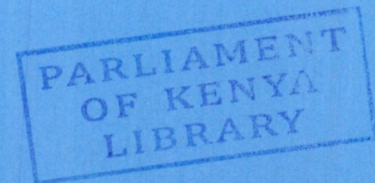


REPORT

OF



THE AUDITOR-GENERAL

ON

THE NATIONAL ASSEMBLY	
P.	
DATE:	06 JUL 2023
	Day: Thursday
TABLED BY:	Hon. Samuel Chepkogga, MP
CLERK AT THE TABLE:	Joyce Kempele

TIGANIA EAST TECHNICAL AND VOCATIONAL COLLEGE

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

TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)



TIGANIA EAST 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)**

Table of Contents

I.	Key Entity Information And Management.....	iii
II.	The Board of Governors.....	vi
III.	Management Team.....	ix
IV.	Chairman's Statement.....	x
V.	Report of the Principal.....	xi
VI.	Statement of Performance against Predetermined Objectives.....	xiv
VII.	Corporate Governance Statement.....	xv
VIII.	Management Discussion and Analysis.....	xvi
IX.	Environmental and Sustainability Reporting Statement.....	xviii
X.	Report of the Board of Governors.....	xix
XI.	Statement of Board of Governors Responsibilities.....	xx
XII.	Report of the Independent Auditor on Tigania East Technical and Vocational College for the Year Ended 30 th June 2022.....	xxii
XIII.	Statement of Financial Performance for the year ended 30 June 2022.....	1
XIV.	Statement of Financial Position as at 30th June 2022.....	2
XV.	Statement of Changes in Net Asset for the year ended 30 June 2022.....	3
XVI.	Statement of Cash Flows for the year ended 30 June 2022.....	4
XVII.	Statement of Comparison of Budget & Actual amounts for the year ended 30 June 2022	7
XVIII.	Notes to the Financial Statements.....	8
XIX.	Appendices.....	30

TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
TIGANIA EAST TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE
2022

I. Key Entity Information And Management

(a) Background information

Tigania East Technical and vocational College is a government sponsored College under the Ministry of Education, State Department of Vocational & Technical training. It was incorporated in the year 2020 under the TVET Act 2013. The institution is domiciled in Kenya and has its head office in Mikinduri Town, Tigania East Constituency, in Meru County.

The core mandate of the College is to equip young people with knowledge, skills and attitudes needed to secure employment in today's labour market. As a TVET institute, this is recognized as a driving vehicle towards achieving the Country's BIG4 agendas and the Vision 2030.

As a Centre of Excellence Refrigeration and Air Conditioning, Tigania East Technical and Vocational College opened its doors on the 4th September 2020 and the first batch of 26 students was admitted on 26th October 2020.

The Institution sits on a 5-acre parcel of land not properly demarcated and in a serene environment conducive for learning and personal development. The institution is well equipped and adequately staffed to offer market driven skills and knowledge to its trainees through inspired innovation, creativity, reliability and responsiveness with utmost goal of releasing all rounded graduate.

(b) Principal Activities

The principal activities of Tigania East Technical and Vocational College is to offer skills technical and vocational education and training, the mission and vision are outlined as Follows;

Mission

To promote technical, vocational education and training (TVET) programs for self – reliance and sustainability.

Vision

To be globally recognized institute in technical, vocational education, training, research and innovation
innovation

(c) Key Management

Tigania East Technical and Vocational College day-to-day management is under the following key organs:

- The Principal
- Deputy Principal
- Dean of students
- Registrar

TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
TIGANIA EAST TECHNICAL AND VOCATIONAL COLLEGE
 ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE
 2022

(a) 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	Mr Wilfred Kimathi Kamunde
2.	Deputy Principal	Mr Bernard Maina Kabiru
3	Registrar	Mr. Alex Kobia Kamwiko
4	Dean of students	Miss Evelyn Mbuga
5	Finance Officer	Mary Kawira Kiugu

(b) Fiduciary Oversight Arrangements

Provided in two categories

- Board of Governors

Provides overall oversight, supported by various board committees as outlined below;

Board committees




	Committee	Members
1	Finance, Operations and Development	Mrs Nancy Gitonga- Chairperson Mr. Erick Mwiti - Member Mr. John Kanampiu- Member Margaret Nduhiu –County Director
2	Audit Risk and Governance Committee	Mrs Annah Chelangati- Chairperson Mrs Lydia Kagwiria – Member Ms Joyce Mugure – Member Margaret Nduhiu –County Director
3	Education, training, Research and Human Resources	Mr. John Kanampiu – Chairperson Mr. Erick Mwiti – Member Mrs. Nancy Gitonga- Member Margaret Nduhiu – County Director

TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
TIGANIA EAST TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE
2022




- (c) **Tigania East Technical and Vocational College Headquarters**
P.O. Box 14, 60607
MIKINDURI, KENYA
- (d) **Tigania East Technical and Vocational College Contacts**
Telephone: (254) 745911518
E-mail: tiganiaeasttvc@gmail.com
Website: www.tiganiaeasttechnical.ac.ke
- (e) **Tigania East Technical and Vocational College Bankers**
Equity Bank (Kenya) Limited
Meru Makutano Branch
- (f) **Independent Auditors**
Auditor General
Office of Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya
- (g) **Principal Legal Adviser**
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
TIGANIA EAST TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE
2022




II. The Board of Governors

No.	Member / Director	Details
1.	<p>Mrs Regina Karauri Chairperson, BoG Tigania East TVC</p> 	<p>Mrs Regina Karauri was appointed as the first BoG chairperson on 12th May, 2020. She holds a Master's of Science in Management and Organisation (USIU-Kenya) and a Bachelor of Science – International Business Administration – USIU.</p> <p>She is a member of Institute of Certified Public Accountants (Kenya), Institute of Internal Auditors-Global, Institute of Internal Auditors (Kenya Chapter).</p> <p>She has a certification in Risk Management Assurance and she is an Accredited Internal Quality Assessor.</p>
2.	<p>BoG Member Mrs Nancy Gaceri Gitonga</p> 	<p>Mrs Nancy Gacheri Gitonga was appointed as a member BoG Tigania East TVC on 12th May, 2020. She holds a Master's degree in Financial Management, a Bachelor of Commerce (Management option) from African Nazarene University and Diploma in Sales and Marketing (UoN).</p> <p>She is currently Business growth and development Manager (Equity Bank (K) Ltd). She was once a Branch manager (Barclays Bank).</p>
3.	<p>BoG Member Annah Chelangat</p> 	<p>Annah Chelangat was appointed as a member BoG Tigania East TVC on 12th May, 2020. She holds a Bachelor of Business Management Accounting option from Moi University, CSIA Part 1, CPA (K) and Diploma in Business Management (KIM).</p> <p>She has worked as a factory accountant with KTDA Holdings Ltd, DL Group of Companies, Internal Auditor-Kapsabet Tea Factory and Audit and Accounts assistant – Kimalel Arap-Kirui CPA(K) Audit and Accountancy Firm.</p>

**TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
TIGANIA EAST TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE
2022**






