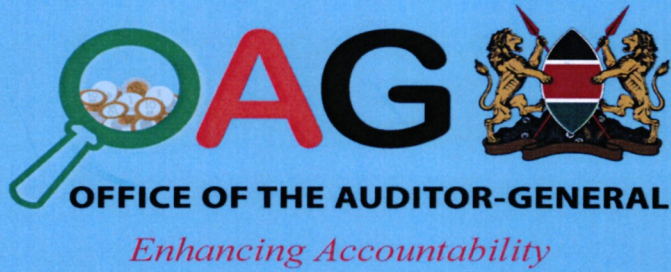


REPUBLIC OF KENYA



REPORT

PARLIAMENT
OF KENYA
LIBRARY

OF

THE NATIONAL ASSEMBLY
P
DATE: 05 JUL 2023 DAY: WED
TABLED BY: Hon. Owen Baya, CBS, MP
Deputy Leader of the Majority
CLERK OF THE TABLE: Fridays Mvumba

THE AUDITOR-GENERAL

ON

**OMUGA TECHNICAL AND VOCATIONAL
COLLEGE**

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



OMUGA TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30TH JUNE 2022

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

OMUGA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022

OMUGA TECHNICAL AND VOCATIONAL COLLEGE
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I. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

Omuga TVC is a Public TVET College under the Ministry of Education, State Department for Vocational and Technical Training (MOE-VTT). The Ministry of Education provides the general policy and strategic direction of the College.

The College is domiciled in Kenya, situated 2.3 KM off Misambi Market, along the Kisumu-Kisii Highway within Kabondo Kasipul Constituency, Homa Bay County.

The College currently offers a wide range of courses at Artisan, Certificate and Diploma levels spread across Eight (8) Academic departments namely:

- 1) Agriculture & Environmental Studies;
- 2) Building and Civil Engineering;
- 3) Business Studies;
- 4) Electrical and Electronics Engineering;
- 5) Hospitality & Institutional Management;
- 6) Information & Communication Technology (ICT)
- 7) Liberal Studies and,
- 8) Mechanical Engineering.

b) Principal Activities

The principal mandate of Omuga TVC is to conduct education and training while promoting and maintaining standards, quality and relevance in accordance to the TVET Act and other written laws.

Objectives of Omuga TVC:

- To provide quality, dynamic and customer focussed technical training that would make the trainees fit for the dynamic demands of the job market.
- To equip trainees with relevant knowledge, skills and attitudes needed to address the societal and development needs.
- To ensure efficiency and optimal utilization of the resources.
- To safeguard integrity, honesty and accountability in all operations.
- To endeavour to continuously improve on services and operations through research and innovation.
- To ensure compliance with all relevant national and international statutory requirements, standards, codes and regulations.

Vision

To be a Regional Centre of Excellence in Agriculture, Technology and Innovation.

Mission

To provide quality, dynamic and customer focussed training that is geared to promoting access, sustainability and socio-economic development.

Core-Values

- i. Integrity
- ii. Accountability
- iii. Professionalism
- iv. Teamwork
- v. Creativity and Innovativeness.
- vi. Inclusivity

c) Key Management Structure

The day-to-day running and Management of the College is under the following key organs:

- i. Board of Governors (BOG)
- ii. Principal
- iii. Deputy Principal
- iv. Registrar
- v. Dean of students
- vi. Heads of Departments (Academic & Non-Academic)
- vii. Finance Officer
- viii. Procurement Officer

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.	Principal	John O. Owoko
2.	Deputy Principal	Jack O. Ogada
3	Registrar	Victor O. Ochieng
4	Dean of Students	Stephen O. Okinyi
5	Head of Finance	Fredrick O. Ouma
6	Head of Procurement	Sharon A. Ouma

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e) Fiduciary Oversight Arrangements

The following three (3) Board Committees were in charge of the governance and oversight functions of the Board.

NAME OF THE COMMITTEE	MEMBERS
1. Audit, Governance and Risk Management (AGRM) Committee	<ol style="list-style-type: none">1. Cynthia A. Ochuodho- Chairperson2. James Ndun'gu- Member3. Abednego O. Owiti- Member
2. Finance, Infrastructure and Resource Management (FIRM) Committee	<ol style="list-style-type: none">1. George O. Oloo- Chairperson2. John O. Owoko- Principal/ Secretary3. Tom O. Olan'go- CDTVET/ Member4. Martin M. Onyuka- Member
3. Education, Training, Research and Strategy (ETRS) Committee	<ol style="list-style-type: none">1. Esther Imbega- Chairperson2. John O. Owoko- Principal/ Secretary3. Tom O. Olan'go_ - CDTVET/ Member4. James Ndun'gu- Member5. Abednego O. Owiti- Member6. Martin M. Onyuka- Member

f) Headquarters

P.O. BOX 267-40223
KADONGO, KENYA.

g) College Contacts

WEBSITE: www.omugatvc.ac.ke

EMAIL : info@omugatvc.ac.ke /

omugatvc@gmail.com

PHONE: +254- 745 628 390/ 756595226

h) College Bankers

1. KENYA COMMERCIAL BANK
P.O. Box 17- 40100,
Kisumu, Kenya.

2. EQUITY BANK (KENYA) LIMITED
P.O BOX
OYUGIS.

i) Independent Auditors

Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084 - 00100
Nairobi, Kenya


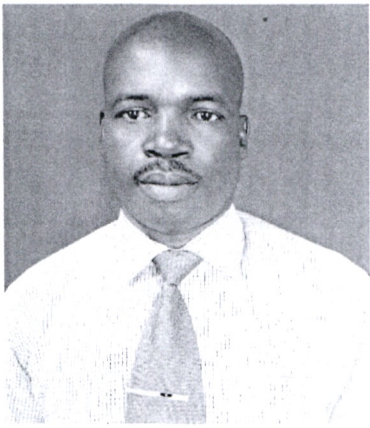
j) Principal Legal Adviser

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




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II. MEMBERS OF THE BOARD OF GOVERNORS



The details of the Board Members who served during the FY 2021/2022 are as provided below:

