

REPUBLIC OF KENYA



Enhancing Accountability



PARLIAMENT
OF KENYA
LIBRARY

THE NATIONAL ASSEMBLY	
REPORT	
DATE: 01 AUG 2023	DAY: TUE
TABLED BY: OF	Hon Naomi Wago, MP Deputy Majority Whip
CLERK AT THE TABLE:	Inzofu Mwale

THE AUDITOR-GENERAL

ON

**MOCHONGOI TECHNICAL AND
VOCATIONAL COLLEGE**

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





MOCHONGOI TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2021

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

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**(i) KEY MOCHONGOI TECHNICAL AND VOCATIONAL COLLEGE
INFORMATION AND MANAGEMENT**

(a) Background information

Mochongoi TVC is a national Government TVET Institution registered with Technical and Vocational Education and Training Authority (TVETA) which is regulatory body as per TVET Act of 2013 Laws of Kenya. It was established on 9th September 2019 on admission of its first intake of 206 students.

The college is built on a 15 acre land hived from the expansive Ol-Arabel Forest Reserve and is within Kamaili Sub-location in Mochongoi Division – Baringo County.

The students were registered under 12 different technical courses each having between 5 and 30 students. By October of 2019 we had engaged 11 trainers to train the students enrolled. All students were taught in the 8 classes and 2 workshops contained in a single storey permanent building put up by the Government of Kenya under the Ministry of Education. All the 206 students were coming from the college catchment which extended to as far as 30km to 50km from the college.

The institution is the only TVET College in the expansive of Baringo south Sub - County and it also serves Laikipia east and west Sub-Counties due to its proximity to the two areas of Laikipia County.

(b) Principal Activities

GOAL

To persistently provide training Industry Driven Technical skills to every student to their full satisfaction

VISION

To be a National hub for Technical Skills and Development

MISSION

To offer Unmatched Training of Industry Driven Technical Skills in Kenya

CORE OBJECTIVES

- Integrity
- Efficiency
- Creativity and Innovation
- Continuous improvement
- Client focus

CHALLENGES

- Covid 19 which saw the Institution closed in 2020
- Drop in student enrolment after opening colleges in October 2020
- Lack of sufficient support from local leaders

Mandate:

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To create, promote and continuously provide relevant and up-to-date technological skills required by an advancing industrial economy.

(c) Key Management

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

- Board of Governors.
- Accounting Officer/Principal

(d) Fiduciary Management

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

S/No	Designation	Name
1.	Principal	Benjamin K. Kimitei
2.	Deputy/Principal Administration and Academics	Patrick N. Muturi
3.	Ag. Registrar	Vincent Cherop
4.	Ag. Dean of Students	Alice Mwangi
5.	Head of Finance	Joseph Kiprugut

(e) Fiduciary Oversight Arrangements

The key fiduciary Oversight committees are:

I. Finance, Governance and HR Committee

Members

- Peter Moindi- Chairperson
- Diana Chebotibin-Member
- HarunMosop-Member
- GeoffreyKosgei-Member
- Benjamin Kimitei- Member/Secretary

II. Audit & Risk Management Committee

Members

- Nancy A. Majiwa-Chairperson
- Tyson S.Leisano- Member
- Auditor- To be sourced from neighbouring institution

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(f) MOCHONGOI TVC Headquarters

P.O. Box 299- 30403,
Kimoriot off Karandi – Kabel – Marigat road
Marigat
Baringo Kenya.

(g) MOCHONGOI TVC Contacts

Telephone: 0707413282
Email: mochongoitvc@gmail.com

(h) MOCHONGOI TVC Bankers

1. KCB Bank
Nyahururu Branch, Kenya
Account Name: mochongoi Technical and Vocational College
Account Number: 1279892161(Operations Account)
2. KCB Bank
Nyahururu Branch, Kenya
Account 1 Name: MOCHONGOI Technical and Vocational College
Account Number: 1279889357(Infrastructure Account)
3. KCB Bank
Marigat Branch, Kenya
Account 2 Name: MOCHONGOI Technical and Vocational College
Account Number: 1275319777(NG - CDF Account)

(i) Independent Auditors

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

(ii) Principal Legal Adviser




The Attorney General

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

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(ii) THE BOARD OF GOVERNORS

	<p>Date of birth: 1967 Date of appointment: 10th October 2020 Key qualification: MBA Work experience: 28 Years</p>
	<p>Date of birth: 1968 Date of appointment: 20th December 2019 Key qualification: MBA Work experience: 27 Years</p>
	<p>Date of birth: 08/08/1972 Date of appointment: 5th February 2021 Key qualification: PHD : Work experience: 23 Years</p>
	<p>Date of birth: 17th August 1971 Date of appointment: 14/01/2021 Key qualification: B.PHARMACY : Work experience: 25 Years Work experience:</p>

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Harun K. Mosop (BOG Member)

Date of birth: 1968
Date of appointment: 14th October 2020
Key qualification: MBA
Years of experience: 28 Years





Tyson Leisano (BOG Member)

Date of birth: 1987
Date of appointment: 14th October 2020
Key qualification: BSC (COMP)
Years of experience: 9 Years

