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<b>REPORT</b>	Inzofu Mwale

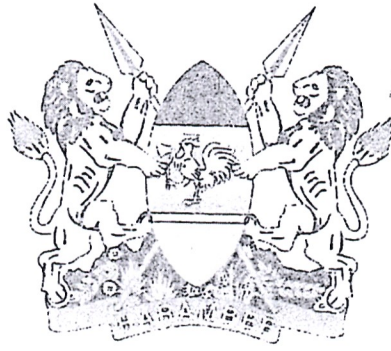
**OF**

**THE AUDITOR-GENERAL**

**ON**

**UGUNJA TECHNICAL AND VOCATIONAL  
COLLEGE**

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



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UGUNJA TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30<sup>TH</sup> JUNE 2021

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

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## I. KEY ENTITY INFORMATION AND MANAGEMENT

### (a) Background information

Ugunja Technical and Vocational College is a public Technical & Vocational College established under the TVET Act 2013 on 23/01/2020. The college opened its doors to the first intake of students in January 2020. It is domiciled in Kenya, under the Ministry of Education, State Department for Vocational and Technical Training. In executing its core mandate, the college is licensed to offer the following courses that are domiciled in their respective departments:

- Electrical Engineering
- Building Technology
- Plumbing Technology
- Food and beverages
- Information Communication Technology
- Mechanical Engineering (production option)
- Hair dressing and beauty therapy
- Social work and community development
- Supply chain management
- Metal work processing (Certificate)

### (b) Principal Activities

The principal mandate of Ugunja Technical and Vocational College is to offer Technical and Vocational Training.

VISION: A transformative centre of excellence in technical and business areas of training

MISSION: To prepare trainers for a life time of transformative success.

CORE VALUES: Professionalism, Team Work, Equity, Social Responsibility, Ethics and Integrity, Honesty, Transparency & Accountability and Respect.

### (c) Key Management

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

- Board of Governors
- Principal
- Principal's Management Committee (PMC)
- Academic Committee

### (d) Fiduciary Management

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

No.	Designation	Name
1.	Principal	Audrey M.A Odhiambo.
2.	D/Principal	Mary Atieno
3	Accountant	Evans Oyugi
4.	Supply chain clerk	Peter Waudo
5.	Ag. Dean	Evans Nadecho
6.	Ag. Registrar	Geoffrey Ayoyi

### e) Fiduciary Oversight Arrangements

The college has put in place measures and structures to enforce fiduciary and oversight arrangements and ensure compliance. The Board which is the overall governance organ so far comprises of three key committees; the Administration, Finance and Infrastructure (AFI) committee, the Education, Research and training (ERT) committee and the Audit and risk Management Committee. These committees provide policy direction and oversight to the college Management while advising on various policy matters relating to its mandate.

The main objective of the Administration, Finance and Infrastructure (AFI) committee is to assist the board in discharging its duties in relation to effective and efficient utilization of all the resources, operation of adequate systems, safeguarding of assets, control processes, preparation of accurate financial reporting and statements in compliance with all applicable legal requirement and accounting standards.

The Education, Research and Training (ERT) committee of the Board Oversees the development and administration of policies, and strategies that will promote high quality education, research and training across the Institution.

The Audit and risk management committee of the Board

- i. Oversees Independent review the Institution's annual financial statements to ensure the integrity and transparency of the financial reporting process; Obtains reasonable assurance that the Institution has implemented appropriate and effective systems of internal control; Monitors the effectiveness of the Institution's performance information to ascertain compliance with the performance management framework and performance reporting requirements; Evaluates the effectiveness of the Institution's internal audit function in planning, monitoring and reporting; Receives and reviews with counsel any legal matters that could have a significant impact on the Institution's financial statements; Ensures the Institution complies with relevant legal and regulatory requirements and promotes a culture of lawful and ethical behavior; Evaluates whether processes are in place to address key roles and responsibilities in relation to risk management, Oversees implementation of appropriate systems to identify, monitor and mitigate significant financial risk; Receive and consider the accounts of the Institution in readiness for submission to the Auditor-General (State Corporations). Such accounts shall include:
  - (a) A statement of income and expenditure during the year in question; and
  - (b) A statement of the assets and liabilities of the Institution on the last day of that year.
- ii. Considers the Institution's external audit reports and assess the adequacy of management response to issues identified by audit:
- iii. Submit reports to the next regular meeting of Board on all matters considered and resolutions reached.

Further, the college and submits its quarterly and annual financial statements and accounts to the relevant authorities for audit. In addition the college has developed financial regulations and procedures.

### f) College main Campus

P.O. Box 300-40606  
Along Sigomere- Rambula road  
Ugunja, Kenya

**g) College Contacts**

Telephone :(+254)791226786

E-mail: [ugunjatechcollege@gmail.com](mailto:ugunjatechcollege@gmail.com) / [info@ugunjatvc.ac.ke](mailto:info@ugunjatvc.ac.ke)

Website [www.ugunjatvc.ac.ke](http://www.ugunjatvc.ac.ke)

**h) College's Bankers**

Kenya Commercial Bank

P.O. Box 2093-40100

Kisumu Airport Branch

Kisumu, Kenya

**i) Independent Auditors**

Auditor General

Kenya National Audit Office

Anniversary Towers, University Way

P.O. Box 30084

GOP 00100

Nairobi, Kenya

**j) Principal Legal Adviser**

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112 City Square 00200

Nairobi, Kenya

## II. THE BOARD OF GOVERNORS



**Eng. Peter Oloo Okaka**  
Chairman

Engineer Okaka is the Chairman of the Board of Governors. He was born in 1945. He is a distinguished, renowned Mechanical Engineer and Education expert with over 30 years' experience having risen through the ranks to the current position. He is a holder of Master's of Science degree in Mechanical Engineering and a Bachelor of Science degree in Mechanical Engineering. He was appointed as Chairman of the College board for a term of three years with effect from 13<sup>th</sup> January 2020.

He previously served as Deputy Principal, KTTC from 1979 to 1981, after which he served as the Principal, Kenya Polytechnic from 1982-1985, where he oversaw transformation of the TVET college. Eng. Okaka was later in 1986 appointed as the Senior Deputy Director of Education at the Ministry of Education where he served till 1987. In 1988 to 2002 he also served as the Director Technical Training & Applied Technology. He is also a practising educator as a lecturer from 2007 to 2008 where he was on Part-time mode but currently full time lecturer at the School of Engineering and Technology, Kenyatta University. While at the Kenyatta University from the year 2012 to date, He serves as the Chairman, Mechanical Engineering department, School of Engineering and Technology serves as the chairman where he successfully initiated and carried out Staff professional programmes, workshops which culminated into accreditation mechanical engineering.



**Audrey M.A Odhiambo**  
PRINCIPAL/BOG SECRETARY

Mrs Odhiambo is the Chief Executive Officer and was appointed as the pioneer Principal of Ugunja Technical and Vocational college with effect from 29<sup>th</sup> June 2019 hence becoming the pioneer Secretary to the Board. She was born in 1971 and holds a Master's degree in Education (Guidance and Counselling) from Maseno University and Bachelor's degree in Education (Science) from Kenyatta University. Before Joining Ugunja TVC, she served as the Deputy Principal Siaya Institute of Technology from 2016 to 2019. Prior to this position, she served as the deputy Dean of Students in charge of Guidance and counselling department from 2015 to 2016. She also served in the same capacity previously at Migori Teachers Training College from 2010 to 2013. Prior to this, She was the head of department Biological Sciences department from 1999 to 2008 at St. Marys School, Yala, where she began her teaching career (biology /chemistry) in 1994. She has consistently produced excellent results and performance.



**Lameck Tala Mdwasi**  
BOG MEMBER

Mr. Mdwasi is a member of the Board appointed as a member of the Ugunja Technical and Vocational college with effect from 13th January 2020. He was born in 07/02/1976 and is a holder of a Bachelor's of Arts degree in Communication and Media Technology from Maseno University. He is currently pursuing a Master's degree in Education Management at UNICAF University.

