


REPUBLIC OF KENYA



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DATE: 29 MAY 2025	DAY: Thursday
REPORT	Hon. Binyamin Mutitu, MP
BY:	Deputy Leader of majority party
CLERK-AT THE-TABLE:	Halima Ahmed

OF

THE AUDITOR-GENERAL

ON

**TIGANIA EAST TECHNICAL AND
VOCATIONAL COLLEGE**

**FOR THE YEAR ENDED
30 JUNE, 2023**



TIGANIA EAST TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30TH JUNE 2023**

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

RECEIVED
TIGANIA EAST TECHNICAL AND VOCATIONAL COLLEGE
15/07/2023



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1. Acronyms & Glossary of Terms

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
TVC	Technical Vocational College
Fiduciary Management	Key management personnel who have financial responsibility in the entity

2. Key Entity Information and Management

(a) Background information

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

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

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

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

(b) Principal Activities

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

Mission

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

Vision

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

(c) Key Management

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

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

(a) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 20223 and who had direct fiduciary responsibility were:

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

(b) Fiduciary Oversight Arrangements

Provided in two categories

- Board of Governors

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

Board committees

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



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

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

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

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




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





Key Entity Information and Management (Continued)


(h) 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

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

5.	<p>BoG Member Mr Erick Mwiti</p> 	<p>Mr Erick Mwiti was appointed as a member BoG Tigania East TVC on 12th May, 2020. He holds a Bachelor of Science degree (Mathematics and Physics) (Egerton), Postgraduate Diploma in Legal Metrology (ITSA) and a certificate in Computer Applications. He works with the County Government of Meru as Weight and Measures officer. He has experience as an Office Administrator, a Teacher, Field Research Agent, Registration and Elections Clerk, Census field supervisor and Civic educator.</p>
6.	<p>BoG Member Joyce Mugure (PHD)</p> 	<p>Joyce Mugure was appointed as a member BoG Tigania East TVC on 12th May, 2020. She holds a PHD, MSc Data Communication- KCA University and Bachelor of Science in IT. She is a lecturer at Meru University of Science and Technology.</p>
7.	<p>County Director Margaret Njoki Nduhiu</p> 	<p>Margaret Nduhiu is the current County Director TVET for Meru / Isiolo and surrounding areas. She is a holder of Masters in Educational Planning (UoN). She is a seasoned professional with 27 years of work experience in teaching and in management. Possess hands on experience in teaching, mentoring students, team building, and institutional management and also in monitoring and reporting implementation of projects in TVET institutions. She is driven by new challenges and desire to be successful in all endeavours, while enjoying consultations while handling complex projects.</p>
8.	<p>Secretary to the Board / Principal Wilfred Kimathi Kamunde</p> 	<p>Mr. Wilfred Kimathi Kamunde is a holder Bachelor's Degree (Hons) in Agriculture and Human Ecology Extension, Diploma in Animal Health, Diploma in Technical Education (Agriculture) and a Certificate in Environmental Impact Assessment and E. Audit. He is a registered Animal Health Technologist by Kenya Veterinary Board and a registered Lead Expert by NEMA as an Environmental Impact assessor and environmental Auditor. He is a seasoned administrator with a proven record in matters of technical education for over 22 years. Before being deployed to Tigania East TVC as the Principal, he had the privilege of serving at Tharaka TVC as the Deputy principal and later Acting Principal. Prior to being deployed to Tharaka TVC, he served Jeremiah Nyaga Technical</p>

		Institute in different capacities.
	<p>Lydia Kagwiria Kirika BoG Member</p> 	<p>Lydia Kagwiria Kirika is pursuing her PHD in Project Management, she is a holder of Master's Degree in project planning and management and Bachelor's Degree in Education (Arts). She is a seasoned educator and administrator with a proven record in matters of education, having taught as a lecturer at Meru university of science and Technology.</p>






NB: A new board of governance was appointed in September 2023 to comprise the following.

No.	Member / Director	Details
1.	<p>John Kibara- Chairperson</p> 	<p>Date of Birth: 1966 Appointed in October 2023, He Holds a Masters degree in Strategic Management and a Bachelor of Science in Statistics and Applied Mathematics. He has over 30 years work experience and has worked for EABL, Sigma Feeds, National Oil Corporation and Coca-cola</p>
2.	<p>Hon Florence Kajuju- Member</p>	<p>Appointed in October 2023. She Holds , Bachelor of Laws, LLB\,Post graduate diploma in Law and Masters of arts, Leadership and Governance She is a member of Education, training, Research and Human Resources Committee</p>
3.	<p>Annah Chelangat- Member</p> 	<p>Annah Chelangat was appointed as a member BoG Tigania East TVC on 12th May, 2020 and re-appointed in October 2023. She holds a Bachelor of Business Management Accounting option from Moi University, CSIA Part 1, CPA (K) and Diploma in Business Management (KIM). She has worked as a factory accountant with KTDA Holdings Ltd, DL Group of Companies, Internal Auditor-Kapsabet Tea Factory and Audit and Accounts assistant – Kimalel Arap-Kirui CPA(K) Audit and Accountancy Firm. She is a member of Finance & Infrastructure Committee.</p>
4.	<p>Mr John Kanampiu- Member</p>	<p>Mr John Kanampiu was appointed as a member BoG Tigania East TVC on 12th May, 2020 and re-appointed for the second term in October 2023. He holds a Bachelor of Science in Electrical Engineering. He is a member of EBK. He has a wealth of experience working with Kenya Power and Lighting Company. A member of Finance & Infrastructure</p>

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		Committee
5.	<p>Irene Waeni – Member</p> 	<p>She was appointed in October 2023 and Holds a Bachelor of Commerce (Human Resource Management & Diploma in Law. She is the Chairperson Education, training, Research and Human Resources</p>
6.	<p>Faith Kajuju</p> 	<p>She was appointed in October 2023 and Holds a Bachelor of Business Management (Human Resource Option) Advanced Diploma in Microfinance and diploma in Business Management</p>
	<p>Jurgen Kaumbuthu</p> 	<p>Appointed as a Member of the Board in October 2023.</p> <p>He has over 15 years work experience in Auditing, taxation, and strategic business management advisory services. He has a wealth of experience working with the De la Rue International Limited, Pricehousewater Coopers amongst others.</p>
7.	<p>Dr. Andelina Mugure</p> 	<p>Appointed as a Member of the Board in October 2023 She is the county director in charge of TVETS.</p>
8.	<p>Secretary to the Board / Principal</p>  <p>Mr. George Kiunga</p>	<p>Principal Administration and Finance Master's in Business administration (Finance Option) Bachelor of Education (Business and Mathematics)</p>

4. Key Management Team

No.	Member/ Director	Details
1.	 <p>Wilfred Kimathi Kamunde Bsc. Agriculture and Human Ecology Extension.</p>	Principal
2.	 <p>Benard Maina Kabiru Diploma in Building and construction</p>	Deputy Principal
3.	 <p>Alex Kobia Masters in Project Planning and Management and BSc Electrical Engineering</p>	Registrar
4.	 <p>Evelyn Mbuga BSc ICT</p>	Dean of students
5.	 <p>Mary Kawira Kiugu B.COM & CPA(K)</p>	Finance Officer



NB:There were changes to the key management personel. The current staff are as listed on the next page.