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(iii) MANAGEMENT TEAM



 <p>Benjamin Kimitei (Principal/B.O.G Secretary)</p>	<p>Key Qualification: MBA</p> <p>Work Experience: 27 Years</p> <p><u>Responsibilities of Principal</u></p> <ul style="list-style-type: none"> • Accounting Officer • Overall Institution Head and Manager on behalf of state Deputy of TVET
 <p>Patrick Muturi (Deputy Principal)</p>	<p>Date of birth: 28/06/1977 Date of appointment: 15th February 2021</p> <p>Years of experience: 19 Years</p> <p>Key Qualification: MSC</p> <p><u>Responsibilities of Deputy Principal</u></p> <ul style="list-style-type: none"> • Administrative assistant to the Principal • In charge of Academic affairs of the institution

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Geoffrey Kosgei (BOG Member)

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 <p>Peter Moindi (BOG Member)</p>	
 <p>Diana J. Chebotibin (BOG Member)</p>	<p>Date of birth: 1987 Date of appointment: 14th January 2021 Key qualification; MSC Work experience: 9 Years</p>
 <p>Nancy A. Majiwa (BOG Member)</p>	<p>Date of birth: 1985 Date of appointment: 14th October 2020 Key qualification: BBA CPAK Work experience: 11 Years</p>
	<p>Date of birth: 1986 Date of appointment 14th January 2021 Key qualification: BSC (COMP) Years of experience: 10 Years</p>

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(iv) CHAIRMAN'S STATEMENT

Kenya today requires acceleration of her usage of specialized skills, knowledge and innovation to support and expand her economy.

Science and technology is a solution for sustainable development and a key drive in achieving the Big four agenda namely:

- Affordable Housing
- Food Security.
- Universal Health Care
- Manufacturing.

Mochongoi Technical and Vocational College intends to persistently provide training Industry Driven Technical skills to every student to their full satisfaction

Mochongoi Technical and Vocational College has positioned itself to empower young people by equipping them with the required scientific and technological knowledge, skills and attitudes that may accelerate their ability to produce common goods in a better way and also come up with new products that will go a long way in developing the social economic welfare of the people of Baringo County and Kenya in general.

Since inception, Mochongoi Technical and Vocational College has endeavoured to improve its service delivery through teamwork, effective leadership and coordinated efforts in order to achieve a comparative advantage within an increasingly competitive educational sector.

Key Activities

- Opening and enrolment of students in 2019
- Operation of the Institution after inception

Successes

- Installation of Generator in the institution
- Registration of the Institution as a KNEC examination centre
- Appointment of institution BOG members


Challenges

- Covid 19 which saw the institution closed in 2020
- Drop in student enrolment after opening colleges in October 2020
- Lack of sufficient support from local leaders

Joseph R. Tuikong

BOG Chair Chairman

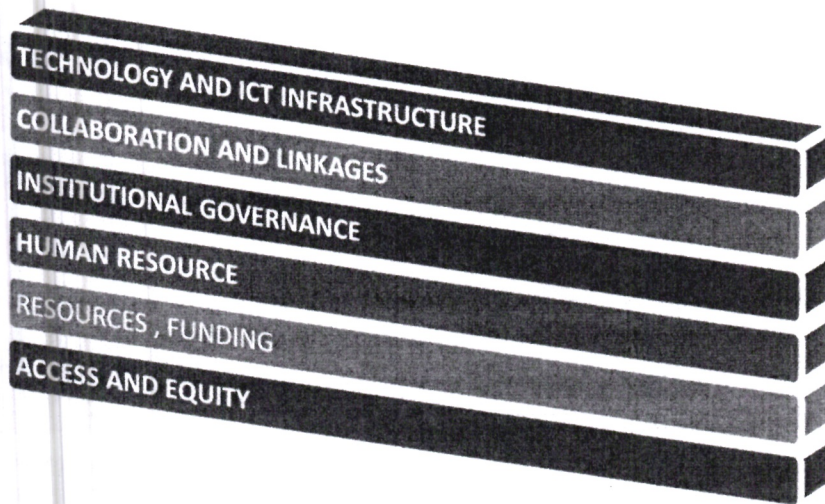
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	<ul style="list-style-type: none"> • Secretary in all staff meetings • In charge of Academic timetable
 <p>Joseph Kiprugut (Accountant)</p>	<p>Key Qualification: CPAK BBA</p> <p>Work Experience: 6 Years</p> <p><u>Responsibilities of Accountant</u></p> <ul style="list-style-type: none"> • Writing and maintaining all relevant financial book of accounts • Keeping records of all institution suppliers, creditors and debtors • Writing cheques and cash withdrawal • Signing cheques • Preparing and submitting annual report as per PFM/act 2012 • Any other related duties assign by Principal

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(vi) STATEMENT OF PERFORMANCE AGAINST PRE- DETERMINED OBJECTIVES

Mochongoi Technical and Vocational College has 6 strategic pillars and objectives within its Strategic Plan for the FY 2020/2021- 2023/2024. These strategic pillars are as follows:



Mochongoi Technical Vocational College develops its annual work plans based on the above 6 pillars. Assessment of the Board of Governor’s performance against its annual work plan is done on a quarterly basis. The College achieved its performance targets set for the FY 2020/2021 period for its 2 strategic pillars, as indicated in the diagram below:

A Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: Technology and ICT Infrastructure	❖ Promote effective application of ICT	❖ Complete ICT infrastructure,	<ul style="list-style-type: none"> ❖ Develop adequate ICT capacity and infrastructure ❖ Promote the use of ICT in Curriculum delivery and management systems 	<ul style="list-style-type: none"> ❖ ICT courses are being introduced in the College ❖ MIS is in the process of being installed

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(v) REPORT OF THE PRINCIPAL

Mochongoi Technical & Vocational College was established on 9th September 2019 on admission of its first intake of 206 students.

