

REPUBLIC OF KENYA



Enhancing Accountability



PARLIAMENT
OF KENYA
LIBRARY

REPORT	
NATIONAL ASSEMBLY	
DATE: 09 AUG 2023	DAY: WED
TABLED BY: OF	Hon Owen Bayo, MP Deputy leader, majority party
CLERK AT THE TABLE:	Ahmed Kadhi

THE AUDITOR-GENERAL

ON

**KARATENG' VOCATIONAL TRAINING
CENTRE**

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

KARATENG' VOCATIONAL TRAINING CENTRE, ANNUAL REPORTS
AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE 2022



**International Public Sector Accounting Standards (IPSAS) Annual
Financial Reporting Template for
Technical Vocational Education Training (TVET) Institutions, National Polytechnics
and Teacher Training Colleges**

KARATENG' VOCATIONAL TRAINING CENTRE
ANNUAL REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2022

2 extra copies
OKAY

Partially Prepared in accordance with the International Public Sector Accounting Standards

KARATENG' VOCATIONAL TRAINING CENTRE, ANNUAL REPORTS
AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE 2022

Table of Contents.

I.	KEY ENTITY INFORMATION AND MANAGEMENT.....	iii
II.	THE COUNCIL/BOARD OF GOVERNORS.....	VII
III.	MANAGEMENT TEAM.....	IX
IV.	CHAIRMAN'S STATEMENT.....	X
V.	REPORT OF THE CENTRE MANAGER.....	XII
VI.	STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES.....	XIV
VII.	CORPORATE GOVERNANCE STATEMENT.....	XV
VIII.	MANAGEMENT DISCUSSION AND ANALYSIS.....	XVI
IX.	ENVIRONMENTAL AND SUSTAINABILITY REPORTING STATEMENT.....	XVII
X.	REPORT OF THE COUNCIL/BOARD OF GOVERNORS.....	XVIII
XI.	STATEMENT OF BOARD OF GOVERNORS/ COUNCIL'S RESPONSIBILITIES.....	XIX
XII.	REPORT OF THE INDEPENDENT AUDITOR ON THE KATATENG' VTC.....	XX
XIII.	STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022.....	1
XIV.	STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2022.....	2
XV.	STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2022.....	3
XVI.	STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022.....	4
XVII.	STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022.....	4
XVIII.	NOTES TO THE FINANCIAL STATEMENTS.....	6
XIX.	APPENDIX 1:PROGRESS ON FOLLOW UP OF AUDITORS RECOMMENDATION.....	17
XX.	APPENDIX 2: PROJECTS IMPLEMENTED BY THE ENTITY.....	18
XXI.	APPENDIX 3: INTER- ENTITY TRANSFER.....	19
XXII.	RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES.....	20

KARATENG' VOCATIONAL TRAINING CENTRE, ANNUAL REPORTS
AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE 2022

I. Key Entity Information and Management

(a) Background information

Karateng' Vocational Training Centre is a public institution under the County Government of Kisumu under the County Ministry of Education. It was established under the TVET Act 2013 No. 9 of the 14th January 2013 and bears the registration number. TVETA/PUBLIC/VTC/0023/2016. The institution is located approximately 2.5km from Chulaimbo centre which is along Kisumu-Busia highway and sits on a 2.7 acres of land found within North West Kisumu ward, Kisumu West subcounty within Kisumu County.

Karateng Vocational Training Centre was established in 1974 as a community initiative to train and equip students in Masonry, carpentry and garment making courses. It collapsed in 1997 and was late revived by the county Government of Kisumu in the year 2015.

The Vocational Training Centre is staffed by the County Public Service Board (CPSB) and the VTC Board of Governors and is currently headed by the Centre manager and Deputy Manager. The Vocational Training Centre works in close collaboration with the County Ministry of Education, ICT and Innovation, Technical and Vocational Education and Training Authority (TVETA), Kenya National Audit Office (KENAO) in order to adhere to set standards and quality of training as well as Management and governance.

Currently the Vocational Training Centre is offering four examinable courses in Artisan namely; Masonry, Motor vehicle mechanic, fashion design and garment making and lastly hair dressing. The institution also introduced computer applications as a support subject to all the trainees.

Apart from the academic services, we also have non-academic services such as Guidance and Counselling, Co-curricular Activities as well as performance contracting which are all embedded in the Quality Assurance and Performance Management system to ensure that Karateng' Vocational Training

Trainees are equipped with the requisite skills, knowledge and personal values in order to have positive impact to the society and country as a whole in achieving the Vision 2030.

(b) Principal Activities

The principal activity /mission/mandate of Karateng' Vocational Training Centre is to

- Impart skills to trainees
- Promote skills development through participating in skills competition.