BOG'S PASSPORT-SIZE PHOTO AND NAME.	DESCRIPTION OF EACH BOG'S DATE OF BIRTH, KEY QUALIFICATIONS AND WORK EXPERIENCE.
 <p>1. Dr. Phares B.O. Ochola Chairman of the Board</p>	<p>Year of Birth: 1958</p> <p>Key Qualifications: PhD in Operations Research from Kenyatta University; Msc. in Operations Research from Strathelyde University (UK); BSc. Applied Maths and Statistics from University of Nairobi; Post Graduate Diploma in Education (PGDE) from Kenyatta University</p> <p>Work Experience: Currently serving as:</p> <ul style="list-style-type: none"> ➤ BOG Chairman, Omuga TVC; ➤ Project Manager at the Kenya School of Monetary Studies (KSMS); ➤ Senior Lecturer at Technical University of Kenya; <p>Previously served as a Lecturer at Kenyatta University for over 15 years.</p>
 <p>2. Mr. John O. Owoko Principal/Secretary to the Board</p>	<p>Year of Birth: 1976</p> <p>Key Qualifications: M.Sc. in Electronics & Instrumentation (ongoing)- Kenyatta University; B.Sc. in Telecommunications- Kenyatta University; Post Graduate Diploma in Education (Science Option)- Maseno University; Higher Diploma in HRM- KNEC</p> <p>Work Experience: Currently serving as the Principal, Omuga TVC Previously served as:</p> <ul style="list-style-type: none"> ➤ Dean of Students, RIAT; ➤ Deputy Dean of Students, RIAT; ➤ Lecturer, RIAT; ➤ Teacher, Siaya Township Secondary School



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 <p>3. George O. Oloo Chairman-Finance, Infrastructure, and Risk Management Committee</p>	<p>Year of Birth: 1978</p> <p>Key Qualifications: Master's in Business Administration; B.Ed Mathematics and Economics CPA-K; Post Graduate Diploma in Human Resource Management;</p> <p>Work Experience: Currently serving as the Operations Manager for University of Maryland Baltimore, School of Medicine Programs in Kenya Previously served as:</p> <ul style="list-style-type: none"> ➤ The General Manager, Globology Limited-Kisumu; ➤ The Head of Finance and Administration at ZOA International-Monrovia, Liberia.
 <p>4. Esther Imbega Chairperson- Education, Training and Research Committee</p>	<p>Year of Birth: 1974</p> <p>Key Qualifications: Diploma in Technical Education from KTTC; Diploma in Food Technology from The Kenya Polytechnic.</p> <p>Work Experience: Currently serving as:</p> <ul style="list-style-type: none"> ➤ Senior Jaggery and Dairy production manager at Homalime Company Limited- where she has served for over 10 years; ➤ Member of BOG at SIKRI TTI for the blind and deaf; <p>Previously served as:</p> <ul style="list-style-type: none"> ➤ Lecturer at Moi institute of Technology; ➤ Laboratory Technologist at West Kenya Sugar Company; ➤ Laboratory Technician at Mumias Sugar Company Limited.
 <p>5. Abednego Owiti Board Member</p>	<p>Year of Birth: 1972</p> <p>Key Qualifications: Diploma in Electrical engineering (Power) option from Intraglobal Training Institute (Kisumu); Craft Certificate in Electrical Installation from Kenya Industrial Training Institute (NAKURU); Process Control and Sugar Technology Course at Tom Mboya Labour College.</p> <p>Work Experience: Currently serving as Electrical Foreman at Muhoroni Sugar Company; Previously served as:</p>

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	<ul style="list-style-type: none"> ➤ Electrical technician at Muhoroni Sugar Company for 15 years; ➤ Electrical technician at Farm Engineering Industries;
 <p style="text-align: center;">6. James Ndungu Board Member</p>	<p>Year of Birth: 1983</p> <p>Key Qualifications: MSc. Data Communication from KCA University; MSc. Information Systems and Management from University of Manchester (ongoing); BSc. Computer Science from Makerere University; Certificate in Leadership and Management at University of Washington; Certificate in Project Management from University of Washington; Certificate in International Development from Commonwealth Commission</p> <p>Work Experience: Currently serving as the ICT Technical Advisor at US-Mission Nairobi. Previously served as:</p> <ul style="list-style-type: none"> ➤ ICT Network and Infrastructure Lead at Kenyatta University Main Campus, Nairobi; ➤ Senior Systems Administrator at The Standard Group/KTN, Nairobi; ➤ Regional ICT Coordinator at Rockefeller Foundation, African Regional Office, Nairobi; ➤ IT Business Analyst at Fintech Kenya Ltd-Nairobi
 <p style="text-align: center;">7. Cynthia Ochuodho Board Member</p>	<p>Year of Birth: 1987</p> <p>Key Qualifications: Bachelor of Law Degree from Moi University; Post Graduate Diploma in Law from Kenya School of Law</p> <p>Work Experience: Currently serving as:</p> <ul style="list-style-type: none"> ➤ Legal Officer at SBC Kenya Limited; ➤ Advocate of the High Court of Kenya; ➤ A Member of the Law Society of Kenya; <p>Previously served as:</p> <ul style="list-style-type: none"> ➤ Assistant Legal Officer at Primarosa Flowers Limited; ➤ A Pupil at EKN LLP Advocates; ➤ Intern at Otieno, Yogo, Ojuro & Company Advocates; ➤ Intern at Muma Nyagaka & Company Advocates in Kisumu.




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 <p>8. MARTIN M. ONYUKA BOARD MEMBER</p>	<p>Year of Birth: 1955</p> <p>Key Qualification: -Master's in Public Administration from Moi University; -Bed. Arts from University of Nairobi, -Post Graduate Diploma in Education from University of Leeds, UK</p> <p>Work Experience: Currently serving as the County Education Board Chairman, Homa Bay County. Previously served as:</p> <ul style="list-style-type: none"> ➤ Assistant Director of Education (ADE)/District Education Officer (DEO) between 2005 and 2015; ➤ Senior Education Officer between 1998 and 2005; <p>Assistant Lecturer at Asumbi TTC.</p>
 <p>9. Mr. Tom Olango Board Member (Regional Director of TVET)</p>	<p>Year of Birth: 1970</p> <p>Key Qualification: Currently concluding a PhD in Curriculum Studies at Kenyatta University M.Ed. in Curriculum Studies from Nairobi University; B.Ed.</p> <p>Work Experience: Currently:</p> <ul style="list-style-type: none"> ➤ Deputy Director TVET, Serving as the Regional Director of TVET in charge of Kisii, Nyamira, Migori and Homa Bay Counties; ➤ Is the Ministry's Focal Point Person for Skills Initiative for Africa Project by AUDA NEPAD. <p>Previously served as:</p> <ul style="list-style-type: none"> ➤ Graduate teacher of Mathematics under T.S.C; ➤ Education officer in the Ministry of Education.




