

REPUBLIC OF KENYA



Enhancing Accountability

| | |
|-----------------------|--|
| THE NATIONAL ASSEMBLY | |
| DATE: 29 JUL 2023 | DAY: TUESDAY |
| TABLED BY: | Hon. Naomi Wago mp Deputy Majority Whip |
| CLERK-AT-THE-TABLE: | Anne Shubuko |

PARLIAMENT
OF KENYA
LIBRARY

REPORT

OF

THE AUDITOR-GENERAL

ON

**MATHIOYA TECHNICAL AND
VOCATIONAL COLLEGE**

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



MATHIOYA TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

Mathioya Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2022

Mathioya Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2022

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I. Key Entity Information and Management

(a) Background information

Mathioya Technical and Vocational College is established under the TVET Act of 2013 registered on 25th April, 2017.

The College is located in Kamacharia Location, Kamacharia Division, Mathioya sub-county, Murang'a County. The College started in 2014 on a 5-acre piece of land donated by the local community. 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 started on 25th November, 2014 and by 2017 the building had been completed. The College was officially registered by TVETA on 25th April, 2017. The first batch of students were admitted in January 2018. Currently the college has student population of 231 trainees and more are expected 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 2013 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 Ag. Deputy Principal, Ag. Registrar, Ag. Dean of Students and Ag. Heads of Departments. The students participate in College's governance through a student's association led by an elected student council.

The college is a Centre of excellence in Automotive Engineering. The college received modern tools and equipment in the area of ICT and Automotive Engineering worth US Dollars One million, two Hundred and thirty-three thousand, and four hundred and eighty –one (1,233,481) for 144 TVET institutions. This government initiative 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 do so to make our trainees more competitive and competent in their fields. 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 in 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

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 period ended 30th June 2022 and who had direct fiduciary responsibility were:

| No. | Designation | Name |
|-----|---------------------------------------|---------------------|
| 1 | Principal | Ms. Grace Borah |
| 2 | Ag. Deputy principal | Mr. Patrick Mwangi |
| 3 | Finance office | Ms. Hannah Mwangi |
| 4 | Internal Auditor/Examinations Officer | Mr. Joseph Kamanu |
| 5 | Procurement Officer | Mr. Amos Chitwa |
| 6 | Registrar/HoD ICT | Mr. Geoffery Kamau |
| 7 | Secretary | Ms. Alice Wangui |
| 8 | Industry Liasion Officer | Mr. Peter Chege |
| 9 | P.C Cordinator | Mr. Kennedy Njoroge |
| 10 | Dean of Students | Mr. Migwi James |
| 11 | HoD – Automotive Engineering | Ms. Jane Kanini |
| 12 | HoD- Electrical and Electronics | Mr. Peter Mungai |

(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
- 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

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

(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,
P.O. Box 30084 - 00100
Nairobi, Kenya

Key Entity Information and Management (Continued)



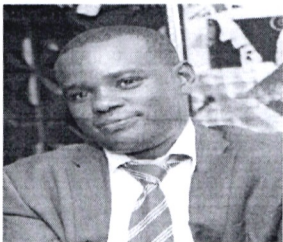
(j) Principal Legal Adviser



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

II. The Board of Governors

| No. | Member | Details |
|-----|---|--|
| 1. |  <p>Njeri Cecilia Macharia Ag. Chair of the Board of Governors</p> | <p>Ms. Macharia, born in 1965, holds a Bachelor’s degree in Business Administration (HR Management Option) from Kenya Methodist University, Diploma in Business Administration from International Correspondence Schools (ICS), Certified Professional Mediator (Mediation Training Institute-MTI) Certificate in Purchasing and Supplies Management from the University of Nairobi (Extra Mural Studies). Certified Human Resource Professional Kenya CHRP(K). Appointed to the Board of Mathioya technical and Vocational College on January 29, 2018. She has also attended various managerial trainings/workshops programs. Ms. Macharia has previously worked with Gatuguta & Gatuguta Advocates, Kenya Power & Lighting Company, KenGen in different Sections i.e Insurance Section, Human Resource Officer, Planning & Recruitment, Senior Human Resource Officer in charge of Upper Tana Area and currently the Senior Human Resource Officer Employee Relations at Stima Plaza Nairobi. Age 57.</p> |
| 2. |  <p>Shem Kihara Maina Executive Board of Governor</p> | <p>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 54.</p> |

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| | | |
|-----------|--|--|
| <p>3.</p> |  <p>Eng. Eliud Mwendia Kibuchi Non-Executive Board of Governor</p> | <p>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 LTD) 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, December 2009 to April 2012 Part time Lecturer Kenya Polytechnic 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.</p> |
| <p>4.</p> |  <p>James Mbugua Ng'ang'a Non-Executive BOG Member</p> | <p>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 46</p> |
| <p>5.</p> |  <p>Oscar Manzi Ngotho Non-Executive BOG Member</p> | <p>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 40.</p> |






| | | |
|-----------|--|---|
| <p>6.</p> |  <p>Rajab Ali Iha Non-Executive BOG Member</p> | <p>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 Sam 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 30</p> |
| <p>7.</p> |  <p>Ms. Grace Borah Principal/Secretary BOG</p> | <p>Ms. Grace Borah, was born in 1965, Holds of BEd Secretarial, Higher Diploma in Psychological Counselling, Higher Diploma in Human Resource Management, she is also a live member of Kenya Red Cross and a home based care officer. She has enormous experience in teaching and managing having worked with various institutions which includes Nuu Technical and Vocational College with 5years experience as Principal/Secretary of the Board. Age 57</p> |

III. Management Team

| Passport-Size Photo | Name, and Key Profession /Academic Qualifications | Main area of Responsibility |
|---|--|---|
|  | Ms. Grace Borah Principal/Secretary BoG BEd Secretarial Studies. | CEO/ Delegated Designate Accounting Officer |
|  | Mr. Patrick Mitobio Mwangi Ag. Deputy Principal CPA(K) and BBM | Deputise the Principal in administration In charge of academic management and curriculum implementation |
|  | Ms. Hannah Mwangi CPA(K), | Finance Officer |
|  | Mr. Joseph Kamanu Bsc Telecommunications and IT CPA (K) | Internal Auditor/Examinations Officer |
|  | Mr. Amos Chitwa Degree in Purchasing and Supplies Management. | Procurement Officer |
|  | Mr. Geoffrey Kamau Degree in Information Technology | Ag. Registrar/ HoD ICT |

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| | | |
|---|--|--------------------------------------|
|  | Mr. Migwi James BEd Sci. | Dean of Students |
|  | Mr. Kennedy Njoroge BSc – Food Science and Technology. | P.C Coordinator |
|  | Mr. Peter Mungai HND in Electrical & Electronics (Power Option) | HoD-Electrical. |
|  | Ms. Jane Kanini HND Mechanical Engineering. | HoD- Automotive Engineering |
|  | Boniface Gitonga BeD – Technology Communication (Computer Studies) | IQA |
|  | Mr Peter Chege Degree-Agribusiness. | HoD Business Studies/ ILO Officer |

IV. Chairman's Statement

It is my pleasure to present Mathioya Technical & Vocational College Annual Financial Statements for the financial year ended 30th June, 2022. 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 2021/2022, the College embarked on various projects among them;

- a) Acquiring the ownership of the land where the college is built.
- b) Rehabilitating and upgrading of 1 Tuition Block previously occupied by Githua Youth Polytechnic.
- c) Sourcing for funds from Mathioya NG CDF for the construction of modern ablution block Gabions and renovation of 4 Classrooms.
- d) Acquiring modern office cabinets for the college administrators
- e) Acquiring of New computers.

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
- b) The GoK withheld grants for the 1st, 2nd and the 3rd quarter for financial year 2020/21 and 2021/22, which were already factored in the financial year budget for the 2 consecutive years. 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 Second BoG was inducted and new Board members were appointed, Chair of the Board resigned and new Chair was 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.

Signed...



Date:...30/08/2022

Njeri Cecilia Macharia

Ag. Chair of the Board of Governors

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V. 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, 2022. Mathioya Technical & Vocational College is an academic institution committed to imparting 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 be a College of choice in the country.

College had admissions for the 2021/2022 in September 2021, January 2022 and May 2022 in the following academic programmes.

| S no | Programme | September 2022 | January, 2022 | May 2022 |
|-------------|-----------------------|-----------------------|----------------------|-----------------|
| 1 | Automotive | 21 | 15 | 15 |
| 2 | Electrical | 17 | 5 | 3 |
| 3 | ICT | 5 | 2 | 3 |
| 4 | Hair Dressing &Beauty | 9 | 4 | 6 |
| 5 | Plumbing technology | 11 | 3 | 8 |
| 6 | Fashion design | 0 | 2 | 1 |
| 7 | Building technology | 5 | 2 | 3 |
| 8 | Childcare protection | 0 | 0 | 1 |
| 9 | Food and beverage | 0 | 0 | 2 |
| 10 | Business management | 3 | 0 | 0 |

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The College had two KNEC examination sitting July 2021 and November 2021 within the financial year of the normal academic calendar. Our trainees performed exceptionally well as per the data below.

| S No | Programme | Credit | Pass | Refer /Fail |
|------|------------------------|--------|------|-------------|
| 1 | Automotive | 0% | 40% | 60% |
| 2 | Electrical | 0% | 80% | 20% |
| 3 | ICT | 10% | 50% | 40% |
| 4 | Hair Dressing & Beauty | 0% | 100% | 0% |
| 5 | Business Management | 0% | 20% | 80% |
| 6 | Plumbing Technology | 0% | 60% | 40% |

The College also embarked on rationalization of structures and realigning Academic Programmes in order to focus on our niche. At the start of 2021/2022 academic year which fell in 2021/2022 financial year, the College continues to offer 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 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.

