

REPUBLIC OF KENYA



*Enhancing Accountability*

THE NATIONAL ASSEMBLY  
PAPERS LAID

**REPORT DATE:** 11 JUN 2025

DAY.  
Wednesday

PARLIAMENT  
OF KENYA  
LIBRARY

OF

TABLED BY:	Hon. Owen Bayo, MP Deputy leader of the Majority
CLERK-AT THE-TABLE:	hon.ale

**THE AUDITOR-GENERAL**

**KAKRAO TECHNICAL AND VOCATIONAL  
COLLEGE**

**FOR THE YEAR ENDED  
30 JUNE, 2024**



The following table shows the results of the experiment. The data indicates that the reaction rate is significantly higher at higher temperatures, which is consistent with the Arrhenius equation. The activation energy of the reaction is estimated to be approximately 45 kJ/mol.

Temperature (K)	Rate Constant (s <sup>-1</sup> )
298	0.0012
308	0.0045
318	0.015
328	0.055
338	0.18

The linear relationship between the natural logarithm of the rate constant and the inverse of the absolute temperature is shown in the graph below. The slope of the line is negative, indicating an exothermic reaction.

The data points are plotted in the graph below, showing a clear linear trend. The correlation coefficient is 0.99, indicating a very strong linear relationship.



17 APR 2025



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**KAKRAO TECHNICAL AND VOCATIONAL COLLEGE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**30<sup>TH</sup> JUNE 2024**

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



**Table of Contents**

1.	Acronyms and Definition of Key Terms . . . . .	IV
2.	Key Kakrao Information and Management . . . . .	VI
3.	Board of Governors . . . . .	IX
4.	Key Management Team . . . . .	XII
5.	Chairman’s Statement . . . . .	XVI
6.	Report of the Chief Principal. . . . .	XVII
7.	Statement of Performance against Predetermined Objectives . . . . .	XX
8.	Corporate Governance Statement. . . . .	XXV
9.	Management Discussion and Analysis . . . . .	XXXII
10.	Environmental and Sustainability Reporting Statement . . . . .	XXXIV
11.	Report of the Board Of Governors . . . . .	XXXX
12.	Statement of Board of Governors Responsibilities . . . . .	XXXXI
13.	Report of the Independent Auditor. . . . .	1
3.	Statement of Financial Performance for the Year Ended 30 June 2024 . . . . .	1
4.	Statement of Financial Position as At 30th June 2024 . . . . .	2
5.	Statement of Changes in Net Asset for the Year Ended 30 June 2024 . . . . .	3
6.	Statement of Cash Flows for the Year Ended 30 June 2024. . . . .	4
7.	Statement of Comparison of Budget & Actual amounts For Year Ended 30 <sup>th</sup> June 2024 . . . . .	5
8.	Notes to the Financial Statements . . . . .	6
9.	Appendices . . . . .	26

**I. Acronyms and Definition of Key Terms**

**A. Acronyms**

BOG	Board of Governors
KTVC	Kakrao Technical and Vocational College
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
TVC	Technical Vocational College
PSC	Public Service Commission
KNEC	Kenya National Examination Council
NITA	National Industrial Training Authority
CDACC	Curriculum Development, Assessment and Certification Council
KASNEB	Kenya Accountants and Secretaries National Examination Board
PS	Principal Secretary
TVET	Technical and Vocational Education and Training
OS	Occupational Standards

**B Definition of Key Terms**

**Fiduciary Management** - Members of Management directly entrusted with Kakrao's financial resources.

**Comparative Year**- the prior period.

**The Board** – a group of professionals managing the institution

**Quality Management System (QMS)** - A structured system of processes and procedures that institute uses to ensure consistent delivery of products or services that meet customer and regulatory requirements, based on standards like ISO 9001:2015

**Stakeholders** - Individuals or groups with an interest in the institution's operations and outcomes including students, staff, and the community.

**Fiduciary Responsibility** - The obligation of individuals in positions of trust (like the Principal and Board members) to act in the best interest of the institution and its stakeholder.

**Linkages in Training and Industry** - Collaborations between educational institutions and industry partners to enhance training relevance and job placement opportunities

**Market-Driven Skills** - Skills developed based on the current demands and needs of the job market.

**Self-Reliance** - The ability of individuals to support themselves financially and socially through acquired skills and knowledge

**Sustainable Development:** Development that meets present needs without compromising the ability of future generations to meet their own needs, often emphasizing environmental, economic, and social sustainability

## **2. Key Kakrao Information and Management**

### **(a) Background information**

*Kakrao Technical and Vocational College* was established under the TVET Act 2013 commenced operations on February 05 2021. The College is domiciled in Kakrao shopping centre approximately 4 km from Kakrao centre Migori county- Kenya. The institution is a public institution and is under the Ministry of Education.

### **(b) Principal Activities**

The principal activity of Kakrao Technical and Vocational College is to train students in business and technical courses.

#### **Our Vision**

To be a TVET centre of excellence in technical, science and business courses.

#### **Our Mission**

To equip trainees with knowledge, skills and attitude relevant for the 21<sup>st</sup> century and beyond.

#### **Our Strategic Objectives**

- To achieve Financial Viability and Sustainability
- To develop a Strong and Well-managed Institution
- To provide quality Education and Technical Training
- To improve Corporate Governance and Image
- To expand and improve the Physical Facilities
- To enhance Risk Management, Disaster Preparedness and promote Environmental Sustainability

#### **Our Core Values**

- Integrity
- Innovation
- Practicability
- Teamwork
- Environmental Sustainability

### **(c) Key Management**

The day-to-day management of the College is exercised by the following key organs:

- Board of Governors
- Principal / Board Secretary
- Principal's Management Committee
- HOD's

### **(d) Fiduciary Management**

The key management personnel who held office during the period ended 30 June 2024 and who had direct fiduciary responsibility were:

**KAKRAO TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

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<b>Designation</b>	<b>Name</b>
Principal	Felix B Odhiambo
Deputy Principal-administration	James Ouko Ochido
Deputy Principal-academics	Naomi Odira
Registrar administration	Collins Owino Odhiambo
Registrar academics	Ann Lavenda Omollo
Dean of Students	Dorcas Aloo Origah
Finance Officer	Simon Ochieng Otieno
Supply Chain Manager	Mark Oduor Onyango
Human Resource Officer	Christine Claire Awange

**Key Kakrao Information and Management**

**(e) Entity Headquarters**

P.O. Box 308, 40400  
Suna-Migori  
Kisii-Isebania Road  
Migori County,  
KENYA.

**(f) Entity Contacts**

Telephone (254) 0101905052 / +254 48805052  
E-mail: [kakraotvc20@gmail.com](mailto:kakraotvc20@gmail.com)/[kakraotvc@yahoo.com](mailto:kakraotvc@yahoo.com)  
Website: <https://www.kakraotvc.com>

**(g) Entity Bankers**

Kenya Commercial Bank Limited  
Migori Branch  
Physical address  
Kisii/ Isebania Rd. Suna  
Tel +254-5920501

Cooperative Bank Ltd  
Kisii Branch  
Tel: 0729 230 701, 0708 223 332  
Email: [kisiieastbr@co-opbank.co.ke](mailto:kisiieastbr@co-opbank.co.ke)




**(h) Independent Auditors**

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

**(i) Principal Legal Adviser**

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

**3. Board of Governors**

 <p>1. <b>KENNETH OTIENO MAUKO</b> BOG Chairperson</p>	<p><b>D.O.B:</b> 19<sup>TH</sup> MAY 1983</p> <p><b>Qualifications and work experience</b>                  Constituency Office Manager                  (Suna East Constituency)                  2020-2024                  Masters in Project Planning and Management-UON                  A Professional Project Manager-                  MBA Finance JKUAT</p>
 <p>2. <b>DR. CAROLYNE A. ODERA</b> BOG Member</p>	<p><b>DOB:</b> 16<sup>th</sup> January 1974</p> <p><b>Qualifications and work experience</b>                  Lecturer at Rongo University                  Dr Carolyne holds a PhD in Communication Studies in Educational Leadership.                  She is an accomplished scholar with a teaching experience of over 21 years. She has also published in various refereed journals.</p>
 <p>3. <b>CPA MARY KOKO OUMA</b> BOG member</p>	<p><b>DOB:</b>1975</p> <p><b>Qualifications and work experience</b>                  A senior accountant at South Nyanza Sugar Limited                  Masters (MBA) in Finance                  Bed Mathematics and Economics                  ICPAK Member, CPA (K)                  AWAK Member and is a Certified Pension Fund Trustee</p>



4. OLIVIA ALUOCH ODONGO  
BOG Member

**DOB: 11<sup>TH</sup> November 1962**

**Qualifications and work experience**

Masters of Education- Education Administration and Planning

MBA- Marketing Management

BEd Arts-Economics and commerce

Diploma in Education

Former Deputy Director Technical Education

Directorate of TVET

State Department for TVET

Ministry Of Education.



5. Vivian Kemunto Ratemo  
BOG member

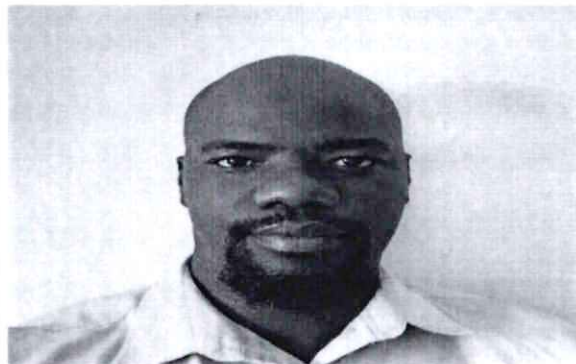
**DOB: 15<sup>th</sup> March 1995**

**Qualifications and work experience**

27/10/2016-Bachelor of Laws- Kabarak university

Participated in a number of international conferences while at the University.

She is an advocate of the High Court of Kenya.



6. Arch. CHARLES J.O ANDALA

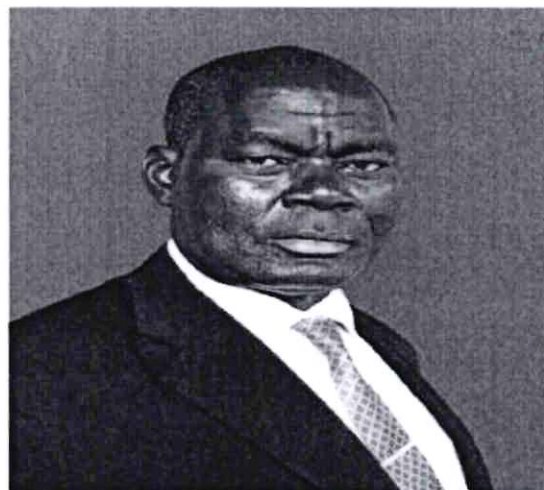
**DOB: 20/01/1988**

**Qualifications and work experience**

Bachelor in Architecture

Professional consulting architect

Director at Andytect Designs Ltd

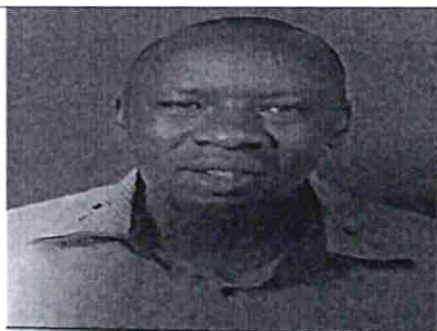


7. CALEB J. MIYAWA

**DOB: 1<sup>st</sup> July 1956**

**Qualifications and work experience**

Master's in Education management and Policy Studies  
 Lecturer at Masinde Muliro University of Science and Technology (MMUST)



8. Dr. JOHN OSORO

Regional Director TVET / PS Representative

**DOB:**

**Qualifications and work experience**

Has served as a Deputy Director incharge of Quality Assurance in the Directorate of Technical Education he has also served in the Department of Quality Assurance Officer in TVETA.

Has served as a part time lecturer in the School of Business and Economics at the university of Nairobi. An accomplished author on many articles in CBET and Dual Training.

Has a PhD in FINANCE



9. Felix Barclays Odhiambo, P.Eng. Tech;  
 MIET-K  
 BOG Secretary/Principal

**DOB: 09/09/1969**

**Qualifications and work experience**

Holds a B Tech in Electrical and Electronics from TUM University and a Diploma in Tech. Education from KTTC.

Has been a TVET Trainer for over 32 years, a HOD for over 15 years, a Dean of Students for 2 years and a Registrar for also two years.

A Registered Professional Engineering Technologist with KETRIB. A Member of IET-K.

**4.Key Management Team**

The key management personnel who held office during this period ended 30th June, 2024 and who had direct fiduciary responsibility were:



Felix Barclays Odhiambo,  
P.Eng.Tech; MIET-K  
BOG Secretary/Principal



Deputy Principal-Administration  
James Ouko Ochido



Madam Naomi Odira  
Deputy principal, Academics

**KAKRAO TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

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Collins Owino  
Registrar -administration and PC  
Coordinator



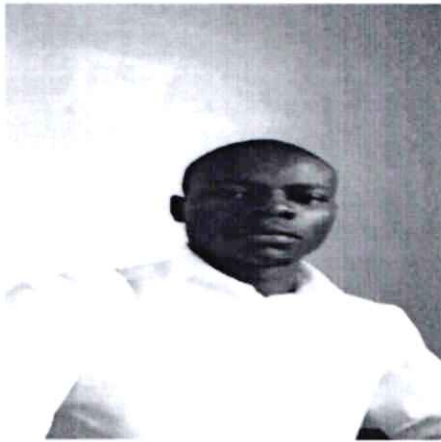
Registrar-academics  
Mrs. Anne Lavender



Dean of Students  
Dorcas Aloo Origah

**KAKRAO TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

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Finance Officer  
Simon O. Ochieng  
Bachelor's Degree in BBM  
(Accounting Option)  
CPA 5



Procurement Officer  
Mr. Mark Onyango  
Degree Supply Chain



HR Officer  
Christine Claire Awange  
Diploma in  
Human Resource Management

**KAKRAO TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

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**(j) Fiduciary Oversight Arrangements**

The key management personnel who held office during the period ended 30<sup>th</sup> June 2024 and who had direct fiduciary responsibility were:

<b>Designation</b>	<b>Name</b>
Principal	Felix Barclays Odhiambo
Deputy Principal- Administration	James Ouko Ochido
Deputy principal Academics	Naomi Odira
Registrar Administration	Collins Owino Odhiambo
Registrar Academics	Ann Lavenda Omollo
Dean of Students	Dorcas Aloo Origah
Finance Officer	Simon Ochieng Otieno
Supply Chain Manager	Mark Onyango Oduor
Human Resource Officer	Christine Claire Awange
<b>Board Committees</b>	<b>Members</b>
Administration Finance, Infrastructure and Projects Committee	Arch. Charles J.O Andala Dr. Carolyne A Odera. Olivia Aluoch Odongo P.Eng.Tech.Felix B. Odhiambo
Audit, Risk Management and Compliance (ARMC) Committee	CPA Mary Koko Ouma Vivian K Ratemo Caleb J Miyawa Callfax Nyanyuki
Education, Research, Training and Human Resource Committee	Dr. Carolyne A. Odera Arch. Charles J.O Andala Caleb J Miyawa P.Eng.Tech.Felix B. Odhiambo

#### **4. Chairman's Statement**

Kakrao Technical and Vocational College is a new TVET institution. It opened its doors on 15<sup>th</sup> February 2021, admitting its first batch of students.