4.	<p>BoG Member Mr John Kanampiu</p> 	<p>Mr John Kanampiu was appointed as a member BoG Tigania East TVC on 12th May, 2020. He holds a Bachelor of Science in Electrical Engineering. He is a member of EBK. He has a wealth of experience working with Kenya Power and Lighting Company.</p>
5.	<p>BoG Member Mr Erick Mwiti</p> 	<p>Mr Erick Mwiti was appointed as a member BoG Tigania East TVC on 12th May, 2020. He holds a Bachelor of Science degree (Mathematics and Physics) (Egerton), Postgraduate Diploma in Legal Metrology (ITSA) and a certificate in Computer Applications. He works with the County Government of Meru as Weight and Measures officer. He has experience as an Office Administrator, a Teacher, Field Research Agent, Registration and Elections Clerk, Census field supervisor and Civic educator.</p>
6.	<p>BoG Member Joyce Mugure (PHD)</p> 	<p>Joyce Mugure was appointed as a member BoG Tigania East TVC on 12th May, 2020. She holds a PHD, MSc Data Communication- KCA University and Bachelor of Science in IT. She is a lecturer at Meru University of Science and Technology.</p>
7.	<p>County Director Margaret Njoki Nduhiu</p>	<p>Margaret Nduhiu is the current County Director TVET for Meru / Isiolo and surrounding areas. She is a holder of Masters in Educational Planning (UoN). She is a seasoned professional with 27 years of work experience in teaching and in management. Possess hands on experience in teaching, mentoring students, team building, and institutional management and also in monitoring and reporting implementation of projects in TVET institutions. She is driven by new challenges and desire to be successful in all</p>

TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
TIGANIA EAST TECHNICAL AND VOCATIONAL COLLEGE
 ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE
 2022

		<p>endeavours, while enjoying consultations while handling complex projects.</p>
<p>8.</p>	<p>Secretary to the Board / Principal</p> <p>Wilfred Kimathi Kamunde</p> 	<p>Mr. Wilfred Kimathi Kamunde is a holder Bachelor's Degree (Hons) in Agriculture and Human Ecology Extension, Diploma in Animal Health, Diploma in Technical Education (Agriculture) and a Certificate in Environmental Impact Assessment and E. Audit. He is a registered Animal Health Technologist by Kenya Veterinary Board and a registered Lead Expert by NEMA as an Environmental Impact assessor and environmental Auditor. He is a seasoned administrator with a proven record in matters of technical education for over 22 years. Before being deployed to Tigania East TVC as the Principal, he had the privilege of serving at Tharaka TVC as the Deputy principal and later Acting Principal. Prior to being deployed to Tharaka TVC, he served Jeremiah Nyaga Technical Institute in different capacities.</p>
	<p>Lydia Kagwiria Kirika BoG Member</p> 	<p>Lydia Kagwiria Kirika is pursuing her PHD in Project Management, she is a holder of Master's Degree in project planning and management and Bachelor's Degree in Education (Arts). She is a seasoned educator and administrator with a proven record in matters of education, having taught as a lecturer at Meru university of science and Technology.</p>

TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
TIGANIA EAST TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE
2022

III. Management Team

No.	Member/ Director	Details
1.	 <p>Wilfred Kimathi Kamunde Bsc. Agriculture and Human Ecology Extension.</p>	Principal
2.	 <p>Benard Maina Kabiru Diploma in Building and construction</p>	Deputy Principal
3.	 <p>Alex Kobia Masters in Project Planning and Management and BSc Electrical Engineering</p>	Registrar
4.	 <p>Evelyln Mbuga BSc ICT</p>	Dean of students
5.	 <p>Mary Kawira Kiugu B.COM & CPA(K)</p>	Finance Officer

IV. Chairman's Statement

Ladies and Gentlemen!

On behalf of the Board of Governors, Teachers, Students, and Staff of Tigania East Technical and Vocational College, it is my honour and privilege to welcome all of you to Tigania East Technical and Vocational College (TETVC). It is situated in Tigania Central region, of Meru County and one of the fastest growing of its kind since its commencement in November 2020. Over that one Quarter, I am confident to say that God has been gracious to this college. TETVC has grown from 26 students in November 2020 to 94 by 30 June 2021 and currently more than 400 students. We have been gifted with wonderful staffs who have dedicated their time to ensure students achieve their goals in very difficult conditions. We have a committed Board of Governors that work tirelessly to oversight good governance and ensure resources are availed for training, and receptive parents and Guardians who strive to accord their sons and daughters most of what they need to ensure they achieve their dreams.

Tigania East TVC offers courses such as: Electrical and Electronic Engineering, Building and Civil Engineering, Business Studies, Auto Engineering, Cosmetology and ICT. It is a Centre of excellence in Refrigeration and Air Conditioning. We are committed to churning out graduates who are not only creative but entrepreneurs who are able to employ themselves, create jobs and develop local solutions to our various challenges

As the chairperson and on behalf of the Board, allow me to state that as a Board we take great pride in staff and students who are committed to create and perpetuate the great brand of Tigania East TVC. We are committed to fulfilling our mandate which is to ensure TETVC grows to an institution of excellence.

I sincerely thank the great past and current leadership of Tigania East Constituency who have tirelessly continued to support our institution, our mentor Meru National Polytechnic and all our partners who have and continue to support the college in various ways. As a new institution there is a lot that needs to be done.

God bless you all, God Bless Tigania East TVC



Chairperson, Board of Governors

V. Report of the Principal

It is worth noting that Tigania East Technical and Vocational College is a new Technical College under the State Department of Vocational and Technical Training in the Ministry of Education. It was constructed with the assistance of The Meru National Polytechnic as the main mentor institution. The construction of the facility was completed in 2019 but it was not until 2020 October, that the institution admitted its first students.

The institution sits on a five-acre piece of land near Mikinduri Town area, within Tigania East Constituency. It was among the sixty Technical and Vocational Colleges which were constructed by the government to fulfil its promise of constructing and equipping at least one Technical and Vocational College in every constituency.

Achievements/Successes

(i) State of the Art Equipment

In 2020, the institution received state-of-the-art equipment for Refrigeration and Air Conditioning from the Government in partnership with the Chinese Government. The modern equipment is a sign on the government's commitment to ensure that the Kenyan youths learn and acquire relevant skills which are required by the industry.

(ii) Trainers

The government through the Public Service Commission recruited seven Vocational trainers and the College benefited from that. Additional one trainer was deployed to the institution as the deputy principal, making a total of nine PSC trainers including the principal.

(iii) Enrolment

Since the institution opened its doors a year ago, it has witnessed a steady increase in terms of student enrolment. Currently the student population stands at ninety-six. Considering the fact that we opened our doors for the first students in October 2020, this figure is quite encouraging. This can be attributed partly to the school's location which is situated around the vicinity of Mikinduri Town which in turn attracts a lot of prospective students. The Kenya Universities and Colleges Central Placement Service has also placed 8 students for year 2020/2021 to undertake various courses and over 30 students to report in September 2022.

(iv) Community Support/Partnership

Bearing in mind that the institution is new and has no boarding facilities, the community has stepped in to bridge that gap. The institution in partnership with the community, there are private hostels for the students who normally come from far. The community has taken up the challenge and come up with nice and affordable hostels around the institution which accommodates our students.

(v) Source of Water.

The college has a source of piped water that is in steady supply sometimes. We intend to have another source of water which is more reliable than the one we currently have. Once this is done, any problems with water supply shall be a thing of the past.

(vi) Suppliers.

The college used the list of pre-qualified suppliers from the mentor institution, The Meru National polytechnic. In future the college will advertise for the prequalification of its own suppliers. This will make the college able to acquire its items through competitive tendering at fair prices.

(vii) Ablution Block.

The CDF has constructed an ablution block for the students despite the fact that it is small and may not be enough in future when enrolment increases.