He is a certified Quality Management Auditor. He is career consultant and a seasoned Placement officer with BOMA international hospitality college owned by the Kenya Red Cross Society of Kenya from October 2019 to date. He also 2017 doubles up as Youth program officer for the Diaspora of Employability and Enterprise Development Institute (DEED), from January to date. Prior to this position, he served as the Placement Officer, Zetech university from 2011 to 2016 before which he was an Instructor at Zetech university March to December 2010.

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**CPA(K) Sospeter Ogada Omondi**  
BOG MEMBER

Mr. Sospeter Ogada Omondi is a professional certified Public Accountant CPA (K). He was born in 15/08/1978. He was appointed as a member of the board of Ugunja TVC with effect from 13th January 2020. He is a holder of Certified Public Accounting - CPA (K), Master's Degree in in Business Administration (finance option) at Jomo Kenyatta University of Agriculture and Technology JKUAT, Bachelor's degree in Business Administration from Moi University. He is currently pursuing Senior management Course At Kenya School of Government.

He has under gone extensive training on financial accounting and management and has gained immense skills in the course of his career.

He is an accountant at the Kenya Medical Training College, Nakuru Campus form 2009 to date. Previously, he served as an accountant from 2007 to 2008 at the Regional institute of Business Management (Kenya-branch), Kisumu. Prior to that He was at Mildmay International as an Assistant Account from 2006 to 2007. From the year 2001 to 2003 he worked at Mardson Insurance brokers as an office assistant.



**CHAIRMAN,  
EDUCATION RESEARCH AND TRAINING  
COMMITTEE  
Felix Okoth Otieno**

Mr. Felix Otieno okoth is the a disinguished software developer. He was born in7/10/1979. He was appointed as a member of the Board of Ugunja Technical and Vocational College with Effect from 13th January 2020. He is a holder of Master's Degree in Computer Science and is Currently pursuing PhD in Computer Science.

He is an ICT lecturer at Technical University of Kenya from 2016 to date in the School of Computing and he is also involved in start-ups – MTEK. He also previously lectured at the Jaramogi Oginga Odinga University of Science and Technology in the school of Computing and Informatics.

MR. Felix has gained wide experience in Information Communication Technology having served in various positions and fields. Currently, he is a member of the Industrial Advisory Committee, Sigalagala National Polytechnic from 2021 to date. Prior to this he was a lead developer in software engineering at Mansoft limited, Nairobi from 2012 to 2018. He was also a lead developer in Microsoft corporation Vancouver B.C, Canada from 2011 to 2012. From 2007 to 2011 he worked at the Redmond W.A, USA as a Software Engineer. Earlier in 2006, he worked as a Software Engineer in charge of Administration and company web services, PowerShell remoting, and API testing at Microsoft corporation.



**DR. Rozilla Adhiambo  
BOG MEMBER**

Dr. Rozilla Adhiambo is the programme Manager with Africa Council for Religious leaders - Religions for peace. She was born in 20/08/1964. She was appointed as a member of the Board of Ugunja Technical and Vocational College with Effect from 13th January 2020.

She is a distinguished, seasoned program manager and has gained wide experience in Project Management having served in various positions and fields. She is a holder of PhD in Strategic Management, Master's degree in Strategic Management, Bachelor's degree in human resource management and Diploma in Education. Currently, she lectures in Several Universities in Kenya and has publications in revered journals.

She served as a centre coordinator at the Ugunja campus of Jaramogi Oginga Odinga University of science and Technology 2014 to 2017. Prior to this, in 2015-2016 she served as a Program Manager with CDTF/ DANIDA.

In 2011 she served as a Grants Officer at Pathfinder international in 2011. She also served as Programme manager & Officer from 2006 to 2011 at the Rangala Family Dev Programme. From 1999 to 2006 she served as the Education Project coordinator at Africa Network for prevention and protection against child abuse and Neglect. She began her career as a teacher in the early years of 1989 to 1999.



MR. Karilus Ben Nyaoro Umija is the Chairman of the Administration Finance and Infrastructure BoG committee. He was born on 23/09/1954. He is a holder of Bachelor of Education, (B .Ed) degree. He has been a member of the board since 14<sup>th</sup> May 2020 when he was appointed, for three years.

He is has risen up the ranks as an educator with over 30 years teaching experience as an educator. Served as a teacher from 1980 to 1989 when was appointed as the Principal of Sirembe mixed Secondary School where he served for twelve years. He was later appointed to Maliera Boy's High school in the same capacity for where he served for seven years. He also served as the Principal of Tabaka high School, kisii school for one year before finally serving at the St. Mark's Obambo secondary school from 2011 to 2014 where he retired. He has gained wide experience in leadership and management and is a great resource to the college.

**BOG MEMBER (CHAIR ADMINISTRATION  
FINANCE AND INFRASTRUCTURE  
COMMITTEE**

***Mr. Umijah Ben Karilus***

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Eng. Jane Pauline Maeri Mito is a distinguished Civil and Structural Engineer. She was born in 19/07/1991. She was appointed as a member of the Board of Ugunja Technical and Vocational College with effect from 13<sup>th</sup> January 2020 for three years.

She is a holder of Bachelor's degree in Civil and Structural Engineering. She has served in various positions and fields and gained wide experience.

While at Kenya National Highways Authority in the Road asset and corridor management project she served as an Assistant. Engineer from 2019 to date. Prior to this she served as Deputy Resident Engineer, from February 2018 to June 2019. Before this, she worked at Kabuito Contractors Limited from the year 2017 to January 2018. During the period ranging May 2016 to September 2016 she served at the Kenya Rural Road Roads Authority.

***Jane Pauline Maeri Mito***  
**BOG MEMBER**



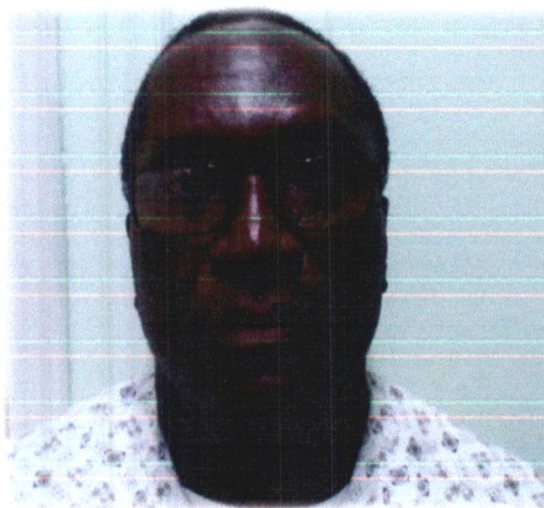
**BOG MEMBER**

*Vincent Ochieng Oyieng*

Eng. Vincent Ochieng Oyieng is a member of the Administration Finance and Infrastructure BoG committee. He was born on 1956. He is a holder of Bachelor of Education, (B. Ed) degree. He has been a member of the board since 13<sup>th</sup> January 2020 and he was appointed, for three years.

He is a holder of Bachelors of Science Agricultural Engineering degree in Civil and Structural Engineering.

He has served as a County Director of Irrigation from 2014 to date prior to which he served as a District Irrigation Officer, Rachuonyo North District from 2010 to 2014. From the year 2009 to 2010 he served as a Provincial irrigation engineer in Nyanza. In the year 2004 he served as a District Irrigation Officer in Rachuonyo district until the year 2007. He also served as a District soil and water conservation officer, Suba district in 1994 to 2004. Previously, from 1985 to 1996 he served as a District irrigation officer in Kwale district.



Mr. Fanuel Opondo

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**COUNTY DIRECTOR TVET**

Representative of the Principal Secretary

**DOB : 1960**

**Qualifications:**

**M BA (HRM)**

Bachelor of Education(Business Studies)

**Work experience:**

Teacher –Secondary School

Trainer – Kisii Diploma Teachers college

Trainer \_ TVET -20 yrs




Management Position: Dean of students,




,D-principal, Principal.