Signed



Date:30/08/2022

Grace Borah (Ms)
Principal/ Secretary BOG.

VI. Statement of Performance Against Predetermined Objectives.

SECTION A

The college's operational and financial performance.

Mathioya TVC has eight strategic pillars and objectives within its Strategic Plan for the FY 2018/2020- 2022/2023. 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 develops 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. The college achieved its performance targets set for the FY 2021/2022 period for its eight strategic pillars, as indicated in the diagram below:

| Pillar no | Strategic issues | Strategic Objective | Key Performance Indicators | Activities | Achievements |
|------------------|---|---|--|--|---|
| 1: | Access and equity | To enhance access and equity to quality TVET training | No. of students enrolled No. of programmes launched | Design flexible and blended learning programmes | Increased enrolment from 180 to 213 trainees Fashion & design course started |
| 2: | Institutional ,Corporate Governance /Management | Improve Institutional corporate governance/Management | Organisational structure, HIV/Aids, Drug and substance Abuse, Safety measures, Gender mainstreaming, Disability Mainstreaming Affirmation policies | Establish institutional policies, strategies and programmes that are responsive to effective governance and management of TVET | Number of policies in place- all the policies were developed |
| 3: | ICT | Promote effective application of ICT | e-books acquired and utilized | Acquisition of e-books | Number of e-books acquired and in use |
| 4: | Research and Innovation | Create forums for sensitization of staff and students -Develop a reward system for innovations | Institutionalize research and development | Participate in TVET Fairs | number of fairs participated on, regional, national |

| | | | | | |
|----|----------------------------|---|---|--|---|
| 5: | Financial Resources | Enhance fees collection | To improve the financial position of the college | Control systems established and implemented | Enhanced fees collection and more liquidity |
| 6: | Human Resource | Liaise with the PSC for meeting gaps in teaching and support staff | -5 trainers engaged - 2 non trainers hired | -Teaching staffing gaps addressed | 2 Trainers hired by the PSC 1 Trainer by BoG |
| 7: | Collaboration and Linkages | Review and strengthen existing frameworks for collaborations and linkages in TVET | Mechanisms for benchmarking and joint cooperation in TVET developed and implemented | Number of mechanisms implemented | Number of mechanisms implemented |
| 8: | Infrastructure improvement | To provide adequate infrastructure for quality service delivery | Increased capacity for quality service delivery | - Develop infrastructure plans and designs - Source for funding | Improved service delivery |

SECTION B

College's compliance with statutory requirements

The college has been complying with all statutory requirements.

SECTION C

Key projects and investment decisions the College is planning/implementing

The college does not have any ongoing project.

SECTION D

Major risks facing the College

FINANCIAL RISK MANAGEMENT

The college 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 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 external assessment in accordance with limits set by the directors.

The carrying amount of financial assets recorded in the financial statements representing the college maximum exposure to credit risk without taking account of the value of any collateral obtained.

The customers under the fully performing category are paying their debts as they continue trading.

The college has significant concentration of credit risk on amounts due from 2019. 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 board of governors, who have built an appropriate liquidity risk management framework for the management of the college short, medium and long-term funding and liquidity management requirements. The college manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

(iii) Audit risk.

The board has put in place an internal audit function 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.

(iv) Market risk.

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

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

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

a) Interest rate risk

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

Management of interest rate risk

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

iv) Capital Risk Management

The objective of the college capital risk management is to safeguard Mathioya TVC's ability to continue as a going concern.

SECTION E

Material arrears in statutory/financial obligations

The current financial obligation is in terms of trade payables of Ksh 833,278

SECTION F

The college's financial probity and serious governance issues

The college does not have any financial probity and serious governance issues

VII. Corporate Governance Statement

A. Board Meetings for the Year Ended 30th June 2022

| Sno | Board Member | Position on the Board | Meetings Attended |
|------------|---------------------------|--|--------------------------|
| 1 | Ms Eva Njeri Mwenja | Former Chairperson up to 1 st February 2022 | 3 |
| 2 | Ms Njeri Cecilia Macharia | Ag. Chairperson as at 27 th June 2022 | 4 |
| 3 | Mr Jackson Mbae | Principal/ Secretary BOG up to January 2022 | 2 |
| 4 | Ms Grace Borah | Principal/ Secretary BOG from January 2022 | 2 |
| 5 | Mr Charles Nyota | County Director | 2 |
| 6 | Mr Shem Kihara Maina | Executive Member | 4 |
| 7 | Mr Eliud Mwendia Kibuchi | Non-Executive Member | 1 |
| 8 | Mr James Mbugua Ng'ang'a | Non-Executive Member | 3 |
| 9 | Mr Oscar Manzi Ngotho | Non-Executive Member | 3 |
| 10 | Mr Rajab Ali Iha | Non-Executive Member | 2 |

B. Conflict of Interest

The Board of Governors as currently constituted has declared no interest in the affairs of the College, personal or business related.

C. Board Remuneration

Sitting allowance for Board members and chairman honorarium are guided by a full Board meeting held on 21st June 2019. The remuneration for Board members consists of sitting and subsistence allowances in connection with Board & Board committee and Chairperson's activities during the financial year ended 30th June, 2022.

D. Roles and Functions of the Board

The Roles of the Board include;

- i) Exercise overall fiduciary oversight of the College operations.
- ii) Policy formulation for use within the institution.
- iii) Oversight on matters of personnel development.
- iv) Budgetary control of the College Revenues and Expenditure.
- v) Establishment of strong internal control environment.
- vi) Assessment and control of Financial Risk.
- vii) Assessment and control of Audit Risk.
- viii) Financial reporting oversight and control.

E. Appointment and removal of Board members

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

F. Induction and Training

Current Mathioya Technical and Vocational College Board of Governors were inducted in the 2021/2022 financial year.

G. 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.

H. 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.

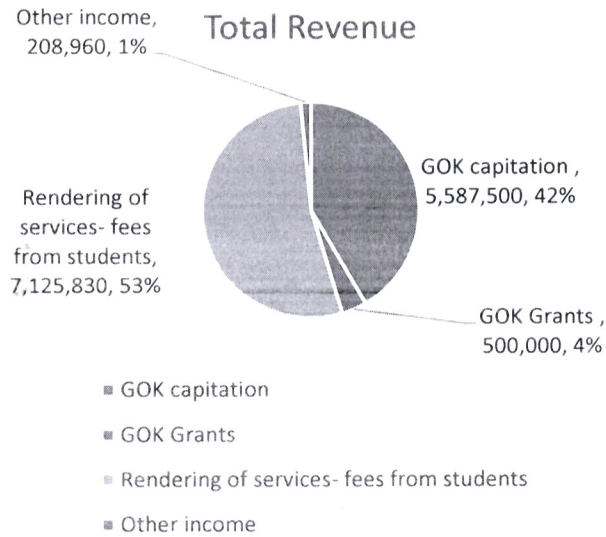
I. Going Concern

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.

VIII. Management Discussion and Analysis

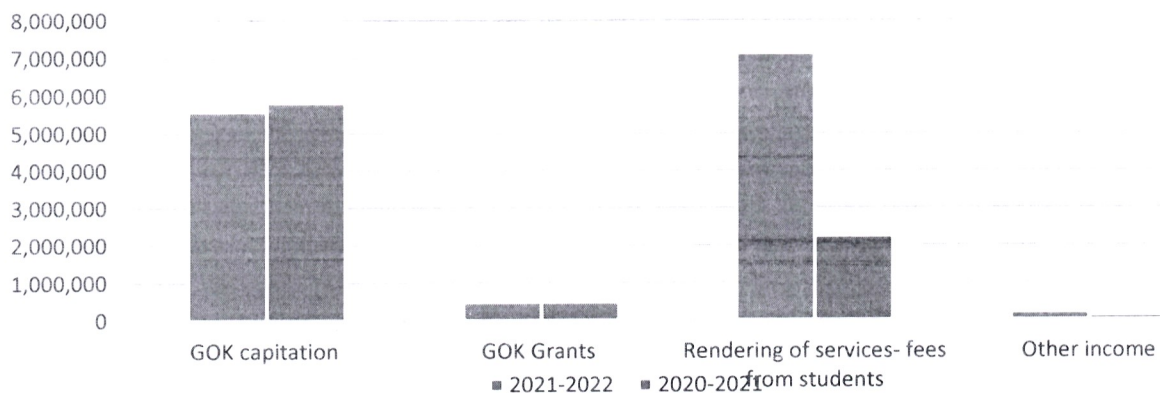
OPERATIONAL AND FINANCIAL PERFORMANCE

A) INCOME ANALYSIS:



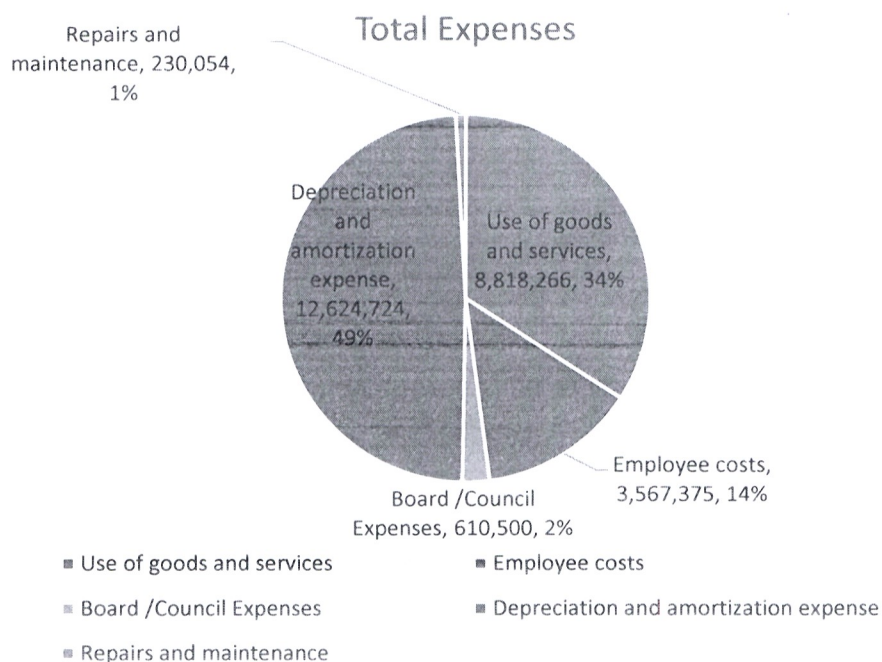
During the 2021/2022 financial year, Government grants contributed to 4% of the total recurrent incomes while tuition and its related incomes contributed to 53%. GoK Capitation contributed 42%. Income generating activities contributed to 1% respectively. The College mostly depended on fees and capitation to execute its operations.

