

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*

**REPORT**

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**OF**

**THE AUDITOR-GENERAL**

**ON**

**MACHAKOS TOWN TECHNICAL AND  
VOCATIONAL COLLEGE**

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

OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
**MACHAKOS HUB.**

07 MAY 2025

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**MACHAKOS TOWN TECHNICAL AND VOCATIONAL COLLEGE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE 2024**

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

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

**A. Acronyms**

BETA	Bottom-Up Transformation Agenda
BOG	Board of Governors
CDACC	Curriculum Development Assessment and Certification Council
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
MTTVC	Machakos Town Technical and Vocational College
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
SDVTT	State Department for Vocational and Technical Training.
TTI	Technical Training Institute
TVET	Technical Vocational Education and Training

**B. Definition of Key Terms**

<b>Comparative Year</b>	Means the prior period.
<b>Entity</b>	something existing with clear identity and separate form others. For the purpose of this financial statements, it refers to Machakos Town TVC
<b>Fiduciary Management</b>	Key management personnel who have financial responsibility in the entity
<b>Key management</b>	Personnel who hold fundamental positions of decision making in the entity.

**2. Key Entity Information and Management**

**(a) Background information**

Machakos Town Technical and Vocational College is a public tertiary institution established in November 2023 under the TVET Act, 2013 under the Ministry of Education, State Department of Vocational and Technical Training. The College currently sits on a 1.19Ha parcel of land sold by the local community. The Institute is located approximately 35 km from Machakos Town. It is located in Kalama Sub-County, Machakos County near Kiatuni/Kyangala market shopping centres.

Machakos Town technical and Vocational College is one of the key drivers of the Kenyan Government Bottom-Up Transformation Agenda (BETA) of development as it provides skilled workforce needed for driving of economic growth and national development. The College offers Business and Technical related courses. The College is instrumental in setting up and fast-tracking business and technical training strategies through observance of high standards of integrity, competence and transparency whilst implementing the provisions of her mandate. One of the most important features of the institute is its orientation towards the world of work and the acquisition of relevant competency-based skills. Therefore, MTTVC delivery systems are well placed to trap and train skilled and entrepreneurial workforce that Kenya needs to create wealth and attain Vision 2030.

The College offers registered courses under TVET-CDACC curriculum. The college currently has currently seven (7) academic departments: Electrical and Electronics Engineering, Mechanical & Automotive Engineering, Building & Civil Engineering, Agriculture and Environmental Studies, Computing and Informatics, Hospitality and tourism, Fashion Design and Cosmetology. The institute has seven (7) service departments. The institute currently has a staff establishment of ten (10) PSC trainers, Five (5) BOG trainers, five (5) Non training staff and a student enrolment of three hundred and seventy-three (373).

**(b) Principal Activities**

The principal activity of the institution is in its vision, mission, motto and core values.

**VISION**

To be a global Leader in provision of technical skills, Research and Innovation.

**MISSION**

To provide quality Education and Training program for self-reliance, industry market for sustainable development.

**MOTTO**

Excel in Skills and Technology

**CORE VALUES**

- Quality Training
- Creativity and Innovation
- Integrity
- Transparency and Accountability
- Ethical practices
- Team work

- Fairness and Equity
- Respect for Rule of Law

**(c) Key Management**

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

- Board of Governors
- Principal/ BoG Secretary
- Accounting officer
- Deputy Principal
- Dean of Students
- Procurement officer

**(d) Fiduciary Management**

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

No.	Designation	Name
1.	Chairman of the BOG	Prof. Joseph M. Mwinzi
2.	Principal	Dr. Timothy Kilonzo, PhD
3.	Deputy Principal Administration	Mr. Robert Muthomi
4.	Finance Officer	Mr. Sylvester Mwangangi
5.	Dean of students	Mr. Samuel Mutuku
6.	Head of Procurement	Mr. Kelvin Kyalo

**Key Entity Information and Management (Continued)**

**(e) Fiduciary Oversight Arrangements**

**1. The BOG Audit and risk Committee Activities**

The Committee shall exercise all the powers of Board of Governors for Machakos Town TVC on Risk and Audit matters. The committee shall review the process but which the Institution's significant risks are identified and ensure that the board is fully informed on the risks.

It shall also monitor the overall risk management framework, the financial reporting processes, the compliance levels and the overall performance of the Institution.

**Terms of Reference**

The Committee responsibilities shall include:

- a. Review and provide oversight on governance initiatives established by the BOG and maintained by the organization.
- b. Review and provide oversight on the establishment, implementation, maintenance, and of risk assessment, risk management, and risk reporting practices.

- c. Review and provide oversight on the organization's internal control framework. Keep informed on all significant matters arising from work performed by any governance, risk, and control assurance providers.
- d. Approve and periodically review the organizational audit policy. Review and approve an internal audit plan. The audit plan should be risk-based and supported by appropriate risk assessments.
- e. The audit committee shall review regular reports on implementation status of approved management action plans resulting from prior internal audit recommendations.
- f. The audit committee shall review and provide advice to the BOG on the key financial management and performance reports and disclosures issued to the public.

**Government Oversight Activities**

The Government of Kenya's oversight role include provision of Grants for both Operations and Development as well as provision of the regulatory framework.

The audit of the Instructional activities is undertaken by the Office of the Auditor General

## **2. The BOG Finance and Infrastructure development committee**

The Committee shall exercise all the powers of Board of Governors in financial matters except in relation to the items which are reserved to Board of Governors in these Standing Orders, on which the Committee shall advise Board of Governors.

### **Terms of Reference**

The role of the Committee shall be to monitor the financial status of the Institute on behalf of Board of Governors. In addition to advising Board of Governors on those matters referred to above, the Committee's responsibilities shall include:

- a) To monitor and facilitate the implementation of the Institute's strategy with regard to financial matters.
- b) To receive reports from the Principal and the Finance Officer.
- c) To monitor implementation of the strategy for the Institute estate.
- d) To receive reports of the extent and condition of the Institute estate including the efficiency of space utilisation, the consumption of energy and the adequacy of property insurance arrangements.
- e) To consider the adequacy of the Institute estate and proposals for its maintenance and development, including opportunities to dispose of and acquire new properties.
- f) To determine the fees and charges made for Institute services and facilities.
- g) To supervise the financial administration of the Institute and make recommendations to Board of Governors where appropriate.
- h) To supervise the arrangements for safeguarding the Institute's assets.
- i) To ensure the proper financial evaluation and control of projects.
- j) To supervise the arrangements for investing the Institute's funds, including monitoring the performance of investments.
- k) To ensure the appropriate exploitation of the Institute's intellectual property.
- l) To make recommendations to Board of Governors on the financing of projects.
- m) To supervise the effective and efficient procurement and use of resources in accordance with the objectives of the Institute.
- n) To supervise the Institute's purchasing procedures and practices.
- o) To submit an annual statement on its activities to Board of Governors.
- p) To keep under review, the activities of the Institute's various departments

## **3. Academic and research Committee Activities**

The Committee shall exercise all the powers of BOG for Machakos Town TVC on Academic affairs, Research activities and Human Resource Management functions.

The Committee's responsibility shall include but not limited to the following:

- a. To satisfy itself regarding the content and academic standard of any course of study in respect of any diploma, certificate or other award and to report its findings thereon to the Board.

- b. To propose regulation for consideration by the Board regarding the eligibility of persons for admission to a course of study,
- c. To propose regulations for consideration by the Board regarding the standard of proficiency to be gained in each examination for a Diploma, certificate or other award.
- d. To approve programmes of study, regulate admission of persons to Machakos Town TVC and determine their continuation or discontinuation in such programmes.
- e. To determine the Academic policy of Machakos Town Tvc and to advise the Board on the provision of facilities to carry out that policy,
- f. To direct and regulate the training and instruction within the Institute subject to the powers of the Board.

#### **4. Senior Management Function Activities**

Advise the principal on strategic and management issues in relation to institution policies and academic matters as well as other leadership issues.