County Director 2021-Date

### III. MANAGEMENT TEAM : PRINCIPAL'S MANAGEMENT COMMITTEE (PMC)

The following members of staff served in the Principal's Management committee during the financial year ended 30th June 2021

PMC	Responsibility
	<p>Audrey M.A Odhiambo Principal/BOG Secretary M. Ed, B Ed (Sc)</p> <p>Chief Executive Officer/Principal is responsible for the day to day operations at the college</p>
	<p>Mary Atieno The Deputy Principal, Higher National Diploma (HRM) B ED (Home Economics)</p> <ul style="list-style-type: none"> <li>a) The Principal assistant to the Principal and takes charge of all institutions' administration in the absence of the principal</li> <li>b) Maintains trainees' discipline</li> <li>c) Supervises and maintain proper inventories (Equipment and supplies)</li> <li>d) In -charge of curriculum implementation</li> </ul>
	<p>MR Geoffrey Ayoyi The Ag Registrar B Sc. Mathematics and Computer Science</p> <ul style="list-style-type: none"> <li>a) Responsible for management of trainees' information on enrolment, registration, attendance, academic results, assessment and graduation.</li> <li>b) Advising trainees on available career and sponsorship options</li> <li>c) Coordinates institutions learning and marketing programs.</li> </ul>

	<p>4. The Ag. Dean of students B Sc. In agricultural engineering. Evans N Nadecho</p> <p>a) In charge of administration and enforcement of college policies relating to trainees' affairs and discipline, addressing questions and concerns by managing their budget for their activities, coordinating their housing, health and extra-curricular services.</p> <p>b) Updating all relevant students' resources &amp; coordinating all non-academic student related programs.</p>
<p>4. Accountant – CPA 'K', B .com Degree in Commerce, Accounting Option</p>  <p>Evans Oyugi</p>	<p>In charge of</p> <p>a) Reconciliation of trainee's fees records and issuing of fee statements to trainees</p> <p>b) Filing of accounting documents</p> <p>c) Receiving college revenues and issuing receipts</p> <p>d) Processing of payment vouchers</p> <p>e) Bank reconciliations and maintenance of cash book</p> <p>f) Preparation of final accounts and reports/statements</p> <p>g) Payroll processing and payment of statutory deductions</p>
 <p>Procurement clerk Diploma .IN SUPPLY CHAIN MNGT Registered as A Practitioner with Kenya Institute of Supplies Management</p> <p>PETER WAUDO</p>	<p>a. Preparation of purchase orders</p> <p>b. Schedule deliveries for supplies, goods and services.</p> <p>c. Provision of support in drafting tender inquiries/ documents</p> <p>d. Keep procurement records and reports on supply costs</p> <p>e. Update the supplier register to quick procurement of goods and services</p> <p>f. Attend to purchase enquiries across the departments to ensure they are well informed of procurement progress</p> <p>g. Collect data on prices for goods, services to enhance cost management</p> <p>h. Develop and implement the institution procurement plan to ensure availability of required goods and services at all time according to the institution requirement and strategies.</p>



## V. REPORT OF THE PRINCIPAL

Ugunja Technical and Vocational College is a new public Technical and Vocational institution and was operationalised on 23/01/2020. The Board of Governors (BOG) were nominated and duly appointed in January 2020 and inaugurated on 12th February, 2020 in line with the TVET ACT NO. 29 of 2013. Board of Governors comprise of ten members including the Principal and the County Director TVET: who is the representative of the Principal Secretary. The management is in the process of establishing its prudent financial management system to serve to anchor it on a solid foundation and entrench it on key values and attitudes relevant to training graduates who can competently manipulate every opportunity.

The first, second, third and fourth quarter reports were made available even as since institution was being operationalized and structures, policies, procedures and processes were being developed. Marked as a center of excellence for Mechanical Engineering, the college student population by end of the fourth quarter financial year 2020/21 stood at 348. These admissions were made in January-March 2020 and 2021 terms majorly in technical courses. In the fourth quarter ending 31st March 2021 173 new trainees were enrolled. However, this number was much lower than the anticipated number since the management had laid down strategies to increase enrolment by embarking on aggressive outreach campaign in the second quarter. The college registered its first 84 candidates for the KNEC exam July 2021 series. The Kenya Universities and Colleges Central Placement Service (KUCCPS) placed 278 students in FY2020/21 to our institution. 104 had been enrolled but 174 were yet to enrol. 371 students were validated for Government capitation worth K. Sh. 2,782,500.00, K.sh. 353 were validated for second quarter capitation worth 2,647,500.00 and four hundred and one were validated for third quarter capitation worth K.sh. 3,007,500.00 which was disbursed and received on 2nd December 2020, 10th March 2021 and 22nd April 2021 respectively

The management appreciates the fact that the Government, through the Public Service Commission posted ten trainers who served only in Administration, (2) ICT department (2) and Mechanical Engineering Department (5) and Electrical Engineering Department (1). Six more have been posted in reported, assumed duties. Given the new intakes, the college had to rely on the trainers engaged on Board of Governors' terms in ICT (2), Electrical Engineering Department (2), Building Department (4), Food and Beverage Department (1), Liberal Studies Department (1) and Hair Dressing and Beauty Therapy Department (1) & business dep(2) to take care of the deficit; Further, the college is pursuing the option of having its assets valued due to the unavailability of required details from the Ministry of Education details. Having admitted students in the various trade areas, the Board retained the trainers on BOG terms who had been engaged earlier.

Being a centre of excellence in Mechanical Engineering the college has laid down strategies to ensure that the community around the college also benefit from the Mechanical Engineering activities and initiatives. With these equipment's, we intend to facilitate Competency Based Education Training (CBET) in mechanical ENG. and ICT departments, so as to conform to global skills requirement.

The inadequate funding has been caused by non-receipt of the recurrent grant and delay in disbursement of insufficient capitation grants. As a result, the college could not meet its budget obligations forcing the board to only finance the mandatory core activities on debt. In order to address this, the college has come up with various marketing strategies to ensure that college admits as many students as possible during the January intake 2021. We are in the process of complying with the Ministerial directive on recruitment of qualified critical staff. The college had a lean non-teaching (7), two cleaners, one secretary, procurement clerk, the accountant and the food and beverage technician were recruited in the second quarter FY 2020/21. The auditor and Human resource were yet to

be recruited. The college is marked as a Centre of Excellence in Mechanical Engineering, and the management working on linking academia with industry at local, Regional, National and International levels as our corporate social responsibility.

This would assure us of relevance as we seek to address the National Manufacturing development agenda. Further, the college shares its drilled borehole water resource with the immediate community for domestic consumption. This reliable water resource was erected courtesy NG-CDF Ugunja.

The following are some of the major challenges that the institution faced:

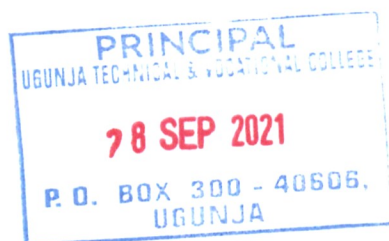
1. The major challenge that the institution faced was lack of funds and resources for reopening. I may also not forget to mention the shortage of training rooms as the college is still run under one building housing offices and training rooms
2. Lack of adequate funds to meet the initial establishment cost of required for infrastructure and phased reopening;
3. The Mechanical Engineering machines could not serve their purpose of training and production because of the low power rating, an aspect that was considered in the reviewed budget which allocated funds for upgrading of the switch gear.: eleven of the donated twenty-one computers had which had failed were repaired.
4. Valuation of its assets due to the unavailability of required details from the Ministry of Education details.

This low funding state was in form lack recurrent grant and third capitation disbursement in the fourth quarter, poor fees payment by parents and sponsors, COVID-19 pandemic that created a prolonged break that saw students out of school and no submission of capitation fees for fourth quarter FY 2020/2021 by the Government. As a result, the college could not meet its budgetary obligations forcing the board to only finance the mandatory core training activities.

The institution had complied with all the statutory and regulatory requirement and further, was in the process of complying with the Ministerial directive to recruit a competent finance officer /accountant. The process of recruiting a competent procurement clerk and secretary was completed in August 2020.

Sign 

Date 28/09/2021



## VI. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

Section 81 Sub Section 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's entity performance against predetermined objectives. Ugunja Technical and Vocational College developed its annual Work plan which was basis of assessment of the Boards performance against work plan revealed.

on initial establishment of the institution. The college had strategic pillars and objectives developed within its draft strategic plan for the FY 2020/2021 -2024/2025. In the year ended 30th June 2021, the management

These strategic pillars are as follows:

1. Pillar 1: Quality training for Sustainable Development
2. Pillar 2 Resource mobilization and financial Stability
3. Pillar 3: Research Innovation and Technology
4. Pillar 4; Cooperate governance partnerships and linkages

1. The board achieved its objective of developing the strategic plan: a roadmap for the next five years which would be the basis for the future annual work plans.

