

REPUBLIC OF KENYA



Enhancing Accountability



PARLIAMENT
OF KENYA
LIBRARY

REPORT

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 23 JUL 2023	DAY: WEDNESDAY
TABLED BY: HON. (DR) ROBERT PUKOSE	
CLERK-AT THE-TABLE: HALIMA SULEIMAN	

OF

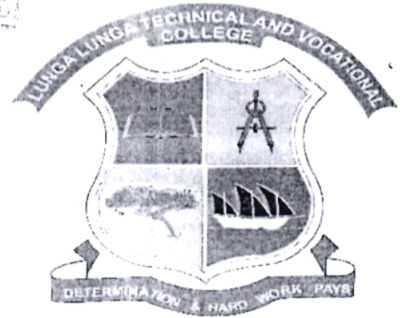
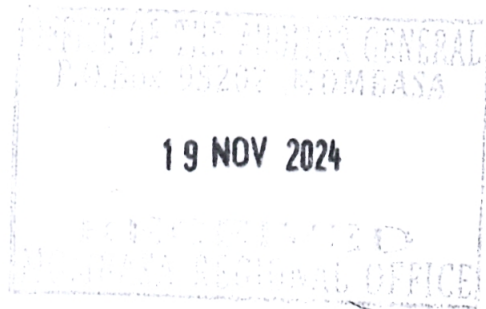
THE AUDITOR-GENERAL

ON

**LUNGALUNGA TECHNICAL AND
VOCATIONAL COLLEGE**

**FOR THE YEAR ENDED
30 JUNE, 2023**

THE NATIONAL ASSEMBLY
DATE: 11/11/2011
TABLET NO. 101
THE SECRETARY
GENERAL



LUNGALUNGA TECHNICAL AND VOCATIONAL COLLAGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30TH JUNE 2023**

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

(Leave page Blank)

Table of Contents

1.	Acronyms & Glossary of Terms.....	ii
2.	Key Entity Information and Management.....	iii
3.	The Board of Governors	ix
4.	Key Management Team	xi
5.	Chairman's Statement	xiii
6.	Report of the Principal	xiv
7.	Statement of Performance against Predetermined Objectives	xvi
8.	Corporate Governance Statement.....	xvii
9.	Management Discussion and Analysis	xix
10.	Environmental And Sustainability Reporting Statement.....	xx
11.	Council/Board of Governors.....	xxii
12.	Statement of Board of Governors/ Council's Responsibilities	xxiii
13.	Report of the Independent Auditor on Lungalunga Tvc.	xxiv
14.	Statement of Financial Performance for the year Ended 30 June 2023.....	1
15.	Statement of Financial Position as at 30th June 2023	2
16.	Statement of Changes in Net Asset for the Year Ended 30 June 2023	3
17.	Statement of Cash Flows for the year Ended 30 June 2023.....	4
18.	Statement of Comparison of Budget & Actual amounts for year Ended 30 June 2023	5
19.	Notes to the Financial Statements.....	6
20.	Appendices	21

LungaLunga Technical and Vocational Collage
Annual Report and Financial Statements for the year ended 30th June 2023

1. Acronyms & Glossary of Terms

BOG	Board of Governors
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
TTI	Technical Training Institute
LTVC	LungaLunga Technical and Vocational Collage
TVET	Technical and Vocational Education and Training.
KICD	Kenya Institute of Curriculum Development.
NITA	National Industrial Training Authority.
KASNEB	Kenya Accountants and Secretarial National Examination Board.
CDACC	Curriculum Development, Assessment and Certification Council.
KATTI	Kenya Association of Technical Training Institute.
ATUPA	Association of Technical Universities and Polytechnics in Africa.
KNEC	Kenya National Examination Council.
Fiduciary Management	Key management personnel who have financial responsibility in the entity

2. Key Entity Information and Management

(a) Background information

The institution was incorporated /established under the TVET Act 2013 on January 2019. The entity is domiciled in Kenya the institute is under the Ministry of Education state Department of Vocational and Technical Training.