The main purpose of the Senior Management Team is to:

- 1) Advise the Principal on strategic and management issues relating to Institutional Policies and Academic matters on the leadership issues.
- 2) Ensure that Machakos Town TVC's Board of Governors is able to take strategic decisions relating to Machakos Town TVC's activities
- 3) Provide leadership in communicating Machakos Town TVC's mission, values, plans and achievements effectively and consistently to Board of Governors Members, staff, Government, the voluntary and community sector, the general public and other stakeholders;
- 4) Be accountable for the development and implementation of Machakos Town TVC's strategic, (corporate and business) plans curriculum implementation in line with the mission and values.
- 5) Take a strategic overview of performance in all areas of Machakos Town TVC's activities.

#### **(f) Entity Headquarters**

Machakos Town Technical and Vocational College  
P.O. Box 3544-90100  
MACHAKOS, KENYA

#### **(g) Entity Contacts**

Telephone: +254 113 814 680 OR 0784 604 682  
E-mail: [machakostowntvc@gmail.com](mailto:machakostowntvc@gmail.com)  
Website: [www.machakostowntvc.ac.ke](http://www.machakostowntvc.ac.ke)




#### **(h) Entity Bankers**

Kenya Commercial Bank  
Machakos Branch  
Kenya

- (i) **Independent Auditors**  
Auditor-General  
Office of Auditor General  
Anniversary Towers, Institute Way  
P.O. Box 30084  
GPO 00100  
Nairobi, Kenya
- (j) **Principal Legal Adviser**  
The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya

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**3.The Board of Governors**

Governor/ Member	Title	Photograph	Date of Birth, Key Qualifications and Work Experience	
			Responsibility	Date of Birth & Qualifications, Experience
1. Prof. Joseph Mwinzi	Chairman		Overall Management of the Board Activities.	<p><b><u>Key Qualifications</u></b>  <b>Professor Mwinzi</b>                      Holds PhD in Philosophy of Edu. University of South Africa).                      Masters Edu. Kenyatta University and a PGDE, KU, BA Philosophy of Edu. (Arbaniana University  <b><u>Work experience-27 years</u></b>                      Taught in Secondary schools from 2008-2011, Senior Lecturer, UoN,(from 2018 to date) Supervising students at Masters and Doctoral students of Philosophy of Edu.</p>
2. Joshua Munywoki Kalola	Chief Principal /Secretary B.O.G		Overall in Charge of Institute Affairs	<p>Date of Birth 03/03/1966  <b><u>Qualifications</u></b>                      Masters [Project &amp; Construction Management] BSc [Civil Engineering]  <b><u>Work experience 30yrs</u></b>                      Has served earlier as a Principal in National Institutions 6yrs, Deputy Principal 8yrs, Technical trainer 16yrs as HOD, Deputy Registrar, Exams officer.</p>
3. Mr. Mohammed Abdi	Member		Chair of The Audit and Risk Committee	<p><b><u>Date of Birth</u></b>  <b><u>Key Qualifications</u></b>  <b>Masters of Business Administration (MBA) HRM</b> University of Nairobi, 2014 To Date  <b>Bachelor (Arts Hons, Moi University, 1998 to 1991</b>  <b><u>Work experience</u></b>                      2012 to date, works as a <b>Certified Human Resource Professional (CHRP)</b>  <b>2009 - 2011 – Manager PM, I&amp;D Postal Cooperation of Kenya, NAIROBI</b>  <b>May 1992 – Nov 2009: worked among other places at KPTC</b></p>

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Governor/ Member	Title	Photograph	Date of Birth, Key Qualifications and Work Experience	
			Responsibility	Date of Birth & Qualifications, Experience
4. Alfonse M. Mutinda	PS Alternate Member		Member of the Education Research and Human Resource Committee	<u>Date of Birth</u> <u>Key Qualifications</u> BSC. Mech. Engineering, University of Nairobi, BSC. Engineering Science Brunel University, London PGDE, UoN <u>Work experience</u> 2017 to date Director, Vocational and Technical Education
5. Elizabeth N Muli Governor's Representative	Member		Member of the Education Research and Human Resource Committee	<u>Date of Birth</u> <u>Key Qualifications</u> Masters in Business Administration, University of Nairobi, Bachelor of Business Information Technology (BBIT) Strathmore University (Dip. BIT) Strathmore University <u>Work experience</u> 2022 - Present County Minister of ICT, Education & Internship, Makueni County, in charge of Department of ICT, Education and Internship, implementation of County Government policies in the department, conveying County Executive committee decisions to the relevant people among other duties and responsibilities
6. Eng. Jacinta W. Mwangi	Member		Member of Finance, Infrastructure and Development Committee	<u>Date of Birth</u> – 01/01/1973 <u>Key Qualifications</u> Master's in Business Administration , Kenyatta University ....Ongoing , Bsc in Civil Engineering –Jomo Kenyatta University <u>Work experience</u> 2009-2019 Regional Manager 2019 –Date - Deputy Director, Kenya Urban Roads Authority Kenya Urban Roads Authority 2003-2008 District Works Officer /District Roads Engineer ,1998-2003 Designer in the Roads Department ,Assistant Engineer ,Mombasa Road
7. Isaac Nduvi	Member		Chair of the Finance and Development Committee	<u>Date of Birth</u> – 21/3/1970 <u>Key Qualifications -22 years</u> M.A in Economic Policy Management, University of Nairobi, B. Com(Accounting)-Hons, Kenyatta University <u>Work experience -19 years</u> 2008-Date-Head, Risk Management & Compliance 2004-2006, Credit bank LTD, Operations Officer, Equity Bank, 2002-2004 Assistant Accountant ,Bible Society of Kenya

**Machakos Town Technical and Vocational College  
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Governor/ Member	Title	Photograph	Date of Birth, Key Qualifications and Work Experience	
			Responsibility	Date of Birth & Qualifications, Experience
8. Ms Lucy Lau Bigham	Member		Member of the Education Research and Human Resource Committee	<p><b>Date of Birth</b> – 14/10/1962</p> <p><b>Qualifications-</b></p> <p><b>MA international Business Analysis</b> – University of Northampton, UK -2001</p> <p><b>BA in Design</b> – University of Nairobi – 1987</p> <p><b>Robert Smith Fellowship</b> – Fabric Workshop and Museum, Philadelphia 2003 – 2009</p> <p><b>Training for development(TFD) Technical Cooperation Program, USAID – USA - 1994</b></p> <p><b>Organization &amp; Management of Income Generating Projects</b> – Goldameir Institute, Israel -1992</p> <p><b>Program Management for Women in Sub Sahara – Eastern &amp; Southern Management Institute(ESAMI) – Tanzania – 1989</b></p> <p><b>Work experience -</b></p> <p><b>Management Executive CEO/Director</b> – Highly qualified executive manager offering more than 20 years experience.</p>
9. Lilian C. Kosgey	Member		Member of Risk and Audit Committee	<p><b>Date of Birth</b> –</p> <p><b>Key Qualifications</b></p> <p>Bachelor of Laws(LLB) –Moi University, Diploma in Law(Kenya School of Law)</p> <p>Master of Laws(LLB) in progress</p> <p>Member of CPS(K) and a Certified Mediator</p> <p><b>Work experience</b></p> <p>Advocate of the High Court of Kenya with over 8 years, commissioner for Oaths and a Notary Public. Currently the legal officer ADC</p>