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No.	Member/ Director	Details
1.	Secretary to the Board / Principal  Mr. George Kiunga	Principal
2.	Alice Ngunu  Masters of Arts, Fashion and Design and Marketing	Deputy Principal Academics
3.	Peter Kamau  MBA (Finance)	Deputy Principal Administration
4.	Morris Munene  Bachelor degree in Business Information Technology	Registrar (Ag)



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5.	 <p>Mark Nzioka Higher Diploma in civil engineering and building</p>	Dean of students
6.	 <p>Mr. Kamau Denis Nkunja</p>	Finance Officer BBM, Finance and banking option CPAK

5. Chairman's Statement

I am writing this statement on behalf of the Board of Governors of Tigania East Technical and Vocational College to provide an overview of our institution's financial situation and challenges. We understand the importance of transparency and accountability in our operations, and we appreciate your diligent oversight.

During the year under review, one of the primary challenges we faced during the fiscal year under review was the non-receipt of expected capitation funds from relevant government authorities. This shortfall in funding significantly affected our ability to meet our financial obligations, including staff salaries, maintenance, and academic resources.

Another noteworthy challenge has been the absence of significant development projects during the reporting period. The limited capital investment in infrastructure and facilities has hindered our efforts to enhance the learning environment and expand our academic programs to meet the growing demand.

Despite the aforementioned financial challenges, we are pleased to report a notable increase in student enrolment during the period under review. This positive development underscores the demand for vocational education in our region and the trust that our community places in Tigania East Vocational College. While this is encouraging, it also places added strain on our resources and infrastructure.

In light of these challenges, the Board of Directors and the College Management have been diligently working to implement cost-effective measures to ensure the sustainability of our institution. These measures include exploring alternative funding sources, optimizing existing resources, and prioritizing critical infrastructure projects.

We remain committed to upholding the highest standards of transparency and accountability. We will continue to work closely with relevant government bodies, our stakeholders, and the local community to address these challenges and improve the overall quality of education and vocational training provided by Tigania East Vocational College.

We appreciate the opportunity to work with your office in addressing these issues and ensuring the prudent management of public funds.

God bless you all, God Bless Tigania East TVC



Board of Governors



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6. Report of the Chief/Senior Principal

I am pleased to present this report on behalf of Tigania East Technical and Vocational College for the fiscal year ending 30th June 2023. This report aims to provide a comprehensive overview of our institution's financial performance, successes, challenges, and our commitment to the prudent use of public finances

We are proud to report significant academic achievements during this fiscal year. Our students have demonstrated excellence in various technical and vocational programs, with a commendable pass rate and improved learning outcomes.

Tigania East Technical and Vocational College have experienced a substantial increase in student enrolment over the past year. This success is a testament to our institution's reputation for quality education and vocational training within the region.

We have also fostered strong partnerships with local industries and businesses, leading to increased support for our students' practical training and job placement opportunities. These partnerships have been instrumental in enhancing our students' employability.

Over the past year, we have had several challenges. Our institution faced significant financial challenges during this fiscal year. We encountered delays in the disbursement of capitation funds, which affected our ability to meet operational expenses, maintain infrastructure, and provide essential resources for teaching and learning.

The rapid increase in student enrolments has put pressure on our existing infrastructure. We urgently require additional classrooms, laboratories, and workshops to accommodate the growing student population adequately.

Efficient resource allocation remains a challenge; especially concerning optimizing our limited resources to meet the diverse needs of our programs and students effectively

Despite the challenges we faced, we have been committed to the prudent use of public finances. We have implemented cost-saving measures, improved financial reporting, and enhanced internal controls to ensure transparency and accountability. We continue to work closely with relevant government agencies to address funding issues and optimize resource allocation.

In conclusion, Tigania East Technical and Vocational College has achieved notable successes in the fiscal year 2022-2023, with increased enrolments and academic achievements. However, we recognize the financial challenges that have impacted our operations and infrastructure development. We remain steadfast in our commitment to prudent financial management and are actively addressing these challenges to ensure the continued delivery of quality technical and vocational education

We appreciate the oversight and guidance provided by your office, and we are open to any or assistance to further enhance our financial management practices.

Principal/BOG secretary

Principal / Secretary to the Board

7. Statement of Performance against Predetermined Objectives

Tigania East Technical and Vocational College has 5 strategic pillars /issues/ themes and objectives within the current Strategic Plan for the FY 22- FY 23. These strategic pillars are as follows:

- (i) Infrastructure development
- (ii) Enrolment
- (iii) Institutional governance
- (iv) Collaboration and linkages
- (v) ICT Development

Tigania East TVC develops its annual work plans based on the above 5 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Tigania East TVC achieved its performance targets set for the FY 2022/23 period for its (5 No.) strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Infrastructure development	Improving and increasing physical facilities	<ul style="list-style-type: none"> • Completion of the building under renovation • Fencing the lower side of the compound 	Develop a framework for improving and increasing physical facilities	Completed building Completed fence
Enrolment	Increase enrolment from 512 to 850 trainees	Enrolled trainees	Develop intensive marketing strategies	Increased enrolment
Institutional governance	Improving Institutional Cooperative Governance	<ul style="list-style-type: none"> • Constant review of courses to incorporate CBET • Improve results • Improve budget accuracy 	<ul style="list-style-type: none"> • Develop & implement policies, programmes, and strategies • Embrace result-based management 	Established monitoring and evaluation strategies
Collaboration and linkages	Enhance collaboration with garages at the market	Enter into MOU with partners	Established collaboration linkages	MOU written and signed

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ICT Development	Use of modern technologies	Complete internet connectivity	Develop adequate ICT capacity	Improved ICT infrastructure
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8. Corporate Governance Statement

(a) Board meetings, attendance, and remuneration

During the financial year 2022/2023, the full Board met 3 times and each committee met once. The meetings were all well attended as shown below.

S/n	Date of meeting	Nature of Board Meeting	Attendance	Remuneration
1	22/10/2022	Education, Research & Training committee	4	
2	22/10/2022	Finance, infrastructure & Strategy Committee	3	
3	22/10/2022	Audit & Risk committee	3	
4	22/10/2022	Full board	7	
5	18/2/2023	Full board	6	
6	30/6/2023	Full board exit evaluation meeting	8	

(b) Board Charter, Succession plan, Induction and Training

Board charter was developed, induction of the board was carried out and succession plan is according to TVETA Act, 2013 which guides those members of the board should be appointed in a manner that guarantees continuity.

(c) Appointment and removal of Board members

The appointment and removal of the Board members is provided for in the TVETA Act, 2013.

Appointment - On expiry of the term of Board members, the Secretary to the Board, County Commissioner, area M.P in consultation with the County director TVET nominate names to be presented to the Cabinet Secretary, Ministry of Education. For each position, 3 names are proposed for consideration.