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III. MANAGEMENT TEAM

During the FY 2020/2021, the top management team comprised of the Principal, Deputy Principal, Registrar, Dean of Students, Bursar and the Procurement Officer. The top Management Team in charge of the day-to-day running of the college and implementation of key policies passed by the Board.

PASSPORT-SIZE PHOTO AND NAME	RESPONSIBILITIES
 <p>MR. JOHN O. OWOKO PRINCIPAL</p>	<p>Principal/ Accounting officer/ Chief Executive Officer for the college. In charge of the overall management of the college Responsible for the preparation of the budget estimates Interpreting and implementing policy decisions</p>
 <p>MR. JACK O. OGADA DEPUTY PRINCIPAL</p>	<p>The Principal assistant to the Principal in the management of the college In charge of coordinating all aspects of trainings.</p>
 <p>MR. VICTOR O. OCHIENG REGISTRAR</p>	<p>In charge of marketing of college programs and general students admission; Management of students' records, Formulation of education plans; Maintain academic standards and preparation of timetables.</p>

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 <p>MR. STEPHEN O. OKINYI DEAN OF STUDENTS</p>	<p>In charge of management of students' affairs and welfare, Maintain students' discipline; Overseeing students' governance, clubs, societies Sports and recreational activities</p>
 <p>MR. FREDRICK O. OTIENO ACCOUNTANT</p>	<p>In charge of preparation of budget estimates, budgetary control and financial reports Provides financial advice to the management In charge of non-academic staff</p>
 <p>MS. SHARON A. OUMA PROCUREMENT OFFICER</p>	<p>In charge of supplies and procurement management Manages and advices on procurement issues</p>

IV. CHAIRMAN'S STATEMENT



The Annual Report and Financial Statements for the year ended 30th June 2022 has presented us with an opportunity to reflect on our achievements over the past three years and to plan for the future as an institution. This Inaugural Board took over the Governance of the College on 4th October 2019 following the appointment of its members by the Cabinet Secretary, MOE in July 2019. Since then, the Board has continued to carry out its oversight role and provision of strategic direction to the College in line with the TVET Act 2013, Mwongozo and other Government guidelines and Policies.

The Board remains focused on its mandate of addressing the Country's TVET agenda of increasing access and equity. As a Board, we fully embrace the Government's Vision on TVET as envisioned in the Kenya Vision 2030 and the Big 4 Agenda. To this end, the Board has made the following significant achievements since taking over Governance of the College:

- 1) Increased enrolment from 38 in 2019 to 641 by June 2022;
- 2) Expansion of training programmes from 4 to 8 departments;
- 3) Engagement of over 20 BOG trainers to supplement and bridge the deficit of PSC trainers;
- 4) Continued improvement of college physical infrastructure;
- 5) Development and operationalization of the College Strategic Plan.

In our endeavour to achieve the aforementioned successes, the Board encountered a number of challenges that have considerably decelerated our performance. These include:

- 1) Inadequate and delayed funding that adversely affected the implementing of planned College activities and projects;
- 2) Inadequate staff capacity and capability in key training areas and support services;
- 3) Inadequate physical facilities, infrastructure and systems;
- 4) Poor state of road network that has hindered easy access to the College;
- 5) Land ownership has also remained a major challenge for the college since the College land is still registered in the names of deceased persons/ original donors.

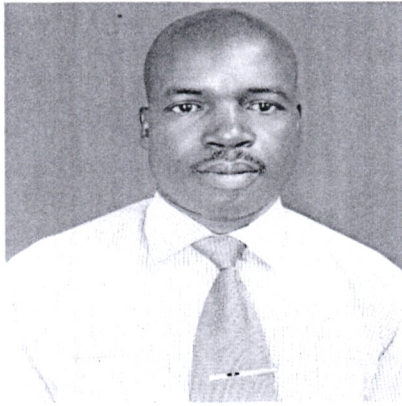
Despite all these challenges, the Board is focussed to ensuring the college grows as envisioned in its vision and mission.



.....
Dr. Phares B.O. Ochola

CHAIRMAN, BOARD OF GOVERNORS

V. REPORT OF THE PRINCIPAL



The TVET Act, 2013 outlines mandates and functions of all TVET colleges in the Kenya. In realization of the TVET Act, Omuga TVC remains focussed to becoming a centre of excellence in the provision of quality technical training in the region and beyond. Towards this, the College management is continuously developing strategies for timely interventions that would ensure successful achievement of its vision and implementation of all the planned activities while ensuring quality in service delivery.

Under the able strategic leadership and guidance of the Board, the Management and Staff have accomplished the following achievements over the past three years of operation:

- 1) Increased enrolment from 38 in 2019 to 641 by June 2022;
- 2) Expansion and accreditation of training programmes;
- 3) Recruitment of PSC and BOG trainers, with the number of PSC and BOG trainers' increasing from 1 to 14 and 3 to 25 respectively;
- 4) Continued expansion of basic physical infrastructure and facilities;
- 5) Enhanced involvement in Sports and Recreational activities;
- 6) Involvement in community outreach programmes and Corporate Social Responsibility engagements.

In its quest towards organizational success, the College management has continued to face a myriad of challenges some of which include:

- 1) Inadequate and delayed funding that has continued to hinder implementation of several planned projects and activities;
- 2) Shortage of essential staff leading to engagement of a massively high number of BOG staff that has led to unsustainably high wage bill.
- 3) Inadequate staff capacity and capability in key support positions such as Finance, Human Resource and Internal audit, leading to difficulty in the implementation and compliance with some regulatory requirements;
- 4) Lack of structures and systems to enhance operations;

Despite the challenges, I am sincerely grateful to the Board of Governors for the dedication and guidance provided during the year and to the staff for their teamwork and cooperation that led to the realization of the College's mandate.

I am equally grateful to the Ministry of Education, State Department for Vocational and Technical Training, HELB and NG-CDF Kabondo Kasipul for offering financial support to the college during the financial year 2021/2022.



.....
Mr. John O. Owoko
PRINCIPAL/SECRETARY, BOARD OF GOVERNORS

VI. REVIEW OF OMUGA TVC'S 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.

During the FY 2021/2022, the management had committed to undertake the following amongst many other things:

1. Enhance the overall trainees enrolment in the College;
2. Put in place adequate physical infrastructure and systems;
3. Enhance good corporate governance, staff welfare and effective Corporate Social Responsibility;
4. Ensure effective financial stewardship and prudent management of institutional resources.