The first Board of Governors was subsequently appointed by the Cabinet Secretary for Education Professor George Magoha and held its inaugural meeting on 4<sup>th</sup> February, 2021. On behalf of the entire Board, I would appreciate the work well done by the previous Board.

The second Board of Governors was appointed by the Cabinet Secretary for Education, Hon. Ombaki, Ezekiel Machogu on 12<sup>TH</sup> February 2024 and had its inaugural meeting and first BoG meeting held on 28<sup>th</sup> March 2024.

The Board therefore embarked on a mission to put in place systems, policies, procedures and other frameworks to enable continuous operationalization of the College. The previous Board had already approved Kakrao Technical and Vocational College Strategic Plan 2021-2026 which is under review. In addition to the Strategic Plan, the previous Board had already approved the, internal quality assurance policy industrial attachment policy, examination Policy, Financial Policy and Audit and Risk Management Policy. Various Operating Procedure Manuals are also in place. The previous Board had also put in place its own Board Charter, Board Committees Terms of Reference and Board and individual board member evaluation policy.

The College however faced a myriad of problems inter alia financial resources during the period ended 2023/2024 due to capitation and new scholarship model shortfall and poor fee payment from the sponsors. There were also problems experienced due to lack of enough water, electricity, partially fenced compound, no adequate training machinery, equipment and furniture.

However, the future looks bright. The Board has entrusted day to day running of the institution to management headed by the Chief Principal who together with the able staffs ensures that policies put in place by the Board are adhered to, the reports in all operational areas are reported to the Board to oversight whether targets set are met.

The Board intends to embark on massive resource mobilization, additional policy formulation, link the institution with key stakeholder groups, enhance sustainability and monitor achievement of targets.

The Board gives an assurance on continued support to management as they exercise their oversight role for effective performance.

Thank you

**HON. KENNETH OTIENO MAUKO**  
**CHAIRMAN**  
**12/07/2024**

## **5. Report of the Chief Principal**

### **Introduction**

Kakrao Technical and Vocational College opened its doors on 15<sup>th</sup> February, 2021. The First Principal reported to the institution on January 2020, where the institution was officially handed over by the Mentor Kisii National Polytechnic and Rongo University. The College then comprised of a single incomplete block building which up to date is still incomplete. Registration of the College with TVETA had also not been done and is still in the process since the building is still incomplete.

The main building has been partially empty – no adequate furniture, equipment and machinery as we still wait for the State of Art of Equipment from the Government of Kenya.

During the third Quarter of this financial year, the college received Art of Equipment from the Government of Kenya purposely for training in the Agriculture Department.

There is a partial fence round the compound as the college is committed to do the fencing of the whole parcel of land. Equally, the college is lacking adequate water, though through the county government of Migori, the college received one 10000litre water tank and three 5000litres water tank from MoE-GoK which is being used for rain water harvesting.

The College has now fully registered with the following bodies i.e., KUCCPS, HELB, NITA, KNEC, TVET CDACC and KATTI and is in the process of registering more courses with TVET CDACC. We have embarked on forcasting on dual training which will commence in 2025.

The then Cabinet Secretary for Education, Hon. Ezekiel Ombaki Machogu appointed the Board of Governors on 12<sup>th</sup> of February 2024 headed by Mr. Kenneth Otieno Mauko that has been steering the College during the period ended 30<sup>th</sup> June 2024. The team has ensured that the College has become operational from where the previous Board of Governors left.

Since the College opened its doors to trainees on 15<sup>th</sup> February 2021, currently it has registered 1,274 trainees. The PSC has already posted 12 trainers and the remaining 15 trainers are serving on a contract basis having been recruited by the BoG during the 2021/2022 financial year. Due to a wide variety of courses offered, the college had to engage 58 more trainers on internship 2 trainers on teaching practice and 9 casual workers to assist reduce the wage bill.

The management under the direction of the BoG has already documented various operating procedures and policies to guide its operations. It continues to develop more operating procedures and policies. The Board plans a 5-year Strategic Plan which is already under implementation and review processes as required by Performance Contracting. Some of the policies approved by the

**KAKRAO TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

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board and are being implemented includes; the Academic Policy, Finance Policy, and Human Resource Policy as other policies are under consideration.

**Operational Results**

Financial resources have been a big challenge in the just ended financial year and period.

At the close of the period ended June 2023/2024 financial year, the College had received NIL operational and development grant from GoK as it has surpassed 500 trainees. The College therefore had total income of Ksh 45,976,173 out of which 20,361,677.90 were transfers from the National Government, trainees Capitation against total expenditure of Ksh 54,159,248 giving a deficit of Ksh 8,183,075 Fee collection remains a challenge for the self-sponsored students. However, the College being fully registered with HELB all the trainees with fee challenges have been encouraged and assisted to apply. Since the College is already registered with KUCCPS, the capitation flows into the College to assist in its operations.

We hope to fence and secure the College compound as well as work towards getting a regular water supply which has since then been boosted by the County Government of Migori by donating one 10,000 litres water tank and three 5000litres water tank from MoE GoK. The ministry has also promised to supply training equipment and machinery within the FY 2023/2024. In addition, in conjunction with CDF and other donors, more infrastructural improvements will be witnessed in FY 2024/2025.

**Achievements**

In the brief period that the College has been in operation it is noted with great pleasure that a number of achievements have been made despite the acute resource constraints.

- Given that the institution was being operationalized, the estimated number of students in the FY 2023/2024 was 993. However, we realized a total of 1,274 students. This is due to the appropriate marketing strategy put in place.
- Construction of an Engineering Workshop Shade is ongoing.
- Partial landscaping and tree planting
- Acquisition of State of Art Equipment from the GoK

**Governance**

The second BoG was appointed on 12/02/2024 with the inaugural meeting on 28<sup>th</sup> March 2024. The BoG executed their duties well during the Period ended June 2024 being their first period in operation. The meeting attendances are stated under corporate governance statement.

There were no conflicts of interest recorded during the period under review.

**KAKRAO TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

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The board is in the process of forming and approving, waste and disposal management policies, whistle blowing policies, the board remuneration policy and attendances will be in line with the provisions of the Salaries and Remuneration Commission.

The evaluation of BoG Performance will be done as will be laid by the board.

The College is managed by the Principals Management Committee (PMC) which comprise of all top management staff. During the period under review, the PMC also executed their role well.

**Conclusion**

Finally, I would like to express my special thanks to Kakrao Technical and Vocational College stakeholders, especially the community and CDF, for the support that they offered to the institution. Special mention also goes to the staffs who worked tirelessly to ensure smooth operation of the institution. The Board is also commended for providing effective leadership and oversight in driving forward the College.

We will continue to be guided by our motto *“Technology for Creativity and Innovation”*.

Thank You

F B Odhiambo, P.Eng.Tech; MIET-K  
**PRINCIPAL/ BOG SECRETARY**

**KAKRAO TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

**6. Statement of Performance against Predetermined Objectives**

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

Kakrao Technical and Vocational College has 6 strategic pillars and objectives within its Strategic Plan for the FY 2021/2022- 2024/2025. These strategic pillars are as follows:

- Pillar 1: To achieve financial viability and sustainability,
- Pillar 2: To develop a strong and well-managed institution,
- Pillar 3: To provide quality education and technical training
- Pillar 4: To improve corporate governance and image,
- Pillar 5: To expand and improve the physical facilities,
- Pillar 6: To enhance risk management, disaster preparedness and promote environmental sustainability

Being the fourth year that the Strategic Plan is in operation, Kakrao Technical and Vocational College has developed its Annual Work Plans based on the above 6 pillars. Assessment of the Board's performance against its annual work plan will be done on a quarterly basis.

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Achieve Financial Viability and sustainability	To improve revenue base	KTVC Financial Management Operating Procedures	Develop financial procedures	Receipt of FiRe Award under TVET category
		Installed ERP	Strengthen fee collection	ERP acquired
		Records of receipts	Strengthen fee collection	Improved fee collected
	To reduce operational cost	Training reports for specialised staff	Train staff in finance and procurement departments	All staff in finance and procurement department trained
		Approved Budget	Compliance with budgetary estimates	100% compliance with financial, legal and regulatory framework
	*To absorb allocated funds	Financial statements, Management Reports	Compliance with budgetary estimates	100% absorption noted
	*To generate Appropriation in Aid	Project records and receipts issued	Identify and initiate income generating activities	Increased IGA activities i.e. crop farming, brick making. Kes 147,230 raised.
	*To clear pending bills	Pending bills of less than 1% of revenue	Pay all pending bills from previous year.	Pending bills of Kes 120,000 of FY 22/23 paid.

**KAKRAO TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

<b>Strategic Pillar</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
Develop a strong and well managed institution	To develop relevant policies and procedures	Approved policy documents	Develop and operationalize policies and procedure manuals	Improved PC score of 3.2 up from 3.5 in FY 2023/2024
	*To review strategic plan	Reviewed Strategic Plan	Undertake review of July 2021-June 2026 Strategic Plan	June 2023-June 2028 Strategic Plan developed
	*To strengthen staff capacity	Staff Contracts	Undertake recruitment of staff	27 staff members recruited
	*To train staff	Staff Training Reports	Facilitate training of staff	Sustained staff capacity building
	*To expand and equip offices	GRN for acquired furniture and equipment	Undertake creation of more office space and equipping the offices	HoDs' offices created and equipped with tables, chairs and lockable lockers, other offices equipped, staffroom chairs acquired, printer and projector acquired
	*To increase gross enrolment	Trainee Register	Increase gross enrolment in College	Enrolment increased from 777 trainees to 1274 trainees
	To develop competence development	Staff Training and Appraisal Reports	Undertake institutional skills gap analysis, training needs assessment and employee performance management	41 members of staff appraised and trained
*To ensure adequate asset management structures	Updated Asset Register	Maintain, update and submit asset register to National Treasury	Asset registers maintained and 100% updated	

**KAKRAO TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

<b>Strategic Pillar</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
Provide quality education and training	To enhance 100% syllabus coverage	Approved professional documents	Develop and submit timely all professional documents	Developed and approved professional documents
	*To improve KNEC examination pass rate	Approved KNEC examination pass lists	Improve the KNEC examination pass rate	KNEC pass rate hit 78% in July 2023 examination
	*To enhance co-curricular and extra-curricular activities	Certificated achieved from participation in Co-curricular and extra-curricular activities	Involve trainees in termly ball games	Participation in regional ball games music and drama
	*To integrate ICT in training and learning	GRN for acquired computers.	Integrate ICT in learning and training to ensure acquisition of computer literacy skills	Establishment of Jitume lab
	*To provide practical training to trainees	GRN for goods that have been produced by trainees	Engage trainees in the development of skills required in the labour market	bricks /blocks made by trainees and production of
	*To develop partnerships and linkages	Benchmarking Reports	Undertake benchmarking trips by trainees	Bench marking trips conducted by trainees from Mechanical & Automotive Eng Dept, Building & Civil Eng Dept, Hospitality & IM Dept, Agricultural & Environmental Studies Dept, Business & Liberal Studies Dept and ICT Dept.
		MoU with industry	Sign MoUs with industry to facilitate conducting of practicals	MoUs to be signed with Sunaton Hotel , Suna Jua Kali Association and Migori County R/ Hospital
		Insurance cover for trainees	Provide insurance cover to trainees	Insurance cover provided to 289 trainees

**KAKRAO TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

<b>Strategic Pillar</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
Improve corporate governance and image	*To implement Citizen Service Delivery Charter	Displayed CSDC and tailored departmental CSDC including conversion into braille	Display and customize CSDC and sensitize staff members	CSDC displayed both in English and Kiswahili, converted into braille, sensitized 64 staff members and cascaded and tailored to training departments
	To strengthen Board of Governors	Board minutes and attendance	Conduct Board meetings as per Board Almanac	Board meetings conducted as scheduled and fully attended

<b>Strategic Pillar</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
Expand and improve physical facilities	To expand and equip workshops	GRN for acquired furniture and equipment	Acquire training equipment for workshops	Training equipment acquired for the engineering departments
		Installation of enhanced internet coverage	Enhance internet connectivity within the institution	Installation of internet coverage by MIGNET
	To beautify the college compound	Relevant documentation for beautification of compound	Undertake activities to beautify the compound	Beautiful compound with well-manicured grounds maintained and front view of building painted

**KAKRAO TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

<b>Strategic Pillar</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
Enhance risk management, disaster preparedness and promotion of environmental sustainability	To strengthen risk management activities	Risk Register and Objectives Register	Prepare risk and objectives register for all departments and sections	Risk Registers and Objective Registers prepared
		Corruption and Risk Assessment Report	Prepare a corruption and risk assessment report	Corruption and Risk Assessment Reports prepared
	To strengthen environmental protection programmes	Tree Nursery	Construct a tree nursery	Tree nursery established with many varieties of trees
			Participate in the quarterly national tree planting days	820 trees planted and 2200 trees donated during national tree planting days

*\* refers to objectives also in the performance contract*

### **7. Corporate Governance Statement**

We believe in good corporate governance as an institution. The Board provides leadership through oversight, review and guidance whilst setting the strategic direction.

The Board which has an appropriate mix of skills, knowledge and experience to perform its role effectively was inaugurated on 4<sup>th</sup> February 2021.

Board meetings are held periodically and as and when the need arises. The College ensures that it provides the necessary resources and expertise to the Board to assist it in their decision-making. The Ministry of Education is also regularly consulted on key policy matters.

#### **General Responsibilities**

The Board has a duty to the people of Kenya to ensure that Kakrao Technical and Vocational College achieves its objectives efficiently and effectively and in compliance with PFM Act, 2012, TVET Act 2013, all relevant Acts of Parliament and all Ministry directives and guidelines issued from time to time.