Removal – Ground for removal of the member of the Board is provided for in TVETA Act, 2013. The year under review, there was no member that was removed but the term of the Board expired on 12th May 2023.

(d) Role of the Board of Governors

The roles of the board are oversight and management of the college activities. Members have been able to provide any and every assistance that has been asked of them by the Management team and are also able to advice on policies and growth strategies for the betterment of the Institution.

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

The board is also keen on enhancing the growth of the college and through meetings several strategies were passed which included marketing the college extensively via media sources as well as introducing various courses in the institution and enabling funding to buy equipment for these courses to be able to thrive and attract more students especially hospitality courses that are in demand from the myriad of inquiries that were

recorded at the college. So far there have been no cases of conflict of interest or ethical misconduct as the board remained united in delivering its mandate of ensuring Tigania East Technical and Vocational College grows to be one of the leading Technical Institutions in the country.

9. Management Discussion and Analysis

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

- ✓ The institution has engaged in Performance Contracting
- ✓ Fencing of the institution has been done
- ✓ Compliance with statutory requirements; Tigania East Technical and Vocational College has been up to date in its statutory submissions and payment obligations, namely, PAYE (Pay as you earn), employee defined contribution retirement scheme and medical scheme namely NSSF (National social security fund) and NHIF (National hospital insurance fund) and National Industrial Training Authority (NITA)

Major risks

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

	Risk	Impact	Mitigation action
1.	Slow development	Insufficient funds, for infrastructural development like building of more a bigger tuition block to accommodate the anticipated increase in students' population	Liaison with Ministry to facilitate projects.
2.	Inflation	This has affected both students and employees. Leading to low work morale	Encouraging people to do side-hassle jobs
3.	Poor payment of Fees from students	There is low collection of fees from students especially from those who have been promised full sponsorship from politicians who in return have not honoured their promises. Government capitation is not also timely and enough	Encouraging the parents/guardians to take responsibility and ensure that students have applied for HELB Loans and have also paid the balances
4.			

10. Environmental And Sustainability Reporting Statement

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

Sustainability strategy and profile

The institution is geared towards increasing enrolment and offering quality training to the trainees. In regard to this, the institution has employed different marketing strategies in order to ensure that even the neediest students can afford to pay for their tuition fees. The institution has encouraged students to take the most marketable courses that will enable them secure jobs in the market without much struggle and ones that can lead to self-employment

Environmental performance

During the period under review the institution with the assistance of NG_CDF has banked on tree planting around the compound.

The institution has also maintained good environmental practices by ensuring that wastes materials are properly disposed and the environment is clean all the time

Employee welfare

Tigania East Technical and Vocational College is a young TVET institution that has grown from scratch to a level of over 700 students currently. Due to this rising number of students, the number of employees continues to increase.

Being very a young institution we are trying to come up with various policies that will safe guard all the interested parties including the employees welfare that is stipulated in the draft Human Resource Manual awaiting approval by the Board of Governors.

Market place practices-

The institution has employed several marketing strategies in order to achieve its objectives. These include posters, brochures, and use of banners during TVETs fairs and exhibitions, games and Sports events. Lastly but not the least using constructive Networking by using individual outsiders as marketers in return for Marketing commission.

Corporate Social Responsibility / Community Engagements

The institution is in the process of engaging the community by giving free scholarship to needy students. They will undertake courses like fashion and design, artisan in agriculture / agri-business and so on. This arrangement will be done via the area Chief and any other person who can advertise for these openings for us.



11. Report of the Board/Board of Governors

The Board/Board members submit their report for the year ended June 30, 2023 which show the state of the *entity's* affairs.

Principal activities

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

Results

The results of the entity for the year ended June 30th 2023 are set out on page 2 to 6

Board/Board of Governors

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

Auditors

The Auditor General is responsible for the statutory audit of Tigania East Technical and Vocational College in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year ended June 30th June, 2023, 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

Date: 19/3/2023



12. Statement of Board of Governors

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

The Board members are responsible for the preparation and presentation of Tigania East TVC financial statements, which give a true and fair view of the state of affairs of the *entity* for and as at the end of the financial year (period) ended on June 30, 2023. 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 *entity*, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Board members accept responsibility for the *Tigania East TVC* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (*the State Corporations Act, and the TVET Act*). The Board members are of the opinion that Tigania East TVC financial statements give a true and fair view of the state of *entity's* transactions during the financial year ended June 30, 2023, and of the *entity's* financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for Tigania EAST, which have been relied upon in the preparation of the *entity's* financial statements as well as the adequacy of the systems of internal financial control.

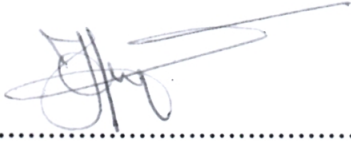
In preparing the financial statements, the Principal has assessed Tigania East TVC ability to continue as a going concern *and* Nothing has come to the attention of the Board members to indicate that the *Tigania East TVC* will not remain a going concern for at least the next twelve months from the date of this statement.

Tigania East Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

Approval of the financial statements

Tigania East TVC financial statements were approved by the Board on

19/3/23



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TS **Chairperson of the Board/Board**

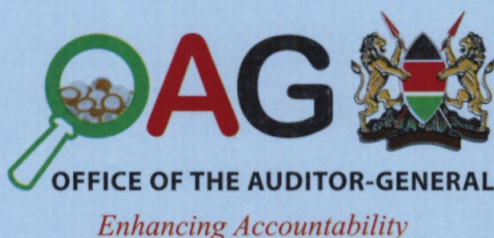


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Accounting Officer/Principal

REPUBLIC OF KENYA

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HEADQUARTERS
Anniversary Towers
Monrovia Street
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON TIGANIA EAST TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Tigania East Technical and Vocational College set out on pages 1 to 39, which comprise of the statement of financial position as at 30 June, 2023 and the statement of financial performance, statement of

Report of the Auditor-General on Tigania East Technical and Vocational College for the year ended 30 June, 2023

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

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of Tigania East Technical and Vocational College at 30 June, 2023 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 do not comply with the Technical and Vocational Education and Training (TVET) Act, 2013 and the Public Finance Management Act, 2012.

Basis for Adverse Opinion

1. Inaccuracies in the Financial Statements

1.1 Statement of Cash Flows

The statement of cash flows reflects total receipts of Kshs.17,917,358 which is the same as the amount reflected in the statement of financial performance as total revenue, meaning that all revenue invoiced during the year under review were collected. However, review of the statement of financial position revealed that the receivable balance increased by Kshs.1,121,978 representing accrued revenue during the year, an indication that the amount of Kshs.17,917,358 reported in the statement of cash flow includes accrued revenue.

Similarly, the statement reflects total expenses (excluding depreciation expenses) of Kshs.17,297,895 which was the same as the amount reflected in the statement of financial performance, meaning that the cash payments included accrued expenses. However, the statement of financial position shows that trade and other payables from exchange transactions balance increased by Kshs.1,022,598, meaning that the Kshs.17,297,895 reported in the statement of cash flow includes accrued expenses.