Comparison of Income between 2020/2021 and 2021/2022

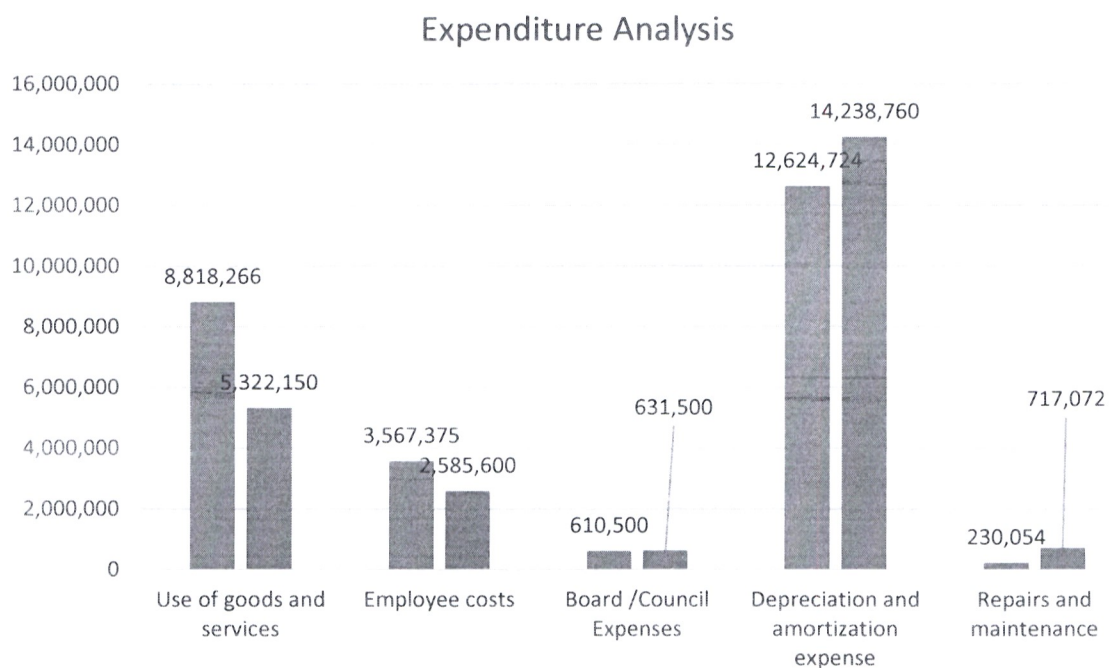


There was a substantial improvement of incomes in 2021/2022 financial year compared to 2020/2021 financial year in rendering of services and in capitation disbursements. The college didn't have any income generating activity in the year under review and also the GoK withheld grants for quarter 1, 2 and 3

B) EXPENDITURE ANALYSIS

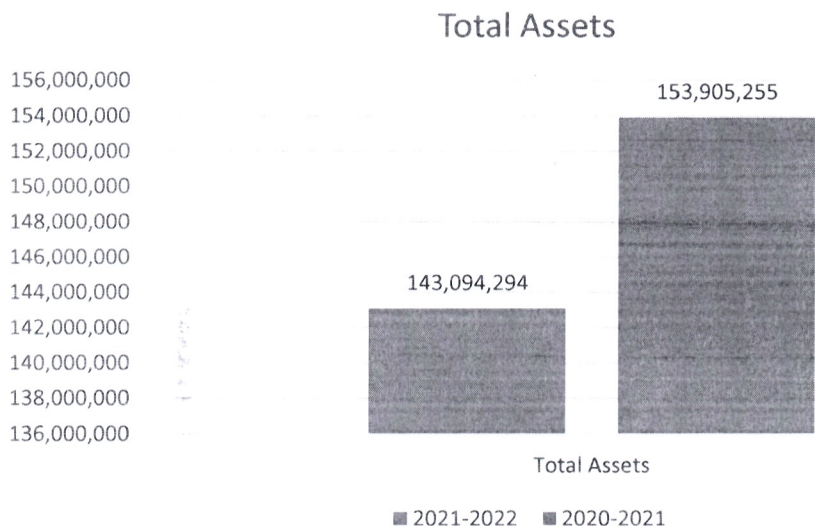


Comparison of Expenses between 2020/2021 and 2021/2022



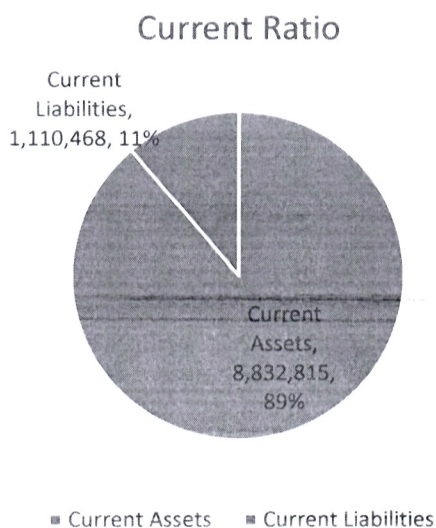
C) STATEMENT OF THE FINANCIAL POSITION

Comparison of the college Total assets between 2020/21 and 2021/22



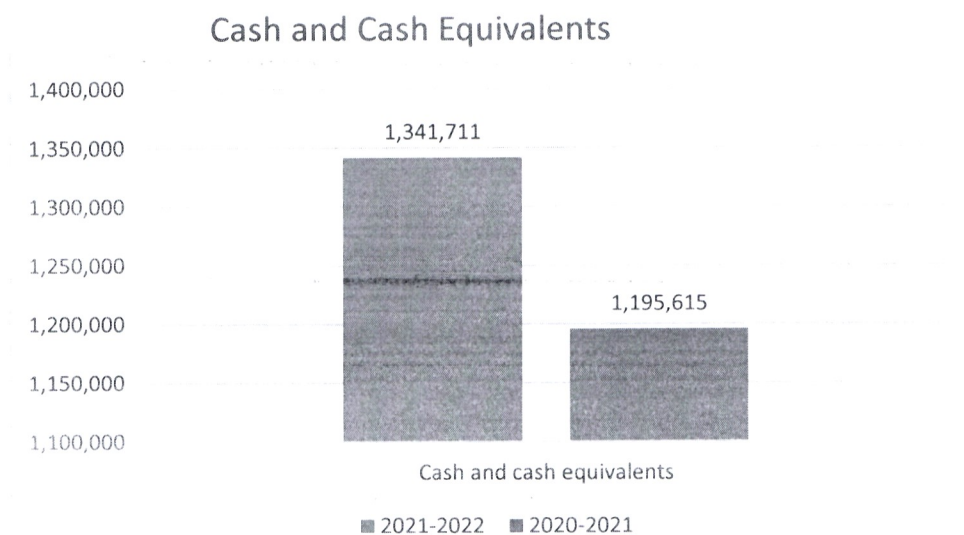
The Net book value of the Total assets of the College decreased from Ksh 153,905,255 in financial year to Ksh 143,094,294. The decrease in the net book value of the asset of the college is attributed to the provision for depreciation of Kshs. 12,624,724 on all assets.

Current assets Vs current liabilities



The College closed the financial year with current assets of Kshs. 8,832,815 which are able to cater for the current liabilities of Kshs. 1,067,468 This implies that the liquidity of the College is favorable as at the end of the 2021/2022 financial year.

D. STATEMENT OF CASH FLOWS



The College closed the financial year with cash and cash equivalent of Kshs. 1,341,711 compared to the Kshs. 1,195,615 in the 2020/2021 financial year. This decrease in cash and bank balance can be attributed to:
 Increased efficiency in collection of receivables and cash generated from operations (Note 20).

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 | Renovation of the old tuition block | 80 | Mathioya NG CDF | Ongoing in phases |
| 2 | Modern ablution block and incinerator for trainees & visitors | 100 | Mathioya NG CDF | Complete |
| 3 | Improvement of Staff Desks | 50 | A-i-A | Ongoing |

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

IX. Environmental and Sustainability Reporting Statement

Mathioya Technical College exists to transform lives through development of practical skills applicable in lives and careers of our trainees. This endeavour, we feel contributes positively to the achievement of development goals in line with Vision 2030.

With reference to the direction of the international financial reporting council for entities to adopt integrated reporting.

