

REPUBLIC OF KENYA



Enhancing Accountability



PARLIAMENT
OF KENYA
LIBRARY

REPORT

NATIONAL ASSEMBLY	
DATE: 03 AUG 2023	DAY: WED
TABLED BY: Hon Owen Baya MP	Deputy leader, majority party
CLERK AT THE TABLE: Ahmed Kadhi	

THE AUDITOR-GENERAL

ON

SIANDA VOCATIONAL TRAINING CENTRE

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



OFFICE OF THE ACCOUNTS GENERAL
P. O. Box 30084 - 00100 NAIROBI
REGISTRY

06 JUN 2023

RECEIVED



SIANDA VOCATIONAL TRAINING CENTRE

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

SIANDA VOCATIONAL
TRAINING CENTRE
P. O. Box 34 DARAJA - MBILI

**Sianda Vocational Training Centre
Annual Report and Financial Statements
For the year ended 30th June 2022**

**Sianda Vocational Training Centre
Annual Report and Financial Statements
For the year ended 30th June 2022**

I. Table of Contents

II.	Key Entity Information and Management	iii
III.	The Council/Board of Governors	vi
IV.	Management Team	viii
V.	Chairman's Statement	xi
VI.	Report of the Centre Manager	xii
8.	The institution is currently facing the following constraints and challenges:	xii
VII.	Statement of Performance against Predetermined Objectives	xiv
VIII.	Management Discussion and Analysis	xvi
	Operational and Financial performance	xvi
IX.	Environmental and Sustainability Reporting Statement	xvii
X.	Report of the Board of Governors.....	xix
XI.	Statement of Board of Governors/ Council's Responsibilities.....	xx
XII.	Report of the Independent Auditor on Sianda Vocational Training Centre	xxi
XIII.	Statement of Financial Performance for the year ended 30 June 2022	1
XIV.	Statement of Financial Position as at 30th June 2022	2
XV.	Statement of Changes in Net Asset for the year ended 30 June 2022	3
XVI.	Statement of Cash Flows for the year ended 30 June 2022	4
XVII.	Statement of Comparison of Budget & Actual amounts for the year ended 30 June 2022	5
XVIII.	Notes to the Financial Statements.....	7

**Sianda Vocational Training Centre
Annual Report and Financial Statements
For the year ended 30th June 2022**

II. Key Entity Information and Management

(a) Background information

Sianda VTC was established under the TVET Act 2013, Section 20(1) in 2015. The entity is domiciled in Kenya, Kisumu County. The institute is under the Ministry of Education and the county government of Kisumu, under the department of education, ICT & human resource development.

The Catholic Church is the sponsor of the institution in-charge of spiritual nourishment. The national and county governments are the main sponsors' in-charge of the institution financing, infrastructure, human resource, grants and scholarships.

(b) Principal Activities

VISION

Leading in nurturing and Empowering the Youths'

Mission

To maximize the full potential of the youths and empowering them with skills.

Motto

Skill is power.

Philosophy

The Centre regards all students and staff as equal and gives equal opportunity to all to learn and work regardless of their tribe race, religion, economic background or political affiliations.

Core values

- (c) Competence**
- (d) Commitment**
- (e) Professionalism**
- (f) Discipline**
- (g) Environmental stewardship**
- (h) Equity**
- (i) Hard work**
- (j) Innovation**
- (k) Integrity**
- (l) Quality**
- (m) Teamwork**
- (n) Transparency and accountability**

(o) Key Management

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

**Sianda Vocational Training Centre
Annual Report and Financial Statements
For the year ended 30th June 2022**

- Board of Management
- Centre Manger
- Deputy Centre Manager

(p) Fiduciary Management

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

No.	Designation	Name
1.	Centre Manager	Ms Eunice Akinyi
2.	Deputy Centre Manager	Nelson Mandela
3	Registrar (s)	Nil
4	Accounts Clerk	Nil

(q) Fiduciary Oversight Arrangements

1. *Office of the Auditor General*
2. *County government*
3. *County assembly*
4. *National Government*

Key Entity Information and Management (Continued)

(r) Entity Headquarters

P.O. Box 34
Daraja Mbili
Kisumu, KENYA

(s) Entity Contacts

Telephone: (254) 745824915/737436980
E-mail: sianda@gmail.com
Website: www.siandavtc.co.ke

(t) Entity Bankers

Kenya Commercial Bank
Oginga Odinga Street
P.O. Box 17
Kisumu, Kenya





(u) Independent Auditors

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

(v) Principal Legal Adviser

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

III. The Council/Board of Governors

No.	Member/ Director	Details
1.	 Eunice Akinyi	Mrs. Eunice was appointed as the Centre Manager on 6 th October 2020. She holds BSc Agribusiness Management from Great Lakes University & a Higher Diploma in Education Management from Kenya School Of TVET
2.	 Susan Onguko-chair person.	Mrs. Onguko was appointed as the chairperson to the board on 29 th July 2021. She holds Diploma in nursing from St.Clares Medical Training Collage.
3.	 Mrs. Emily Nyangaga-Member	Mrs. Nyangaga was appointed to the board as a member on 29 th July 2021 She Holds Diploma in project Management at KIMS Collage Kisumu.
4.	 Mr. Thomas Oduwo -Member	Mr. Oduwo was appointed as a board Member on 29 th July 2021 He holds a Diploma in Agricultural Biotechnology from Bukura Agricultural Collage.
5.		Mr. Ooko was appointed as a board Member on 29 th July 2021 He holds Bachelor's Degree in Science (Metrology) from University of Nairobi.