The institution was mentored by Kenya Coast National Polytechnic for year ended 30th June 2021. It was born out of grand plan by the government of ensuring that at least a technical and vocational college is built in every constituency. The intention therein is to improve on access for youth in acquisition of saleable skills that will help improve all sectors of the Kenya economy through employment and entrepreneurship.

(b) Principal Activities

Mandate

To train Technical and Vocational Skills on approved curricular for sustainable Development for the vision 2030 and beyond.

Vision Statement

To be the leading Centre of Excellence in Technical Training and Applied Technology for the dynamic Technological world of work.

Mission Statement

To produce globally highly competent and competitive graduates through competence Based Education and Training, Research and innovation for sustainable development.

Institute Moto

Hard work and Determination Pay.

(c) Key Management

LTVC daily management is carried out under the following key division:

- The principal
- The Deputy Principal
- The Registrar
- The Dean of Students
- The accountant
- The industrial Liasson Officer

(d) Fiduciary Management

LungaLunga Technical and Vocational Collage
Annual Report and Financial Statements for the year ended 30th June 2023

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

SN.	Designation	Name
	Name	Designation
1	Mr. Malau Kombo	Principal
2	Mr. Domnic Okendo	Ag Deputy Principal
3	Mr. Solomon Muthambiri	Ag. Registrar
4	Mr. Francis Mbogo	Ag. Dean of Students
5	Mr. Sila Sironga	Accountant
6	Mr. Dennis Kipkorr	Industrial Liasson Officer

Key Entity Information and Management (Continued)

(e) Fiduciary Oversight Arrangements

Finance Committee of the BOG

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

Terms of Reference

The role of the committee shall be to monitor the financial status of the institution on behalf of the Board of Governors

In addition to advising Board of Governors on those matters referred to above.

The committee's responsibilities shall include

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

LungaLunga Technical and Vocational Collage
Annual Report and Financial Statements for the year ended 30th June 2023

Academic committee activities

The academic committee of the Board is entrusted with the following roles and functions:

- a. To satisfy itself regarding the content and academic standard of any course of study in respect of any diploma, certificate or other award and to report its findings thereon to the Board.
- b. To propose regulations for consideration by the Board regarding the eligibility of persons for admission to a course of study.
- c. To propose regulations for consideration by the Board regarding the standard of proficiency to be gained in each examination for a Diploma, Certificate or other award.
- d. To approve programmes of study, regulate admission of persons to LLTVC and determine their continuance or discontinuation in such programmes.
- e. To determine the Academic policy of LLTVC and to advise the Board on the provision of facilities to carry out that policy.
- f. To direct and regulate the teaching and instruction within the Institute subject to the powers of the Board.

Management Committee Activities

1. Ensure that LLTVC'S Board of Governors is able to take strategic decisions relating to LLTVC's activities
2. Provide leadership in communicating LLTVC's mission, values plans and achievements effectively and consistently to Board of Governors Members, staff, Government, the voluntary and community sector, the general public and other stakeholders.
3. Be accountable for the development and implementation of LLTVC's strategic, corporate and business plans in line with the mission and values;
4. Take a strategic overview of performance in all areas of LLTVC's activities

Specifically, the Senior Management Team

- Makes recommendations to the Council on the implementation and achievement of the Board of Governors' Strategic framework;
- Agrees LLTVC's Corporate plan, minor delivery through appropriate key management and performance information reporting to the Board of Governors as appropriate.
- In the light of income projections and forecasts, considers the annual grants and operational expenditure and monitors such expenditure;
- Develops, agrees, monitors and reviews strategies relevant to the effective and efficient operation of LLTVC, making recommendations as appropriate to the Board of Governors and/ or its relevant Committee.

- Determines strategic issues arising from the introduction of new policies or process, including actively managing risk across the organization and regularly reviewing the corporate risk register;
- Oversees and monitors LLTVC's joint work with the other stakeholders.
- Considers the impact of external factor and developments, including specific political initiatives and impact of external factors and developments and where appropriated make recommendations to the Board of Governors and/or its relevant Committees.
- Leads all senior managers in motivating and developing LLTVC staff to deliver the highest standards of performance and customer service.