Customer focus is what guides us to deliver our strategy, putting the customer first, delivering relevant training and services, and improving operational excellence.

Below is a highlight of strategies and activities that promote the organisation's strategic objectives;

- a) Existence and operationalisation of the Institution Service Charter in September 2021.
- b) Adoption of Performance contracting as required for all public institutions in the Republic of Kenya.
- c) Industry best standards for customer service.

Sustainability strategy and profile

The college steered by the Board of Governors has an ambitious 5-year strategic plan to improve service delivery and growth. The institution management is working closely with the Public Administration and the offices of elected leaders to seek support through training bursaries and development grants.

The board has embarked on an ambitious marketing plan to increase student population and popularise the College services in the community and further beyond.

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

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 social-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.

X. Report of the Board of Governors

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

Principal activities

The principal activities of the entity are offering technical skills and training in courses examined by the Certified Kenya National Examinations Bodies. These courses are;

- a) Diploma courses
- b) Craft Certificate courses
- c) Artisan courses
- d) Government Grade Test and Vocational Courses.

Results

The results of the entity for the year ended June 30th 2022 are set out on pages 1 - 5.

Board of Governors

The members of the Board /Council who served during the year are shown on page viii to x. During the year ended 30th June 2022 there occurred one resignation of the former Chairperson Madam Eva Mwenja who proceeded to other personal engagements.

The board appointed Madam Njeri Cecilia Macharia on Acting capacity as the Chairperson BoG to date.

Auditors

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

By Order of the Board



Secretary BOG

XI. Statement of Board of Governors Responsibilities

Section 83 of the Public Finance Management Act, 2012 require the Board members to prepare financial statements in respect of the college, which give a true and fair view of the state of affairs of the College at the end of the financial period and the operating results of the College for that 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's 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 period ended on 30th June, 2022. This responsibility includes:

- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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's 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. The Board members are of the opinion that the College's financial statements give a true and fair view of the state of College's transactions during the period ended 30th June, 2022, and of the College's 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's 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 six months from the date of this statement.

Approval of the financial statements

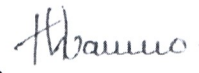
The College's financial statements were approved by the Board on 30. /08. / **2022** and signed on its behalf by:

Signature



Name: Njeri Cecilia Macharia
Ag. Chair of the Board of Governors

Signature



Name: Hannah Mwangi.
Finance Officer

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Ag. Chair of the Board of Governors

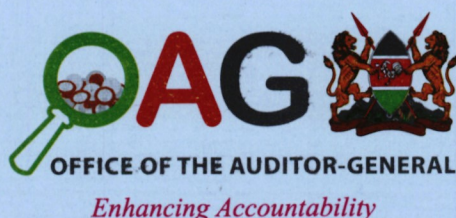
Signature



Name: Hannah Mwangi.
Finance Officer

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON MATHIOYA TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2022

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, gazetted notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Mathioya Technical and Vocational College set out on pages 1 to 28, which comprise the statement of financial position as at 30 June, 2022 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Mathioya Technical and Vocational College as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical Training Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

Review of the financial statements provided for audit revealed the following anomalies.

- i. The statement of financial position reflects the closing balance of the total assets as Kshs.143,040,818 while the recalculated balance is Kshs.141,453,794 resulting to an unreconciled and unexplained variance of Kshs.1,587,024.
- ii. The statement of financial position reflects the opening balance of the total net assets as Kshs.158,429,186 while the recalculated balance is Kshs.153,614,088 resulting to unreconciled and unexplained variance of Kshs.4,815,098;
- iii. Note 10 the financial statements reflects salaries and wages of Kshs.2,965,760 while the ledgers provided for audit reflects an amount of Kshs.3,087,385 resulting to an unreconciled and unexplained variance of Kshs.121,625;
- iv. Note 21 to the financial statements reflects property, plant and equipment of Kshs.132,924,016. However, the opening balance of the property, plant and equipment is Kshs.147,024,317 while the recalculated opening balance is Kshs.142,024,318 resulting to an unreconciled and unexplained variance of Kshs.4,999,999;
- v. Review of the statement of budget and actual amounts shows that the budgeted items do not match expenditure items in the financial statements and it was not possible to confirm the budget versus actual on a comparable basis for the expenditure components.

In the circumstances, the validity, accuracy and completeness of the respective financial statement component balances could not be confirmed.

2. Unsupported Property, Plant and Equipment Balances

The financial position and as disclosed in Note 21 to the financial statements reflects a balance of Kshs.132,924,016 in respect of property, plant and equipment as at 30 June, 2022. However, the amount includes a Nil net book value in respect of motor vehicles whose actual value, acquisition cost and ownership were not established as acquisition details, and payment vouchers were not provided for audit.

In the circumstances, the ownership, accuracy and completeness of the property, plant and equipment balance of Kshs.132,924,016 could not be confirmed.

3. Unsupported Depreciation

The statement of financial performance and as disclosed in Note 12 to the financial statements reflects a balance of Kshs.12,624,723 in respect to depreciation expense. However, the College did not have a depreciation and amortization policy and therefore the rates used to calculate depreciation could not be confirmed. Further, the method and rates used to calculate depreciation were not disclosed in the financial statement under significant accounting policies.

In the circumstances, the validity and accuracy of the depreciation amount of Kshs.12,624,723. 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 qualified opinion.

Key Audit Matters

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

Other Matter

Un-resolved prior year matters

The audit report for the year ended 30 June, 2021 highlighted several unsatisfactory matters. The Management has not provided any disclosure on progress made in resolving these issues and no information was given to prove that the issues had since been resolved or not.

In the circumstances, the issues remain unresolved.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Lack of Staff Ethnic Diversity

During the year under review, the total number of employees was eighteen (18) out of which 17 or 95 % were members of the 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 the circumstances, Management was in breach of the law.

2. Failure to Deduct National Hospital Insurance Fund (NHIF) from Employees' Salaries

Note 10 to the financial statements reflects employee costs of Kshs.3,567,372 which includes deductions paid to the National Hospital Insurance Fund amounting to Kshs.36,000. Review of the payroll revealed that only an average six (6) staff members out of eighteen (18) had been deducted NHIF during the year under review. This is contrary to The National Hospital Insurance Fund Act, 2012 Section 16(3) which provides that an employer shall be entitled subject to and in accordance with any regulations—(i) to deduct from the salary or other remuneration of any person employed by him, notwithstanding anything to the contrary in any other law, the amount of any standard contribution paid by him or to be paid by him within one month of such deduction, on behalf of that person;

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

3. Employment of Unlicensed Trainers

Note 10 to the financial statements reflects employee costs of Kshs.3,567,372 for the year ended 30 June, 2022. During the year under review, the College had eighteen (18) members of staff out of which twelve (12) were trainers. However, the trainers were not licensed and registered by the Board. This was contrary to Regulation 16(1) of the Technical and Vocational Education and Training Regulations, 2015 which requires that any person who intends to become, a trainer in a TVET institution should apply to the Authority for a trainers' license where the trainer has the training qualifications.

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

4. Irregular Remuneration of Board of Directors

As disclosed in Note 11 to the financial statements, the statement of financial performance reflects remuneration of directors' amount of Kshs.610,500. 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 that members of a Board of Governors shall be paid in respect of their services such remuneration or allowances as the Board of Governors shall, with the approval of the Cabinet Secretary, determine.

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

5. Non-Remittance of Tax to KRA

Note 11 to the financial Statements reflects director's emoluments of Kshs.610,500. The College deducted Kshs.93,000 of tax from allowances paid to the board of directors. However, the tax was not remitted to the Kenya Revenue Authority as required by the Income Tax Act, CAP 470. Further, the amount was not included in the trade and other payables balance at the end of the financial year.

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

6. Failure to Deduct and Remit Withholding Tax

Note 9 to the financial statements reflects use of goods and services of Kshs.8,812,266 being expenditure on various payments made for goods and services rendered to the institution. Review of the payment vouchers however, revealed that the Mathioya Technical Training and Vocational College did not deduct and remit withholding tax as prescribed under Section 17(1) of the Value Added Tax Act which requires deduction of such taxes.

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

7. Failure to Comply Fully with the Public Sector Accounting Standards Financial Reporting Framework

Review of the financial statements revealed the following non-compliances to prescribed format by Public Sector Accounting Standards Board in preparation of the financial statements;

- i. The progress on follow up of Auditors recommendations does not include all the prior year issues raised thus incorrect and misleading.
- ii. The College Finance Officer who signed the financial statements is not a member of Certified Public Accountants of Kenya (ICPAK).

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on

Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1. Lack of Internal Audit Function

The College has not established an Internal Audit Function contrary to Section 73(1)(a) of the Public Finance Management Act, 2012 which stipulates that the entity should ensure that it has appropriate arrangements in place for conducting internal audit according to the guidelines of the Accounting Standards Board. The internal audit unit would have performed various roles stipulated by Section 73(3) of the Public Finance Management Act, 2012 including risk assessment, putting in place a risk register and assessing the internal controls mechanism.

In the circumstances, the College lacks internal structures which could provide advice and assurance to the Management regarding systems of internal control and risk management.

2. Non-Establishment of an Audit Committee

Audit revealed that institute had not established an Audit Committee as required by Section 73(5) of the Public Finance Management Act, 2012 which stipulates that every national government public entity shall establish an audit committee whose composition and functions shall be as prescribed by the regulations. The audit committee would have performed various functions stipulated by Section 175 of Public Finance Management (National Government) Regulations, 2015 including supporting the Accounting Officer with regard to their responsibilities for issues of risk, control and governance and associated assurance but the responsibility over the management of risk control and governance processes remained with the Management of the concerned entity and follow up on the implementation of the recommendations of internal and external auditors.

