach more households and institutions.
- **Water Storage & Management:** Install storage tanks to ensure a continuous supply for both the college and the community.
- **Hygiene & Sanitation Training:** Educate the community on water conservation, hygiene, and proper sanitation practices.
- **Collaboration with Local Leaders:** Work with community elders and authorities to ensure fair distribution and sustainability of water resources.

Lafey Technical and Vocational college
Annual Report and Financial Statements for the year ended 30th June 2025

11. Report of the Board of Governors

The Council/Board members submit their report together with the audited financial statements for the year ended June 30, 2025, which show the state of the LAFEY TVC affairs.

Principal activities

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

Results

The results of the entity for the year ended June 30 are set out on page 34


Council/Board of Governors

The members of the Board who served during the year are shown on page vii, viii, ix, x. During the year 2024/2025 Seven director was appointed with effect from April 2025 date.

Auditors

The Auditor General is responsible for the statutory audit of the *LAFEY TVC* 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 the *LAFEY TVC* for the year/period ended June 30, 2025, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board


.....
Secretary of the Board
Nairobi
Date: 20/10/2025



12. Statement of Board of Governors 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 Lafey Technical and Vocational College, which give a true and fair view of the state of affairs of the Lafey Technical and Vocational College at the end of the financial year/period and the operating results of the Lafey Technical and Vocational College for that year/period. The Board members are also required to ensure that the Lafey Technical and Vocational College keeps proper accounting records which disclose with reasonable accuracy the financial position of the Lafey Technical and Vocational College. The Board members are also responsible for safeguarding the assets of the Lafey Technical and Vocational College.

The Board members are responsible for the preparation and presentation of the Lafey Technical and Vocational College financial statements, which give a true and fair view of the state of affairs of the Lafey Technical and Vocational College for and as at the end of the financial year (period) ended on June 30, 2025. 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 the Lafey Technical and Vocational College, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Board members accept responsibility for the Lafey Technical and Vocational College financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the TVET Act 2013. The council members are of the opinion that the Lafey Technical and Vocational College financial statements give a true and fair view of the state of Lafey Technical and Vocational College transactions during the financial year ended June 30, 2025, and of the Lafey Technical and Vocational College financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the Lafey Technical and Vocational College, which have been relied upon in the preparation of the Lafey Technical and Vocational College financial statements as well as the adequacy of the systems of internal financial control.

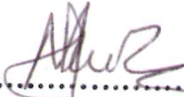
In preparing the financial statements, the Principal has assessed the Lafey Technical and Vocational College ability to continue as a going concern *OR*

Lafey Technical and Vocational college
Annual Report and Financial Statements for the year ended 30th June 2025

Nothing has come to the attention of the Board members to indicate that the Lafey Technical and Vocational College will not remain a going concern for at least the next twelve months from the date of this statement.


Approval of the financial statements

The *entity's* financial statements were approved by the Board on 24/08/2025 and signed on its behalf by:

.....


Name

Chairperson of the Board

.....

Name OMAR RASHID ABDI
Accounting Officer/Principal



REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON LAFEY TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2025 – MANDERA COUNTY

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Lafey Technical and Vocational College set out on pages 1 to 30, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net

Report of the Auditor-General on Lafey Technical and Vocational College for the year ended 30 June, 2025 – Mandera County

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Lafey Technical and Vocational College as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Unsupported Property, Plant and Equipment

The statement of financial position reflects a property, plant and equipment (buildings) balance of Kshs.55,641,695, as disclosed in Note 13 to the financial statements. However, the value of the land where the buildings are situated was not disclosed and ownership documents for the land were not provided for audit.

In the circumstances, the accuracy, ownership and completeness of property, plant and equipment balance of Kshs.55,641,695 could not be confirmed.

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

Emphasis of Matter

Budget Performance and Control

The statement of comparison and actual amounts reflects final revenue budget and actual on a comparable basis of Kshs.2,000,000, resulting in 100% funding. The statement indicates that the College spent Kshs.1,473,214 against actual receipts of Kshs.2,000,000, resulting in an under-utilization of Kshs.526,786 or 26%.