The statutory functions of the Board include:

Overseeing the conduct of education and training in the institution in accordance with the provisions of TVET Act 2013;

- Promoting and maintaining standards, quality and relevance in education and training in the institution in accordance with TVET Act 2013 and any other written law;
- Administering and managing the property of the institution;
- Developing and implementing Kakrao Technical and Vocational College Strategic Plan
- Preparing annual estimates of revenue and expenditure for the institution and incurring expenditure on behalf of the institution;
- Receiving, on behalf of the institution, fees, grants, subscriptions, donations, requests or other moneys and to make disbursement to the institution or other bodies or persons;
- Determining the fees payable and prescribing conditions under which fees may be remitted in part or in whole in accordance with the guidelines developed under the provisions of the TVET Act 2013;
- Mobilizing resources for the institution;
- Developing and reviewing programmes for training and to make representations there on to TVETA Authority Board;
- Regulating the admission and exclusion of students from the institution, subject to a qualifications framework and the provisions of TVET Act 2013;
- Approving collaboration or association with other institutions and industries in and outside Kenya subject to prior approval by TVETA Board;
- Recruiting and appointing trainers from among qualified professionals and practising trades persons in relevant sectors of industry;
- Determining suitable terms and conditions of service for support staff, trainers and instructors and remunerating the staff of the institution in consultation with TVETA Board;
- Making regulations governing organization and conduct and discipline of staff and students;

- Preparing comprehensive annual reports on all areas of their mandate, including education and training services and submit the same to the TVETA Board;
- Providing for the welfare of the students and staff of the institution;
- Encouraging, nurturing and promoting democratic culture, dialogue and tolerance in the institution; and
- Discharging all other functions conferred upon it by the TVET Act 2013 or any other written law.

### **Risk Management and Internal Controls**

The Board has overall responsibility for the establishment and oversight of the institution's risk management frameworks. The Risk Management Policies are established to identify and analyse the risks faced by the institution and to set appropriate risk limits and controls, and to monitor adherence to these limits. Risk management policies and systems are reviewed regularly to reflect changes in operating conditions, legislation and services offered. Subsequently, the institution identifies and manages risk through in-house risk review enhanced by compliance, internal and external audits.

The Institution has in place a system of internal controls with defined operating procedures, financial and operational controls to ensure that resources are safeguarded; transactions authorised, validated and reported in line with International Public-Sector Accounting Standards.

### **Conflicts of interest**

All Board members are under a duty to avoid any conflicts of interest. This entails not engaging, directly or indirectly in any business that competes or conflicts with the institution's business.

The Board has established robust process requiring members to disclose outside business interests that would conflict with institutions interests.

### **Compliance**

The Board confirms that it is satisfied that the though the institution currently has inadequate resources it can continue operating for the foreseeable future. For this reason, it continues to adopt the going concern basis when preparing the financial statements.

The Board is satisfied that the institution as to the best of their knowledge complied with all relevant laws and conducted its business affairs in accordance with the law in particular to;

- The Constitution of Kenya, 2010
- TVET Act, 2013
- PFM Act, 2012
- Procurement and Assets Disposal Act, 2015
- IPSAS standards.
- Mwongozo
- All other relevant laws in its operation (regular circulars from Treasury and Ministry of Education)

**KAKRAO TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

Kakrao Technical and Vocational College also has internal policies it uses in its operation. These policies are in line with all the relevant laws stated above and only direct the specific operations on how tasks are handled.

These policies are inter alia; Financial Management Policy, Procurement Policy, and Academic Policy.

**BOARD ATTENDANCE REGISTERS**

**KAKRAO TVC BOARD OF GOVERNORS MEETING HELD ON 28<sup>TH</sup> MARCH, 2024 AT THE F & B TRAINING CENTRE ATTENDANCE LIST**

No.	NAME	DESIGNATION	TEL	SIGNATURE
1	Mr. KENNETH OTIENO MAUKO	CHAIRPERSON	0720616344	ATTENDED
2	Dr. CAROLYNE A. ODERA	MEMBER	0723426007	ATTENDED
3	CPA. MARY KOKO OUMA	MEMBER	0721247177	ATTENDED
4	Mr. CALEB J. MIYAWA	MEMBER	0725301586	ATTENDED
5	Ms. OLIVIA ALUOCH ODONGO	MEMBER	0722791285	ABSENT WITH APOLOGY
6	ARCH. CHARLES J O ANDALA	MEMBER	0729505386	ATTENDED
7	Ms. VIVIAN K. RATEMO	MEMBER	0714559017	ATTENDED
8	Dr. JOHN OSORO	PS REPRESENTATIVE	0723834815	ATTENDED
9	P. Eng. Tech. F B ODHIAMBO	SECRETARY BOG / PRINCIPAL	0726855568	ATTENDED

**KAKRAO TVC BOARD OF GOVERNORS MEETING HELD ON FRIDAY 1<sup>ST</sup> MAY, 2024 AT THE KISHI NATIONAL POLYTECHNIC ATTENDANCE LIST**

No.	NAME	DESIGNATION	TEL	SIGNATURE
1	Mr. KENNETH OTIENO MAUKO	CHAIRPERSON	0720616344	ATTENDED VIRTUALLY
2	Dr. CAROLYNE A. ODERA	MEMBER	0723426007	ATTENDED VIRTUALLY
3	CPA. MARY KOKO OUMA	MEMBER	0721247177	ABSENT WITH APOLOGY
4	Mr. CALEB J. MIYAWA	MEMBER	0725301586	ATTENDED VIRTUALLY
5	Ms. OLIVIA ALUOCH ODONGO	MEMBER	0722791285	ATTENDED VIRTUALLY
6	ARCH. CHARLES J O ANDALA	MEMBER	0729505386	ATTENDED VIRTUALLY
7	Ms. VIVIAN K. RATEMO	MEMBER	0714559017	ATTENDED VIRTUALLY
8	Dr. JOHN OSORO	PS REPRESENTATIVE	0723834815	ABSENT WITH APOLOGY
9	P. Eng. Tech. F B ODHIAMBO	SECRETARY BOG / PRINCIPAL	0726855568	ATTENDED VIRTUALLY

**KAKRAO TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

**KAKRAO TVC BOARD OF GOVERNORS MEETING HELD ON WEDNESDAY 15<sup>TH</sup> MAY, 2024 AT THE KISII NATIONAL POLYTECHNIC ATTENDANCE LIST**

No.	NAME	DESIGNATION	TEL	SIGNATURE
1	Mr. KENNETH OTIENO MAUKO	CHAIRPERSON	0720616344	ATTENDED VIRTUALLY
2	Dr. CAROLYNE A. ODERA	MEMBER	0723426007	ATTENDED VIRTUALLY
3	CPA. MARY KOKO OUMA	MEMBER	0721247177	ABSENT WITH APOLOGY
4	Mr. CALEB J. MIYAWA	MEMBER	0725301586	ATTENDED VIRTUALLY
5	Ms. OLIVIA ALUOCH ODONGO	MEMBER	0722791285	ATTENDED VIRTUALLY
6	ARCH. CHARLES J.O ANDALA	MEMBER	0729505386	ATTENDED VIRTUALLY
7	Ms. VIVIAN K. RATEMO	MEMBER	0714559017	ATTENDED VIRTUALLY
8	Dr. JOHN OSORO	PS REPRESENTATIVE	0723834815	ABSENT WITH APOLOGY
9	P. Eng. Tech. F B ODHIAMBO	SECRETARY BOG / PRINCIPAL	0726855568	ATTENDED VIRTUALLY

**KAKRAO TVC BOARD OF GOVERNORS MEETINGS (VIRTUAL AND PHYSICAL) HELD ON 7<sup>TH</sup> JULY, 2023 AT THE FOOD & BEVERAGE TRAINING CENTRE ATTENDANCE LIST**

No.	NAME	DESIGNATION	TEL	SIGNATURE
1	CHARLES OYUGI OWINO	CHAIRPERSON	0729993390	ABSENT WITH APOLOGY
2	CAROLYNE A. ODERA	MEMBER	0723426007	ATTENDED
4	MMBONE M. AVELINAH	MEMBER	0723363742	ATTENDED VIRTUALLY
5	MITENDE N. NYAPETE	MEMBER	0725366514	ATTENDED
6	Dr. PHILIP O. MWABE	MEMBER	0722767949	ABSENT
7	VIVIAN K. RATEMO	MEMBER	0714559017	ATTENDED VIRTUALLY
8	Dr. MATUNGA A. DENISH	MEMBER	0729006424	ATTENDED VIRTUALLY
9	TOM OTIENO OLANG'O	PS REPRESENTATIVE	0722240816	ATTENDED VIRTUALLY
10	P. Eng. Tech. F B ODHIAMBO	SECRETARY BOG / PRINCIPAL	0726855568	ATTENDED

**KAKRAO TVC BOARD OF GOVERNORS AFI COMMITTEE MEETING HELD 4<sup>TH</sup> JULY, 2023 AT THE PRINCIPAL'S OFFICE ATTENDANCE LIST**

No.	NAME	DESIGNATION	TEL	SIGNATURE
1	MITENDE N. NYAPETE	CHAIR	0725366519	ATTENDED
2	Dr. MATUNGA A. DENISH	MEMBER	0729006426	ATTENDED
3	VIVIAN K. RATEMO	MEMBER	0714559017	ATTENDED
4	TOM OTIENO OLANG'O	MEMBER	0722240816	ATTENDED
5	P. Eng. Tech. F B ODHIAMBO	BOG SECRETARY	0726855568	ATTENDED

**KAKRAO TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

**KAKRAO TVC BOARD OF GOVERNORS ERT COMMITTEE MEETING HELD VIRTUALLY ON TUESDAY 3<sup>RD</sup> JULY, 2023 AT THE PRINCIPAL'S OFFICE ATTENDANCE LIST**

No.	NAME	DESIGNATION	TEL	SIGNATURE
1.	Dr. CAROLYNE A. ODERA	CHAIR	07234260007	ATTENDED
2.	MITENDE N. NYAPETE	MEMBER	0725366519	ATTENDED
3.	VIVIAN K. RATEMO	MEMBER	0714559017	ATTENDED
4.	TOM OTIENO OLANG'O	MEMBER	0722240816	ATTENDED
5.	P. Eng. Tech. F B ODHIAMBO	BOG SECRETARY	0726855568	ATTENDED

**KAKRAO TVC BOARD OF GOVERNORS ARM COMMITTEE MEETING HELD VIRTUALLY ON MONDAY 5<sup>TH</sup> JULY, 2023 AT THE PRINCIPAL'S OFFICE ATTENDANCE LIST**

No.	NAME	DESIGNATION	TEL	SIGNATURE
	MMBONE M. AVELINAH	CHAIR	0723363742	ATTENDED
	Dr. PHILIP O. MWABE	MEMBER	0722767949	ATTENDED
	Dr. CAROLYNE A. ODERA	MEMBER	0723426007	ATTENDED
	CPA CALLIFAX NYANYUKI	AUDITOR/SECRETARY	0728489906	ATTENDED

**KAKRAO TVC BOARD OF GOVERNORS MEETINGS (VIRTUAL AND PHYSICAL) HELD ON 7<sup>TH</sup> JULY, 2023 AT THE FOOD & BEVERAGE TRAINING CENTRE ATTENDANCE LIST**

No.	NAME	DESIGNATION	TEL	SIGNATURE
1	CHARLES OYUGI OWINO	CHAIRPERSON	0729993390	ATTENDED
2	Dr. CAROLYNE A. ODERA	MEMBER	0723426007	ATTENDED
3	MMBONE M. AVELINAH	MEMBER	0723363742	ATTENDED VIRTUALLY
4	MITENDE N. NYAPETE	MEMBER	0725366514	ATTENDED
5	Dr. PHILIP O. MWABE	MEMBER	0722767949	ABSENT
6	VIVIAN K. RATEMO	MEMBER	0714559017	ATTENDED VIRTUALLY
7	Dr. MATUNGA A. DENISH	MEMBER	0729006424	ATTENDED
8	TOM OTIENO OLANG'O	PS REPRESENTATIVE	0722240816	ATTENDED VIRTUALLY
9	P. Eng. Tech. F B ODHIAMBO	SECRETARY BOG / PRINCIPAL	0726855568	ATTENDED

**KAKRAO TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

**KAKRAO TVC BOARD OF GOVERNORS AFI COMMITTEE MEETING HELD 8/10/2023 AT THE PRINCIPAL'S OFFICE ATTENDANCE LIST**

No.	NAME	DESIGNATION	TEL	SIGNATURE
1	MITENDE N. NYAPETE	CHAIR	0725366519	ATTENDED
2	Dr. MATUNGA A. DENISH	MEMBER	0729006426	ATTENDED
3	VIVIAN K. RATEMO	MEMBER	0714559017	ATTENDED
4	TOM OTIENO OLANG'O	MEMBER	0722240816	ATTENDED
5	P. Eng. Tech. F B ODHIAMBO	BOG SECRETARY	0726855568	ATTENDED

**KAKRAO TVC BOARD OF GOVERNORS ERT COMMITTEE MEETING HELD VIRTUALLY ON TUESDAY 9/10/2023 AT THE PRINCIPAL'S OFFICE ATTENDANCE LIST**

No.	NAME	DESIGNATION	TEL	SIGNATURE
1	Dr. CAROLYNE A. ODERA	CHAIR	0723426007	ATTENDED
2	MITENDE N. NYAPETE	MEMBER	0725366519	ATTENDED
3	VIVIAN K. RATEMO	MEMBER	0714559017	ATTENDED
4	TOM OTIENO OLANG'O	MEMBER	0722240816	ATTENDED
5	P. Eng. Tech. F B ODHIAMBO	BOG SECRETARY	0726855568	ATTENDED

**KAKRAO TVC BOARD OF GOVERNORS ARM COMMITTEE MEETING HELD VIRTUALLY ON 10/10/2023. ATTENDANCE LIST**

No.	NAME	DESIGNATION	TEL	SIGNATURE
1	MMBONE M. AVELINAH	CHAIR	0723363742	ATTENDED
2	Dr. PHILIP O. MWABE	MEMBER	0722767949	ABSENT
3	Dr. CAROLYNE A. ODERA	MEMBER	0723426007	ATTENDED
4	CPA CALLIFAX NYANYUKI	AUDITOR/SECRETARY	0728489906	ATTENDED
5	TOM OTIENO OLANGO	PS REPRESENTATIVE	0722240816	ATTENDED

**KAKRAO TVC BOARD OF GOVERNORS MEETINGS 1<sup>ST</sup> BoG TEAM**

No.	NAME	DESIGNATION	TEL	7/7/23	11/10/23
1	CHARLES OYUGI OWINO	CHAIRPERSON	0720616344	PRESENT	PRESENT
2	Dr. CAROLYNE A. ODERA	MEMBER	0723426007	PRESENT	PRESENT
3	MMBONE M. AVELINAH	MEMBER	0721247177	PRESENT VIRTUALLY	PRESENT VIRTUALLY
4	MITENDE N. NYAPETE	MEMBER	0725301586	PRESENT	PRESENT
5	Dr. PHILIP O. MWABE	MEMBER	0722791285	ABSENT	ABSENT
6	VIVIAN K. RATEMO	MEMBER	0729505386	PRESENT VIRTUALLY	PRESENT VIRTUALLY
7	Dr. MATUNGA A. DENISH	MEMBER	0714559017	PRESENT	PRESENT
8	TOM OTIENO OLANG'O	PS REPRESENTATIVE	0723834815	PRESENT VIRTUALLY	PRESENT VIRTUALLY
9	P. Eng. Tech. F B ODHIAMBO	SECRETARY BOG / PRINCIPAL	0726855568	PRESENT	PRESENT