The College has three academic departments as follows:

- Building and Electrical
- Hospitality and Institutional Management
- Business Studies/ICT

Currently the college offers a number of courses at three levels examined by KNEC namely:

- Diploma
- Craft
- Artisan

Mochongoi Technical and Vocational College is establishing collaboration with industry so as to plan and implement programs that enables acquisition of appropriate knowledge, skills, values and attitudes required for the development of individuals and the entire nation.

The college plans to improve on its capacity and quality of services delivery through the implementation of Performance Contracting, Strategic Plan and Quality Management System.

Mochongoi Technical and Vocational College is accredited by Technical Vocational and Training Authority (TVETA).



Benjamin Kimitei
Principal/BOG Secretary

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	<ul style="list-style-type: none"> ❖ Enhance Equipment and Technology 	<ul style="list-style-type: none"> ❖ College incubator and use of modern equipment and Technology 	<ul style="list-style-type: none"> ❖ Develop College incubator ❖ Promote use of modern equipment and Technology 	<ul style="list-style-type: none"> ❖ To be implemented
Pillar 2: Competitiveness	<ul style="list-style-type: none"> ❖ Enhance competitiveness 	<ul style="list-style-type: none"> ❖ Increased students' numbers 	<ul style="list-style-type: none"> ❖ Strengthen existing competitiveness benchmarks ❖ Establish new competitiveness benchmarks 	<ul style="list-style-type: none"> ❖ Student numbers have continued to increase
Pillar 3: Collegial Governance	<ul style="list-style-type: none"> ❖ Improve Collegial corporate governance ❖ Develop and Implement M&E Systems 	<ul style="list-style-type: none"> ❖ Constant review of courses offered ❖ Improved resultbased management in the training system ❖ Improved budget accuracy level 	<ul style="list-style-type: none"> ❖ Develop and implement Collegial policies, strategies, and programmes (E.g. HIV/AIDS, Alcohol and drug abuse and health and safety, and environment) ❖ Embrace results based management in the training system ❖ Develop and implement M&E systems ❖ Fast track Collegial expenditure review 	<ul style="list-style-type: none"> ❖ New courses being offered ❖ Improved budget accuracy

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Pillar 4: Human Resource	❖ Harness Human resource	❖ Increased number of staff to match the increasing number of students	<ul style="list-style-type: none"> ❖ Increase staff at PSC and BoG levels ❖ Develop competencies in staff 	❖ New BoG staff have been employed
	❖ Improve and sustain relevance of skills	❖	<ul style="list-style-type: none"> ❖ Ensure quality assurance and standards ❖ Promote innovativeness in ST&I ❖ Establish the Center of excellence ❖ Improve the quality of work culture Strategy ❖ Encourage investment in the development and commercialization of TVET products 	

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			and services including ICT	
Pillar 5: Financial Resources	<ul style="list-style-type: none"> ❖ Diversify sources and increase funding 	<ul style="list-style-type: none"> ❖ New development partners ❖ Enhanced existing partners' relationship ❖ Increase in government development funds 	<ul style="list-style-type: none"> ❖ Increase GoK funding ❖ Exploit external funding possibilities through developed criteria ❖ Expand income generation at Collegial level 	<ul style="list-style-type: none"> ❖ There are development partners funding development projects. ❖ The College continues to receive development funds from the government.
Pillar 6: Access And Equity	<ul style="list-style-type: none"> ❖ Enhance Access and equity 	<ul style="list-style-type: none"> ❖ Improved training programmes in MSE sector. ❖ Expansion of facilities 	<ul style="list-style-type: none"> ❖ Expand facilities based on government priorities ❖ Support TVET trainees ❖ Promote affirmative action for TVET trainees ❖ Reform and enhance education, training, and guidance services. ❖ Improve training programmes in MSE sector. ❖ Offer higher level programmes 	<ul style="list-style-type: none"> ❖ Expansion of facilities achieved

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(vii) CORPORATE GOVERNANCE STATEMENT

Mochongoi Technical and Vocational College is committed to good corporate governance, which promotes the long-term interests of the Government of Kenya and any other stakeholder, strengthens Board of Governors and management accountability and helps build public trust in the College.

The Board is appointed by the Government of Kenya through the Cabinet Secretary, Ministry of Education, to oversee their interest in the long-term health and the overall success of the business and its financial strength in order to discharge its mandate in training. The Board serves as the ultimate decision making body of the College, except for those matters reserved to or shared with the Government of Kenya. The Board selects and oversees the members of senior management, who are charged by the Board with conducting the business of the College in line with the Technical, Vocational, Education & Training Act of 2013 and the Constitution of the Republic of Kenya.