Sianda Vocational Training Centre
Annual Report and Financial Statements
the year ended 30th June 2022



Mr. James ooko-Member




Victoria Ombuya-Member

Mrs. Ombuya was Appointed as A board Member on 29th July 2021
She holds diploma in Community Development from Jaramogi Institute
of Advance Technology.

6.

1. Management Team

No.	Member/ Director	Details
1.	 Ms. Eunice Akinyi	Overall, in charge of the centre and also the secretary to the Board

Sianda Vocational Training Centre
Annual Report and Financial Statements
the year ended 30th June 2022

Sianda Vocational Training Centre
Annual Report and Financial Statements
for the year ended 30th June 2022



2. Nelson Mandela- Dept
Manager

Assisting the manager to execute management duties

Chairman's Statement

The centre was an initiative of the community. The strategic plan is being implemented. We have initiated community mobilization for any form of resources that can improve the institution. The centre is meant for youths hence their interest should be taken into consideration in terms of what appeals to them.

However I wish to appeal to the county government of Kisumu to take up the issue of employment of instructors carefully. This is the main challenge being faced.

Key development projects witnessed in this period include;

Projects

1. Workshop completion
2. Tools and equipment
3. Wifi connection
4. Tree planting
5. Staff employment

Other projects

1. Rebranding of the institution

Tools & Equipment

Below are some of the tools & equipment procured during the year

1. 5 computers
2. Modern tools & Equipment for various departments
3. Sports uniform

Trainee enrolment

Our trainee's enrolment has steadily improved over the years to the current trainees.

Partnerships

Sianda VTC collaborated with the following public & private partners in the financial year

1. County Government of Kisumu
2. NG-CDF Kisumu West
3. Pamoja CBO
4. Plan international

Signed:

Mrs. Susan Onguko
BOG chairperson

Report of the Centre Manager

We have seen a tremendous increase of trainees from 15 to 56. This has made Sianda VTC to be the leading vocational training center in Kisumu County. This has come with its own challenges but generally this growth has enhanced our across the county and beyond.

I wish to acknowledge the tremendous efforts by the County Government of Kisumu in promoting vocational education and training. In the Financial year 2021-2022, the county government of Kisumu disbursed Ksh. 2,225,000.00 For the subsidized training program. This enabled the entity to offer tuition-free training to vulnerable youths who rely on government subsidies to access education. The County Government worked closely with the VTC to improve infrastructural development.

Tools & Equipment

During the financial year, Sianda VTC procured Instructional materials, tools & equipment.

Partnerships

Sianda VTC collaborated with the following public & private partners in the financial year

- County Government of Kisumu
- NG-CDF Kisumu West. The CDF office offers bursaries to our trainees
- Plan International
- Pamoja CBO

- **Challenges**

8. The institution is currently facing the following constraints and challenges:

Shortfall of instructors

- a) Delay in remitting funds from the county government.
- b) Inadequate funds to sustain volunteer wages.
- c) Lack of training facilities to include; administration and staff offices, electrical workshop, motor vehicle workshop, building/masonry shade, assorted tools and equipment e.g. model or skeleton vehicle parts for training mechanics, inadequate computers.

WAY FORWARD AND RECOMMENDATIONS.

- There is an urgent need to consider employing adequate instructors for the various courses run for better performance and to promote enrolment by new students. The vote heads should be adjusted to enable the institution procure modern tools and equipment.
- Support broad capacity building to help policy makers, managers and teaching and administrative staff use technology to support flexible skills development.
- Frequent exchange programs with other VTC in other regions that creates bench marking with other regions in the same area.

- Increased funding to vocational training institutions by the county government.

FUTURE PLANS

1. Registering institution as an examination center for both NITA and KNEC.
2. Equipping departments with Modern tools and equipment.
3. Engaging more partners for absorption and placement of students who have graduated and sponsoring of needy students around the community at large.
4. Establish a sustainable income generating project that benefits both the school and community at large.

Signed:.....

Mr. Eunice Akinyi
Manager/BOG Secretary

VII. Statement of Performance against Predetermined Objectives

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

Sianda VTC has 5 strategic pillars /issues/ themes and objectives within current Strategic Plan for the FY 2020/2021- FY 2025/2026. These strategic pillars are as follows:

- Pillar 1: enough and qualified trainers
- Pillar 2: Increasing the number of trainees
- Pillar 3: make the centre conducive to trainees and trainers
- Pillar 4: ICT integration
- Pillar 5: Title Deed acquisition
- Pillar 6: Shelter for security personnel.
- Pillar 7: Equipping the departments

Sianda VTC develops its annual work plans based on the above 5 pillars. Assessment of the Board's performance against its annual work plan is done quarterly. The VTC achieved its performance targets set for the FY 2021/2022 period for its 5 strategic pillars, as indicated in the diagram below:

Major strategic issues

Sianda VTC will focus on SEVEN major strategic issues as follows;

Strategic issue number One: To get on board enough and qualified trainers.

How do we establish and sustain the desired level of curricular standards and quality that is commensurate with our status? This can only be possible if we get even on internship 14 qualified trainers. This can come from the National and / or County government. This will ensure that all lessons are attended to which will make the centre to attract more students.

Strategic issue number Two: Increasing the number of trainees from the current

How do we ensure increased school revenue to meet the current and emerging budgetary requirements? This can only be realized if we get more trainees joining the centre.

Strategic issue number three: To make the centre conducive to trainees and trainers.

How do we improve discipline, develop appropriate positive attitude and institutional culture that is reflected in the trainees' appearance, language, seriousness and time consciousness.

Human dignity is the main philosophical foundation of human rights. It is meant to distinguish human beings from other creatures. It underlines the uniqueness of human being, above all their free will, individual autonomy, and capability to live independently. Subsequently, it now becomes our mandate to ensure our trainees and trainers live conducively.