(viii) Inauguration of Board Members.

The inauguration of the members of the Board of Governors in 4th September 2020 in the college boardroom. During inauguration the members were made to understand their mandate and roles. More will be discussed during board induction process. We are optimistic that the year 2022/2023 will be a good year since as far as the board members are concerned, have been informed them of their roles.

Challenges

Despite the fact that the college has made great strides in terms of successes, there are also a number of challenges that has held it back since its inception. Some of these challenges are:

(i) Perimeter Wall.

The institution does not have a perimeter wall. In terms of security, the institution is practically exposed because there is no perimeter wall of any form. We have already made proposals to the CDF to see whether they can assist us. The equipment and other facilities of the institution are at high risk of vandalism or burglary.

(ii) Work Shops.

Lack of well-equipped workshops in other disciplines to cater for the large numbers of trainees who are eager to pursue these courses. The notable courses lacking equipment include Automotive Engineering, Electrical Engineering (Power), Electronics Engineering, Plumbing, ICT, Mechanical Engineering, Building and Civil Engineering, Agriculture (Green House Technology) and Carpentry and Joinery.

(iii) Lack of library and books.

Currently the institution lacks an equipped library. It is our desire to have a modern library which should be equipped with books as well as computers so that students could access materials online.

TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
TIGANIA EAST TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE
2022

(iv) Lack of staffroom and offices.

At the moment, the staffroom used by the trainers is very small. It can only accommodate ten (10) trainers comfortably, not any more than that. There is also need for offices because HODs do not have offices. Most of them still share the small staff room with other trainers.

(v) Lack of Dining Hall.

There is need for a place where students can sit and have their meals from as well as a kitchen to prepare food.

(vi) Lack of hostels.

There is a need for hostels to cater for students who are coming from afar. We have had cases in the past where students have declined to report citing lack of hostels.

(vii) Lack of playing fields.

The current fields we have need to be properly levelled and marked as playing fields. This will enable students to participate in extra curriculum activities. Some will want to explore their talents in sport but there are no playing fields.

(viii) Lack of transportation.

There is a challenge when it comes to college transportation. The institution needs a college car and or a bus for official operations and emergencies.

(ix) Lack of a proper sewerage system.

Since there is no sewerage line nearby, we are using a septic tank. This tank, however, is small in size and its location is not ideal. In future, it will have to be moved farther back than where it currently is, in the middle of the college land.

(x) Lack of enough staff development programs.

In order to properly implement CBET Curriculum, it is our desire that our trainers get equipped with the relevant skills especially with the help of our development partners. If they can be trained in industry-standard practices, it will go a long way in elevating the students' learning experience as well.



Principal / Secretary to the Board

VI. Statement of Performance against Predetermined Objectives

Tigania East TVC has gained another milestone during the year under review 2021-2022 by preparing five year strategic plan. Going forward these documents will be very instrumental in assisting the college in accomplishing its strategic objectives.

VII. Corporate Governance Statement

The Board of Governors of Tigania East Technical and Vocational College have met Four (4) times over the course of the year for both general meetings and committee meetings with high attendance levels by the members. The roles of the board are oversight and management of the college activities. Members have been able to provide any and every assistance that has been asked of them by the Management team and are also able advice on policies and growth strategies for the betterment of the Institution.

In December 2021, members of the Board took part in an induction exercise organized by the Kenya Association of Technical Training Institutes (KATTI) where they were able to undergo proper training in areas of policy making, oversight roles and their expected contribution to the growth of the Institution. The induction was a success as it brought about a change in accountability measures especially where management of the institution's funds are concerned.

The board is also keen on enhancing the growth of the college and through meetings several strategies were passed which included marketing the college extensively via media sources as well as introducing various courses in the institution and enabling funding to buy equipment for these courses to be able to thrive and attract more students especially hospitality courses that are in demand from the myriad of inquiries that were recorded at the college. So far there have been no cases of conflict of interest or ethical misconduct as the board remains united in delivering its mandate of ensuring Tigania East Technical and Vocational College grows to be one of the leading Technical Institutions in the country.

VIII. Management Discussion and Analysis

During the Year under review the Tigania East Technical and Vocational College has been able to achieve the following operational and financial objectives.

- ✓ Installation of internet in the college so as to enhance increased student enrolment, to facilitate e-learning and Management Information System
- ✓ Installation of Admission and Finance MIS Module.
- ✓ Compliance with statutory requirements; Tigania East Technical and Vocational College has been up to date in its statutory submissions and payment obligations, namely, PAYE (Pay as you earn), employee defined contribution retirement scheme and medical scheme namely NSSF (National social security fund) and NHIF (National hospital insurance fund).

Major risks

Some of the major external risks which may impede the Technical in its quest towards a sustainable learning environment and operationalization include:

	Risk	Impact	Mitigation action
1.	Slow development	Insufficient funds, for infrastructural development like building of more a bigger tuition block to accommodate the anticipated increase in students' population	Liaison with Ministry to facilitate projects.
2.	COVID-19 Pandemic	The pandemic struck immediately after the college was opened 2020 March and this has affected learning and in effect resulted to low enrolment.	Employing Covid-19 mitigation technics and boosting marketing to increase the number of enrolment in the college.
3.	Poor payment of Fees from students	There is low collection of fees from students especially from those who have been promised full sponsorship from politicians who in return have not honoured their promises. Government capitation	Encouraging the parents/guardians to take responsibility and ensure that students have applied for HELB Loans

TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)

TIGANIA EAST TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

		is not also timely'	
4.	Insecurity	The Institution has been equipped with very expensive training equipment. However, besides having a security company manning the building, the compound is half fenced hence posing a major risks both in the institution farm and the building.	The institution has budgeted for fencing in the year 2022/2023 and also CCTV Camera installation to boost security

IX. Environmental and Sustainability Reporting Statement

Tigania East Technical exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a highlight of strategies and activities that promote the organisation's strategic objectives).

Sustainability strategy and profile

The institution is geared towards increasing enrolment and offering quality training to the trainers. In regard to this, the institution has employed different marketing strategies in order to ensure that even the neediest students can afford to pay for their tuition fees. The institution has encouraged students to take the most marketable courses that will enable them secure jobs in the market without much struggle and ones that can lead to self-employment

Environmental performance

During the period under review the institution with the assistance of NG_CDF has banked on tree planting around the compound.

The institution has also maintained good environmental practices by ensuring that wastes materials are properly disposed and the environment is clean all the time

Employee welfare

Tigania East Technical and Vocational College is a young TVET institution that has grown from scratch to a level of over 400 students currently. Due to this rising number of students, the number of employees continue to increase.

Being very a young institution were are trying to come up with various policies that will safe guard all the interested parties including the employees welfare that is stipulated in the draft Human Resource Manual awaiting approval by the Board of Governors.

Market place practices-

The institution has employed several marketing strategies in order to achieve its objectives. These include posters, brochures, and use of banners during TVETs fairs and exhibitions, games and Sports events. Lastly but not the least using constructive Networking by using individual outsiders as marketers in return for Marketing commission.

Corporate Social Responsibility / Community Engagements

The institution is in the process of engaging the community by giving free scholarship to needy students. They will undertake courses like fashion and design, artisan in agriculture / agri-business and so on. This arrangement will be done via the area Chief and any other person who can advertise for these openings for us.

TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
TIGANIA EAST TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE
2022

X. Report of the Board of Governors

The Board members submit their financial report together with the audited financial statements for the year ended 30th June 2022 which show the state of the *Tigania East Technical and Vocational College* affairs.