**4. Key Management Team**

**Machakos Town Technical and Vocational College**  
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Manager	Title	Photograph	Qualifications & Responsibility	
			Responsibility	Date of Birth & Qualifications
Dr Timothy Kilonzo	Principal /Secretary BoG		Overall, in Charge of Institute Affairs	21/08/1972 <b>Qualifications</b> PHD in Human Resource Management Master of Business Administration Bachelor of Science in Natural Resources Management <b>Work experience 26 years</b>
Robert Muthomi	Deputy Principal Administration		Administration Affairs of the Institute Member of Education Research and Human Resource Committee	02/08/1992 <b>Qualifications</b> Bachelor of science in Mathematics and Computer Science Diploma in Technical Trainer Education <b>Work experience -8 years</b>
Samuel Mutuku	Ag. Dean of students		In Charge of student's affairs	<u>09/10/1992</u> <b>Qualifications</b> Bachelor of science Electrical and Electrical Engineering <b>Work experience -6 years</b>
Sylvester Mwangangi	Accountant		Financial Management of the Institute	<u>19/02/2001</u> <b>Qualifications</b> Bachelor of Commerce (finance option) <b>Work experience 2 years</b>
Kelvin Kyalo	Procurement Officer		In charge of procurement function in the institute	<u>15/08/1994</u> <b>Qualifications</b> Supply chain management <b>Work experience 3 years</b>

**5. Chairman's Statement**

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

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**5. Chairman's Statement**

I wish to take this opportunity to present the Machakos Town Technical and Vocational College 2023/2024 annual financial report. The board has been active during the year under review in managing the affairs of the Institute. During the year under review, the board in consultation with the management continued with the review and the implementation of the institute strategic plan in line with the dynamics of the TVET sector.

The board however is aware of the existing challenges facing the Institution being the inaugural year of operation. Notably challenges including, the issue of inadequate learning facilities, fewer trainers and training resources. Despite all these challenges, the Institution has been able to sustain a culture that blades technical and vocational training with mundane life. During the year under review, the board continued to play its financial strategic and oversight roles and made sure that the institute utilized the available financial resources prudently.

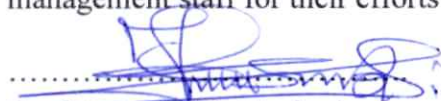
As a board, we have encouraged a change in the mind-set of our people as we leverage on the leaders to sensitize and educate our people to embrace the concept of technical and vocational training for our youth. The board has been and is committed to ensuring that the changing world around is sensitive to the needs of the future of our young men and women. We have continued to collaborate with a number of agencies both public and private sector in our endeavour to grow the Institution. Particularly we have collaborated with the County Government of Machakos on various academic and economic ventures. Our desire to achieve and deliver on our mandate has seen our drive in reaching out to each and every other partner willing to work with us.

Our mandate is to grow the student population through a number of strategies including effective outreach programs geared to popularize the Institution from within and around the County. Our current student population has grown to 373 since the inception of the College.

During the year under review, the management has carried out an aggressive popularity campaign in the entire Machakos County where our catchment is centred.

As a board, we endeavour to continually put in place governance systems to ensure that we not only comply with the PFM Act of 2012 but also engage in prudent leadership practices that creates value for the Institute. For the few months of existence, Machakos Town Technical and Vocational College has remained a good corporate citizen that meets its obligations for its staff and students as well as the national obligations. As a board, we have collaborated with the management in strengthening the existing governance policies which included improved customer service through provisions conducive working space for our staff.

I would like to thank all our stakeholders especially the Ministry of Education, the MP Machakos Town Constituency NG-CDF, County Government of Machakos and all other development partners for the support they continue to accord the Institution, without which our achievements would not have been realized. Finally, I wish to appreciate my fellow board members and the management staff for their efforts in supporting the realization of the Institute mandate.

  
Prof. Joseph M. Mwinzi

**Chairman/Board of Governors**

**Date: 17/04/2025**

**THE BOG CHAIRMAN**  
**MACHAKOS TOWN TECHNICAL AND**  
**VOCATIONAL COLLEGE**  
**P. O. Box 3544-90100 MACHAKOS**  
Date..... 17/04/2025 .....

**Machakos Town Technical and Vocational College**  
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**6. Report of the Principal**

I wish to take this opportunity to present to you the annual financial statements for Machakos Town TVC for the year ending 30th June 2024. This report is prepared in accordance with the guidelines set by the Technical and Vocational Education and Training Authority (TVETA) and the International Public Sector Accounting Standards (IPSAS). This is the first annual report we have prepared for presentation to you.

Machakos Town TVC is one of the new public TVET institutions which commenced operations on 3<sup>rd</sup> January 2024 under the mentorship of Wote Technical Training Institute. Machakos Town TVC continues to fulfill its mandate of equipping students with market-relevant skills and fostering innovation. Our institution offers a variety of courses, including Level 3 (Artisan), Level 4 (Craft), Level 5 (Certificate) and Level 6 (Diploma) programs in fields which include Mechanical and Automotive engineering, Electrical and Electronics Engineering, Building and Civil Engineering, Agriculture and Environmental Studies, Computing and Informatics, Business Studies, Fashion Design and Cosmetology and Hospitality and Tourism.

During the year under review, the institution recorded an enrolment of 373 students. This reflects the increasing demand for technical skills and the institution's efforts to enhance the quality and relevance of its programs. The college also employed five BOG Trainers and five support staff who are qualified to uphold their respective positions effectively.

During the financial year under review, the college was able to do the following:

- ✓ Installation of ablution block
- ✓ Installation of fence and gate
- ✓ Installation of fibre optic cable and Wi-Fi
- ✓ Procured some departmental training materials and equipment's.

While the institution achieved significant milestones, it also faced several challenges:

- **Equipment Shortages:** Some programs are still under-resourced in terms of up-to-date equipment, limiting the effectiveness of certain practical training sessions.
- **Inadequate Funding:** Despite increased enrollment, funding remains a challenge most students had not paid fully their fees.

In the coming year, Machakos Town TVC will prioritize the following areas:

- **Curriculum Innovation:** We will continue to review and update our courses to align with technological advancements and market demands.
- **Expansion of Infrastructure:** The institution plans to embark on projects, including the construction of additional workshops and classrooms, installation of hostels and drill a water borehole
- **Strengthening Industry Linkages:** We aim to deepen our partnerships with industries to provide more apprenticeship and employment opportunities for our graduates.
- **Installation of MIS** -this will cover Finance, Registry, Examination and Procurement.

In conclusion, I extend my heartfelt thanks to the Board of Governors, teaching and non-teaching staff, students, parents, and all stakeholders for their unwavering support throughout the year. Together, we have made significant progress in improving the quality of training and management. As we look ahead, I am confident that the institution will continue to play a pivotal role in the development of a skilled workforce, contributing to Kenya's socio-economic growth.

.....  
Dr. Timothy Kilonzo, PhD  
**Principal/ Secretary BoG**  
**Date 17/04/2025**



**Machakos Town Technical and Vocational College**  
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**7. Statement of Performance against Predetermined Objectives**

Machakos town technical and vocational college has three strategic pillars and objectives within its current Strategic Plan for the FY 2024- FY 2028. These strategic pillars are as follows:

- Pillar 1: Programme Implementation
- Pillar 2: Institutional Development
- Pillar 3: Resource Development and management

Machakos Town TVC develops its annual work plans based on the above three pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. Machakos Town TVC achieved its performance targets set for the FY 2023/2024 period for its three strategic pillars, as indicated in the diagram below:

<b>Strategic Pillar</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
Pillar 1	Programme Implementation	Source and Implement of Market-Driven Programmes	Carry out market intelligence surveys, and implement accredited training programmes	The college has been accredited to train 10 courses by TVETA
		Harmonization and standardization of training	Harmonize training curricula, Examination process and review and coordinate teaching of practical's	The trainees engage in practical's and the college is in the process to procure more training materials
		Implementation of Management Information System (MIS)	Procure and install MIS, Train users on the system, and establish a data base of trainees	The college will have the ERP system installed and users trained by end of September 2024
Pillar 2	Institutional Development	Enhance Branding and Visibility	Undertake public sensitization on mandate and programmes of the institute	Public sensitized through public gatherings and chiefs Barraza's
		Leverage on ICT	Develop and Implement an ICT Policy and Strategy	ICT policy implemented
		Adopt good corporate governance practices	Review and implement the Service Delivery Charter	The service delivery charter was implemented
Pillar 3	Resource Development	Attract and retain high performing staff	Recruitment of BoG teaching staff;	Five BoG Trainers were employed

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	and management	Review cost effectiveness of the programmes and activities	Carry out a market survey on pricing of training programmes;	Adopted new TVET financing model
		Effective budgeting and budgetary control	Request for resource requirements from Departments	The departments prepare requisition forms and submit to the principal before the grand budget is done

## 8. Corporate Governance Statement

The Institute affirms that good corporate governance is simply good business. The Institute commits to ensure that there is compliance with the statutory and all the legal requirements as well as meeting the set deadlines.

