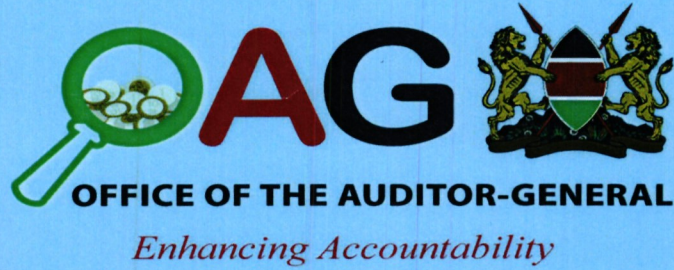


REPUBLIC OF KENYA



REPORT

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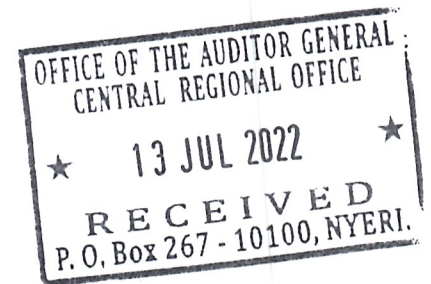
THE AUDITOR-GENERAL

ON

**MATHIOYA TECHNICAL AND
VOCATIONAL COLLEGE**

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

DATE: 01 DEC 2022		DAY: THURSDAY
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MATHIOYA TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

 THE NATIONAL ASSEMBLY PAPER LAID	
DATE: 01 DEC 2022	
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**MATHIOYA TECHNICAL & VOCATIONAL
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED ON 30TH JUNE, 2021**

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**MATHIOYA TECHNICAL & VOCATIONAL
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I. KEY COLLEGE INFORMATION AND MANAGEMENT

(a) Background information

Mathioya Technical and Vocational College is located in Kamacharia Location, Kamacharia Division, Mathioya sub-county, Murang'a County. It started in 2014 on a land donated by the local community for the purpose. The foundation stone was laid by the Hon. Dr. William Samoei Ruto (Deputy President of the republic of Kenya) on 2nd October, 2014. The construction of the Institute buildings started in 25th November, 2014 and by 2017 the building had been completed. The College was officially registered on 25th April, 2017 and admitted the first batch of students in January 2018 and currently the college has student population of 216 students and more are coming because the college has a capacity of 500 plus students

(b) Principal Activities

MTVC is a national public tertiary institution under the Ministry of Education; it operates under the Education Act 213 and TVET Act 2013 Laws of Kenya. The College's operations are also carried out in accordance with the Government policies and procedures as spelt out in official documents and circulars. The institution operates under the management of the Board of Governors appointed by the Minister in charge of Education. The Principal is the institution's CEO and the secretary to the BOG. On the day-to-day operations of the college, the Principal is assisted by the Deputy Principal, the Registrar, the Dean of Students and Heads of Departments. The students participate in College's governance through a student's association led by an elected student board

The college is Centre of excellence in Automotive Engineering. The college received modern tools and equipment in the area of ICT and Automotive Engineering worthy US Dollars One million, two Hundred and thirty-three thousand, and four hundred and eighty –one (1, 233,481. This government act was to bring to the youths of Murang'a County the modern technology so that they can have hands on skills for self-reliance which is also our motto.

Trainees trained in Mathioya Technical and Vocational College are competently prepared emotionally, intellectually and spiritually. They are equipped with Hands on Skills and Technology to make a difference in this generation and generations to come. The Mathioya Technical and Vocational College is committed to offering the best and top quality training. We provide the state -of- the -art modern facilities for training. We do so to make our trainees more competitive and competent in their professions. Mathioya Technical and Vocational College is growing from strength to strength, we are determined to offer training in a diverse, qualitative and an interactive platform that creates and nurtures talents among trainees. We offer courses from Diploma, Craft, Artisan and skill upgrade levels for those people who are practicing and have no formal certificate. There is no age limit for you to be admitted at Mathioya TVC because we offer regular, part-time and school based trainings.

Vision Statement

To be a leading technical college for sustainable development

Mission Statement

To produce globally competitive graduates through competency based education and training

MATHIOYA TECHNICAL AND VOCATIONAL COLLEGE
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Our core values are;

1. Integrity
2. Equity
3. Professionalism
4. Teamwork
5. Customer focus
6. Innovation

(c) Key Management

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

- Board of governors
- Accounting officer/ Principal
- Heads of Departments
- Heads of sections

(d) Fiduciary Management

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

No.	Designation	Name
1	Principal	Jackson Mbae
2	Ag. Deputy principal	Patrick Mwangi Mitobio
3	Finance office	Hannah Mwangi
4	Procurement Officer	Fiona njoki
5	Secretary	Alice Wanjiru Wangui
6	Examination Officer	Joseph Kamanu
7	Registrar	Geoffrey kamau (ag)
8	HoD – Automotive Engineering	Jane Kanini
9	HoD – computer studies	Geoffrey kamau
10	HoD- Electrical and Electronics	Serah Nyambura

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(e) Fiduciary Oversight Arrangements

Audit and risk committee activities

- Establish Internal Audit Functions
- Formulate whistle blowing Policy in the College
- Formulate and Review of OHS Policy
- Insurance of all assets general accident cover for students and BOG employees
- Formulation and Implementation of Anti- Corruption Policy
- Putting in place Security Surveillance Mechanisms
- Enhance Security of the Institution
- Formulation and Review of Security Policy
- Establish and Maintain Archives
- Formulate and Implement ICT Policy
- Carry out an audit on values of governance
- Ensure all financial transactions are properly authorized
- Ensure proper fees collection mechanisms
- Ensure proper systems controls in all service points

Finance and operations committee activities

- Resource Mobilization
- Prepare Annual Procurement Plan
- Prepare Annual Budget
- Discus Quarterly Financial Report
- Establish Internal Financial Control Systems
- Ensure adherence to Procurement Act and Regulations
- Final Financial Accounts
- Human Resource Management
- In Charge of Assets Management
- Formulation of Policies
- Communication
- Infrastructural Development and Maintenances
- Adherence to Principles of Governance
- Development of Organizational Structure
- Establishment of Key Management Committees
- Strategic Planning
- Monitoring and Evaluation
- Ensure that external audit of financial statement is completed and submitted in time

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Academic committee activities

- Formulation and Review of the Academic Policy
- Quality Assurance
- Development and Implementation of New Programmes
- Determination of Resources:
 - Human Resource
 - Teaching/Learning Materials
- Curriculum Evaluation
- Establish Linkage between the College and Industry
- Ensure Relevance of Courses to Market Needs
- In Charge of Graduations and Academic Awards

Development partner oversight activities

According to the TVET ACT, 2013, The functions of the TVET Authority is to— (a) regulate and co-ordinate training. (b) accredit and inspect programmes and courses; (c) advise and make recommendations to the Cabinet Secretary on all matters related to training; (d) determine the national technical and vocational training objectives; (e) promote access and relevance of training programmes within the framework of the overall national socio-economic development plans and policies; (f) prescribe the minimum criteria for admission to training institutions and programmes in order to promote access, equity and gender parity; (g) recognize and equate qualifications awarded by local or foreign technical and vocational education institutions in accordance with the Standards and guidelines set out by the Authority from time to time; (h) develop plans, and guidelines for the effective implementation of the provisions of this Act; (i) establish a training system which meets the needs of both the formal and informal sectors as provided under this Act; (j) collect, examine and publish information relating to training; (k) inspect, license, register and accredit training institutions; (l) advise on the development of schemes of service for trainers; (m) assure quality and relevance in programmes of training; (n) liaise with the national and county governments and with the public and the private sector on matters relating to training; (o) undertake, or cause to be undertaken, regular monitoring, evaluation and inspection of training and institutions to ensure compliance with set standards and guidelines; (p) mobilize resources for development of training; (q) ensure the maintenance of standards, quality and relevance in all aspects of training, including training by or through open, distance and electronic learning; (r) approve the process of introduction of new training programmes and review existing programmes in Technical and Vocational Education and Training Board institutions;

- Other oversight activities

- These are generally played by the cabinet secretary in charge of education and his* Roles are as follows;
- (1) The Cabinet Secretary in consultation with the other Ministries and the private sector involved in training shall develop policies and provide strategies for the development of a national training system.
 - (2) The Cabinet Secretary shall have the overall responsibility in the provision of training and shall, in collaboration with other Ministries and stakeholders, be responsible for promoting access, equity, quality and relevance in training.
 - (3). The Cabinet Secretary shall provide policy guidance on all matters relating to the implementation of all policies pertaining to education and training.

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(f) College Headquarters

P.O. Box 363-10204
Kiria-ini-Murang'a Road
Murang'a, KENYA

(g) College Contacts

Telephone :(254) 0791-334282
E-mail: mathioyatti@gmail.com
Website: www.mathioyatechnical.ac.ke

(h) College Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Kenya Commercial Bank
Murang'a Branch
PO Box
Murang'a Kenya

(i) Independent Auditors

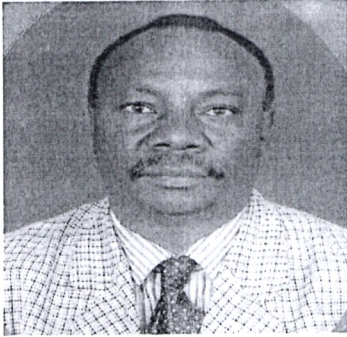
Auditor General
Office of Auditor General
Anniversary Towers, Institute Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

(j) Principal Legal Adviser

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

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II. THE BOARD/BOARD OF GOVERNORS
THE BOARD OF GOVERNORS



Jackson Mbae
Principal/Secretary of the board

Jackson Mbae, born in 1965, holds a Bachelor's Degree In Education (science) from Kenya Methodist University, master's degree in theology from New Life Bible College and Seminary (Hillsville, Virginia), Higher Diploma In Entrepreneurship Development from The Nyeri National Polytechnic, Diploma in Technical Education (Automotive Option) from Kenya Technical Trainers College , certificate course in automotive engineering, from meru college of technology, senior management course from Kenya Management Institute (KEMI) and Strategic Leadership Development Program (SLDP) from Kenya school of government (KSG) Embu and currently pursuing a doctorate degree in Leadership, Management and Administration. He has a wealth of experience in institutional management having climbed through the ranks to the current position of the principal. Since 2003, worked as examination officer, Registrar and Deputy Principal, Assistance Pastor Prime Ministries International (The Family Church, Nyeri). Appointed as the Principal of Mathioya Technical and Vocational College in July 2017. Has attended various leadership seminars and forums both National and international. Age 56



Eva Njeri Mwenja
Chair of the Board of Governor's

Ms Mwenja born in 1969, Holds of Master's degree in Education (Leadership and Management), Bachelor's degree in Education (ARTS) from Kenyatta College. Thogoto Teachers Training College –School Based Teacher Development Course and Introductory Training Certificate -Scouts. She has enormous experience in teaching having worked with various institutions which includes Huruma Girls High School with 5years experience as Head of Departments clubs and societies, Kigumo Primary School-Teaching and choir trainer, Kathanthatu Primary School-choir trainer, Baitigitu Primary School, Marura Primary School-Chairperson School Science Panel, Scouts Leader, Teaching. She is also a mentor in various primary schools and secondary schools within Mathioya Constituency. She has obtained various awards which include Certificate of participation during the Kenya National Music Festival, Certificate of participation as a trainer, an examiner of PTE examination Kiswahili paper 1 and KCPE INSHA.A chairperson of KANORWE WELFARE GROUP based in Nairobi with members totalling to three hundred and fifty (350). Age 52.

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Shem Kihara Maina
Executive Board of Governor

Mr. Shem Kihara, born in 1968, holds a Bachelor's degree in Agricultural Engineering (upper second class) from Egerton College, Post graduate diploma in technical education from Kenya Technical Trainers College, Masters of Business Administration degree (HRM option) from Kenyatta College. Currently pursuing a PhD in Business Administration (HRM specialization) at the College of Nairobi. He is fully conversant with institution governance matters having worked as a senior teacher and a lecturer in various institutions which includes College of Nairobi (part time lecturer), Mathenge Institute of Technology, Giakanja High School (HOD careers), Moi Nyeri Complex Secondary School, He also has held various positions which includes CU patron, Consultant-Management, Human Resource and Careers, Chairman-development committee Full Gospel Churches of Kenya. Currently a part time lecturer at the College of Nairobi and the Director Nyeri Fountain Kindergarten. Age 53.



Njeri Cecilia Macharia
Independent Board of Governor

Mrs. Macharia, born in 1965, holds a Bachelor's degree in Business Administration (HR Management Option) from Kenya Methodist College, Diploma in Business Administration from International Correspondence Schools (ICS), Certificate in Purchasing and Supplies Management from the College of Nairobi (Extra Mural Studies). She is a full member of the Institute of Human Resource Management. Appointed to the Board of Mathioya technical and Vocational College on January 29, 2018, she has also attended various managerial trainings/workshops programs. Mrs Macharia has previously worked with Gatuguta & Gatuguta Advocates, Kenya Power and Lighting Company, KenGen (Senior Clerk Insurance Section), Human Resource Officer 1 and 2 Planning & Recruitment). Currently the senior Human Resource Officer at KenGen in charge of Upper Tana Area. Employee Relations at Stima Plaza Nairobi. Age 56.