The Board held one full Board meetings and one subcommittee meetings in the financial 2020/2021. The current board was appointed on 10th October 2020 for a term of three years ending 15th January 2024. On expiry of the tenure of the current Board the process of appointment of a new Board of Management is as laid out in the TVET act of 2013 shall be followed

Under the TVET act of 2013, the functions of Board as set out under section 28 (1) shall include -

- Overseeing the conduct of education and training in the Colleges in accordance with the provisions of this Act and any other written law;
- Promoting and maintaining standards, quality and relevance in education and training in the Colleges in accordance with this Act and any other written law;
- Administering and managing the property of the Colleges;
- Developing and implementing the Colleges' strategic plan;
- Preparing annual estimates of revenue and expenditure for the College and incurring expenditure on behalf of the Colleges; (1) receiving, on behalf of the College, fees, grants, subscriptions, donations, bequests or other moneys and to make disbursement to the College or other bodies or persons;
- Determining the fees payable and prescribing conditions under which fees may be remitted in part or in whole in accordance with the guidelines developed under the provisions of this Act;

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- Developing and reviewing programmes for training and to make representations thereon to the Board;
- Regulating the admission and exclusion of students from the Colleges, subject to a qualifications framework and the provisions of this Act;
- Approving collaboration or association with other Colleges and industries in and outside Kenya subject to prior approval by the Board;
- Recruiting and appointing trainers from among qualified professionals and practising trades persons in relevant sectors of industry;
- Determining suitable terms and conditions of service for support staff, trainers and instructors and remunerating the staff of the Colleges, in consultation with the Authority;
- Making regulations governing organization, conduct and discipline of the staff and students;
- Preparing comprehensive annual reports on all areas of their mandate, including education and training services and submits the same to the Board;
- Providing for the welfare of the students and staff of the Colleges;
- Encouraging, nurturing and promoting democratic culture, dialogue and tolerance in the Colleges; and
- Discharging all other functions conferred upon it by this Act or any other written law.

The board in the period it has been in existence has endeavoured to discharge its functions independently with vigour and passion. Their diligence and prudent management of resources has been result oriented and much has been achieved during their term in office. They have been able to interpret government policies and TVET Act as well as other relevant laws in existence making the College to move forward as we actualize the strategic plan. Moving forward, the Board is aligning its discharging of duties by improving on its operations while surpassing the set targets where possible. In the interest of quality service delivery, the board is able to read from the same script as they render their duties above board. This will be attained with the incorporation of team spirit and self-sacrifice that is deep within them.

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(viii) MANAGEMENT DISCUSSION AND ANALYSIS

MOCHONGOI Technical and Vocational College operational and financial performance

The Board had identified projects to be undertaken including:

- Construction of additional tuition class
- Construction of external abolition facilities for both trainees and trainers
- Drilling of borehole for sustainable and reliable water source
- All the above project were not realized due to non availability of funds

MOCHONGOI Technical and Vocational College compliance with statutory requirements

MOCHONGOI Technical and Vocational College complies with statutory deduction and remittances such as NHIF, NSSF and PAYE

Major risks facing the organisation.

The Colleges' major risks are mainly related to its core business which is training and human resource development. Some of the identified risks include;

- i. Low student enrolment.
- ii. Lack of student accommodation and support facilities (hostels)
- iii. Delayed disbursement of capitation, recurrent grants and HELB bursary to students
- iv. Lack of vehicles for ease of movement such as students trips.
- v. Poor road as the College is located in a remote area.
- vi. Lack of critical utilities such as electricity.

Key projects and investment decisions

The projects under consideration in the FY 2020/2021 are summarised in the table below

No key projects that are ongoing

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(ix) ENVIRONMENTAL AND SUSTAINABILITY REPORTING STATEMENT

1. Sustainability strategy and profile -

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

Profit: The College has adopted a transformation strategy aimed at ensuring that it remains financially sound in the face of dwindling funding from the central government.

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

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

2. Employee welfare

At Mochongoi Technical and Vocational College, we value our employees and other stakeholders, including the wider community where the training of our students has the potential to bring positive social and environmental change. We value the contribution that individuals and external entities make to our College through community consultative process.

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

Activity	Description
Better training	<p>Optimizing training operations to meet ongoing social and sustainability objectives.</p> <p>Providing opportunities for us to grow as a College by becoming involved in our local community.</p>
Enhanced community	<p>Focusing on good urban design and empowering members for healthy, happy and resilient community.</p>
Supported Staff	<p>Promoting initiatives that support staff and their families, beyond the provision of employment.</p> <p>Promoting initiatives that recognize the contribution of the students to the community.</p>

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a) Policies guiding hiring process

The following are the MOCHONGOI Technical and Vocational College Board of Governors policies that guide hiring process;

S/no	Title	Review Period	Remarks
1	Career Progression	Regularly	Vacant positions are filled competitively both internally and externally. This largely depends on availability of funds
2	Human Resource Manual	Regularly	Terms and conditions of service governing employees are applied across the Board without discrimination
3	Internship Policy and guidelines	Regularly	Intern positions are filled competitively and without discrimination
5	Gender Mainstreaming	Regularly	MOCHONGOI TVC observes equal employment opportunities during staff recruitment across all genders
6	Disability Mainstreaming	Regularly	The College offers equal employment opportunities to officers living with disability. The College also offers rights and privileges as provided in the PWDs Act and the Board employment policies

3. Market place practices-

Responsible Supply Chain and Supplier relations

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

All procurement activities have continuously been carried out where Supply Chain ensured that there are sufficient funds to meet the obligations of the resulting contract and are reflected in the approved budget estimates. Knowledge of available funds acts as a guide in knowing what to procure and when to procure. The organization has maintained and continuously updated list of registered suppliers, contractors and consultants in various specific categories of goods, works or services according to its procurement needs. MOCHONGOI Technical and Vocational College has at all-time ensures responsible treatment of the suppliers in various ways as featured below;

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

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

4. Community Engagements-

During the year under review, the College carried out various CSR activities to impact the society like tree planting.