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

My Opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Issues

In the prior years' audit reports, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the College in 2024/2025 revealed that the following matters remained unresolved:

No.	Financial Year	Audit Issue
1	2023/2024	Land without value and ownership
2	2023/2024	Late submission of financial statement
3	2023/2024	Non-disclosure of Institute of Certified Public Accounts membership number
4	2023/2024	Failure to prepare estimate of income and expenditure
5	2023/2024	Lack of internal audit department
6	2023/2024	Lack of audit committee
7	2023/2024	Lack of key policies and structures to support operations of the College

Other Information

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

In connection with my audit on the College's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I

conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Failure to Prepare Estimates of Revenue and Expenditure

Management did not prepare estimates of revenue and expenditure. This is contrary to Section 68(2)(h) of the Public Finance Management Act, 2012, which requires the accounting officer to prepare estimates of expenditure in conformity with the College's strategic plan.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Internal Audit Function

During the year under review, the College did not have an internal audit unit in place aimed at strengthening internal control mechanisms that could have an impact on the achievement of the strategic objectives of the entity. This is contrary to Section 73(1) of the Public Finance Management Act, 2012, which requires every national government entity to ensure compliance with the Act and to establish appropriate arrangements for conducting internal audits in accordance with the guidelines issued by the Accounting Standards Board.

In the circumstances, the effectiveness of the internal control systems could not be confirmed.

2. Lack of Audit Committee

During the year under review, the College did not establish an audit committee to support the Accounting Officer on issues of risk, control, and governance and to review and advise on the entity's risk management strategies, internal control systems and corporate governance practices.

This is contrary to Section 73(5) of the Public Finance Management Act, 2012, which requires every national government public entity to establish an Audit Committee whose composition and functions are prescribed by the regulations.

In the circumstances, the effectiveness of the internal control systems could not be confirmed.

3. Weak Internal Control

A review of the internal control system revealed that the College did not have in place key governance documents, such as a code of conduct for employees, human resource manual, finance manual, risk management framework, disaster recovery and business continuity plan, and debt management guidelines.

Further, the College lacked essential departments necessary to support its operations, including Finance, Procurement, and Information Communication Technology (ICT) departments, with appropriately assigned staff to ensure segregation of duties.

In the circumstances, the effectiveness of the internal control system could not be confirmed.

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

Responsibilities of the Management and the Board of Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

11 November, 2025

Lafey Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2025


14. Statement of Financial Performance For The Year Ended 30 June 2025

	Notes	2024/2025	2023/2024
		Kshs	Kshs
Revenue from Non-Exchange transactions			
Transfers from other National Government entities	6	2,000,000	0
		2,000,000	0
Revenue from Exchange transactions			
Public Contributions and Donations	7	975	
Miscellaneous income	8	149,885	0
Revenue from Exchange transactions		150,860	0
Total Revenue		2,150,860	0
Expenses			
Use of goods and services	9	900,214	1,428,762
Employee costs	10	300,000	0
Board /Council Expenses	11	273,000	0
Depreciation and amortization expense	12	1,135,545	1,158,719
Transfer to Mandera TTI	13	150,000	0
Total Expenses		2,758,759	2,587,481
Other Gains/(Losses)			
Net surplus/(deficit) for the year		-607,899	-2,587,481

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



Chairman of Board



Principal



Finance Officer

Date **20/10/2025**

Date **20/10/2025**

ICPAK No
 Date **20/10/2025**

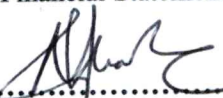
LAFEY TECHNICAL & VOCATIONAL COLLEGE
21 OCT. 2025
PRINCIPAL
 BOX 257-70300, MANDERA

Lafey Technical and Vocational college
Annual Report and Financial Statements for the year ended 30th June 2025

15. Statement of Financial Position As At 30th June 2025


Description	Notes	2024/2025	2023/2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	14	545,520	17,874
Total Current Assets		545,520	17,874
Non-Current Assets			
Property, plant, and equipment	15	55,641,695	56,777,240
Total Non-Current Assets		56,187,215	56,777,240
Total Assets		56,187,215	56,795,114
Liabilities			
Current Liabilities			
Non-Current Liabilities			
Total non-current liabilities		-	-
Total Liabilities		0	0
Net Assets		56,187,215	56,795,114
Represented By:			
Accumulated Surplus		56,187,215	59,382,595
Capital Fund			-2,587,481
Net Assets		56,187,215	56,795,114

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


.....

Chairman of Board

Date 28/10/2025


.....

Principal

Date 28/10/25


.....