VISION

To equip trainees with relevant trending hands on technical skills and values for self-reliance

MISSION

To impact adequate technical competent skills and values to trainees for the industry

MOTTO

Skill is Power

KARATENG' VOCATIONAL TRAINING CENTRE, ANNUAL REPORTS
AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE 2022

OBJECTIVES

- Achieve and maintain high level of skill training
- Always ensure adherence to the TVET Act 2013 and any other statutory and safety requirements while offering training.

CORE VALUES

Our core values are informed by our firm commitments that define who we are as an institution and the qualities and principles that we integrate in all our activities within the institution. These are:

Our core values are;

- **Quality** - Adopt and ensure high standards in executing KVTC mandate.
- **Team work** - Adapt a participatory approach in discharging the mandate of the VTC
- **Professionalism** - Maintain high standard of operations through skill development and training
- **Innovation** - Utilize the latest, up to date and most appropriate technology in achieving KVTC objectives
- **Dynamism** - Achieve new heights with exemplary success drawing from high levels of energy and enthusiasm
- **Transparency** - Uphold clarity and simplicity in all KVTC endeavors.
- **Accountability** - Demonstrate responsibility for all KVTC decisions, actions and responsive explanations
- **Integrity** - Uphold the quality of being honest and having strong moral principles in all its operations

(c) Key Management

The Karateng' Vocational Training Centre day-to-day management is under the following key organs:

- Board of Governors
- County Directorate
- Centre Manager-Administrative, planning and Development
- Deputy centre manager-Academic and trainees affair

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	CECM	Mr. John Awiti
2.	Chief Officer	Mrs. Peninah Onyango
3.	Director	Mrs. Paschalia Ouma
4.	Centre Manager	Mr. George O.Owino
5.	BOG chairperson	Mrs. Grace Ogalloh

KARATENG' VOCATIONAL TRAINING CENTRE, ANNUAL REPORTS
AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE 2022

(e) Fiduciary Oversight Arrangements

The center is answerable to key government organs on Financial Management and is from time to time over sighted with the following committees for compliance

- County Executive
- Audit committee activities
- Development partner oversight activities

KEY ENTITY INFORMATION AND MANAGEMENT

(f) Entity Headquarters

Karateng' Vocational Training Centre
P.O. Box 181-40105
MASENO
KENYA

(g) Entity Contacts

Telephone: (254) 711- 732092
E-mail: karatengvtc@yahoo.com

(h) Entity Bankers

1. Kenya Commercial Bank Ltd
P.O.Box 17 -40100
Kisumu
2. Equity Bank
P.O.Box 75104-00200
Nairobi

(I) Independent Auditors







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

(J) Principal Legal Adviser





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

KARATENG' VOCATIONAL TRAINING CENTRE, ANNUAL REPORTS
AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE 2022

II. THE BOARD OF GOVERNORS

 <p>Mrs. Grace A. Ogalloh Board of Governors Chairperson</p> <ul style="list-style-type: none"> • Secretarial 	<p>Mrs. Ogalloh is a retired international civil servant having worked with United Nations Children's Fund (UNICEF) for over 15 years in many capacities, lastly as an Asst. Budget Officer. Prior to joining UNICEF, she worked at the University of Nairobi. Currently Mrs. Ogalloh is an ardent farmer and business lady.</p>
 <p>Mr. Hezborn Raburu</p> <ul style="list-style-type: none"> • Diploma in IT • Diploma in Theology • Member 	<p>Representing ICT</p>
 <p>Mr. Martin Ojuka</p> <ul style="list-style-type: none"> • Diploma in Theology • Certificate in computer • Member 	<p>Representing Technology</p>
 <p>Mr, Paul Nyakwaka</p> <ul style="list-style-type: none"> • Retired P1 teacher • Member 	<p>Representing Leadership & Management</p>
 <p>Mr. Duncan Ochieng</p> <ul style="list-style-type: none"> • Diploma in Accountancy 	<p>Representing Financial Management</p>
	<p>Representing Engineering</p>

KARATENG' VOCATIONAL TRAINING CENTRE, ANNUAL REPORTS
AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE 2022

<p>Mr. Patrober Opondo Owade Carpetry and Joinery craft III Member</p>	
 <p>Mrs. Benter Okumu KCSE Certificate Member</p>	<p>Representing Industry</p>
 <p>Mr. Maurice Oricho Member</p>	<p>Sub County Admin – Kisumu West</p>
 <p>Mrs. Paschalia Ouma Member</p>	<p>Director, VET-Kisumu County</p>
 <p>George Otieno Owino</p> <ul style="list-style-type: none"> • Diploma in Technical Education - Civil Engineering option. • Diploma in Civil Engineering. 	<p>Secretary to the Board of Governors</p>