Strategic issue number Four: ICT integration with priority in internet connectivity

. What measures must the centre take to ensure it is digitally compliant; have enough computers connected (interconnected) and with access to internet: (2021)

Strategic issue number Five: Centre's Title Deed acquisition

This can be done alongside ICT integration as it's more of Government offices operation.

Strategic issue number Six: Shelter for security personnel.

Currently the security person has no shelter. This hampers his work particularly during rainy or hot weather. This needs correction and we purpose to do it in the 2022 Financial Year.

Strategic issue number Seven: Equipping the departments;

The institution is in need of modern tools and equipment.

Corporate Governance Statement

The Sianda VTC Board of governors met twice during the 2021/2022 financial year period with the board committees also meeting twice.

Key responsibilities of the Board

1. Monitoring performance against strategic objectives
2. Promoting the aims and objectives of the institution
3. Extending links and communication between the centre and the community
4. Resource mobilization
5. Setting strategic aims and objectives
6. Supporting the centre to achieve its mission and vision

Remuneration of members of Board of Governors

Sianda VTC pays the BOG Chairperson and BOG members 2000 shillings each respectively every time they attend board meeting.

Board meetings

The board of governors holds meetings once every quarter to deliberate on issues relating to the centre. Meetings are chaired by the BOG chairperson or any member in case of the absence of the chair. The board may on its own volition invite a resource person to sit in their board meetings to solicit particular input. Conflict of interest among board members is prohibited by law and members are expected to apply high ethical standards in carrying out their responsibilities.

V.II. Management Discussion and Analysis

Operational and Financial performance

To respond to the prevailing national training needs, Sianda VTC infused its resources prudently into key areas to achieve the centre's core objectives. Our day-to-day operations during this period revolved around meeting the needs of our trainees through the provision of quality training, trainees' welfare, trainees' psychosocial support mechanisms, trainees' talent development, and linkages with industrial partners.

The institution's main sources of funding are; Kisumu County Grant, sponsors (Plan international,,Pamoja CBO & fees.

To meet the needs of our trainees, the management developed key budget lines, all of which are in tandem with guidelines from national government policies. The following were financial vote heads that enabled the centre to fully cover all its training objectives. The vote heads were accorded different weighting in terms of resource allocation.

Figure 2: vote heads for the financial year 2021/2022

**Sianda Vocational Training Centre
Annual Report and Financial Statements
the year ended 30th June 2022**

The following was the distribution of funds per vote heads in the f/y 21/22

Vote Head
Repairs, maintenance and improvement
Text books, reference books and training manuals
Instructional and examination materials
Skills competition
Lunch programme
Utilities
Hire of contracted services
Exercise books and stationery
Co – curricular activities

Key projects done

The following are key projects the management executed during this period.

1. Completion of a workshop

Major risks facing the Centre

When the management assessed risk factors that the VTC faces, the following were narrowed down as the major ones;

- a) Delay in remitting funds from the county government.
- b) Inadequate funds to sustain volunteer wages.
- c) Lack of training facilities to include; administration and staff offices, electrical workshop, motor vehicle workshop, building/masonry shade, assorted tools and equipment e.g. model or skeleton vehicle parts for training mechanics, inadequate computers.

K. Environmental and Sustainability Reporting Statement

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

Sustainability strategy and profile

Sianda VTC is keen to always operate and conduct its business with integrity both in the domain of compliance to statutory laws and pro-activeness in instituting initiatives that promote human rights, help communities, and conserve the natural environment

Environmental performance

We recognize the need to protect the natural environment. It is our policy that every member participates in promoting clean environment approach by reducing, reusing and recycling waste. We endeavour to manage and treat our wastes within the entity.

Employee welfare

Our policy on employee welfare is hinged on three main points namely promoting the health and safety of our employees, supporting diversity and inclusion, and protecting human rights. We also ensure that their welfare is well taken of. We are also dedicated to ensuring that we motivate our employees through non-monetary rewards and continued capacity building.

Market place practices-

Sianda VTC maintains a clear profile on best market practices by adhering to the following practices;

- a) Transparent and fair treatment of our suppliers during our procurements
- b) Conducting objective advertisement and sensitization campaigns that do not malign the reputation of our competitors
- c) Strict adherence to statutory laws

Corporate Social Responsibility / Community Engagements

- Sianda vtc was able to take part in social activities such as cleaning of the market and tree planting activities in both the institution and adjacent areas.
- The training center is always open to the community groups (women, youth and person with disabilities) for their group meetings thus fostering better relations with the community.
- Sianda vocational training centre always offers their furniture and space during various events in the community.

**Sianda Vocational Training Centre
Annual Report and Financial Statements
For the year ended 30th June 2022**

X. Report of the Board of Governors

The Council/Board members submit their report together with the audited financial statements for the year ended June 30, 2022, which show the state of the *Sianda Vocational Training Centre's* affairs.

Principal activities

The principal activity of the Centre is to provide employability skills training that is relevant to the contemporary market.

Results

The results of the entity for the year ended June 30th 2022 are set out on page the executive areas.

Council/Board of Governors

The members of the Board/Council who served during the year are shown on earlier page vi and vii of this report

Auditors

The Auditor General is responsible for the statutory audit of the *Sianda Vocational Training Centre* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015

By Order of the Board

.....
Eking
Secretary of the Board/Council
Date *31/6/23*

**Sianda Vocational Training Centre
Annual Report and Financial Statements
For the year ended 30th June 2022**

XI. 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 that *entity*, which give a true and fair view of the state of affairs of the Sianda Vocational Training Centre at the end of the financial year/period and the operating results of the Sianda Vocational Training Centre for that year/period. The Council members are also required to ensure that the Sianda Vocational Training Centre keeps proper accounting records which disclose with reasonable accuracy the financial position of the Sianda Vocational Training Centre. The council members are also responsible for safeguarding the assets of the Sianda Vocational Training Centre.