Finance Officer

ICPAK No

Date

28/10/2025



**Lafey Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2025**

16. Statement of Changes in Net Asset For The Year Ended 30 June 2025

Description	Revaluation reserve	Accumulated Fund	Capital Grants/Fund	Total
At July 1, 2023	-	55,378,441		55,378,441
Surplus/(deficit) for the year	-	-2,587,481		-2,587,481
fund received during the year		2,505,902		2,505,902
At June 30, 2024	-	55,296,862		55,296,862
At July 1, 2024	-	55,296,862		55,296,862
Surplus/(deficit) for the year	-	-607,899		-607,899
understated prior year adjustments		1,498,252		1,498,252
At June 30, 2025	-	56,187,215		56,187,215

Lafey Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2025

17. Statement of Cash Flows For The Year Ended 30 June 2025

Description		2024/2025	2023/2024
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other National Government entities	6	2,000,000	0
Public Contributions and Donations	7	975	
Miscellaneous income	8	149,885	0
Total Receipts		2,150,860	0
Payments			
Use of goods and services	9	900,214	1,428,762
Employee costs	10	300,000	-
Board /Council Expenses	11	273,000	-
Transfer Mandera TTI	13	150,000	-
Total Payments		1,623,214	1,428,762
Net Cash Flows from operating activities		527,646	-1,428,762
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets			-2,505,902
Cash flows from financing activities			-2,505,902
Net Increase/(Decrease) in Cash and Cash equivalents		527,646	-3,934,664
Cash and Cash equivalents at 1 JULY		17,874	3,952,538
Cash and Cash equivalents at 30 JUNE		545,520	17,874

18. Statement of Comparison of Budget & Actual amounts For Year Ended 30 June 2025

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization Difference
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	%
Transfers from other National Government entities	2,000,000	0	2,000,000	2,000,000	-	0%
Total Income	2,000,000	0	2,000,000	2,000,000	-	0%
Expenses						
Use of goods and services	1,000,000	-	1,000,000	900,214	99,786	10%
Compensation of employees	400,000	-	400,000	300,000	100,000	25%
Remuneration of directors	300,000	-	300,000	273,000	27,000	9%
development	300,000	-	300,000	0	300,000	100%
Total Expenditure	2,000,000	-	2,000,000	1,473,214	526,786	26%
Surplus for the Period	-			526,786	-526,786	
Capital Expenditure						

19. Notes to the Financial Statements

1. General Information

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

2. Statement of Compliance and Basis of Preparation

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

3. Adoption of New and Revised Standards

i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2025.*

There are no new and amended standards issued in the financial year.

ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.*

Standard	Effective date and impact:
IPSAS 43: Leases	Applicable 1st January 2025 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 a Lafey TVC. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. The standard had no impact in preparation of financial statements
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	Applicable 1st January 2025 The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. The standard had no impact in preparation of financial statements
IPSAS 45: Property Plant and Equipment	Applicable 1st January 2025 The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets. The standard had no impact in preparation of financial statements
IPSAS 46: Measurement	Applicable 1st January 2025 The objective of this standard was to improve measurement guidance across IPSAS by:

	<ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p>The standard had no impact in preparation of financial statements</p>
IPSAS 47: Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p>The standard had no impact in preparation of financial statements</p>
IPSAS 48: Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p>The standard had no impact in preparation of financial statements</p>
IPSAS 49: Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p>The standard had no impact in preparation of financial statements</p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements

Lafey Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2025

	understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. The standard had no impact in preparation of financial statements
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iii. *Early adoption of standards*

Lafey Technical and Vocational College did not early-adopt any new or amended standards in year

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

- ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

b) Budget information

The original budget for FY 2024/2025 was approved by the Council or Board on *14/06/2025*. 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 Lafey TVC upon receiving the respective approvals to conclude the final budget. Accordingly, the Lafey TVC has no additional appropriations of **Budget** on the FY 2024/2025 budget following the Council/ Board's approval. The Lafey TVC's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page *1* under section **Financial performance** of these financial statements.

c) Taxes

Current income tax

The Lafey Technical and Vocational College is exempt from paying taxes under Income Tax Act cap 470 Section 13(1), Part I of the First schedule (10).

Sales tax/ Value Added Tax

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

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

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

d) Investment property

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

e) Property, plant and equipment

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

f) Leases

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

g) Intangible assets

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

h) Biological Assets

The entity recognizes biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to the entity, and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured at fair value less costs to sell, except where fair value cannot be reliably determined. In such cases, the asset is measured at its cost less accumulated depreciation and any accumulated impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur.

i) Research and development costs

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

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

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

j) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Lafey TVC does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. A financial instrument is any contract that gives rise to a financial asset of one Lafey TVC and a financial

liability or equity instrument of another Lafey TVC. At initial recognition, the Lafey TVC measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification

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

Subsequent measurement

Based on the business model and the cash flow characteristics, the Lafey TVC classifies its financial

assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

k) Inventories

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

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

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

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

Inventories (Continued)

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

l) Provisions

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

Contingent liabilities

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

Contingent assets

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

m) Social Benefits

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

n) Nature and purpose of reserves

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

o) Changes in accounting policies and estimates

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

p) Employee benefits

Retirement benefit plans

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

q) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

r) 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.

s) Related parties

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

t) Service concession arrangements

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

u) 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.

v) Comparative figures

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

w) 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, 2025.