**KAKRAO TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

**KAKRAO TVC BOARD OF GOVERNORS MEETINGS 2<sup>ND</sup> BoG TEAM**

No.	NAME	DESIGNATION	TEL	28/3/24	1/5/24	15/5/24
1	Mr. KENNETH OTIENO MAUKO	CHAIRPERSON	0720616344	PRESENT	PRESENT VIRTUALLY	PRESENT
2	Dr. CAROLYNE A. ODERA	MEMBER	0723426007	PRESENT	PRESENT VIRTUALLY	PRESENT VIRTUALLY
3	CPA. MARY KOKO OUMA	MEMBER	0721247177	PRESENT	ABSENT WITH APOLOGY	ABSENT WITH APOLOGY
4	Mr. CALEB J. MIYAWA	MEMBER	0725301586	PRESENT	PRESENT VIRTUALLY	PRESENT VIRTUALLY
5	Ms. OLIVIA ALUOCH ODONGO	MEMBER	0722791285	ABSENT WITH APOLOGY	PRESENT VIRTUALLY	PRESENT VIRTUALLY
6	ARCH. CHARLES J O ANDALA	MEMBER	0729505386	PRESENT	PRESENT VIRTUALLY	PRESENT VIRTUALLY
7	Ms. VIVIAN K. RATEMO	MEMBER	0714559017	PRESENT	PRESENT VIRTUALLY	PRESENT VIRTUALLY
8	Dr. JOHN OSORO	PS REPRESENTATIVE	0723834815	PRESENT	ABSENT WITH APOLOGY	ABSENT WITH APOLOGY
9	P. Eng. Tech. F B ODHIAMBO	SECRETARY BOG / PRINCIPAL	0726855568	PRESENT	PRESENT VIRTUALLY	PRESENT

As mentioned earlier, the Board held its first meeting at inauguration date. Subsequently, it has approved the following board governance documents;

Board Charter

Board Terms of Reference

Board Appraisal

Board members individual self-appraisal

AFIP Committee Terms of Reference

ERTHR Committee Terms of Reference

Board Work Plan

All other activities of the Board are as governed and directed by the TVET Act 2013, other relevant acts of Parliament and government directives and guidelines issued from time to time.

## **8. Management Discussion and Analysis**

### **INTRODUCTION**

This discussion and analysis provide an overview of the results of activities and financial position of Kakrao Technical and Vocational College. Being the fourth financial year of operation, comparative information is available. This overview has been prepared by management and should be read in conjunction with the financial statements and the notes that follow.

### **FINANCIAL HIGHLIGHTS**

#### **Revenue**

Kakrao Technical and Vocational College's revenue during the period stood at Ksh 45,976,173 as compared to Kshs 29,374,048 of period four previous year. There is a significant rise in the revenue collection due to disbursement of 4<sup>th</sup> quarter capitation fund and HELB. This has led to fall in the outstanding fee arrears to 10,936,286 compared to 12,998,987 for prior year Period four.

#### **Expenditure**

Total expenditure during the period stood at Ksh 54,159,248 as compared to Kshs. 34,860,252 of period four previous year.

It should be noted that employee costs stood at 10,180,155 of total costs. This below the recommended ceiling of 30%.

The board expenses stood at 597,736 for the chairman's monthly honoraria.

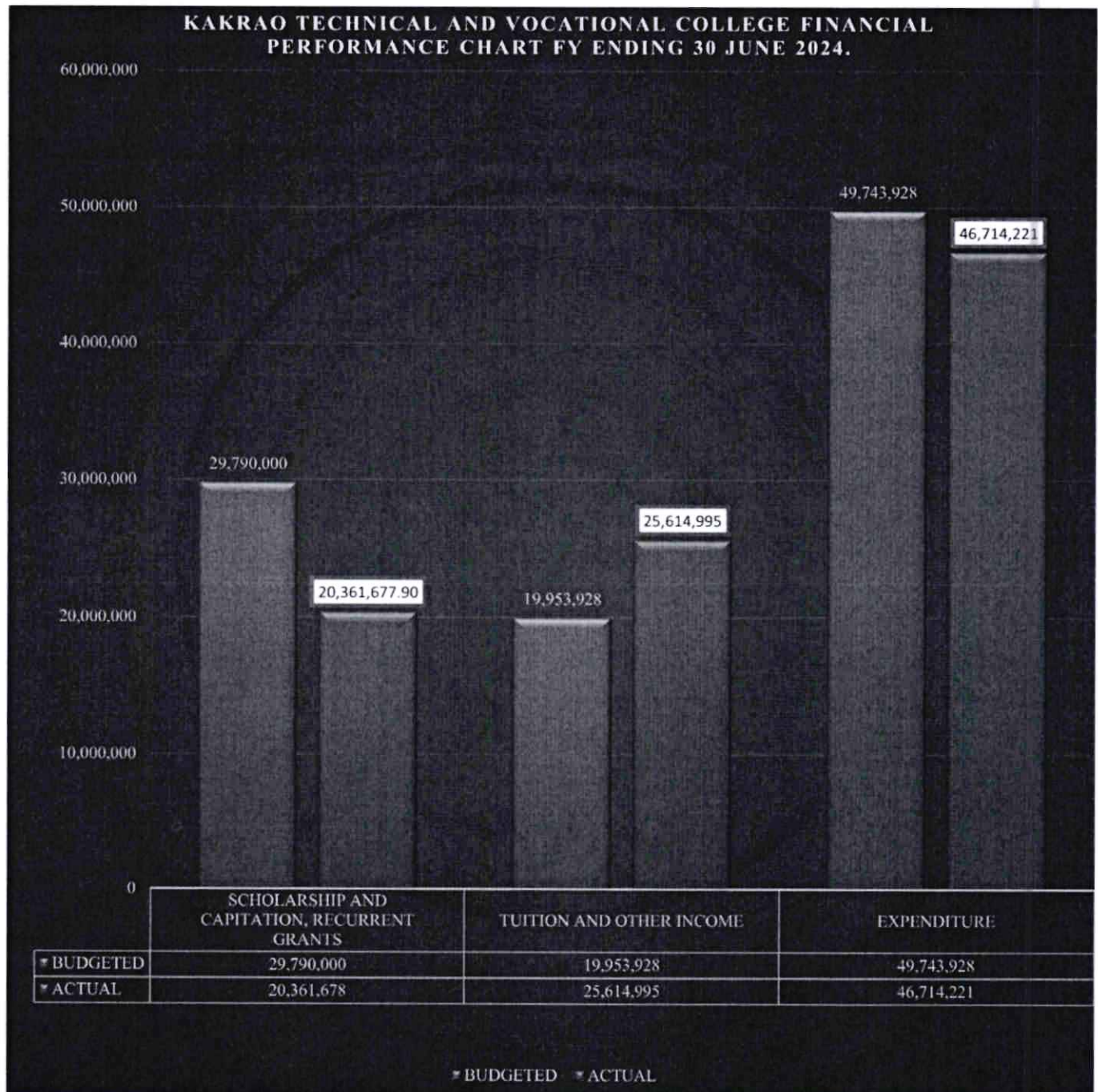
Use of goods and services is 34,453,964 while Repairs Maintenance and Improvements cost of 1,482,366 total expenditure. This comprises basically of expenses incurred to operationalize the College.

There were no projects done during the year ended June 2023/2024. It is worth noting that due to lack of adequate machinery, trainers have not carried out adequate practical lessons. Subsequently, the Government gave the College State of art Equipment whose values has been included in the report after their valuations.

The College has also internal policies it uses in its operation. These policies are in line with all the relevant laws stated above and only direct the specific operations on how tasks are handled The College faces a high level of competing interests for resources. There is a high level of competition for trainees in the College catchment area from other public and private TVET Colleges within the region.

**KAKRAO TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

The College financial assets comprise of receivables, cash and short-term deposits which arise



directly from its operations. The financial liabilities comprise of payables including a loan taken from the mentor institution. The College is therefore exposed to both liquidity risks and credit risks.

**Liquidity Risk**

This is the risk that the College will not meet its financial obligations as they fall due. There is therefore need to increase the number of trainees to cover the fixed costs. The College's approach managing liquidity is to ensure as far as possible, that there is always sufficient liquidity to meet liabilities as and when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking to damage the College's reputation. Typically, the College ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 30 days including the servicing of financial obligations. This however does not include the potential impact of extreme circumstances that cannot be reasonably predicted such as political violence. All liquidity policies and procedures are subject to review and approval by the Board. It is very important to note that the College faces a liquidity risk of non-receipt of capitation grants from GoK which may prevent it from meeting its financial obligations as and when they fall due.

**Credit Risk**

Credit risk is the risk of financial loss to the College if a customer or counter party to a financial instrument fails to meet its current obligations. The receipt of fees from students minimizes the credit risk exposure. The College has a policy on fee payment which defines how and when fees are supposed to be paid. This minimizes the credit risk exposure.

It important to note that the College is envisaged that this will greatly improve its operational efficiency.

**KAKRAO TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

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**9. Environmental and Sustainability Reporting Statement**

Kakrao Technical and Vocational College exists to transform lives. This is our purpose; the driving force behind everything we do. This is what guides us to deliver our strategy of putting the customer first, delivering relevant goods and services and improve operational excellence.

**Sustainability Strategy and Profile**

The College's approach to sustainability is based on the College mission to expand human knowledge beneficial to society through high quality training, applied research and practicability in partnership with industry players.

The institution recognises the importance of sustainable growth and has initiated programmes to generate income to cushion its operations. It also is establishing policies and programmes that are needed to promote sustainable development especially at local and regional level. The College will also sign an MOU with at least two industry players to among others enhance its capability to generate income in collaboration with industry.

Sustainability is also incorporated into student learning through both curricular and co-curricular programs by introducing practicability into the programmes as well as incorporating on job practical training. Programmes have also been planned aimed at increasing the capacity and capability of the trainers through development workshops and trainings.

Research and innovation are an important component of sustainability. In the FY 2023/2024 budget estimates, significant amount in Kakrao TVC annual budget, has been allocated for research and innovation activities.

As mentioned earlier, in the FY 2023/2024, the College in its approved annual work plan, under the performance contract guidelines, has committed to developing partnerships and linkages with industry to provide learning opportunities for trainees, applied research opportunities for trainers and benefit to community.

Our physical facilities include halls and grounds serve the community. Sports facilities especially the fields are open for use by the community on arrangement but free of any charges.

We will continue to engage with key stakeholders to achieve sustainability strategies in line with international best practice.

**Environmental Performance**

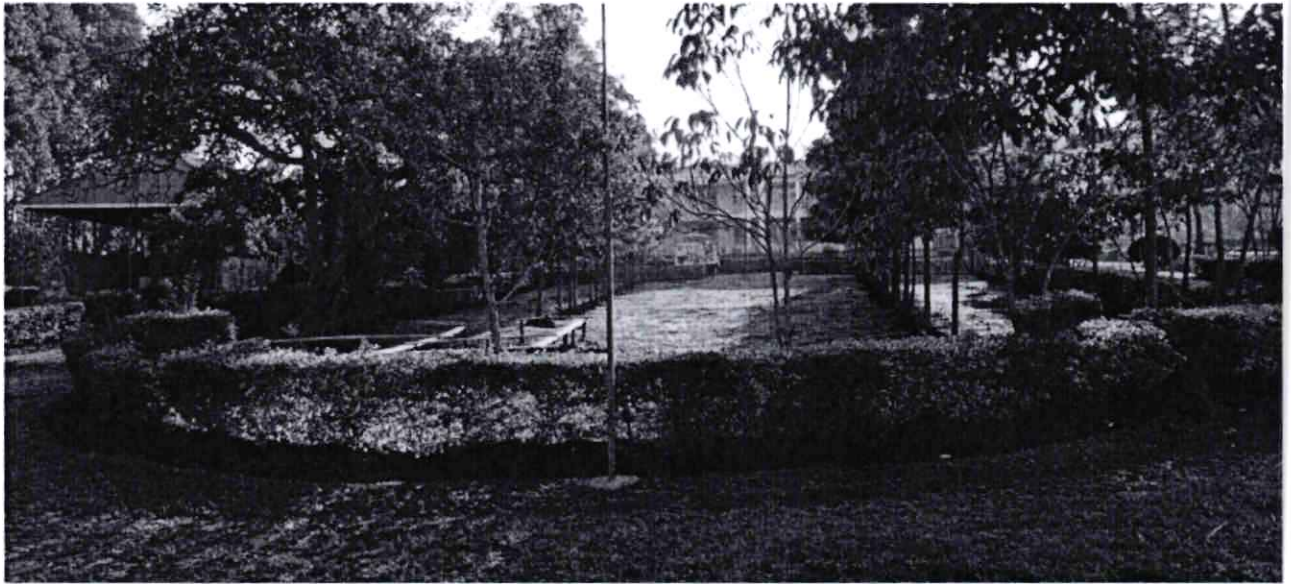
Kakrao Technical and Vocational College strives to be a responsible business representing the highest standards of ethics and professionalism. We have reviewed the global best practice guidelines and standards including IPSAS, in order to help inform relevant policy areas. It is therefore important that Kakrao Technical and Vocational College is aware of current environmental issues and informs, educates and stand with the local community to improve the environment.

Our institution's social responsibilities are defined by both compliance and pro-activeness. Kakrao Technical and Vocational College, compliance refers to our commitment to upholding all legal requirements, and our willingness to observe, acknowledge, and respect community values and laws.

Our pro-activeness is manifested by emphasizing and recognizing human rights locally and globally, and actively engaging with our communities through volunteering, community service, pro-bono service, and philanthropy, while always protecting and respecting our natural environment through our actions and policies. This can be seen in the way the College engaged in tree planting within the compound to improve the environment.