### i. Appointment of BOG Members

The Cabinet Secretary, MOE appoints members of the Board following recommendations from the B.O.G nominating committee. The board consists of nine members. The Board of Governors for Wote Technical Training Institute serves for three years. The Board may set up sub-committees and assign them responsibilities as it may deem fit.

As stipulated by the Ministry of Education through the TVET Act (January, 2013), responsibilities of the Board of Governors include recruitment of support staff, overseeing financial management, upholding of staff and student discipline, maintenance of infrastructure & other assets, and sourcing for finances.

### ii. Major roles and Functions of Board of Governors

The functions of the organs set out under section 28 (1) shall include —

- a) Overseeing the conduct of education and training in the Institutions in accordance with the provisions of this TVET Act and any other written law;
- b) Promoting and maintaining standards, quality and relevance in education and training in the Institutions in accordance with this TVET Act and any other written law;
- c) Administering and managing the property of the Institution;
- d) Developing and implementing the Institutions' strategic plan;
- e) Preparing annual estimates of revenue and expenditure for the Institution and incurring expenditure on behalf of the Institutions;
- f) Receiving, on behalf of the Institution, fees, grants, subscriptions, donations, bequests or other moneys and to make disbursement to the Institution or other bodies or persons;
- g) Determining the fees payable and prescribing conditions under which fees may be remitted in part or in whole in accordance with the guidelines developed under the provisions TVET Act 2013 Technical and Vocational Education and Training No. 29
- h) Mobilizing resources for the Institutions;
- i) Developing and reviewing programmes for training and to make representations thereon to the Board;

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

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- j) Regulating the admission and exclusion of students from the Institutions, subject to a qualification's framework and the provisions of this Act;
- k) Approving collaboration or association with other Institutions and industries in and outside Kenya
- l) Recruiting and appointing trainers from among qualified professionals and practising trade's persons in relevant sectors of industry;
- m) Determining suitable terms and conditions of service for support staff, trainers and instructors and remunerating the staff of the Institutions, in consultation with the TVET Authority;
- n) Making regulations governing organization, conduct and discipline of the staff and students;
- o) Preparing comprehensive annual reports on all areas of their mandate, including education and training services and submits the same to the ministry
- p) Providing for the welfare of the students and staff of the Institutions;
- q) Encouraging, nurturing and promoting democratic culture, dialogue and tolerance in the Institutions; and
- r) Discharging all other functions conferred upon it by this Act or any other written law.

**iii. Board of Governors Allowances**

The board approved allowances to board members to cater for their transport and sitting allowances while attending meetings and other seminars or capacity building conferences called by the PS office.

**iv. Meetings**

- a. Full Board Meetings - are held once every term, but if there is an urgent need, a meeting can be convened.
- b. Board Committee Meetings, or working committees are held once every term. The board working committee includes the following:
  - Academic, Research and Human Resource Management Board Committee - meetings once every term.
  - Finance Infrastructure and development Committee – meeting once every term
  - Risk and Audit Committee – meeting once every term

**9. Management Discussion and Analysis**

**i. Operational Performance;**

During the financial year under review, the college was able to do the following:

- 1. Installation of ablution block
- 2. Installation of fence and gate
- 3. Installation of fibre optic cable and Wi-Fi
- 4. Procured some departmental training materials and equipment's

ii. **Financial Performance**

The entity is fairly stable financially. It operates on fees received from students, governments grant and Capitation.

**a) Compliance With Statutory Requirements**

The entity did not have any compliance issues relating to its statutory requirements.

**b) Key Projects and Investment Decisions**

Generation of additional income to boost resource base of the college is key. Towards this goal, the College embarked on maize and vegetables production through the agriculture trainees and plans to introduce more income generating activities as guided by the strategic plan.

**c) Major Risks**

The entity as an educational institution receives incomes from capitation, fees from students and income generating activities and may expect funds from externally mobilized resources. This may pose financial risks which the college do not foresee in its financial operations since the management in collaboration with the BoG from the mentor institution has put in place strong financial management policies and internal control systems aimed at minimizing risks that may arise.

The college credit risk is mitigated and protected by holding deposits in state approved and reputable banking institutions namely, Kenya Commercial Bank.

The college holds high quality fee debts that are continually being monitored with a major portion being receivables underwritten by GOK agencies like HELB.

The capital risk was minimal at the year-end since there was no external borrowing.

**d) Material Arrears in Statutory/ Financial Obligations**

The college complied with all laws and key regulations that relate to its statutory obligations under the NSSF, NHIF, INCOME TAX and LABOUR laws of Kenya. The college has also complied with PFM laws that relate to public procurement and asset disposal, annual estimates and financial reporting.

**10. Environmental And Sustainability Reporting Statement**

A conducive working environment and well-trained personnel are pre- requisite factors that promote prudent financial management and an overall better service delivery to an institution such as ours.

**Sustainability strategy and profile**

In the pursuit to enhance proper financial management, the college has and will put the following measures in place: -

- i. Employed qualified accountant to streamline financial assets.
- ii. Customised and implemented financial procedures to ensure adoption of best practices in financial management.
- iii. Procure and install Finance Management Information System to ensure proper and accuracy of financial data.

### **Environmental performance**

The college is guided by other various policies that work in line with the financial policies and support the smooth running of the organization. These include the procurement procedures and policies, Academic procedures and policies and Human resource policies among others. These has helped address challenges related to misappropriation and reduction of wastage in financial management.

### **Employee welfare**

The college adheres to the Public Service HR manual on hiring of officers in finance department. Being a new college, it only had the capacity to employ one male accountant and its anticipating to add more personnel in the finance department in conformity to the one- third gender rule. The staff in the department will be trained regularly within and outside the college to upgrade their skills and be informed on emerging issues in the finance sector and more specifically TVET Institutions. The college is in the process of developing *Occupational Safety and Health Act of 2007(OSHA)*

### **Market place practices-**

The college is situated in a serene environment away from activities that distract learning activities. Being a new institution, the institution has adhered to Government guidelines in charging of fees related to TVET institutions to encourage enrolment and retention.

To mitigate on corruption, the college will work in partnership with EACC in this FY to implement guidelines in relation to corruption prevention in TVET institutions and Government Agencies.

The college is planning to register suppliers for the financial year 24/25 and endeavours to continually register them to ensure adequate and quality suppliers for goods and services to the college. Payment of suppliers is done within 90 days upon receipt of goods and services and completion of documentation as per procurement procedures.

Advertisement by the college is usually done through electronic media. The college has a website which is regularly updated with information, Facebook is commonly used to update information about the college to our followers. Area sub chiefs are also a key partner in marketing the college to the local community.

Trainees are engaged in inter – departmental sporting activities and we are looking forward to join other TVET institutions for competitions and recreational purposes. To promote good health of trainees and staff, the college has scheduled for health sensitization and provides clean water for drinking. Staff are also required to register with NHIF to ensure affordable health care. Each staff member is also required to be a member of NSSF to contribute to the welfare scheme for retirement.

### **Corporate Social Responsibility / Community Engagements**

The college gave partial scholarship to some trainees and free transport to new trainees recruited from far locations.

## **11. Report of the Council/Board of Governors**

The Council/Board members submit their report together with the audited financial statements for the year ended June 30, 2024 which show the state of the Machakos Town TVC affairs.