Towards enhancement of enrolment, the management intensified publicity and marketing strategies through involvement in sports and other co-curricular activities, roadshows, and media (both print and audio-visual). The management also expanded the training programs by mounting and ensuring accreditation of additional ten (10) new courses. These strategies culminated to almost two-fold increase in the overall enrolment which rose from **358** at the end of Q4, FY 2020/2021 to **641** as at the end of Q4, FY 2021/2022. The net result of this was an improved financial performance during the year that would have even been much better had the disbursement of Q4 Capitation grants and the Operational grants been made.

During the year, the management managed to procure a number of assorted training equipment and materials for the various departments. The management also initiated the procurement process for acquisition and installation an Enterprise Resource Planning (ERP) and Management System. The aim of these undertakings was to enhance the efficiency and quality of service delivery and training.

With regards to staff welfare, the management championed for the formation, registration and operationalization both teaching and non- teaching staff welfares. The main aim of this was to enhance interpersonal interactions and support amongst the staff. The management also engaged in offering support to the neighbouring Omuga Primary school by grading the soccer playing field to a level of it being highly suitable for hosting regional ball games.

Similarly, the management initiated several reforms aimed at ensuring effective financial stewardship and prudent management of institutional resources.

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VII. CORPORATE GOVERNANCE STATEMENT

Omuga TVC Board wishes to conduct its business in accordance to the TVET ACT, 2013, which requires that the Board meet at least once every three months. In line.

A summary of the attendance of the Board meetings is as follows:

S/ N o	Name	No. Full BOG Meetings			No. BOG Committee Meetings			Total No. of Meetings Attended	Total No. of Meetings Missed
		Held	Attended	Missed	Held	Attended	Missed		
1	Dr. Phares B.O Ochola	6	6	0	7	N/A	N/A	6	0
2	Mr. George O. Oloo	6	5	1	7	4	0	9	1
3	Mrs. Esther Imbega	6	6	0	7	4	0	10	0
4	Ms. Cynthia Ochuodho	6	6	0	7	2	0	8	0
5	Mr. Abednego O. Owiti	6	6	0	7	5	0	11	0
6	Mr. James Ndun'gu	6	6	0	7	5	0	11	0
7	Mr. Tom O. Olan'go	6	6	0	7	7	0	13	0
8	Mr. Martin Mwalo	6	4	2	7	5	0	9	2

During the FY 2021- 2022, Omuga TVC Board had Nine (9) members constituted as follows: Seven (7) members appointed by the Cabinet Secretary; The County director of TVET representing the PS- SDVTT and the Principal as the Board Secretary.

The membership of the Board of Governors comprises:

- (a) A Chairperson;
- (b) A representative of the Principal Secretary in the Ministry of education, State Department of Vocational and Technical Training (MOE-SDVTT)
- (c) A representative of the County Governor of the county within which the institution is located; and
- (d) Six other persons appointed based on their knowledge and experience in—
 - i. Leadership and management;
 - ii. Financial management;
 - iii. Technology;
 - iv. Industry;
 - v. Engineering;
 - vi. Information Communication Technology (ICT) or Law.

The appointment of a member to a Board of Governors or to its committees may be revoked and the member may vacate office if the member:

- a) Resigns by giving notice in writing to the Cabinet Secretary; the person shall cease to be a member of the Board from the date specified in the notice;
- b) Becomes insolvent or has conveyed or assigned his property or has made a proposition or arrangement for the benefit of his creditors;
- c) Is sentenced by a court of law to imprisonment for a term of six months or more;
- d) Is incapacitated by physical or mental illness;
- e) Has been absent from three consecutive meetings of the Board of Governors without leave;
- f) Where the member is a representative, has his appointment revoked by the nominating body; or
- g) Is otherwise unable or unfit to discharge his functions as a member of the Board of Governors on account of any matter in the Act.

The roles of the Board include:

- (a) Overseeing the conduct of education and training in the institutions in accordance with the provisions of the Act and any other written law;
- (b) Promoting and maintaining standards, quality and relevance in education and training in the institutions in accordance with the Act and any other written law;
- (c) Administering and managing the property of the institutions;
- (d) Developing and implementing the institutions' strategic plan;
- (e) Preparing annual estimates of revenue and expenditure for the institution and incurring expenditure on behalf of the institutions;
- (f) Receiving, on behalf of the institution, fees, grants, subscriptions, donations, bequests or other moneys and to make disbursement to the institution or other bodies or persons;
- (g) Determining the fees payable and prescribing conditions under which fees may be remitted in part or in whole in accordance with the guidelines developed under the provisions of the TVET Act
- (h) Mobilizing resources for the institutions;
- (i) Developing and reviewing programs for training and to make representations thereon to the Board;
- (j) Regulating the admission and exclusion of students from the institutions, subject to a qualifications framework and the provisions of this Act;
- (k) Approving collaboration or association with other institutions and industries in and outside Kenya subject to prior approval by the Board;
- (l) Recruiting and appointing trainers from among qualified professionals and practicing trades' persons in relevant sectors of industry;
- (m) determining suitable terms and conditions of service for support staff, trainers and instructors and remunerating the staff of the institutions, in consultation with the Authority;
- (n) Making regulations governing organization, conduct and discipline of the staff and students;
- (o) Preparing comprehensive annual reports on all areas of their mandate, including education and training services and submits the same to the Board;
- (p) Providing for the welfare of the students and staff of the institutions;
- (q) Encouraging, nurturing and promoting democratic culture, dialogue and tolerance in the institutions; and
- (r) Discharging all other functions conferred upon it by the Act or any other written law.

If a member of the Board has any Conflict of Interest he/she declares the same in the meeting.

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A disclosure of interest made shall be recorded in the minutes of the meeting at which it is made. And a member of the Board of Governors who contravenes this commits an offence and is liable to a fine or imprisonment.

Members of a Board of Governors are paid in respect of their services such remuneration or allowances as the Board of Governors, with the approval of the Cabinet Secretary.

The Board of Governors keeps all proper books and records of accounts of the income, expenditure and assets of the institution and within a period of four months from the end of each financial year, a Board of Governors submit to the Auditor- General or to an auditor appointed, the accounts of the institution together with—

- (a) a statement of the income and expenditure of the institution during that year; and
- (b) a balance sheet of the institution on the last day of that year.

The accounts of the institution are audited and reported upon in accordance with the Public Audit Act, 2003.