Principal activities

The principal activities of Tigania East Technical and Vocational College are providing world class technical and vocational education and training, for the people of Kenya

Results

The results of the Tigania East Technical and Vocational College for the year ended June 30 2022 are set out on page 1 to 38

Board of Governors

The members of the Board, who served during the year 2021/2022, are shown on page Vi to Viii. During the year none of the members retired/ resigned.

Auditors

The Auditor General is responsible for the statutory audit of the Tigania East Technical and Vocational College in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or Auditors General's Certified Public Accountants were nominated by the Auditor General to carry out the audit of the Tigania East Technical and Vocational College for the year/period ended June 30, 2022 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

XI. Statement of Board of Governors Responsibilities

Section 81 of the Public Finance Management Act, 2012 and (section 14 of the State Corporations Act, and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013 require the Board members to prepare financial statements in respect of the Tigania East Technical and Vocational College, which give a true and fair view of the state of affairs of the Tigania East Technical and Vocational College at the end of the Year ended 30th June 2022 and its operating results for that period. The Board members are also required to ensure that the Tigania East Technical and Vocational College keeps proper accounting records which disclose with reasonable accuracy the financial position of the Tigania East Technical and Vocational College. The Board members are also responsible for safeguarding the assets of the Tigania East Technical and Vocational College.

The Board members are responsible for the preparation and presentation of the Tigania East Technical and Vocational College's financial statements, which give a true and fair view of the state of affairs of the Tigania East Technical and Vocational College for and as at the end of the Year ended 30th June 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Tigania East Technical and Vocational College; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Tigania East Technical and Vocational College; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

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

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

**TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
TIGANIA EAST TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE
2022**

Approval of the financial statements

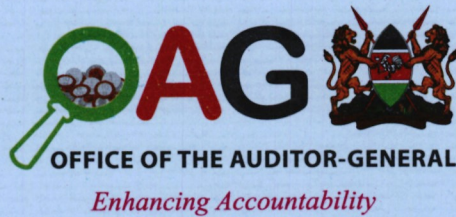
The *Tigania East TVC's* financial statements were approved by the Board on 11/5/2023
and signed on its behalf by:

.....
Name
Chairperson of the Board/Board

.....
Name *WICTOR K KAMUNDE*
Accounting Officer/Principal

REPUBLIC OF KENYA

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P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON TIGANIA EAST 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 overall 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 Tigania East Technical and Vocational College set out on pages 1 to 36, which comprise the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting

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

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

Basis for Qualified Opinion

1. Presentation of Financial Statements

A review of the financial statements revealed the following anomalies:

- i) The list of the Board of Directors does not include their dates of birth.
- ii) Statement of performance against pre-determined objects has only three (3) lines and not two (2) to three (3) pages as required by the reporting template.
- iii) Corporate governance statement has only two paragraphs and not two to three pages as required by reporting template.
- iv) Report of Board of Governors not signed by the Secretary to the Board.
- v) Report of Board of Governors contains information on Auditors which is incorrect.
- vi) Format of property, plant and equipment as disclosed in Note 19 to the financial statement does not conform with the template issued by the Public Sector Accounting Standards Board.
- vii) The statement of changes in net assets does not have prior year balances as required in the reporting template.
- viii) The cash flow statement does not have notes for reference.

In the circumstances, the presentation and disclosure of the financial statements do not comply with the prescribed format by Public Sector Accounting Standards Board (PSASB).

2. Unsupported Rendering of Services

The statement of financial performance reflects rendering of services - fees from students amounting to Kshs.4,651,680 as further disclosed in Note 9 to the financial statements. However, the amount differs with the student fees ledgers and statement of accounts

balances totalling to Kshs.4,232,737 resulting to unexplained and unreconciled variance of Kshs.418,943.

In the circumstance, the accuracy of rendering of services - fees from students amounting to Kshs.4,651,680 could not be confirmed.

3. Unsupported Security Expenditure

The statement of financial performance reflects use of goods and services amounting to Kshs.7,513,690. The amount includes security expenditure of Kshs.337,500 as disclosed in Note 11 to the financial statements. However, procurement documents such as tender advertisement, request for quotations, tender evaluation minutes, award and acceptance letters and service contract were not provided for audit review.

In the circumstance, the accuracy and propriety of security expenditure amounting to Kshs.337,500 could not be confirmed.

4. Current Receivables from Exchange Transactions

The statement of financial position reflects current receivables from exchange transactions amounting to Kshs.5,483,675 in respect of student debtors as disclosed in Note 17 to the financial statements. However, the ageing analysis was not provided and no provisions have been made for bad and doubtful debts.

In the circumstances, the accuracy and existence of the receivables from exchange transactions amounting to Kshs.5,483,675 could not be confirmed.

5. Inaccuracy of Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment amounting to Kshs.715,881 as further disclosed in Note 19 to the financial statements. Review of documents revealed that the College is in possession of land, buildings, furniture and fittings, ICT equipment and other training equipment. However, the amount does not include the value of the land, building, furniture and equipment. The cost and accumulated depreciation of the assets have also not been disclosed in Note 19 to the financial statements. Further, as previously reported, the land is not registered in the name of the College. Although Management has explained that the land is registered in the name of the Ministry of Cooperative Societies and that it was in the process of transferring the ownership, no evidence was provided to show the progress made so far.

In addition, the assets were not tagged for ease of identification and movement and the assets register was not updated.

In the circumstances, the accuracy, completeness and ownership of the property, plant and equipment amounting to Kshs.715,881 could not be confirmed.

6. Inaccurate Statement of Comparison of Budget and Actual Amounts

The statement of comparison of budget and actual amounts reflects total final receipts budget amounting to Kshs.16,145,000 which differ with the recomputed amount totaling to Kshs.17,468,148 resulting to unexplained variance of Kshs.1,323,148. Further, the

statement reflects total final expenditure budget amounting to Kshs.16,145,000 which differ with the computed amount of Kshs.16,428,000 resulting to unexplained variance of Kshs.283,000.

In the circumstances, the accuracy of the statement of comparison of budget and actual amounts could not be confirmed.

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

Key Audit Matters

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

Other Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget of Kshs.16,145,000 and actual receipts of Kshs.11,704,751 resulting to a shortfall of Kshs.4,440,249 or 27% of the budget. Similarly, the statement reflects an approved expenditure budget of Kshs.16,145,000 and actual expenditure of Kshs.10,771,387 resulting to a budget under expenditure of Kshs.5,373,613 or 33% of the budget.

The revenue shortfall and under expenditure affected the planned activities and may have impacted negatively on service delivery to the public.

2. Unresolved Prior Year Matters

There were issues raised in the audit report for 2020/2021 financial year. However, several issues remain unresolved contrary to Section 149(2)(l) of the Public Finance Management Act, 2012 which require Accounting Officers in respect of the entity concerned to try to resolve any issues resulting from an audit that remain outstanding.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing

else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Lack of an Approved Budget

Review of documents provided for review revealed that the College operated on a budgeted revenue and expenditure of Kshs.16,145,000. However, review of documents revealed that the budget was approved by the Board but not by the Cabinet Secretary. This is contrary to Section 22(2) of the Second Schedule of the Technical and Vocational Education and Training Act, 2013 which states that the Board of Governors may incur expenditure for the purpose of the institution in accordance with estimates approved by the Cabinet Secretary, and any approved expenditure under any head of the estimates may not be exceeded without the prior written approval of the Cabinet Secretary.