### **Principal activities**

The principal activities of the entity are;

- Offer TVET Training.
- Prepare and guide trainees for evaluation and certification by appropriate examining bodies.
- To promote science, technology and innovation in all training programs.
- To nurture trainees in different capacities.

### **Results**

The results of the entity for the year ended June 30 are set out on page 4 to 7

### **Council/Board of Governors**

The members of the Board /Council who served during the year are shown on page iv

### **Auditors**

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

By Order of the Board



.....  
**Dr. Timothy Kilonzo, PhD**

**Secretary of the Board/Council**

**Machakos Town Technical and Vocational College**

**Date:17/04/2025**



13. **Statement of Board of Governors/ Council's 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 council members to prepare financial statements in respect of Machakos Town TVC which give a true and fair view of the state of affairs of Machakos Town TVC at the end of the financial year/period and the operating results of Machakos Town TVC for that year. The Council members are also required to ensure that Machakos Town TVC keeps proper accounting records which disclose with reasonable accuracy the financial position of the Machakos Town TVC. The council members are also responsible for safeguarding the assets of the entity.

The Council members are responsible for the preparation and presentation of the Machakos Town TVC financial statements, which give a true and fair view of the state of affairs of Machakos Town TVC for and as at the end of the financial year ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of Machakos Town TVC, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Council members accept responsibility for Machakos Town TVC 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 council members are of the opinion that Machakos Town TVC financial statements give a true and fair view of the state of Machakos Town TVC transactions during the financial year ended June 30, 2024, and of Machakos Town TVC financial position as at that date. The Council members further confirm the completeness of the accounting records maintained for Machakos Town TVC, which have been relied upon in the preparation of Machakos Town TVC financial statements as well as the adequacy of the systems of internal financial control.


In preparing the financial statements, the principal has assessed Machakos Town TVC ability to continue as a going concern. Nothing has come to the attention of the Council members to indicate that Machakos Town TVC will not remain a going concern for at least the next twelve months from the date of this statement.

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


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**Approval of the financial statements**

Machakos Town TVC financial statements were approved by the Board on 17/04/2025 and signed on its behalf by



**Name: Prof Joseph Mwinzi**  
**Chairperson of the Board/Council**



**Name: Dr. Timothy Kilonzo, PhD**  
**Accounting Officer/Principal**

**THE BOG CHAIRMAN**  
**MACHAKOS TOWN TECHNICAL AND**  
**VOCATIONAL COLLEGE**  
**P. O. Box 3544-90100 MACHAKOS**  
**Date: 17/04/2025**

**THE PRINCIPAL**  
**MACHAKOS TOWN TECHNICAL AND**  
**VOCATIONAL COLLEGE**  
**17 APR 2025**  
**P. O. Box 3544-90100,**  
**MACHAKOS**  
**Sign: **

# REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



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

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

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### **PREAMBLE**

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

- A. Report on 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 the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Machakos Town Technical and Vocational College set out on pages 1 to 25, which comprise of the statement of financial position as at 30 June, 2024, and the statement of financial performance, statement of

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*Report of the Auditor-General on Machakos Town Technical and Vocational College for the year ended 30 June, 2024*

cash flows, statement of changes in net assets 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 Machakos Technical and Vocational College as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting 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. Unsupported Net Cash Flows from Operating Activities**

The statement of cash flows reflects Kshs.404,925 in respect to net cash flows from operating activities which, as disclosed in Note 15 to the financial statements include Kshs.1,970,870 as increase in inventory. However, the supporting schedule shows that the amount relates to fixed assets acquired during the year which were wrongly captured as inventories.

In the circumstances, the accuracy and completeness of the net cash flows from operating activities of Kshs.404,925 could not be confirmed.

#### **2. Unsupported Domestic Travel and Subsistence**

The statement of financial performance reflects use of goods and services totalling Kshs.1,989,165 which, as disclosed in Note 8 to the financial statements includes travelling and accommodation amount of Kshs.430,900. However, included in the amount is Kshs.131,200 paid as imprest whose warrants, approvals and surrender vouchers were not provided for audit review.

In the circumstances, the accuracy and validity of travelling and accommodation amount of Kshs.131,200 could not be confirmed.

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

## **Key Audit Matters**

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

## **Emphasis of Matter**

### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final expenditure budget and actual on comparable basis totalling Kshs.10,528,000 and Kshs.2,416,605 respectively, resulting in underperformance amounting to Kshs.8,111,395 or approximately 77% of the budget.

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

My opinion is not modified in respect of this matter.

## **Other Information**

The Management is responsible for the other information set out on pages iv to xxiii which comprise of Key Entity Information and Management, Board of Governors, Key Management Team, Chairman's Statement, Report of the Principal, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting Statement, Report of the Board of Governors, and Statement of Board of Governors Responsibilities. The other information does not include the financial statements and my audit report thereon.

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

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

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

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion, 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. Irregular Procurement**

#### **1.1 Property, Plant and Equipment**

Note 13 to the financial statements reflects Kshs.1,386,500 and Kshs.970,520 in respect to additions on furniture, fittings, plant and equipment and computers respectively during the year. However, evaluation report and professional opinion were not provided for audit review. This is contrary to Regulation 78(2) of the Public Procurement and Asset Disposal Regulations, 2020 which states that the evaluation report under paragraph (1), shall be reviewed by the head of the procurement function and forwarded to the Accounting Officer together with the professional opinion referred to in section 84 of the Act within a day upon receipt of the evaluation report.

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

#### **1.2 Installation of Internet**

Note 8 to the financial statements reflects an amount of Kshs.574,000 paid to a firm for installation of fiber optic. However, evaluation report and professional opinion were not provided for audit review. This is contrary to Regulation 78(2) of the Public Procurement and Asset Disposal Regulations, 2020 which states that the evaluation report under paragraph (1), shall be reviewed by the head of the procurement function and forwarded to the Accounting Officer together with the professional opinion referred to in section 84 of the Act within a day upon receipt of the evaluation report.

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

### **2. Lack of Internal Audit Function and an Audit Committee**

The College had not established an internal audit function and an Audit Committee. This is contrary to Section 155 of the Public Finance Management Act, 2012 which provides for the establishment of an internal audit function and an Audit Committee. As such the College did not benefit from the assurance and advisory services from the internal audit function as well as oversight from the Audit Committee.

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

### **3. Lack of an Imprest Register**

During the year under review the College did not maintain an imprest register contrary to Regulation 93(4)(c) of the Public Finance Management (National Government) Regulations, 2015 which states that before issuing temporary imprests under Paragraph (2), the Accounting Officer shall ensure that the applicant has been recorded in the imprest register including the amount applied for. In addition, no imprest warrants were maintained contrary to Regulation 91(2) of the Public Finance

Management (National Government) Regulations, 2015 which states that the Officer authorized to hold and operate an imprest shall make formal application for the imprest through an imprest warrant.

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

#### **4. Irregular Recruitment**

During the year under review five (5) vacancies were advertised, interviews were conducted and names of successful candidates were submitted to Public Service Commission (PSC) for appointment and posting. However, an additional five (5) trainers who had not applied nor interviewed for the positions were posted to the Institution in August, 2024. Further, the additional staff did not meet the minimum requirements.

In the circumstances, the recruitment of staff without due process was irregular.

#### **5. Failure to Authenticate Academic and Professional Certificates**

Audit review of personal files of staff recruited during the year revealed that the academic and professional certificates were not authenticated with the relevant authorities as required by the guidelines issued by the State Department for Technical, Vocational Education and Training vide circular No.MOE/TVET/2/76/VOLXIV (24) dated 6 October, 2023.

In the circumstances, Management was in breach of the State Department Circular.