5. Significant Judgments and Sources of Estimation Uncertainty

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

Useful lives and residual values

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

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

Provisions

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

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

6. Transfers from other National Government entities

Description	2024/2025	2023/2024
	Kshs	Kshs
Unconditional Grants		-
Operational Grant	2,000,000	-
Total unconditional Grants	2,000,000	-
Conditional Grants amortised/ recognised in revenue		
Total Government Grants and Subsidies	2,000,000	-

7. Public Contributions and Donations

Description	2024/2025	2023/2024
	Kshs	Kshs
Other Donations	975	0
Total Donations and Contributions	975	0

8. Miscellaneous Income

Description	2024/2025	2023/2024
	Kshs	Kshs
Others (<i>Mandera TTI</i>)	149,885	-
Total other income	149,885	-

9. Use of Goods and Services

Description	2024/2025	2023/2024
	Kshs	Kshs
Teaching and learning materials	275,000	-
Water	-	1,106,129
Land Scaping	-	250,000
Advertising	170,000	-
Travelling and accommodation	398,400	7,000
Fuel and oil	10,000	-
Postage	20,000	-
Hire charges	-	60,000
Bank Charges	1,814	5,633
Training expenses	25,000	-
Total good and services	900,214	1,428,762

10. Employee Costs

Description	2024/2025	2023/2024
	Kshs	Kshs
Salaries and wages	300,000	-
Employee Costs	300,000	-

11. Board/Council Expenses

Description	2024/2025	2023/2024
	Kshs	Kshs
Directors Emoluments	273,000	-
Total	273,000	-

12. Depreciation and Amortization expense

Description	2024/2025	2023/2024
	Kshs	Kshs
Property, plant and equipment	1,135,545	1,158,719
Total depreciation and amortization	1,135,545	1,158,719

13. Transfer

Description	2024/2025	2023/2024
	Kshs	Kshs
Mandera TTI	150,000	-
Total Transfer	150,000	-

14. Cash and Cash Equivalent

Description	2024/2025	2023/2024
	Kshs	Kshs
Current Account	545,520	17,874
Total Cash and Cash Equivalent	545,520	17,874

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

Financial Institution	Account number	2024/2025 Kshs	2023/2024 Kshs
a) Current Account			
Kenya Commercial Bank	1259679551	16,470	17,874
National Bank	7716474243	529,050	
Sub- Total		545,520	17,874
b) On - Call Deposits			
c) Fixed Deposits Account			
d) Staff Car Loan/ Mortgage			
e) Others(<i>Specify</i>)		-	-
Grand Total		545,520	17,874

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15. Property, Plant and Equipment

Cost	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Plant and equipment	Other Assets (specify)	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Depreciation Rate		X%	X%	X%	X%	X%	X%		
At 1 July 2023	-	55,430,057	-	-	-	-	-	-	55,430,057
Additions	-	2,505,902	-	-	-	-	-	-	2,505,902
At 30th June 2024	-	57,935,959	-	-	-	-	-	-	57,935,959
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-	-
At 30th June 2025	-	56,777,240	-	-	-	-	-	-	56,777,240
Depreciation And Impairment									
At 1 Jun 2023	-	-	-	-	-	-	-	-	-
Depreciation	-	(1,158,719)	-	-	-	-	-	-	(1,158,719)
Disposals	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
At 30 Jun 2025	-	56,777,240	-	-	-	-	-	-	56,777,240
Depreciation	-	(1,135,545)	-	-	-	-	-	-	(1,135,545)
Disposals	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	-	-
At 30th Jun 2025	-	55,641,695	-	-	-	-	-	-	55,641,695
Net Book Values									
At 30th Jun 2024	-	56,777,240	-	-	-	-	-	-	56,777,240
At 30th Jun 2025	-	55,641,695	-	-	-	-	-	-	55,641,695

Notes to the Financial Statements (Continued)

Valuation

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

14 (b) Property, Plant and Equipment at Cost

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Buildings	56,777,240	(1,135,545)	55,641,695
Total	56,777,240	(1,135,545)	55,641,695