1.2 Statement of Changes in Net Assets

The statement reflects total capital and reserves balance of Kshs.229,263,273, comprising of revaluation of reserve of Kshs.260,403,875, retained earnings of Kshs.(34,025,829) and accumulated funds of Kshs.2,885,228. However, review of the statement revealed the following anomalies.

- i) The retained earnings balance of Kshs.(34,025,829) differed with the recalculated balance of Kshs.(31,140,602). The resulting variance of Kshs.(2,885,227) has not been explained or reconciled.
- ii) Revaluation reserve of Kshs.260,403,875 has not been supported by a revaluation certificate.

- iii) The statement reflects accumulated funds of Kshs.2,885,228 which was incorrectly classified instead of being accounted for under retained earnings.

1.3 Variance Between the Financial Statements and the Corresponding Disclosure Notes

The statement of financial performance reflects depreciation charge for the year amount of Kshs.35,578,656 which is at variance with the corresponding amount of Kshs.23,169,546 disclosed in Note 12 to the financial statements. The resulting variance of Kshs.12,409,110 has not been reconciled or explained.

1.4 Statement of Comparison of Budget and Actual Amounts

The statement of comparison of budget and actual amounts reflects total final income budget amount of Kshs.18,015,200, which is at variance with the recalculated amount of Kshs.24,015,200. The resulting variance of Kshs.6,000,000 has not been explained or reconciled.

In the circumstances, the accuracy and completeness of the statement of cash flows, statement of changes in net assets, statement of financial performance and the statement of comparison of budget and actual amounts could not be confirmed.

2. Unsupported Trade and Other Payables

The statement of financial position and as disclosed in Note 17 to the financial statements reflects trade and other payable balance of Kshs.4,682,317 which includes trade payables balance of Kshs.3,256,547. However, detailed ageing analysis including the suppliers' information, invoice details, ageing categories and references numbers of local purchase orders and local service orders for the trade payables were not provided for audit.

In addition, the financial statement reflects a balance of Kshs.3,659,719 on trade and other payables in respect to period 2021/22 and earlier years. However, evidence of treatment of these payables as first charge in the financial year under review was not provided for audit review. This is contrary to The National Treasury Circular No. 10/2020 of 16 June, 2020 which requires that pending bills be settled as a first charge in the first quarter of the preceding financial year.

In the circumstances, the accuracy and completeness of trade and other payable balance of Kshs.4,682,317 could not be confirmed. In addition, Management was in breach of the law.

3. Unsupported and Unaccounted for Imprest

The statement of financial performance reflects use of goods and services amount of Kshs.11,261,535 which includes an amount of Kshs.1,471,950 advanced to staff as disclosed in Note 9 to the financial statements. However, review of records revealed that the expenditure was directly expensed in the books of the College without evidence of accountability in the form of approved requisitions, official invitations to attend trainings or meetings, proof of travel, signed attendance list, schedule of events, back to office

reports and Electronic Transfer Receipt (ETR) for purchases incurred as justification of activities undertaken.

In addition, the College does not maintain an updated imprest register for temporary or safari imprests issued to staff which is a weakness that makes it difficult to track the imprest and ensure that the same is promptly surrendered and accounted for, and is a loophole for loss of public funds.

In the circumstances, accuracy, completeness and occurrence of use of goods and services amount of Kshs.1,471,950 could not be confirmed.

4. Unsupported Board Allowances

The statement of financial performance and as disclosed in Note 11 to the financial statements reflects Board expenses amount of Kshs.321,000. However, supporting documentation, such as signed meeting minutes and signed attendance registers were not provided for audit review.

In the circumstances, the accuracy, completeness and occurrence of Board expenses amount of Kshs.321,000 could not be confirmed.

5. Unsupported and Inaccurate Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.226,282,849 which includes land and building balances of Kshs.35,000,000 and Kshs.56,098,875 respectively as disclosed in Note 16 to the financial statements. However, these assets were not disclosed in the asset register, valuation reports for these assets were not provided for audit review and Management has not acquired ownership documents in respect to the parcel of land in which the College is located.

In addition, assets at the College were not tagged with unique identifiers or reference and properly recorded in both manual and automated registers and were therefore prone to misplacement, loss and misuse.

Further, Management did not insure the assets in the College hence exposing them to risk of total loss in case of a disaster.

In the circumstances, the accuracy and completeness, ownership and rights and obligations of the property, plant and equipment balance of Kshs.226,282,849 could not be confirmed.

6. Long Outstanding Receivables

The statement of financial position and as disclosed under Note 15 to the financial statements reflects receivables from exchange transactions balance of Kshs.6,605,653 which includes a balance of Kshs.5,483,675 relating to financial year 2021/2022 and earlier years hence have been outstanding for inordinately long period without collection. In addition, the students' receivable increased by Kshs.1,121,978 or twenty (20%) from Kshs.5,483,675 reported in the previous year. The increase is an indicator of poor fee collection and recovery strategy by the College and no provisions for bad and doubtful debts has been in respect to these debts.

In the circumstances, the validity and recoverability of the receivables from the exchange transaction balance of Kshs.6,605,653 could not be confirmed.

7. Unsupported Cash and Cash Equivalents Balance

The statement of cash flows reflects cash and cash equivalent balance of Kshs.557,088 which as disclosed in Note 14 to the financial statements includes Kshs.497,998 and Kshs.59,090 in respect to reconciled bank and cash in hand balances respectively. However, bank reconciliation statements including cashbook, bank confirmation certificate cash book and board of survey reports in support of the respective balances were not provided for audit review.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.557,088 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management had not resolved the issues or given any explanations for failure to implement the recommendations.

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, because of the significance of the matters discussed in the Basis for Adverse Opinion and the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources sections of my report, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Unapproved Budget

The budget for the financial year under review was prepared and submitted for approval to the Cabinet Secretary on 22 August, 2022, two months after the commencement of financial year. Further, no evidence of approval of the budget by the Cabinet Secretary was provided for audit review. This was contrary to Section 22 (2) of the second schedule of the TVET Act, 2013 which states that the Board of Governors may incur expenditure for the purpose of the institution in accordance with estimates approved by the Cabinet Secretary, and any approved expenditure under any head of the estimates may not be exceeded without the prior written approval of the Cabinet Secretary.

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

2. Non-Compliance with Public Sector Accounting Standards Board (PSASB) Financial Reporting Template

Review of the financial statements against the prescribed template by the Public Sector Accounting Standards Board revealed the following anomalies.

- i. The financial statements were not signed by the Chairman of the Board.
- ii. Transfer from other government entities in the statement of financial performance and two components in the statement of financial position comprising of receivables from exchange transaction and intangible assets were not referenced by way of Notes to the financial statements.
- iii. Intangible assets balance of Kshs.500,000 has not been amortized.

In the circumstances, the College's financial statements were not prepared and presented in accordance with the PSASB and the International Public Sector Accounting Standards (IPSAS).