In the circumstances, the Management was in breach of the Technical and Vocational Education and Training Act, 2013

2. Unapproved Board of Governors Allowances

The statement of financial performance reflects board/ board expenses amounting to Kshs.405,000 in respect of directors emoluments as disclosed in Note 13 to the financial statements. However, the emoluments had not been approved. This is contrary to Section 17 of the Second Schedule of the Technical and Vocational Education and Training Act, 2013 which states that Members of a Board of Governors shall be paid in respect of their services such remuneration or allowances as the Board of Governors shall, with the approval of the Cabinet Secretary, determine.

In the circumstance, Management was in breach of the Technical and Vocational Education and Training Act, 2013.

3. Non-Gazettement of Board Members

Examination of the Corporate Governance of the College revealed that although its seven (7) Board of Governors had been issued with written appointment letters and appended their acceptance, the members had not been gazette in accordance with Chapter 1 of the Mwongozo Code of Governance for State Corporation which states that each board members shall be formally appointed to the Board through a Gazette Notice and thereafter an appointment letter.

In the circumstance, Management was in breach of the Mwongozo Code of Governance for State Corporation.

4. Non-compliance with Law on Ethnic Composition

Examination of the staff establishment of the College revealed that 81% of employees were from the dominant ethnic community. This is contrary to Section 7(2) of the National Cohesion and Integration Act, 2008 which states that no public establishment shall have more than one third of its staff from the same ethnic community.

In the circumstances, the Management was in breach of the National Cohesion and Integration Act, 2008.

5. Lack of Approved Human Resource Policy

Review of the human resource records revealed that the Management did not have an approved Human Resource Policy, salary structure and approved staff establishment to govern employee welfare and other staff benefits. This is contrary to Section B.2(1) of the Human Resource Policies and Procedures Manual for the Public Service of May, 2016 which states that every Ministry/State Department shall prepare Human Resource Plans to support achievement of goals and objectives in their strategic plans. The plans shall be based on comprehensive job analysis and shall be reviewed every year to address emerging issues and needs.

In the circumstances, Management was in breach of the Human Resource Policies and Procedures Manual for the Public Service of 2016.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the College's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the Management is aware of 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 control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in

which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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

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

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



CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

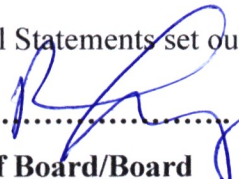
Nairobi

07 June, 2023

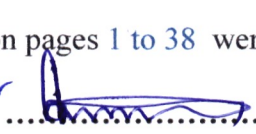
XIII. Statement of Financial Performance for the year ended 30 June 2022

	Notes	2021-2022	2020/2021
		Kshs	Kshs
Revenue from Non-Exchange transactions			
Capitation grant	6	3,675,000.00	-
Transfers From other National entities	7	1,323,148.00	-
Government Grant	8	2,000,000.00	-
		6,998,148.00	-
Revenue from Exchange Transactions			
Other incomes			
Rendering of services- fees from students	9	4,651,680.00	5,491,480.00
Sale of goods	10	54,923.00	-
		4,706,603.00	5,491,480.00
Total revenue		11,704,751.00	5,491,480.00
Expenses			
Use of goods and services	11	7,513,690.00	1,587,378.00
Employee Costs	12	2,564,643.00	332,814.00
Board/Board Expenses	13	405,000.00	111,000.00
Depreciation and Amortization expense	14	231,169.00	49,500.00
Repairs and Maintenance	15	56,885.00	525,560.00
Total expenses		10,771,387.00	2,606,252.00
Net Surplus for the year		<u>933,364.00</u>	<u>2,885,228.00</u>


The Financial Statements set out on pages 1 to 38 were signed by:



Chairman of Board/Board



Finance Officer
 ICPAK No Assoc/4024



Principal

Date 11-5-2023

Date 11-5-2023

Date 11/5/2023

TIGANIA EAST TECHNICAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2022

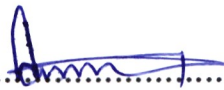
XIV. Statement of Financial Position as at 30th June 2022

	Notes	2020/2021	2020/2021
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	16	278,755.00	365,189.00
Receivables from exchange transactions	17	5,483,675.00	4,168,827.00
Receivables from exchange non- transactions	18	1,000,000.00	-
Total Current Assets		6,762,430	4,534,016.00
Non-current assets			
Property, plant and equipment	19	715,881.00	610,500.00
Total Non-current Assets		715,881.00	610,500.00
Total Assets		7,478,311.00	5,144,516.00
Current liabilities			
Trade and other payables from exchange transactions	20	3,659,719.00	2,259,288.00
Net Assets		<u>3,818,592.00</u>	<u>2,885,228.00</u>
Total liabilities			
Capital and Reserves			
Accumulated surplus		3,818,592.00	2,885,228.00
Total Capital and Reserves		3,818,592	2,885,228.00
Total Liabilities and Capital & Reserves		<u>3,818,592</u>	<u>2,885,228.00</u>

The Financial Statements set out on pages 1 to 38 were signed by:



 Chairman of
 Board/Board



 Finance Officer



 Principal

ICPAK No Assoc/4024

Date 11-5-2023

Date 11-5-2023

Date 11/5/2023

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

	Retained earnings
Balance b/f as at July 1,2021	2,885,228
Total comprehensive income	933,364
Surplus /Deficit	3,818,592

TIGANIA EAST TECHNICAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2022

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

Description	2021-2022	2020-2021
	Kshs	Kshs
Cash flows from operating activities		
Receipts		-
Transfer from the Government- Capitation	3,675,000.00	-
Transfer from the Government- Grants	1,000,000.00	
Sale Of Goods and Computer packages	54,923.00	-
Rendering of Services- fees from students	4,116,390.00	1,362,603.00
Total Receipts	8,846,313.00	1,362,603.00
Payments		
Meetings And Seminars	838,470.00	
Exam Fees	790,880.00	
Bog Allowances	295,000.00	111,000.00
Housekeeping	18,990.00	69,650.00
Farming	59,680.00	-
Catering	328,740.00	-
Internet	148,576.00	
General Administration	578,063.00	491,900.00
Repairs	56,885.00	
Telephone And Postage	99,000.00	
Advertising and Publicity	283,175.00	
Bank Charges	32,683.00	
Strategic Plan	190,925.00	
Local Transport and Travel Expenses	527,300.00	
Salaries and Wages	2,279,460.00	324,864.00

TIGANIA EAST TECHNICAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2022

Training -Civil Engineering Department	346,924.00	
Electricity and water consumption	51,901.00	
Payment To Suppliers	639,200.00	
ICT and consumables	126,200.00	
Stationery And Photocopies	259,910.00	
Training Cosmetology	6,532.00	
Training -Electrical Department	126,724.00	
Beautification Of College	1,600.00	
Training- Mechanical Department	66,474.00	
Games And Sports Equipment	364,200.00	
Security	75,000.00	
Innovations And Robotics	256,255.00	
ERP Systems	20,000.00	
HR Policy	30,000.00	
Total Payments	8,898,747.00	997,414.00
Net Cash Flows From Operating Activities	(52,434.00)	365,189.00
Cash flows from investing activities		
Purchase of property, plant, equipment and	(34,000.00)	-
Net cash flows used in investing activities	(34,000.00)	-
Cash flows from financing activities		
Proceeds From Borrowing	-	-
Repayment Of Borrowings	-	-
Deposits receipts	-	-
Net cash flows used in financing activities	-	-
Net Increase/(Decrease) in Cash and Cash equivalents	(86,434.00)	365,189.00
Cash and Cash equivalents at 1 JULY 2021	365,189.00	-
Cash and Cash equivalents at 30 JUNE 2022	278,755.00	365,189.00

TIGANIA EAST TECHNICAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2022

(The notes set out on pages 8 to 38 form an integral part of the Annual Financial Statements).