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Eng. Eliud Mwendia Kibuchi
Non-Executive Board of Governor

Mr. Eliud Mwendia Kibuchi born in 1975 holds Masters of Science Degree in Civil Engineering Structure option Jomo Kenyatta College of Agriculture and technology. Bachelor of Science Degree in Civil Engineering (Hons) Jomo Kenyatta College of Agriculture and technology. Have over twenty (20) years professional experience, accumulated over the period working with various engineering firms and Government agencies, January 2016- 30th June 2018 Resident Engineer. Kenya Tea development agency limited (KTDA POWER) Nyambunde small hydro power project, June 2015 to Dec 2015 Site Agent Zam Ken Limited May 2013 to April 2015 Civil works Manager Tata Chemicals Magadi, January 2003 - November 2005: Site Engineer Pearl Engineering limited (Uganda), November 2011 to August 2012 Assistant Structural Engineer Abdul Mullick Associates limited, September 2009 to April 2012 Part time Lecturer Kenya Polytechnic College College Department of Architecture and Built Environment, December 2007 to October 2009 Civil Engineer Quorandum limited Constriction of Safaricom Masts (BTS), Civil and structural site works. Appointed to the Board of Mathioya Technical and Vocational College in January 2021. Currently working as Director Roads Kirinyaga county Government. Aged 47.



James Mbugua Ng'ang'a
Non-Executive Board of Governors

Mr. James Mbugua Ng'ang'a born in 1976, holds a Bachelor of Arts Degree Literature, Philosophy, English language and Linguistics from Egerton College, Certificate in Executive Education in Transformational Leadership Certification Harvard Kennedy School of Business (2018), international Institute of Journalism, Berlin (2010, 2013) Digital Journalism and Cross-Media Management Certification, international Institute of Journalism, Berlin (2005) Newsroom Management Certification. Appointed to the Board of Mathioya Technical and Vocational College in January 2021. Currently working as, a Partner | Head of Content House of Romford Ltd a Bespoke Content and Media Relations Company. Age 47.

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Oscar Manzi Ngotho
Non-Executive Board of Governor

Mr. Ngotho, born in 1982, holds a Bachelor's degree in Business Management (Finance and Banking Option) from Moi College, Master's degree in Business Administration (Finance and Banking Option) from the College of Nairobi, Kenya Accounting Technician Certificate from Vision Institute of Professionals, Certified Public Accountant (CPA K) and CPS-K. He has vast experience with Office Work, Taxation, Consultancy and Advisory Services, Accounting and Audit work. He participated in Kenya Railways Corporation Scrap metal disposal project, participated in Muema & Associates Clients Tax Seminar at KICC. Previously worked with Muema & Associates (CPA-K) as Audit Manager/Tax Consultant. Appointed to the Board of Mathioya Technical and Vocational College in January 29, 2018. Currently working with O.M.Ngotho & Associates. Age 38.










Non-Executive Board of Governor

Mr. Rajab Iha, born in 1992, holds a Bachelor's degree of Science Information Technology from Jomo Kenyatta College of Agriculture and Technology (IT). He has enormous experience in technology having worked with various organizations which includes Jomo Kenyatta College of Agriculture and Technology where he was an IT technician and a System Developer, Base Titanium Ltd (Kwale) and Matuga Technical and Business Training Centre. He has obtained various awards including Certificate of Course Completion in Managing New Employees Recruit-Africa Management Initiative(AMI), Certificate of Completion in Team Communication: Getting the message across(Africa Management Initiative AMI), Certificate of Participation in Inter-College Mining Writing Competition, Certificate in Android Application Development, Certificate in First Aid Training(Kenya Red Cross).He has also attended various forums which includes Team Building Committee meetings Sama source Kenya Ltd(Nairobi), Official opening of Kwale website portal for open governance, accountability and transparency meeting(Lungalunga), among many others. Appointed to the Board of Mathioya Technical and Vocational College on January 29, 2018. Currently working at Sama source Kenya Ltd (Nairobi) as the team lead. Age 29.

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MANAGEMENT TEAM

Passport-Size Photo	Name, and Key Profession /Academic Qualifications	Main Area of Responsibility
	Jackson Mbae Chief Principal/Secretary of the board Bachelor's Degree In Education (science) and masters in theology	CEO/College accounting officer
	Patrick Mitobio Mwangi ag. Deputy Principal CPAK and BBM	Deputise the principal in administration In charge of academic management and curriculum implementation
	Hannah mwangi CPAK,	Finance Officer
	Fiona Njoki Diploma in procurement	Procurement Officer
	Sarah Nyambura Diploma in electrical engineering and diploma in technical education	HoD-Electrical and (ag). Dean of students
	Jane Kanini Higher diploma in mechanical engineering and diploma in technical education	HoD- Automotive
	Geoffrey Kamau Degree in information technology	HoD- Computer studies and ag. Registrar

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III. CHAIRPERSON'S STATEMENT

It is my pleasure to present Mathioya Technical & Vocational College Annual Financial Statements for the financial year ended 30th June, 2021. The College Board notes with appreciation the continued support of the Government and other stakeholders in running the institution. The College continues to offer quality programmes that are market-driven and meet the demands of the market. The Board endeavours to work with the industry and other strategic partners and stakeholders in order to provide facilities to meet the challenges the College is facing.

There has been a steady increase in student population and expansion of the academic programmes, which has exerted a lot of pressure on the existing facilities, thereby necessitating the need for putting up more training facilities. The Board in collaboration with the relevant stakeholders is committed towards delivering the same.

During the financial year 2020/2021, the College embarked on various projects among them;

- a) Acquiring the ownership of the land where the college is built.
- b) Rehabilitating and upgrading Tuition Block previously occupied by Githua Youth Poly.
- c) Sourcing for funds from Mathioya NG CDF for the construction of modern ablution block.
- d) Acquiring modern office furnishers for the college administrators
- e) Installed CCTV camera to enhance security within the college
- f) Installed intercom systems to ease communications.

The College introduced the CDAAC programmes, which was geared to support the government's push for the competence-based curriculum.

College has faced numerous challenges attributed to:

- a) Covid 19 pandemic has disrupted the normal academic yearly calendar. This created uncertain business environment and stagnated trainee population growth due to postponement of the major admission seasons.
- b) The GoK withheld grants for the 1st, 2nd and the 3rd quarter, which were already factored in the 2020/21 financial year budget. This resulted to underfunding of the college budget and downsizing of the core mandate budgets.
- c) The capitation received didn't match with the number of the trainees in the college and the list submitted to KUCCPS.

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We continued with the measures of setting up of management and governance structures that reflect College status. During the year, the College First BoG expired and new Board members were appointed. Inauguration was done, Board committees constituted and the induction will be done in next financial year.

I thank the government for its financial support so far that has made it possible to implement the MTVC functions and programmes.

I finally, wish to thank all stake holders for their continued support and dedication, even as we together strive to achieve greater heights of excellence.



Eva Njeri Mwenja
Chair of the Board of Governors.

Date: 2nd June 2022

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IV. REPORT OF THE PRINCIPAL

I am pleased to present the Annual report and Financial Statements of Mathioya Technical & Vocational College for the financial year ended 30th June, 2021. Mathioya Technical & Vocational College is an academic institution committed in generating and transmitting knowledge, skills and right attitudes through Technical, Innovation and vocational for self-reliance of our trainees and bridge the skill gap in the market.

Academic and Student affairs

During the financial year under review, the College has remained on course. The main focus of which has been quality, relevance, access and sustainability intended to consolidate and reshape the College with a view to living up to College of choice in the country.

College had her admissions for the 2020/2021 in January 2021 and May 2021 in the following academic programme.

S no	programme	January, 2021	may 2021
1	Automotive	10	4
2	Electrical	4	4
3	ICT	3	0
4	Hair Dressing &Beauty	12	2
5	Plumbing technology	8	5
6	Fashion design	4	0

College had only one KNEC examination sitting within the financial year due to Covid 19 pandemic that destabilised the normal academic calendar. Our trainees performed exceptionally well as per the data below.

S No	Programme	Credit	Pass	Refer /Fail
1	Automotive	7	12	5
2	Electrical	0	4	1
3	ICT	3	5	1
4	Hair Dressing &Beauty		14	0
5	Business Management	7	0	1
6	Plumbing Technology	3	7	5

The College also embarked on rationalization of structures and realigning Academic Programmes in order to focus on our niche. At the start of 2020/2021 academic year which fell in 2020/2021 financial year, the College introduced the CDAAC programmes, which was geared to support the government's push for the competence-based curriculum and support the government's Big 4 agenda. This will see the College supplement her internally generated incomes in future. Special appreciation goes to all the students who

MATHIOYA TECHNICAL AND VOCATIONAL COLLEGE
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FOR THE YEAR ENDED 30TH JUNE, 2021.

have chosen Mathioya Technical & Vocational College as their place of study and it will continue offering market-driven academic programmes for industrial and socio-economic growth.

Students Welfare

Mathioya Technical & Vocational College continued to support the welfare of her main stakeholders (students) to enhance their academic environment in the spirit of producing holistic graduates.

One of the greatest challenges in the management of students' welfare is the large number of brilliant students from very humble backgrounds. In order to reduce incidences of dropping out due to lack of fees, the College facilitated the disbursement of HELB Loan/ bursaries and NG CDF to students. The college supported the trainees to participate in KATTI regional athletics and ball games emerging one of the best teams in the Mt Kenya KATTI region.

Collaborations and linkages

During the period the College developed memoranda of understanding (MoUs) manual which will have used as a guiding document as it enters into collaborations with different organizations in future.

Mathioya Technical & Vocational College also engaged in linkages with several public and private organizations to enable linking industry with academics for the benefit of the trainees and the industries.

Administration, Planning and Finance College Infrastructure

Mathioya Technical & Vocational College initiated various projects geared towards achieving its objectives. These include but not limited to;

- a) Acquiring the ownership of the land where the college is built.
- b) Rehabilitating and upgrading Tuition Block previously occupied by Githua Youth Poly.
- c) Sourcing for funds from Mathioya NG CDF for the construction of modern ablution block.
- d) Acquiring modern office furnishers for the college administrators
- e) Installed CCTV camera to enhance security within the college
- f) Installed intercom systems to ease communications.

Administration and Staffing

I am humbled to convey my appreciation and gratitude to the College Board and all the members of staff for their support, commitment and dedication to their work and their efforts that have seen Mathioya College move towards attaining its vision.

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During the financial year, Mathioya TVC received additional staffs from Public Service Commission based on the skilled gap and need. The remaining deficit has been filled by recruiting additional trainers under the BoG terms.

In order to remain on course and continue executing the core mandate of the College, more thematic leaders were appointed from the pool of its competent staffs. The College also ensured continued implementation of the 2020 2024 strategic plan.

Financial Sustainability

During the financial year, the College put in place the necessary financial, procurement and internal control measures on resource utilization to ensure that it meets the targets of revenue collection and cost control measures.

I express my sincere gratitude to the Government of Kenya and in particularly the State Department of Technical & Vocational Training for funding the College through trainees' capitation and operational grants at kshs. 7,447,500.00 And kshs.500, 000.00 respectively.

. Despite the many challenges the College has faced, I am glad to report that the College has managed to stay afloat financially.

Service Delivery and Vision 2030

In order to continue providing quality education and services, the Quality Assurance Department was introduced and officers appointed and have come up with various evaluation tools. Mathioya TVC has cascaded service charter to the departmental levels and placed it in strategies to monitor its implementation. This has enhanced quality and efficient service delivery.

The Governments Big 4 agenda, which is key to bolster strong inclusive economic growth and contribution to the Vision 2030

Finally, I thank the Government of Kenya, the local community, donor agencies, our bankers, suppliers and service providers for their support and cooperation



Grace Borah (Ms)

For: Jackson Mbae
Principal/Secretary BOG.