3. Irregular Transfer of Funds to Kenya Association of Technical Training Institutions (KATTI)

The statement of financial performance and as disclosed in Note 9 to the financial statements reflects use of goods and services amount of Kshs.11,261,535. Included in the expenditure is an amount of Kshs.306,800 transferred to Kenya Association of Technical Training Institutions (KATTI). The organization is not defined in Government Funding system and there is no assurance that it has implemented effective, efficient, and transparent financial management and internal control systems to manage the funds transferred by College.

This is contrary to Regulation 23(2)c of the Public Finance Management (National Government) Regulations, 2015 which requires that an Accounting Officer shall, before transferring any funds to an entity within or outside Government, ensure that there is a written assurance from the entity that it shall implement effective, efficient and transparent financial management and internal control systems, or, if such written assurance is not or cannot be given, render the transfer of the funds subject to conditions and remedial

measures requiring the entity to establish and implement effective, efficient and transparent financial management and internal control systems.

In the circumstances, value for money transferred to KATTI amounting to Kshs.306,800 could not be confirmed.

4. Lack of Trainer Licenses for College Trainers

During the year under review, the College did not provide for audit review valid copies of trainers' licenses for twenty-one (21) college trainers contrary to Section 17(1) of the TVET Act, 2013, which states that, no person or institution shall offer training in Kenya unless the person or institution has been accredited, licensed and registered under this Act to offer such training. This requires all trainers in a vocational and technical college to be duly licensed, with evidence of their accreditation maintained in their personal files.

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

5. Irregular Recruitment of Staff

During the year under review, the College employed five (5) employees on contract basis. However, advertisement for the vacancies filled, evidence of recruitment process undertaken and approval by the Board of Governors to hire employees were not provided audit review. In addition, appointment letters issued to the employees had dates that were signed later than the actual start date of their contracts. Further, the employees were paid salaries even after the expiry of their three (3) months contracts without valid contracts in place.

This is contrary to Section B.5 of the Human Resource Policies and Procedures Manual for the Public Service, 2015 which require that recruitment will be undertaken on the basis of fair competition and merit; representation of Kenya's diverse communities; adequate and equal opportunities to all gender, youth, members of all ethnic groups, persons with disabilities and minorities. The recruitment process therefore lacked transparency, thus raising concerns about unfair hiring practices and potential favoritism.

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

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements 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, because of the significance of the matters discussed in the Basis for Adverse Opinion and the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Lack of a Functional Internal Audit Department

During the year under review, the College had not constituted an audit committee and an internal audit unit as required by Regulation 166 (1) and (2) of the Public Finance Management (National Government), 2015 which states that, the internal audit unit of a National Government entity to assess effectiveness of the College through an internal performance appraisal commenting on its effectiveness in the annual report to The National Treasury.

In the circumstances, the College did not benefit from the oversight role and advice from the audit committee and the internal audit function.

2. Weak Information Technology (IT) Internal Controls

Review of the Information IT control environment revealed the following anomalies:

- i. The College did not have an IT strategic committee and IT steering committee, this may result to inadequacy in IT governance, which forms a critical part of the entity's governance structure.
- ii. There were no documented policies which cover physical access to IT environments.
- iii. The disaster management and recovery policies including fire suppression systems were not provided for audit review.
- iv. The College has not established a business continuity plan and an IT continuity plan including a live off-site data back-up plan.

In the circumstances, safeguards on loss of data, public funds and other assets could not be confirmed in the unlikely event that a disaster occurs.

3. Lack of an Approved Staff Establishment

During the year under review, the College did not have in place an approved staff establishment as required by the guidelines. Therefore, there was no structured framework to guide optimal staffing levels based on workload, core functions, or financial

implications. Further, no staffing justifications for existing positions have been documented or approved by the board.

In the circumstances, the efficiency and effectiveness of the staffing level to deliver the mandate of the College could not be ascertained.

4. Ineffective Board

Review of records revealed that the Board does not have a representative from the County Government and did not include a person living with a disability as required by Section 1(2) of the Second Schedule of TVET Act, 2013. In addition, the Board did not conduct an evaluation of its performance contrary to Paragraph 1.12 of chapter 1 of Mwongozo 2015.

In the circumstances, effectiveness of governance and oversight in College could not be ascertained.

5. Weak Internal Controls in Payment Processing

Review of payment vouchers provided for audit revealed that the College did not document vote book control procedures, with no evidence that expenditures were entered in the vote book to confirm availability of adequate funds in the respective votes to cover the expenditures against the chargeable items during the year. In addition, there was lack of segregation of duties in the finance department as the same officer prepared and approved requisitions, prepared and approved payment vouchers including posting of the same in cashbook and was also responsible for preparation of the monthly bank reconciliations.

In the circumstances, the effectiveness of internal controls during payment initiation and at the preparation and processing of payment vouchers could not be ascertained.

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

Responsibilities of Management and Board of Management

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

In preparing the financial statements, Management is responsible for assessing the College's ability to continue to sustain services, disclosing, as applicable, matters related

to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to 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.

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not

reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the College ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the College to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the College to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

02 April, 2025


14. Statement of Financial Performance For The Year Ended 30 June 2023

	Notes	2022/2023	2021/2022
		Kshs	Kshs
Revenue from Non-Exchange transactions			
Unconditional Grants			
Capitation/Scholarship	6a	7,006,000	3,675,000
Transfer from other government entities		-	1,323,148
Recurrent Grant	6b	500,000	2,000,000
		7,506,000	6,998,148
Revenue from Exchange Transactions			
Rendering of Services- fees from students	7	10,408,358	4,651,680
Sale of goods & Other Incomes	8	3,000	54,923
		10,411,358	4,706,603
Total revenue		17,917,358	11,704,751
Expenses			
Use of goods and services	9	11,261,535	7,513,690
Employees Costs	10	5,578,350	2,564,643
Board/Board Expenses	11	321,000	405,000
Repairs and Maintenance and Improvements	13	137,010	56,885
Depreciation	12	35,578,656	231,169.00
Total expenses		52,876,551	10,771,387.00
Surplus for the year		(34,959,193)	933,364.00

(The notes set out on pages 7 to 36 form an integral part of the Annual Financial Statements).