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

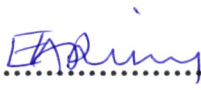
The Council members accept responsibility for the Sianda Vocational Training Centre financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), 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 the Sianda Vocational Training Centre's financial statements give a true and fair view of the state of Sianda Vocational Training Centre's transactions during the financial year ended June 30, 2022, and of the entity's financial position as at that date. The Council members further confirm the completeness of the accounting records maintained for the Sianda Vocational Training Centre, which have been relied upon in the preparation of the Sianda Vocational Training Centre's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

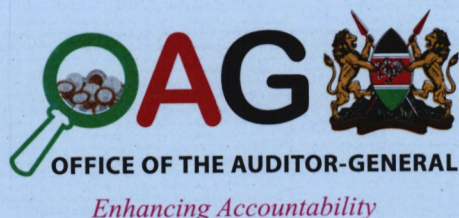
The Sianda Vocational Training Centre financial statements were approved by the Board on and signed on its behalf by:

.....

Mrs. Susan Onguko
Chairperson of the Board/Council

.....

Eunice Akinyi
Accounting Officer/Principal

REPUBLIC OF KENYA

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



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

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Sianda Vocational Training Centre set out on pages 1 to 31, which comprise of the statement of financial position as at 30 June, 2022, the statement of financial performance, the statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the

Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

Basis for Qualified Opinion

1. Presentation, Accuracy and Disclosure of the Financial Statements

Review of financial statements for the year under review revealed inaccuracies and presentation anomalies as follows:

- i. The financial statements reflect comparative balances for the prior year 2020/2021. However, financial statements for the prior year and earlier years were not submitted to the Auditor-General for audit as required by Section 23 of the Public Finance Management Act, 2012. As a result, the accuracy of opening balances in the financial statements could not be confirmed.
- ii. The statement of Changes in Net Assets reflects balances in respect of the prior year and for the year under review. However, the format and presentation of the statement was not in conformity with the annual reporting template and guidelines issued by the Public Sector Accounting Standards Board (PSASB).
- iii. The statement of comparison of budget and actual amounts did not include explanations for the variances exceeding 10% as required by the annual financial reporting template for Technical Vocational Education Training (TVET) institutions, National Polytechnics and Teacher Training Colleges. This is Contrary to the requirements of IPSAS 1- Presentation of financial statements.

In the circumstances, the accuracy, completeness and basis for amounts and disclosures in the financial statements for the year could not be confirmed.

2. Non-Disclosure of Property, Plant and Equipment

The statement of financial position reflects Nil balances in all categories of assets except for cash and cash equivalents. Although the Centre has in its possession assets such as buildings, computers, furniture, land, motor vehicles and liabilities in form of creditors. In addition, the Centre did not maintain an asset register for its assets and did not provide a title deed for the land where the Center sits. Further, the Institution lacked a depreciation policy to guide on how the assets would be depreciated. This is contrary to Paragraph 57 of the International Public Sector Accounting Standards (IPSAS) 17.

In the circumstance, the accuracy, completeness, and fair presentation of on property plant and equipment Nil balance as at 30 June, 2022 could not be confirmed.

3. Non-Provision for Doubtful Debts and Audit Fees

During the year under review, the Management did not make provisions for bad debts and audit fees as required by accounting policies for the preparation of financial statements for TVET institutions. These provisions ought to have been made and reflected in the statement of financial performance of the entity. In addition, the audit fee is payable annually and will be required in future for settlement.

In the circumstance, the accuracy, completeness, and fair presentation of the statements could not be confirmed.

4. Unsupported Cash and Cash Balances

The statement of financial position reflects Kshs.815,322 balance in respect of cash and cash equivalents as disclosed in Note 12(a) of the financial statements. The balance was in respect to three bank accounts. However, cashbooks maintained in respect to the Centre's three bank accounts were not up to date.

In the circumstances, the accuracy and completeness of cash and cash equivalent balances of Kshs.815,322 as at 30 June, 2022 could not be confirmed.

5. Lack of Ownership Documents for Assets

The statement of financial position reflects Nil expenditure in respect of property plant and equipment. Review of the fixed assets register maintained by the Training Center and a physical verification of the assets carried out in March, 2023, revealed that the assets existed but were not tagged for ease of identification and tracking.

Subsequently, the assets register provided for audit review was incomplete and did not include necessary information such as asset number and serial number. In addition, the values of the assets were not based on evidenced acquisition costs supported by Invoices, contracts and purchase orders. Further, ownership documents such as land title deeds and motor vehicle logbooks for the land and motor vehicles owned by the Centre were not provided for audit review.

In the circumstances, the existence, ownership, completeness and valuation of the Nil balance of the fixed assets as at 30 June, 2022 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Sianda Vocational Training Centre 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.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

and Effectiveness in Use of Public Resources/Qualified Opinion section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Irregular Payment of Stipend Allowances and Casual Employees Wages

The statement of financial performance reflects employee costs of Kshs.515,900 which was paid as stipend allowance to volunteer employees engaged by Management during the year under review. However, there was no support evidence of the procedure for engagement of the volunteer employees or approval of rates used in payment of their stipend contrary to Section 18 of the Employment Act, 2007 which requires that casual employees to be paid using gazette rates and regulations orders issued by the Government from time to time.