Audit Committee

The activities of the Audit Committee include

i. Governance Initiatives:

Review and provide oversight on the established by the BOG and maintained by the organization.

ii. Risk management

Review and provide oversight on the establishment, implementation, maintenance, and effectiveness of risk assessment, risk management and risk reporting practices.

iii. Internal control framework:

Review and provide oversight on the organization's internal control framework. Keep informed on all significant matters arising from work performed by any governance, risk, and control assurance providers.

iv. Audit activity

Approve and periodically review the organizational audit policy. Review and approve an internal audit plan. The audit plan should be risk –based and supported by appropriate risk assessments.

v. Follow up on management action plans:

The audit committee shall review regular reports on implementation status of approved management action plans resulting from prior internal audit recommendations.

vi. Financial statements and public accountability reporting:

The audit committee shall review and provide advice to the BOG on the key financial management and performance reports and disclosures issued to the public.

Government oversight activities

The government of Kenya's oversight role include provision of Grants for operation as well as provision of the regulatory framework.

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

LungaLunga Technical and Vocational Collage
Annual Report and Financial Statements for the year ended 30th June 2023

(f) Entity Headquarters

P.O.Box 173 -80402
Lungalunga Technical and Vocational College
Kwale – Lungalunga –chindi Road
Kwale - Kenya

(g) Entity Contacts

Lungalunga Technical and Training College
P.O.Box 173 -8042
Kwale, Kenya
Telephone:0702152087
Email:lungalungatvc2019@gmail.com

(h) Entity Bankers

Bank Name:Kenya Commercial Bank
Branch: Diani
Accounty Name:Lungalunga Technical and Vocational College
Account number: 1282507672

(i) Independent Auditors





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

(j) Principal Legal Adviser




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

Lungalunga Technical and Vocational Collage
Annual Report and Financial Statements for the year ended 30th June 2023


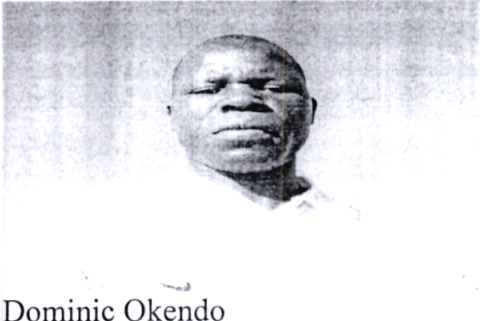

3.The Board of Governors

S/NO	BOG: Name of Member	Title	Photo	Responsibility	Date of Birth, Qualification Work Experience
1	Dr. Fikirini Lugogo Mangale	Chairman		Overall management of BOG activities	D.O.B 25/03/1974 PhD: Economics and Management of National Economy [Russia] Examination coordinator Pwani University Lecturer Mt Kenya University
2	Mr.Malau Kombo Nyawa	Principal /Secretary [BOG]		In charge of the overall management of the institution	D.O.B 01/01/1967 Qualification: -Higher Diploma Building and Civil Engineering [Technical University of Mombasa Experience: 31 years of teaching.
3	Mr. Abdallah Mohamed Raisi	Member		Academic Committee	Bachelor of Science in Civil Engineering [Technical University of Mombasa]
4	Ms Sharon Arum Akinyi	Member		Academic Committee	Bachelor of Science in ICT




LungaLunga Technical and Vocational Collage
Annual Report and Financial Statements for the year ended 30th June 2023

5	Mr.Said Hamisi Ranzuga	Member		Chairman in Academic Committee	Bachelor of Science in Mechanical Engineering [Technical University of Mombasa]
6	Mr Thomas Shadrack Duda	Member		Chairman in Finance & Human resource Committee	Bachelor of Science in Hospitality Management
7	Ms. Mercy Sau Mwakio	Member		Chairperson in Audit and Risk Management Committee	Bachelor of Commerce – Accounting.
8	Mr. Humphry Nyaga Njiru	Member		Member in Audit and Risk Management Committee	Bachelor in Law