Date:..2nd June 2022

**MATHIOYA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2021.**

V. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

Mathioya TVC has eight strategic pillars and objectives within its Strategic Plan for the FY 2020/2021-2022/2024. These strategic pillars are as follows:

Pillar 1: Access and Equity

Pillar 2: Institutional Corporate Governance/Management

Pillar 3: ICT (Equipment and Technology)

Pillar 4: Research and Innovation

Pillar 5: Financial resources

Pillar 6: Publicity of the College

Pillar 7: Collaboration and Linkages

Pillar 8: Infrastructure Development

Mathioya TVC developed its annual work plans based on the above eight pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis and a final report done at the close of the financial year. The college achieved its performance targets set for the FY 2020/2021 period for its eight strategic pillars, as indicated in the diagram below:

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Pillar no	Strategic issues	Strategic Objective	Key Performance Indicators	Activities	Achievements
1:	Access and equity	To diversify training programmes	No. of students enrolled No. of programmes launched	Introduced two new learning programmes and applied for registration - Diploma in electrical and Certificate in clothing technology Established institutional policies, strategies and programmes that are responsive to effective governance and management of TVET	Increased enrolment of trainees from 192 to 216
2:	Institutional, Corporate Governance /Management	Improve corporate governance/Management	Organisational structure, HIV/Aids, Drug and substance Abuse, Safety measures, Gender mainstreaming, Disability Mainstreaming Affirmation policies		established 4 policies in the year: -gender main streaming -disability mainstreaming policy -human resource manual -academic policy
3:	ICT	Promote effective application of ICT	Acquired more computers for learning and offices	-specification of the computers identified by ICT department -quotations raised from the list of the prequalified supplies and other vendors -computers were ordered, delivered and in use	acquired five computers and are in use which has eased pressure on the existing machines
4:	Research and Innovation	Establish forums for sensitization of staff and students on the need to be innovative	Originality of research document/ideas Award/recognition for innovation	Participate in TVET Fairs and other innovation forums Develop innovations but did not happen due to COVID 19.	The trade fair was cancelled due to the COVID 19

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5:	Financial Resources	Enhance fees collection	Fees collection & debts Control systems established and implemented	fees collection policy developed debt management policy developed and operationalised	Have reduced number of students owing the college fees arrears
6:	Human Resource	Enhance the staff adequacy and competent.	Increased number of the PSC /BoG staffs	- Liaise with the PSC/BoG for meeting gaps in teaching as per the skills gap analysis done.	3 PSC trainers posted to college within the year and the college BoG recruited (6) trainers
7:	Collaboration and linkages	Enhance Collaborations and Linkages	Collaboration and linkages frameworks established and strengthened	Participated in KATTI and CAPA activities to strengthen linkages with other TVET institutions.	-leadership workshops and seminars (indicate the venue & period)
8:	Infrastructure improvement	Upgrade infrastructure	Facilities and equipment renovated and rehabilitated	Renovated the workshops used by the Githua Youth Polytechnic	Five classes and four latrines were renovated and upgraded

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VI. CORPORATE GOVERNANCE STATEMENT

Good corporate governance is key to the integrity of state corporations and is central to its sustainability. Corporate governance plays a leading role in how corporations and their boards of governors are directed, controlled and held to account. Corporate governance, therefore, encompasses the systems, practices and procedures by which the individual corporation is regulated in order to remain competitive, ethical, sustainable and fair.

Mathioya TVC Board adheres to principles of openness, integrity and accountability in its stewardship of the College's affairs. It recognizes the developing nature of corporate governance and assesses the College's compliance with generally accepted corporate governance practice on a regular basis, directly and through its full board and Board committees. The role of the Board is to ensure conformance by focusing on and providing the College's overall strategic direction and policy-making as well as performance review through accountability and ensuring appropriate monitoring and supervision. The Board is also responsible for the overall system of internal control and for reviewing its effectiveness. The controls are designed to both safeguard the College's assets and ensure the reliability of financial information.

The College Board meets regularly to consider issues of operational and strategic importance to the College. Below are the key features of the existing corporate governance practices within Mathioya TVC which are reviewed and improved on a regular basis: -

1. College Board

The College Board consists of the Chairman and eight members, who have been appointed in accordance with the TVET Act (2013) the full College Board meets at least four times a year.

The Board is responsible for setting the direction of the College through the establishment of strategic objectives, key policies and approval of budgets. It monitors the implementation of strategies and policies through a structured approach of reporting by management and consequent accountability.

The Board is actively involved and brings strong independent judgment on its deliberations and discussions. The College Board members have diverse skill set, a wide range of knowledge and experience of College setting that is applied to the formulation of strategic objectives and decision-making. The Board meets regularly and retains full and effective control over the College in all strategic, financial, operational and compliance areas. During the year, the Cabinet Secretary for Ministry of Education approved list of the new board members submitted after the expiry of the term of the former College Board. The College Board held the following full Board meetings during the 2020/2021 financial year:

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Meetings held before change of Board members

Name	Designation	No. of Meetings	Meetings attended
Ms.Eva Njeri Mwenja	Chairman of Board	2	2
Mr.Shem Kihara Maina	Board Member	2	2
Ms.Njeri Cecilia Macharia	Board Member	2	2
Samuel Kariuki	Board Member	2	0
Catherine Priscillah Nyambura Ndungo	Board Member	2	1
Mr.Oscar Manzo Ngotho	Board Member	2	2
Mr.Rajab Ali Iha	Board Member	2	1
Mr.Jackson Mbae	Secretary of Board	2	2

Meetings held after change of Board members

Name	Designation	No. of Meetings	Meetings attended
Ms.Eva Njeri Mwenja	Chairman of Board	2	2
Mr.Shem Kihara Maina	Board Member	2	2
Ms.Njeri Cecilia Macharia	Board Member	2	1
Eng. Eliud Mwendia Kibuchi	Board Member	2	1
Mr.James Mbugua Ng'ang'a	Board Member	2	2
Mr.Oscar Manzo Ngotho	Board Member	2	2
Mr.Rajab Ali Iha	Board Member	2	2
Mr.Jackson Mbae	Secretary of Board	2	2

Note: The meetings include 1 (1) Special Meetings of Board for the inauguration of new board.

BOARD COMMITTEES

To assist the Board in the discharge of its responsibilities, Board committees have been established. All the Board committees meet at least two times a year. The committees are as follows: -

1. FINANCE, PLANNING AND DEVELOPMENT COMMITTEE

Membership

- (1) Mr.Shem Kihara Maina - Chairman
- (2) Ms.Njeri Cecilia Macharia - Board Member
- (3) Eng. Eliud Mwendia Kibuchi – Board Member
- (4) Mr.Jackson Mbae – Secretary

Responsibilities:

1. To receive, consider and submit the proposed budget estimates from the various college department for approval by the Board;
2. To receive and consider all requests for authorization of expenditure more than the approved annual estimates and make recommendations to the Board;

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3. To report to the Board all matters related to finance and development;
4. To ensure that accurate records are kept on the establishments in the College;
5. To consider and recommend to the Board the priority development projects and receive reports, and the recommendations of Management on the progress of the physical development of the College;
6. To report to the Board on the progress of physical infrastructure development of the College;
7. To prepare College Development plans for an approved period and submit to the Board; and
8. To exercise such other powers as the Board may from time to time delegate to the Committee.

Meetings held before change of Board members

Name	Designation	No. of Meetings	Meetings attended
Mr. Shem Kihara Maina	Chairman	2	2
Ms. Njeri Cecilia Macharia	Board Member	2	2
Eng. Eliud Mwendia Kibuchi	Board Member	2	1
Mr. Jackson Mbae	Secretary of Board	2	2

Meetings held after change of Board members

Name	Designation	No. of Meetings	Meetings attended
Mr. Shem Kihara Maina	Chairman	3	3
Ms. Njeri Cecilia Macharia	Board Member	3	2
James Mbugua	Board Member	2	2
Mr. Jackson Mbae	Secretary of Board	3	3

2. AUDIT AND RISK COMMITTEE

Membership

- (1) Mr. Oscar Manzo Ngotho - Board Member- Chairman
- (2) Mr. Rajab Ali Iha - Board Member
- (3) Mr. Jackson Mbae – Secretary

Responsibilities:

- (1) To evaluate adequacy of management procedure with regard to issues relating to risk management, control and governance;
- (2) To review external audit findings and recommendations and propose corrective and preventive actions where necessary;
- (3) To review the systems established to ensure sound public financial management and internal controls, as well as compliance with policies, laws, regulations, procedures, plans and ethics;
- (4) To initiate special audits and or investigations on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency in consultation with the Accounting Officer; and
- (5) To exercise such other powers as the Board may from time to time delegate to the Committee

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Meetings held before change of Board members

Name	Designation	No. of Meetings	Meetings attended
Mr.Oscar Manzo Ngotho	Board Member	2	2
Mr.Rajab Ali Iha	Board Member	2	2
Eliud kibuchi2	Board Member	2	2
Mr.Jackson Mbae	Secretary of Board	2	2

Meetings held after change of Board members

Name	Designation	No. of Meetings	Meetings attended
Mr.James Mbugua Ng'ang'a	Board Member	2	2
Mr.Oscar Manzo Ngotho	Board Member	2	2
Mr.Rajab Ali Iha	Board Member	2	2
Mr.Jackson Mbae	Secretary of Board	2	2

2. Board Members' Remuneration

Sitting allowance for Board members and chairman honorarium are guided by Circular No. OP/CAB.9/21/2A/LII/43 dated 23rd November, 2004. The daily subsistence allowance of Kshs. 0.00 is guided by circular No. OP/SCAC.9/21.2VOL1 (164) dated 28th April, 2015. The remuneration for Board members consists of sitting and subsistence allowances in connection with Board & Board committee and Chairman's during the financial year ended 30th June, 2021 are outlined under **Note 18(b) on page 34** of these Financial Report and Financial Statements (Board expenses)

3. Succession Plan

The appointment of Board members is the prerogative of the Cabinet Secretary, Ministry of Education. Members have no control of the appointment and duration of service.

4. Board Charter

Mathioya TVC Board has a board charter. The Board is also guided by Mwongozo Code of Governance.

5. Appointment and removal of Board members

The appointment of Board members is the prerogative of the Cabinet Secretary, Ministry of Education

6. Induction and Training

Current Mathioya TVC Board of governors are to be were inducted in the 2021/2022 financial due to inconveniences created by the COVID 19 pandemics.

7. Board and Board Members' Performance

The Board performance evaluation exercise was done in July, 2021.

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8. Conflict of interest

In every Board meeting held by the Mathioya TVC Board, Members declare conflict of interest on matters in the agenda and register the same in the conflict of interest register book.

9. Ethics and Conduct

Mathioya College Board Members uphold the highest standard of Ethics and conduct while executing their mandate.

10. Governance Audit

The Board has put in place a combination of processes and structures to inform, direct, manage and monitor the activities of the College towards the achievement of its objectives. There is an independent audit and risk committee that reports to the Board on a regular basis. The audit and risk committee plays a key role in assisting the Board to fulfill its oversight responsibilities in areas such as financial reporting, internal control systems, risk management systems and the external audit functions.

11. Internal Controls

The College has implemented and maintained internal controls designed to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard and maintain accountability of the College's assets.

Such controls are based on Law, Government & College regulations, Policies and circulars and are implemented by trained personnel with appropriate segregation of duties. The effectiveness of the system of internal controls is monitored regularly through operational meetings and the annual external audit.

12. Going Concern

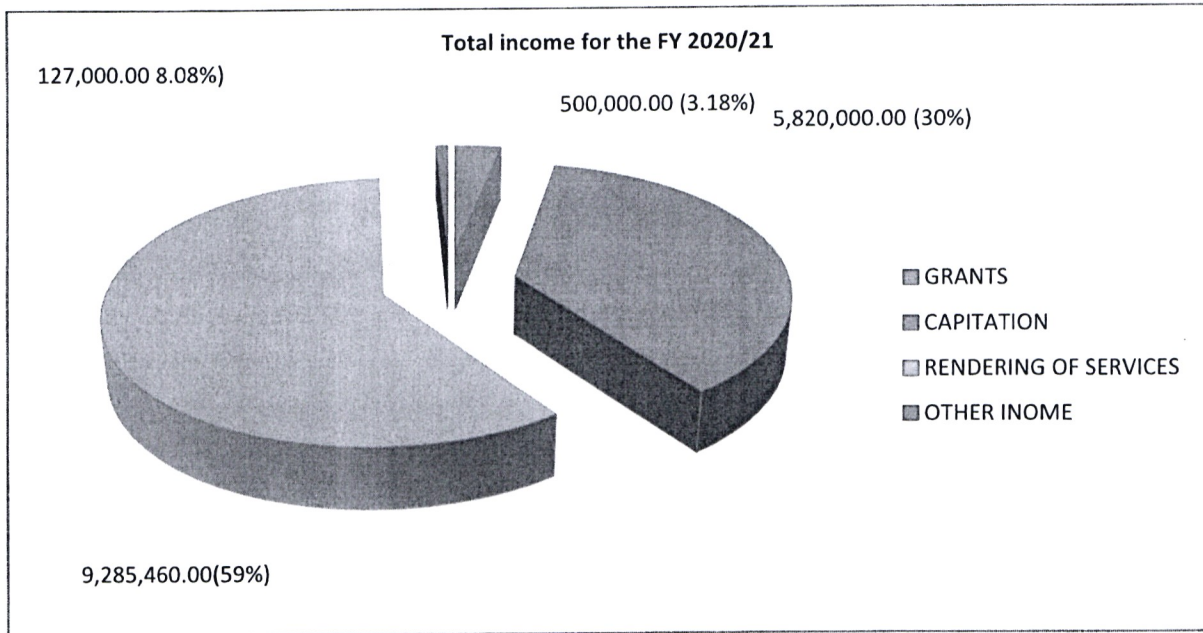
The College Board confirms that Mathioya College has adequate resources to continue in operation for the foreseeable future and therefore, the continued use of going concern as a basis of preparing the financial statements.