Tigania East Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

The Financial Statements set out on pages 1 to 36 were signed by:



.....
Chairman of Board/Board

Date



.....
Finance Officer

ICPAK No 1512

Date 19/3/25



.....
Principal

George Mwangi

Date 19/3/25

Tigania East Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

15. **Statement of Financial Position as At 30th June 2023**

	Note s	2022/2023	2021/2022
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	14	557,088	278,755
Current Portion of receivables from exchange transactions	15	6,605,653	5,483,675
Receivables from exchange transactions		-	1,000,000
Total Current Assets		7,162,741	6,762,430
Non-current assets			
Property, Plant and Equipment	16	226,282,849	*259,903,875
Intangible assets		500,000	*500,000
		226,782,849	260,403,875
Total Assets		233,945,590	267,166,305
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	17	4,682,317	3,659,719
Total liabilities		4,682,317	3,659,719

Tigania East Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

Represented by:			
Accumulated surplus		2,885,228	3,818,592
Revaluation Reserve		260,403,875	259,687,994
retained earnings		(34,025,829)	
Total capital and reserves		229,263,273	3,818,592
Total liabilities and capital reserves		233,945,590	267,166,305


NB * Comparable balance restated to include omitted items from FY 2021/2022

The Financial Statements set out on pages 1 to 36 were signed by:



Chairman of Board/Board

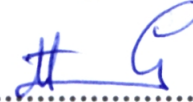
Date



 ...
Finance Officer
 ICPAK No 1812

Date

19/3/21



Principal George Kungu

Date

19/3/21

16. Statement of Changes in Net Asset for the Year Ended 30 June 2023

	Revaluation Reserve	Retained earnings	Accumulated Funds	Total
	Ksh.	Ksh.	Ksh.	Ksh.
Balance b/f as at July 1,2022	-	933,364	2,885,228	<u>3,818,592</u>
Surplus for the year	-	(34,959,194)	-	(34,959,194)
Accumulated surplus				
Revaluation Reserve	260,403,875	-	-	260,403,875
Balance c/d as at June 30, 2023	260,403,875	(34,025,829)	2,885,228	229,263,273

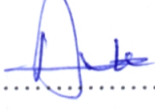
17. Statement of Cash Flows for the Year Ended 30 June 2023

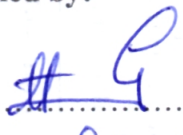
	2022/2023	2021/2022
Cash flows from operating activities		
Receipts		
Receipts from non-exchange transactions	7,006,000	3,675,000
Government Grant	500,000	2,000,000
Rendering of Services- fees from students	10,408,358	4,116,390
Sale of goods & Other Incomes	3,000	54,923
Total Receipts	17,917,358	8,846,313
Payments		
Use of Goods and Services	11,261,535	6,267,402
Employees costs	5,578,350	2,279,460
Repairs Maintenance and Improvements	137,010	56,885
BOG allowances	321,000	295,000
Staff advance	-	-
Total Payments	17,297,895	8,898,747
Net cash out flow flows from operating activities	619,463	(52,434.00)
Cash flow from investing activities	-	-
Net cash flows used in investing activities	341,130	(34,000)
Cash flows from financing activities		
Net increase/(decrease) in cash and cash equivalents	278,333	(86,434)
Cash and cash equivalents at the beginning of the Period	278,755	365189
Cash and cash equivalents at the end of the Period	557,088	278,755

Tigania East Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

The Financial Statements set out on pages 1 to 37 were signed by:


.....
Chairman of Board/Board
Date


.....
Finance Officer
ICPAK No 1512
Date 10/3/25


.....
Principal George Kingi
Date 10/3/25

Tigania East Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

18. Statement of Comparison of Budget Actual amounts For Year Ended 30 June 2023

	Original annual Budget	Adjustments	Final Annual Budget	Actual Cumulative to date	performance difference	% of Utilization
	a	b	c=a+b	d		e=g/e %
	Kshs	Kshs	Kshs	Kshs		Kshs
Transfers from Govt entities and Govt grants	9,000,000	6,000,000	15,000,000	7,506,000	7,494,000	50
Rendering of services- Fees from students	8,526,000	-	8,526,000	10,408,358	(1,882,358.00)	22
Other Income	489,200	-	489,200.00	3,000.00	486,200.00	99
Total income	18,015,200	-	18,015,200	17,917,358	97,842	-
Expenses						
Compensation of employees	3,981,200	2,103,466	6,084,666	5,578,350	506,316	8
Use of Goods and services	12,554,000	8,193,834	20,747,834	11,261,535	9,486,299	46
Exam fees	-	2,950,000	2,950,000	-	-	-
repairs and maintenance	920,000	375,000	1,295,000	-	-	-
Remuneration of directors	560,000	392,000	952,000	321,000	631,000	66
Total expenditure	18,015,200	14,014,300	32,029,500	17,160,885	14,868,615	46
Surplus for the period	-	-	-	756,473	(756,473)	

Revenue from rendering of services exceeded budget due exceeding targeted number of student.

Use of goods and services budget was not utilized fully due to constraints in availability of funds

Employee costs allocation was not utilized fully because budgeted salary increments were not implemented.

Board expenses decreased by 66% of the budget due to inconsistencies in attendance by the members.

Repairs Maintenance and improvement dropped since the main expenditure proposed was not accomplished (repair of the old factory building)

19. Notes to the Financial Statements Tigania East TVC

1. General Information

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

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis 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 *entity's* accounting policies.

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

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

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2023.

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p> <p><i>So far the institution has not engaged in social benefit activities.</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on</p>

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Standard	Effective date and impact:
	<p>hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement. Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.

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

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has 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 2022/2023 was approved by the Board or Board on **28/7/2022**. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals to conclude the final budget. Accordingly, the entity recorded additional appropriations of **14,014,300.00** on the FY 2022/2023 budget following the Board/ Board's approval. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on 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** of these financial statements.

c) Taxes

Current income tax

The entity is exempt from paying taxes

Sales tax/ Value Added Tax

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

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

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

d) Investment property

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

e) Property, plant and equipment

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

f) Leases

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

Summary of Significant Accounting Policies (Continued)

g) Intangible assets

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

h) Research and development costs

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

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

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

i) Financial instruments

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

Financial assets

Classification

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Financial liabilities

Classification

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

j) Inventories

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

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

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

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

Inventories (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 *Entity*.

k) Provisions

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

Contingent liabilities

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

Contingent assets

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

l) Social Benefits

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

m) Nature and purpose of reserves

The *Entity* creates and maintains reserves in terms of specific requirements. *(the College has so far not created any reserves for a specific objective)*

n) Changes in accounting policies and estimates

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

o) Employee benefits

Retirement benefit plans

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

p) Foreign currency transactions

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

q) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

r) Related parties

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

s) Service concession arrangements

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

t) Cash and cash equivalents

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

u) Comparative figures

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

v) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2023

Notes to the Financial Statements (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

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

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

(During the year under review no provisions for bad debts have been made)

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6a. Transfers from other National Government entities

Description	2022/2023	2021/2022
	Kshs	Kshs
Unconditional Grants		
Capitation	7,006,000	3,675,000
Total revenue from the rendering of services	7,006,000	3,675,000

6b. Government Grants

Description	2022/2023	2021/2022
	Kshs	Kshs
Recurrent Grant	500,000	2,000,000
Total	500,000	2,000,000

7. Rendering of Services- fees from students

Description	2022/2023	2021/2022
	Kshs	Kshs
Tuition	1,140,250	-
Personal emolument	428,435	1,631,300
Electricity & Water Consumption	126,070	482,400
Repairs Maintenance & Improvements	105,500	402,000
Local Travel and Presentation	84,400	321,600
Activities	91,900	402,000
Industrial attachment/medical/insurance	79,125	301,500
Registration	40,900	80,000
Student council fees	2,800	-
Examination fees Charge	1,249,778	790,880
Total fees from cdf	1,179,100	-
Admin costs	1,000	-
Sstudent ID Card	2,100	-
KUCCPS Placement fees	51,000	240,000
Total fees from helb	5,826,000	-
TOTAL REVENUE FROM RENDERING OF SERVICES	10,408,358	4,651,680