The Board of Governors furnishes the Cabinet Secretary with a certified copy of the audited annual statement of accounts and such other information about the revenue, expenditure, assets and liabilities of the institution as he may require.

VIII. MANAGEMENT DISCUSSION AND ANALYSIS

The College's enrolment rapidly grew during the FY 2021/ 2022 and even surpassed the projected number. This rise in enrolment led to a great improvement of financial performance as compared to the previous years.

In general, the institution collected total of **Kshs. 21,529,855** as compared to the projected income of **Kshs.31,953,000**. Of the **Kshs. 21,529,855** collected, Capitation grants was **Kshs.11,827,500** (for quarters 1-3) while **KShs. 9,702,355** was fees paid through HELB Loans and bursaries, CDF bursaries, and other sources of income.

Despite the Improved performance during the FY 2021/ 2022, it is worth noting that the institution missed more than **KShs.3,500,000** Capitation grants for Quarter 4 and the entire **KShs.4,000,000** Operational/ Recurrent grants projected for the year.

A summary of the financial performance against the budget projections for the FY 2021/2022 is as given below:

Year ending 30th June, 2022	Budget FY2020/2021	Actual FY2020/2021	Utilisation FY 2020/2021
Receipts	31,953,000	21,529,855	67.40%
Payments	31,953,000	21,196,617	66.00%

IX. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Omuga TVC exists to transform lives. This is our purpose; the driving force behind everything we do. It is what guides us to deliver:

1. Sustainability strategy and profile

Omuga TVC's key sustainability strategies include environmental and social responsibility, Human Resource Development, Innovation and Adherence to statutory and regulatory guidelines of the Government of Kenya.

2. Environmental performance

On environment, the college staff have managed to plant over five hundred trees and over one thousand flowers in the college in line with National Environment Management authority requirements. This is also meant to beautify the college as well as to control soil erosion since the college compound is sloppy. Being a centre of excellence in Agriculture and Agricultural Engineering, the college has laid down strategies to ensure that the community around the college also benefit from the agricultural activities and initiatives offered

3. Employee welfare

Omuga TVC plans to develop a recruitment and selection policy that will ensure consistency, transparency, fairness, and merit-based hiring.

The college further hopes to continually develop skills for her employees to improve organization performance. It hopes to conduct Annual Performance Appraisal and Training Needs Assessments to establish how well the employees are performing their duties as well as the employees that need training, salary increment and job promotion.

The college endeavours to strictly adhere to OSHA Act 2007 guidelines to: identify workplace hazards, evaluate health safety conditions, design and conduct health and safety surveys, recommend training for new and existing employees, recommend and track new safety practices and Accident / Incident Investigations.

4. Market place practices

Omuga TVC's fidelity to anti-corruption practices remains steadfast. It's also committed to promoting local content in her procurement processes and ensuring that all pending bills are cleared in the shortest time possible.

5. Community Engagements

The plight of the immediate community remains a daily concern for the college. The College has on several occasions used its tractors to help maintain the surrounding murram access roads and to offer subsidized transport and ploughing services to the community as a means of Corporate Social Responsibility.

6. Education and Training

Omuga TVC Strives to admit trainees from all the country without discrimination. This aimed at enhancing equity and access to college education and acquisition of skills by students from all walks of life.

7. Sports

Omuga TVC has identified sports as a key marketing and publicity strategy and has therefore put a lot of emphasis in participation in competitive sports within and without the KATTI organized sporting activities as well as friendly matches with neighboring institutions. For instance, the college strongly participated in the KATTI West Kenya Region Athletics held in Gusii Stadium in February this year, with a number of participants getting to the final while a few others qualifying for the Nationals which were later disrupted by COVID-19 pandemic outbreak. These sports have enhanced discipline and cohesiveness amongst the trainees within the college.

8. Healthcare

Omuga TVC is yet to establish an operational clinic for students and staff in the college. There has however been established a Guidance and Counseling Unit help address students and staff counselling needs.

9. Labour Relations

Omuga TVC has adopted the implementation of the Public Service Staff Performance Appraisal (SPAS) as a means of identifying Staff Training Needs as well as a way of recommending for rewards and/or sanctions.

10. Water and Sanitation Initiatives

Omuga TVC still has an inadequate water supply despite having an extensively large roof catchment for rain water harvest. This is due to absence of roof gutters and adequate water storage facilities/tanks. So far, only one, 10,000 litres tank has been installed for collection of water from a small area of the roof. Similarly, the ablution facilities are still inadequate.

X. REPORT OF THE BOARD OF GOVERNORS

The Board members submit their report and financial statements for the year ended June 30TH 2022, which show the state of Omuga TVC affairs.

Principal activities

The principal activities of the Board are explained in page iii

Results

The results of Omuga TVC for the year ended 30th June, 2022 are set out on page 1- 6

BOARD OF GOVERNORS

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

Auditors

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

By Order of the Board

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 of that institution, which give a true and fair view of the state of affairs of the institution at the end of the financial year/period and the operating results of the institution for that year/period. The Board members are also required to ensure that the institution keeps proper accounting records which disclose with reasonable accuracy the financial position of the institution. The Board members are also responsible for safeguarding the assets of the institution. The Board members are responsible for the preparation and presentation of the institution's financial statements, which give a true and fair view of the state of affairs of the institution for and as at the end of the financial year (period) ended on June 30th 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 institution; (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 institution; (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 institution'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 institution's financial statements give a true and fair view of the state of institution's transactions during the financial year ended June 30th, 2022, and of the institution's financial position as at that date.

The Board members further confirm the completeness of the accounting records maintained for the institution, which have been relied upon in the preparation of the institution'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

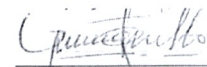
The College's financial statements were approved by the Board on **29/09/2022** and signed on its behalf by:



Chairperson, BOG



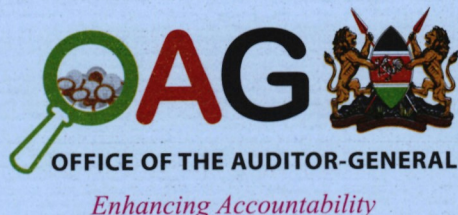
Principal



Member, BOG

REPUBLIC OF KENYA

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HEADQUARTERS
Anniversary Towers
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NAIROBI

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

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, 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 Omuga Technical and Vocational College set out on pages 1 to 26, which comprise the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget

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

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

Basis for Qualified Opinion

1. Inaccuracy in the Statement of Cash flows

The statement of cash flows reflects decrease in trade payables amount of Kshs.326,829, while computation of movement in payables from exchange transactions as disclosed in the statement of financial position indicates an increase of Kshs.684,132 from the prior year balance of Kshs.2,342,990 to Kshs.3,027,122 as at 30 June, 2022, resulting to an unreconciled variance of Kshs.1,010,961.