KARATENG' VOCATIONAL TRAINING CENTRE, ANNUAL REPORTS
AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE 2022

III. MANAGEMENT TEAM

	<p>George Otieno Owino Diploma in technical education- civil engineering option</p>	<p>Overall in charge of the centre and also in charge of building department</p>
	<p>Stephen Ochieng' Diploma in technical education- Automotive engineering option</p>	<p>Deputizing the Centre Manager and overseeing the day to day running of the institution in the Manager's absence</p>
	<p>George Otieno Deya Artisan grade II</p>	<p>In charge of motor vehicle department</p>
	<p>Ruth Akinyi Artisan grade II</p>	<p>In charge of fashion design department</p>

KARATENG' VOCATIONAL TRAINING CENTRE, ANNUAL REPORTS
AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE 2022

IV. CHAIRPERSON'S STATEMENT

I take this opportunity to present to you the financial report for the year ended 30th June 2022. Over the past financial year, Karateng' VTC has had its achievement and challenges at large. The institution has made achievement in enrolment since its revival in 2015 by the county government of Kisumu when it had an enrolment of 22 trainees back then against an enrolment of 134 at the closure of the financial year 2021/2022. This achievement has been made due to the commitment of the various stakeholders surrounding the institution.

To achieve this under my term as the board chair, the institution has an ongoing plan to develop a new roadmap for the next five financial years in order to spur development and improve on the infrastructure.

Our set objectives are unique and they are meant to play a role that is geared towards the VTC's development. We are keen on the role that the VTC plays in the surrounding community and the need to steer it further towards becoming a more accessible and diverse institution that provides unequalled skill development opportunities to a broad spectrum of trainees while at the same time meeting the socio-economic needs of the wider community.

With our vision, mission and core values in mind, we are committed to providing quality and relevant skills to our trainees in line with our country's Vision 2030 development blueprint and the global Sustainable Development Goals (SDGs).

Challenges

Funding

The centre appreciates the support it is receiving from the county government of Kisumu in terms of funding. The funding is utilized as directed though not enough for smooth running of the centre.

The inconsistency of the remittance of funds by the national government and the county government have really strained the institution in offering technical skills due to inadequate training materials and other critical services.

Infrastructure

The VTC lacks modern workshops, laboratories and modern tools and equipment.

Staffing

The institution currently has two permanent employed staff by the county government of Kisumu and four volunteers engaged by the board, which still leaves the institution with a deficit of eight instructors.

Future expectation

In line with the newly planned five year, strategic plan we hope to remain focussed on improving on the physical infrastructure to march the consistently growing population of trainees and demand of new courses.

Lastly, I take this opportunity to appreciate the consultative and participatory approach embraced by the members of the Board in collaboration with the management of the VTC together with the staff; I also acknowledge the input of all our stakeholders in developing the spirit of teamwork. These include the BOG, manager, instructors, National government and County Government of Kisumu, our sponsors, area leaders,

KARATENG' VOCATIONAL TRAINING CENTRE, ANNUAL REPORTS
AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE 2022

and members of the community, non-teaching staff and trainees of Karateng VTC among others. I am personally humbled by the diverse contributions of all those involved both individually and collectively and believe that together we shall make Karateng Vocational Training Centre better for generations to come.



.....

**Mrs. Grace Ogalloh,
BOG Chairperson**

KARATENG' VOCATIONAL TRAINING CENTRE, ANNUAL REPORTS
AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE 2022

v. REPORT OF THE CENTRE MANAGER

Karateng VTC is a great asset and one of the best upcoming Vocational training centres in Kisumu County. Over the years, Karateng VTC has continued to provide quality training and register its trainees for NITA trade tests with 90% pass rate. These trainees gain appropriate and relevant technical, entrepreneurial, communication and ICT skills that enable them graduate as whole-rounded individuals, able to engage in self-employment and contribute to poverty reduction efforts in their communities.

In the previous closed financial year, Karateng Vocational training centre recorded a remarkable enrolment of 134 trainees both first years and second years in three trades offered. In order to maintain this gradual growth of the population the institution through the board of governors did approve the introduction of another trade course in hair dressing to start running in the next financial year due to market driven demand. I would wish to report that the centre received three disbursements totalling ksh 2,895,000.00 grant from the national government. The amount was spread out in the following vote heads as stipulated in the vote head guideline as shown in the table below;

Description	2021-2022
	KShs
Conditional grants	
Repairs maintenance and improvement of tools and equipment	636,900.00
Text books, exercise books and stationary	386,000.00
Tools, equipment and instructional/ assessment/examination materials	1,158,000.00
Electricity Water and bank charges-utilities	241,250.00
Skills , competitions and exhibitions	183,350.00
Co-curricular activities	193,000.00
Local travel and transport	96,500.00
Total government grants and subsidies	2,895,000.00

Through the use of instructional materials, the building department has initiated the construction of workshop shed for both motor vehicle and building class trainees.