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

2. Irregular Procurement of Goods and Services

During the year under review, Management procured goods at a cumulative cost of Kshs.1,792,100 comprising of learning materials, equipment, tools and maintenance materials. However, review of procurement files provided for audit review revealed that five (5) suppliers of goods did not provide valid mandatory documents for the bids such as tax compliance certificate, tax PIN, and business permit among others. Failure to attach mandatory documents would have resulted in disqualification of the bidders at the preliminary stage.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Understaffing of the Training Center

During the year under review, the Centre had a staff establishment of twenty-four (24) against two (2) employees in position resulting is a shortage of twenty-two (22)

employees. The Centre was therefore understaffed and may have not been discharging its functions effectively. Further the Center lacked key personnel such as procurement officers and a qualified accountant.

In the circumstances, the existence of the controls in the payment system and financial processes management could not be confirmed.

2. Lack of IT Controls and Weak Internal Controls

A review of the internal control system at Sianda Vocational Training Centre revealed the following weaknesses:

- i. During the year under review, there was no approved strategic plan, risk management policy document to guide strategic direction and risk mitigation respectively.
- ii. There was no risk assessment carried out by management to identify and address key areas of concern and document specific controls in response to identified risks.
- iii. There was no internal audit and audit committee in place at the Centre as provided for in the Public Finance Management Act, 2012
- iv. There was no Information Technology Strategic Committees during the year under review since no committee meeting minutes were availed for audit review.
- v. There was no formal, documented, and tested disaster recovery plan in place and in the event of emergency, the personnel involved might not be aware of what is expected of them.

In the circumstances, the existence of sufficient and effective system of internal control and governance structure could not be ascertained.

3. Delay in Appointment of Principal

Since establishment of the Training Centre, the Principal has not been recruited contrary to Section 30 of the Technical and Vocational Education and Training Act No 29 of 2013. As at the time of audit in March, 2023, the Centre was under the leadership of a Centre Manager on secondment from the County Government of Kisumu.

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

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material

misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1) (a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that

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


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

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

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

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

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


CPA Nancy Gathunga, CBS
AUDITOR-GENERAL

Nairobi

18 July, 2023

Sianda Vocational Training Centre
Annual Report and Financial Statements
For the year ended 30th June 2022

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

Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
Revenue from Non-Exchange transactions			
Transfers from other National Government entities	6	3,595,000.00	1,755,000.00
Transfers from other levels of government	7	2,225,000.00	180,000.00
Public contributions and donations		-	
		5,820,000.00	1,935,000.00
Revenue from Exchange transactions			
Rendering of services- fees from students	8	102,500.00	25,000.00
Revenue from Exchange transactions		102,500.00	25,000.00
Total Revenue		5,922,500.00	1,960,000.00
Expenses			
Use of goods and services	9	3,050,787	1,593,168.00
Employee costs	10	515,900	169,000.00
Repairs and maintenance	11	1,719,035.00	649,720.00
Board/Council Expenses	12	70,000.00	93,000.00
Total Expenses		5,355,722.00	2,504,888.00
Other Gains/(Losses)			
Total Other Gains/(Losses)		-	
Net surplus for the year		566,778.00	(544,888.00)

The notes set out on pages 7 to 29 form an integral part of the Annual Financial Statements

The Financial Statements set out on pages 1 to 6 were signed by:


.....

Chairman of Council/Board

Date 02/06/2023


.....

Finance Officer

ICPAK No 20139

Date 3/6/23


.....

Principal

Date 3/6/2023

**Sianda Vocational Training Centre
Annual Report and Financial Statements
For the year ended 30th June 2022**

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

Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	13	815,322.00	248,544.00
Current Asset		815,322.00	248,544.00
Non-Current Assets			
Long term receivables from exchange transactions		0	
Total Assets		815,322.00	248,544.00
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions		0	0
Non-Current Liabilities			
Finance lease obligation		0	0
Total Liabilities		0	0
Net Assets			
Bal b/d		248,544.00	793,432.00
Accumulated Surplus		566,778.00	(544,888.00)
Capital Fund		-	
Total Net Assets and Liabilities		815,322.00	248,544.00

The Financial Statements set out on pages 1 to 6 were signed by:



Chairman of Council/Board

Date

02/06/2023

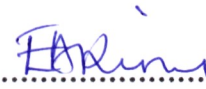


Finance Officer

ICPAK No 20139

Date

3/6/23



Principal

Date

3/6/23

Sianda Vocational Training Centre
Annual Report and Financial Statements
For the year ended 30th June 2022

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

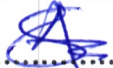
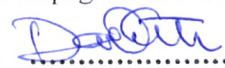

PARTICULARS	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
	kshs	kshs	kshs	kshs
Balance as at 1st July 2021	0	0	793,432	793,432
Surplus / (Deficit) for the period	0	0	(544,888)	(544,888)
Fund received during the year	0	0	-	-
Revaluation gain	0	0	-	-
Balance as at 30th June 2021	0	0	248,544	248,544
Balance as at 1 July 2021	0	0	248,544	248,544
Surplus / (Deficit) for the period	0	0	566,778	566,778
Fund received during the year	0	0	-	-
Revaluation gain	0	0	-	-
Balance as at 30 June 2022	0	0	815,322	815,322

Sianda Vocational Training Centre
Annual Report and Financial Statements
For the year ended 30th June 2022