STRATEGIC PILLAR	OBJECTIVE	PERFORMANCE INDICATORS	ACTIVITIES	ACHIEVEMENT
	To operationalize the institution	Developed draft Strategic plan	Develop a roadmap/ Strategic Plan for the Institution	Developed a draft Strategic plan
1. Corporate governance , partnerships and linkages for effective service delivery	To Institute a governance structure by building capacity of BOG	Induction invitation and attendance letters and forms respectively organogram	BOG induction	Inducted BOG
	Attend all scheduled meeting as per the almanac	Attendance register	Attend all scheduled meeting as per the almanac	Most members Attended most scheduled meeting as per the almanac
	Develop Board Charter	Developed draft Board Charter	Development of Board Charter	Developed draft Board Charter
	To ensure compliance ,collaboration linkages, partnerships and best practices	Procurement Plan implementation report	Comply with Public Procurement and Asset Disposal Act and other relevant government circulars	Complied with Public Procurement and Asset Disposal Act and other relevant government circulars
	Implement staff training and development policy	Training reports	Implement staff training and development policy	staff training and development policy implemented
	Receive management report and submit to relevant statutory and regulatory bodies	Prepared and submitted reports to relevant	Timely Preparation of and submission of reports to relevant statutory and regulatory bodies at	Prepared and submitted reports to relevant statutory and regulatory bodies: NSSF,NHIF KRA
2. Quality training for sustainable development	To offer accessible ,equitable quality and relevant training	Number of qualified and competent staff Recruited based on need	Recruit qualified and competent staff based on need	Recruited 4 qualified and competent trainers and 4 non-training staff and staff based on need

		Develop and approved annual academic	Develop and implement annual academic calendar.	Well implement annual academic calendar.
		No. Of trainees Enrolled	Enhanced marketing plan and implementation	Increase in number of trainees /Increased Enrolled From 175 to 348
3. Resource mobilization and Financial Sustainability	Develop and implement an Annual Budget	Approved Annual Budget	Development and implementation of Annual Budget	
	To Develop and implement a comprehensive Annual Procurement Plan.	Approved Annual Procurement plan	Expand staff establishment	Number of staff per Year
	To Conduct regular financial and risk audits & implement ideal audit recommendations	Audit reports	Establish Audit and Risk Management BOG committee assessment of regular financial and risk audits & implement ideal audit recommendations	Conducted regular financial and risk audits & implemented ideal audit recommendations
	To Implement Public Financial Management Act by developing the quarterly financial reports and statements	Quarterly and annual Financial Statements	Implement Public Financial Management Act	preparing and submitting Quarterly and annual Financial Statements
	Develop and implement appropriate policies, guidelines and procedure manuals.	Developed and implemented appropriate policies, guidelines and procedure manuals	Develop and implement appropriate policies, guidelines and procedure manuals	Prepared Academic , Finance Developed, HR policy and procedure manuals
	Initialize construction of hand-washing points, walkways, driveways and electrical power uprating	Documents t for Initialize construction of hand-washing points, walkways, driveways and electrical power uprating	Initial construction of hand-washing points, walkways, driveways and electrical power uprating	Initialized procurement process of construction of hand-washing points, walkways, driveways and electrical power uprating
	To Secure the institution Library and other classes	Contract for To Securing the institution Library and other classes		Secured the institution library and other classes
	To Construct an Information Centre	Contract for Construct ion an Information Centre	Construct an Information Centre	Constructed an Information Centre

Assessment of the Boards performance against work plan revealed the college achieved 89% of the planned Objectives

### BOARD MEETING PERFORMANCE

The board was appointed in January 2020 and inaugurated on 12th February 2020. The assessment of the board's performance on attendance was as follows

The induction of the Board of Governors was done in November 2020 after which the Board met and formalized the formation of the board committees as follows;

The Administration, Finance and Infrastructure (AFI) committee; Education, Research and Training (ERT) committee and Audit and Risk Management committee (ARM) were appointed during the fourth quarter of the financial year 2020/2021. The committees formed are expected to assist the board conduct its management responsibility effectively and conveniently.

In July 2020, the Education, Research and Training (ERT) committee met and all member were present to receive the UJTVC status Report on Education and Research.

In the second quarter, an Administration, Finance and Infrastructure (AFI) committee meeting August 2020 and all members were present to discuss among other things of the first quarter financial report 2020/21 Financial Report.

A TVETA leadership, Management and governance workshop was held from (9th-13th November 2020: two members represented the board: Chair AFI bog committee and the Secretary BoG.

A Full BoG induction meeting was held on from 16th -18th November 2020.

In the third quarter the Administration, Finance and Infrastructure (AFI) BOG committee meeting was held on 08/01/2021 and on 11th January 2021 all members were present to discuss, among other things establishment of BOG committees and Production Units.

The Education, Research and Training (ERT) committee met and all member were present to receive the UJTVC status Report on Training, Education and Research. The full BOG met on the 11th January 2021 where all members were present to discuss the first and second quarter financial reports.

In the fourth quarter, the Administration, Finance and Infrastructure (AFI) BOG committee meeting was held on 08/04/2021 and all members were present to discuss, among other things establishment of BOG committees and Production Units.

The Education, Research and Training (ERT) committee met on 1st April 2021, and all members were present to receive the UJTVC status Report on Training, Education and Research. The ARM committee met on 7th April 2021 to discuss the internal audit report on status of the UJTVC.

The full BOG met on the 13th April 2021 where all members were present to discuss the third quarter BoG committee reports.

The board performance was exemplary given the circumstances surrounding the new college status and the COVID 19 pandemic as it delivered on the entire critical requirement within the funding limits.

Name	Board Position	Board attendance %
Eng .Peter Oloo Okaka	CHAIRMAN	100%
Mrs. Audrey Odhiambo	Secretary	100%
Eng .Vincent Oyieng Ochieng	Member	100%
Eng Jane Pauline Maeri Mito	Member	75%
Dr. Rozilla Adhiambo	Member	100%
Mr. Tala Mdwasi	Member	100%
Mr. Sospeter Ogada Omondi	Member	100%
Mr. Felix Otieno Okoth	Member	100%
Mr. Karilus Ben Umija	Member	100%
Mr Fanuel Opondo	Member	75%

## VII. CORPORATE GOVERNANCE STATEMENT

The College Board of Governors is constituted eight members who were recommended to the Cabinet Secretary for appointment by the nomination panel. They were duly appointed taking into account ethnic and gender balance, and inclusion of persons with disabilities, minorities and the marginalized, and ensure balanced competencies among the members. They are representative of chairperson, a representative of the Principal Secretary in the Ministry responsible for technical and vocational training; a representative of the county Governor of the county within which the institution is located; six other persons appointed on the basis of their knowledge and experience in leadership and management; financial management; technology; industry; engineering and information communication technology.

### Process of Appointment and Removal

In appointing and reappointing members of Boards of Governors, the commencement dates of some members shall be staggered by the cabinet secretary to maintain a proportion of new membership that ensures continuity in the affairs of the Boards of Governors.

The appointment of a member to a Board of Governors or to its committees shall be revoked and the member shall vacate office if the member— resigns; becomes insolvent or has conveyed or assigned his property or has made a proposition or arrangement for the benefit of his creditors; is sentenced by a court of law to imprisonment for a term of six months ; is incapacitated by physical or mental illness; has been absent from three consecutive meetings of the Board of Governors without leave; where the member is a representative, has his appointment revoked by the nominating body; or is otherwise unable or unfit to discharge his functions as a member of the Board of Governors .

Where the office of a member of a Board of Governor becomes vacant by reason other than the expiry of the period of that office, the Cabinet Secretary, in accordance with the provisions of this TVET Act no. 29 of 2013 appoint another person to replace the member.