Owing to the fact that much of Centre's funding is resident upon government grants, quick and timely disbursement ought to be maintained by both levels of government to enable training programs flow smoothly. The county government too should employ more trainers so that the available funds are not adversely strained into paying temporary instructors. The VTC should be equipped with modern tools and equipment

Staff establishment

There are two County Government-employed instructors, 4 BOG-Volunteer instructors, 1 security guard and a cook.

Currently we have shortage of instructors as follows:

**KARATENG' VOCATIONAL TRAINING CENTRE, ANNUAL REPORTS
AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE 2022**

NO.	Name	Course	Design	Deficit
1.	George. O.Owino	Building Technology	Manager	Nil
2.	Ruth Akinyi	Fashion Design & Garment Making	Instructor	2
3.	George Otieno Deya	Motor Vehicle Technology	Instructor	2
4.	Violet Atieno	Hair Dressing	Instructor	2
5.		ICT		2

PHYSICAL FACILITIES

The currently available facilities represent a serious shortage of proper & adequate infrastructure needed to support effective learning and training. This shortage negatively affects the quality of training and also significantly hampers increase in enrolment despite the fact that the institution has the potential to handle more.

In conclusion I am happy that Karateng Vocational Training Centre is rapidly growing and attracting students from far and wide more so in the neighbouring communities and sub counties.

I want to thank the board of governors of Karateng VTC for their unmeasurable effort to make this institution to be among the best vocational training centre within Kisumu county and also not forgetting to appreciate the support from the county government of Kisumu and other supportive stakeholders of the institution.

Trainee enrolment for the year ended 30th June 2022

Trade Area	2020					2021				
	Y1		Y 2		Total	Y1		Y2		Total
	M	F	M	F		M	F	M	F	
Dressmaking	0	15	0	12	27	0	12	0	14	26
Masonry	16	0	18	0	34	16	0	16	0	32
Motor vehicle	28	5	24	4	61	33	0	28	5	66
Hair dressing	0	0	0	0	0	0	10	0	0	10
Total	44	20	42	16	122	49	14	44	19	134

The increase in 2020 enrolment was as a result of the support from local leaders and community sensitisation.

.....
GEORGE O. OWINO

CENTRE MANAGER

KARATENG' VOCATIONAL TRAINING CENTRE, ANNUAL REPORTS
AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE 2022

STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES
VI. REVIEW OF KARATENG VTC PERFORMANCE FOR FY 2021/2022

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

Karateng vtc had 3 strategic pillars and objectives within its Strategic Plan for the FY 2018/2019-2022/2023. These strategic pillars are as follows:

Pillar 1: To increase the number of trainees' enrolment

Pillar 2: To introduce new course

Pillar 3: Quality training for sustainable development

Karateng VTC develops its annual work plans based on the above 3 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. Karateng VTC achieved its performance targets set for the FY 2021/2022 period for its 3 strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1 To increase the number of trainees enrolment	To increase the no. of trainees	Increased no. of trainees	sensitization	Enrolment increased
Pillar 2 Introduction of new course	To introduce new course	New course	Approval of hair dressing course by the board	1 course introduced
Pillar 3: Quality training for sustainable development	To offer accessible, equitable, quality and relevant technical skills.	Offer market driven courses. Offer affordable training.	Sensitization of trainees on student financing opportunities.	Increased enrolment Increased access to training through county grants and government capitation.

VII. CORPORATE GOVERNANCE STATEMENT

The appointment of the Board of Governors was done in accordance with the provisions of the TVET Act, 2013 No.29, schedule 1&2 following a nomination panel meeting held at Karateng VTC on 3rd January 2020. The Board was inaugurated on 13th February 2020

Membership of the board of governors is as follows:

1. A chairperson
2. A representative of the minister/CECM in the department responsible for technical and vocational training .
3. A representative of the county governor; and

Six other persons appointed on the basis of their knowledge and experience in-

- 1.leadership and management
- 2.Financial management
- 3.Technology
- 4.Industry
- 5.Engineering
- 6.Information communication and technology

Removal of a board member

A member may be removed through the office of the CECM if the following circumstances do arise although none of the board members was removed in the financial year ended 30th June 2022.

- a) One fails to attend BoG meetings consecutively without apology for a stipulated period of time.
- b) When one is convicted in any form of crime
- c) When one rejects the appointment as a board member.
- d) When one is unable to perform on medical grounds.

Responsibility of the Board of Governors

The board is responsible for;

- i) The mission and vision of the center;
- ii) Promoting the aims and objectives of the center
- iii) Setting strategic directions for the Center;
- iv) Monitoring performance against strategic objectives
- v) Extending links and communication between the center and the wider community;
- vi) Fundraising and resource mobilization;

Remuneration of the Board of Governors members

The BOG members are paid a sitting allowance for every meeting attended. The sitting allowance paid to the members is disclosed in the financial statement

VIII. MANAGEMENT DISCUSSION AND ANALYSIS

Hair dressing and Beauty therapy department was established during the financial year with the aim of increasing trainee enrolment. The department will also house a modern salon that will be open to members of the public for income generation.