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

Description	Note	2021-2022 Kshs	2020-2021 Kshs
Cash flows from operating activities			
Receipts			
Transfers from other government entities/govt. Grants	6	3,595,000.00	1,755,000.00
Transfers from county government of Kisumu	7	2,225,000.00	0.00
Transfers from other levels of Govt- CDF- Ksm west			180,000.00
Rendering of services- fees from students	8	102,500.00	25,000.00
Total Receipts		5,922,500.00	1,960,000.00
Payments			
Compensation of employees	10	515,900.00	169,000.00
Use of goods and services	9	3,050,787.00	1,593,168.00
Repair and Maintenance	11	1,719,035.00	649,720
Board/Council Expenses	12	70,000.00	93,000.00
Total Payments		5,355,722.00	2,504,888.00
Net Cash Flows from operating activities	14	566,778.00	(544,888)
Cash flows from investing activities			
Net cash flows used in investing activities		0	0
Cash flows from financing activities		0	0
Deposits receipts		0	0
Net cash flows used in financing activities		0	0
Net Increase/(Decrease) in Cash and Cash equivalents		566,778.00	(544,888)
Cash and Cash equivalents at 1 JULY 2021	13	248,544.00	793,432.00
Cash and Cash equivalents at 30 JUNE 2022	13	815,322.00	248,544

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

		
.....
Chairman of Council/Board	Finance Officer	Principal
	ICPAK No 20139	
Date 03/06/2023	Date 3/6/23	Date 3/6/2023

**Sianda Vocational Training Centre
Annual Report and Financial Statements
For the year ended 30th June 2022**

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

Description	Original budget		Adjustments		Final budget		Actual on comparable basis		Performance difference		Utilization Difference	
	2021-2022	Kshs	2021-2022	Kshs	2021-2022	Kshs	2021-2022	Kshs	2021-2022	Kshs	2021-2022	%
Revenue												
Transfers from other govt entities and govt grants	2,520,000.00		-		2,520,000.00		3,595,000.00		1,075,000.00		30%	
Transfers from other levels of government	2,520,000.00		-		2,520,000.00		2,225,000.00		(295,000.00)		11.71%	
Busery-CDF	840,000.00				840,000.00	0	0		(840,000.00)		100%	
Rendering of services- fees from students	1,470,000.00		-		1,470,000.00		102,500.00		(1,367,500.00)		93%	
Income Generating Activities	50,000.00				50,000.00				(50,000.00)			
Total Income	7,400,000.00		-		7,400,000.00		5,922,500.00		(1,477,500.00)		19%	
Expenses												
Compensation of employees	840,000.00		-		840,000.00		515,900.00		324,100.00		38%	
Use of goods and services	4,070,695.00		-		4,070,695.00		3,050,787.00		1,020,178.00		25%	
Repairs and Maintenance	1,719,035.00		-		1,719,035.00		1,719,035.00		-		0.0	
Lunch Program	990,000.00				990,000.00	0	0		990,000.00		100%	
Development	320,000.00				320,000.00	0	0		320,000.00		100%	
Board/ Council Expenses	70,000.00		-		70,000.00		70,000.00		0		0.0	
Income generating Activities	50,000.00				50,000.00	0	0		50,000.00		100%	
Total Expenditure	8,060,000.00		-		8,060,000.00		5,355,722.00		2,704,278		93.%	
Surplus For the Period	(660,000.00)		-		(660,000.00)		566,778.00		1,226,778.00		0.0	

**Sianda Vocational Training Centre
Annual Report and Financial Statements
For the year ended 30th June 2022**

Budget Notes

1. Revenue from national government went up by 30% because the number of trainees' enrolment at the time of disbursement was hire than the number of trainee's enrolment that was used at the time of budget preparation.
2. The revenue from county government dropped slightly by 11% as compared to the budgeted since three was a difference in capitacion per trainee as budgeted and the actual disbursement.
3. Revenue from fee collection went down by 93% compared to the budgeted amount because the institution was not able to collect fee as budgeted.
4. The budgeted revenue from income generating activities were not realised as budgeted resulting into 100% negative variance.
5. The expenditure on employee cost, uses of goods, lunch program and development all had a positive variance of more than 10% because the institution had to cut on its spending since the budgeted revenues went down

XVIII. Notes to the Financial Statements

1. General Information

Sianda VTC entity is established by and derives its authority and accountability from TVET Act of 2013 Section 20(1). The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is technical education.

2. Statement of Compliance and Basis of Preparation

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

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

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

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

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

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

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

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.

**Sianda Vocational Training Centre
Annual Report and Financial Statements
For the year ended 30th June 2022**

Standard	Effective date and impact:
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>

**Sianda Vocational Training Centre
Annual Report and Financial Statements
For the year ended 30th June 2022**

Standard	Effective date and impact:
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

iii. Early adoption of standards

Sianda VTC did not early-adopt any new or amended standards in year 2022.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

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

Sale of goods

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

Interest income

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

Dividends

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

4 Summary of Significant Accounting Policies (Continued)

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions (continued)

Rental income

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

b) Budget information

The original budget for FY 2021/2022 was approved by the Council or Board on 25/03/2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of 25/03/2022 on the FY 2021/2022 budget following the Council/ Board's approval.

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

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

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

c) Taxes

Current income tax

The entity is exempt from paying taxes as per schedule 1 of the *Income Tax Act* Cap 470

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.

Notes to the Financial Statements (Continued)

- When receivables and payables are stated with the amount of sales tax included.

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

d) Investment property

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of 0 years.

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

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

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the 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.

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

f) Leases

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

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

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

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

g) Intangible assets

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

h) Research and development costs

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

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

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit.

During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

i) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

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

financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

i) financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

- The debtors or an entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

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

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

Inventories (Continued)

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

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

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

k) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent assets

The Entity does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or

more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

l) Nature and purpose of reserves

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

m) 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.

n) 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.

o) 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.

p) Borrowing costs

**Sianda Vocational Training Centre
Annual Report and Financial Statements
For the year ended 30th June 2022**

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.