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(x) REPORT OF THE BOARD OF GOVERNORS

The Board members submit their Annual report together with Financial Statements for the year ended June 30, 2021 which show the state of Mochongoi Technical and Vocational College affairs.

Principal activities

The principal activities of the Mochongoi TVC are training and development of human resource in various fields

Results

The results of the Mochongoi TVC for the year ended June 30, 2021 are set out on page 1 to 22

Board of Governance

The members of the Board who served during the year are shown on pages v and vii.
During the year all of our Board members were appointed and none retired from the board

Auditors

The Auditor General is responsible for the statutory audit of Mochongoi TVC in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



Benjamin Kimiti
Principal/BOG Secretary

Date:.....15-06-2023

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(xi) STATEMENT OF BOARD OF GOVERNORS RESPONSIBILITIES

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

The Board members are responsible for the preparation and presentation of Mochongoi TVC financial statements, which give a true and fair view of the state of affairs of Mochongoi TVC for and as at the end of the financial year ended June 30th, 2021. This responsibility includes:

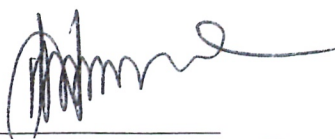
- Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Mochongoi TVC;
- Designing, implementing 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;
- Safeguarding the assets of Mochongoi TVC
- Selecting and applying appropriate accounting policies; and
- Making accounting estimates that are reasonable in the circumstances.

The Board members accept responsibility for Mochongoi 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 of 2013). The Board are of the opinion that Mochongoi TVC financial statements give a true and fair view of the state of Mochongoi TVC transactions during the financial year ended June 30, 2021, and of Mochongoi TVC financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for Mochongoi TVC, which have been relied upon in the preparation of Mochongoi TVC financial statements as well as the adequacy of the systems of internal financial control.

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

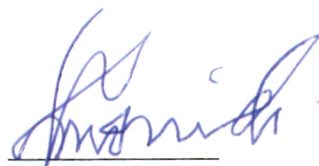
Approval of the financial statements

The Mochongoi TVC financial statements were approved by the Board on **14th October 2021** and signed on its behalf by:



BOG Chairman

Principal/BOG Secretary



Board Member

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

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

Report of the Auditor-General on Mochongoi Technical and Vocational College for the year ended 30 June, 2021

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Mochongoi Technical and Vocational College as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in Financial Statements

Review of financial statements revealed the following anomalies:

- i) The financial statements have not been prepared in prescribed format issued by the Public Sector Accounting Standards Board (PSASB).
- ii) The financial statements do not include the transactions incurred before 01 July, 2020.
- iii) The statement of financial performance reflects net deficit for the year amounting to Kshs.7,100,738 instead of a surplus.
- iv) The statement of financial position reflects capital grants amounting to Kshs.226,260 which was incurred on landscaping which is a revenue expenditure.
- v) The statement of cash flows reflects total receipts of Kshs.5,955,234 which differ with the amount of Kshs.11,215,753 reflected in the statement of financial performance resulting to unexplained variance of Kshs.5,260,519.
- vi) The statement of comparison of budget and actual amounts does not reflect the budget and actual amounts for revenue from non-exchange transactions. Further, the statement reflects total revenue and expenditure budget of Kshs.16,926,000 and Kshs.15,040,500 resulting to unbalanced budget by Kshs.1,885,500.

In the circumstances, the financial statements are not accurately presented in accordance with the International Public Sector Accounting Standards Board (PSASB).

2. Unsupported Examination Fees

The statement of financial performance reflects use of goods and services amount of Kshs.1,494,300. The amount includes examination fees amount of Kshs.266,447 as reflected in Note 7 to the financial statements. However, schedules in support of the expenditure were not provided for audit.

In the circumstances, the accuracy and propriety examination fees amount of Kshs.266,447 could not be confirmed.

3. Unsupported Travelling and Accommodation Expenditure

The statement of financial performance use of goods and services amount of Kshs.1,494,300. The amount includes travelling and accommodation expenditure totalling to Kshs.165,460. The expenditure was incurred on officers attending training and workshops. However, the expenditure was not supported with invitation letters, attendance list, timetable and back to office reports.

In the circumstance, the accuracy and propriety of travelling and accommodation expenditure of Kshs.165,460 could not be confirmed.

4. Unsupported Repairs and Maintenance Expenditure

The statement of financial performance reflects repairs and maintenance amount of Kshs.397,605. However, the amount includes an expenditure of Kshs.343,965 which was not supported with user requisition, local service orders, pre and post inspection reports.

In the circumstances, the accuracy and propriety of repairs and maintenance amount of Kshs.343,965 could not be confirmed.

5. Misstatement of Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions balance of Kshs.5,261,880. However, no provisions have been made for bad and doubtful debts. Further, reconciliation for impairment allowance on receivables from exchange transactions has not been disclosed as required by the recommended reporting template.

In the circumstances, the accuracy and existence of receivables from exchange transactions balance of Kshs.5,261,880 could not be confirmed.