In the circumstances, oversight and overall governance of the College could not be confirmed.

3. Lack of An Approved Risk Management, Financial and Asset Management Policy

Review of the risk management, financial and asset management policies of the entity revealed that the policies had not been approved by the board.

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

4. Lack of Board Evaluation Reports and Charter

The Board of Directors performance, evaluation reports and approved Charter were not provided for audit 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, it has not been possible to confirm existence of an effective overall governance measures at the Institution.

5. Lack of a Human Resource Office

Note 10 to the financial statements reflects employee costs of Kshs.3,567,372 for the year ending 30 June, 2022. However, the College has not established a human resource office for human resource recruitments and other human resource functions.

In the circumstances, the effectiveness of the human resource internal controls and functions could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, 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 control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the College's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the College to cease 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 control that are identified during the audit.

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


 CPA Nancy Gathungu, CRS
AUDITOR-GENERAL

Nairobi


13 June, 2023

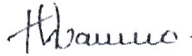
Mathioya Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2022


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

| Description | Notes | 2021-2022 | 2020-2021 |
|--|-------|----------------------------|----------------------------|
| | | Kshs | Kshs |
| Revenue from Non-Exchange transactions | | | |
| GOK capitation | 6(a) | 5,587,500 | 5,820,000 |
| GOK Grants | | <u>500,000</u> | <u>500,000</u> |
| Total Revenue from Non- Exchange transactions | | <u>6,087,500</u> | <u>6,320,000</u> |
| Revenue from Exchange transactions | | | |
| Rendering of services- fees from students | 8 (a) | 7,125,830 | 2,252,160 |
| Other income | 8(b) | 208,960 | 127,000 |
| Revenue from Exchange transactions | | <u>7,334,790</u> | <u>2,379,160</u> |
| Total Revenue | | <u>13,422,290</u> | <u>8,699,160</u> |
| Expenses | | | |
| Use of goods and services | 9 | 8,812,266 | 5,322,150 |
| Employee costs | 10 | 3,567,372 | 2,585,600 |
| Board /Council Expenses | 11 | 610,500 | 631,500 |
| Depreciation and amortization expense | 12 | 12,624,723 | 14,238,760 |
| Repairs and maintenance | 13 | 230,054 | 717,072 |
| Contracted services | 14 | <u>50,000</u> | <u>0</u> |
| Total Expenses | | <u>25,894,915</u> | <u>23,495,082</u> |
| Net surplus/deficit for the year | | <u>(12,472,625)</u> | <u>(14,795,922)</u> |

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


Chairperson of Board


Finance Officer
ICPAK No ASSOC/3499


Principal

Date 30/08/2022

Date 30/08/2022


Date 30/08/2022

Mathioya Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2022

XIV. Statement of Financial Position as at 30th June 2022

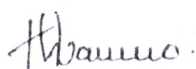
| Description | Notes | 2021-2022 | 2020-2021 |
|---|-------|---------------------------|---------------------------|
| | | Kshs | Kshs |
| Assets | | | |
| Current Assets | | | |
| Cash and cash equivalents | 15 | 1,341,711 | 1,195,615 |
| Current portion of receivables from exchange transactions | 16(a) | 2,531,970 | 2,950,924 |
| Receivables from non-exchange transactions | 16(b) | 2,000,000 | 3,127,500 |
| Inventories | 17 | <u>1,318,634</u> | <u>606,899</u> |
| | | <u>7,192,315</u> | <u>7,880,938</u> |
| Non-Current Assets | | | |
| Property, plant, and equipment | 21 | 132,924,015 | 147,024,317 |
| Work In Progress | 19 | 1,337,464 | 0 |
| Total Assets | | <u>143,040,818</u> | <u>154,905,255</u> |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and other payables from exchange transactions | 18 | 1,067,468 | 1,291,167 |
| Total Liabilities | | <u>1,067,468</u> | <u>1,291,167</u> |
| Net Assets | | <u>141,973,350</u> | <u>158,429,186</u> |
| | | | |
| Accumulated Surplus/Deficit | | (57,844,150) | (42,724,781) |
| Revaluation Reserve | | 12,150,000 | 0 |
| Capital Fund | 19 | <u>187,667,500</u> | <u>196,830,036</u> |
| Total Net Assets and Liabilities | | <u>141,973,350</u> | <u>154,905,255</u> |

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



Chairperson of Board

Date 30/08/2022



Finance Officer
ICPAK No ASSOC/3499

Date 30/08/2022



Principal

Date 30/08/2022

Mathioya Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2022

XV. Statement of Changes in Net Assets for the year ended 30th June 2022

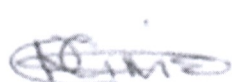
| Description | Revaluation reserve | Fair value adjustment reserve | Retained earnings | Capital/Development Grants/Fund | Total |
|--|---------------------|-------------------------------|---------------------|---------------------------------|--------------|
| At July 1, 2020 | | | (30,575,603) | 184,180,036 | 153,604,433 |
| Revaluation gain | 12,150,000 | - | - | | 12,150,000 |
| Total comprehensive income | - | - | (14,795,922) | - | (13,671,420) |
| Capital/development grants received during the year | - | - | - | 500,000 | 500,000 |
| At June 30, 2021 | 12,150,000 | | (45,371,525) | 184,680,036 | 151,458,511 |
| At July 1, 2021 | 12,150,000 | | (45,371,525) | 184,680,036 | 151,458,511 |
| Revaluation gain | | | | | |
| Total comprehensive income | | | (12,472,625) | | (12,472,625) |
| Capital/development grants received during the year (WIP 44.58%) | - | - | - | 1,337,464 | 1,337,464 |
| Additional Building-NG CDF Ablution Block | | | | 1,650,000 | 1,650,000 |
| At June 30, 2022 | 12,150,000 | | (57,844,150) | 187,667,500 | 141,973,350 |

Mathioya Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2022

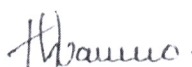
XVI. Statement of Cash Flows for the year ended 30th June 2022

| Description | Note | 2021-2022 | 2020-2021 |
|--|------|--------------------------|---------------------------|
| | | Kshs | Kshs |
| Cash flows from operating activities | | | |
| Receipts | | | |
| Transfers from other government entities/govt. Grants | 6(a) | 500,000 | 500,000 |
| Transfers from other government entities/govt. Capitation | 6(b) | 5,587,500 | 5,820,000 |
| Rendering of services- fees from students | 8(a) | 7,125,830 | 2,252,160 |
| Other income | 8(b) | 208,960 | 127,000 |
| Total Receipts | | <u>13,422,290</u> | <u>8,699,160</u> |
| Payments | | | |
| Goods and Services | 9 | 8,812,266 | 5,322,150 |
| Employee costs | 10 | 3,567,372 | 2,585,600 |
| Remuneration of directors | 11 | 610,500 | 631,500 |
| Repairs and maintenance | 13 | 230,054 | 717,072 |
| Contracted Services | 14 | 50,000 | 0 |
| Total Payments | | <u>13,270,192</u> | <u>(9,256,322)</u> |
| Net Cash Flows from operating activities | 20 | 152,098 | (557,162) |
| Cash flows from investing activities | | | |
| Purchase of property, plant, equipment and intangible assets | 21 | 0 | (890,338) |
| Net cash flows used in investing activities | | 0 | (890,338) |
| Net cash flows used in financing activities | | 0 | |
| National Government Capital Grants | | 0 | 500,000 |
| Net Increase/(Decrease) in Cash and Cash equivalents | | 146,096 | (820,500) |
| Add Cash and Cash equivalents at 1 JULY | 15 | <u>1,195,615</u> | <u>1,372,225</u> |
| Cash and Cash equivalents at 30 JUNE | 15 | <u>1,341,711</u> | <u>1,195,615</u> |

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



Chairperson of Board
Date 30/08/2022



Finance Officer
Date 30/08/2022



Principal
Date 30/08/2022

Mtambonyo Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2022
XVII. Statement of Comparison of Budget & Actual amounts for the year ended 30th June 2022

| Description | Original budget | | Adjustments | | Final budget | | Actual on comparable basis | | Performance difference | | Utilization Difference | | Budget Notes |
|--|-------------------|------|-------------------|------|-------------------|------|----------------------------|------|------------------------|------|------------------------|--------------|--------------|
| | 2021-2022 | Kshs | 2021-2022 | Kshs | 2021-2022 | Kshs | 2021-2022 | Kshs | 2021-2022 | Kshs | 2021-2022 | % | |
| Revenue | | | | | | | | | | | | | |
| Transfers from other govt entities and govt grants | 7,500,000 | | -900,000 | | 6,600,000 | | 6,087,500 | | -512,500 | | | -7.77% | |
| Rendering of services- fees from students | 6,600,000 | | -792,000 | | 5,808,000 | | 7,125,830 | | 1,317,830 | | | 22.69% | 1 |
| Other income | 0 | | 0 | | 0 | | 208,960 | | 208,960 | | | 100.00% | 2 |
| Total Income | 14,100,000 | | -1,692,000 | | 12,408,000 | | 13,422,290 | | 1,014,290 | | | 8.17% | |
| Expenses | | | | | | | | | | | | | |
| Use of goods and services | 14,305,790 | | 3,754,790 | | 18,060,580 | | 8,812,266 | | -9,242,314 | | | -51.17% | 3 |
| Remuneration of directors | 1,196,000 | | 0 | | 1,196,000 | | 610,500 | | -585,500 | | | -48.95% | 4 |
| Total Expenditure | 15,501,790 | | 3,754,790 | | 19,256,580 | | 9,422,766 | | -9,827,814 | | | | |
| Surplus For the Period | -1,401,790 | | -5,446,790 | | | | 3,999,524 | | 10,842,104 | | | | |

Budget Notes

Note 1 : Rendering of services- fees from students

Rendering of services- fees from students over performed by 22.69% due to increase if fee collection from students and more stringent measures of fees collection being enforced.