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

q) 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.

r) 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.

s) 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.

t) Comparative figures

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

u) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2022.

Notes to the Financial Statements (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

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

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

**Sianda Vocational Training Centre
Annual Report and Financial Statements
For the year ended 30th June 2022**

Notes to the Financial Statements (Continued)

6. Transfers from other National Government entities

Description	2021-2022	2020-2021
	Kshs	Kshs
Unconditional Grants		
Capitation Grants	3,595,000.00	1,755,000.00
Operational Grant	-	-
Sub- Total	3,595,000.00	1,755,000.00
Total Government Grants and Subsidies	3,595,000.00	1,755,000.00

7. Transfers from Other Levels of Government

Description	2021-2022	2020-2021
	Kshs	Kshs
Transfer from County Government of Kisumu	2,225,000.00	
KSM WEST CDF	-	180,000.00
Transfer from Other Institutes	-	-
Total Transfers	2,225,000.00	180,000 .00

8. Rendering of Services

Description	2021-2022	2020-2021
	Kshs	Kshs
Tuition Fees	102,500.00	25,000.00
Activity Fees	-	-
Industrial Attachment Fees	-	-
Total Revenue from The Rendering Of Services	102,500.00	25,000.00

**Sianda Vocational Training Centre
Annual Report and Financial Statements
For the year ended 30th June 2022**

Notes to the Financial Statements (Continued)

9. Use Of Goods And Services

Description	2021-2022	2020-2021
	Kshs	Kshs
Teaching and learning materials	3,000,500.00	1,567,150.00
Water	6,000.00	6,000.00
Internet expenses	38,433.00	-
Bank Charges	5,854.00	5,018.00
LT&T		15,000.00
Total good and services	3,050,787	1,593,168.00

10. Employee Costs

Description	2021-2022	2020-2021
	Kshs	Kshs
Stipend Allowance	515,900.00	169,000.00
Salaries and wages	-	-
Travel, motor car, accommodation, subsistence and other allowances	-	-
Housing benefits and allowances	-	-
Overtime payments	-	-
Employee Costs	515,900.00	169,000.00

11. Repair and Maintenance

Description	2021-2022	2020-2021
	Kshs	Kshs
Maintenance of Property & equipment	1,719,035.00	649,720.00
	-	-
Total	1,719,035.00	649,720.00

**Sianda Vocational Training Centre
Annual Report and Financial Statements
For the year ended 30th June 2022**

Notes to the Financial Statements (Continued)

12. Board/council expenses

Description	2021-2022	2020-2021
	Kshs	Kshs
Other Board/Council Expenses	70,000.00	93,000.00
Total	70,000.00	93,000.00

13. Cash and Cash Equivalents

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Account	815,322.00	248,544.00
Total Cash and Cash Equivalents	815,322.00	248,544.00

12 (a). Detailed Analysis of Cash and Cash equivalents

		2021-2022	2020-2021
Financial Institution	Account number	Kshs	Kshs
a) Current Account			
Kenya Commercial Bank-national	1233819496	553,648.00	188,373.00
Kenya Commercial Bank-school	1237558433	123,272.00	46,144.00
Equity Bank -county	290261637266	138,402.00	14,027.00
Sub- Total		815,322.00	248,544.00
Grand Total		815,322.00	248,544.00

**Sianda Vocational Training Centre
Annual Report and Financial Statements
For the year ended 30th June 2022**

Notes to the Financial Statements (Continued)

14. Cash generated from operations

	2021-2022	2020-2021
	Kshs	Kshs
Surplus for the year before tax	566,778.00	(544,888.00)
Adjusted for:		
Depreciation	0	0
Non-Cash grants received	0	0
Contributed assets	0	0
Impairment	0	0
Working Capital Adjustments		
Increase in Inventory	0	0
Increase in Receivables	0	0
Increase in Deferred Income	0	0
Net Cash Flow from Operating Activities	566,778.00	(544,88.00)

15. 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:

**Sianda Vocational Training Centre
Annual Report and Financial Statements
For the year ended 30th June 2022**

Notes to the Financial Statements (Continued)

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2021				
Receivables from exchange transactions	0	0	0	0
Receivables from non-exchange transactions	0	0	0	0
Bank balances	248,544.00	0	0	0
Total	248,544.00	0	0	0
At 30 June 2022				
Receivables from exchange transactions	0	0	0	0
Receivables from non-exchange transactions	0	0	0	0
Bank balances	815,322.00	0	0	0
Total	815,322.00	0	0	0

Financial Risk Management (Continued)

(i) Credit risk (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 xxxx

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.

(ii) Liquidity risk management

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

**Sianda Vocational Training Centre
Annual Report and Financial Statements
For the year ended 30th June 2022**

Notes to the Financial Statements (Continued)

The table below represents cash flows payable by the company under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2021				
Trade Payables	0	0	0	0
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred Income	0	0	0	0
Employee Benefit Obligation	0	0	0	0
Total	0	0	0	0
At 30 June 2022				
Trade Payables	0	0	0	0
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred Income	0	0	0	0
Employee Benefit Obligation	0	0	0	0
Total	0	0	0	0