6. Inaccuracies in Plant, Property and Equipment Balance

The statement of financial position reflects a nil balance of property, plant and equipment. However, the balance differs with the property, plant and equipment net book value balance of Kshs.92,079,960 as disclosed in Note 14 to the financial statements. Further, review of records revealed that the college owns 15 acres of land, buildings, furniture, computers and equipment which were inherited. However, these items have not been valued in accordance with Paragraph 27 of the International Public Sector Accounting Standards (IPSAS) 17 which requires an asset acquired through a non-exchange transaction to be measured at its fair value as at the date of acquisition. In addition, the title deed for the land was not provided for audit.

In the circumstances, the accuracy and ownership of a nil balance of property, plant and equipment could not be confirmed.

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget of Kshs.16,926,000 and actual receipts of Kshs.5,641,540 resulting to a shortfall of Kshs.11,284,460 or 67% of the budget. Similarly, the statement reflects an approved expenditure budget of Kshs.15,040,500 and actual expenditure of Kshs.4,115,015 resulting to a budget under expenditure of Kshs.10,925,485 or 73% of the budget.

The revenue shortfall and under expenditure affected the planned activities and may have impacted negatively on service delivery to the public.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Irregular Payment of Sitting Allowances

The statement of financial performance reflects board of governors amount of Kshs.617,500 relating to sitting allowances as disclosed in Note 9 to the financial statements. However, the rates in which allowances were paid had not been approved. This is contrary to Section 17 of the Second Schedule of Technical and Vocational Education and Training Act, 2013 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. Further, the

amount includes sitting allowance amounting to Kshs.64,000 paid to the College Principal and Deputy Principal who are not members of the Board.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are

in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

07 July, 2023

**MOCHONGOI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

(xiii) STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

Revenue from non-exchange transactions		
Transfers from the National Government—grants/ gifts in kind	5	5,574,213
Total Revenue from non-exchange transactions		5,574,213
Revenue from exchange transactions		
Rendering of services- Fees from students	6	5,641,540
Other income		-
Revenue from exchange transactions		5,641,540
Total revenue		11,215,753
Expenses		
Use of goods and services	7	1,494,300
Employee costs	8	1,605,610
Board of Governors expenses	9	617,500
Repairs and maintenance	10	397,605
Total expenses		4,115,015
Net Deficit for the period		7,100,738

The notes set out on pages 6 to 24 form an integral part of the Annual Financial Statements.

MOCHONGOI TECHNICAL AND VOCATIOPNAL COLLEGE
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 FOR THE YEAR ENDED 30 JUNE 2021


(xiii) STATEMENT OF FINANCIAL POSITIONAS AT 30 JUNE 2021

		2021
Assets		
Current assets		
Cash and cash equivalents	11	2,065,118
Receivables from exchange transactions	13	5,261,880
Total Current Assets		7,326,998
Non-current assets		
Property, plant and equipment		-
Total Non-current Assets		-
Total assets		7,326,998
Liabilities		
Current liabilities		
Payments received in advance		-
Total Current Liabilities		-
Total liabilities		-
Capital and Reserves		
Accumulated surplus		7,100,738
Capital grants		226,260
Total Capital and Reserves		7,326,998
Total Liabilities and Capital & Reserves		7,326,998

Property, plant and equipment will be valued by valuer

The Financial Statements set out on pages 1to 5were signed on behalf of the College by;

Joseph R. Tuikong
 Chairman Board of Governor


 Joseph Kiprugut
 Accounts Assistant
 ICPAK No3702

Benjamin Kimitai
 Principal



Date.....

Date..15/06/2021

Date..15/06/2023

MOCHONGOI TECHNICAL AND VOCATIOPNAL COLLEGE
 ANNUAL REPORT AND FINANCIAL STATEMENTS
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(xv) STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2021

	Revaluation adjustment	Fair Value Reserve	Retained Earnings	Development Grants	Total
At July 1, 2020	-	-	-	-	-
Revaluation gain	-	-	-	-	-
Fair value adjustment on quoted investments	-				
Total comprehensive income			7,100,738		7,100,738
Capital/development grants received during the year			-	226,260	226,260
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-	-	-	-
At June 30, 2021	-	-	7,100,738	226,260	7,326,998

MOCHONGOI TECHNICAL AND VOCATIONNAL COLLEGE
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(xvi) STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2021

	2020	2021
Cash flows from operating activities		
Receipts		
Transfers from other Government entities		5,574,213
Rendering of services- Fees from students		340,521.00
Attachment fee		40,500
Total Receipts		5,955,234
Payments		
Compensation of employees		1,605,610
Use of goods and services		1,494,300
Other payments		1,015,105
Grants and subsidies paid		
Total Payments		4,115,015
Net cash flows from operating activities		1,840,219
Net increase in cash and cash equivalents		1,840,219
Cash and cash equivalents at start of the year		-
Cash and cash equivalents at 30 June 2021		2,065,118
Cash and cash equivalents as per the Balance Sheet		2,065,118

Joseph R. Tuikong
 Chairman Board of Governor

Joseph Kiprugut
 Accounts Assistant
 ICPAK No3702

Benjamin Kimiti
 Principal



Date.....

Date.....