4. Key Management Team

SN.	Member/ Director	Details
1.	 Mr. Malau Kombo Nyawa (Higher Diploma Building and Civil Engineering)	Chief Executive Officer/ Principal Secretary BOG.
2.	 Dominic Okendo (Bachelor in Mechanical Engineering)	Deputy Principal
3.	 Sila Matai (Diploma in Accounting)	Accountant

LungaLunga Technical and Vocational Collage
Annual Report and Financial Statements for the year ended 30th June 2023

4.	 <p>Solomon Mudhambiri (Bachelor in BIT)</p>	Ag. Registrar
5.	 <p><i>Frances Mbongo Wachira</i> <i>(Bachelor in Education technology)(power mechanic)</i></p>	Ag. Dean Of Students
4. Key Management Team (Continued)		
6.	 <p><i>Dennis Kipkorr</i> <i>Degree in Mechanical Engineering</i></p>	Industrial Liasson Officer

5. Chairman's Statement

Lungalunga Technical and Vocational College was established as TVET Institution in 2019. The aim was to offer technical courses to standard eight and form four leavers. The institution offers technical courses. These are Mechanical Engineering, Automotive Engineering, Information Communication Technology, Clothing and Dress Making, Beauty Therapy and Hair Dressing.

The institution offers KNEC and NITA Courses

It is managed by Board of Governors and the government provides trainers in various fields of study

It has been noted that the expected growth in students' enrollment at LLTVC is low, this because there are many challenges like no running water, no hostels, no fence and no gate.

However, we are trying our best to increase the student enrolment to 200 by the end of FY 2022/2023.

The institution has enough land for expansion. It has playing fields like football, Volleyball and netball

This Board is inaugural being the 1st after it was opened

I appreciate the financial support by the government in form of recurrent grants that has seen us achieve some notable development.

The institution has been registered by TVETA, KUCCPS and HELB

The institution is also an examination Centre for KNEC examinations.



Dr. Fikirini Lugogo Mangale

Chairman Board of Governors

LungaLunga Technical and Vocational Collage
Annual Report and Financial Statements for the year ended 30th June 2023

6. Report of the Principal

Lungalunga Technical and Vocational College is in Kwale County, Lungalunga Sub County. It is about 30km west of Lungalunga town. Lungalunga town is in south Coast along Mombasa Dar salaam high way. It is situated in dry place with scattered thorn bushes. It was opened in 2019. We tried our best to reach students enrolment of over 100 despite some major challenges like lack running water, hostels, fence and gate. We have also tried our best to objectively align our core functions and objectives so that we become an integral part of the whole nation in the realization of the vision 2030 and beyond

Our institution offers the following technical courses.

In Mechanical department we have the following

- Diploma in mechanical Engineering,
- Craft certificate in mechanical Engineering,
- Craft certificate in welding and fabrication
- Artisan in welding and fabrication

In information and Communication Technology department we have the following

- Diploma in information and Communication Technology
- Craft certificate in information and Communication Technology,
- Computer application

In Hospitality department we have the following

- Artisan in Clothing and Dressmaking
- Artisan in Beauty Therapy and Hair dressing

We have 12 trainers employed by the government and 2 under BOG.

vision; To be the leading centre of excellence in Technical Training and applied Technology for the modern dynamic technological world of work.

In recognition of the important role, we have set out our strategic plan aimed at providing competent craftsmen/women and technicians for industry and self-employment. It is our obligation to have an impact in solving social, economic and environment challenges by applying science and technology.


Our mission: To produce globally highly competent and competitive graduates through competent Based education, training research and innovation for sustainable development.

The account department prepares monthly trail balances and bank reconciliation.

LungaLunga Technical and Vocational Collage
Annual Report and Financial Statements for the year ended 30th June 2023

It is our vision that through maximum utilization of college fees, government grants and other funds from county Development fund [CDF] we shall greatly improve the institution infrastructure and human capacity. This will facilitate tremendous expansion for more programs. It is our vision that Lungalunga Technical and Vocational College is going to become The Lungalunga Technical University in the future.

Mr. Malau Kombo Nyawa


Principal [Secretary BOG]

Lungalunga Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

7. Statement of Performance against Predetermined Objectives

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

Lungalunga Technical and Vocational College has 3 strategic pillars and objectives within its Strategic plan for the FY 2020/2021

Pillar 1: Providing high quality technical education.