A member of a Board of Governors may at any time resign by giving notice in writing to the cabinet Secretary and shall cease to be a member of the Board from the date specified in the notice or, if no date is specified, from the date of the receipt by the Cabinet Secretary or the Secretary to the Board

### Roles and functions of the BoG

1. Oversee the development and administration of policies, procedures and strategies that will promote prudent financial management, high quality infrastructural development and acceptable resource mobilization practices including recruitment, reward, retention, motivation and development of the Institution's staff;
2. Oversee the Institution's compliance with legal, statutory and regulatory requirements relating to finance, infrastructure and resource mobilization matters as well as compliance with ethical and quality standards adopted by the Institution.
3. Receive and consider proposals and reports on matters relating to finance, development projects and resource mobilization in the Institution and its campuses.

4. Oversee the development of policies and procedures to enhance effective and efficient utilization of all the resources of the Institution.
5. To Oversee the development and administration of policies, procedures and strategies that will promote high quality education, research and training across the Institution;
6. To guide the Institution to meet its strategic aims and objectives in relation to education, research and training activities;
7. To develop high quality education courses and other activities to promote good practice within the relevant fields
8. Obtain assurance from management that all financial and non-financial internal control and risk management functions are operating effectively and reliably.
9. Oversee the implementation of developed policies, procedures and strategies that will promote effective and efficient management systems within the Ugunja Technical and Vocational College
10. Provide an independent review of the Institutions' reporting functions to ensure the integrity of the financial reports.
11. Ensure the Institution effectively monitors compliance with legislative and regulatory requirements and promotes a culture committed to lawful and ethical behaviour.
12. Provide oversight of the implementation of accepted audit recommendations and consider reports on matters relating to audit.
13. Provide strong and effective oversight of the institution's internal audit function

**Succession Plan and Term of office:** Unless the appointment of the chairperson or a member of a Board of Governors is earlier terminated under this Act, a person appointed as chairperson or as a member shall hold office for a term of three years from the date of appointment and shall be eligible for re-appointment for one further term of a period not exceeding three years.

The BOG is in the process of preparing the final board charter for its operations

## VIII. MANAGEMENT DISCUSSION AND ANALYSIS

The college commenced its operations by admitting students in January -March 2020 term. During the term, the college managed to register 175 students. Of these students, one hundred and twenty-six (104) were acknowledged as validated by Kenya Universities and Colleges Central Placement Services for capitation which was disbursed late in the second Quarter. A total of 371 students were validated. In the third quarter 371 were validated but only 353 were considered for capitation. In the fourth quarter we received Ksh 3,007,500.00 for 401 students considered for capitation.

Given the prevailing Covid 19 Pandemic and that the institution did not have any candidate class, the fourth quarter had both new intakes and the continuing students in session. 84 students registered for their JULY KNEC series exams. Thus a relatively higher economic status and activity compared to the second quarter. The budget projection for the Fiscal year 2020/2021 was Kshs. **KES 47,598,100.00** while the total capitation sent by end of fourth quarter was K. Sh. 8,437,500.00. This was capitation for first quarter (k.sh 2,782,500.00) and second quarter (k.sh2, 647,500) and ksh 3,007,500.00. No operational grant has been received so far. The student's fees arrears could not be worked out yet by end of June 2021 because we had not received the disbursement list for third capitation. Further the enrolled student population of the September and January intake was much lower than had been expected by 12%. This posed a major challenge to the college forcing the management to only consider reviewing the budget and focus more on core training activities and critical operations and to shelve others in execution of the budget.

On infrastructure, the college managed to complete securing the institution boundaries. Grilling of all the key offices. The Food and beverage & hairdressing, beauty therapy classes, technical drawing room, other stores and the information centres are still ongoing (95%) complete due to late disbursement of capitation.

In compliance with the statutory requirements, the college submitted the monthly statutory payments i.e. National Social Security Fund, National Hospital Insurance Fund. The second and fourth quarter saw us accomplish having our own KRA pin, our KPLC account, college domain and website.

Given the January intake, the college also had challenge on trainers in the following departments: ICT, Building and civil engineering, food and beverage, hair dressing and beauty therapy, social works and supply chain management, but that is currently being addressed by the ministry of Education and Public Service Commission. In the fourth quarter 6 PSC trainers reported: two trainers in electrical and electronic Eng. department, one in building and civil engineering, two in mechanical engineering one and one in food and beverage department. If the inadequacy of trainers is addressed fully, we shall reduce the cost of hiring BOG trainers and this money would be ploughed into other areas that need improvement like college library which is yet to be operationalized. We have also put in place an elaborate procurement plan for the financial year 2020/2021. This will regularize our expenditure and improve on the institution's financial stewardship

## IX. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/ SUSTAINABILITY REPORTING

It's worth noting that during the second and fourth quarters of financial year 2020/21, the college carried out a number of outreach programmes to the community around the college as follows:

- 1) Water – Due to water shortage in the area, the college allows the surrounding household to draw water from its drilled borehole at during specified times of the day.
- 2) Environmental conservation – The College planted a total of 900 trees along a live fence involving the youth in the community the college compound as step to restore forest cover and the indigenous trees brought own during the construction of the college building. This was also intended to reduce the soil erosion and increase shade and water catchment for the community as the college is situated in a gentle slope.
- 3) To achieve corporate social responsibility, the College managed to offer an environment through which flood victims were facilitated with necessities.

## X. REPORT OF THE BOARD OF GOVERNORS

The BOG submit their financial report but without with the audited report given that our previous report was submitted to the Auditor General's Office but we have not received the audited report.

### **Principal activities**

The principal activity of the college is training and research in Technical Vocational Education & Training.

### **Examination results**

The results of the college for the year ended June 30, 2021 is not available as the college is yet to have the results of the candidates who Sat for the Examination in July and August 2021- August first National Examination sitting.

### **BOARD OF GOVERNORS**

The members of the Board who served during the year 2020/2021 are shown on page (v-ix) and all were duly appointed by the Cabinet Secretary with effect from 13th January, 2020

### **AUDITORS**

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

By Order of the Board

**Corporate Secretary**  
**Nairobi**  
**Date: .....**

## XI. STATEMENT OF BOARD OF GOVERNORS RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013 require the Board members to prepare financial statements in respect to Ugunja Technical and Vocational College, to give a true and fair view of the state of affairs of the College at the end of the financial period and the operating results of the College for that period.

Therefore, the Board members are responsible for the preparation and presentation of the college's financial statements, which give a true and fair view of the state of affairs of the college for and as at the end of the financial period ended on June 30, 2021.

These responsibilities include:

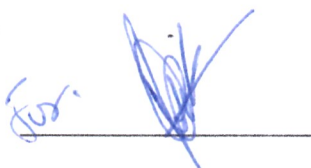
- i. Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period
- ii. Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity
- iii. Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud
- iv. Safeguarding the assets of the college
- v. Selecting and applying appropriate accounting policies; and
- vi. Making accounting estimates that are reasonable in the circumstances.

The Board members accept responsibility for the college's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013. The Board members are of the opinion that the college's financial statements give a true and fair view of the state of college's transactions during the financial year ended June 30, 2021, and of the college's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the college, which have been relied upon in the preparation of the college's financial statements as well as the adequacy of the systems of internal financial control.

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

### Approval of the financial statements

The College's financial statements were approved by the Board on 28/09/2021 and signed on its behalf by:



Chairperson of the Board

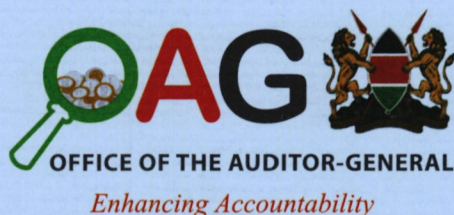


Accounting Officer /PRINCIPAL



# REPUBLIC OF KENYA

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NAIROBI

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

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### **Qualified Opinion**

I have audited the accompanying financial statements of Ugunja Technical and Vocational College set out on pages 1 to 17, which comprise of the statement of financial position as at 30 June, 2021 and the statement of financial performance, the statement of changes in net assets, statement of cash flows and the 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 Ugunja Technical and Vocational College as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocation Education Training Act, 2013 and the Public Finance Management Act, 2012.

## **Basis for Qualified Opinion**

### **1. Statement of Financial Performance**

The statement of financial performance and as disclosed in Note 2 to the financial statements reflects an amount of Kshs.14,960,284 under revenue from exchange transactions, which relates to tuition fees and other related revenues. However, this amount differs with the amount of Kshs.12,642,360 reflected in the ledger by Kshs.2,317,924. No reconciliation or explanation was provided for the variance.