8. Sales of Goods/other income

Description	2022/2023	2021/2022
	Kshs	Kshs
MISCELLANEOUS INCOME	3,000	-
empty boxes sale	-	6,923
Farm produce	-	36,000
Computer Packages	-	12,000
Total	3,000	54,923

9. Use of Goods and Services

Description	2022/2023	2021/2022
	Kshs	Kshs
Office and staff materials (stationeries)	393,461	359,080
Training materials: Electrical	25,069	405,084
Training Material: Mechanical	98,133	95,140
Training Materials: Building and Civil Engineering	12,650	346,924
ICT Consumables	111,525	126,200
Cosmotology	126,983	94,635
Games/Sports Equipments	1,311,370	364,200
Electricity and water consumption	208,455	140,031
Telephone and postage	106,400	99,000
Security services	450,000	337,500
General Office Administration	1,158,240	701,030
Local Transport & Travel Expenses	1,188,500	527,300
Meetings and Seminars	1,640,400	941,270
Beutification of the College	15,000	44,500
Publicity and advertising	341,050	412,575
Internet	151,176	148,576
Housekeeping/cleaning materials	92,785	18,990
Training-Fashion and Design	62,180	-
Training- Agriculture	12,200	-
Examination Materials	322,637.	-
Catering and Hospitatlity	225,909	340,590
Exam Management Costs	209,605	-

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Performance Contracting	469,370	-
Subscriptions to Professional bodies	33,200	-
bank charges	39,790	32,768
Insurance	14,103	-
Exam fees	1,427,420	790,880
INNOVATIONS & ROBBOTICS	90,760	256,255
strategic plan	-	190,925
human resource policy	-	69,600
erp system	-	500,000.00
katti	60,000	-
Industrial attachment	36,000	-
Farming costs	103,200	59,680
Audit fee provision	221,914	110,957
Fencing	502,050	-
Total	11,261,535	7,513,690

10. Employee costs

Employees Costs		
Description	2022/2023	2021/2022
	Kshs	Kshs
Salaries and wages	5,578,350	2,564,643
Total employees cost	5,578,350	2,564,643

11. Board/Board Expenses

Description	2022/2023	2021/2022
	Kshs	Kshs
Board allowances/ Expenses	321,000	405,000
Total board allowances/expense	321,000	405,000

12. Depreciation Expense

Description	2022/2023	2021/2022
	Kshs	Kshs
Depreciation	23,169,546	231,689
Total Depreciation Expense	23,169,546	231,689

13. Repairs and maintenance.

Repairs and Maintenance		
Description	2022/2023	2021/2022
	Kshs	Kshs
Repairs Maintenance and Improvements	137,010	56,885
<i>Total repairs and maintenance</i>	137,010	56,885

14. Cash and cash equivalents

Financial Institution	Account number	2022/2023	2021/2022
Equity Bank, operations account (reconciled)	1040279548571	497,998	272,143
Cash in Hand	Cash Box	59,090	6,612
Total		557,088	278,755

15. Receivables from Exchange transactions

Description	2022/2023	2021/2022
	Kshs	Kshs
Current Receivables	-	5483675
Balance/b/d	5,483,675	-
Fees arrears for the year	1,106,778	-
staff advances	15,200	-
Total Current Receivables	6,605,653	5,483,675

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Notes to the Financial Statements (Continued)

16. Property, Plant and Equipment

Cost	Furniture and fittings	Computers	Plant and equipment	Land	BUILDING	Total
	Kshs	Kshs	Kshs			Kshs
At 1 July 2022	760,750	451,150	264,731	-	-	1,476,631
Additions	-	356,000	125,000	-		481,000
Total Assets	760,750	807,150	389,731			1,957,631
Depreciation Charge During the year	-	-	-	-	-	-
At 1 Jun 30th 2023	760,750	807,150	389,731.00	-	-	1,957,631.00
Restated	-	-	168,805,000	35,000,000	56,098,875	259,903,875
Additions	-	-	-	-	-	-
Adjustments	-	-		-	-	-
Total Assets	760,750	807,150	169,194,731	35,000,000	56,098,875	261,861,506
Depreciation Charge During the year	95,093	242,145	33,838,946	-	1,402,471	35,578,656
Net book value as at 30th June 2023	665,656	565,005	135,355,784	35,000,000	54,696,403	226,282,849
Depreciation rate	0.1	30%	20%	-	2.50%	-

Notes to the Financial Statements (Continued)

17. Trade and Other Payables

	2022/2023		2021/2022	
	Kshs		Kshs	
Trade payables	3,256,547		3,659,719	
Fees paid in advance	1,425,770		-	
Salary Arrears	-		-	
Total Trade and Other Payables	4,682,317		3,659,719	
Ageing analysis:	2022/2023	% of the Total		% of the Total
Under one year	1,425,770	30%		86%
1-2 years	3,256,547	70%		14%
Total (to tie to totals above)	4,682,317	100%		100%

Notes to the Financial Statements (Continued)

18. Financial Risk Management

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

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

(i) Credit risk

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

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in

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the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2022				
Receivables from exchange transactions	5,483,675	5,483,675	-	-
Receivables from non-exchange transactions	1,000,000	1,000,000	-	-
Cash and Cash equivalents	278,755	278,755	-	-
Total	6,762,430	6,762,430	-	-
At 30 June 2023				
Receivables from exchange transactions	6,605,653	-	-	6,458,743
Cash and cash equivalents	557,088	-	-	-
Total	7,163,388	-	-	-

Financial risk management (continued)

(iii) Market risk

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

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

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

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

Financial risk management (continued)

iii) Capital Risk Management

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

Description	2022/2023	2021/2022
	Kshs	Kshs
Revaluation Reserve	260,403,875	-
Retained Earnings	(22,553,083)	3,818,592
Capital Reserve		
Total Funds	237,850,792	3,818,592
		(278,755)
Less: Cash and Bank Balances	(557,088)	
Net Debt/(Excess Cash and Cash Equivalents)	237,293,704	3,380,964
Gearing		88%

19. Related Party Balances

Nature of related party relationships

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

Government of Kenya

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

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

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Notes to the Financial Statements (Continued)

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

Description	2022/2023	2021/2022
	Kshs	Kshs
Transactions with Related Parties		
A) Purchases from related parties		
Purchases of electricity from KPLC	208,455	48301
Total	208,455	48301
b) Grants /Transfers from the Government		
Grants from National Government	7,506,000	6,998,148
Total	7,506,000	6,998,148
c) Key Management Compensation		
Directors' emoluments	321000	405000
Total	321000	405000