Date..... 15/06/2023

MOCHONGOI TECHNICAL AND VOCATIONNAL COLLEGE
 ANNUAL REPORT AND FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2021

(xvii) STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021

	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021
Revenue					
Rendering of services	16,926,000		16,926,000	5,641,540	11,284,460.00
Total income	16,926,000		16,926,000	5,641,540	11,284,460.00
Expenses					
Compensation of employees	2,520,000.00		2,520,000.00	1,605,610	914,390.00
Use of Goods and services	11,049,000.00		11,049,000.00	2,111,800	8,937,200
Repair and Maintenance	1,471,500.00		1,471,500.00	397,605	1,073,895
Total expenditure	15,040,500		15,040,500	4,115,015	10,925,485
Surplus for the period	1,885,500		1,885,500	1,526,525	358,975

Budget notes

1. The difference in Rendering of Services was due to inclusion of exam fee to the votehead
2. The difference in Compensation of Employee was due to low number of Staff
3. The difference in use of goods and services was due to low number of Staff
4. The difference in Repair and Maintenance was due to few activities in the College

**MOCHONGOI TECHNICAL AND VOCATIONAL COLLEGE
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(xviii) NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Mochongoi Technical and Vocational College is established by and derives its authority and accountability from TVET Act of 2013 Laws of Kenya. The Mochongoi TVC is wholly owned by the Government of Kenya and is domiciled in Kenya. The Mochongoi Technical and Vocational College's principal activity is are

GOAL

To persistently provide training Industry Driven Technical skills training to every student to their full satisfaction

VISION

To be a National hub for Technical Skills and Development

MISSION

To offer Unmatched Training Industry Driven Technical Skills in Kenya

CORE OBJECTIVES

- Integrity
- Efficiency
- Creativity and Innovation
- Continuous improvement
- Client focus

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 Mochongoi Technical and Vocational College's accounting policies.

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

The financial statements have been prepared in accordance with the PFM Act 2012, the State Corporations Act, the TVET Act 2013, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

**MOCHONGOI TECHNICAL AND VOCATIONAL COLLEGE
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3. ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2021

Standard	Impact
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2021 The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations. There is no impact of the IPSAS 40 to the College

IPSAS 41: Financial Instruments	Applicable: 1st January 2022: 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 Mochongoi Technical and Vocational College's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: <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 MOCHONGOI Technical and Vocational College's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
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IPSAS 42: Social Benefits	Applicable: 1st January 2022 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting MOCHONGOI TVC provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess: <ol style="list-style-type: none"> (a) The nature of such social benefits provided by the MOCHONGOI TVC; (b) The key features of the operation of those social benefit schemes; and
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**MOCHONGOI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
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	(c) The impact of such social benefits provided on the MOCHONGOI Technical and Vocational College's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2022:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets. d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.

ii. Early adoption of standards

The Mochongoi TVC did not early-adopt any new or amended standards in year 2021.

**MOCHONGOI TECHNICAL AND VOCATIONAL COLLEGE
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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees

The Mochongoi TVC recognizes student capitation as other government grants when they are received.

Other non-exchange revenues are also recognized as government conditional or non-conditional grants when they are transferred to the Mochongoi Technical and Vocational College's bank account.

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 Mochongoi TVC and can be measured reliably.

Recurrent grants are recognized in the statement of comprehensive income.

Development/capital grants are recognized in the statement of changes in net assets and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

The Mochongoi TVC 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.

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**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
NOTES TO THE FINANCIAL STATEMENTS (Continued)**

b) Budget information

The original budget for FY 2020/2021 was approved by the Board on 25th June 2020

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

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

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 13 of Financial Provisions of TVET ACT No. 29 of 2013 of these financial statements.

c) Property, plant and equipment

All property, plant and equipment are not included since the College did not ascertain the values but are following up the matter with the Ministry of Education.

Land is not depreciated.

Depreciation on all other assets is calculated on the reducing balance basis method to write down the cost of each asset, or the revalued amount, to its residual value over its estimated useful life using the following annual rates: x

Rate %

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Buildings	2
Plant and machinery	20
Motor vehicles	25
Library books	10
Furniture and fittings	12.5
Computer equipment	30

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating profit/loss. On disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to retained earnings in the statement of changes in equity.

d) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less Accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Computer software

Computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives which are estimated to be 5 years.

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e) Nature and purpose of reserves

a. Accumulated surpluses

This relates to surpluses brought forward and the one for the current year.

b. Capital reserves

This relates to fixed assets granted by the government or any other donor.

f) Changes in accounting policies and estimates

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

The changes in accounting policy that took place during the year is adoption of accrual basis of accounting from the cash basis. This policy will help the College to report its financial performance and position more accurate and fairly state the position and performance than the cash basis.

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g) Employee benefits

Retirement benefit plans

The College and its employees contribute to the National Social Security Fund (NSSF), a statutory defined contribution scheme registered under the NSSF Act. The College's contributions to the defined contribution scheme are charged to profit or loss in the year to which they relate.

h) Related parties

Mochongoi TVC regards a related party as a person or an Institution with the ability to exert control individually or jointly, or to exercise significant influence over the College, or vice versa. Members of key management are regarded as related parties and comprise the Board, the Principal, Head of Finance and Head of Procurement.

The government of Kenya through the ministry of education is also related party to the Mochongoi TVC.

i) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

j) Biological assets

The biological assets are recognized at their fair values less estimated point-of-sale costs. The fair value is determined based on market prices.

k) 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, 2021.

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**SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION
UNCERTAINTY**

The preparation of the MOCHONGOI TVC'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 out 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.

The board of Governors made only one significant judgment in preparing these financial statements.