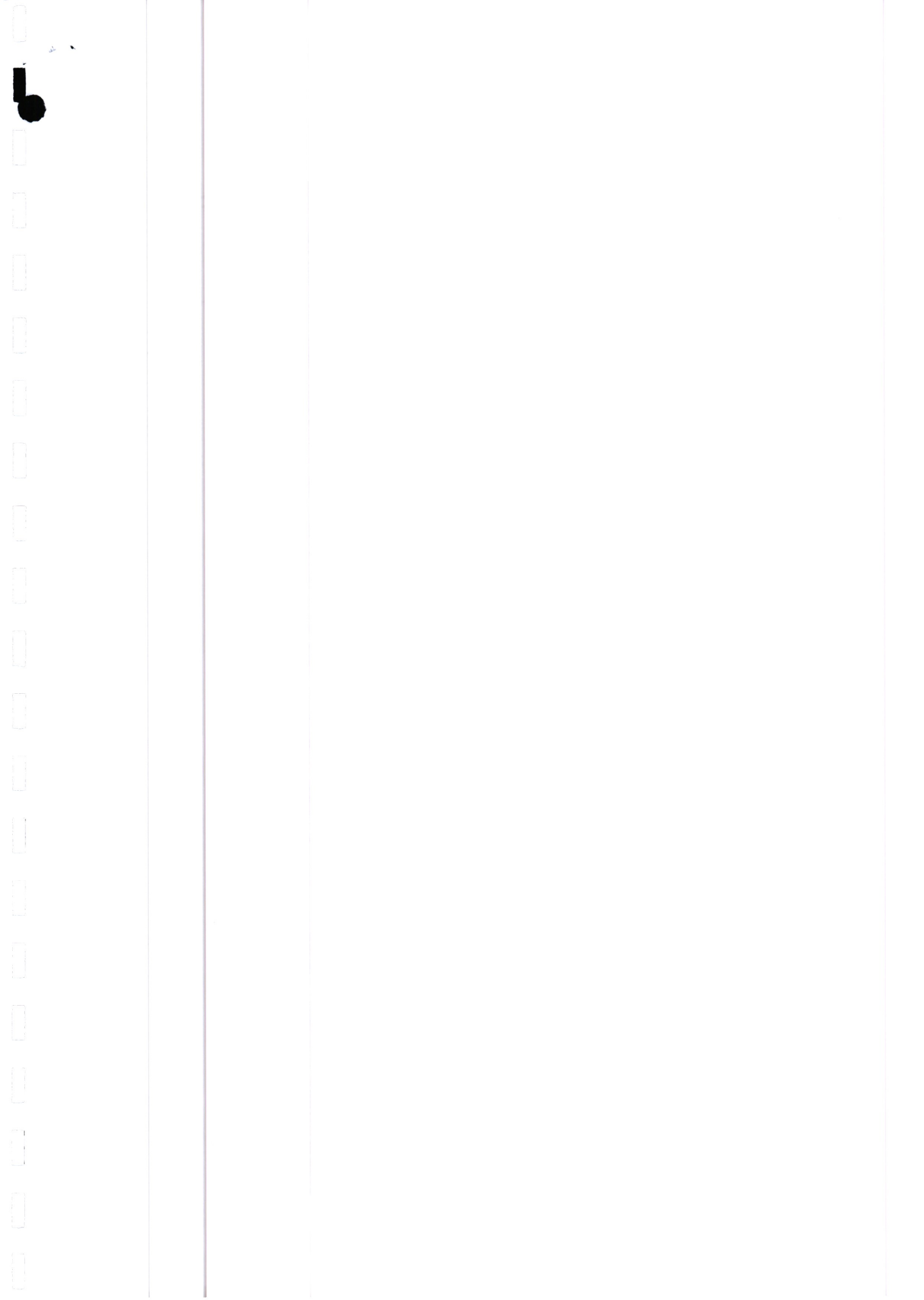
(iii) Market risk

The entity has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

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

The entity's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.



**Sianda Vocational Training Centre
Annual Report and Financial Statements
For the year ended 30th June 2022**

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 implementation of each issue;
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.
.....

Eunice Akinyi
Accounting Officer
Centre Manager
Date

a) Interest rate risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The company's interest rate risk arises from bank deposits. This exposes the company to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the company's deposits.

Management of interest rate risk

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

b) Interest rate risk(continued)

Sensitivity analysis

The entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs xxx (2022: Kshs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (2022 – Kshs xxx)

Capital Risk Management

The objective of the entity's capital risk management is to safeguard the entity's ability to continue as a going concern. The entity capital structure comprises of the following funds:

Description	2021-2022	2020-2021
	Kshs	Kshs
Revaluation Reserve	0	0
Retained Earnings	815,322.00	248,544.00
Capital Reserve	0	0
Total Funds	815,322	248,544.00
Total Borrowings	0	0
Less: Cash and Bank Balances	(815,322)	(248,544.00)
Net Debt/(Excess Cash and Cash Equivalents)	815,322.00	248,544.00
Gearing	100%	100%

**Sianda Vocational Training Centre
Annual Report and Financial Statements
For the year ended 30th June 2022**

Notes to the Financial Statements (Continued)

16. Related Party Balances

Nature of related party relationships

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

Government of Kenya

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

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

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

Description	2021-2022	2020-2021
	Kshs	Kshs
Transactions with Related Parties		
B) Purchases from related parties		
Purchases of electricity from kplc	0	0
Purchase of water from govt service providers	0	0
Total	0	0
a) Grants /Transfers from the Government		
Grants from National Govt	3,595,000.00	1,755,000.00
Grants from County Government	2,225,000.00	0
Total	5,820,000.00	1,755,000
b) Key Management Compensation		
Board/Council Expense	0	42,000.00
Total	0	42,000.00

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).

**Sianda Vocational Training Centre
Annual Report and Financial Statements
For the year ended 30th June 2022**

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 implementation of each issue;
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

.....*Eunice Akinyi*.....

Eunice Akinyi
Accounting Officer
Centre Manager
Date 31/6/23