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

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

#### **Conclusion**

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

#### **Basis for Conclusion**

##### **1. Lack of Risk Management Policy, Risk Register, Disaster Recovery and Business Continuity Plans**

Review of the records and systems revealed that the College lacks a risk management policy and does not have a framework for management of risk, hence it was not possible

to identify, assess and control risk. Further, the College did not maintain a risk register and did not have a strategy for recovery of lost data to allow for business operation to be restored in the event of a disaster.

In the circumstances, the effectiveness of risk management systems in place could not be confirmed.

## **2. Lack of Segregation of Duties in Cash Management**

Review of cash management revealed that there was no segregation of duties in the collection, banking, payments and reconciliations of cash and cash equivalents. Lack of internal controls in cash management increases the risk of misappropriation of cash and errors.

In the circumstances, the existence of internal controls in cash management could not be confirmed.

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

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

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

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

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 comply with the authorities which govern them and that public resources are applied in an effective way.

The Board of Governors is responsible for overseeing the College's financial reporting process, reviewing the effectiveness of how Management monitors compliance with

relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

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

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

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

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

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

  
FCPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**21 May, 2025**

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

**14. Statement of Financial Performance for The Year Ended 30<sup>th</sup> June 2024**

STATEMENT OF FINANCIAL PERFORMANCE		2023-2024	2022-2023
	Note	Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from other National government entities- Recurrent	6	1,500,000	-
<b>Total revenue from non-exchange transactions</b>		<b>1,500,000</b>	-
<b>Revenue from exchange transactions</b>			
Rendering of services- fees from students	7	9,743,180	-
Sale of goods			-
<b>Total revenue from exchange transactions</b>		<b>9,743,180</b>	-
<b>Total revenue</b>		<b>11,243,180</b>	-
<b>Expenses</b>			
Use of Goods and Services	8	1,989,165	-
Employee costs	9	427,440	-
Depreciation	10	2,144,330	-
<b>Total expenses</b>		<b>4,560,936</b>	-
			-
<b>Surplus (Deficit) for the Year</b>		<b>6,682,245</b>	-

(The notes set out on pages 6 to 26 form an integral part of the Annual Financial Statements).

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



Prof. Joseph Mwinzi  
Chairman of Board

Date 17/04/2025

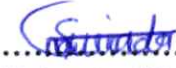
**THE BOG CHAIRMAN**  
MACHAKOS TOWN TECHNICAL AND  
VOCATIONAL COLLEGE  
P. O. Box 3544-90100 MACHAKOS  
Date: 17/04/2025



Dr. Timothy Kilonzo, PhD  
Principal

Date: 17/04/2025

**THE PRINCIPAL**  
MACHAKOS TOWN TECHNICAL AND  
VOCATIONAL COLLEGE  
17 APR 2025  
P. O. Box 3544-90100,  
MACHAKOS  
Sign: 



Sylvester Mwangangi  
Finance Officer  
ICPAK No

Date: 17/04/2025

**ACCOUNTANT**  
MACHAKOS TOWN TECHNICAL &  
VOCATIONAL COLLEGE  
P. O. BOX 3544-90100, MACHAKOS  
Date: 17/4/2025 Sign: 

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

**15. Statement of Financial Position as at 30<sup>th</sup> June 2024**

STATEMENT OF FINANCIAL POSITION		2023-2024	2022-2023
	Note	Kshs	Kshs
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	11	18,775	-
Receivables from exchange transactions	12	9,046,650	-
Receivables from non-exchange transactions			-
<b>Total Current Assets</b>		<b>9,065,425</b>	-
<b>Non-current assets</b>			
Property, Plant and Equipment	13	66,716,100	-
<b>Total non-current assets</b>		<b>66,716,100</b>	-
<b>TOTAL ASSETS</b>		<b>75,781,525</b>	-
<b>Liabilities</b>			
Trade Payables	14	2,595,870	-
<b>Total liabilities</b>		<b>2,595,870</b>	-
<b>Net assets</b>			
Accumulated Surplus		6,682,245	-
Capital funds		66,503,410	-
<b>Total net assets</b>		-	-
<b>TOTAL NET ASSETS AND LIABILITIES</b>		<b>75,781,525</b>	-

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



**Prof. Joseph Mwinzi**  
**Chairman of Board**

**Date: 17/04/2025**



**Dr. Timothy Kilonzo, PhD**  
**Principal**

**Date: 17/04/2025**



**Sylvester Mwangangi**  
**Finance Officer**  
**ICPAK No**

**Date: 17/04/2025**

**THE BOG CHAIRMAN**  
**MACHAKOS TOWN TECHNICAL AND**  
**VOCATIONAL COLLEGE**  
**P. O. Box 3544-90100 MACHAKOS**  
**Date: 17/04/2025**

**THE PRINCIPAL**  
**MACHAKOS TOWN TECHNICAL AND**  
**VOCATIONAL COLLEGE**  
**17 APR 2025**  
**P. O. Box 3544-90100,**  
**MACHAKOS**  
**Sign: [Signature]**

**ACCOUNTANT**  
**MACHAKOS TOWN TECHNICAL &**  
**VOCATIONAL COLLEGE**  
**P. O. BOX 3544-90100, MACHAKOS**  
**Date: 17/4/2025 Sign: [Signature]**

16. Statement of Changes in Net Asset for the year ended 30<sup>th</sup> June 2024

STATEMENT OF CHANGE IN NET ASSETS	Revaluation reserve	Fair value adjustment reserve	Accumulated Surplus	Capital Reserves	Total Reserves
<b>At Jan 1, 2024</b>	-	-	-	66,503,410	<b>66,503,410</b>
Fair value adjustment on quoted investments	-	-	-		-
Surplus (deficit) for the year	-	-	6,682,245	-	<b>6,682,245</b>
Capital/Development grants received during the year	-	-	-		
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-		-	-
<b>At June 30, 2024</b>	-	-	<b>6,682,245</b>	<b>66,503,410</b>	<b>73,185,655</b>

\*Capital Reserves opening balance of Kshs. 66,503,410 represents the carrying value of existing capital assets as at Jan 1, 2024, recognized upon adoption of accrual-based accounting / during initial financial reporting.

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

STATEMENT OF CASHFLOWS		2023-2024	2022-2023
	Note	Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from National Government	6	1,500,000	-
Transfers from other levels of government		-	-
Public Contributions and donations		-	-
Rendering of services- Fees from students	7	696,530	-
Sale of Goods		-	-
<b>Total Receipts</b>		<b>2,196,530</b>	-
<b>Payments</b>			
Use of Goods and Services	8	1,364,165	-
Employee costs	9	427,440	-
Board Expenses		-	-
Repairs and maintenance		-	-
<b>Total Payments</b>		<b>1,791,605</b>	-
<b>Net cash flows from operating activities</b>	<b>15</b>	<b>404,925</b>	-
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	PPE	-386,150	-
Proceeds from sale of property, plant and Equipment			
Capital Reserves			-
Increase in investments		-	-
<b>Net cash flows used in investing activities</b>		<b>-386,150</b>	-
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Changes in Working Capital		-	-
<b>Net cash flows used in financing activities</b>		<b>0</b>	-
Net increase/(decrease) in cash and cash equivalents		<b>18,775</b>	-
Cash and cash equivalents at 1 July 2023	-	-	-
Cash and cash equivalents at 30 June 2024	<b>11</b>	<b>18,775</b>	-

(PSASB has prescribed the direct method of cash flow preparation/ presentation for all entities under the IPSAS accrual basis of accounting.)

\*During the year, property and equipment amounting to Kshs 1,970,870.00 were acquired on credit and therefore excluded from the statement of cash flows in accordance with IPSAS 2.