In the circumstances, the accuracy and completeness of the amount of Kshs.14,960,284 reflected as revenue from exchange transactions in the statement of financial performance could not be confirmed.

### **2. Property, Plant and Equipment**

The statement of financial position reflects property, plant and equipment (PPE) balance of Kshs.58,190,154. Further, the opening balance in PPE ought to have been an amount of Kshs.62,628,878 for the financial year 2019/20 instead of the reflected balance of Kshs.66,109,703 resulting in an understatement of PPE of Kshs.3,480,825. Further, the basis of valuation was not provided for audit review. The balance excludes value of assets received from the Ministry of Education and a lawn mower purchased at a cost of Kshs.50,000.

Further, additions to property, plant and equipment of Kshs.1,638,032 as disclosed in Note 13 to the financial statements was not in agreement with the ledger balance of Kshs.989,299, resulting to unreconciled variance of Kshs.648,733.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.58,190,154 could not be confirmed.

### **3. Receivables from Exchange Transactions**

The statement of financial position and as disclosed in Note 11 to the financial statements reflects receivables from exchange transactions balance of Kshs.5,368,170. However, the College did not maintain tuition fees register that would distinctively identifies capitation grant received for each student and tuition fees received from the students.

In the circumstance, the accuracy of receivables from exchange transactions of Kshs.5,368,170 could not be confirmed.

#### **4. Inaccuracy in the Financial Statements**

The statement of financial position reflects an amount of Kshs.68,000,043 under Capital Reserve Fund, which is indicated as disclosed under Note 13 to the financial statements, however, the Note 13 to the financial statements discloses property, plant and equipment movement schedule.

In the circumstances, the accuracy of the capital reserve fund balance of Kshs.68,000,043 could not be ascertained.

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

#### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were not key audit matters to report in the year under review.

#### **Other Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects a final receipts budget and actual on comparable basis of Kshs.26,286,760 and Kshs.23,520,784, respectively resulting to an under funding of Kshs.2,765,976 or 63%. Further, the statement reflects an expenditure budget and actual on comparable basis of Kshs.39,590,087 and Kshs.16,924,937 resulting to under expenditure of Kshs.22,665,150 representing eleven percent 11 % of the approved budget.

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

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

#### **Conclusion**

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

## **Basis for Conclusion**

### **Board of Governors Appointments**

As previously reported, review of the Board and Chief Executive Officers' terms of service and entitlements revealed that appointment of the Members of the Board was not done by notice in the official Gazette contrary to Section 8(13) of the Technical and Vocational Education and Training Act, 2013 which states that all appointments under this section shall be by notice in the Gazette. Failure to give notice of Board appointments in the Gazette may result in Board members serving in multiple Boards which is contrary to Board regulations.

In the circumstances, Management was in breach of law.

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

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

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

#### **Lack of Internal Audit Function and Audit Committee**

As reported in the previous year, review of records revealed that the College did not have in place a functional internal audit unit to appraise the management activities and operations. Further, the College did not have an Audit Committee in place to provide oversight over financial operations and accountability.

In the circumstances, the existence of an oversight alternative plan to ensure proper monitoring could not be confirmed.

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

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

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

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

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

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

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

## **Auditor-General's Responsibilities for the Audit**

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

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

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

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

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

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

- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
CPA Nancy Oathungu, CBS  
AUDITOR-GENERAL

Nairobi

14 October, 2022

**XIII STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021**


<b>Details</b>		<b>2020/2021</b>	<b>2019/2020</b>
	<b>Note</b>	<b>Amount(kshs)</b>	
<b>Revenue from non –exchange transactions</b>			
Capitation grant	<b>1</b>	8,437,500.00	
Operational Grant		-	1,000,000.00
<b>Revenue from exchange transactions</b>			
Rendering of service-fees from students	<b>2</b>	14,960,284.00	4,165,648.00
Other income – production unit	<b>3</b>	123,000.00	3,500.00
<b>Total Revenue</b>		<b>23,520,784.00</b>	<b>5,169,148.00</b>
<b>Expenses</b>			
Use of goods and services	<b>4</b>	9,611,930.00	3,538,546.00
Employee costs	<b>5</b>	3,108,865.00	592,000.00
Board of governors costs	<b>6</b>	1,215,000.00	513,000.00
Repair maintenance and improvements	<b>7</b>	1,097,907.00	352,408.00,
Contracted services	<b>8</b>	585,000.00	1,194,000.00
Depreciation charge on PPE	13	3,063,378.00	1,890,340.00
<b>Total expenses</b>		<b>18,682,080.00</b>	<b>8,080,294.00</b>
<b>Surplus/deficit for the period</b>		<b>4,838,704.00</b>	<b>(2,911,146.00)</b>


The notes set out on pages 6 to 16 form an integral part of the Annual Financial Statements.


**XIV STATEMENT OF FINANCIAL POSITION AS AT 30<sup>TH</sup> JUNE 2021**

Details		2020/2021	2019/2020
Assets	Note	AMOUNT(KSH)	AMOUNT(KSH)
Cash and cash equivalents	9	7,290,816.00	4,075,977.00
Receivable from exchange transactions	11	5,368,170.00	593,400.00
inventories	12	352,270.00	168,166.00
<b>Total current Assets</b>		<b>13,011,256.00</b>	<b>4,838,043.00</b>
Non-current assets			
Property, Plant & Equipment	13	58,190,154.00	66,109,703.00
<b>Total Assets</b>		<b>71,201,410.00</b>	<b>70,947,746.00</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transaction	14	2,603,021.00	2,068,549.00
Payment received in advance	15	5,437,050.00	3,790,300.00
Revenue Reserve		(4,838,704.00)	(2,911,146.00)
Capital Reserve Fund	13	68,000,043.00	68,000,043.00
<b>Total Equity</b>		<b>71,201,410.00</b>	<b>70,947,746.00</b>

The Financial Statement set out on page 1 to 5 were signed on behalf of the College Board of Governors by:

  
Chairman Board of Governors  
Date..... 28/9/2021

  
Finance Officer  
Date..... 28/9/21

  
Principal  
Date..... 28/9/21



**XV STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 TH JUNE 2021**

<b>Details</b>	<b>Capital Reserve</b>	<b>Revenue Reserve</b>	<b>Total</b>
	<b>Kshs</b>	<b>kshs</b>	<b>kshs</b>
Balance 1 <sup>st</sup> July 2020	-	(2,911,146.00)	-
Deficit for the year	-	4,838,704.00	
Capital Fund	68,000,043.00	-	
<b>Total</b>		<b>3,201,367.00</b>	
Balance 1 <sup>st</sup> July 2021			
Deficit for the year			
Capital fund	68,000,043.00		
<b>At June 2021</b>	<b>68,000,043.00</b>	<b>3,201,367.00</b>	<b>71,201,410.00</b>

**XVI STATEMENT OF CASHLOW FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021**

Details	Notes	2020/2021	2019/2020
		KSHS	KSHS
<b>Cash flow from operating activities</b>			
Rendering of training services		14,960,284.00	4,165,648.00
Capitation grant		8,437,500.00	
Government operation grant		-	1,000,000.00
Other production unit		123,000.00	3,500.00
<b>Total Receipt</b>		<b>23,520,784.00</b>	<b>5,169,148.00</b>
<b>Payment</b>			
Use of goods and services	4	9,611,930.00	3,538,546.00
Employee cost	5	3,108,865.00	592,000.00
Board of governors cost	6	1,215,000.00	513,000.00
Repair maintance and improvement	7	1,097,907.00	352,408.00
Contracted service		585,000.00	1,194,000.00
<b>Total payment</b>		<b>15,618,702.00</b>	<b>6,189,954.00</b>
<b>Net cash flow from operating activities</b>		<b>7,902,082.00</b>	<b>(1,020,806.00)</b>
<b>Cashflow from investing activities</b>			
Purchase of property ,plant and equipment		<b>(693,733.00)</b>	
<b>Increase</b> /Decrease In Inventory	13	(461,218.00)	(168,666.00)
<b>Increase</b> /Decrease In Receivables	12	1,767,650.00	(593,400.00)
<b>Increase</b> /Decrease In Payables	16	(534,472.00)	2,068,549.00
<b>Increase</b> /Decrease In Payable (Prepaid)	17	1,646,750.00	3,790,300.00
Net cash flow used in financing activities		1,724,977.00	
Net increase/decrease in cash and cash equivalent		3,214,839.00	
Cash and cash equivalent as at 1 July 2020		4,075,977.00	5,097,283.00
<b>Cash and cash equivalent as at 30<sup>th</sup> June 21</b>		<b>7,290,816.00</b>	<b>4,075,977.00</b>