Note 2: Other Income

There was unanticipated other income of Kshs 208,960 from computer packages and Centre Fees by external students.

Note 3: Use of Goods and services

This vote underperformed by Kshs 9,242,314 translating to -51.17 %. This was caused by various measures to cut back on expenditure which was deemed unnecessary considering the available spending capacity.

Note 4: Remuneration of Directors

This vote underperformed by Kshs 585,500 translating to -48.95%. This was caused by various measures to cut back on expenditure which was deemed unnecessary considering the available spending capacity. Meetings were reduced to full board meetings only and no Committee meeting was held.

XVIII. Notes to the Financial Statements

1. General Information

Mathioya TVC is established by and derives its authority and accountability from TVET Act of 2013. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is technical & vocational training.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the college accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5.

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

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

3. Adoption of New and Revised Standards

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

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

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

| Standard | Effective date and impact: |
|---|---|
| IPSAS 41: Financial Instruments | 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 an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: |

**Mathioya Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2022**

| Standard | Effective date and impact: |
|---|---|
| | <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p>The College was not affected by the change in the current Financial Year.</p> |
| <p>IPSAS 42: Social Benefits</p> | <p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows. <p>The College was not affected by the change in the current Financial Year.</p> |
| <p>Amendments to Other IPSAS resulting from IPSAS 41,</p> | <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. |

Mathioya Technical and Vocational College

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

| Standard | Effective date and impact: |
|-----------------------------|---|
| Financial Instruments | <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p>The College was not affected by the change in the current Financial Year.</p> |
| Other improvements to IPSAS | <p><i>Applicable 1st January 2023</i></p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p> <p>The College was not affected by the change in the current Financial Year.</p> |
| IPSAS 43 | <p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p>The College was not affected by the change in the current Financial Year.</p> |

Mathioya Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2022

| Standard | Effective date and impact: |
|--|---|
| IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations | <p><i>Applicable 1st January 2025</i></p> <p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p>The College was not affected by the change in the current Financial Year.</p> |

iii. Early adoption of standards

Mathioya TVC did not early-adopt any new or amended standards in year 2021/2022.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Mathioya Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2022

b) Budget information

The original budget for FY 2021/2022 was approved by the Council or Board on *26th June, 2021*. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, there was a subsequent revision but no recorded additional appropriations on the FY 2021/2022 budget following the Board's approval.

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

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

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

c) Taxes

Current income tax

The college is exempt from paying taxes as per income tax Act. It is not for profit.

d) Property, plant and equipment

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

e) Inventories

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

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

Mathioya Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2022

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

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

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

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

f) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. The entity has maintained a revaluation reserve of Capital Fund as guided by IPSAS 17 on Property, Plant and Equipment.

g) Changes in accounting policies and estimates

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

h) Employee benefits

Retirement benefit plans

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

The entity also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. 400 per employee per month. Other than NSSF the entity also has no other defined contribution scheme. Employees contribute 1.2% while employers contribute 1.2% of basic salary. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

i) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank

Mathioya Technical and Vocational College

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

account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

j) Comparative figures

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

k) Subsequent events

There have been no material events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June, 2022.

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

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

There were no provisions made for the current financial year.

Mathioya Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2022
Notes to the Financial Statements (Continued)

6. (a) Transfers from other National Government entities

| Description | 2021-2022 | 2020-2021 |
|--|------------------|------------------|
| | Kshs | Kshs |
| Unconditional Grants | | |
| Capitation Grants | 5,587,500 | 5,820,000 |
| Operational Grant | 500,000 | 500,000 |
| Total Government Grants and Subsidies | 6,087,500 | 6,320,000 |

(b) Transfers from other Government entities (Categorized)

| Name Of The Entity Sending The Grant | Amount recognized to Statement of Comprehensive Income Kshs | Amount deferred under deferred income Kshs | Amount recognised in capital fund. | Total grant income during the year | 2020-2021 |
|---|--|---|--|--|------------------|
| | | | Kshs | Kshs | Kshs |
| MoE (Operation grants) | 500,000 | 0 | 0 | 500,000 | 500,000 |
| MoE KUCCPS(capitation) | 5,587,500 | 0 | 0 | 5,587,500 | 5,820,000 |
| Total | 6,087,500 | 0 | 0 | 6,087,500 | 6,320,000 |

7. Grants from Donors and Development Partners

| Description | 2021-2022 | 2020-2021 |
|---|------------------|------------------|
| | Kshs | Kshs |
| Other Grants | 3,000,000 | 1,650,000 |
| Total Grants from Development Partners | 3,000,000 | 1,650,000 |

Reconciliations of grants from donors and development partners

| Description | 2021-2022 | 2020-2021 |
|--|------------------|-----------|
| | Kshs | Kshs |
| Balance unspent at beginning of year | 1,650,000 | 0 |
| Current year receipts | 3,000,000 | 0 |
| Conditions Met - Transferred to Revenue | 0 | 0 |
| Conditions Yet To Be Met - Remain Liabilities | 500,000 | 0 |

The amounts were grants from Mathioya NG-CDF for rehabilitation of classrooms and construction of a gabion to control soil erosion at the College boundaries.

Mathioya Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2022
Notes to the Financial Statements (Continued)

8. (a) Rendering of Services

| Description | 2021-2022 | 2020-2021 |
|---|-------------------------|-------------------------|
| | Kshs | Kshs |
| Tuition | 0 | 0 |
| Personal Emoluments | 2,616,022 | 1,331,760 |
| Local Transport Travelling | 632,832 | 168,337 |
| Electricity Water & Conservancy | 607,472 | 157,902 |
| Repair Maintenance & Improvements | 316,564 | 69,737 |
| Activity | 618,054 | 140,113 |
| Administration | 159,500 | 2,528 |
| Centre Fees | 2,150 | 3,800 |
| Material Fees | 33,420 | 0 |
| Computer Maintenance | 46,550 | 0 |
| Attachment Fees | 637,216 | 144,743 |
| Kenya National Examination Board | 890,510 | 233,240 |
| National Industrial Training Authority | 211,590 | 0 |
| KUCCPS | 106,650 | 0 |
| Student ID | 8,600 | 0 |
| Refund | 108,200 | 0 |
| Salary Advance Recovered | 44,000 | 0 |
| Caution Money | 43,000 | 0 |
| T-Shirt | 21,500 | 0 |
| Registration | 22,000 | 0 |
| Total revenue from the rendering of services | <u>7,125,830</u> | <u>2,252,160</u> |

(b) Other Income

| Description | 2021-2022 | 2020-2021 |
|---------------------------------|------------------|------------------|
| | Kshs | Kshs |
| Computer studies | 172,840 | 127,000 |
| Income Generating Activities | 2,700 | 0 |
| Centre Fees (External Students) | 33,420 | 0 |
| Total | 208,960 | 127,000 |

Mathioya Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2022

Notes to The Financial Statements (Continued)

9. Use of Goods and Services

| Description | 2021-2022 | 2020-2021 |
|--|------------------|-------------------------|
| | Kshs | Kshs |
| Administration Expenses | 783,718 | 277,148 |
| Local Transport & Travelling Expenses | 1,880,669 | 681,554 |
| Electricity Water & Conservancy | 308,125 | 339,826 |
| National Industrial Training Authority Exams | 146,300 | 23,000 |
| Student Identity Cards Expenses | 49,800 | 0 |
| Activity | 336,960 | 61,760 |
| Kenya National Examination Board | 1,009,620 | 657,067 |
| Kenya Association Of Technical Training Institutions | 771,320 | 217,300 |
| Bank Charges | 24,473 | 2,868 |
| Training Expenses | 2,008,533 | 787,389 |
| Insurance (Attachment) | 3,000 | 6,750 |
| TVETA | 110,000 | 69,140 |
| ICPAK | 65,000 | 0 |
| Bursary | - | 490,500 |
| HELB | - | 595,800 |
| Publicity | 155,180 | 131,289 |
| Fees Refund | 62,450 | 14,000 |
| KUCCPS | 0 | 25,500 |
| Internet | 138,576 | 156,924 |
| Telephone | 189,800 | 113,150 |
| Covid 19 | 7,000 | 163,034 |
| Stationary | 271,097 | 273,970 |
| Photocopy/Printing | 19,060 | 6,820 |
| Hospitality | 327,985 | 227,361 |
| Performance contract | 48,100 | 0 |
| College t-shirt | 51,500 | 0 |
| Salary Advanced | 44,000 | 0 |
| Total good and services | 8,812,266 | <u>5,322,150</u> |

Mathioya Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2022

Notes to the Financial Statements (Continued)

10. Employee Costs

| Description | 2021-2022 | 2020-2021 |
|----------------------------------|-------------------------|-------------------------|
| | Kshs | Kshs |
| Salaries and wages | 2,965,760 | 2,263,350 |
| National Social Security Fund | 52,000 | 24,400 |
| National Hospital Insurance Fund | 36,000 | 38,700 |
| Pay As You Earn | 20,450 | 950 |
| Casuals | 246,400 | 236,200 |
| Part time | 53,800 | 22,000 |
| Production Unit | 169,790 | 0 |
| HELB Staff Loan deductions | 23,172 | 0 |
| Total Employees Costs | <u>3,567,372</u> | <u>2,585,600</u> |