In line with the new strategic plan, the financial year 2021/2022 saw renovation of key facilities among them the renovation of fashion design workshop and the office as well as partitioning of the hair dressing class. . The renovations were done by our building department (trainees & instructor) using instructional materials.

Major Financial risks facing Karateng' Vocational Training Centre

The centre's activities expose it to a variety of risks: Market risk (foreign exchange risk and interest rate risk), credit risk and liquidity risk.

i) Foreign exchange risk

Foreign exchange risk arises from recognized assets and liabilities. Karateng' VTC operates within Kenya and its assets and liabilities are denominated in Kenya shillings.

The centre has no transactions in foreign currency since most of our trainees pay fees in Kenyan shillings.

ii) Price Risk.

Price risk is the risk that the value of commodities will change in prices due to factors of demand and supply.

iii) Cash flow and interest rate risk.

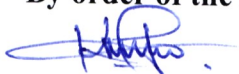
Interest rate risk arises out of long/short term borrowings. Karateng' vtc has no long/short-term borrowings from any financial institutions.

iv) Credit Risk.

Credit risk arises from cash and cash equivalent and deposits with banks as well as credit exposures to customers including outstanding receivables and committed transactions. Credit risk is the risk that the counterparty will default on its contractual obligations resulting in financial loss to the institute. The center does not have significant concentrations of credit risk for banks and financial institutions.

Karateng' vtc only deals with well-established banks. For trade and receivables, the centre assesses the credit worthiness of the customers, taking into account their financial position, past experience, and other crosscutting factors.

By order of the Board



George Owino Otieno
Centre Manager/ Secretary BOG

IX CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Karateng VTC exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on 3 pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

1. Environmental performance

- Karateng vtc family believes in a green environment, during this financial year, over 200 tree seedlings were planted.

2. Employee welfare

- i) Karateng vtc observes gender ration policies in all its appointments and this is clearly shown by the appointment of two female staffs out of the total five staffs employed in the institution..

3. Community Engagements-

- Karateng VTC engages the community youth groups in planting of tree seedlings within the institution and its surrounding.

REPORT OF THE BOARD OF GOVERNORS

The Board of Governors has the pleasure to submit the annual report and financial statements for the year ended 30th June, 2022 which shows the state of Karateng' VTC affairs.

The VTC received Kenya shillings 2895,000,000/= from the National government for the subsidised vocational training centres support grant (SVTCSG).

Principal activities

Karateng VTC's mandate is training and skills development.

The institution offers the following courses.

1. Building Technology/Masonry
2. Fashion Design and Garment Making/Tailoring/Dressmaking
3. ICT as support subject
4. Hairdressing and Beauty therapy
5. Motor vehicle technology

Results

The results of the centre are set out in page 1-5

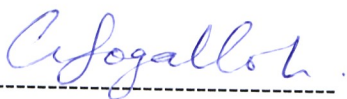
BOARD OF GOVERNORS

Members of the BOG who served during the last financial year are shown on page viii and xi. The following committees were formed as mandated by the TVET 2013 Act

- a) Finance & Strategic planning committee
- b) Innovation & Infrastructure committee

Auditors

The Auditor General is responsible for the statutory audit of the Karateng Vocational Training Centre in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the *institution* for the financial year ended June 30, 2022 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.



BOG CHAIR

KARATENG' VOCATIONAL TRAINING CENTRE, ANNUAL REPORTS
AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE 2022

IX. STATEMENT OF BOARD OF GOVERNORS

Section 81 of the Public Finance Management Act, 2012 and (*section 14 of the State Corporations Act, and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013*) require the BOG members to prepare financial statements in respect of Karateng' vtc which give a true and fair view of the state of affairs of Centre at the end of the financial year and the operating results of the Centre for the period ending 2021/2022. The BOG members are also required to ensure that the Karateng Vocational Training Centre keeps proper accounting records which disclose with reasonable accuracy the financial position of the Karateng Vocational Training Centre. The BOG members are also responsible for safeguarding the assets of Karateng Vocational Training Centre

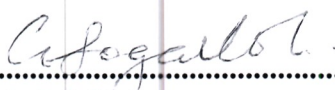
The BOG members are responsible for the preparation and presentation of the centre's financial statements, which give a true and fair view of the state of affairs of the Centre for and as at the end of the financial year ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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 *centre*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The BOG members accept responsibility for the centre's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (*the State Corporations Act, and the TVET Act*). The BOG members are of the opinion that the *centre's* financial statements give a true and fair view of the state of the centre's transactions during the financial year ended June 30, 2022, and of the centre's financial position as at that date. The BOG members further confirm the completeness of the accounting records maintained for the centre, which have been relied upon in the preparation of the *centre's* financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the BOG members to indicate that Karateng Vocational Training Centre will not remain a going concern for at least the next twelve months from the date of this statement.