**18. Statement of Comparison of Budget & Actual amounts For Year Ended 30 June 2024**

	Original annual Budget	Adjustments	Final Annual Budget	Actual Cumulative to date	Performance difference	Utilization difference
	a	b	c=a+b	d	e =c-d	f=e/d %
<b>Revenue</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>		<b>Kshs</b>
Transfers from other Government entities – Recurrent Grants		-	-	1,500,000		
Rendering of services- Fees from students	13,487,800		13,487,800	9,743,180	3,744,620	-86%
<b>Total income</b>	<b>13,487,800</b>	<b>-</b>	<b>13,487,800</b>	<b>11,243,180</b>	<b>2,244,620</b>	<b>-97%</b>
<b>Expenses</b>		-	-			
Compensation of employees	1,408,000		1,408,000	427,440	980,560	70%
Use of Goods and services	9,120,000		9,120,000	1,989,165	7,130,835	78%
<b>Total expenditure</b>	<b>10,528,000</b>	<b>-</b>	<b>10,528,000</b>	<b>2,416,605</b>	<b>8,111,395</b>	<b>77%</b>
<b>Surplus for the period</b>	<b>2,959,800</b>	<b>-</b>	<b>2,959,800</b>	<b>8,826,575</b>		

*1. Provide explanation of differences between actual and budgeted amounts (10% over/ under) IPSAS 24.14*

The management estimates during budget preparation were a student population of 200 and each was to pay a sum of 67,189 payable in two terms totalling to 13,487,800. This was to be paid through students applying for government scholarship and student HELB loan. However, being a new college and lack of funds to register with KUCCPS for the students to be eligible for the government scholarship made the college fail to achieve the targeted growth rate. Also, the timelines for HELB application did not favour the students for the portal opened at the lapse of the financial year under review.

The college registered a student population of 283 and the term for invoicing the students begun in May - August as their term 1. Students in level 3 were 28 each being invoiced a fee term of 18,110 to give 507,080 while in level 4-6 are 255 each being invoiced a fee term of 36,220 to give 9,236,100. The total amount was 9,743,180

*2. Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)*

*3. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation*

**19. Notes to the Financial Statements**

**1. General Information**

Machakos Town TVC is established by and derives its authority and accountability from TVET Act 2013. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to offer technical skills and knowledge.

**2. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the *entity's* 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 5.

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

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

3. Adoption of New and Revised Standards

i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2024.*

There are no new standards in the year ended 30th June 2024

ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.*

Standard	Effective date and impact:
IPSAS 43: Leases	<b>Applicable 1<sup>st</sup> January 2025</b> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. <b>State the expected impact of the standard to the Entity if relevant</b>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<b>Applicable 1<sup>st</sup> January 2025</b> The Standard requires, 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: 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. <b>State the expected impact of the standard to the Entity if relevant</b>
IPSAS 45: Property Plant and Equipment	<b>Applicable 1<sup>st</sup> January 2025</b> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets. <b>State the expected impact of the standard to the Entity if relevant</b>
IPSAS 46: Measurement	<b>Applicable 1<sup>st</sup> January 2025</b> The objective of this standard was to improve measurement guidance across IPSAS by:

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	<p>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</p> <p>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</p> <p>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><b><i>State the expected impact of the standard to the Entity if relevant</i></b></p>
IPSAS 47: Revenue	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><b><i>State the expected impact of the standard to the Entity if relevant</i></b></p>
IPSAS 48: Transfer Expenses	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><b><i>State the expected impact of the standard to the Entity if relevant</i></b></p>
IPSAS 49: Retirement Benefit Plans	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><b><i>State the expected impact of the standard to the Entity if relevant</i></b></p>

**iii. Early adoption of standards**

Machakos Town TVC did not early adopt any new or amended standards in year 2024

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

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

**Transfers from other government entities**

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

**ii) Revenue from exchange transactions**

**Rendering of services**

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

**Sale of goods**

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

**Interest income**

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

**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 2023/2024 was approved by the Council or Board for Wote TTI (mentor institution) on 27<sup>th</sup> March 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals to conclude the final budget.

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

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

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

**c) Taxes**

***Current income tax***

The entity is exempt from paying taxes as per CAP 470 of the Income Tax Act.

***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.

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

Depreciation on all other assets is calculated on the reducing balance basis method to write down the cost of each asset, or the related amount, to its residual value over its estimated useful life using the following annual rates

	<u>Rate%</u>
Buildings	2.5%
Furniture and fittings	12.5%
Computers and Appliances	33.3%

The assets residual value and useful lives are reviewed, and adjusted if appropriate at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the Asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating profit/loss. On disposal of revaluated assets, amounts in the revaluation reserve relating to that Asset are transferred to retained earnings in the statement of changes in equity.

**f) Leases**

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

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability 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. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

**h) Research and development costs**

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

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

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

**i) Financial instruments**

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

***Financial assets***

***Classification***

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

***Subsequent measurement***

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

***Amortized cost***

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

***Fair value through net assets/ equity***

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

**Fair value through surplus or deficit**

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

**Trade and other receivables**

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

**Impairment**

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

***Financial liabilities***

***Classification***

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

**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.

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.

### **Inventories (Continued)**

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.

#### **l) Social Benefits**

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

**m) Nature and purpose of reserves**

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

**n) Changes in accounting policies and estimates**

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

**o) Employee benefits**

**Retirement benefit plans**

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

**p) 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.

**q) 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.

**r) Related parties**

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

**s) Service concession arrangements**

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

**t) 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.

**u) Comparative figures**

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

**v) 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, 2024.

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

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

**Estimates and assumptions.**

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

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**Useful lives and residual values**

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

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

**Provisions**

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

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

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

Description	2023/2024
	Kshs
<b>Unconditional Grants</b>	
Recurrent Grant	1,500,000
Operational Grant	-
Development grants	-
Other Grants	-
<b>Total unconditional Grants</b>	<b>1,500,000</b>
<b>Conditional Grants amortised/ recognised in revenue</b>	-
Library Grant	-
Hostels Grant	-
Administration Block Grant	-
Laboratory Grant	-
Learning Facilities Grant	-
Other Organizational Grants	-
<b>Total Government Grants and Subsidies</b>	<b>1,500,000</b>

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

Name of the Entity Sending The Grant	Amount recognized to Statement of Financial performance *	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	Comparative FY
	Kshs	Kshs	Kshs	Kshs	Kshs
Ministry of Education	1,500,000	-	-	-	-
<b>Total</b>	<b>1,500,000</b>	-	-	-	-

*(Ensure that the amount recorded above as having been received from the Ministry fully reconciles to the amount recorded by the sending Ministry. An acknowledgement note/receipt should be raised in favour of the sending Ministry.) Amount recognised in the statement of financial performance should be the recurrent grant and the development grant to the extent that there are no conditions attached.*

The details of the reconciliation have been included under appendix iii

**7. Rendering of Services**

<b>RENDERING OF SERVICES</b>	<b>2023-2024</b>	<b>2022-2023</b>
	<b>Kshs</b>	<b>Kshs.</b>
Tuition Fees	5,541,400	
Personal Emoluments Fee	1,412,250	
Electricity, Water & Conservancy Fee	503,030	
Local Transport & Travel Fee	564,900	
Repairs Maintenance & Improvement Fee	538,000	
Activity Fee	645,600	
Medical & Insurance Fee	538,000	
<b>Total revenue from the rendering of services</b>	<b>9,743,180</b>	

This is the income that the entity projected to receive depending on the student population enrolled for the term. However, the college only collected Kshs 696,530 as illustrated in the cashflow statement.