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MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONAL AND FINANCIAL PERFORMANCE

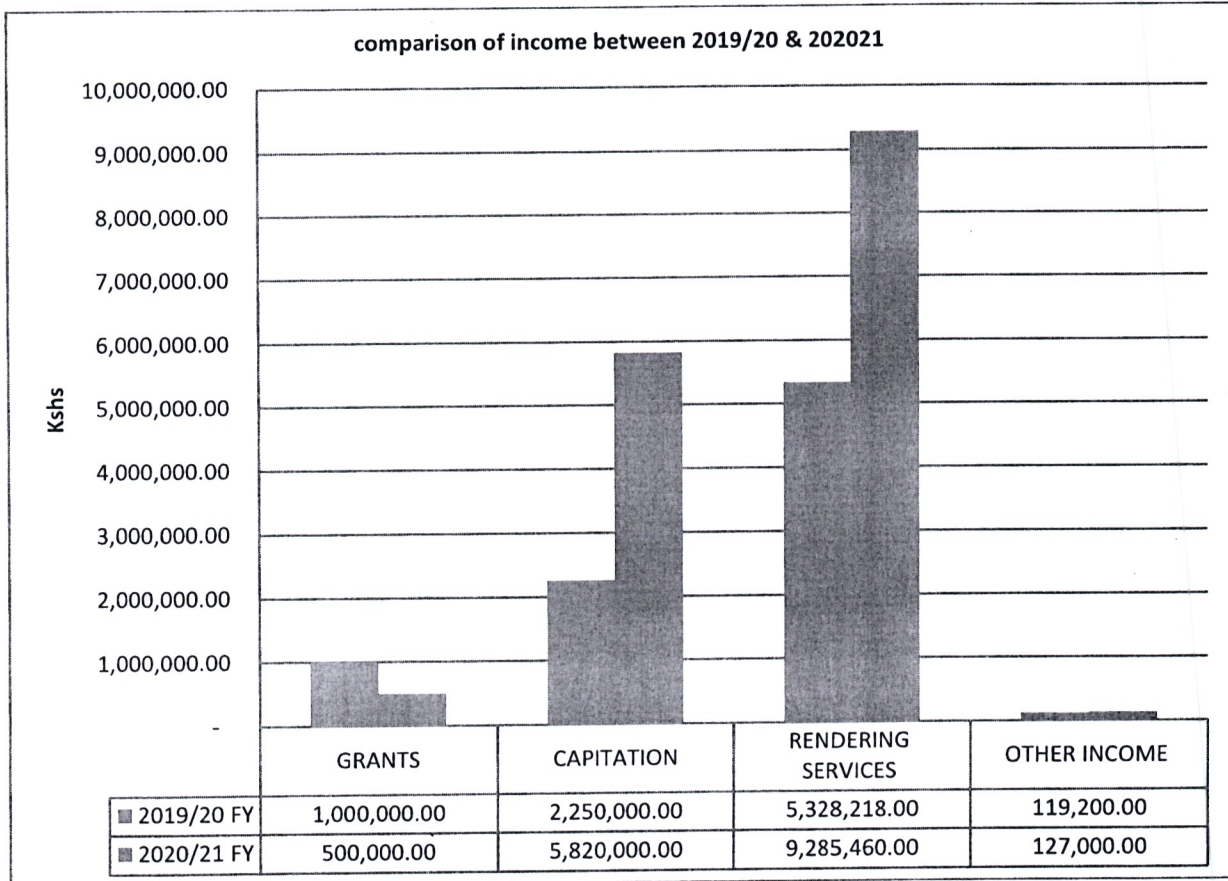
A) INCOME ANALYSIS:



During the 2020/2021 financial year, Government grants contributed to 3.18% of the total recurrent incomes while tuition and its related incomes contributed to 59%, GoK Capitation contributed 30%. Income generating activities contributed to 8.08% respectively. The College mostly depended on fees and capitation to execute its operations.

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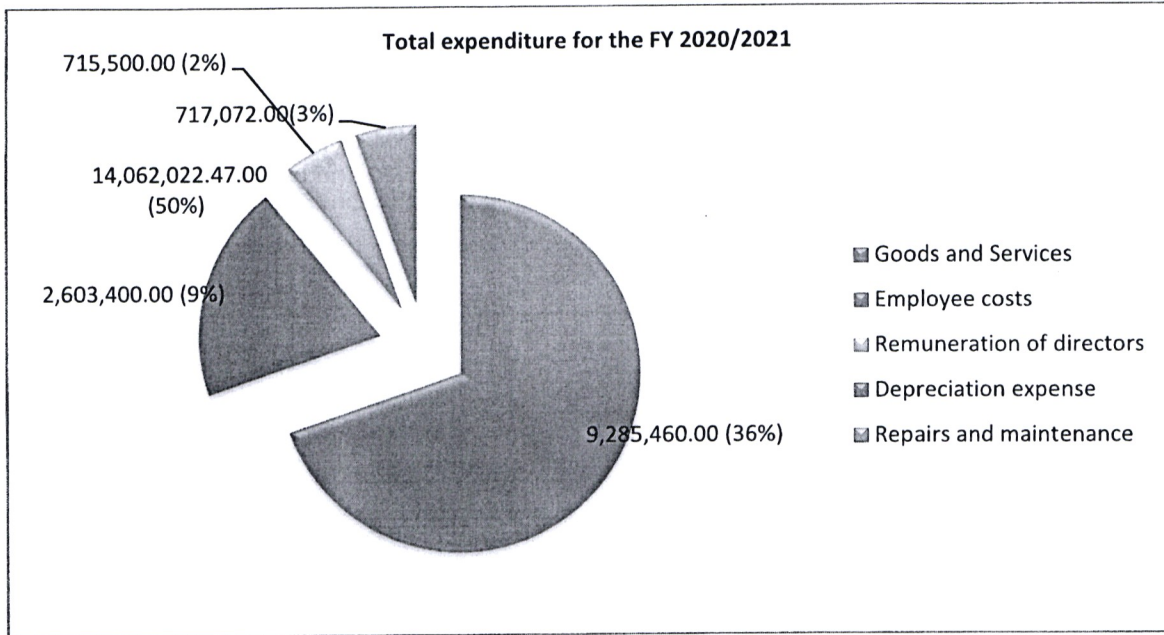
Comparison of Income between 2019/2020 and 2020/2021



There was a substantial improvement of incomes in 2020/2021 financial year compared to 2019/2020 financial year in rendering of services and in capitation disbursements. The college didn't have any income generating activity in the year under review and also the GoK withheld grants for quarter 1, 2 and 3

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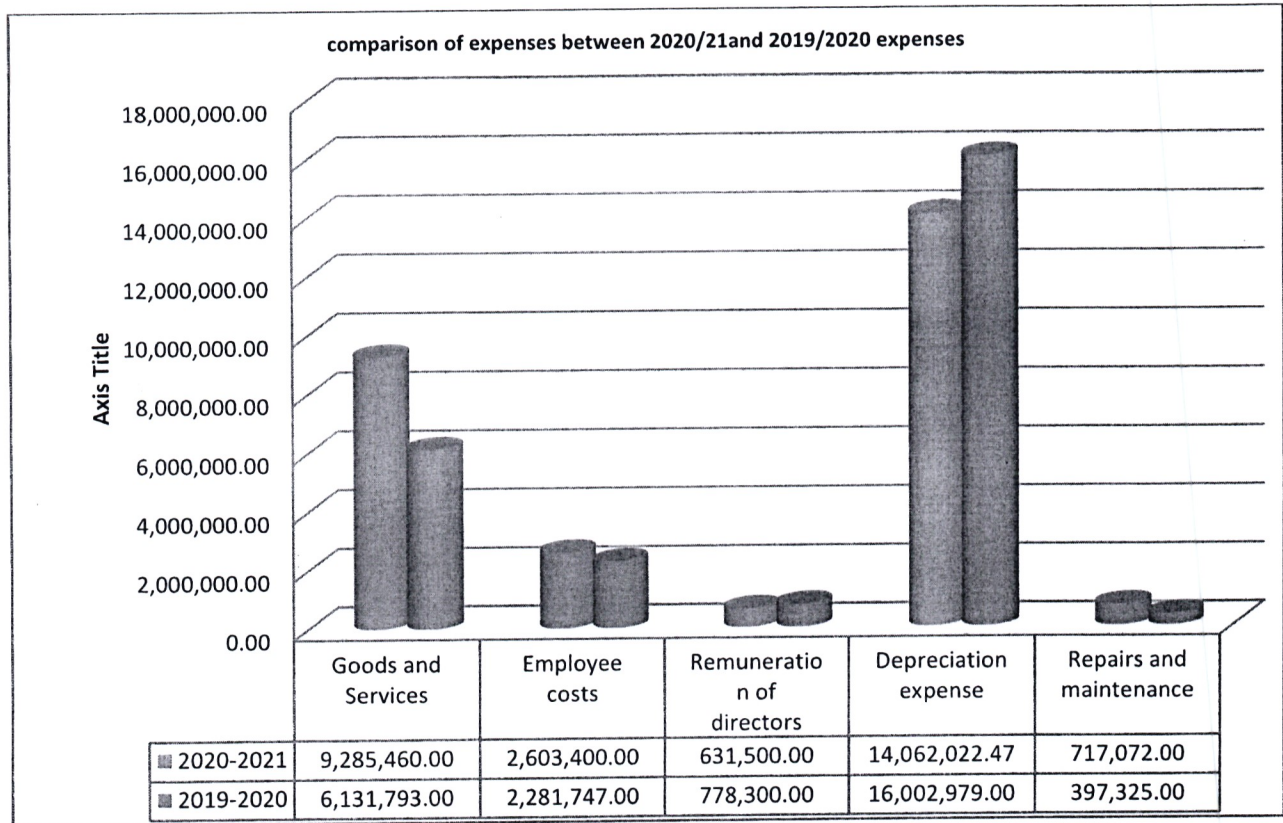
B) EXPENDITURE ANALYSIS



During the 2020/2021 financial year, depreciation expense which is non cash expenditure item of kshs14, 062,022.47 took the highest amount of recurrent expenditure with 50%. Use of goods and services which include college core mandate operation expenditure formed 36% with the employees cost (personal emoluments), college repairs / improvements and directors allowances taking 9% ,3% and 2% respectively of the total recurrent expenses of Kshs. 25,925,792.00

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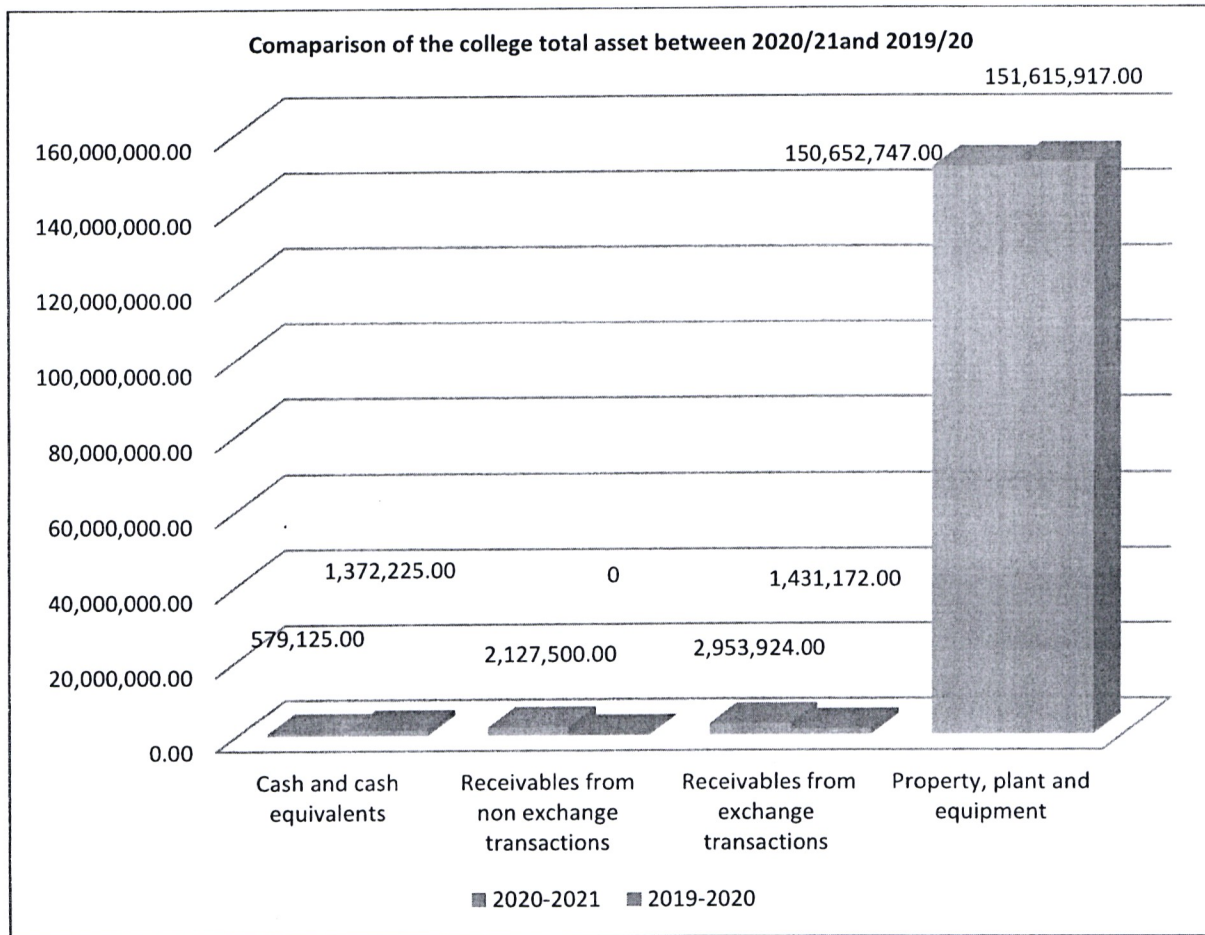
1. Comparison of Expenses between 2020/2021 and 2019/2020



The financial year had a substantial increase in almost all the expenses with use of goods & services, employees cost and repair/improvements increasing by Kshs 3,153,667.00, Kshs 321,653.00 and Kshs 319,747.00 respectively.