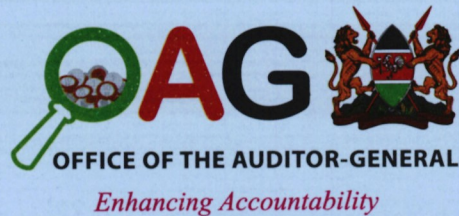
Approval of the financial statements

Karateng' Vocational Training Centre financial statements were approved by the Board on 22nd July 2022 and signed on its behalf by:


.....
Chair BOG


.....
Centre Manger

REPUBLIC OF KENYA



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

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

REPORT OF THE AUDITOR-GENERAL ON KARATENG' VOCATIONAL TRAINING CENTRE FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and 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 Karateng' Vocational Training Centre set out on pages 1 to 18, which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of cash flows

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

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

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

Review of the financial statements revealed that they did not reflect comparative opening balances for the financial year ended 30 June, 2021 and similarly, the financial statements for the year ended 30 June, 2021 were not submitted for audit. Further, the statement of financial performance reflects a total revenue of Kshs.4,675,808 instead of the recalculated amount of Kshs.4,500,000 resulting to a net surplus for the year of Kshs.342,689 and not the amount of Kshs.518,497 indicated. In addition, the financial statements did not include the statement of changes in net assets rendering them incomplete and the basis of the reserves balance of Kshs.11,087,497 reflected in the statement of financial position could not be ascertained.

Further, the figures in the statement of comparison of budget and actual amounts were not comparable since the budget prepared and submitted for audit was prepared per calendar year, that is from 1 January, 2022 to 31 December, 2022, while the expenditure relates to a financial year.

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

2. Lack of Ownership Documents

The statement of financial position and Note 7 to the financial statements reflects property, plant and equipment balance totalling to Kshs.9,768,529 which includes land and buildings valued at Kshs.9,288,518. However, no ownership records in respect of land, where the Centre is based, were provided.

In the circumstances, the accuracy and existence of the property, plant and equipment balance of Kshs.9,768,529 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Karateng' Vocational Training Centre Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical

responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

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

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, I confirm that, nothing 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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of 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 controls, risk management and governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Centre'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 Centre 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 Centre to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

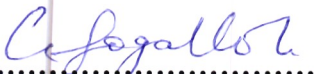
04 July, 2023

KARATENG' VOCATIONAL TRAINING CENTRE, ANNUAL REPORTS
AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE 2022

Statement of Financial Performance for the year ended 30 June 2022

	Notes	2021/2022
Details		Kshs
Revenue from non-exchange transactions		
Transfers from the National Government – grants (SVTCSG)	1	2,895,000.00
Transfers from the County Government of Kisumu	1a	1,605,000.00
Total revenue		4,675,808.00
Expenses		
Use of goods and services	2	2,785,913.00
Employee costs	3	220,000.00
Repairs and maintenance	4	1,151,398.00
Total expenses		4,157,311.00
Net Surplus for the year		518,497.00

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


.....

BOG Chairman

Date

30/6/2022

.....

Finance Officer

ICPAK No

Date


.....

Centre Manger

Date

30/6/2022

KARATENG' VOCATIONAL TRAINING CENTRE, ANNUAL REPORTS
AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE 2022

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

Description	Notes	2021-2022
		Kshs
Assets		
Current Assets		
Cash and cash equivalents	5	442,347.00
Inventories	6	1,394,816.00
Non-Current Assets		
Property, plant, and equipment	7	9,768,529
Total Assets		11,605,692.00
Liabilities		
Current Liabilities		
Trade and other payables from exchange transactions		
Refundable deposits from customers		
Total Liabilities		
Net Assets		11,087,497.00
Reserves		
Accumulated Surplus		518,497.00
Capital Fund		0.00
Total Net Assets and Liabilities		11,605,692.00

KARATENG' VOCATIONAL TRAINING CENTRE, ANNUAL REPORTS
AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE 2022

XI. Statement of Cash flows for the year ended 30 June 2022

		2021-2022
	Note	Kshs
Cash flows from operating activities		
Receipts		
Transfers from National Government entities	1	2,895,000.00
Transfers from County Government of Kisumu	1a	1,605,000.00
Total Receipts		4,500,000.00
Payments		
Use of goods and services	2	2,785,913.00
Employee costs	3	220,000.00
Repairs & Maintenance	4	1,151,398.00
Total Payments		4,157,311.00
Net cash flows from operating activities		
Cash and cash equivalents at 1 July 2021		175,808.00
Cash and cash equivalents at 30 June, 2022	5	442,347.00