*Staff and BOG Members of the Kakrao Technical and Vocational College planting trees during tree planting day*



*The green serene of KTVc*



***Ktvc fraternity during prayer session***

As an institution, we implement policies and take action to drive diversity and inclusion by providing an inclusive environment where all are empowered to share their diverse perspectives and experiences so we can ultimately be better together. Our policies, practices, programs, activities, and decisions regarding employment, hiring, assignment, promotion, compensation, volunteerism, and internships are not based on a person's ethnicity, colour, sex, age, religion, national origin, mental or physical disability, ancestry, sexual orientation, gender identity or

**KAKRAO TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

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expression, marital status, source of income, parental status, housing status, or other protected status. We strongly encourage women, youth, persons with disabilities, and members of the community to join the institution and live our shared values. Kakrao Technical and Vocational College will always:

- Respect and uphold applicable local, county, and national laws to the best of our abilities
- Honour and review all internal policies for complete and responsible implementation
- Ensure that all business transactions and relationships are legitimate, free of influence and bribery
- Keep all partnerships and collaborations transparent and open
- Recognize that privacy is a fundamental right, and we will comply with all privacy laws and expectations. In addition, we will work whenever possible to ensure that we respect the ability for all to manage their personal data.

Kakrao Technical and Vocational College values our natural environment and the need to protect it. Keeping our environment unpolluted and clean is paramount to the success of our communities and business. We will always follow best practices in disposal of garbage, compost, and seek out working facilities that strive to minimize their carbon footprint through National Environmental Management Authority (NEMA) certification and other environmentally sustainable best practices.

#### **Employee Welfare**

We recognize the value of human relationships and put people at the heart of our business. We seek to treat all staff fairly and consistently, to create a workplace and business environment that is open, transparent, and trusted. Aligned with this approach, all members of the Kakrao Technical and Vocational College are required to conduct their activities in accordance with our codes and policies, as they are implemented and updated from time to time.

Kakrao Technical and Vocational College respects all employees, and strive to make their experience a positive one in all aspects of their relationship with the institution. Our success is closely tied to staff happiness, growth, development, and teamwork, and we work to assess, measure and support the personal and professional growth of our employees at all times, recognizing that the success of Kakrao Technical and Vocational College is led first by the success and happiness of our people.

We require our staff to act according to the highest standards of honesty and integrity as well as comply with all legal and regulatory requirements, which extend to the protection of human rights.

As an institution, we will always ensure that we do not risk the health and safety of our employees and community, we avoid harming the lives or safety of local and indigenous people, and we respect the basic human rights of all people, involved in our business. Kakrao Technical and Vocational College is dedicated to protecting human rights. We practice and commit to equal opportunity employment and will always abide by fair labour practices. Additionally, Kakrao Technical and Vocational College will ensure that our activities do not directly or indirectly violate human rights in any way.

#### **Market Place Practices**

Diversity and inclusion are deeply ingrained in all aspects of our mission. These are core values to our institution because they are aligned to our institution's ethics. These policies also have the added value of improving training performance. Studies show that more diverse teams perform better, and institutions that have more inclusive environments also experience less turnover, have higher internal morale, and higher productivity rates from their employees. This commitment extends beyond the employee base to the highest levels of ownership and the administrative team.

**KAKRAO TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

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We believe successfully inclusive workplaces begin with thoughtful hiring and recruiting processes that reduce subconscious bias in candidate selection and increase the overall diversity of our workforce. We employ industry-leading methodologies, processes, and technology to attract diverse talent pools, counteract bias, and match the best talent to the needs of our clients. Our methodology includes publishing gender neutral job descriptions. Our policies, practices, programs, activities, and decisions regarding employment, hiring, assignment, promotion, compensation, volunteerism, and internships are not based on a person's ethnicity, colour, sex, age, religion, national origin, disability status, sexual orientation, source of income, parental status, housing status, or other protected status. And to help foster the most inclusive climate possible, we will provide ongoing diversity and inclusion training to all employees, not just our management teams. We believe this is the only way to truly shape a more safe, open, and productive work environment at all levels of our training.

It is a commitment to continual learning, improvement, and action to do our part in stewarding a future of work that is beneficial and equitable for all.

Kakrao Technical and Vocational College has a qualified supply chain manager who participates appropriately according to procurement standards thus ensuring that the procurement process has a smooth flow. The supplier and supply chain relation are perfectly respectable by having prompt communication to avoid misunderstanding between them thus supply of quality goods. Product stewardship is enhanced by safeguarding consumer rights and interests.

As part of our procurement policy, we expect all of our suppliers to abide by the same principles and codes of conduct that we have in place. Accordingly, our suppliers must either agree to adhere to our policies and codes or confirm their adherence to their own codes of business conduct that comprise the same principles. We will be implementing a "right to audit" clause in our standard terms or conditions to allow for oversight of compliance with these provisions.

We believe that our commitment to sustainability and ethics extends beyond our own work capabilities and should include the decisions we make as a company about the partners we align with, and the products and services we buy. Our purchasing policy takes sustainability and ethical sourcing into consideration throughout all stages of the buying cycle, and we encourage our teams to support local and small businesses and support local economies. We encourage our purchasing teams to consider ethical sourcing and sustainability across all purchases. Kakrao Technical and Vocational College expects our suppliers to treat workers and employees with respect and fairness, to have suitable procedures in place, and to act in accordance with applicable laws.

**Community Engagements**

As noted in our mission statement, Kakrao Technical and Vocational College recognizes an expectation to have a positive impact on our community, and we promote this expectation through philanthropy, pro-bono service work, volunteering, and community service.

**KAKRAO TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

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**10. Report of the Board Of Governors**

The Board members submit their report together with the audited financial statements for the year ended June 30<sup>th</sup>, 2024 which show the state of Kakrao Technical and Vocational College's affairs.

**Principal activities**

The principal activities of Kakrao Technical and Vocational College are to provide training in technical and vocational skills, research, innovation and management services. In addition, the College participates in technological innovation beneficial to the society as well as contributing to industrial and technological development of Kenya in partnership with industry.

**Results**

The results of Kakrao Technical and Vocational College for the year ended June 30<sup>th</sup> 2024 are set out on pages 1-5

**BOARD OF GOVERNORS**

The members of the Board who served during the year are shown on page vi-viii

**Auditors**

The Auditor General is responsible for the statutory audit of Kakrao Technical and Vocational College in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board

.....  
Secretary to the Board

Date: .....

**KAKRAO TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

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**11. Statement of Board of Governors Responsibilities**

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

The Board members are responsible for the preparation and presentation of Kakrao Technical and Vocational College's financial statements, which give a true and fair view of the state of affairs of Kakrao Technical and Vocational College for and as at the end of the financial year ended on June 30, 2024. 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 Kakrao Technical and Vocational 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 Kakrao Technical and Vocational College; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.


The Board members accept responsibility for Kakrao Technical and Vocational 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 and the TVET Act. The Board members are of the opinion that Kakrao Technical and Vocational College's financial statements give a true and fair view of the state of *Kakrao*'s transactions during the financial year ended 30 June 2024, and of Kakrao Technical and Vocational College's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for Kakrao Technical and Vocational College, which have been relied upon in the preparation of Kakrao Technical and Vocational 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 Kakrao Technical and Vocational College will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

Kakrao Technical and Vocational College financial statements were approved by the Board on 12/07/2024 and signed on its behalf by:

  
Chairperson of the Board

  
Accounting Officer/Principal

# REPUBLIC OF KENYA

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



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

*Enhancing Accountability*

## REPORT OF THE AUDITOR-GENERAL ON KAKRAO TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2024

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Kakrao Technical and Vocational College set out on pages 1 to 33, which comprise the statement of financial position as at 30 June 2024 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 Kakrao Technical and Vocational College as at 30 June 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standard (Accrual Basis) and the Public Finance Management Act, 2012, and comply with the Technical and Vocational Education and Training Act, 2013.

## **Basis for Qualified Opinion**

### **1. Inaccuracies in the Financial Statements**

The statement of cash flows reflects purchase of property, plant and equipment amount of Kshs.4,172,930, while Note 18 to the financial statements shows additions amount of Kshs.3,516,760, resulting in an unreconciled variance of Kshs.656,170.

Further, Note 21 to the financial statements, which purports to reconcile surplus for the year of Kshs.6,330,632 and net cash flows from operating activities amount of Kshs.3,201,694 reported in the statement of financial performance and statement of comparison of budget and actual amounts respectively, reflects working capital adjustments which differ with the re-computed amounts as summarized below:

<b>Description</b>	<b>Reported Amount</b>	<b>Re-computed Amount</b>	<b>Variance</b>
	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>
Increase/decrease in inventories	(4,051,904)	(17,181,535)	13,129,631
Increase in receivables	(1,710,372)	1,427,106	(3,137,478)
Increase in payables	(3,858,342)	(3,575,077)	(283,265)
<b>Total</b>	<b>(9,620,618)</b>	<b>(19,329,506)</b>	<b>9,708,888</b>

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

### **2. Unconfirmed Rendering of Services-Fees from Students Amount**

The statement of financial performance reflects rendering of services, fees from students amount of Kshs.37,012,684. However, the College used Microsoft Excel to record fees collection, an indication of weak controls for invoicing and collection of fees. The Microsoft Excel sheets lacked audit trail, contrary to Regulation 102(3) of the Public Finance Management (National Government) Regulations, 2015, which states that an Accounting Officer shall satisfy himself or herself that where an alteration of a financial record requires

the authorization, approval and, or deletion of any transaction or data whether electronic or manual by any means other than in writing, that there is sufficient audit trail which shall identify the person who approved the transaction.

In addition, the operations account was also used as a revenue collection account, weakening the control over revenue accounting.

The accuracy and completeness of the reported rendering of services amount could not be confirmed.

### **3. Unconfirmed Cash and Cash Equivalents**

Reported in the statement of financial position is cash and cash equivalents balance of Kshs.2,536,569 which, as indicated in Note 15 to the financial statements, was held in two (2) bank accounts. However, the supporting bank reconciliation statements were not provided for audit. Further, the balance is as per certificates of bank balances and not the cash book balance.

In the circumstances, the accuracy of the cash and cash equivalent balance of Kshs.2,536,569 could not be confirmed.

### **4. Unconfirmed Receivables from Exchange Transactions**

The statement of financial position reflects current position of receivables from exchange transactions balance of Kshs.11,159,587. However, Management did not maintain a receivables ledger outlining the opening balance, billings for the year, receipts and adjustments to arrive at the reported closing balance, and the College did not have a debt recovery plan. In addition, the College invoiced students an amount Kshs.55,142,861 and only collected Kshs.24,752,316 or 45% which is not supported by an age analysis.

In the circumstance, the accuracy, completeness and recoverability of receivables from exchange transactions balance of Kshs.11,159,587 could not be confirmed.

### **5. Non-compliance with the Prescribed Reporting Framework**

Review of the financial statements revealed the following anomalies:

- i. The statement of financial position does not have the sub-heading "Represented by" for the financing section.
- ii. The statement comparison of budget and actual amounts reflects actual revenue of Kshs.45,976,173 and actual expenses of Kshs.42,774,979, while the statement financial performance shows respective amounts of Kshs.58,188,812 and Kshs.51,858,780. However, Management did include a reconciliation under budget notes of these amounts as required by the prescribed template.

In the circumstances, the financial statements do not comply with the accounting standards as prescribed by the Public Sector Accounting Standards Board in accordance

with the provisions of Section 81(3) of the Public Finance Management Act, 2012 and, therefore, Management was in breach of law.

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

## **Emphasis of Matter**

### **Budgetary Control and Performance**

The statement of comparison of Budget and actual amounts reflects total budgeted revenue and actual on comparable basis amounts of Kshs.49,743,928 and Kshs.45,976,173 respectively, resulting in underfunding of Kshs.3,767,755 or 8% of the budget. Similarly, the College spent Kshs.42,774,979 out of the actual receipts of Kshs.45,976,173, resulting in an under-utilization of Kshs.3,201,194. or 7%.

The under-funding and under-utilization affected the planned activities and may have impacted negatively on learning in the College.

My opinion is not modified in respect of this matter.

## **Key Audit Matters**

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

## **Other Matter**

### **Unresolved Prior Year Matters**

Various prior year audit issues remained unresolved as at 30 June, 2024. Management has not provided satisfactory reasons for the delay in resolving the prior year audit issues. Further, although some of the prior year audit matters are said to have been resolved as indicated in the Implementation Status of Auditor-General Recommendations, Management has not provided evidence showing how these issues were resolved.

## **Other Information**

The Management is responsible for the other information set out on page v to xxvi which comprises Key Entity Information and Management, Board of Governors, Key Management Team, Chairman's Statement, Report of the Principal, Statement of Performance Against Predetermine Objectives, Corporate Governance Statement,

Management Discussion and Analysis, Environment and Sustainability Reporting Statement, Report of the Board of Governors and Statement of Board of Governors Responsibilities. The other information does not include the financial statements and my audit report thereon.

In connection with my audit of the College's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Failure to Register Trainers**

Review of records, revealed that the College had forty-four (44) trainers who were employed on a three (3) months contract. However, the trainers were not registered by Technical and Vocational Education and Training Board, contrary to Section 23(1) of the Technical and Vocational Education and Training Act, 2013, which state that any person who intends to become a trainer in an institution shall apply for licensing and registration by the Board in accordance with the provisions of this Act.

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

#### **2. Failure to Approve Budget**

During the year under review, the Board approved a revenue and expenditure budget of Kshs.49,793,928. However, there was no evidence that the budget was submitted and approved by the Cabinet Secretary Ministry of Education, contrary to Section 22(1) and (2) of the Second Schedule to the Technical and Vocational Education and Training Act, 2013, which stipulates that the Board of Governors of a public institution shall prepare annual estimates of revenue and expenditure for the institution under its charge,

in such form and at such times as the Cabinet Secretary may prescribe and the Board of Governors may incur expenditure for the purpose of the institution in accordance with estimates approved by the Cabinet Secretary, and any approved expenditure under any head of the estimates may not be exceeded without the prior written approval of the Cabinet Secretary.

Further, the College did not maintain a vote book, contrary to Regulation 52(1)(d) of the Public Finance Management (National Government) Regulations, 2015, which states that when the Authority to Incur Expenditure is issued by the Ministry or State Department or Agency, the allocation shall be entered as a commitment in the Ministry's or State Department's or Agency's master vote book so as to ascertain at all times the availability of uncommitted funds.

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

### **3. Lack of License from Technical and Vocational Educational Training Authority (TVETA)**

During the year under review, the College was operating without a license from the Technical and Vocational Educational Training Authority (TVETA), contrary to Section 17(1) and (2) of the TVET Act, 2013 which, gives the Authority the mandate of setting license conditions and accrediting Technical and Vocational Education training Institutions. Although, the Management stated it is in process of registration, the College was yet to be registered because of incomplete block buildings, inadequate furniture, equipment and machinery.

In the circumstances, the College might have been operating illegally

### **4. Non-Compliance with Law on Ethnic Composition in Staffing**

Review of employees' records revealed that sixty-nine (69) out ninety-four (94) or 73% of the employees were from the same ethnic community, contrary to Section 7(2) of the National Cohesion and Integration Act, 2008, which states that no public establishment shall have more than one third of its staff from the same ethnic community.