**XVII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE, 2021**

Details	Final budget	Actual on Comparable basis	Performance difference	Variance (%)
	Ksh	Ksh	Ksh	
<b>Revenue</b>				
Government grants	<b>27,000,000</b>	-	<b>(27,000,000.00)</b>	<b>-100.00</b>
Government grant capitation	-	8,437,500.00		
Rendering of service	25,971,760.00	14,960,284.00	11,011,476.00	42.00%
Other income-production unit	315,000.00	123,000.00	(192,000.00)	-60.95%
<b>Total income</b>	<b>26,286,760.00</b>	<b>23,520,784.00</b>	<b>2,765,976.00</b>	<b>10.52%</b>
<b>Expenses</b>				
Use of goods and services	27,817,315.00	9,611,930.00	<b>18,205,385.00</b>	<b>65.45%</b>
Employee costs	5,305,000.00	3,108,865.00	2,196,135.00	58.6%
Board Of Governors Costs	1,170,000.00	1,215,000.00	(45,000.00)	103.8%
Repair Maintaince &Improvement	2,687,500.00	561,870.00	2,125,630.00	20.90%
Contracted Service	720,000.00	585,000.00	135,000.00	18.75%
Depreciation On PPE	1,890,340.00	1,890,340.00	(1,890,340.00)	
<b>Total Expenditure</b>	<b>39,590,087.00</b>	<b>16,973,005.00</b>	<b>22,617,082.00</b>	
<b>Deficit/Surplus For The Period</b>		<b>6,547,779.00</b>	<b>(4,411,697.00)</b>	

The notes of the above statement of comparison of budget and actual amounts are given below.

1. The college received the first, second and third quarter disbursement through the mentor institution (Bondo technical training institute). The received was used to support the daily operations of the college in accordance with the approved budget. The variation has been caused by reduction in government funding of college operation grants caused by introduction of capitation fees which always delayed.
2. There is variation in the projected revenue and actual revenue received during the year because of by the reduced no of students from 450 projected 350 students that joined the college from May-September term.
3. During preparation of the budget, the college had envisaged the possibility of having other source of internally generated revenue hence the estimates was included in the budget.
4. In the budget there was a provision of 1,170,000.00 for BOG meetings .The B.O.G member had their quarterly meeting and also additional committee was added making the B. O.G cost to go high to 1,215,000.00.
5. The contracted security service had been taken care by the college from May 2020 to June 2021 which amounted to 540,000.00 from the budgeted 720,000.00

## XVIII. NOTES TO THE FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

Ugunja Technical and Vocational College is established by and derives its authority and accountability from TVET Act 2015. The College is wholly owned by the Government of Kenya and is domiciled in Kenya. The College's principal activity is 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's accounting policies.

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

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

### 3. ADOPTION OF NEW AND REVISED STANDARDS (Continued)

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

Standard	Effective date and impact:
IPSAS 41: Financial Instrument s	<b>Applicable: 1<sup>st</sup> January 2022:</b> 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: <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>
IPSAS 42: Social Benefits	<b>Applicable: 1<sup>st</sup> January 2022</b> 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: <ul style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the entity;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</li> </ul>
Amendme nts to Other IPSAS resulting from IPSAS 41, Financial Instrument	<b>Applicable: 1<sup>st</sup> January 2022:</b> <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 guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</li> </ul>

Standard	Effective date and impact:
s	d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.
Other Improvements to IPSAS	<p><b>Applicable: 1<sup>st</sup> January 2021:</b></p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</p>

**ii. Early adoption of standards**

The entity did not early – adopt any new or amended standards in year 2020-2021.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Revenue recognition**

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

**Transfers from other government entities**

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

### **b) Budget information**

The original budget for FY 2020/2021 was approved by the Board on 30/06/2020. Subsequent revisions or additional appropriations were not made to the approved budget in accordance with specific approvals from the appropriate authorities. There were no additional appropriations added to the original budget by the College in order to conclude the final budget. There was some review done in order to take care of the Covid 19 pandemic, new board committee, and projects.

The College's budget is prepared on the same 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 as well as the budget is prepared on accrual basis. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, was then presented in the statement of comparison of budget and actual amounts.

### **Taxes**

#### **Current income tax**

The college is exempted for paying taxes as per the schedule chapter 501 C 3 internal revenue code 501 of income Tax Act, 2012

#### **Sales tax/ Value Added Tax**

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

When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

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

#### **Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of years.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

#### **Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them

accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

THE COLLEGE USED THE FOLLOWING DEPRECIATION RATE ON ITS ASSETS

<b>ASSETS</b>	<b>RATE</b>
BUILDING	5%
BULDING (TEMPORARY ERECTION)	40%
FURNITURES AND FITTINGS	10%
COMPUTER AND ACCESSORIES	40%

### **Leases**

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

### **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

### **Research and development costs**

The college expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the college 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.

#### **4. FINANCIAL INSTRUMENTS**

##### **Financial assets**

##### **Initial recognition and measurement**

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The college determines the classification of its financial assets at initial recognition.

##### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

##### **Held-to-maturity**

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the college has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

##### **Impairment of financial assets**

The college assesses at each reporting date whether there is objective evidence that a financial asset or college financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

The debtors or an entity of debtors are experiencing significant financial difficulty

Default or delinquency in interest or principal payments

The probability that debtors will enter bankruptcy or other financial reorganization

Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

##### **Financial liabilities**

##### **Initial recognition and measurement**

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The college determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

### **Loans and borrowing**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

### **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.

### **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.

#### **Nature and purpose of reserves**

The college has not created and maintained reserves in terms of specific requirements.

#### **Changes in accounting policies and estimates**

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

#### **Foreign currency transactions**

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

#### **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.

#### **Related parties**

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

#### **Service concession arrangements**

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

#### **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.

### Comparative figures

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

### Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2021.

## 5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

### Estimates and assumptions

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

### Useful lives and residual values

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

The condition of the asset based on the assessment of experts employed by the college.

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 16.

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. The college has provided for cost of assets a waiting valuation by the Government experts. This provision was based on the prevailing market rates.

#### 1. OPERATIONAL GRANT

Description	2020/2021 kshs	2019/2020
<b>CPITATION</b>	<b>8,437,500.00</b>	
Transfer from national government (minister education)	-	<b>1,000,000.00</b>
<b>Total government grants and subsidies</b>	<b>8,437,500.00</b>	<b>1,000,000.00</b>

The college received the fourth quarter disbursement through Bondo Technical Training Institute. The money received has been used to support the daily operations of the college in accordance with the generic budget provisions.

## 2 RENDERING OF SERVICES

Description	2020/2021	2019/2020
	Kshs	
Tuition/S.E.S And Other Related Charges Actual Receipts	7,530,490.00	2,828,600.00
Other related charges receivable	7,429,794.00	661,900.00
Mentor institution(Bondo and siaya institute of technology)		743,648.00
<b>TOTAL</b>	<b>14,960,284.00</b>	<b>4,234,148.00</b>

The table above shows the receipts during the year based on the accrued basis of Accounting. There is accumulation of fees arrears since the college had not received the Quarter 4 capitation fees. A total of 218 students who applied for the HELB loan received their disbursement in the financial year 2020/2021.

## 3. OTHER INCOME / PRODUCTION UNIT

Description	2020/2021	2019/2020
	Kshs	
Tender	123,000.00	3,500.00
<b>Total</b>	<b>123,000.00</b>	<b>3,500.00</b>

During the financial year 2020/2021 the college realized Kshs 123,000.00 from sales of tender.