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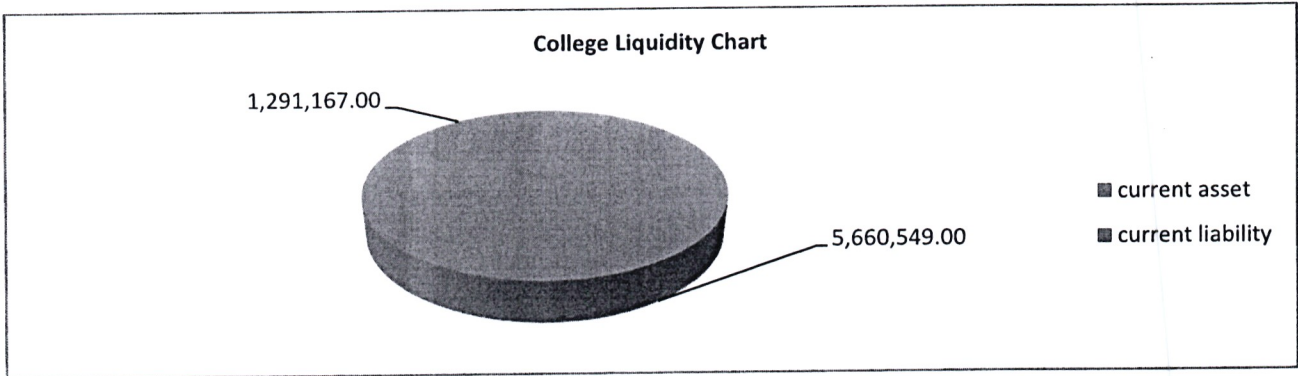
C) STATEMENT OF THE FINANCIAL POSITION



The Net book value of the fixed assets of the College decreased from Ksh 151,615,917.00 in financial year to Ksh 150, 652,747.00 in the 2019/2020 financial year. The decrease in the net book value of the asset of the college is attributed to the provision for depreciation of kshs14, 003,508.00 on all assets.

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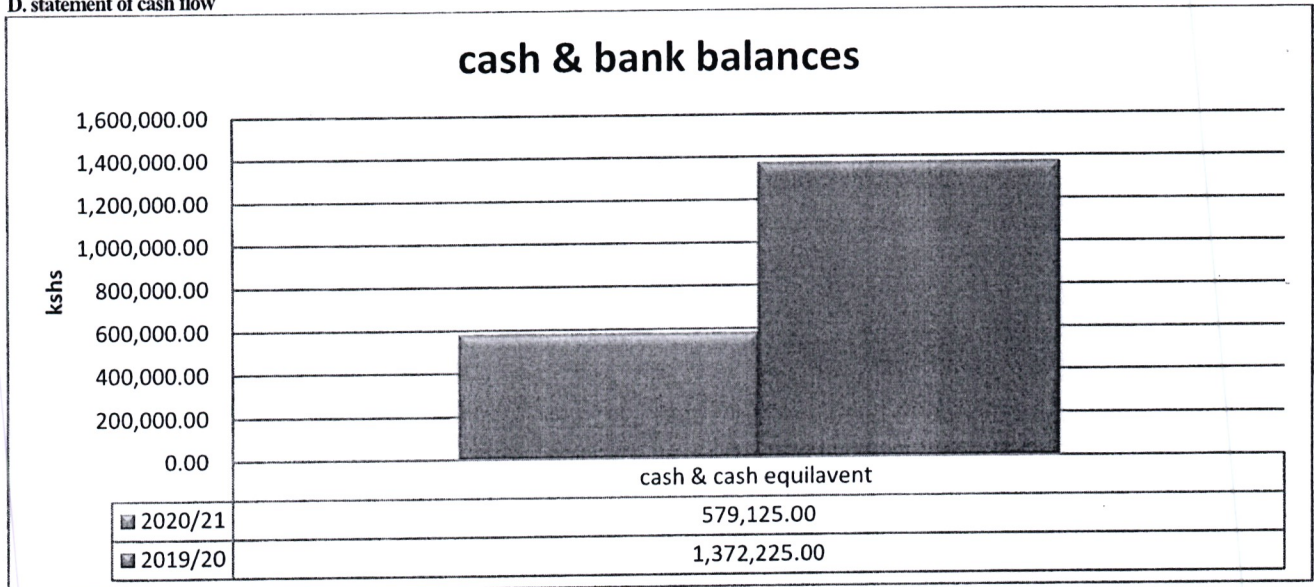
Current assets Vs current liabilities



The College closed the financial year with current assets of Kshs. 5,660,549.00 which are able to cater for the current liabilities of Kshs. 1,291,167.00

This implies that the liquidity of the College is favorable as at the end of the 2020/2021 financial year.

D. statement of cash flow



The College closed the financial year with cash and cash equivalent of Kshs. 579,125.00 compared to the Kshs. 1,372,225.00 in the 2020/2021 financial year. This decrease in cash and bank balance can be attributed to:

- a) Purchase of property, plant, equipment and intangible assets of kshs890,338.00 (see note: 20)
- b) Increase in Cash generated from operations Kshs 97,238.00 (see note: 19)

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KEY PROJECTS AND INVESTMENT DECISIONS PLANNED AND IMPLEMENTED

Within the financial year ended 30th June 2021, the College has been implementing the following projects in order of priority;

S/No	Project	% of Completion	Financing of the project	Remarks
1	Installation of CCTV security systems	100	A.I.A	Complete
2	Installation of intercom systems in all major department offices	100	A.I.A	Complete
3	Acquired modern offices furnishers	100	A.I.A	Complete
4	Rehabilitation of the old tuition block	75	A.I.A	ongoing in phases
5	Modern ablution block for trainees & visitors	2	Mathioya NG CDF	On-going and on schedule
6	Training vehicle	100	A.I.A	Complete

Funding for the projects was based on saving realized on cost cutting measures on recurrent expenditures as the Government stopped funding capital development.

COMPLIANCE WITH STATUTORY REQUIREMENTS

During the 2020/2021 financial year, the College complied with all statutory requirements. The Institution does not have any non-compliance that may result to any potential litigation issues or exposure to contingent liabilities.

MAJOR RISKS

OPERATIONAL RISKS

This is loss resulting from inadequate or failed procedures, systems or policies including:

- 1) Failure to collect the full income owing
- 2) Some students fail to pay their full fees
- 3) Some debtors from non-tuition activities delay paying for services rendered.
- 4) The College is facing the risk of insecurity which is prevalent in the country

Risk Mitigation Strategies

- 1) Strict enforcement of the fees payment policy
- 2) Enhancing debt collection measures
- 3) Enforcement of the 100% payment on admission or on reporting back in new term
- 4) Installation of CCTV security systems and outsourcing more security guards

MARKET RISKS

These are losses due to factors that affect the overall performance of market including:

- 1) Risk of not attracting enough trainees due to the competition from other TVET colleges in the region
- 2) Risk of failing to get enough specialist trainers to act as thematic leaders due to competition.

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Risk Mitigation strategies:

- 1) Aggressive marketing of programmes
- 2) Enhance the diversity and quality of the College programmes
- 3) Enhancing the staff working environment and improving staff welfare

CAPITAL RISKS

The College is not exposed to any capital risks.

LIQUIDITY RISK

This is termed to be the inability to meet short term financial demands. This usually occurs due to the inability to convert assets like debts to cash.

Risk Mitigation strategies:

- 1) Step up efforts to collect the outstanding fees and sensitize the trainers on alternative sources of funding like NG CDF bursaries, HELB loan/bursaries,

MATERIAL ARREARS IN STATUTORY AND OTHER FINANCIAL OBLIGATIONS

The College has no material arrears in statutory and financial obligations to the national exchequer or any other Government agency.

FINANCIAL PROBITY AND SERIOUS GOVERNANCE ISSUES

The College does not have any cases of financial improbity as reported by Audit committee, external auditors, or other National Government Agencies providing oversight.

There are no governance issues among the members of the board, college top management team, including conflict of interest. This has been due to the cordial working relationship between the board and College top management as well as adherence to constitutional requirements and guidelines.

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VII. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Sustainability strategy and profile

Innovation and technology- the college has put a lot of Effort in sustainability related R&D in order to reduce environmental impacts in new products and in business activities of training. The college uses BAT (best available techniques) and integrated environmental technologies, we concentrate on cleaner production and zero-emission technologies.

Collaboration – the college maintained a Good cooperation and active collaboration with various business partners which included suppliers, TVET institutions, universities and others working in common programmes and networks on innovative products and technologies. Exchange of information and knowledge through conferences

Knowledge management – the college have planned, developed, organized, maintained, transferred, applied and measured specific knowledge and to improve the organizational knowledge base.

Processes- Clear processes and roles are defined so that college activities are efficiently conducted and that every employee knows what the college management expects from him or her.

Purchase- the college had a good Relationship with suppliers focusing also on sustainability.

Sustainability reporting – the college maintained Considerable reporting of sustainability issues within the board meeting reports.

Environmental performance

This dimension deals with environmental impacts due to corporate activities. These environmental impacts are caused by resource use and emissions into air, water, ground and hazardous waste.

This dimension is mainly measured by impacts, but within corporate sustainability strategies the focus has to be laid on the effects causing these impacts, e.g., the higher the maturity levels are the more it has to be concentrated on causes rather than on effects.

Emissions into the air-

Emissions into the air due to corporate activities the college does not emit any pollution to air as we are training and not manufacturing.

Employee welfare

Corporate governance- Transparency in all its activities in order to ameliorate relationship towards its stakeholders. During the financial year, the college recruited staff using the laid down recruitment procedures. This was done through the guidance of public service commission who Give insight into all relevant data; following rules of on recruitment of the corporate governance and defining responsibilities and behavior of the board.

Staff Motivation and incentives – this is an Active involvement and exemplary function of management on sustainability of all the Employees Being Aware of their needs, claims and motivation factors of employees in order to implement sustainability sufficiency into the organization due to support of management for acting in sustainable way (e.g. time, money, resources). The management Developed and implemented incentives and reward systems (monetary and non-monetary).

Health and safety – the college guarantee that no health and safety risks occur when working in/for the college. No negative impact of employees' physical health at any time was reported.

The college has Operation of programmes for employees to prevent dangers and to stay generally fit and healthy.

Human capital development - Development of human capital for sustainability related issues through specific programmes is key to any organization. The college has sponsored staff to various seminars and workshops and also allowed others join holiday classes. The college has also encouraged Broad cross-working education (job enrichment, job enlargement) for staff in order to become aware of the different challenges and issues of corporate sustainability

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Market place practices-

- a) **Responsible competition practice.**
The college practices responsible competition by following normal procedure of marketing. The college has developed an anti-corruption policy and non-political adherence
- b) **Responsible Supply chain and supplier relations-**
The college has list of suppliers who were prequalified through advertisement. The policy of the college is to pay all the bills at the end of every month and this has created a good rapport with her suppliers and service providers
- c) **Responsible marketing and advertisement**
The college carries out normal marketing through media and organized talks.
- d) **Product stewardship.**
Trainees trained in Mathioya Technical and Vocational College are competently prepared emotionally, intellectually and spiritually. They are equipped with Hands on Skills and Technology to make a difference in this generation and generations to come. The Mathioya Technical and Vocational College is committed to offering the best and top quality training.

Corporate Social Responsibility / Community Engagements

Mathioya College being a public entity embraces the policy of Corporate Social Responsibility (CSR) through engaging herself with the following amongst many social responsibilities:

(a) Charitable Activities

The College trainees have been offering material & spiritual support to needy children in various children homes within Mathioya region through donation of foodstuffs and cloths.

(b) Communities outreach activities

Mathioya TVC in conjunction with Kiria- ini hospital organised for a Covid 19 awareness sensitization programmes at Kamacharia shopping center. This was a sign that the College is moving towards fulfilling its core mandate of community service. A college worth its name must benefit the community and not only improve its economic activities but also uplift the health and the well-being of people around it to attain the country's Universal Health. Universal Health Coverage (UHC) concept is firmly based on WHO constitution of 1948 declaring health a fundamental Human right. This is equally in line with the Constitution of Kenya 2010 that confers on every Citizen Highest attainable standards of Health Including Reproductive Health. H.E President Uhuru Kenyatta reaffirmed the objective of Kenyan constitution through the Big Four Agenda where Affordable Health Care is a pillar. UHC should be every body's business and a multi-sectoral approach is the way to go in the realization of this concept of Health care delivery.

The College has also been offering both social and economic support to the external community through provision of casual labour opportunities and supplies wherever such opportunities arise.

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(c) Environmental Improvement activities

Introduction of communal periodical cleaning day at Kamacharia Shopping Center and Kiria -ini Town has been one of the environmental activities of the Institution.

(d) Academic Mentorship

Mathioya TVC in conjunction with ACK Church was involved in offering career advice to students within and around Mathioya Sub County during the financial year. The College also offered internship and industrial attachment to qualified youths from the surrounding community and Institutions.

REPORT OF THE BOARD OF GOVERNORS

The Board members submit their report together with the audited financial statements for the year ended June 30, 2021 which show the state of the college affairs.

Principal activities

The principal activity of the college is to offer technical & vocational training.