KARATENG' VOCATIONAL TRAINING CENTRE, ANNUAL REPORTS
AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE 2022

XII. Statement of Comparison of Budget & Actual amounts for the year ended 30 June 2022

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022
	Kshs	Kshs	Kshs	Kshs	Kshs
Revenue					
Transfers from National and county governments	4200,000.00	-	4,200,000.00	4,500,000.00	93.33
Fees from rendering of services	1,792,000	-	1,792,000	135,350.00	7.55
Total income	4,200,000.00	-	4,200,000.00	4,635,350.00	90.61
Expenses					
Use of goods and services	2,648,000.00	-	2,648,000.00	2,785,000.00	95.08
Employee costs	660,000.00	-	660,000.00	220,000.00	33.33
Remuneration of BOG members	-	-	-	-	-
Repairs & Maintenance	462,000.00	-	462,000	1,151,398.00	11.04
Total expenditure	4,233,461.00	-	4,233,461.00	4,184,398.00	98.84
Surplus/Deficit for the period	(33,461.00)	-	(33,461.00)	450,952.00	

Budget notes

1. Provide explanation of differences between actual and budgeted amounts (10% over/ under) IPSAS 24.14
2. Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)
3. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.

IV. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Karateng' VTC is established by and derives its authority and accountability from TVET 2013 Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is Vocational training.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying Karateng'VTC accounting policies. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of Karateng' VTC

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.

KARATENG' VOCATIONAL TRAINING CENTRE, ANNUAL REPORTS
AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE 2022

3. **ADOPTION OF NEW AND REVISED STANDARDS**

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

Standard	Impact
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2021 The center does not operate under business combinations hence this IPSAS 40 does not apply
IPSAS 41: Financial Instruments	Applicable: 1st January 2022: The center does not operate under business combinations hence this IPSAS 41 does not apply
IPSAS 42: Social Benefits	Applicable: 1st January 2022: The center does not operate other social benefits. It is only operating with NSSF as the only social benefit hence this IPSAS 42 does not apply

4. EARLY ADOPTION OF STANDARDS

The center is adopting IPSAS accrual for the first time and has taken into account clauses under IPSAS 33

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Rendering of services

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably.

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

Sale of goods

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

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

XIII.

XIV. NOTES TO THE FINANCIAL STATEMENTS (Continued)

b) Budget information

The original budget for FY 2021/2022 was approved by the Board of Governors. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of on the FY 2021/2022 budget following the BOG/ Board's approval.

c) Property, plant and equipment

XV. As at the preparation of the financial statements for the FY 2021/2022, the centre had not done valuation of its assets though it is preparing to engage a value

d) 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 Centre 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 Entity has the positive intention and ability to hold it to maturity.

During the Financial Year under review, Karateng' Vocational Training Center did not have any financial assets withheld to maturity

Impairment of financial assets

XVI. The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or an 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

KARATENG' VOCATIONAL TRAINING CENTRE, ANNUAL REPORTS
AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE 2022

future cash flows of the financial asset or the entity of financial assets that can be reliably estimated.

e) Research and development costs

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

- i. The technical feasibility of completing the asset so that the asset will be available for use or sale
- ii. Its intention to complete and its ability to use or sell the asset
- iii. How the asset will generate future economic benefits or service potential
- iv. The availability of resources to complete the asset
- v. 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

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.

i) 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. 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.

At the end of the financial year, 2021/2022, Karateng' Vocational Training Institute had not constituted a committee to value its closing stock at market prevailing prices

j) Provisions

Provisions are recognized when the Entity 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.

During the Financial year under review, Karateng' Vocational Training Center did not have any legal or constructive obligations hence did not cater for expenses arising from such obligations in the financial statements

The Entity 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

KARATENG' VOCATIONAL TRAINING CENTRE, ANNUAL REPORTS
AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE 2022

uncertain future events not wholly within the control of the Entity 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.

KARATENG' VOCATIONAL TRAINING CENTRE, ANNUAL REPORTS
AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE 2022

XVII. NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. Entity to state the reserves maintained and appropriate policies adopted.

l) Changes in accounting policies and estimates

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

KARATENG' VOCATIONAL TRAINING CENTRE, ANNUAL REPORTS
AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE 2022

XVIII. NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) Related parties

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the Government of Kenya, BOG members, CEO/Center manager and senior Staff.

n) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and 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.

During the Financial year under review, Karateng' Vocational Training Center's cash and cash equivalents amounted to;

Cash and Cash Equivalents

Description	2021-2022
	KShs
Current account	
Kcb acc/no.1233819488	298,556.00
Equity acc/no.0290268028389	143,791.00
Total cash and cash equivalents	442,347.00

o) Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation. The institute is adopting IPSAS for the first time and hence it has no comparative figures.