The Financial Statements set out on pages 1 to 38 were signed by:


.....
Chairman of Council/Board

Date 11/5/2023


.....
Finance Officer

ICPAK No ASSOC/4024

Date 11-5-2023


.....
Principal

Date 11/5/2023

TIGANIA EAST TECHNICAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2022

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization Difference
	2021-2022	2021 - 2022	2021-2022	2021-2022	2021-2022	2021-2022
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	%
Rendering of services- fees from students	14,105,000	-	14,105,000	8326680	-5778320	-40%
Sale of goods	40,000	-	40,000	36000	-4000	-10%
Other income	-	-	-	18,923	-	100%
Government Grant	2,000,000	-	2,000,000	2000000	-	-
Funds from Mentor	-	-	1,323,148.0	1,323,148	-	100%
Total Income	16145000	-	16145000	11,704,751.00	4,095,249	-25%
Expenses						
Compensation of employees	2,071,200	-	2,071,200	2,564,643	493,443.	-23%
Repairs and Maintenance	283,000		283,000	56,885	226,115	79%
Depreciation	-		-	231,169	232,606	100%
Use of goods and services	13,230,800	-	13,513,800	7,513,690.00	7072968	52%
Remuneration of Board Members	560,000	-	560,000	405,000	64,915	43%
Total Expenditure	16145000	-	16145000	10,771,387,00	6,434,525	33.3 %
Surplus For the Period	-	-	-	933,364.00		

Staff salaries were above the budget since the institution recruited more trainer to cope with the increased number of courses and students

XVIII. Notes to the Financial Statements

1. General Information

Tigania East Technical and Vocational College is established by and derives its authority and accountability from TVETA Act 2013. Tigania East Technical and Vocational College is wholly owned by the Government of Kenya and is domiciled in Kenya. Tigania East Technical and Vocational College's principal activity is to offer technical and vocational education and training.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis. 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 institution accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 6 to 24

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

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

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

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

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

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

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Tigania East TVC’s future cash flows.</p> <p>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 Tigania East TVC’s risk

TIGANIA EAST TECHNICAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2022

Standard	Effective date and impact:
	management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess: <ul style="list-style-type: none"> (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 financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	Applicable: 1st January 2023: <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. 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	Applicable 1st January 2023 <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA

TIGANIA EAST TECHNICAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2022

Standard	Effective date and impact:
	<p>2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity, The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

iii. Early adoption of standards

(The Tigania East TVC) did not early-adopt any new or amended standards in year 2022.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Tigania East TVC 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 Tigania East TVC 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 Tigania East TVC.

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 right to receive payments is established.

iii) 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 Board or Board on *21st May 2021*. *NO* Subsequent revisions or additional appropriations were made to the approved budget,

Tigania East TVC'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 *XVII* of these financial statements.

c) Taxes

Current income tax

Tigania East Technical and Vocational College deducts and withholds taxes arising from payment to its employees.

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 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 Tigania East TVC 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 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

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 class of financial assets is impaired. A financial asset or a class 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 a class of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

Notes to the Financial Statements (Continued)

i) Financial instruments (Continued)

Impairment of financial assets (Continued)

- The debtors 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. Tigania East TVC 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.

j) 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

4 Summary of Significant Accounting Policies (Continued)

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

k) 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.

4 Summary of Significant Accounting Policies (Continued)

l) Nature and purpose of reserves

The entity creates and maintains reserves in terms of specific requirements. (*Tigania East TVC to state the reserves maintained and appropriate policies adopted*).

m) Changes in accounting policies and estimates

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

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

Tigania East TVC 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 Tigania East TVC, or vice versa. Members of key management are regarded as related parties and comprise the directors, the Principal and senior managers.

q) Service concession arrangements

Tigania East TVC 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, Tigania East TVC 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, Tigania East TVC 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, 2022.

Notes to the Financial Statements (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of Tigania East TVC'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. Tigania East TVC 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 Tigania East TVC. 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.

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.

TIGANIA EAST TECHNICAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2022

Notes to the Financial Statements (Continued)

6. Transfers from other National Government entities

Description	2021-2022	2020-2021
	Kshs	Kshs
Capitation Grants		
Quarter 1	1,095,000.00	-
quarter 2	1,095,000.00	-
Quarter 3	1,485,000.00	-
Total Revenue from Exchange of Transactions	3,675,000.00	-

7. Transfers from other Government entities (Categorized)

Name Of The Entity Sending The Grant	Amount recognized to Statement of Comprehensive Income	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	2021-2022	2020-2021
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
MERU NATIONAL POLYTECHNIC (MENTOR)	1,323,148.00	-	-		1,323,148.00	-
Total	1,323,148.00	-	-	-	1,323,148.00	-

8. Government Grants

Description	2021-2022	2020-2021
	Kshs	Kshs
Capitation Grants		
Government Grant	2,000,000.00	-
Total Government Grants and Subsidies	2,000,000.00	-

9. Revenue from Exchange of Transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
School Equipment and Stores	-	2,820,000.00
Activity fees	402,000.00	282,000.00
Industrial attachment fees	301,500.00	211,500.00
Personal Emolument (PE)	1,631,300.00	1,143,980.00
Electricity Water and Consumption (EWC)	482,400.00	338,400.00
Local Transport and Travel (LT &T)	321,600.00	225,600.00
Registration fees	80,000.00	47,000.00
Repairs ,Maintenance and Improvements	402,000.00	282,000.00
Registration with KUCCPS	240,000.00	141,000.00
Examination fees	790,880.00	-
Total revenue from the rendering of services	4,651,680.00	5,491,480.00

10. Sale of goods

Description	2021-2022	2020-2021
	Kshs	Kshs
Sale of Farm Produce	36,000.00	-
Computer packages	12,000.00	-
Other - sale of empty boxes that had wrapped machines	6,923.00	-
Total Revenue from Sale of Goods	54,923.00	-

TIGANIA EAST TECHNICAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2022

11. Use Of Goods And Services

Description	2021-2022	2020-2021
	Kshs	Kshs
<u>Teaching and Learning materials</u>	-	732,617.00
Civil Engineering department	346,924.00	-
Cosmetology (Business department)	94,635.00	-
Electrical Department	405,084.00	-
Mechanical Engineering Department	95,140.00	-
Beautification of College	44,500.00	-
Games and Sports	364,200.00	-
Electricity	140,031.00	29,900.00
Subscriptions	-	184,450.00
Advertising and Publicity	412,575.00	96,200.00
Catering, Conference and delegations	340,590.00	35,715.00
Travelling and Accommodation	527,300.00	122,900.00
Postage	-	350.00
Printing and Stationery	359,080.00	256,205.00
ERP System	500,000.00	
Innovations and Robotics	256,255.00	-
Hire Charges	-	2,500.00
Telephone Expenses	99,000.00	18,600.00
Internet expenses	148,576.00	65,123.00
First Aid Kits	-	3,200.00
Other administrative costs	701,030.00	36,865.00
Bank charges	32,768.00	2,753.00
Strategic plan	190,925.00	-
ICT	126,200.00	-
Human Resources policy	69,600.00	
Security	337,500.00	
Farming	59,680.00	-
Housekeeping	18,990.00	-
Examination fees	790,880.00	-
Meetings and Seminars (KATTI and Other Trainings)	941,270.00	-
Audit	110,957.00	