Results

The results of the college for the year ended June 30, 2021 are set out on page 1 - 5

BOARD OF GOVERNORS

The members of the Board who served during the year are shown on page vii - xi. During the year 2020/2021 FY, the term of the first board of governors expired in the year and new board was inaugurated in February, 2021.

Auditors

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

By Order of the Board



Grace Borah (Ms)

**For:
Jackson Mbae
Principal/sec BoG
Mathioya Technical & Vocational College**

Date: 2nd June 2022

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STATEMENT OF BOARD OF GOVERNORS MEMBERS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 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 college, which give a true and fair view of the state of affairs of the college at the end of the financial year/period and the operating results of the college for that year/period. The board members are also required to ensure that the college keeps proper accounting records which disclose with reasonable accuracy the financial position of the college. The board members are also responsible for safeguarding the assets of the college.

The board members are responsible for the preparation and presentation of the college financial statements, which give a true and fair view of the state of affairs of the college for and as at the end of the financial year (period) ended on June 30, 2020. 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 college; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the college; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The board members accept responsibility for the college financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the TVET Act. The board members are of the opinion that the college financial statements give a true and fair view of the state of college transactions during the financial year ended June 30, 2020, and of the college financial position as at that date. The board members further confirm the completeness of the accounting records maintained for the college, which have been relied upon in the preparation of the college financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The college financial statements were approved by the Board on _____ and signed on its behalf by:

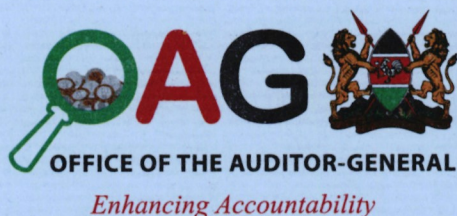


Eva Mwenja

Chairperson of the Board

REPUBLIC OF KENYA

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HEADQUARTERS
Anniversary Towers
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NAIROBI

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Mathioya Technical and Vocational College set out on pages 1 to 26, 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 Mathioya 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, 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 Mathioya 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 do not comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Adverse Opinion

1.0 Inaccuracies in the Financial Statements

1.1 Comparative Balances

The financial statements reflect the following variances in relation to comparative balances;

Financial Statement Component	Comparative Balance (Kshs.)	Audited balance for 2019/2020 (Kshs.)	Variance (Kshs.)
Net Assets	157,138,019	153,604,433	1,291,167
Total Net Assets and Liabilities	158,429,186	154,351,644	747,211
Retained Earnings	13,680,876	13,741,026	60,150
Depreciation Expenses	16,002,979	Nil	16,002,979
Accumulated Loss	39,692,017	30,575,603	9,116,414
Capital Fund	196,830,036	184,180,036	12,650,000

1.2 Statement of Financial Position

The statement of financial position reflects accumulated loss balance of Kshs.39,692,017. However, the balance is reflected in the statement of changes in net assets as Kshs.44,247,023. The variance of Kshs.4,555,006 was not reconciled.

Further, the statement reflects receivables from non-exchange transactions balance of Kshs.2,127,500 which is at variance with Note 15 to the financial statement balance of Kshs.3,127,500. The variance of Kshs.1,000,000 has not been reconciled.

1.3 The Statement of Cash Flows

The financial statements provided for audit had included two sets statements of cash flows (I and II) reflecting cash and cash equivalents balances as 30 June, 2021 of Kshs.1,195,615 and Kshs.1,164,540.55 respectively.

1.4 Statement of Financial Performance

The statement of financial performance reflects rendering of services- fees from students of Kshs.2,252,160 which differ with supporting schedules amount of Kshs.9,244,336 resulting to an unreconciled variance of Kshs.6,992,176. Further, the statement reflects net deficit for the year of Kshs.14,795,919 which differ from amount reflected in the statement of changes in net assets of Kshs.13,671,420. The variance of Kshs.1,124,500 has not been reconciled.

1.5 Statement of Comparison of budget and Actual Amounts

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.16,452,308 and Kshs.8,572,160 respectively resulting to performance difference of Kshs.7,880,148. However, the statement reflects performance difference of negative Kshs.739,528 resulting to an unreconciled difference of Kshs.8,619,676.

2.0 Un-supported Balances in the Financial Statements

The following balances in the financial statements were not supported;

- i. The statement of financial position reflects Cash and cash equivalents balance of Kshs.1,195,615 which was not supported with Cash books, board of survey and bank reconciliation statements.
- ii. The statement of financial position reflects receivables from non- exchange transactions balance of Kshs.3,127,500 and 2,950,924 not supported by detailed aged analysis, ledger
- iii. The statements of financial position reflects Inventories balance of Kshs.606,899 not analyzed by a way of Note to the financial statements and detailed analysis.
- iv. The statement of financial position reflects trade and other payables from exchange transactions balance of Kshs. 1,291,167 had no Detailed aged analysis, ledger.
- v. The statement of changes in net assets reflects additional Capital - balance in the statement of changes in net assets amount of Kshs. 500,000 was not supported by a note nor supporting schedules and relevant documentations.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

3.0 Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.151,548,248 and as disclosed in Note 17 to the financial statement. However, the balance was not supported with detailed asset register, various assets ledger, accurate additions and depreciation schedules. The amount also includes additions of Kshs.5,000,000 in respect of land whose balance was not supported by a valuation report

and title deeds. Further, ownership documents or title deed for land measuring 5 acres on which the College is located were not provided for audit. The balance also includes net book value of Kshs.825,000 in respect of motor vehicles whose log book is in the name of Ministry of Education.

In addition, the PPE balance excludes un-quantified computer accessories, furniture and fittings, Loose tools, Equipment's, machinery, Intangible assets (software's) among others whose value is un-known. There was no evidence of asset count, valuation, tagging and if the assets had been insured accordingly.

In the circumstances, the accuracy, completeness and ownership of the property, plant and equipment balance of Kshs.151,548,248 could not be confirmed.

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

Key Audit Matters

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

Other Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs. 16,452,308 and Kshs.8,572,160 respectively resulting to under-funding of Kshs.7,880,148 or 47 % of the budget. Further, the College incurred total expended Kshs.9,256,322 against an approved budget of Kshs. 16,452,308 resulting to an under-expenditure of Kshs.7,195,986 or 44% of the budget.

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

2. 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, the Management had not resolved the issues and did not give reasons for the delay in resolving the issues.

3. Non-Compliance with Public Sector Accounting Standards Board Template

Review of the financial statements submitted for audit revealed that the financial statements balances were not reported in the nearest whole numbers. Further, the head of finance did not indicate the date and Certified Public Accountants of Kenya (ICPAK) membership number contrary to the Public Sector Accounting Standards Board (PSASB) template issued in June, 2021. In addition, Note 17 to the financial statements on property plant and equipment excludes prior year comparative net book values.

In the circumstances, Management has not complied with the Public Sector Accounting Standards Board reporting requirement.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Non-compliance with Law on Ethic Composition

The College had twenty (20) employees as at 30 June, 2021 out of which 19 or 95 % were from one dominant ethnic community. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that, "all public offices shall seek to represent the diversity of the people of Kenya in employment of staff and that no public institution shall have more than one third of its staff establishment from the same ethnic community. In addition, the college has no Human Resource (HR) Manual and has not established a Human Resource office for recruitment and other human resource functions.

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

2. Remuneration of Directors

2.1 Irregular Remuneration of Board of Directors

Note 11 to the financial statements, reflects Kshs.631,500 in respect of remuneration of directors. However, it was noted that there were no approved rates for payments to the Board of Governors allowances contrary to the provisions of Section 17 of the second schedule of the Technical and Vocational Education and Training Act, 2013 which states that members of a Board of Governor's 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.

2.2 Non-Tax of Remuneration allowance to Board Members

Note 11 to the financial statements, reflects Kshs.631,500 in respect of remuneration of directors. However, the College failed to tax the director's remuneration and did not remit the same to Kenya Revenue Authority contrary to Section 37(1) of the Income Tax Act which states that an employer paying emoluments to an employee shall deduct there from, and account for tax thereon, to such extent and in such manner as may be prescribed.

2.3 Payment of Remuneration allowance to Non-Board Members.

Note 11 to the financial statements, reflects Kshs.631,500 in respect of remuneration of directors. However, included in board of Directors allowances are payments of Kshs.121,000 made to non-board of directors' members that are not supported by way of appointment letters or gazette notice contrary to the provisions of Section 1 of the second schedule of the Technical and Vocational Education and Training Act, 2013 which states that the board members of a public institution shall consist of not less than seven members and not more than nine members appointed by the Cabinet Secretary.

2.4 Non Gazettement of Board of Directors

Note 11 to the financial statements, reflects Kshs.631,500 in respect of remuneration of directors. However, records provided for audit reflects that seven (7) Board members though issued with appointment letters, had not been gazetted contrary to Section 11 of Chapter 1 of Mwongozo code of governance for state corporations issued in January, 2015, which require each Board member to be appointed formally through a gazette notice and thereafter an appointment letter.

2.5 Lack of Board Evaluation Reports and Charter

The Board of Governors performance, evaluation reports and approved Charter were not provided for audit review to establish if the Institution had set criteria for evaluation of the board or whether evaluation of their performance had been done. The Charter would have defined the roles and responsibilities of the board members.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, because of the significance of the matters discussed in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, based on the audit procedures

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

Basis for Conclusion

1. Lack of Internal Audit Function and Audit Committee

As reported in the previous years, the College has not established an Internal Audit Function and an Audit Committee of the board contrary to Section 73(1)(a) of the Public Finance Management Act, 2012 which provides for the establishment of the internal audit function and an Audit Committee of the Board. As such the college did not benefit from the assurance and advisory services from the internal audit function as well as oversight from the Audit Committee. states that every government entity has appropriate arrangements in place for conducting internal audit according to the guidelines of the accounting standards board.

In the circumstances, the College did not benefit from the assurance and advisory services from the internal audit function as well as oversight from the Audit Committee.

2. Information, Communication and Technology (ICT) Environment

Audit review of the Institute's ICT environment revealed that there was no formal approved ICT policy in place during the year under review, which includes data security policy, and disaster recovery plans. Also, the Institute's ICT structure was not provided for audit review. In addition, during the year under review, the Institute did not have an Information Technology (IT) steering committee for ensuring effective IT controls and strategies. Further, the College did not have evidence of a risk policy and if enterprise wide risk management was operational and effective. This is contrary to the Public Finance management regulations 2015, Section 165. (1) which states that the Accounting Officer shall ensure that the government entity develops (a) risk management strategies, which include fraud Prevention mechanism; and (b) a system of risk management and internal controls that builds robust business operations.

In the circumstances, the security and reliability of the college's data including its management information system could not be confirmed.

3. Lack of a Procurement Function

During the year under review,, the College did not have a procurement function in place. Procurement of goods and services was carried out without use of tender documents including quotations, tender registers, tender opening/ evaluation reports and notification of award. Failure to establish a procurement function is a contravention of Section 45(1) of the Public Procurement and Assets Disposal Act, 2015 which states that for the purposes of ensuring that the accounting officer's decisions are made in a systematic and structured way, an Accounting Officer shall establish systems and procedures to facilitate decision making for procurement and asset disposal.

In the circumstances, lack of procurement function exposes the College to the risk of abuse.

4. Lack of a Finance and Accounting Policy Manual

Audit review of the College revealed that the College lacked a finance and accounting manual to guide Management in processing financial transactions. This is contrary to Section 68(2)(e) of The Public Finance Management Act, 2012 which states that an Accounting Officer for a National Government entity is accountable to the National Assembly for ensuring that all applicable accounting and financial controls, systems, standards, laws and procedures are followed when procuring or disposing of goods, adequate arrangements are made for their custody, safeguarding and maintenance’.

In the circumstances, lack of Finance and Accounting Policy Manual exposes the College to the risk of abuse.

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

Responsibilities of Management and 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 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 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 terminate the College or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

19 September, 2022

**MATHIOYA TECHNICAL & VOCATIONAL
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED ON 30TH JUNE, 2021**

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

	Notes	2020-2021	2019-2020
		Kshs	Kshs
Revenue from non-exchange transactions			
GOK Grants	6(a)	500,000.00	1,000,000.00
GOK Capitations	6(b)	5,820,000.00	2,250,000.00
Total Revenue from non-exchange transactions		<u>6,320,000.00</u>	<u>3,250,000.00</u>
Revenue from exchange transactions			
Rendering of services- Fees from students	7	2,252,160.00	5,328,218.00
Other Income	8	127,000.00	119,200.00
Total Revenue from exchange transactions		<u>2,379,160.00</u>	<u>5,447,418.00</u>
Total revenue		<u>8,699,160.00</u>	<u>8,697,418.00</u>
Expenses			
Goods and Services	9	5,322,150.00	6,131,793.00
Employee costs	10	2,585,600.00	2,281,747.00
Remuneration of directors	11	631,500.00	778,300.00
Depreciation expense	12	14,238,757.60	16,002,979.00
Repairs and maintenance	13	717,072.00	397,325.00
Total expenses		<u>23,495,079.60</u>	<u>25,592,144.00</u>
Net deficit for the year		<u>(14,795,919.60)</u>	<u>(16,894,726.00)</u>

The notes set out on pages 6 to 29 form an integral part of the Annual Financial Statements.