20. Events after the Reporting Period

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

21. Ultimate and Holding Entity

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

22. Currency

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

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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)
1. Presentation of Financial Statement	i. List of Board of Directors does not include their dates of birth		Not resolved	2023/2024 report
	ii) Statement of financial performance against pre-determined objectives has only three (3) lines and not 2 to 3 pages as required by the reporting template	A	Resolved	2023/2024 report
	iv) Corporate governance statement has only two paragraphs and not two to three pages as required by reporting template	resolved	resolved	2022/2023 report
	v) Report of the Board of Governors not Signed by the Secretary of the Board		Resolved	2022/2023 report
	i) Report of the Board of Governors contains information on auditors which is incorrect	This is as per reporting template	We have corrected	2022/2023 report
	ci) Format of property, plant and equipment as disclosed in note 19 to the financial statement does not conform with the template issued by the public Sector Accounting Standard		We have corrected	2022/2023 report

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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)
	Board			
	The statement of changes in net assets does not have Prior year balances as required by the reporting template		resolved	2022/2023 report
	The cash flow does not have notes for reference		Resolved	2022/2023 report
2.Unsupported rendering of services	The statement of financial performance reflects rendering of services- fees from students amounting to Kshs. 4,651,680 as further disclosed in note 9 to the financial statement of accounts totalling to Ksh. 4,232,737 resulting to variance of ksh. 418,943. In the circumstance , the accuracy of rendering of fees from students could not be confirmed		resolved	2022/2023 report
1. Unsupported Security expenditure	The statement of financial performance reflects use of goods and services amounting to Kshs. 7,513,690. The amount includes security expenditure of Ksh. 337,500 as disclosed in note 11 to the financial statements. However, procurement documents such as tender advertisement, request for quotations, tender evaluation minutes, award and acceptance letters and service contract were not provided for audit review. In the circumstance the accuracy and propriety of		resolved	2023/2024 report

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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)
	security expenditure amounting to Ksh. 337,500 could not be confirmed			
2. Current receivables from Exchange transactions	<p>The statement of financial performance reflects use of goods and services amounting to Ksh. 5,483,475 in respect of student debtors as disclosed in Note 17 to the financial statements. However, the ageing analysis was not provided and no provisions have been made for bad and doubtful debts.</p> <p>In the circumstance, the accuracy and existence of the receivables from exchange transactions amounting to Kshs. 5,483,675 could not be confirmed.</p>		Not resolved	2023/2024
3. Inaccuracy of \property, \plant and Equipment	<p>The statement of financial position reflects property, plant and equipment's amounting to Kshs. 715,881 as further disclosed in note 19 to the statement of financial statements, Review of documents revealed that the College is in possession of land, building, furniture and equipment. The Cost and accumulated depreciation of the assets have also not been disclosed in note 19 to the financial statements. Further as previously reported, the land is not registered in the name of the College. Although management has explained that the land is registered in the name of the Ministry of</p>		Not resolved	2023/2024

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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)
	Cooperative Societies and that it was in the Process of transferring the ownership, no evidence was provided to show the progress made so far			
4. Inaccurate Statement of comparison of Budget VS Actual	<p>The statement of comparison of budget an actual amounts reflects total final receipts budget amounting to Ksh 16,145,000 which differ with the recomputed amount totalling to Ksh. 17,468,148. Further, the statement reflects total final expenditure budget amounting to Ksh. 16145 which differ with the computed amount of Kshs 16,428,000</p> <p>In the circumstance the accuracy of the statement of comparison of budget and actual amounts could not be confirmed</p>		Resolved	2022/2023
Other Matter				
1. Budgetary Control Performance	The statement of comparison of budget and actual amounts reflects final receipts budget of Kshs 16,145,000 and actual receipts of Ksh. 1,704,751 resulting to a shortfall of expenditure budget of Ksh 4,440,249 or 27% of the budget similarly the statement reflects an approved expenditure budget of Ksh 16145000 and actual expenditure of KSH 10771387 resulting to a budget under expenditure of Ksh 5,373,613 or 33% of the		resolved	2022/2023

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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)
	budget			
2. Unresolved prior year matters	There were issues raised in the audit report for 2020/2021 financial year. However several issues remain unresolved contrary to Section 149(2)(1) of the Public Finance Management Act, 2012 which require Accounting officers in respect of the entity concerned to resolve any issues resulting from an audit that remain outstanding		Not resolved	By 2024
Report of Lawfulness and effectiveness in use of public resources				
1. Lack of an approved budget	<p>Review of the documents provided for review revealed that the College operated a budgeted revenue and expenditure of Ksh.16145000. however, review of documents revealed that the budget was approved by the board of Governors may incur expenditure for the purpose of the institution in accordance with estimates approved by the Cabinet secretary and any approved expenditure under any head of the estimates may not be exceeded without the prior written approval of the cabinet Secretary</p> <p>In the circumstances, the Management was in breach of the Technical and Vocational Education</p>		resolved	2023/2024

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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)
	and Training act 2013			
2. Unapproved Board of Governors allowances	<p>The statement of financial performance reflects board//board expenses amounting to Ksh. 405,000 in respect of directors emoluments and disclosed in note 13 to the financial statements. However, the emoluments had not been approved. This is contrary to section 17 of the second Schedule the Technical and vocational educational training act 2023 which states that Members of a Board of Governors shall be paid in respect of their services such remuneration or allowances as the board of Governors shall, with the approval of the Cabinet Secretary, determine.</p> <p>In the circumstance, Management was in breach of the technical and vocational Educational and Training Act 2023/</p>		Not resolved	2023/24
3. None Gazettement of Board Members	<p>Examination of the Corporate Governance of the College revealed that although its seven (7) Board of Governors had been issued with written appointments and appended their acceptance, the members had not been gaze in accordance with chapter 1 of the Mwingozo Code of Governance for State Corporation which states that each board members shall be formally appointed to the Board through a Gazette notice and thereafter an</p>	TVETs Boards are never gazetted except for National polytechnics		

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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>appointment letter</p> <p>In the circumstance, Management was in breach of the Mwongozo Code of Governance of State Corporation.</p>			
4.Non- Compliance with Law on Ethnic composition	Examination of staff establishment of the College revealed that 81% of employees were from the dominant ethnic community. This is contrary to Section 7(2) of the National Cohesion and integration Act, 2008 which states that no Public establishment shall have more than one third of its staff from the same ethnic community.		resolved	2023/2024
4. Lack of approved Human resource policy	Review of human resource records revealed that the Management did not have an approved Human Resource Policy, Salary Structure and approved staff establishment to govern employee welfare and other staff benefits. This is in contrary to Section B 2(1) of the Human Resources Policies and Procedures Manual for the Public Service of May 2016 which states that every Ministry/state department shall prepare Human Resources Plans to support achievement of goals and objectives in their strategic plans; the plans shall be based on comprehensive job analysis an shall be reviewed every year to address emerging issues and needs		resolved	2023/2024

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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)
	In the circumstances, Management was in breach of Human Resources Policies and Procedure Manual for the Public Service of 2016			

Guidance Notes:



**Name: George Kiunga
Accounting Officer**