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

### **5. Idle Flour Milling Machine**

During the year under review, it was established that the College received a flour milling machine from the Ministry of Education. The machine, which was to be used for student demonstration and production unit, had been installed and not commissioned because a three (3) phase 50hz/60HZ electricity power grid which it needed to run was yet to be connected to the College. The machine largely remained idle in the College building.

In the circumstances, the value for money realized from the cost of the machine could not be confirmed.

## **6. Long Outstanding Accounts payable**

The statement of financial position reflects trade and other payables from exchange transaction balance of Kshs.5,400,986 as disclosed in note 19 to the financial statements. However, review of the amount and the aging analysis revealed sixty-two (62) transactions with an outstanding payment amounting to Kshs.3,581,226 that had not been paid for over sixty (60) days, contrary to the provisions of regulation 150(1) of The Public Procurement and Asset Disposal Regulations, 2020.

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

## **7. Lack of a Risk Management Policy and Framework**

It was noted that the College had not developed or implemented a risk management policy or framework to guide on risk assessment and mitigation processes. The College had not carried out risk assessment and had not updated risk register. Further, it was noted that the College did not have a disaster recovery plan. This was contrary to regulation 165 (1)(a) and (b) of the Public Finance Management Regulations (National Government) which states that the Accounting Officer shall ensure that the national government entity develops risk management strategies, which include fraud prevention mechanism and a system of risk management and internal control that builds robust business operations.

In the circumstances, Management was in breach of the law and the effectiveness of risk management in the College could not be confirmed.

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

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015 and 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 governance were not effective.

### **Basis for Conclusion**

#### **1. Lack of Internal Audit Function**

During the financial year under review, it was noted that the College did not have an Internal Audit department as required by Regulation 162(2)(a)(b)(c) and (d) of the Public

Finance Management (National Government) Regulations, 2015, which provides that an Accounting Officer shall ensure that the organizational structure of the internal audit unit facilitates the entity to accomplish its internal audit responsibilities, the internal auditor with sufficient authority to promote independence and to ensure broad audit coverage, adequate consideration of internal audit reports, appropriate action to be taken on internal audit recommendations; and the internal auditor to be independent of the programs, operations and activities he or she audits to ensure the impartiality and credibility of the internal audit work undertaken.

In the circumstances, there was no assurance that the existing internal control systems, risk management and Governance processes of the College were effective.

## **2. Lack of Staff Establishment**

Review of records revealed that the College did not have an approved staff establishment. The absence of an approved staff establishment indicated that the College had not determined the skills and optimal staffing levels required to achieve its goals and objectives. Additionally, there was no evidence that the College had prepared a human resource plan based on a comprehensive job analysis.

As a result, it was not possible to ascertain whether the total staff employed by the College was at the optimal operating level and how key decisions regarding employees were made without an approved human resource policy.

## **3. Integrity of Payroll Data**

The statement of financial performance reflects employee costs amount of Kshs.10,941,046 as disclosed in Note 11 to the financial statements. However, the payroll provided for audit review were prepared in Excel work book and lacked Kenya Revenue Authority (KRA) P.I.N Certificate, Date of birth (D.O.B), cadre, designation and gender. Further, the College did not prepare a payment voucher reflecting a vote upon which the expenditure was to be charged and with relevant authorization.

In the circumstances, the effectiveness of internal controls over payroll and the integrity of the payroll data could not be confirmed.

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

## **Responsibilities of the Management and the Board of Governors**

The Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as the Management determines is necessary to enable the preparation of financial statements that are free

from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

The 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, the Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

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**

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

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

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

7 May, 2025

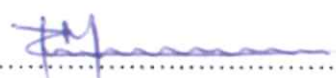
**KAKRAO TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

**3. Statement of Financial Performance for the Year Ended 30 June 2024**

Description	Notes	2023/2024 ₹	2022/2023 ₹
<b>Revenue from Non-Exchange transactions</b>			
Transfers from other National Government entities- Capitation	6	20,361,178	8,223,000
<b>Revenue from Non-Exchange transactions</b>		<b>20,361,178</b>	<b>8,223,000</b>
<b>Revenue from Exchange transactions</b>			
Rendering of services- fees from students	8	37,012,684	21,001,728
Other income	9	814,950	149,320
<b>Revenue from Exchange transactions</b>		<b>37,827,634</b>	<b>21,151,048</b>
<b>Total Revenue</b>		<b>58,188,812</b>	<b>29,374,048</b>
<b>Expenses</b>			
Use of goods and services	10	31,707,943	21,930,965
Employee costs	11	10,941,046	7,740,558
Board /Council Expenses	12	657,736	533,500
Depreciation and amortization expense	13	6,492,280	3,557,649
Repairs and maintenance	14	2,059,775	1,118,143
<b>Total Expenses</b>		<b>51,858,780</b>	<b>34,880,815</b>
<b>Net (deficit) for the year</b>		<b>6,330,032</b>	<b>(5,506,767)</b>

*(The notes set out on pages 6 to 25 form an integral part of the Annual Financial Statements)*

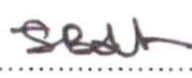
The Financial Statements set out on pages 1 to 5 were signed by:



Chairman of Board



Finance Officer



Principal

Date 11/04/25

Date 11/14/25




Date 11/04/2025

**KAKRAO TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

**4. Statement of Financial Position as At 30th June 2024**

Description	Notes	2023/2024	2022/2023
		KShs	KShs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	15	2,536,569	3,507,805
Current portion of receivables from exchange transactions	16	11,159,587	12,586,693
Staffs advances	16	3,720,580	
Inventories	17	<b>17,416,736</b>	235,201
<b>Total Current Assets</b>			<b>16,329,699</b>
<b>Non-Current Assets</b>			
Property, plant, and equipment	18	87,025,197	74,111,062
<b>Total Non-Current Assets</b>		<b>86,680,642</b>	<b>74,111,062</b>
<b>Total Assets</b>		<b>104,441,933</b>	<b>90,440,761</b>
<b>Liabilities</b>		0	
<b>Current Liabilities</b>		0	
Trade and other payables from exchange transactions	19	5,400,986	8,976,063
<b>Total Current Liabilities</b>		<b>5,400,986</b>	<b>8,976,063</b>
<b>Non-Current Liabilities</b>			
Non- Current Borrowings	20	0	3,638,038
<b>Total non- current liabilities</b>			<b>3,638,038</b>
<b>Total Liabilities</b>		<b>5,400,986</b>	<b>12,614,101</b>
<b>Net Assets</b>		<b>99,040,947</b>	<b>77,826,660</b>
Revaluation Reserves		83,711,230	68,826,975
Accumulated Surplus		15,329,717	8,999,685
Capital Fund		0	0
<b>Net Assets</b>		<b>99,040,947</b>	<b>77,826,660</b>

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

.....

**Chairman of Board**                      **Finance Officer**                      **Principal**

Date

Date

Date

**KAKRAO TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

**5. Statement of Changes in Net Asset for the Year Ended 30 June 2024**

Description	Revaluation reserve	Accumulated Fund	Capital Grants / Fund	Total
<b>At July 1, 2022</b>				
As at 1 <sup>st</sup> July 2022		14,506,452	1,062,489	15,568,941
Revaluation gain	67,765,0886			<b>67,765,086</b>
Accumulated in valuation	1,061,889		(1,061,889)	0
Surplus/Deficit for the year		(5,506,767)		(5,506,767)
<b>At June 30, 2023</b>	<b>68,826,975</b>	<b>8,999,685</b>	<b>0</b>	<b>77,826,660</b>
<b>At July 1, 2023</b>	<b>68,826,975</b>	<b>8,999,685</b>	<b>0</b>	<b>77,826,660</b>
Revaluation gain	14,884,255			<b>14,884,255</b>
Surplus/(deficit) for the year	0	6,330,032	0	6,330,032
Capital fund	0	0	0	0
<b>At June 30, 2024</b>	<b>83,711,230</b>	<b>15,329,717</b>	<b>0</b>	<b>99,040,947</b>

**Note:**

*The revaluation that was done for the college assets declared nil capital fund hence the movement from prior year (3,638,038) to nil.*

**KAKRAO TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

**6. Statement of Cash Flows for the Year Ended 30 June 2024**

Description	Note	2023/2024	2022/2023
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other National Government entities- Government grants		20,361,678	8,223,000
Rendering of services- fees from students		24,800,045	21,001,728
Other incomes		814,950	149,320
<b>Total Receipts</b>		<b>45,976,673</b>	<b>29,374,048</b>
<b>Payments</b>			
Use of goods and services		29,354,532	17,731,160
Employee costs		10941046	7,617,858
Board Expenses		657,736	533,500
Repairs and maintenance		1,821,665	715,073
<b>Total Payments</b>		<b>42,774,979</b>	<b>26,597,591</b>
<b>Net Cash Flows from operating activities</b>	21	<b>3,201,694</b>	<b>2,776,457</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets		(4,172,930)	(1,926,570)
<b>Net cash flows used in investing activities</b>		<b>(4,172,930)</b>	<b>(1,926,570)</b>
<b>Net Increase/(Decrease) in Cash and Cash equivalents</b>		<b>(971,236)</b>	<b>849,887</b>
Cash and Cash equivalents as at 1 <sup>st</sup> July 2023	15	3,507,805	2,657,918
Cash and Cash equivalents as at 30 <sup>th</sup> June 2024	15	2,536,569	3,507,805

**KAKRAO TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

**7. Statement of Comparison of Budget & Actual amounts For Year Ended 30<sup>th</sup> June 2024**

Description	Original annual Budget	Adjustments	Final Annual Budget	Actual Cumulative to date	Performance Difference	% of Utilization Difference
	a	B	c=a+b	D		e=d/c %
<b>Revenue</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Transfers from National Government entities	29,790,000	-	29,790,000	20,361,178	(9,428,822)	68.35
Rendering of services- Fees from students	19,623,928	-	19,623,928	24,800,045	5,176,117	126.38
Other income	330,000.00	-	330,000.00	814,950	484,950	246.95
<b>Total Revenue</b>	<b>49,743,928</b>	<b>-</b>	<b>49,743,928</b>	<b>45,976,173</b>	<b>(3,767,755)</b>	<b>92.43</b>
<b>Expenditure</b>						
Use of goods and services	34,135,256	-	34,135,256	29,354,532	(4,780,724)	82.23
Employee costs	13,216,176	-	13,216,176	10,941,046	(2,275,130)	82.78
Remuneration of directors	1,003,000	-	1,003,000	657,736	(345,264)	65.57
Repairs and maintenance	1,389,496	-	1,389,496	1,821,665	432,169	171.98
<b>Total Expenses</b>	<b>49,743,928</b>	<b>-</b>	<b>49,743,928</b>	<b>42,774,979</b>	<b>(6,968,949)</b>	<b>84.54</b>
<b>Deficit/surplus</b>				<b>3,201,194</b>	<b>3,201,194</b>	
<b>Capital Expenditure</b>				<b>4,172,930</b>		

1. There was a deficit in the general performance both in revenue collection and expenditure by the indicated percentages in comparison to the budget due to underfunding from the National government in form of capitation and operational grants.
2. Fee collections from the self-sponsored students is also a challenge since most of our students come from a poor background and mostly rely on HELB loans and other bursaries.
3. There is a difference between the statement of performance and the budget as statement of performance is reported on accrual basis and budget is on cash basis

**8. Notes to the Financial Statements**

**1. General Information**

Kakrao Technical and Vocational College entity is established by and derives its authority and accountability from TVETA Act 2013. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to offer technical 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 financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the college. The values are rounded off to the nearest shilling. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the TVET Act, and our financial policies, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

**KAKRAO TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

**3. Adoption of New and Revised Standards**

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

<b>Standard</b>	<b>Effective date and impact:</b>
<b>IPSAS 41:</b> Financial Instruments	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• 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.</li> </ul>
<b>IPSAS 42:</b> Social Benefits	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity.            (b) The key features of the operation of those social benefit schemes; and            (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p><b>Applicable: 1st January 2023:</b></p> <ul style="list-style-type: none"> <li>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.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> <li>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.</li> <li>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</li> </ul>

**KAKRAO TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

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

Standard	Effective date and impact:
IPSAS 43	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></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>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

Kakrao TVC did not early-adopt any new or amended standards in year 2023/2024.

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions**

**Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

**ii) Revenue from exchange transactions**

**Rendering of services**

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

**Sale of goods**

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

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**b) Budget information**

The original budget for FY 2022/2023 was approved by the Council or Board on 12<sup>th</sup> April 2022. No Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals to conclude the final budget. Accordingly, the entity did not record any additional appropriations on the FY 2022/2023 budget. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page xx under section xxx of these financial statements.