As a result, the accuracy of the statement of cash flows could not be confirmed.

2. Unsupported Income from Hire of Tractors

The statement of financial performance and Note 8 to the financial statements reflects other income amount of Kshs.2,093,680 which includes income from hiring out tractors to the public of Kshs.168,580. However, the approved tariffs/rates for the ploughing services supporting the income were not provided for audit.

As a result, the accuracy and completeness of tractors income of Kshs.168,580 could not be confirmed.

3. Doubtful Receivables from Exchange Transactions

The statement of financial position and Note 16 to the financial statements reflects receivables from exchange transactions balance of Kshs.18,433,480 which includes student debtors of Kshs.18,323,500. Review of records revealed that the amounts had been due for a long period of time, with some dating as far back as 2019. No evidence of efforts to recover the debts was provided for audit review. In addition, no provision for the impairment of debts has been made in the financial statements.

In the circumstances, the accuracy and recoverability of the student debtors balance of Kshs.18,323,500 could not be confirmed.

4. Undisclosed Property, Plant and Equipment

The statement of financial position and Note 18 to the financial statements reflects a balance of Kshs.52,938,469 in respect to property, plant and equipment. As previously reported, the valuation reports in support of the inherited assets with a reported balance

of Kshs.54,361,536 as at 01, July, 2019 were not provided for audit review. In addition, the value of the parcel of land on which the College was built, measuring approximately 3.8 acres, and ownership documents for the parcel of land were not provided for audit.

Further, machinery and equipment of unknown values donated to the College by the Ministry of Education and recorded in the assets register were not included in the property, plant and equipment schedule.

In the circumstances, the accuracy, completeness and fair presentation of the property, plant and equipment balance of Kshs.52,938,469 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Omuga Technical and Vocational College 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.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.31,953,000 and Kshs.21,529,855 respectively, resulting to an underfunding of Kshs.10,423,145 or 33% of the budget. Similarly, the college spent Kshs.21,196,617 against an approved budget of Kshs.31,953,000, resulting to an under expenditure of Kshs.10,756,383 or 34% of the budget.

The underfunding and underperformance affected the planned activities and may have impacted negatively on learning in the College.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report for the previous year, several paragraphs were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management had not resolved the issues nor given any explanation for failure to resolve them. Further, the unresolved prior year issues are not disclosed under the implementation status of Auditor-General recommendations section of the financial statements as required by the Public Sector Accounting Standards Board.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Failure to Adhere to the Legal Limit on Minimum Wage

Review of human resource records and monthly payroll revealed that four (4) members of staff were paid gross salaries that are below the minimum legal limit provided by the Kenya Gazette Supplement No.1 of 2018 on minimum wage.

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

2. Non-Compliance with Law on Ethnic Diversity in Staffing

Review of human resource records revealed that out of the forty-five (45) employees of the College, forty-one (41) or 91% were from one dominant Community. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff and no public establishment shall have more than one third of its staff from the same ethnic community.

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

3. Lack of a Fixed Asset Register

Review of records revealed that Management did not maintain a fixed asset register in the prescribed format contrary to Regulation 143(1) of the Public Finance Management (National Government) Regulations, 2015, which states that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws. Therefore, the Institute had no mechanism of eliminating security threats on, and theft, losses, wastage and misuse of fixed assets.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Approved Staff Establishment and Human Resource Plans

Review of human resource records revealed that the Institute had been operating without an approved staff establishment and human resource plans to ensure that appropriate systems, procedures, structures, skilled and competent staff are in place at the optimal level to deliver its mandate to the students and other stakeholders.

As a result, it was not possible to confirm whether the total staff in the employment of the Omuga Technical and Vocational College is at the optimal operating level and the effectiveness with which the College delivered its mandate could not be confirmed.

2. Lack of Information and Communication Technology (ICT) Policy

Review of Information Technology (IT) control environment revealed that Management had not developed and approved an ICT policy to govern areas of concern. The areas of concern, together with recommended actions are as follows:

- i. Information technology governance - Management should ensure IT strategic committee is in place.
- ii. IT security management - Management should formally approve IT security policy to ensure data confidentiality, integrity and availability and to ensure there is patch management process on all systems software's
- iii. IT program change management - Management should ensure that there is formally documented and approved processes to manage upgrades made to all information systems.
- iv. Physical access controls - Management should ensure physical access to sensitive areas like server rooms, storage rooms and network rooms are properly controlled.
- v. Environmental control - Policies and procedures should be in place to cover environmental controls like fire suppression system, ups and air conditioning systems especially in server rooms.
- vi. Logical access control - Management should formally document and approve user management standards and procedures in the organization like user access rights in line with responsibilities.

In the circumstances, Management lacks clear direction regarding maintenance of information security across the organization and safeguarding the College's ICT assets.

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 processes and systems of internal controls, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, the 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 to cease operations.

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

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

Those charged with governance are responsible for overseeing the 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 controls 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 controls components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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

29 May, 2023

OMUGA TECHNICAL AND VOCATIONAL COLLEGE
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FOR THE YEAR ENDED 30TH JUNE 2022

XIII. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2021-2022	2020-2021
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government	6	19,390,000	8,000,000
Total Revenue from non-exchange transactions		19,390,000	8,000,000
Revenue from exchange transactions			
Rendering of services- fees from students	7	13,178,784	5,987,042
Other income	8	2,093,680	912,468
Total revenue from exchange transactions		15,272,464	6,899,510
Total revenue		34,662,465	14,899,510
Expenses		-	
Use of goods and services	9	15,621,977	6,078,509
Employee costs	10	5,701,852	3,021,632
Remuneration of Governors	11	1,045,000	1,027,300
Depreciation	12	1,801,698	1,536,124
Repairs and maintenance	13	307,290	451,570
Contracted services	14	373,560	278,080
Total expenses		24,851,377	12,393,215
Net Surplus for the year		9,811,088	2,506,295

The Financial Statements set out on pages 1 to 25 were signed on behalf of the Institute Board of Governors by:



Chairman, Board of Governors

Date..... 4/5/2023



Finance Officer
 ICPAK No

Date... 4/5/2023



Principal

Date... 4/5/2023

OMUGA TECHNICAL AND VOCATIONAL COLLEGE
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FOR THE YEAR ENDED 30TH JUNE 2022

XIV. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022


	Notes	2021/2022	2020/2021
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	15	1,122,698	958,631
Receivables from exchange transactions	16	18,433,480	5,298,820
Receivables from non-exchange transactions	17	7,562,500	9,422,500
Total current assets		27,118,678	15,679,951
Non-current assets			
Property, plant and equipment	18	52,938,469	53,881,977
Total non-current assets		52,938,469	53,881,977
Total Assets		80,057,147	69,561,928
Liabilities			
Current liabilities			
Trade payables from exchange transactions	19	3,027,122	2,342,990
Total liabilities		3,027,122	2,342,990
Net Assets			
Capital fund		54,915,176	54,915,176
Accumulated surplus/deficit		22,114,849	12,303,762
Total net assets		77,030,025	67,218,938
Total net assets and liabilities		80,057,147	69,561,928

The Financial Statements set out on pages 1 to 25 were signed on behalf of the Institute Board of Governors by:



Chairman, Board of Governors

Date: 4/5/2023



Finance Officer
 ICPAK No

Date: 4/5/2023



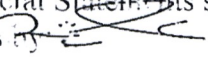
Principal

Date: 4/5/2023

OMUGA TECHNICAL AND VOCATIONAL COLLEGE
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FOR THE YEAR ENDED 30TH JUNE 2022

XVI. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other Government entities/Govt. Capitation	6(a)	11,827,500	5,577,500
Rendering of services- Fees from students	7	7,608,675	4,658,362
Other income	8	2,093,680	912,468
Fees paid in advance – trade payables			475,190
Total Receipts		21,529,855	11,623,520
Payments			
Use of goods and services	9	14,277,715	6,078,509
Employee costs	10	5,226,052	3,021,632
Remuneration of governors	11	1,045,000	1,027,300
Repair and Maintenance	13	307,290	451,570
Contracted services	14	340,560	278,080
Total Payments		21,196,617	10,857,091
Net Cash flows from operating activities		333,238	766,429
Cash flows from Investing activities			
Purchase of property, plant and equipment	18	(496,000)	(1,481,449)
Decrease in Trade Payables		326,829	
Net cash flows used in investing activities		(169,171)	(1,481,449)
Cash flows from financing activities			
Net increase/(decrease) in cash and cash equivalents		-	(715,020)
Cash and cash equivalents at 1 JULY	15	958,631	1,673,651
Cash and cash equivalents at 30 JUNE	15	1,122,698	958,631

The Financial Statements set out on pages 1 to 25 were signed on behalf of the Institute Board of Governors by 

Chairman, Board of Governors

Date... 4/5/2023

Finance Officer

ICPAK No
Date... 4/5/2023

Principal

Date... 4/5/2023

OMUGA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022

XVII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

	Original budget		Adjustments		Final budget		Actual on comparable basis		Performance difference		Utilisation Difference	
	2021-2022	Kshs	2021-2022	Kshs	2021-2022	Kshs	2021-2022	Kshs	2021-2022	Kshs	2021-2022	%
Revenue												
Transfers from other Govt entities- Govt grants	11,500,000		-		11,500,000		11,827,500		(327,500)			-2.8%
GOK Operational Grant	4,000,000		-		4,000,000		0		4,000,000			100%
Rendinger of services from exchange transaction	11,383,000		-		11,383,000		7,608,675		3,774,325			50%
Other Income	5,070,000		-		5,070,000		2,093,680		2,976,320			59%
Total income	31,953,000		-		31,953,000		21,529,855		10,423,145			42%
Expenses												
Compensation of employees	5,813,040		-		5,813,040		5,226,052		586,988			10%
Use of Goods and services	22,230,960		-		22,230,960		14,277,715		7,953,245			56%
R.M.I	1,295,000		-		1,295,000		307,290		987,710			76%
Contracted Services	648,000		-		648,000		340,560		307,440			47%
Remuneration of directors	1,966,000		-		1,966,000		1,045,000		921,000			47%
Total expenditure	31,953,000		-		31,953,000		21,196,617		10,756,383			34%
Surplus/Deficit for the period							333,238		(333,238)			

Notes:

- 1) The 100% variance between the projected GOK Operational grant (4,000,000/-) was due to non-disbursement of the entire projected amount. The Q4 Capitation grants of **KShs. 3,562,500** was also not disbursed by the end of the financial year. However, **KShs. 1,935,000** Capitation grants received during Q1 of the FY 2021/2022 was for Q3 of the FY 2020/2021;
- 2) The 61% and 59% variances between the projected revenue from rendering of services and other sources of income respectively was due to inability of the enrolled trainees to pay fees own their own, leading to heavy reliance on Capitation, HELB Loans and CDF Bursaries;
- 3) The under-expenditures in use of goods and services (76%), R.M.I (76%), Contracted Services (47%) and Remuneration of Directors (47%) were all due to insufficient funds which led to deferment of the planned projects and payment of pending bills to the FY 2022/2023;
- 4) The surplus over expenditure compared to income received was as a result of retained earnings from the FY 2020/2021 income.
- 5) Reconciliation of total actual reported in this statement and total actual reflected in the statement of financial performance is as follows:

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REVENUE	Amount (Kshs)
Total actual revenue as per statement of comparison of budget and actual amounts	21,529,855
<i>Add: Receivables from non-exchange transactions for the year</i>	7,562,500
<i>Add: Receivables from exchange transactions for the year</i>	18,433,480
Total actual revenue as per statement of financial performance	47,525,835
EXPENSES	
Total actual expenses as per statement of comparison of budget and actual amounts	21,196,617
<i>Add: Depreciation</i>	1,801,698
Total actual expenses as per statement of financial performance	22,998,315

XVIII. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The College is established by and derives its authority and accountability from the Technical and Vocational Education and Training Act, 2013. The College is wholly owned by the Government of Kenya and is domiciled in Kenya. The College’s principal activity is to provide Training in Technical, Vocational and Business courses to graduates of secondary and primary schools to enable them acquire relevant technical skills for the job market.

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 *entity*.

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).

3. ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2020

Standard	Impact
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019 The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 ADOPTION OF NEW AND REVISED STANDARDS (Continued)

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2022: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2022 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</p>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2022:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.