11. BoG Expenses

| Description | 2021-2022 | 2020-2021 |
|----------------------|----------------|----------------|
| | Kshs | Kshs |
| Directors Emoluments | 610,500 | 631,500 |
| Total | 610,500 | 631,500 |

12. Depreciation expense

| Description | 2021-2022 | 2020-2021 |
|--|--------------------------|--------------------------|
| | Kshs | Kshs |
| Land | 0 | 0 |
| Building | 994,287 | 1,014,579 |
| Motor vehicles | 400,000 | 400,000 |
| Furniture and fittings | 202,552 | 206,923 |
| Computers & Electronics | 572,840 | 672,630 |
| Plant and equipment | 10,329,199 | 11,804,799 |
| Water Collection and Storage Facility | <u>125,845</u> | <u>139,829</u> |
| Total depreciation and amortization | <u>12,624,723</u> | <u>14,238,760</u> |

13. Repairs and Maintenance

| Description | 2021-2022 | 2020-2021 |
|--------------------------------------|-----------------------|-----------------------|
| | Kshs | Kshs |
| General repairs | 167,024 | 717,072 |
| Computer Maintenance | 63,030 | 0 |
| Total Repairs and Maintenance | <u>230,054</u> | <u>717,072</u> |

Mathioya Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2022

Notes to the Financial Statements (Continued)

14. Contracted Services

| Description | 2021-2022 | 2020-2021 |
|----------------------------------|---------------|-----------|
| | Kshs | Kshs |
| Property valuations | 50,000 | 0 |
| Total contracted services | 50,000 | 0 |

15. Cash and Cash Equivalentents

| Description | 2021-2022 | 2020-2021 |
|---|------------------|------------------|
| | Kshs | Kshs |
| Current Account | 1,325,868 | 1,164,541 |
| Cash at Hand | 15,843 | 31,074 |
| Total Cash and Cash Equivalentents | 1,341,711 | 1,195,615 |

16. Receivables from Exchange transactions

(a) Current Receivables from Exchange transactions

| Description | 2021-2022 | 2020-2021 |
|----------------------------------|------------------|------------------|
| | Kshs | Kshs |
| Current Receivables | | |
| Student Debtors | 2,531,970 | 2,950,924 |
| Total Current Receivables | 2,531,970 | 2,950,924 |

(b) Receivables from Non-Exchange transactions

| Description | 2021-2022 | 2020-2021 |
|----------------------------------|------------------|------------------|
| | Kshs | Kshs |
| Current Receivables | | |
| Capitation Grants | 0 | 1,627,500 |
| Recurrent Grants | 2,000,000 | 1,500,000 |
| Total Current Receivables | 2,000,000 | 3,127,500 |

Mathioya Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2022
Notes to the Financial Statements (Continued)

17. Inventories

| Description | 2021-2022 | 2020-2021 |
|---|-------------------------|-----------------------|
| | Kshs | Kshs |
| Consumable stores | 307,500 | 280,000 |
| Maintenance stores | 345,500 | 0 |
| Electrical stores | 475,410 | 298,500 |
| Cosmetology | 35,997 | 0 |
| Carpentry/Masonry Stores | 37,400 | 0 |
| Cleaning Materials stores | 60,362 | 18,899 |
| Catering stores | 56,465 | 9,500 |
| Total Inventories at lower of Cost and Net Realizable Value | <u>1,318,634</u> | <u>606,899</u> |

18. Trade and Other Payables from Exchange transactions

| Description | 2021-2022 | 2020-2021 |
|---------------------------------------|-------------------------|-------------------------|
| | Kshs | Kshs |
| Trade payables | 833,278 | 548,259 |
| Fees paid in advance | 234,190 | 125,508 |
| Undistributed HELB loan/bursary | 0 | 617,400 |
| Total Trade and Other Payables | <u>1,067,468</u> | <u>1,291,167</u> |

19. Capital Fund

| Description | 2021-2022 | 2020-2021 |
|--|---------------------------|---------------------------|
| | Kshs | Kshs |
| Opening Capital | 184,680,036 | 184,180,036 |
| Additional Capital Grants (Work In Progress-44.58%) | 1,337,464 | 500,000 |
| Revaluation Gain (Separated from Capital in 2021/2022) | 0 | 12,150,000 |
| Additional Assets Capitalised (Buildings) | <u>1,650,000</u> | <u>0</u> |
| Total Closing Capital | <u>187,667,500</u> | <u>196,830,036</u> |

Mathioya Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2022

Notes to the Financial Statements (Continued)

20. Cash generated from operations

| | 2021-2022 | 2020-2021 |
|---------------------------------------|---------------------|---------------------|
| Surplus for the year before tax | Kshs | Kshs |
| Adjusted for: | (12,472,625) | (14,795,920) |
| Depreciation | 12,624,724 | 14,238,758 |
| | (152,099) | (557,162) |
| Cash generated from operations | 152,098 | (557,162) |

**Mathioya Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2022**

Notes to the Financial Statements (Continued)

21. Property, Plant and Equipment

| Cost | Land | Building | Motor-vehicles | Furniture and fittings | Computers & Electronics | Plant and equipment | Water Collection & Storage Facility | Total |
|------------------------------|------------------|-------------------|------------------|------------------------|-------------------------|---------------------|-------------------------------------|--------------------|
| | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs |
| At 1 July 2018 bal b/d | 0 | 52,820,622 | 1,600,000 | 1,835,600 | 4,575,713 | 123,348,100 | 0 | 184,180,035 |
| Depreciation rate | 0 | 0.02 | 0.25 | 0.125 | 0.3 | 0.125 | 0 | |
| Depreciation | 0 | 1,056,412.44 | 400,000 | 229,450 | 1,372,714 | 15,418,513 | 0 | 18,477,089 |
| At 30th June 2019 | 0 | 51,764,210 | 1,200,000 | 1,606,150 | 3,203,000 | 107,929,588 | 0 | 165,702,946 |
| At 1 July 2019 bal b/d | 0 | 51,764,210 | 1,200,000 | 1,606,150 | 3,203,000 | 107,929,588 | 0 | 165,702,946 |
| Depreciation rate | 0 | 0.02 | 0.25 | 0.125 | 0.3 | 0.125 | 0 | |
| Depreciation | 0 | 1,035,285 | 400,000 | 200,769 | 960,899.73 | 13,491,198 | 0 | 16,088,151 |
| Additions | 0 | 0 | 0 | 250,000 | 0 | 0 | 1,398,280 | 1,648,280 |
| At 30th June 2020 | 0 | 50,728,925 | 800,000 | 1,655,381 | 2,242,099 | 94,438,389 | 1,398,280 | 151,263,075 |
| At 1 July 2020 bal b/d | 0 | 50,728,925 | 800,000 | 1,655,381 | 2,242,099 | 94,438,389 | 1,398,280 | 151,263,075 |
| Depreciation rate | 0 | 0.02 | 0.25 | 0.125 | 0.3 | 0.125 | 0.1 | |
| Depreciation | 0 | 1,014,579 | 400,000 | 206,923 | 672,630 | 11,804,799 | 139,828 | 14,238,758 |
| Additions | 5,000,000 | 0 | 0 | 171,958 | 340,000 | 0 | 0 | 5,511,958 |
| At 30th June 2021 | 5,000,000 | 49,714,347 | 400,000 | 1,448,459 | 1,569,470 | 82,633,590 | 1,258,452 | 147,024,317 |
| At 1 st July 2021 | 5,000,000 | 49,714,347 | 400,000 | 1,620,417 | 1,909,470 | 82,633,590 | 1,258,452 | 142,536,275 |

**Mathioya Technical and Vocational College
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| Cost | Land Kshs | Building Kshs | Motor vehicles Kshs | Furniture and fittings Kshs | Computers & Electronics Kshs | Plant and equipment Kshs | Water Collection & Storage Facility Kshs | Total Kshs |
|-----------------------------|------------------|-------------------|------------------------|-----------------------------------|------------------------------------|--------------------------------|--|--------------------|
| Depreciation rate | 0 | 0.02 | 0.25 | 0.125 | 0.3 | 0.125 | 0.1 | |
| Depreciation | 0 | 994,287 | 400,000 | 202,552 | 572,841 | 10,329,199 | 125,845 | 12,624,724 |
| Additions | 0 | 1,650,000 | 0 | 0 | 25,000 | 0 | 0 | 1,675,000 |
| Work In Progress | | 1,337,464 | | | | | | 1,337,464 |
| As At 30th June 2022 | 5,000,000 | 51,707,524 | 0 | 1,417,865 | 1,361,629 | 72,304,392 | 1,132,607 | 132,924,016 |
| Net book values | | | | | | | | |
| As At 30th June 2021 | 5,000,000 | 49,714,347 | 400,000 | 1,448,459 | 1,569,470 | 82,633,590 | 1,258,452 | 147,024,317 |
| As At 30th June 2022 | 5,000,000 | 51,707,524 | 0 | 1,417,865 | 1,361,627 | 72,304,392 | 1,132,606 | 132,924,016 |

**Mathioya Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2022**

Notes to the Financial Statements (Continued)

21 (b) Property, Plant and Equipment at Cost

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

| Description | Cost | Accumulated Depreciation | NBV |
|---------------------------------------|---------------------------|---------------------------------|---------------------------|
| | Kshs | Kshs | |
| Land | 5,000,000 | 0 | 5,000,000 |
| Building | 55,808,086 | 4,080,271 | 51,707,524 |
| Motor vehicles | 1,600,000 | 1,600,000 | 0 |
| Furniture and fittings | 2,257,198 | 658,591 | 1,417,550 |
| Computers & Electronics | 4,940,713 | 3,579,084 | 1,361,629 |
| Plant and equipment | 123,348,100 | 51,043,708 | 72,304,392 |
| Water Collection and Storage Facility | 1,398,290 | 139,828 | 1,132,607 |
| Total | <u>193,014,923</u> | <u>61,101,482</u> | <u>132,924,016</u> |

22. Financial Risk Management

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

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

Notes to the Financial Statements (Continued)

(i) Credit risk

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

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the college management based on prior experience and their assessment of the current economic environment.