**c) Property, plant and equipment**

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

**d) Intangible assets**

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

**e) Research and development costs**

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

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

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

**f) Financial instruments**

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

***Financial assets***

***Classification***

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

**Subsequent measurement**

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

**Amortized cost**

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

**Fair value through net assets/ equity**

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

**Fair value through surplus or deficit**

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

**Trade and other receivables**

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

**Impairment**

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

***Financial liabilities***

***Classification***

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

**g) Inventories**

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

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

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

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

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

**h) Provisions**

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

***Contingent liabilities***

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

***Contingent assets***

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

**i) Social Benefits**

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

**j) Nature and purpose of reserves**

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

**k) 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.

**l) Employee benefits**

**Retirement benefit plans**

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

**m) Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

**n) Related parties**

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

**o) Cash and cash equivalents**

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

**p) Comparative figures**

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

**q) Subsequent events**

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

**5. Significant Judgments and Sources of Estimation Uncertainty**

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

**Estimates and assumptions.**

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

### **Useful lives and residual values**

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

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

### **Provisions**

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

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

**KAKRAO TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

**Notes to the Financial Statements (Continued)**

**6. Transfers from other National Government entities**

Description	2023/2024	2022/2023
	Kshs	Kshs
<b>Unconditional Grants</b>		
Capitation and Scholarship Grants	20,361,678	8,223,000
<b>Total Government Grants and Subsidies</b>	<b>20,361,678</b>	<b>8,223,000</b>

**(a) Transfers from other Government entities (Categorized)**

Name of the Entity Sending The Grant	Amount recognized to Statement of Financial performance	2023/2024
	Kshs	Kshs
Ministry of Education/ State Department of TVET	20,361,678	20,361,678
<b>Total</b>	<b>20,361,678</b>	<b>20,361,678</b>

**7. Transfers from Other Levels of Government**

Description	2023/2024	2022/2023
	Kshs	Kshs
Transfer from The Kisii National Polytechnic	-	1,562,518
<b>Total Transfers</b>	<b>-</b>	<b>1,562,518</b>

**8. Rendering of Services**

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Tuition fees and other vote heads	16,726,909	5,978,795
Activity Fees	1,044,061	729,170
Industrial Attachment Fees	992,801	408,020
Examination Fees	3,488,223	2,721,813
Library Fees	724,602	439,720
Personal Emoluments	3,748,705	3,535,772
Registration Fees/Administrative costs	2,278,073	1,920,536
Local transport and travels	2,278,110	1,205,902
Repair, maintenance and improvements	2,389,745	1,612,220
Electricity, water and conservancy	492,101	1,066,200
Development	1,940,240	956,010
Students' organisation	200,194	251,980
Medical	708,920	175,590
<b>Total revenue from the rendering of services</b>	<b>37,012,684</b>	<b>21,001,728</b>

**KAKRAO TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

**9. Other incomes**

Description	2023/2024	2022/2023
	Kshs	Kshs
Conference room charges	0	45,000
Sale of lecture chairs to Rachuonyo TVC	800,000	0
Sale of Farm Produce and sale of tender documents	14,950	104,320
<b>Total Revenue from Sale of Goods</b>	<b>814,950</b>	<b>149,320</b>

**10. Use of Goods and Services**

Description	2023/2024	2022/2023
	Kshs	Kshs
Teaching and learning materials	9,438,142	7,262,775
Industrial attachment costs	275,068	249,740
Electricity	392,525	102,600
Security	943,580	852,000
Water	30,000	48,000
Postage	8,625	8,325
Subscriptions	946,310	239,661
Advertising	1,856,702	1,066,625
Examination fee	3,258,140	2,685,370
Printing, photocopy and stationery	941,274	1,265,035
Staffs' facilitations for extraneous works	207,300	1,004,590
Travelling and accommodations	5,012,550	3,043,950
Fuel and oil	371,027	111,802
Airtime and internet expenses	170,000	126,150
Cleaning items	144,712	91,000
Landscaping	93,280	41,000
Hospitality services	655,093	762,326
Training/capacity building	100,000	227,800
Hire charges	480,000	418,000
Audit fee	0	580,000
Medical	56,883	202,699
Legal fees	0	13,000
Activity	1,900,920	1,407,960
offset	3,638,038	
Students union	283,614	99,300
Bank charges	16,260	21,257
Production Unit	487,900	-
<b>Total Goods and Services</b>	<b>31,707,943</b>	<b>21,930,965</b>

Trade payables relating to the prior year now paid has been excluded in the performane statement while included in the cashflow statements

**KAKRAO TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

**11. Employee Costs**

Description	2023/2024	2022/2023
	Kshs	Kshs
Salaries and wages	8,345,913	6,105,576
Employee related costs - contributions to pensions and medical aids	1,535,333	1,035,492
Housing benefits	151,500	159,000
Overtime payments	126,700	40,300
Welfare contributions	781,600	400,190
<b>Employee Costs</b>	<b>10,941,046</b>	<b>7,740,558</b>

**12. Board/Council Expenses**

Description	2023/2024	2022/2023
	Kshs	Kshs
Chairman's Honoraria	29,250	37,500
Council Expenses	628,486	496,000
<b>Total</b>	<b>657,736</b>	<b>533,500</b>

**13. Depreciation and Amortization expense**

Description	2023/2024	2022/2023
	Kshs	Kshs
Property, plant and equipment	6,686,835	3,557,649
<b>Total depreciation and amortization</b>	<b>6,686,835</b>	<b>3,557,649</b>

**14. Repairs and Maintenance**

Description	2023/2024	2022/2023
	Kshs	Kshs
Property, Equipment and machinery, Furniture and fittings, Computers and accessories	2,389,745	1,118,143
<b>Total Repairs and Maintenance</b>	<b>2,389,745</b>	<b>1,118,143</b>

**15. Cash and Cash Equivalents**

Description	2023/2024	2022/2023
	Kshs	Kshs
Current Account	2,536,569	3,468,626
Cash in hand	0	39,179
<b>Total Cash and Cash Equivalents</b>	<b>2,536,569</b>	<b>3,507,805</b>

**KAKRAO TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

**15 (a). Detailed Analysis of Cash and Cash equivalents**

Financial Institution	Account number	2023/2024	2022/2023
		Kshs	Kshs
<b>a) Current Account</b>			
Kenya Commercial Bank	1286097657	1,717,611	2,649,668
Cooperative Bank of Kenya	011418098203000	818,958	818,958
<b>Sub- Total</b>		<b>2,536,569</b>	<b>3,468,626</b>
<b>b) Others(Specify)</b>			
Cash in Hand		0	39,179
<b>Sub- Total</b>		<b>0</b>	<b>39,179</b>
<b>Grand Total</b>		<b>2,536,569</b>	<b>3,507,805</b>

**16. Receivables from Exchange transactions**

Description	2023/2024	2022/2023
	Kshs	Kshs
<b>Current Receivables</b>		
Student Debtors	10,936,286	12,586,693
Salary advances	128,690	0
<b>Total Current Receivables</b>	<b>11,064,976</b>	<b>12,586,693</b>

**16 b). Receivables Ageing Analysis**

Description	2023/2024		2022/2023	
	Kshs	%of total	Kshs	% of total
Less than 1 year	5,000,320	45.19	4,086,000	32.46
Between 1-2 years	3,070,812	27.75	5,023,620	39.91
Between 2-3 years	2,370,844	21.43	976,980	7.76
Over 3 years	623,000	5.63	2,500,093	19.87
<b>Total Current Receivables</b>	<b>11,064,976</b>	<b>100</b>	<b>12,586,693</b>	<b>100</b>

**17. Inventories**

Description	2023/2024	2022/2023
	Kshs	Kshs
Consumable stores	3,720,580	235,201
<b>Total Inventories at lower of Cost and Net Realizable Value</b>	<b>3,720,580</b>	<b>235,201</b>

The inventory figure is supported by the valuation report done on assets and consumables for the period.

**KAKRAO TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

**18. PROPERTY, PLANT AND EQUIPMENT**

	Land	Buildings 2.5%	Furniture and fittings 12.5%	Library books 5%	Motor vehicles 25%	Computers 33.3%	Other assets (Office Equipmen t 12.5%)	Plant and Machinery 20%	(Other assets) Kitchen wares 12.5%	Work in Progress (WIP)	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs		Kshs
At 1 <sup>st</sup> July 2022	-	1,185,179	726,130	432,903	-	171,743	107,645	2,076,328	-	-	4,699,929
Revaluation	7,700,000	56,814,821	1,423,870	-	-	1,428,258	1,262,355	-146,328	344,000	-	68,826,975
Additions during the year		-	380,000	190,515	-	303,500	-	2,635,974		1,281,416	4,791,405
<b>At 30<sup>th</sup> June 2023</b>	<b>7,700,000</b>	<b>58,000,000</b>	<b>2,530,000</b>	<b>601,773</b>		<b>1,903,500</b>	<b>1,370,000</b>	<b>4,565,974</b>	<b>344,000</b>	<b>1,281,416</b>	<b>78,296,663</b>
At 1 <sup>st</sup> July 2023	7,700,000	58,000,000	2,530,000	601,773	-	1,903,500	1,370,000	4,565,974	344,000	1,281,416	78,296,663
Revaluations	2,300,000	-26,343	-826,868	0	10,350,000	2,907,100	-873,220	1,053,586	0		14,884,255
Additions		1,626,343	424,731			234,400	212,000			1,019,286	3,516,760
Reclassification		-150,000		0					0	150,000	0
<b>At 30<sup>th</sup> June 2024</b>	<b>10,000,000</b>	<b>59,450,000</b>	<b>2,127,863</b>	<b>601,773</b>	<b>10,350,000</b>	<b>5,045,000</b>	<b>708,780</b>	<b>5,619,560</b>	<b>344,000</b>	<b>2,450,702</b>	<b>96,697,678</b>
<b>Depreciation and impairment</b>											
At 1 <sup>st</sup> July 2022		29,629	90,766	21,645		57,190	13,456	415,266	0	0	627,952
Current year Depreciation		1,450,000	316,250	30,089		633,866	171,250	913,195	43,000	0	3,557,649
<b>At 30<sup>th</sup> June 2023</b>	<b>0</b>	<b>1,479,629</b>	<b>407,016</b>	<b>51,734</b>		<b>691,056</b>	<b>184,706</b>	<b>1,328,460</b>	<b>43,000</b>	<b>0</b>	<b>4,185,601</b>
At 1 <sup>st</sup> July 2023	0	1,479,629	407,016	51,734		691,056	184,706	1,328,460	43,000	0	4,185,601
Current year depreciation	0	1,408,601	162,015	27,502	2,587,500	1,371,808	39,009	858,220	37,625	0	6,492,280
<b>Total depreciation</b>	<b>0</b>	<b>2,888,230</b>	<b>569,031</b>	<b>79,236</b>	<b>2,587,500</b>	<b>2,062,864</b>	<b>223,715</b>	<b>2,186,680</b>	<b>80,625</b>		<b>10,677,881</b>
<b>Net book value as at 30<sup>th</sup> June 2023</b>	<b>7,700,000</b>	<b>56,520,371</b>	<b>2,122,984</b>	<b>550,039.20</b>		<b>1,212,444.25</b>	<b>1,185,294</b>	<b>3,237,513.51</b>	<b>301,000</b>	<b>1,281,416</b>	<b>74,111,061.62</b>
<b>Net book value 30<sup>th</sup> June 2024</b>	<b>10,000,000</b>	<b>56,561,770</b>	<b>1,558,833</b>	<b>522,537</b>	<b>7,762,500</b>	<b>2,982,136</b>	<b>485,065</b>	<b>3,432,880</b>	<b>263,375</b>	<b>2,450,702</b>	<b>86,019,797</b>

**NOTE:** The college assets were revalued afresh during the first quarter of the financial year 2024/2025 by a professional valuar to include all assets in the college. In building was work in progress for security sentry box not completed of kshs.150,000

Other fixed assets amounting to kshs. 1,005,400 (portable and attractive assets kshs.58,000, biological assets kshs.5,400 and other infrastrure kshs.942,000 as per evaluation report giving rise to total asset net asset at kshs. 87,025,197.

**KAKRAO TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

**Notes to the Financial Statements (Continued)**

**Valuation**

As per National Treasury guidelines, Land and buildings were identified and valued as per the National Liabilities and Management Policy and guidelines (Issued June 2020). The assets were revalued by Migori/Homabay county land professional valuers on 25<sup>th</sup> July 2023. These amounts were adopted in the financial statements

**18 (b) Property, Plant and Equipment at Cost**

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	10,000,000	0	10,000,000
Buildings	59,450,000	2,888,250	56,561,770
Furniture, And Fittings	2,127,863	569,031	1,558,833
Plant And Machinery	5,619,560	2,186,680	3,432,880
Library books	601,773	79,236	522,537
Computers and Related Equipment	5,045,000	2,062,864	2,982,136
Office Equipment,	708,780	223,715	485,065
Kitchen Wares	344,000	80,625	263,375
Motor vehicles	10,350,000	2,587,500	7,762,500
Work in Progress (WIP)	2,450,702	-	2,450,702
<b>Total</b>	<b>96,547,678</b>	<b>10,677,881</b>	<b>86,019,797</b>

Other fixed assets amounting to kshs. 1,005,400 (portable and attractive assets kshs.58,000, biological assets kshs.5,400 and other infrastrure kshs.942,000 as per evaluation report giving rise to total asset net asset at kshs. 87,025,197

**19. Trade and Other Payables**

Description	2023/2024	2022/2023
	Kshs	Kshs
Trade payables	4,560,225	7,685,880
Fees paid in advance	840,761	1,167,483
Salary & Statutory deductions	0	122,700
<b>Total Trade and Other Payables</b>	<b>5,400,986</b>	<b>8,976,063</b>

**19 b). Trade and Other Payables Ageing Analysis**

Description	2023/2024		2022/2023	
	Kshs	% of total	Kshs	% of total
Under 1 year	5,400,986	100	8,976,063	100
1-2 years	-	-	-	-
2-3 years	-	-	-	-
Over 3 years	-	-	-	-
<b>total</b>	<b>5,400,986</b>	<b>100</b>	<b>8,976,063</b>	<b>100</b>

**KAKRAO TECHNICAL AND VOCATIONAL COLLEGE**  
Annual Report and Financial Statements for the year ended 30th June 2024

**20. Borrowings**

Description	2023/2024	2022/2023
	Kshs	Kshs
Balance at beginning of the year	0	3,638,038
Domestic borrowings during the year	-	-
Balance at end of the year	<b>0</b>	<b>3,638,038</b>

**20 a) Analysis of External and Domestic Borrowings**

Description	2023/2024	2022/2023
	Kshs	Kshs
<b>Domestic borrowings</b>		
Kenya shilling borrowing from Kisii National Polytechnic, Mentor	-	3,638,038
<b>Total balance at end of the year</b>	<b>-</b>	<b>3,638,038</b>

**20 b) Breakdown of Long and Short-Term Borrowings**

Description	2023/2024	2022/2023
	Kshs	Kshs
Long Term Borrowings	-	3,638,038
<b>Total</b>	<b>-</b>	<b>3,638,038</b>

**21. Cash generated from operations**

	2023/2024	2022/2023
	Kshs	Kshs
Surplus for the year before tax		
<b>Adjusted for:</b>	6,330,032	(5,506,767)
Depreciation	6,492,280	3,557,650
<b>Working Capital Adjustments</b>	<b>12,822,312</b>	<b>(1,949,117)</b>
Increase/ decrease in Inventory	(3,485,379)	136,638
Increase/in Receivables	(1,521,717)	(392,121)
Increase in Payables	(3,575,077)	7,467,710
<b>Net changes in working capital</b>	<b>(9,620,618)</b>	<b>7,212,227</b>
<b>Net Cash Flow from Operating Activities</b>	<b>3,201,694</b>	<b>5,263,110</b>

**KAKRAO TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

Description	Total amount Kshs	Fully performing Kshs
<b>At 30 June 2023</b>		
Receivables from exchange transactions	12,998,987	12,998,987
Bank balances	3,507,805	3,507,805
<b>Total</b>	<b>16,506,792</b>	<b>16,506,792</b>
<b>At 30 June 2024</b>		
Receivables from exchange transactions	11,159,587	11,159,587
Bank balances	2,536,569	2,536,569
<b>Total</b>	<b>13,696,156</b>	<b>13,696,156</b>

## **22. Financial Risk Management**

Kakrao TVC'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 above.

### **i. Credit risk**

Kakrao TVC has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables 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 company's management based on prior experience and their assessment of the current economic environment.

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

### **Financial risk management**

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.

**KAKRAO TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

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.