**MATHIOYA TECHNICAL & VOCATIONAL
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED ON 30TH JUNE, 2021**

IX. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2021

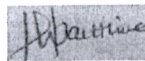
	Notes	2020-2021 Kshs	2019-2020 Kshs
Assets			
Current assets			
Cash and cash equivalents	14	1,195,615.00	1,372,225.00
Receivables from non-exchange transactions	15	2,127,500.00	0.00
Receivables from exchange transactions	16	2,950,924.00	1,431,172.00
Inventories		606,899.00	0.00
Total Current Assets		<u>6,880,938.00</u>	<u>2,803,397.00</u>
Non-Current Assets			
Property, plant and equipment	17	151,548,248.00	151,548,247.00
Total Non-current assets		<u>151,548,248.00</u>	<u>151,548,247.00</u>
Total assets		<u>158,429,186.00</u>	<u>154,351,644.00</u>
Liabilities			
Current liabilities			
payables from exchange transactions	18	1,291,167.00	747,211.00
Total liabilities		<u>1,291,167.00</u>	<u>747,211.00</u>
Net Assets		<u>157,138,019.00</u>	<u>153,604,433.00</u>
Accumulated loss		(39,692,017.00)	(30,575,603.00)
Capital Fund		196,830,036.00	184,180,036.00
Total net assets and liabilities		<u>158,429,186.00</u>	<u>154,351,644.00</u>

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



Ms. Eva Njeri Mwenja
Chairman of Board of Governors

Date.....



Ms. Hannah Mwangi
Finance Officer
ICPAK No

Date



Grace Borah (Ms)
For: Jackson Mbae
Principal/Secretary BOG

Date.....

**MATHIOYA TECHNICAL & VOCATIONAL
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED ON 30TH JUNE, 2021**

X. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE, 2021

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/Development Grants/Fund	Total
Balance b/f at July 1, 2019			<u>(13,741,026.00)</u>	184,180,036.00	<u>170,439,010.00</u>
Revaluation of assets					
Fair value adjustment on quoted investments					
Total comprehensive gain/loss			<u>(16,894,727.00)</u>		<u>(16,894,727.00)</u>
Capital/Development grants received during the year					
Transfer of depreciation/amortization from capital fund to retained earnings					
Balance c/d as at June 30, 2020			<u>(30,575,603.00)</u>	184,180,036.00	<u>153,604,433.00</u>
Balance b/f as at July 1, 2020	-	-	<u>(30,575,603.00)</u>	184,180,036.00	<u>153,604,433.00</u>
Revaluation gain					
Additional Capital				500,000.00	500,000.00
Revaluation of assets				12,150,000.00	12,150,000.00
Fair value adjustment on quoted investments					
Total comprehensive gain/loss			<u>(13,671,420.00)</u>		<u>(13,671,419.60)</u>
Capital/Development grants received during the year					
Transfer of depreciation/amortisation from capital fund to retained earnings					
At June 30, 2021			<u>(44,247,022.60)</u>	<u>196,830,036.00</u>	<u>152,583,013.40</u>

**MATHIOYA TECHNICAL & VOCATIONAL
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED ON 30TH JUNE, 2021**

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

	Note	2020-2021	2019-2020
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
GOK Grants	6(a)	500,000.00	1,000,000.00
GOK Capitations	6(b)	5,820,000.00	2,250,000.00
Rendering of services- Fees from students	7	2,379,160.00	5,328,218.00
Other Income	8	127,000.00	119,200.00
Total receipts		<u>8,826,160.00</u>	<u>8,697,418.00</u>
Payments			
Goods and Services	9	5,322,150.00	6,131,793.00
Employee costs	10	2,585,600.00	2,281,747.00
Remuneration of directors	11	631,500.00	778,300.00
Depreciation Expense		0.00	0.00
Repairs and maintenance	13	<u>717,072.00</u>	397,325.00
		<u>(9,256,322.00)</u>	<u>(9,589,165.00)</u>
Net cash flows from operating activities		<u>(430,162.00)</u>	<u>559,063.00</u>
Cash flows from investing activities			
(less)Purchase of property, plant, equipment and intangible assets	20	(890,338.00)	(1,648,280.00)
Net cash flows used in investing activities		0.00	0.00
Net cash flows from financing activities			
National Government Capital Grants	6(a)	<u>500,000.00</u>	0.00
Net increase/decrease in cash and cash equivalents		(820,500.00)	(1,089,217.00)
Cash and cash equivalents at 1 JULY 2020		<u>1,372,225.00</u>	<u>2,461,442.00</u>
Cash and cash equivalents at 30 JUNE 2021	14	<u>1,195,615.00</u>	<u>1,372,225.00</u>

MATHIOYA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2021.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Note	2020-2021	2019-2020
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
GOK Grants	6(a)	500,000.00	1,000,000.00
GOK Capitations	6(b)	5,820,000.00	2,250,000.00
Rendering of services- Fees from students	7	2,252,160.0	3,441,038.00
Other Income	8	127,000.00	119,200.00
Total receipts		<u>8,699,160.00</u>	<u>6,810,238.00</u>
Payments			
Goods and Services	9	5,322,150.00	4,264,294.00
Employee costs	10	2,585,600.00	2,281,747.00
Remuneration of directors	11	631,500.00	778,300.00
Repairs and maintenance	13	717,072.00	397,325.00
		<u>9,256,322.00</u>	<u>7,721,666.00</u>
Net cash flows from operating activities	19	<u>(557,162.00)</u>	<u>(911,428.00)</u>
Cash flows from investing activities			
(less)Purchase of property, plant, equipment and intangible assets	20	(890,338.00)	(1,648,280.00)
Net cash flows used in investing activities		0.00	0.00
Net cash flows from financing activities			
National Government Capital Grants	6(a)	<u>500,000.00</u>	0.00
Net increase/decrease in cash and cash equivalents		<u>(947,500.00)</u>	<u>(1,089,217.00)</u>
Cash and cash equivalents at 1 JULY 2020		<u>1,372,225.00</u>	<u>2,461,442.00</u>
Cash and cash equivalents at 30 JUNE 2021		<u>1,164,540.55</u>	<u>1,372,225.00</u>

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

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% variance	Note No
	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021		
	Kshs	Kshs	Kshs	Kshs	Kshs		
Revenue							
Government grants and subsidies	2,000,000.00	0.00	2,000,000.00	500,000.00	1,500,000.00	75	1
Capitation	0.00	0.00	0.00	5,820,000.00	-7,447,500.00		
Rendering of services	12,484,000.00	0.00	12,484,000.00	2,252,160.00	3,239,664.00	26	2
Retained Earnings	1,968,308.00	0.00	1,968,308.00	0	1,968,308.00	100	
	16,452,308.00	0.00	16,452,308.00	8,572,160.00	-739,528.00	-4	
					0.00		
Payments							
Goods and Services	7,897,908.00	0.00	7,897,908.00	5,322,150.00	-2,045,994.00	-26	3
Employee costs	3,458,400.00	0.00	3,458,400.00	2,585,600.00	916,400.00	26	4
Remuneration of directors	2,096,000.00		2,096,000.00	631,500.00	1,380,500.00	66	5
Repairs and maintenance	3,000,000.00	0.00	3,000,000.00	717,072.00	2,213,100.00	74	6
Total expenses	16,452,308.00	0.00	16,452,308.00	9,256,322.00	-11,539,502.00	-70	
Surplus /deficit for the period				-684,162.00			

Note 1: GoK grants. The college received Kshs. 500,000.00 in respect to the 2020/2021 financial year against the budgeted amount of Kshs 2,000,000.00 hence underfunding the college operations by Kshs. 1,500,000.00

Note 2: The low fees collection is attributed to suspension of learning from July to September due the COVID 19 pandemic. The unpredictable and inconsistency education calendar affected the January and may intake hence affecting planning the funding of the college budget

Note 3: The over expenditure of the use of goods and services was as result of increased procurement of additional training materials

Note 4: The College under spent on personal emoluments as the service for the BoG hired staffs were temporary suspended.

Note 5: Some activities that were scheduled in the BoG Calendar of events were postponed to later date due to the ranging effects of the Covid-19.

Note 6: Repairs and maintenance were minimised due to the underfunding of the budget

IV. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Mathioya Technical & Vocational College is established by and derives its authority and accountability from TVET Act of 2013. The college is wholly owned by the Government of Kenya and is domiciled in Kenya. The college principal activity is technical & vocational.

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 land and property at fair value and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the college's accounting policies.

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021.

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023: 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 a college'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 college's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting college provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the college; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the college's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</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.

iii. Early adoption of standards

The college did not early – adopt any new or amended standards in year 2021.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

The college recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to the courses offered and the length of the academic programme.

b) Budget information

The original budget for FY 2020/2021 was approved by the Board or Board in 26th June, 2020. There was no Subsequent revisions or additional appropriations made to the approved budget

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

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

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

c) Taxes

Current income tax

The college is exempt from paying taxes as per income tax Act.

d) Investment property

College does not have any investments on properties.

e) Property, plant and equipment

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

f) Leases

The College does hold any asset under lease.

g) Intangible assets

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

h) 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

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

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

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

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i) Nature and purpose of reserves

The College does not maintained reserves

j) Changes in accounting policies and estimates

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

k) Employee benefits

The college does not have any Retirement benefit plans for its employees and directors

l) Related parties

The College 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 College, or vice versa. Members of key management are regarded as related parties and comprise the principal, the Board of governor and senior management team.

m) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank. Bank account balances include amounts held at various commercial banks at the end of the financial year.

n) Comparative figures

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

o) 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.

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Useful lives and residual values

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

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

Provisions

The college has not made any provisions.

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6. (a) TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES – GRANTS

Description	2020-2021	2019-2020
	KShs	KShs
Unconditional grants		
Operational grant	500,000.00	1,000,000.00
Total government grants and subsidies	500,000.00	1,000,000.00

**(b) TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES-
CAPITATION**

Description	2020-2021	2019-2020
	KShs	KShs
Unconditional grants		
Gok capitation	5,820,000.00	2,250,000.00
Total government grants and subsidies	5,820,000.00	2,250,000.00

(C) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the ministry /agencies sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Total grant income during the year 2020-2021 KShs	Total grant income during the year 2019-2020 KShs
MoE (Operation grants)	500,000.00	500,000.00	1,000,000.00
MoE KUCCPS(capitation)	5,820,000.00	5,820,000.00	2,250,000.00
Total	6,320,000.00	6,320,000.00	3,250,000.00

7. RENDERING OF SERVICES

Description	2020-2021	2019-2020
	KShs	KShs
Tuition	0.00	1,887,180.00
Personal Emoluments	1,331,760.00	2,501,517.00
Local Transport Travelling	168,337.00	88,153.00
Electricity Water & Conservancy	157,902.00	80,386.00
Repair Maintenance & Improvements	69,737.00	38,757.00
Activity	140,113.00	68,620.00
Bursary	0.00	266,000.00
Administration	2,528.00	0.00
Material Fees	3,800.00	22,800.00
Attachment Fees	144,743.00	78,751.00
Gratuity	0.00	7,500.00
Kenya National Examination Board	233,240.00	287,454.00
National Industrial Training Authority	0.00	1,100.00
Total revenue from the rendering of services	2,252,160.00	5,328,218.00

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8. OTHER INCOME

Description	2020-2021	2019-2020
	KShs	KShs
Computer Studies	127,000.00	119,200.00
Production Unit	0.00	0.00
Total revenue from other income	127,000.00	119,200.00

9. USE OF GOODS AND SERVICES

Description	2020-2021	2019-2020
	KShs	KShs
Administration Expenses	277,148.00	1,152,241.00
Local Transport & Travelling Expenses	681,554.00	633,650.00
Electricity Water & Conservancy	339,826.00	618,779.00
National Industrial Training Authority Exams	23,000.00	0.00
Student Identity Cards Expenses	0.00	16,900.00
Activity	61,760.00	271,120.00
Kenya National Examination Board	657,067.00	493,860.00
Kenya Association Of Technical Training Institutions	217,300.00	0.00
Bank Charges	2,868.00	4,100.00
Training Expenses	787,389.00	1,060,646.00
Insurance (Attachment)	6,750.00	12,998.00
Capitation	0.00	1,867,500.00
TVETA	69,140.00	0.00
Bursary	490,500.00	0.00
HELB	595,800.00	0.00
Publicity	131,289.00	0.00
Fees Refund	14,000.00	0.00
KUCCPS	25,500.00	0.00
Internet	156,924.00	0.00
Telephone	113,150.00	0.00
Covid 19	163,034.00	0.00
Stationary	273,970.00	0.00
Photocopy/Printing	6,820.00	0.00
Hospitality	227,361.00	0.00
Total good and services	5,322,150.00	6,131,794.00

10. EMPLOYEE COSTS

Description	2020-2021	2019-2020
	KShs	KShs
National Social Security Fund	24,400.00	19,908.00
National Hospital Insurance Fund	38,700.00	31,200.00
Pay As You Earn	950.00	51,793.00
Casuals	236,200.00	2,178,846.00
Salary & Wages	2,263,350.00	0.00
Part time	22,000.00	0.00
Total Employees Costs	2,585,600.00	2,281,747.00

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11. REMUNERATION OF DIRECTORS

Description	2020-2021	2019-2020
	KShs	KShs
Directors Emoluments	631,500.00	778,300.00
Total Director Emoluments	631,500.00	778,300.00