16. Events After the Reporting Period

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

17. Ultimate And Holding Entity

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

18. Currency

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

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20. **Appendices**

Appendix 1: Implementation Status of Auditor-General Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
OAG/GRO/AUD/TVC/LAFEY/2023/2024/13	Land without value and Ownership Documents	<p>Land Ownership Documentation – The College is in the process of obtaining and compiling the necessary land ownership documents for verification and audit purposes.</p> <p>Valuation of Assets – Arrangements are being made to conduct a comprehensive valuation of all assets, including land, to ensure accurate financial reporting and compliance with the Public Finance Management (National Government) Regulations 2015.</p> <p>Management is committed to strengthening internal controls to safeguard assets and ensure proper disclosure in financial statements.</p>	Not Resolved	31 st December 2025

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
OAG/GRO/AUD/TVC/LAFEY/2023/2024/13	Late Submission of the Financial Statements	<p>Management acknowledges the delay in submitting the financial statements for the financial year ended 30 June 2024, which were submitted on 3 February 2025, contrary to Regulation 101(4) of the Public Finance Management (National Government) Regulations, 2015. The delay was occasioned by the following factors,</p> <p>Resource Constraints: The institution faced challenges related to staffing and technical expertise in the preparation of financial statements, which affected the timely finalization of the reports. Management has put in place a strict timeline and monitoring framework to ensure financial statements are prepared and submitted within the statutory deadline in subsequent years.</p>	Resolved	
OAG/GRO/AUD/TVC/LAFEY/2023/2024/13	Non- disclosure of institute of certified public accountants	The institute of certified public accountants membership Number for the finance officer who signed	Not Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	of Kenya Membership Number for Finance Officer	the financial statement was not disclosed in the relevant section of financial statement.		
OAG/GRO/AUD/TVC/LAFEY/2023/2024/13	Lack of Internal Audit Department	<p>The institution is newly established and did not have the capacity to employ an internal auditor during the period under review. However, management recognizes the importance of internal audit in strengthening internal controls, risk management, and governance. Plans are underway to establish an internal audit unit as the institution grows and resources allow</p> <p>Until an internal auditor is assigned, the institution will continue working closely with external auditors and relevant oversight bodies to ensure compliance with financial regulations. Management is committed to ensuring that an internal audit function is</p>	Not Resolved	30 th June 2026

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		established as the institution expands and resources become available.		
OAG/GRO/AUD/TVC/LAFEY/2023/2024/13	Lack of Audit Committee	<p>The College is newly established, and during the period under review, the Board of Governance had not yet been appointed. However, to ensure compliance with Section 73(5) of the Public Finance Management Act, 2012, the College is currently utilizing the Board of Governance of Mandera TTI, which serves as its mentor institution. Mandera TTI's Board of Governance has an active audit committee, which is providing the necessary oversight on financial and governance matters for Lafey TVC. Moving forward, once Lafey TVC's Board of Governance is fully constituted, an independent audit committee will be established in line with the regulations</p>	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
OAG/GRO/AUD/TVC/LAFEY/2023/2024/13	Lack of Key Policies and Structures to Support Operations of the College	<p>The College is newly established and has faced challenges in setting up comprehensive policies and key departments due to inadequate funding. However, steps are being taken to strengthen internal controls and ensure compliance with financial management regulations.</p> <p>The College is in the process of developing essential policies, including a code of conduct for employees, a human resource manual, a finance policy manual, a risk management policy, a disaster recovery/business continuity plan, and a debt management policy. These documents will provide a structured framework for governance and operational efficiency.</p> <p>While the College currently operates with limited staff, efforts are underway to establish fully functional finance, procurement,</p>	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>and ICT departments. Requests for additional staff have been made to the relevant authorities to ensure proper segregation of duties and enhanced compliance with the law.</p> <p>In the interim, the College is leveraging the mentorship of Mandera TTI to adopt best practices in governance, risk management, and financial controls. Management is also working closely with oversight bodies to ensure proper accountability and compliance.</p>		

[Handwritten Signature]

Name
Accounting Officer
Lafey Technical and Vocational College
Date 20/10/2025



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Appendix II: Projects Implemented by Lafey Technical and Vocational College

Projects

Projects implemented by the State Corporation/ SAGA Funded by development partners.
Lafey TVC is not running any development project at the moment

Status of Projects completion

Lafey Technical and Vocational College is not running any development project at the moment

Appendix III- Inter-Entity Confirmation Letter

There were no transferring and receiving of fund from other institution

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Appendix IV: Reporting of Climate Relevant Expenditures

There was no expenditure related to Climate in the FY 2024/2025

Appendix V: Reporting on Disaster Management Expenditure

There was no expenditure related to Disaster Management in the FY 2024/2025