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

iii. Early adoption of standards

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions
Transfers from other government entities

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

ii) Revenue from exchange transactions
Rendering of services

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

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

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.

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the entity's right to receive payments is established.

5 Revenue recognition (Continued)

ii) Revenue from exchange transactions (continued)

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

b) Budget information

The original budget for FY 2021/2022 was approved by the Council or Board on *9th August 2021*.

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

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

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

c) Taxes

Current income tax

The entity is exempt from paying taxes as per schedule xxx of the xxx Act.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Taxes (continued)

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.

d) 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 xxx 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.

e) Property, plant and equipment

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

f) Leases

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.

g) Intangible assets

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

h) Research and development costs

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

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

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

i) 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 Entity 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. 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 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 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:

6 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

- The debtors or a 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 Entity 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.

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.

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

7 Inventories (Continued)

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

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

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

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.

Where the Entity 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 Entity 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 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 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Nature and purpose of reserves

The College creates and maintains reserves in terms of specific requirements.

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.

m) Employee benefits

Retirement benefit plans

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

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

n) 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.

o) 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.

p) 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 governors, the CEO/principal and senior managers.

q) Service concession arrangements

The Entity 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 Entity 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 Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

r) 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.

s) Comparative figures

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

t) 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, 2019.

9 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

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

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

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10 TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2021/2022	2020/2021
	Kshs	Kshs
Unconditional grants		
Capitation grants	11,827,500	6,000,000
Receivables from non-exchange transaction (For the FY 2021-2022)	3,562,500	-
Operational grant	4,000,000	2,000,000
Total government grants	19,390,000	8,000,000

11 (a) TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES RECEIVED

Description	2021/2022	2020/2021
	Kshs	Kshs
Unconditional grants		
Capitation grants	-	5,077,500
Capitation grants Jul-17	1,935,000	
Capitation grants Nov-23	3,165,000	
Capitation grants Mar-02	3,165,000	
Capitation grants June-03	3,562,500	
Operational grant	-	-
Total government grants	11,827,500	5,077,500

7. RENDERING OF SERVICES – FEES FROM STUDENTS

Description	2021/2022	2020/2021
	Kshs	Kshs
Tuition	1,281,925	1,730,860
Personal emoluments	1,759,400	2,047,600
Contingencies	0	197,320
E.W.C	396,690	470,400
R.M.I	374,950	574,730
Administration cost	1,350,550	2,617,042
L.T.T	1,330,400	1,098,780
Development	322,620	484,500
Activity	703,640	452,130
KUCCPS	88500	-
Other incomes but generated from capitation	0	62,500
Capitation	0	(5,077,500)
Total revenue received in cash	7,608,675	4,658,362
Fees Receivables Current Year	5,570,109	-
Receivables Audited Prior Year	-	1,328,680
Total revenue from the rendering of services	13,178,784	5,987,042

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8. OTHER INCOME

Description	2021/2022	2020/2021
	Kshs	Kshs
Tractors	168,580	376,158
Pay as You Eat (PAYE)	311,352	0
Boarding	182,200	82,500
Admission and ID	211,900	97,500
Tender Application	0	13,000
Examination	914,790	343,310
Advance refunded to the institution	165,500	-
Imprest Surrender	61,058	-
Students Union	39,300	-
Medical Fees	39,000	-
Total other income	2,093,680	912,468

9. USE OF GOODS AND SERVICES

Description	2021/2022	2020/2021
	Kshs	Kshs
Tuition	2,679,482	1,523,308
Contingencies	0	125,260
E.W.C	458,987	375,985
Administration Cost	3,570,394	1,557,126
L.T.T	1,463,417	423,310
Production Unit	360,090	365,290
Development	326,190	542,960
Examination	2,337,595	495,090
Boarding	209,000	61,500
Activity	2,316,580	482,720
Registration and ID	137,750	100,460
Student Union	297,130	22,500
Medical	16,100	3,000
Advance	105,000	-
Accrued /Pending Bills	1,344,262	-
Total goods and services	15,621,977	6,078,509

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10. EMPLOYEE COSTS

	2021/2022	2020/2021
	Kshs	Kshs
Salaries and wages	4,089,812	2,661,279
NHIF	196,200	76,934
NSSF	576,360	202,419
Casual wages	363,680	81,000
Accrued/Pending Bills	475,800	-
Employee costs	5,701,852	3,021,632

11. REMUNERATION OF GOVERNORS

Description	2021/2022	2020/2021
	Kshs	Kshs
Chairman's honoraria	75,000	107,000
Governors' emoluments	800,800	765,300
Other allowances	169,200	155,000
Total Governors' emoluments	1,045,000	1,027,300

12. DEPRECIATION AND ARMOTISATION

Description	2021/2022	2020/2021
	Kshs	Kshs
Property plant and equipment	1,801,698	1,536,124
Total	1,801,698	1,536,124

13. REPAIRS AND MAINTENANCE

Description	2021/2022	2020/2021
	Kshs	Kshs
Property	167,000	264,070
Vehicles/Tractor	86,200	124,210
Other	54,090	63,290
Total repairs and maintenance	307,290	451,570

14. CONTRACTED SERVICES

Description	2021/2022	2020/2021
	Kshs	Kshs
Security services	340,560	278,080
Accrued/Pending Bills	33,000	-
Total contracted services	373,560	278,080

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15. CASH AND CASH EQUIVALENTS

Description	2021/2022	2020/2021
	Kshs	Kshs
Current accounts	1,122,638	898,631
Cash at hand	60	60,000
Total cash and cash equivalents	1,122,698	958,631

15(a) DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

Financial institution	Account number	2021/2022	2020/2021
		Kshs	Kshs
a) Current account			
Kenya Commercial bank	1261113721	717,750	626,381
Equity Bank	1500280298273	404,888	272,250
b) Others			
Cash in hand		60	60,000
Total		1,122,698	958,631

16. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2021/2022	2020/2021
	Kshs	Kshs
Current receivables		
Current year Student Debtors	5,570,109	-
Student Debtors for Prior year	12,753,391	-
Total Student debtors	18,323,500	5,126,820
Rangwe TVC	700	-
ORIWO VTC	4,280	-
Un-surrendered imprests		
Margaret Mukabane	0	40,000
John Owoko	0	60,000
Vincent Thurs	0	36,000
Kelvin Owano	0	36,000
Victor Ochieng	25,000	-
Tobias Omulo	80,000	-
Total current receivables	18,433,480	5,298,820