**8. Use of Goods and Services**

<b>USE OF GOODS AND SERVICES</b>	<b>2023/2024</b>	<b>2022/2023</b>
	<b>Kshs</b>	<b>Kshs.</b>
Administrative expenses	124,000	-
Marketing and Publicity	330,130	-
Electricity expenses	15,000	-
Bank charges	6,150	-
Printing and Stationery expense	5,360	-
Teaching and learning materials	140,525	-
Travelling and Accommodation	430,900	-
Internet Expense	574,000	
Training and Development	122,000	
Licences and Permits	80,000	
TVETA Expense	71,000	
Water Expense	90,100	
<b>Total Use of Goods and Services</b>	<b>1,989,165</b>	<b>-</b>

Use of goods and services refers to the consumption or utilization of physical items and supplies in the course of operations or service delivery. Accurate reporting on the use of goods and services is essential for transparency, accountability, and informed decision-making in annual reports. It has helped Machakos Town TVC stakeholders understand resource allocation and operational effectiveness within the organization. However, from the use of goods indicated above the actual use of goods as illustrated in the cashflow statement was Kshs.1,364,165 the difference of 625,000 being unpaid use of good and services. As shown below:

<b>Description</b>	<b>Amount</b>
Water expense	51100
Travelling and accommodation	299,900
Internet Expense	274,000
<b>Totals</b>	<b>625,000</b>

### 9. Employee Costs

Description	2023/2024	2022/2023
	Kshs	Kshs
Salaries and wages	427,440	-
<b>Employee Costs</b>	<b>427,440</b>	<b>-</b>

Employee costs encompass all expenses related to staff compensation and benefits

### 10. Depreciation and Amortization expense

Depreciation and amortization expense		2023-2024	2022-2023
		Kshs.	Kshs.
	Plant, Property and Equipment	2,144,330	-
	<b>Total depreciation and amortization</b>	<b>2,144,330</b>	<b>-</b>

### 11. Cash and Cash Equivalents

Description	2023/2024	2022/2023
	Kshs	Kshs
Current Account	18,645	-
Cash in hand	130	-
<b>Total Cash and Cash Equivalents</b>	<b>18,775</b>	<b>-</b>

#### 11 (a). Detailed Analysis of Cash and Cash equivalents

Financial Institution	Account number	2023/2024	2022/2023
		Kshs	Kshs
<b>a) Current Account</b>			
Kenya Commercial Bank	1322796858	18,645	-
	<b>Sub- Total</b>	<b>18,645</b>	<b>-</b>
<b>b) Others</b>			
Cash in Hand		130	-
	<b>Sub- Total</b>		<b>-</b>
	<b>Grand Total</b>	<b>18,775</b>	<b>-</b>

### 12. Receivables from Exchange transactions

#### 12 (a) Current Receivables from Exchange transactions

Receivables from exchange transactions	2023-2024	2022-2023
	Kshs.	Kshs.
Student Debtors Account	9,046,650	-
<b>Total receivables from exchange transactions</b>	<b>9,046,650</b>	<b>-</b>

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**13. Property, Plant and Equipment**

	Land	Buildings	Motor vehicles	Furniture, fittings, Plant & Equipment	Computers	Other Equipment & Reference materials	Total
Cost	Shs	Shs.	Shs	Shs	Shs	Shs	Shs
At 1Jan 2024	590,000	65,913,410	-	0	0	-	66,503,410
Additions			-	1,386,500	970,520		2,357,020
Disposals	-		-		-	-	-
Transfers/adjustments	-		-	-	-	-	-
<b>At 30th June 2024</b>	<b>590,000</b>	<b>65,913,410</b>	<b>-</b>	<b>1,386,500</b>	<b>970,520</b>	<b>-</b>	<b>68,860,430</b>
<b>Depreciation and impairment</b>							
At 1 Jan 2024	-		-	-	-	-	-
Depreciation	-	1,647,835.25	-	173,313	323,183	-	2,144,331
Impairment	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-
<b>At 30th June 2024</b>	<b>-</b>	<b>1,647,835</b>	<b>-</b>	<b>173,313</b>	<b>323,183</b>	<b>-</b>	<b>2,144,331</b>
<b>Net book values</b>							
At 30th June 2024	590,000	64,265,575	-	1,213,188	647,337	-	66,716,099
Depreciation rates	0	0.025		0.125	0.333	0.2	

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

**Valuation**

As per National Treasury guidelines, Land and buildings were identified and valued as per the National Liabilities and Management Policy and guidelines (Issued June 2020). The assets were revalued through the NG-CDF Machakos town constituency.

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

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

<b>Description</b>	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>NBV</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Land	590,000	-	590,000
Buildings	65,913,410	1,647,835	64,265,575
Motor Vehicles including Motorcycles	-	-	-
Furniture, fittings, Plant & Equipment	1,386,500	173,313	1,213,188
Computers and Related Equipment	970,520	323,183	647,337
Other Equipment & Reference materials			-
<b>Total</b>	<b>68,860,430</b>	<b>2,144,331</b>	<b>66,716,099</b>

**14. Trade and Other Payables**

<b>Trade Payables</b>	<b>2023-2024</b>	<b>2022-2023</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Creditors	2,595,870	-
<b>Total Trade payables</b>	<b>2,595,870</b>	<b>-</b>

These are the amounts owed to suppliers for goods and services received but not yet paid for. Machakos Town TVC recognizes trade and other payables when an obligation arises from a past transaction or event, and it is probable that an outflow of resources will be required to settle the obligation. When reporting we have ensured there is accuracy in order to enable our stakeholders understand the organization's obligations and liquidity position, contributing to informed decision-making

**15. Cash generated from operations.**

CASH GENERATED FROM OPERATIONS	2023-2024	2022-2023
Surplus for the year before tax	Kshs	Kshs
Surplus for the year before tax	6,682,245	
Adjusted for:		
Depreciation	2,144,330	-
Changes in general reserves		-
<b>Working Capital Adjustments</b>		
Increase in Inventory	(1,970,870)	-
Increase in Receivables	(9,046,650)	-
Increase in Payables	2,595,870	-
Increase in Payments received in advance		-
<b>Net Cash Flow from Operating Activities</b>	<b>404,925</b>	-

\*The increase in inventory is the procured PPE but was on credit which is recorded as Kshs 2,357,020.00 in the PPE schedule. As reflected in the cashflow statement only Kshs 386,150.00 was paid during the year.

**16. Financial Risk Management**

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

The entity's financial risk management objectives and policies are detailed below:

**(i) Credit risk**

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

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

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Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
<b>At 30 June 2024</b>				
Receivables from exchange transactions	9,046,650	-	-	-
Receivables from non-exchange transactions		-	-	-
Bank balances	18,775	-	-	-
<b>Total</b>	<b>9,065,425</b>			

*(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)*

**Financial risk management (continued)**

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The entity has significant concentration of credit risk on amounts due from January 2024.

The board of directors sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**17. Events After the Reporting Period**

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

**18. Ultimate And Holding Entity**

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

**19. Currency**

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

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20. **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)

**Guidance Notes:**

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

..... 

**Name: Dr. timothy Kilonzo, PhD**  
**Accounting Officer**  
**Date**



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**Appendix II: Projects Implemented by Machakos Town TVC**

**Projects**

Projects implemented by the State Corporation/ SAGA Funded by development partners.

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1						
2						

**Status of Projects completion**

*(Summarise the status of project completion at the end of each quarter, i.e. total costs incurred, stage which the project is etc)*

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1							
2							
3							

**Appendix III- Inter-Entity Confirmation Letter**

Name of transferring entity ..... WOTE TTI.....

Name of beneficiary entity...Machakos Town Technical and Vocational College.....

**Confirmation of amounts received by Machakos Town TVC as at 30<sup>th</sup> June 2024**

Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
	12.01.2024	500,000		500,000	
	23.01.2024	500,000		500,000	
	26.02.2024	500,000		500,000	
<b>Total</b>		<b>1,500,000</b>		<b>1,500,000</b>	

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

**Head of Accounts Department - Disbursing Entity:**

Name .....John Kimiti..... Sign ..... Date 17/04/2025

**SENIOR FINANCE OFFICER**  
 WOTE TECHNICAL TRAINING INSTITUTE  
 P. O. Box 377 - 90300, MAKUENI  
 Email: info@wotetti.ac.ke

**Head of Accounts Department - Beneficiary Entity:**

Name ...Sylvester Mwangangi ..... Sign ..... Date 17/4/2025

**ACCOUNTANT**  
 MACHAKOS TOWN TECHNICAL &  
 VOCATIONAL COLLEGE  
 P. O. BOX 3544-90100; MACHAKOS