KARATENG' VOCATIONAL TRAINING CENTRE, ANNUAL REPORTS
AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE 2022

Notes to the Financial Statements (Continued)

1. Transfers from National Government entities

Description	2021-2022
	KShs
Conditional grants	
Repairs maintenance and improvement of tools and equipment	636,900.00
Text books, exercise books and stationary	386,000.00
Tools, equipment and instructional/ assessment/examination materials	1,158,000.00
Electricity Water and bank charges-utilities	241,250.00
Skills , competitions and exhibitions	183,350.00
Co-curricular activities	193,000.00
Local travel and transport	96,500.00
Total government grants and subsidies	2,895,000.00

(a)Transfers from other Government entities

Description	2020-2021
Transfer from County government of kisumu	1,605,000.00
Total Transfers	1,605,000.00

2. Use of Goods and Services

Description	2021-2022
	KShs
Skill competition	242,755.00
Utility: water, electricity,bank charges	20,000.00
Tools, equipment and instructional/ assessment/examination materials	1,888,743.00
Co-curricular activities	196,840.00
Text books, exercise books and stationary	393,575.00
LT&T	44,000.00
Lunch	
Total goods and services	2,785,913.00

3. Employee Costs

Description	2021-2022
	KShs
Salaries and wages	220,000.00
Employee costs	220,000.00

KARATENG' VOCATIONAL TRAINING CENTRE, ANNUAL REPORTS
AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE 2022

4. Repairs and Maintenance

Description	2021-2022
	KShs
Repair maintenance and replacement of tools	1,151,398.00
Total repairs and maintenance	1,151,398.00

5. Cash and Cash Equivalents

Description	2021-2022
	KShs
Current account	
Kcb acc/no.1233819488	298,556.00
Equity acc/no.0290268028389	143,791.00
Total cash and cash equivalents	442,347.00

6. Inventories

Description	2021-2022
	Kshs
Consumable stores	252,274.00
Learning material stores	483,575.00
Maintenance stores	658,967.00
Total Inventories	1,394,816.00

KARATENG' VOCATIONAL TRAINING CENTRE, ANNUAL REPORTS
AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE 2022

Note to financial statements Continued

7. Property, Plant and Equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers	Other Assets (Specify)	Plant and equipment	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 1 July 2019	9,873,000	-	153,500	145,950	-	299,000	-	10,471,450
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-	-	-
At 30 th June 2020	9,873,000	-	153,500	145,950	-	299,000	-	10,471,450
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	-	-
At 30 th June 2020	9,873,000	-	153,500	145,950	-	299,000	-	10,471,450
Depreciation And Impairment	394,920	-	6,140	29,190	-	29,900	-	460,150
At 1 July 2021	9,478,080	-	147,360	116,760	-	269,100	-	10,011,300
Depreciation	189,562	-	2,947	23,352	-	26,910	-	242,771
Impairment	-	-	-	-	-	-	-	-
At 30 June 2022	9,288,518	-	144,413	93,408	-	242,190	-	9,768,529
Depreciation	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	-
At 30 th June 2022	9,288,518	-	144,413	93,408	-	242,190	-	9,768,529
Net Book Values	-	-	-	-	-	-	-	-
At 30 th June 2022	9,288,518	-	144,413	93,408	-	242,190	-	9,768,529
Depreciation rate : (%)	2	5	2	20	-	10	-	10

KARATENG' VOCATIONAL TRAINING CENTRE, ANNUAL REPORTS
AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE 2022

KARATENG' VOCATIONAL TRAINING CENTRE, ANNUAL REPORTS
AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE 2022

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

As at the time of submission of the financial statements for the year end 30th June 2021/2022, the center had not been previously audited.

Guidance Notes:

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

Mrs. Grace A. Ogalloh

Board Chair


Date.....

KARATENG' VOCATIONAL TRAINING CENTRE, ANNUAL REPORTS
AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE 2022

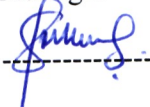
XIX. APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME:				
Break down of Transfers from the State department of Technical and Vocational Training				
FY2021/2022				
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			2,895,000	2021/2022
			1,605,000	2021/2022
		Total		
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			0.00	
		Total		
c.	Direct Payments			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			0.00	
		Total		
d.	Donor Receipts			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			0.00	

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

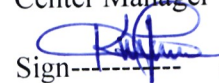
Finance Manager

Sign



Center Manager

Sign



KARATENG' VOCATIONAL TRAINING CENTRE, ANNUAL REPORTS
AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE 2022

YEAR ENDED 30TH JUNE 2022

XX. APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Donor Fund/Other	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Education		Recurrent	4,500,000	4,500,000					4,500,000
Ministry of Education		Development	-	-					-
USAID		Donor Fund							
Ministry of Education		Direct Payment	-	-					-
Total			4,500,000	4,500,000					4,500,000

KARATENG' VOCATIONAL TRAINING CENTRE, ANNUAL REPORTS
AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE 2022