12. DEPRECIATION AND AMORTIZATION EXPENSE

Description	2020-2021	2019-2020
	KShs	KShs
Land	0.00	0.00
Building	1,014,579.00	1,035,284.00
Motor vehicles	400,000.00	175,000.00
Furniture and fittings	206,923.00	200,769.00
Computers & Electronics	672,630.00	960,900.00
Plant and equipment	11,804,799.00	13,491,199.00
Water Collection and Storage Facility	139,828.00	139,828.00
Total depreciation and amortization	14,238,758.00	16,002,980.00

13. REPAIRS AND MAINTENANCE

Description	2020-2021	2019-2020
	KShs	KShs
General repairs	717,072.00	397,325.00
Total repairs and maintenance	717,072.00	397,325.00

14. CASH AND CASH EQUIVALENTS

Description	2020-2021	2019-2020
	KShs	KShs
Cash at hand	31,074.00	49,369.00
Current account	1,164,540.55	1,322,856.00
Total cash and cash equivalents	1,195,615.00	1,372,225.00

14 (a). DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

Financial institution	Account number	2020-2021	2019-2020
		KShs	
a) Current account			
Kenya Commercial bank	1222518767	1,164,540.00	1,322,856.00
Sub- total		1,164,540.00	1,322,856.00
b) Others(specify)			
cash in hand		31,074.00	49,369.00
Sub- total		31,074.00	49,369.00
Grand total		1,195,615.00	1,372,225.00

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15. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Description	2020 - 2021	2019-2020
	KShs	KShs
Current receivables		
Capitation	1,627,500.00	0.00
Grants	1,500,000.00	0.00
Total current receivables	3,127,500.00	0.00

15 (b) Reconciliation for Impairment Allowance on Receivables from Non-Exchange Transactions

Description	2020 - 2021	2019-2020
	KShs	KShs
At the beginning of the year	0.00	0.00
Additional provisions during the year	2,127,500.00	0.00
Recovered during the year	0.00	0.00
Written off during the year	0.00	0.00
At the end of the year	2,127,500.00	0.00

16. RECEIVABLES FROM EXCHANGE TRANSACTIONS

(a) Current Receivables from Exchange Transactions

Description	2020 - 2021	2019 - 2020
	KShs	KShs
Current receivables		
Fees arrears	2,950,924.00	1,431,172.00
Salary Advance	0.00	0.00
Total receivables	2,950,924.00	1,431,172.00

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17. PROPERTY, PLANT AND EQUIPMENT

	Land		Building		Motor vehicles		Furniture and fittings		Computers		Plant and equipment		Water Collection & Storage Facility		Total	
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
Cost																
At 1 July 2017	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Additions																
Disposals																
Transfers/adjustments																
At 30th June 2019	0.00	52,820,623.00	1,600,000.00	1,835,600.00	4,575,713.00	123,348,100.00	1,398,280.00	184,180,036.00								
Additions																
Disposals																
Transfer/adjustments																
At 30th June 2020	0.00	52,820,623.00	1,600,000.00	2,085,600.00	4,575,713.00	123,348,100.00	1,398,280.00	185,828,316.00								
Depreciation and impairment																
At 1 July 2017	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation																
Impairment																
At 30 June 2019	0.00	1,056,412.00	200,000.00	229,450.00	1,372,714.00	15,418,512.50	18,277,088.96									
Depreciation rate																
Depreciation																
Disposals																
Impairment																
Transfer/adjustment																
At 30th June 2020	0.00	2,091,697.00	375,000.00	430,219.00	2,333,614.00	28,909,711.00	34,280,068.00									
Net book values																
At 30th June 2019	0.00	51,764,211.00	1,400,000.00	1,606,150.00	3,202,999.00	107,929,587.50	165,902,947.00									
At 30th June 2020	0.00	50,728,926.00	1,225,000.00	1,655,381.00	2,242,099.00	94,438,389.00	151,548,248.00									
At 1 July 2020 bal b/d	0.00	50,728,925.33	1,224,999.88	1,655,381.25	2,242,099.37	94,438,389.06	151,548,247.94									
depreciation rate																
Depreciation																
Additions																
Disposals																
Impairment																
Transfers/adjustments																
At 30th June 2021	5,000,000.00	49,714,346.86	400,000.00	1,448,458.59	1,569,469.56	82,633,590.43	142,449,318.00									
Net book values as at 30th June 2021	5,000,000.00	49,714,346.86	824,999.88	1,448,458.59	1,569,469.56	82,633,590.43	142,449,318.00									

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Valuation

Land and buildings were valued by Zenith Valuer ltd on 30th June, 202 basis of valuation. These amounts were adopted on 24th August, 2021.

17 (b) Property, Plant and Equipment at Cost

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

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	5,000,000.00	0.00	5,000,000.00
Buildings	52,820,622.00	3,106,275.14	49,714,347.00
Plant and machinery	123,348,100.00	40,714,509.57	82,633,590.00
Motor vehicles, including motorcycles	1,600,000.00	800,000.00	825,000.00
Computers and related equipment	4,575,713.00	3,006,243.44	1,569,470.00
Office equipment, furniture, and fittings	1,835,600.00	637,141.41	1,448,459.00
Water Collection & Storage Facility	1,398,280.00	139,828.00	1,258,452.00
Total	<u>184,630,036.00</u>	<u>48,403,997.56</u>	<u>142,449,318.00</u>

18. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2020-2021	2019-2020
	KShs	KShs
Fees paid in advance	125,508.00	18,002.00
Undistributed HELB loan/bursary	617,400.00	617,400.00
Trade payables	548,259.00	111,809.00
Total trade and other payables	<u>1,291,167.00</u>	<u>747,211.00</u>

19. CASH GENERATED FROM OPERATIONS

	2020-2021	2019-2020
	KShs	KShs
Surplus/deficit for the year before tax	<u>(13,671,420.00)</u>	<u>(16,894,726.00)</u>
Adjusted for:		
Depreciation	<u>14,238,758.00</u>	16,076,360.00
Working Capital adjustments		
Increase/decrease in Receivables	(3,650,252.00)	832,410.00
Increase/decrease in Payables	543,956.00	618,400.00
Increase/decrease in Inventory	(606,899.00)	0.00

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Net cash flow from operating activities	<u>155,752.47</u>	<u>559,063.00</u>
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20. PURCHASE OF PLANT, PROPERTY & EQUIPMENT

	2020-2021	2019-2020
	KShs	KShs
Intercom	135,400.00	0.00
CCTV	242,980.00	0.00
Computers	340,000.00	0.00
Furniture & fittings	171,958.00	250,000.00
Water harvesting & storage facilities	0.00	1,398,280.00
Total Purchases	<u>890,338.00</u>	<u>1,648,280.00</u>

21. DEPRECIATING RATES OF PLANT PROPERTIES & EQUIPMENT

	2020-2021	2019-2020
	KShs	KShs
Land	0%	0%
Building	2%	2%
Motor vehicles (part of automotive training facilities)	25%	25%
Plant & equipment((part of automotive training facilities)	12.5%	12.5%
Furniture & fittings	12.5%	12.5%
Computers	30%	30%
Water storage facilities	10%	

The college also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The college's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. 400 per employee per month. The college does not have other defined contribution scheme other than NSSF.

For NSSF, Employees contribute 50% while employers contribute 50% of the total NSSF contribution. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

22. FINANCIAL RISK MANAGEMENT

The college's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The 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 college 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 college's financial risk management objectives and policies are detailed below:

(i) Credit risk

The college 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

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external assessment in accordance with limits set by the board of governor. The amounts presented in the statement of financial position have not been subjected into provision of doubtful receivables as most its customers are continuing trainees

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2020				
Receivables from exchange transactions	1,431,172.00	940,344.00	490,828.00	0.00
Receivables from non-exchange transactions	2,127,500.00	0.00	0.00	0.00
Bank balances	1,372,225.00	1,372,225.00		
Total	<u>2,803,397.00</u>	<u>2,312,569.00</u>	<u>490,828.00</u>	<u>0.00</u>
At 30 June 2021				
Receivables from exchange transactions	2,950,924.00	2,950,924.00	0.00	0.00
Receivables from non-exchange transactions	3,127,500.00	3,127,500.00	0.00	0.00
Bank balances	579,125.00	579,125.00		
Total	<u>6,657,549.00</u>	<u>6,657,549.00</u>	<u>0.00</u>	<u>0.00</u>

(i) Credit risk. (Continuation)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The college has significant concentration of credit risk on amounts due from 60 days.

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.

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the college's board of governor, who have built an appropriate liquidity risk management framework for the management of the college's short, medium and long-term funding and liquidity management requirements. The college manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the company under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

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	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2020				
Trade payables		111,809.00		111,809.00
Other payables		635,402.00		635,402.00
Total		<u>747,211.00</u>		<u>747,211.00</u>
At 30 June 2021				
Trade payables		497,450.00	50,809.00	548,259.00
Other payables			742,908.00	742,908.00
Total		<u>497,450.00</u>	<u>793,717.00</u>	<u>1,291,167.00</u>

(iii) Market risk

The college has put in place strong internal controls to assist it in assessing the risk faced by the college on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate and foreign exchange rates which will affect the college's income. 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 college's Finance Department is responsible for the development of detailed risk management policies and for the day to day implementation of those policies.

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

a) Foreign currency risk

The college has no transactional currency exposures as it has not been purchasing goods and services in currencies other than the local currency.

b) Interest rate risk

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

Management of interest rate risk

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

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Sensitivity analysis

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

iv) Capital Risk Management

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

	2020-2021	2019-2020
	KShs	KShs
Accumulated loss	(39,692,017.00)	(30,709,133.00)
Capital reserve	196,830,036.00	184,180,036.00
Total funds	158,429,186.00	153,604,433.00
Total borrowings	0.00	-
Less: cash and bank balances	1,164,541.00	1,322,856.00
Net debt/(excess cash and cash equivalents)	1,164,541.00	1,322,856.00
Gearing	0.00%	0.00%

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23. RELATED PARTY BALANCES

Nature of related party relationships

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

Government of Kenya

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

- i) The National Government;
- ii) The Parent Ministry; ministry of education
- iii) Mathioya CDF
- iv) Local community
- v) Muranga County Government
- vi) College Top management and trainers;
- vii) Board of Governors;
- viii) College trainees, sponsors and guardians.

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

	2020-2021	2019-2020
	KShs	KShs
Transactions with related parties		
a) Grants from the Government		
Grants from National Govt	4,695,000.00	3,250,000.00
Bursary from Mathioya CDF	490,500.000	266,000.00
Total	5,185,500.00	3,516,000.00
b) Key management compensation		
Directors' emoluments	631,500.00	778,300.00
Total	631,500.00	778,300.00
Total	8,431,000.00	6,576,047.00

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24. EVENTS AFTER THE REPORTING PERIOD

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

25. ULTIMATE AND HOLDING COLLEGE

The college is under the Ministry of education. Its ultimate parent is the Government of Kenya.

26. CURRENCY

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

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APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR 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)

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your college responsible for implementation of each issue;
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.



Grace Borah (Ms)

For: Jackson Mbae
Principal/Secretary BOG.

Date:..2nd June 2022

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APPENDIX II: PROJECTS IMPLEMENTED BY THE COLLEGE

Projects

Projects implemented by the State Corporation/ SAGA Funded by development partners

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
0.00	0.00	0.00	0.00	0.00	0.00	0.00
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Intercom	135,400.00	135,400.00	100%	135,400.00	135,400.00	A I A
2	Office Furniture	171,958.00	171,958.00	100%	171,958.00	171,958.00	A I A
3	CCTV	242,980.00	242,980.00	100%	242,980.00	242,980.00	A I A
		<u>550,338.00</u>	<u>550,338.00</u>		<u>550,338.00</u>	<u>550,338.00</u>	

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APPENDIX III: INTER-COLLEGE TRANSFERS

ENTITY NAME:		Mathioya Technical & Vocational College		
Break down of Transfers from the State Department of Technical Education				
FY 2020/2021				
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		05/7/2021	500,000.00	2020/2021 FY
		Total	500,000.00	
b.	Capitation			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		3/7/2020	1,125,000.00	2019/2020 FY
		6/11/2020	1,620,000.00	2020/2021 FY
		25/2/2021	1,605,000.00	2020/2021 FY
		30/3/2021	1,470,000.00	2020/2021 FY
		Total	5,820,000.00	
c.	Direct Payments			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		Total	5,820,000.00	

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

Principal /sec BoG
Mathioya Technical & vocational college

Head of Accounting Unit
Ministry of education

Sign -  ---

Sign-----

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APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent /Development/ Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Education	3/7/2020	Recurrent	1,125,000.00	1,125,000.00			1,125,000.00		1,125,000.00
Ministry of Education	6/11/2020	Recurrent	1,620,000.00	1,620,000.00					1,620,000.00
Ministry of Education	25/2/2021	Recurrent	1,605,000.00	1,605,000.00					1,605,000.00
Ministry of Education	30/3/2021	Recurrent	1,470,000.00	1,470,000.00					1,470,000.00
TOTAL			5,820,000.00	5,820,000.00			1,125,000.00		7,447,500.00
TOTAL							500,000.00		500,000.00
TOTAL			5,820,000.00	5,820,000.00			1,625,000.00		7,947,500.00