TIGANIA EAST TECHNICAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2022

Total good and services	7,513,690.00	1,587,378.00
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12. Employee Costs

Description	2021-2022	2020-2021
	Kshs	Kshs
Salaries and wages	2,564,643.00	318,564.00
Employee related costs - contributions to pensions and medical aids	-	14,250.00
Employee Costs	2,564,643.00	332,814.00

13. Board/Board Expenses

Description	2021-2022	2020-2021
	Kshs	Kshs
Directors Emoluments	405,000.00	111,000.00
Total	405,000.00	111,000.00

14. Depreciation and Amortization expense

Description	2021-2022	2020-2021
	Kshs	Kshs
Property, plant and equipment	231,169.00	45,900.00
Intangible assets	N/A	N/A
Investment property carried at cost	N/A	N/A
Total depreciation and amortization	231,169.00	45,900.00

15. Repairs and Maintenance

Description	2021-2022	2020-2021
	Kshs	Kshs
Equipment and machinery	56,885.00	519,790.00
Furniture and fittings	-	5,790.00
Computers and accessories	-	-
Total Repairs and Maintenance	56,885.00	525,580.00

16. Cash and Cash Equivalent

		2021-2022	2020-2021
Financial Institution	Account number	Kshs	Kshs
Equity Bank, operations account		272,143.00	362,025

TIGANIA EAST TECHNICAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2022

Cash in Hand		6,612.00	3164.00
Sub- Total		278,755.00	365189

17. Receivables from Exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Student Debtors	5,483,675.00	4,168,827.00
Total	5,483,675.00	4,168,827.00

18. Receivables from Non-Exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Receivables		
Capitation Grants*	1,000,000.00	-
Total Current Receivables	1,000,000.00	-

19. Property, Plant and Equipment

	Computers	Plant and equipment	Total
Cost	Shs	Shs	Shs
NBV As at 1st July 2021	610,500.00	-	610500
Additions during the period ended 30th June 2021	34,000.00	302,550.00	336550
Total Assets during the period ended 30th June 2022	644,500.00	302,550.00	947,050
Depreciation and impairment			
Depreciation charge during the year ended 30th June 2022	193,350.00	37,819.00	231,169
NBV As at 30th June 2022	451,150.00	264,731.25	715,881

20. Trade and Other Payables from Exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Receivables		

TIGANIA EAST TECHNICAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2022

Fees paid in advance	681,050.00	500.00
Exam fees paid in Advance	40,270.00	39,430.00
NHIF		4,150.00
PAYE		200.00
NSSF		3,600.00
Bee Evans		51,550.00
Famous Steel Stores Limited		338,790.00
Cliftec Supplies		85,990.00
Nambi Electrical and Construction Company		389,100.00
Romel General Merchants		36,200.00
Lan Furnitures		79,400.00
Mauta Hardware		37,850.00
Bruney Stationers		42,930.00
Chez Comfort Hotel		19,590.00
Stewan Computers		660,000.00
Salaries and wages	285,183.00	-
Florence Kajuju	3,660.00	-
Premium Tools and Equipment	-	123,898.00
1st Step Generation Company	8,190.00	
Flopa Media Services	100,000.00	
One Press design	29,400.00	
Mike Electricals and Electronics	88,130.00	
Gichimbo Enterprises Ltd	99,170.00	
Thani Tech	282,153.00	
Morrynet Digital Supplies	312,510.00	36,260.00
World systems Engineering Works	74,350.00	
Ramuljulma Agencies	42,900.00	
Rightfix Engineering works	28,666.00	
Ideal Securities Ltd	262,500.00	
Office of the Auditor general	110,957.00	
Dontech Ltd	160,000.00	
Meetings and Seminar Expenses	102,800.00	
Board of Governor allowances	110,000.00	
Prime Staff Consult	39,600.00	
Optmum Computer systems	480,000.00	
Grey Ladder	206,230.00	209,850.00
KATTI MT. Kenya region	40,000.00	40,000.00
KUCCPS	12,000.00	
kATTI National Office	60,000.00	60,000.00
Total Trade payables	<u>3,659,719.00</u>	<u>2,259,288.00</u>

21. FINANCIAL RISK MANAGEMENT

(i) Market risk

The Tigania East Technical and Vocational College has put in place an internal audit function (out sourced) to assist it in assessing the risk faced by the Tigania East Technical and Vocational College on an on-going basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

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

The Tigania East Technical and Vocational College Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those policies.

There has been no change to the Tigania East Technical and Vocational College exposure to market risks or the manner in which it manages and measures the risk.

(ii) Capital Risk Management

The objective of the Tigania East Technical and Vocational College capital risk management is to safeguard the Tigania East Technical and Vocational College ability to continue as a going concern. The Tigania East Technical and Vocational College capital structure of the institution comprises of the following funds:

Description	2020/2021
	Kshs
Capital reserve	3,818,592.00
Total funds	3,818,592.00
Total borrowings	3,659,719.00
Less: cash and bank balances	(278,755.00)
Net debt/(excess cash and cash equivalents)	3,380,964.00

22. Related Party Balances

Nature of related party relationships

TIGANIA EAST TECHNICAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2022

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

Government of Kenya

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

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

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

Description	2021-2022	2020-2021
	Kshs	Kshs
Transactions with Related Parties		
a) Purchases from related parties		
Purchases of electricity from KPLC	48,301.00	29,900.00
Total	48,301.00	29,900.00
b) Grants /Transfers from the Government		
Grants from National Government	1000,000.00	-
Total	1000,000.00	
c) Expenses incurred on behalf of related parties		
Payments of Salaries and Wages for Employees	2,564,643.00	332,814
Total	2,564,643.00	332,814
d) Key Management Compensation		
Board of Governors Remuneration	405,000.00	111,000
Total	405,000.00	111,000

23. Events After The Reporting Period

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

24. Currency

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

TIGANIA EAST TECHNICAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2022

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	<p><u>Understated Property, Plant and Equipment</u></p> <p>The understatement of financial position and as disclosed in note 14 to the financial statements reflects an amount of Ksh. 610,000 under property plant and equipment. However, the College owns buildings on land which is registered in the name of the Ministry of Cooperative Societies. Further, the furniture and technical training equipment have been omitted in the financial statements,</p> <p>In the circumstances, the accuracy and validity of property, plant and equipment totalling to Ksh. 610, 000 could not be confirmed</p>	<p>We are in the process of engaging a Valuer so as to come up with the correct and comprehensive value of all assets owned by Tigania East Technical and Vocational College. Financial constraints are also a limiting factor. However, valuation will be done in the financial year, 2021/2022.</p>	Not resolved	2 years
2.	<p><u>Unsupported Revenue from Exchange transactions</u></p> <p>The statement of financial performance and the disclosed in note 6 to the financial statement reflects an amount of Kshl 5,391,480 I respect to rendering of services fees from students. However, although the amounts were traced to the cashbook and bank statements, students fees ledgers and statement of account with details of the fees invoiced</p>	Fees register updated	resolved	immediately