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 Mochongoi TVC

The nature of the asset, its susceptibility and adaptability to changes in technology and processes

- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

5. TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Unconditional grants	
Capitation grants	1,917,500
Operational grants	3,656,713
Total Unconditional grants	5,574,213

6. RENDERING OF SERVICES

Tuition fees	5,601,040
Industrial attachment fees	40,500
Total Rendering of Services	5,641,540

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. USE OF GOODS AND SERVICES

Teaching and learning materials	290,858
Water	4,500
Subscriptions	15,000
Advertising and Marketing	111,000
Examination fees	266,447
Catering, Conferences and delegations	69,370
Travelling and accomodation	165,460
Fuel and oil	39,400
Printing and stationery	261,469
Telephone and postage expenses	67,250
Training expenses	194,100
Activity	3,000
Bank charges	6,446
Total goods and services	1,494,300

8. EMPLOYEE COSTS

Salaries and wages	1,062,120
Employee related costs-contributions to pensions and medical aids	156,060
Travel, motorcar, accommodation, subsistence and other allowances	387,430
Employee costs	1,605,610

9. BOG EXPENSES

Directors emoluments	-
allowances	617,500
Total BOG Expenses	617,500

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10. REPAIRS AND MAINTENANCE

Description	
Property	397,605
Total Repairs and Maintenance	397,605

11. CASH AND CASH EQUIVALENTS

Description	
Current account	2,065,118
Others(Cash on hand)	
Total cashandcashequivalents	2,065,118

12. DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

Description		
a) Current account		
KCB Bank	1279892161	2,065,054
KCB Bank	1279889357	64
Sub- total		2,065,118

13. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	
Current receivables	
Student debtors	5,261,880
Total current receivables	5,261,880

**MOCHONGOI TECHNICAL AND VOCATIONAL COLLEGE
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Land	Furniture and fittings	Computers	Plant and equipment	Total
	2%		12.5%	30%	20%	
Cost	kshs	Kshs	kshs	kshs	kshs	kshs
At 30th June 2021	53,131,805	3,000,000	315,000	58,000	45,868,208	102,373,013
Additions						
Disposals						
Transfer/adjustments						
As at 30th June 2021	53,131,805	3,000,000	315,000	58,000	45,868,208	102,373,013
At 30th June 2021						
Depreciation	1,062,636	0	39,375	17,400	9,173,641,60	10,293,053
At 30th June 2021						
Net book values						
At 30 th June 2021	37,885,517	3,000,000	275,625	40,600	36,694,566	92,079,960
At 30 th June 2021						

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. FINANCIAL RISK MANAGEMENT

The Mochongoi Technical and Vocational College's activities expose it to a variety of financial risks including credit and liquidity risks. The Mochongoi Technical and Vocational College'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 Mochongoi TVC does not hedge any risks.

The Mochongoi Technical and Vocational College's financial risk management objectives and policies are detailed below:

(i) Credit risk

The Mochongoi TVC 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.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the College'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 Mochongoi Technical and Vocational College's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Carrying amount	Maximum exposure to credit risk	
At 30 June 2021			
Receivables from exchange transactions	5,261,880	5,261,880	-
Bank balances	2,065,118	2,065,118	-
Total	7,326,998	7,326,998	-
At 30 June 2021			
Receivables from exchange transactions	5,261,880	5,261,880	-
Bank balances	2,065,118	2,065,118	-

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the College potentially irrecoverable amounts.

The Mochongoi TVC has significant concentration of credit risk on amounts due from students

The board of Governors sets the College's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

FINANCIAL RISK MANAGEMENT (continued)

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board Governors of Mochongoi Technical and Vocational College, who have built an appropriate liquidity risk management framework for the management of the Mochongoi Technical and Vocational College's short, medium and long-term funding and liquidity management requirements. The Mochongoi TVC manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. RELATED PARTY BALANCES

Nature of related party relationships

Entities and other parties related to Mochongoi TVC 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 Mochongoi TVC, holding 100% of the Mochongoi Technical and Vocational College's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Mochongoi TVC, both domestic and external. Other related parties include:

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

Transactions with related parties	
a) Grants from the Government	
Grants from National Government	1,352,623
Capitation	855,000
Total	2,207,623
b) Key management compensation	
BOG reimbursement	617,500
Total	617,500

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. EVENTS AFTER THE REPORTING PERIOD

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

18. ULTIMATE AND HOLDING MOCHONGOI TVC

The MochongoiTVC is a State Corporation under the Ministry of education. Its ultimate parent is the Government of Kenya.

19. CURRENCY

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

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APPENDIX II: INTER-ENTITY TRANSFERS

Break down of Transfers from the State Department of Vocational and Technical Training				
FY 2021/20				
Recurrent Grants				
	<u>Bank Statement</u>	<u>Amount</u>	<u>FY to which the amounts</u>	
	<u>Date</u>	<u>(KShs)</u>	<u>relate</u>	
MOE - Capitation	03/07/2020	697,500	FY 2020/21	
MOE - Capitation	06/11/2020	1,455,000	FY 2020/21	
MOE -Grants	18/11/2020	500,000	FY 2020/21	
MOE -Grants	23/02/2021	500,000	FY 2020/21	
MOE -Grants	01/04/2021	500,000	FY 2020/21	
	Total	3,652,500		

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

Finance Officer

Mochongoi Technical and Vocational College

Sign  -----

Head of Accounting Unit

Ministry of Education

Sign-----