Mathioya Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2022

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

| Description | Total amount Kshs | Fully performing Kshs | Past due Kshs | Impaired Kshs |
|--|------------------------------|----------------------------------|--------------------------|--------------------------|
| At 30 June 2021 | | | | |
| Receivables from exchange transactions | 2,950,924 | 950,924 | 2,000,000 | 0 |
| Receivables from non-exchange transactions | 3,127,500 | 1,627,500 | 1,500,000 | 0 |
| Bank balances | | 1,164,541 | | 0 |
| Total | 6,078,424 | 3,742,965 | 3,500,000 | 0 |
| At 30 June 2022 | | | | |
| Receivables from exchange transactions | 2,531,970 | 684,750 | 1,847,220 | 0 |
| Receivables from non-exchange transactions | 2,000,000 | 2,000,000 | 500,000 | 0 |
| Bank balances | 0 | 1,325,868 | 0 | 0 |
| Total | 4,531,970 | 4,010,618 | 1,847,220 | 0 |

Financial Risk Management (Continued)

(i) Credit risk (continued)

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

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

(ii) Liquidity risk management

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

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

Mathioya Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2022

| Description | Less than 1 month | Between 1-3 months | Over 5 months | Total |
|------------------------|-------------------|--------------------|----------------|------------------|
| | Kshs | Kshs | Kshs | Kshs |
| At 30 June 2021 | | | | |
| Trade Payables | 125,508 | 548,259 | 617,400 | 1,291,167 |
| Total | 125,508 | 548,259 | 617,400 | 1,291,167 |
| At 30 June 2022 | | | | |
| Trade Payables | 234,190 | 833,278 | 0 | 1,067,468 |
| Total | 234,190 | 833,278 | 0 | 1,067,468 |

Financial Risk Management (Continued)

(iii) Market risk

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

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

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

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

Mathioya Technical and Vocational College
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Notes to the Financial Statements (Continued)

a) Foreign currency risk

The entity has no foreign currency transactions hence no foreign currency risk.

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

Financial Risk Management (Continued)

a) Interest rate risk

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

Management of interest rate risk

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

b) Capital Risk Management

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

| Description | 2021-2022 | 2020-2021 |
|---|--------------|--------------|
| | Kshs | Kshs |
| Revaluation Reserve | 12,150,000 | 0 |
| Retained Earnings | (57,833,674) | (39,692,017) |
| Capital Reserve | 187,667,500 | 196,830,036 |
| Total Funds | 141,983,826 | 157,138,019 |
| Total Borrowings | 0 | 0 |
| Less: Cash and Bank Balances | 1,341,711 | 1,195,615 |
| Net Debt/(Excess Cash and Cash Equivalents) | 1,341,711 | 1,195,615 |
| Gearing | 0% | 0% |

**Mathioya Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2022**

Notes to the Financial Statements (Continued)

23. Related Party Balances

Nature of related party relationships

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

Government of Kenya

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

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

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

| Description | 2021-2022 | 2020-2021 |
|--|------------------|------------------|
| | Kshs | Kshs |
| Transactions with Related Parties | | |
| a) Sales to related parties | | |
| Total | 0 | 0.00 |
| B) Purchases from related parties | | |
| Total | 0 | 0.00 |
| b) Grants /Transfers from the Government | | |
| Grants from National Govt | 500,000 | 500,000 |
| Grants from County Government | 0 | 0 |
| Donations in Kind | 0 | 0 |
| Total | 500,000 | 500,000 |
| c) Expenses incurred on behalf of related parties | | |
| Total | 0 | 0 |
| d) Key Management Compensation | | |
| Directors' emoluments | 610,500 | 631,500 |
| Compensation to Key Management - Finance Officer & Procurement Officer | 538,800 | 538,800 |
| Total | 1,149,300 | 1,170,300 |

**Mathioya Technical and Vocational College
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Notes to the Financial Statements (Continued)

24. Detailed Analysis of Cash and Cash equivalents

| | | 2021-2022 | 2020-2021 |
|------------------------------|-----------------------|------------------|------------------|
| Financial Institution | Account number | Kshs | Kshs |
| a) Current Account | | | |
| Kenya Commercial Bank | 1222518767 | 1,325,868 | 1,164,540 |
| Equity Bank, etc. | | 0 | 0 |
| Sub- Total | | 1,325,868 | 1,164,540 |
| b) Others | | | |
| Cash in Hand | | 15,843 | 31,074 |
| Mobile Money account | | 0 | 0 |
| Sub- Total | | 15,843 | 31,074 |
| Grand Total | | 1,341,711 | 1,195,615 |

25. Capital Commitments

| Capital Commitments | 2021-2022 | 2020-2021 |
|-------------------------------|------------------|------------------|
| | Kshs | Kshs |
| Authorised for | 3,000,000 | 1,650,000 |
| Authorised and Contracted for | 0 | 0 |
| Total | 3,000,000 | 1,650,000 |

26. Events After the Reporting Period

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

27. Ultimate and Holding Entity

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

28. Currency

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

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XIX. Appendices
Appendix 1: Implementation Status of Auditor-General Recommendations

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

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|---|---|---|-----------------------------------|--|
| CEN/HUB/TVET/MATVC/2/K/(13) (Draft Audit Report) | Absence of an Internal Audit Function | The Management is in the process of establishing the Internal Audit Function. | Resolved | Resolved |
| | Variances in the Prior year Balances brought forward. | The Management has resolved the errors noted in the Financial Statements | Resolved | Resolved |
| | Lack of a Procurement Function | The Management has established the Procurement Function as from June 2022. | Resolved | Resolved |



Name Grace Borah (MS)
Accounting Officer
Principal/Secretary BoG.

Date 30/08/2022

**Mathioya Technical and Vocational College
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Appendix II: Projects Implemented by the College**

Projects

Projects implemented by the College 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) |
|--------------------------|----------------|-----------------|---------------------|---------------------|--|--|
| Ambulation Block | 1 | Mathioya NG-CDF | 1 YEAR | FUNDS | YES | YES |
| Incinerator | 2 | Mathioya NG-CDF | 1 YEAR | FUNDS | YES | YES |
| Renovation of classrooms | 3 | Mathioya NG-CDF | 1 YEAR | FUNDS | YES | YES |
| Gabions | 4 | Mathioya NG-CDF | 1 YEAR | FUNDS | YES | YES |

Status of Projects completion

| Project | Total project Cost | Total expended to date | Completion % to date | Budget | Actual | Sources of funds |
|-------------------------------|-----------------------|---------------------------|-------------------------|-----------|-----------|------------------|
| 1 Ambulation Block | 1,500,000 | 1,500,000 | 100% | 1,500,000 | 1,500,000 | Mathioya NG-CDF |
| 2 Incinerator | 150,000 | 150,000 | 100% | 150,000 | 150,000 | Mathioya NG-CDF |
| 3 Renovation of classrooms | 2,500,000 | 2,500,000 | 100% | 2,500,000 | 2,500,000 | Mathioya NG-CDF |
| 4 Gabions | 500,000 | 0 | 0% | 500,000 | 500,000 | Mathioya NG-CDF |

**Mathioya Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2022
Appendix III- Inter-Entity Confirmation Letter**

**Mathioya Technical and Vocational College
P.o Box 363 10204,
Kiriaini,
MURANG'A**

The State Department for Vocational and Technical Training, Ministry of Education, wishes to confirm the amounts disbursed to you as at 30th June 2022 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below. Please sign and stamp this request in the space provided and return it to us.

| Reference Number | Date Disbursed | Amounts Disbursed as at 30th June 2022 | | | | Amount Received (KShs) | | Differences (KShs) (F)=(D-E) |
|------------------|----------------|--|-----------------|-----------------------|-------------------|--------------------------------------|----------|------------------------------|
| | | Recurrent (A) | Development (B) | Inter-Ministerial (C) | Total (D)=(A+B+C) | As at 30 th June 2021 (E) | | |
| | 05/07/2021 | 500,000 | 0 | 0 | 500,000 | 500,000 | 0 | |
| | 15/07/2021 | 1,627,500 | 0 | 0 | 1,627,500 | 1,627,500 | 0 | |
| | 18/11/2021 | 1,402,500 | 0 | 0 | 1,402,500 | 1,402,500 | 0 | |
| | 02/03/2022 | 1,402,500 | 0 | 0 | 1,402,500 | 1,402,500 | 0 | |
| | 03/06/2022 | 1,155,000 | 0 | 0 | 1,155,000 | 1,155,000 | 0 | |
| Total | | 6,087,500 | 0 | 0 | 6,087,500 | 6,087,500 | 0 | |

Confirmation of amounts received by Mathioya Technical and Vocational College as at 30th June 2022

In confirm that the amounts shown above are correct as of the date indicated.

Head of Accountants department of beneficiary Entity:

Name A. AROSAH.....MURANG'A.....Sign.....MURANG'A..... Date 20/08/2022

**Mathioya Technical and Vocational College
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