TIGANIA EAST TECHNICAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2022

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>toe the students, payments to date and any outstanding tuition fees receivable by the names of the students course taken, academic year and admission numbers were not provided.</p> <p>In the circumstance the accuracy and validity of the revenue totalling to Ksh. 5,491,480 could not be confirmed.</p>			
REPORT OF LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES				
1.	<p>Non-compliance with public Sector Accounting Standards Board Requirements</p> <p>(i) The statement of financial statements of financial performance states that the notes are set out from pages 6 to 20, instead of page 6 to 22</p> <p>(ii) The statement comparison of budget and actual amounts omitted the column for performance difference amount as required of IPSAS Board reporting template</p> <p>In this contrary to the format prescribed by the Public Sector Accounting Standard Board in accordance with section 194(1) (d) of the Public Finance Management Act 2012.</p> <p>In the circumstances, the annual report and the financial statement prepared and prescribed for audit were not as per PSASB template.</p>	<p>We have noted this and we shall improve in our future reports</p>	Resolved	2022/2023
2	<p>Non Gazettement of Board Members</p> <p>Examination of Corporate governance of the College revealed that</p>	<p>According to The Technical and Vocational Education and Training Act, 2013, No.</p>	Not resolved	

TIGANIA EAST TECHNICAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2022

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>although the seven (7) Board of Governors had been issued with written appointment letters and appended their acceptance, the members had not been gazetted in accordance with chapter one (1) of the State Corporation Mwongozo</p> <p>In the circumstance, Management was in Breach of the Law</p>	<p>29 of 2013, the appointment of Board of Governors appears in section 28 and second schedule (28. (1) The Cabinet Secretary shall, in consultation with Organs of the Board, establish the following principal organs to governance. govern the respective public institutions registered under this Act, -</p> <p>(a) Boards of Governors for vocational training centers;</p> <p>(b) Boards of Governors for technical and vocational colleges;</p> <p>(c) Councils for National Polytechnics; and 854 No. 29 Technical and Vocational Education and Training 2013</p> <p>(d) Councils for teacher trainer college.</p> <p>(2) The institutions may establish such other organs</p>		

TIGANIA EAST TECHNICAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2022

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>as may be approved by the Board for the better management and governance.</p> <p>(3) The membership of the organs' set out under subsection (1) and governance procedures shall be as set out in Second Schedule.)</p> <p>The Act and the Second Schedule of the Act does not talk of Gazettement as it is stated in chapter 1 of the code of conduct. Where the regulation and law contradict, the law takes</p>		
3.	<p><u>Non- Compliance with the Law on Ethnic Composition</u></p> <p>Examination of the staff establishment of the College revealed that 81 % of employees were from one ethnic group contrary to Section 7(2) of the National Cohesion and integration Act. 2008 and states that no public establishment shall have more that One third of its staff from the same ethnic community</p> <p>In the circumstances the Management was I breach of Law</p>	<p>The government through the Ministry of Education recruit trainers for the college. However, in the event that the few trainers posted to the institution are not enough, we recruit them together with other workers of the institution. During</p>	Not resolved	

TIGANIA EAST TECHNICAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2022

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>recruitment, we widely advertise, people apply and interviews conducted. Despite the fact that we get applicants from various ethnic groups, those from far do not take up the jobs owing to the little salaries we are able to pay. This leaves us with no option other than engaging the people within the college location who take up the jobs as they wait to get other well-paying jobs since they are still not satisfied with what we are able to pay. Since the college is in Meru, majority of the workers end up being from the Ameru ethnic group. It is not in our interest to fail to have ethnic diversity.</p>		

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

**TIGANIA EAST TECHNICAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2022**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	<p><u>Lack of Risk Management Policy</u></p> <p>Review of the College's internal controls revealed that the College did not have approved risk management policy further the management did not provide for audit evidence of whether the College has documented identified and assessed risks and controls developed to respond to the risk identified contrary to Section 165 of the Public Finance Management (National Government Regulations, 2015, which stipulates that the Accounting Officer shall ensure that the National Government entity develops risks management strategies, which include fraud prevention Mechanism and system of risk management and internal control that builds robust business operations.</p> <p>In the circumstance it is not possible to determine the existence and effectiveness of controls implemented in to control risks.</p>	<p>Tigania East Technical and Vocational College is a new institution without many of policies and structures which the management is trying to put in place in consultation with the ministry, mentor institution and peer institutions in order to be in compliance with the law. We are learning and in future, we will have time to keep our house in order as far as law and other regulations are concerned.</p>	Not resolved	
2.	<p><u>Lack of Approved Human Resource Policies</u></p> <p>Review of human resource records revealed that the Management did not have an approved Human Resource Policy, Salary Structure and approved staff establishment to govern employee welfare and other staff benefits contrary to Section 165 Sub- section (1) b of Public finance Management (National Government) Regulations 2015 which states that the Accounting Officer shall ensure that the National Government entity develops a system of risk management and internal control that builds robust business operations</p>	<p>We have a Human Resource Policy which is in draft form awaiting approval by the Board of Governors</p>	Not Solved	

TIGANIA EAST TECHNICAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2022

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	In the circumstances, Management may not effectively utilize human resources			

TIGANIA EAST TECHNICAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2022

XX. Appendices

LIST OF SUPPLIERS INVOICES FROM 2020/2021 FINANCIAL REPORT THAT WERE FORWARDED AND PAID BY MENTOR (MERU NATIONAL POLYTECHNIC) DURING THE FINANCIAL PERIOD ENDED 30TH JUNE 2022

S/N	NAME OF SUPPLIER	INVOICE DATE	INVOICE NUMBER	AMOUNT	BANK NAME	ACCOUNT NUMBER
1	CLIFTECH SUPPLIES	25/04/21	419	10500	KCB	1264882505
		12/05/21	421	45,090.00		
		29/04/21	420	4,900.00		
		07/06/21	423	25,500.00		
		TOTAL				
2	NAMBI ELECTRICALS	23/3/2021	137	100,300.00	EQUITY	1040297907575
		23/3/2021	138	201,100.00,		
		TOTAL				
3	ROMEL GENERAL MERCHANTS	03/05/21	1111	24,450.00	EQUITY	01192665575000
		03/05/21	214	11,750.00		
		TOTAL				
4	MORRYNET DIGITAL SUPPLIERS	03/05/21	005 &006	36,260.00	COOPERATIVE BANK OF KENYA	01192665575000
5	PREMIUM TOOLS AND EQUIPMENTS K LIMITED	12/06/21	PTE07484	123,898.00	FAMILY BANK	048000008071

TIGANIA EAST TECHNICAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2022

6	STEWAN COMPUTER GARAGE LTD	01/02/21	1904	660,000.00	EQUITY	0260292303657
		21/04/21	73	7,300.00		
7	LAN FURNITURES	16/06/21	90	72,100.00	FAMILY BANK	A/C NAME LAN MUGAMBI A/C NO.063000024162
		TOTAL		79,400.00		
GRAND TOTAL				1,323,148		

1. The figure above Ksh 1, 323, 148 (one million, three hundred twenty three thousand, one hundred forty eight only) is included in the closing balances for the 2020/2021 financial report (payables). We want to bring to the attention of the Auditor that this amount (sh. 1,323,148) was paid by the Mentor (Meru National Polytechnic) in the period under review (2021/2022 financial report). Therefore, we have treated it as part of the grants that we have received in note 7 (Transfers from other Government entities (Categorized)). The Ksh. 1,323,148 has not featured in our cash flow since we only forwarded invoices to the Meru National Polytechnic and Payment was Made to the suppliers.