	<b>Less than 1 month</b>	<b>Between 1-3 months</b>	<b>Over 5 months</b>	<b>Total</b>
	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>
<b>At 30 June 2023</b>				
Trade payables	-	7,808,580		7,352,846
Deferred income	-	1,167,483		1,278,340
<b>Total</b>	<b>-</b>	<b>8,976,063</b>		<b>8,631,186</b>
<b>At 30 June 2024</b>				
Trade payables	-	4,560,225		4,560,225
Deferred income	-	840,761		840,761
<b>Total</b>	<b>-</b>	<b>5,400,986</b>		<b>5,400,986</b>

**(iii) Capital Risk Management**

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

<b>Description</b>	<b>2023/2024</b>	<b>2022/2023</b>
	<b>Kshs</b>	<b>Kshs</b>
Revaluation Reserve	86,058,704	68,826,975
Retained Earnings	18,443,230	8,999,685
Capital Reserve	0	0
<b>Total Funds</b>	<b>104,501,934</b>	<b>77,826,660</b>
Total Borrowings	0	3,638,038
Less: Cash and Bank Balances	2,536,569	3,507,805
Net Debt/(Excess Cash and Cash Equivalents)	(971,236)	849,887
<b>Gearing</b>	<b>0.012%</b>	<b>0.17%</b>

**KAKRAO TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

**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 Kakrao TVC'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;
- v) Employees
- vi) Trainees and sponsors

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

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

Description	2023/2024	2022/2023
	Kshs	Kshs
<b>a) Grants /Transfers from the Government</b>		
Grants from National Govt	20,361,678	8,223,000
<b>Total</b>	<b>20,361,678</b>	
<b>b) Expenses incurred on behalf of related parties</b>		
Payments of Salaries and Wages for Kakrao Technical and Vocational College Employees	10,941,046	7,740,558
Payments for Goods and Services for Kakrao Technical and Vocational College	28,069,905	23,049,108
<b>Total</b>	<b>39,010,951</b>	<b>30,789,666</b>
<b>c) Key Management Compensation</b>		
Directors' emoluments	657,736	533,500
<b>Total</b>	<b>657,736</b>	<b>533,500</b>

**24. Events After The Reporting Period**

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

**25. Ultimate And Holding Entity**

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

**26. Currency**

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

**KAKRAO Technical and Vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

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.

**FY 2022/2023**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	<p><b>Basis for qualified opinion</b>  <b>1.0. Unconfirmed Revenue from Exchange Transactions Balance</b>                      The statement of financial performance and as disclosed in Note 8 to the financial statements reflects an amount of Kshs.21,001,728 in respect of rendering of services which indicates a significant decrease of Kshs.3,129,314 and or 13% from Kshs.24,131,042 reported in the previous year. Examination of receipt schedules/ledgers availed for audit in support of the balance revealed the following anomalies.</p> <ul style="list-style-type: none"> <li>i. The College does not have an automated receipt management system, the schedules availed were in excel sheets which can easily be manipulated.</li> <li>ii. The schedules do not have details of dates the receipts were paid and the bank deposit transaction numbers.</li> <li>iii. Cases of numerous entries for students were noted, casting doubt on the integrity of the data availed in support of the receipts.</li> <li>iv. Included in the rendering of services balance of Kshs.21,001,728 is an amount of Kshs.5,978,795 in respect of tuition fees which represents an unexplained increase of Kshs.5,367,907 from Kshs.610,888 reported in the previous year which has not been explained.</li> </ul> <p>In the circumstances, the accuracy and completeness of the Revenue from Exchange Transactions Balance of Kshs.21,001,728 for the year ended 30 June 2023 could not be confirmed.</p>	Amendments done in the 2022/2023 financial statements. 2023/2024 audit to confirm the amendments.	Resolved	
2	<p><b>Unsupported Current portion of receivables from exchange transactions</b>                      The statement of financial position for the year ended 30 June, 2023 and as disclosed in note 16 to the financial statements reflects receivables from exchange transaction balance of Kshs.12,586,693, while the supporting schedule provided for audit indicated a balance of Kshs.13,785,263, resulting in a variance of</p>	Amendments done in the 2022/2023 financial statements.	Resolved	

**KAKRAO Technical and Vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)																																			
	<p>Kshs.786,267 which has not been explained. Further, Management did not provide aging analysis and movement schedule for student debtors.</p> <p>In the circumstances, the accuracy, completeness and ownership of Receivables from Non- exchange Transaction's balance of Kshs.12,998,987 as at 30 June 2023 could not be confirmed.</p>	2022/2023 audit to confirm the amendments.																																					
3	<p><b>Budgetary Control and Performance</b></p> <p>The statement of comparison of budget and actual amounts for the year ended 30 June, 2023 reflects total revenue of Kshs.29,374,048 against a budget of Kshs.59,626,510, resulting in underfunding of Kshs.30,252,462 or 50.74% of the budget as analysed below:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Audit Components</th> <th style="text-align: center;">Budget 2022-2023</th> <th style="text-align: center;">Actuals 2022-2023</th> <th style="text-align: center;">Performance Difference</th> <th style="text-align: center;">% Utilization Difference</th> </tr> <tr> <td></td> <th style="text-align: center;">Kshs.</th> <th style="text-align: center;">Kshs.</th> <th style="text-align: center;">Kshs.</th> <th style="text-align: center;">%</th> </tr> </thead> <tbody> <tr> <td><b>Revenue</b></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Transfer from government</td> <td style="text-align: right;">17,000,000</td> <td style="text-align: right;">8,223,000</td> <td style="text-align: right;">(8,777,000)</td> <td style="text-align: right;">(51.63)</td> </tr> <tr> <td>Rendering of services - Fees from students</td> <td style="text-align: right;">42,296,510</td> <td style="text-align: right;">21,001,728</td> <td style="text-align: right;">(21,294,782)</td> <td style="text-align: right;">(50.35)</td> </tr> <tr> <td>Sale of goods and services</td> <td style="text-align: right;">330,000</td> <td style="text-align: right;">149,320</td> <td style="text-align: right;">(180,680)</td> <td style="text-align: right;">(54.75)</td> </tr> <tr> <td><b>Total Income</b></td> <td style="text-align: right;"><b>59,626,510</b></td> <td style="text-align: right;"><b>29,374,048</b></td> <td style="text-align: right;"><b>(30,252,462)</b></td> <td style="text-align: right;"><b>(50.74)</b></td> </tr> </tbody> </table> <p>Similarly, the College spent Kshs.36,114,571 out of the expenditure budget of Kshs.59,626,510, resulting in an under-expenditure of Kshs.23,511,939 or 39% of the budget.</p> <p>Further, the College spent Kshs.36,114,571 even though the actual receipts were only Kshs.29,374,048, resulting in expenditure of Kshs.6,740,523 in excess of actual receipts. However, the source of this excess expenditure is not clear since the opening cash and cash equivalents balance was only</p>	Audit Components	Budget 2022-2023	Actuals 2022-2023	Performance Difference	% Utilization Difference		Kshs.	Kshs.	Kshs.	%	<b>Revenue</b>					Transfer from government	17,000,000	8,223,000	(8,777,000)	(51.63)	Rendering of services - Fees from students	42,296,510	21,001,728	(21,294,782)	(50.35)	Sale of goods and services	330,000	149,320	(180,680)	(54.75)	<b>Total Income</b>	<b>59,626,510</b>	<b>29,374,048</b>	<b>(30,252,462)</b>	<b>(50.74)</b>	An official communication letter and follow up done with the mentor institution	Not resolved	30/06/2025
Audit Components	Budget 2022-2023	Actuals 2022-2023	Performance Difference	% Utilization Difference																																			
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**KAKRAO Technical and Vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

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)
	Kshs.2,657,918. The Management did not provide explanations for the material variances as required by IPSAS 24.			
	<b>Unresolved Prior Year Matters</b>			
4	Various prior year audit issues remained unresolved as at 30 June, 2023. Management has not provided satisfactory reasons for the delay in resolving the prior year audit issues.	statements awaiting audit.	Resolved	
	<b>Basis for Conclusion</b>			
1	<p><b>Unsupported Employee costs.</b></p> <p>The statement of financial performance and as disclosed in Note 8 to the financial statements as at 30 June 2023 reflects a balance of Kshs.7,740,558 in respect to employee costs which indicates an increase of Kshs.3,061,118 or (65%) of Kshs. 4,679,440 as at 30 June 2022. However, review of records and the payroll revealed the following weaknesses.</p> <ul style="list-style-type: none"> <li>i. Management did not provide the list of staff who were recruited and those who left the service during the period under audit.</li> <li>ii. Kshs.6,105,576 in respect salaries and wages was not supported with contract agreements for contractual staffs and the casuals.</li> <li>iii. Included in the reported balance is an amount of Kshs.1,035,492 in respect of Employee related costs - contributions to pensions and medical aids and Kshs.400,190 in respect of Welfare contributions which was not support by relevant schedules.</li> </ul> <p>In the circumstances, value for money for Kshs.7,740,558 paid in respect of College Salaries and wages for the year ended 30 June 2023 could not be confirmed</p>	Amendments done in the 2022/2023 financial statements. 2022/2023 audit to confirm the amendments.	Resolved	

**KAKRAO Technical and Vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

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)
2	<p><b>Non-Compliance with Law on Ethnic Composition</b></p> <p>During the year under review, the total number of employees in the College was ninety-five (95) out of which eighty (80) or (84%) belong to the same ethnic community. This contrary to Section 7 (1) and (2) of the National Cohesion and Integration Act, 2008, which stipulates that all public establishments must strive to represent the diversity of the people of Kenya in their staffing. The Act further mandates that no public establishment shall have more than one-third of its staff from the same ethnic community.</p>	<p>The low levels of remuneration and the institution's inability to offer house allowances for BOG staff reduces the employability of the college, thereby contributing to the low level of diversity in the work force. The institution remains committed to this requirement and shall continually strive to offer equal</p>	Partially resolved	Next BOG recruitments

**KAKRAO Technical and Vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

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)
		employment opportunities to individuals irrespective of their backgrounds, gender, age, ethnicity, or religion.		
	REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE			
1	<p><b>Lack of an Approved Staff Establishment</b></p> <p>Review of records revealed that the College did not have an approved staff establishment. The lack of an approved staff establishment implies that the College was yet to determine the skills and optimal staffing levels required to achieve its goals and objectives.</p> <p>In the circumstances, it was not possible to ascertain whether the total staff in the employment of the College was at the optimal operating level.</p>	The BOG has put in place this requirement but will review it to include other information	Partially solved	30/06.2025
2	<p><b>Lack of imprest Register</b></p> <p>The College does not maintain a standard imprest register in the prescribed format and imprest raised not accounted properly through properly supported imprest warrants as required. The following are some weaknesses observed:</p> <ul style="list-style-type: none"> <li>i. Insufficient documentation of imprest surrendered.</li> <li>ii. Non-acknowledgement of the same on the paying vouchers by the recipients.</li> </ul>			30/06.2025

**KAKRAO Technical and Vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

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)
	iii. Training programme not attached iv. Attendance list not attached v. Bus ticket not attached. vi. Imprest warrant not attached.			
3	<p><b>Lack of ICT Policy</b></p> <p>During the review of IT environment and its controls it was noted that, no ICT Policy is in place to govern IT environment. The management should develop a draft ICT policy to govern IT environment. It should address areas of concern like;</p> <ul style="list-style-type: none"> <li>• Information Technology Governance- The management should ensure IT strategic committee is in place</li> <li>• IT security Management. The management to formally approve IT Security policy to ensure data confidentiality, integrity and availability and to ensure there is patch management process on all systems software's</li> <li>• IT Program change management-Management to ensure that there is formally documented and approved processes to manage upgrades made to all information systems.</li> <li>• Physical access controls-Management should ensure physical access to sensitive areas like server rooms, storage rooms and network rooms are properly controlled.</li> <li>• Environmental control- Policies and procedures should be in place to cover environmental controls like fire suppression system, ups and air conditioning systems especially in server rooms.</li> <li>• Logical Access Control-This formally document and approve user management standards and procedures in the organization like user access rights in line with responsibilities.</li> </ul> <p>In the circumstances, the effectiveness of the overall internal control system and risk management by the College could not be confirmed</p>	The BOG is committed in putting in place this requirement	resolved	

**KAKRAO Technical and Vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

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)
4	<p><b>Ineffective Internal Audit Function</b></p> <p>The College do not have an effective Internal Audit Function to assess the effectiveness of its internal controls, risk management and overall governance. Therefore, the College did not plan or carry out an audit of its operations during the year under review.</p> <p>In the circumstances, the effectiveness of the overall internal control system and risk management by the College could not be confirmed</p>	The BOG is committed in putting in place this requirement	Not resolved	30/06 2026
5	<p><b>Lack of a Risk Management Policy</b></p> <p>The College does not have a risk management policy in place to mitigate against risk. Lack of risk management framework and risk register indicates that they have not taken proactive steps to identify, assess, and mitigate potential risks that their daily operations might face. In the circumstances, their resilience to potential threats and uncertainties could not be confirmed.</p> <p>In the circumstances, it was not possible to confirm the effectiveness of the internal controls, risk management and governance of the College.</p>	The management currently has but will be reviewed to accommodate things raised in 2025,2026	Partially resolved	
6	<p><b>Lack of Approved Strategic Plan</b></p> <p>The College does not have an approved strategic plan in place to provide guidance on the achievement of the College missions and objectives.</p> <p>In the circumstances, the College will not achieve its intended objectives and mission.</p> <p>The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 2315 and 2330. The Standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion</p>	The management has put in place strategic plan	Resolved	

**KAKRAO Technical and Vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

**Guidance Notes:**

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



Name : Felix Barclays Odhiambo  
 Accounting Officer  
 Date : 12<sup>TH</sup> July,2024

**Appendix I- Inter-Kakrao Confirmation Letter**

Name of transferring **Ministry of Education**

Name of beneficiary Kakrao **Kakrao Technical and Vocational College**

Confirmation of amounts received by Kakrao Technical and Vocational College as at 30 <sup>th</sup> June 2024							
Reference Number	Date Disbursed	Capitation Grant (A)	Operational Grant (B)	Scholarship Grant	Development (B)	Total (C)=(A+B)	Remarks
KTVC/ADM/KUCCPS/VOL.1(009)	20/03/2024			6,423,268.40 & 705,484.50		6,423,268.40 & 705,484.50	
KTVC/ADM/KUCCPS/VOL.1(0010)	28/06/2024	2,948,425.00				2,948,425.00	

**KAKRAO Technical and Vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

KTVC/ADM/KUCC/PS/VOL.1(008)	26/1/2024	3,440,500.00 &			3,440,500.00 &
		3,932,000.00			3,932,000.00
KTVC/ADM/PS/001/VOL.1 (36)	08/11/2023	2,912,000.00			2,912,000.00
					<b>20,361,677.90</b>

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

Head of Accounts Department - Beneficiary Kakrao:

Name ..... *A. M. S. H. H. H.* ..... Sign ..... *Atte.* ..... Date ..... *11/11/2023* .....

**KAKRAO TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2024**