## 4 USE OF GOODS AND SERVICES

Description	2020/2021	2019/2020
	Kshs	
Training Materials And Other Related Costs	2,729,868.00	1,370,807.00
Local transport and travel	1,597,094.00	134,880.00
Utilities(Electricity ,water and conservancy)	224,029.00	78,556.00
Administrative expenses	5,060,939.00	1,724,833.00
Development	-	229,470.00
<b>Total</b>	<b>9,611,930.00</b>	<b>3,538,546.00</b>

## 5 EMPLOYEE COSTS

Description	2020/2021	2019/2020
	Kshs	
Salaries And Wages	2,974,000.00	566,000.0
Employee related costs- contributions NSSF	314,865.00	26,000.00
<b>Total</b>	<b>3,108,865.00</b>	<b>592,000.00</b>

## 6 BOARD OF GOVERNORS COST

Description	2020/2021	2019/2020
	Kshs	
Sitting allowance	1,156,000.00	477,000.00
Transport allowance	59,000.00	36,000.00
<b>Total</b>	<b>1,215,000.00</b>	<b>513,000.00</b>

## 7 REPAIRS, MAINTAINACE AND IMPROVEMENT

Description	2020/2021	2019/2020
	Ksh	
Cleaning materials	180,600.00	59,980.00
Window grills	597,075.00	107,500.00
Electrical/plumbing materials	182,162.00	149,280.00
Landscaping	116,070.00	35,648.00
<b>Total</b>	<b>1,075,907.00</b>	<b>352,408.00</b>

### 8 CONTRACTED SERVICES

Description	2020/2021	2019/2020
	Kshs	ksh
Security Guards	585,000.00	1,194,000.00
<b>Total contracted services</b>	<b>585,000.00</b>	<b>1,194,000.00</b>

### 9. CASH AND CASH EQUIVALENTS

Description	2020/2021	2019/2020
	Kshs	ksh
Current account	7,131,440.00	4,038,349.00
Cash at hand	128,096.00	37,628.00
<b>Total Cash And Cash Equivalent</b>	<b>7,259,536.00</b>	<b>4,075,977.00</b>

### 10. DETAIL ANALYSIS OF CASH AND CASH EQUIVALENTS

Financial Institution	Account number	2020/2021	2019/2020
		Kshs	ksh
<b>a) current account</b>			
Kenya Commercial Bank –Fee Account	1263416225	7,131,440.00	3,040,399.00
Kenya Commercial Bank –Operation A/C	12637099354	31,280.00	997,950.00
<b>Sub-total</b>		<b>7,162,720.00</b>	<b>4,038,349.00</b>
<b>b) cash in hand</b>			
<b>Sub -total</b>		<b>128,096.00</b>	<b>37,628.00</b>
<b>Grand total</b>		<b>7,290,816.00</b>	<b>4,075,977.00</b>

### 11. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2020/2021	2019/2020
	Kshs	ksh
Current Receivables		
Students debtors	5,368,170.00	661,900.00
<b>Total</b>	<b>5,368,170.00</b>	<b>661,900.00</b>

### 12. INVENTORIES

Description	2020/2021	2019/2020
	Kshs	
Stationery	28,342.00	135,040.00
Cleaning Materials	116,658.00	12,480.00
Practical Materials	207,270.00	21,146.00
<b>Total</b>	<b>352,270.00</b>	<b>168,666.00</b>

### 13. PROPERTY, PLANT AND EQUIPMENT

#### SCHEDULE OF FIXED ASSET

	Land	Buildings	Plant & Equipment	Catering Equipment & Cutlery	Computer & Computer Accessories	Furniture & Fittings	Total
<b>Cost</b>							
At 1 <sup>st</sup> July 2020	3,000,000.00	50,035,194.00	6,634,902	15,091.00	25,512.00	1,815,664.00	62,628,878.00
Additional	-	-	50,000.00	236,532.00	415,000.00	986,500.00	1,688,032.00
Transfer	-	-	-	-	-	-	-
<b>30 June 2021</b>	<b>3,000,000.00</b>	<b>50,035,194.00</b>	<b>6,684,902.00</b>	<b>251,623.00</b>	<b>440,512.00</b>	<b>2,802,164.00</b>	<b>64,316,910.00</b>
<b>Depreciation</b>	-	<b>(2,001,408.00)</b>	<b>(668,490.00)</b>	<b>(25,162.00)</b>	<b>(88,102.00)</b>	<b>(280,216.00)</b>	<b>(3,063,378.00)</b>
At 1 July		48,033,786.00	6,016,412.00	226,461.00	352,410.00	2,521,948.00	61,253,532.00

2020							
Charge For The Year		(2,001,408.00)	(668,490.00)	(25,162.00)	(88,102.00)	(280,216.00)	(3,063,378.00)
30 June 2021							
<b>Net Book Value At 30 June 2021</b>	<b>3,000,000.00</b>	<b>46,032,378.00</b>	<b>5,347,922.00</b>	<b>201,299.00</b>	<b>264,308.00</b>	<b>2,241,732.00</b>	<b>58,190,154.00</b>

**14 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS.**

Description	2020/2021	2019/2020
	Kshs	ksh
Trade creditors	2,603,021.00	2,068,549.00
<b>Total</b>	<b>2,603,021.00</b>	<b>2,068,549.00</b>

**15 PAYMENT RECEIVED IN ADVANCE FROM STUDENTS.**

Description	2020/2021	2019/2020
	Kshs	ksh
Prepaid Fees	5,437,050.00	3,790,300.00
<b>Total</b>	<b>5,437,050.00</b>	<b>3,790,300.00</b>

**16. FINANCIAL RISK MANAGEMENT**

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

The college financial risk management objectives and policies are detailed below:

**i) Credit risk**

The college has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables 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 Board of Governors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the college's management based on prior experience and their assessment of the current economic environment.

**ii) Liquidity risk management**

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

**iii) Interest rate risk**

Interest rate risk is the risk that the college's financial condition may be adversely affected as a result of changes in interest rate levels. The college's interest rate risk arises from bank deposits. This

exposes the college to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the college's deposits.

**iv) Management of interest rate risk**

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

**17. EVENTS AFTER THE REPORTING PERIOD**

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

**18. ULTIMATE AND HOLDING ENTITY**

The college is a State Corporation under the Ministry of Education. Its ultimate parent is the Government of Kenya.

**19. CURRENCY**

The financial statements are presented in Kenya Shillings (Kshs)

**APPENDIX I.**

**INVENTORY FORM**

**LIST OF EQUIPMENT FROM THE MINISTRY OF EDUCATION**

<b>S/NO</b>	<b>NAME OF ITEM/ FACILITY</b>	<b>NO.</b>
1	LATHE MACHINE – SNO/ C6241/C6246H	8
2	BENCH GRINDER	3
3	BENCH DRILLING MACHINE – Z4016	2
4	BENCH DRILLING MACHINE – Z4113	2
5	CYLINDRICAL GRINDING MACHINE	1
6	CNC LATHE MACHINE – CK 6141	2
7	UNIVERSAL MILLING MACHINE OF LIFT TABLE – X6132	1
8	VERTICAL MILLING MACHINE OF LIFT TABLE - 5032	1
9	UNIVERSAL CYLINDRICAL GRINDING MACHINE - M1432B	1
10	BENCH DRILLING MACHINE - ZQ4113	2
11	MATERIAL TESTING DEVICE-WDW-100E	1
12	VERTICAL MACHINE CENTRE- VMCL850L	1
13	COMPUTERS	21
14	COMPUTER DESK	20
15	TEACHERS DESK	1
16	UPS	1
17	PROJECTOR	1
18	CAD	21
19	AIR COMPRESSOR	1
20	GAUGE BLOCK 83	2
21	DRAWING DESK	10
22	DRAWING TOOLS	10
23	FILTER TRAINING TABLE	20
24	FILTER OPERATION TOOL KIT	20
25	TABLE VICE	20
26	GAUGE BLOCK 38	2
27	BUBBLE INCLINOMETER	5
28	BAND SAWING MACHINE	1
29	SANDER	2
30	WORKING TABLE	8
31	ELECTRIC SOLDERING IRON	4
32	LIFTING BELT	2
34	HANDLING SMALL TANK	4
35	JACK	2
36	TOOL CABINET	15
37	FILE CABINET	8
38	COMMODITY SHELVES	10