Pillar 2: Partnership & Collaboration

Pillar 3: Development infrastructure

The institution achieved its performance targets set for FY2022/2023 for its 3 pillars as indicated in the table below

Strategic pillar		Objectives	Key performance Indicator	Activities	Achievements
Pillar 1	Providing high quality technical education	To produce competent, highly skilled and self-driven human resource to the society	Attracting number of trainees.	Marketing using football tournaments and use of KUCCPS	Increased enrollment
Pillar 2	Partnership & Collaboration	To include the community in the activities of the institution	Collaboration between the institution and the community	Finance sponsorship to needy students	Lungalunga CDF is sponsoring needy students by giving bursaries
Pillar 3	Development infrastructure	To Create enough physical facilities which includes but not limited to workshops, equipment, lecture rooms, laboratories, library and sports ground	Enough land	Creating sport grounds.	Fields were created like football , volleyball and netball

The management of Lungalunga Technical and Vocational College rely most on fees direct from students and recurrent grants from the government to run its operations.

The institution is growing and attracting students through KUCCPS which is projected to increase steadily; However, this may be thwarted by lack of water, hostels, fence, gate and classrooms.

8. Corporate Governance Statement

i. Appointment of BOG Members

The Cabinet Secretary, MOE appoints members of the Board following proposals from the principal of the institute. The board consists of seven members. The TVET county Directors represents the ministry, The Boards of Governors for **Lungalunga Technical and Vocational College** serves for three years. The Board may set up such committees and assign such responsibilities as it may deem fit.

ii. Role and Functions of Board of Governors

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

- (a) Overseeing the conduct of education and training in the institutions in accordance with the provisions of this TVET Act and any other written law;
- (b) Promoting and maintaining standards, quality and relevance in education and training in the institutions in accordance with this TVET Act and any other written law;
- (c) Administering and managing the property of the institution;
- (d) Developing and implementing the institutions' strategic plan;
- (e) Preparing annual estimates of revenue and expenditure for the institution and incurring expenditure on behalf of the institutions;
- (1) Receiving, on behalf of the institution, fees, grants, subscriptions, donations, bequests or other moneys and to make disbursement to the institution or other bodies or persons;
- (g) Determining the fees payable and prescribing conditions under which fees may be remitted in part or in whole in accordance with the guidelines developed under the provisions TVET Act; 855 2013 Technical and Vocational Education and Training No. 29
- (h) Mobilizing resources for the institutions;
- (i) Developing and reviewing programmes for training and to make representations thereon to the Board;
- (j) Regulating the admission and exclusion of students from the institutions, subject to a qualifications framework and the provisions of this Act;
- (k) Approving collaboration or association with other institutions and industries in and outside Kenya
- (1) Recruiting and appointing trainers from among qualified professionals and practicing trade's persons in relevant sectors of industry;
- (m) Determining suitable terms and conditions of service for support staff, trainers and instructors and remunerating the staff of the institutions, in consultation with the TVET Authority;
- (n) Making regulations governing organization, conduct and discipline of the staff and students;

LungaLunga Technical and Vocational Collage
Annual Report and Financial Statements for the year ended 30th June 2023

(o) Preparing comprehensive annual reports on all areas of their mandate, including education and training services and submits the same to the ministry

(p) Providing for the welfare of the students and staff of the institutions;

(q) Encouraging, nurturing and promoting democratic culture, dialogue and tolerance in the institutions; and (r) discharging all other functions conferred upon it by this Act or any other written law.

iii. Board of Governors Allowances

The institute gives sitting allowances to board members to cater for their transport.

iv. Meetings

a. Full board meetings - are held once every term

9. Management Discussion and Analysis

The College operation is to inspire by the desire to offer the best service to customers in line with the core value of operational excellence in line with our strategic pillars. The institution operates in a highly regulated and competitive environment which requires it to innovate so as to remain relevant.

Lungalunga Technical and Vocational Collage

Annual Report and Financial Statements for the year ended 30th June 2023

10. Environmental And Sustainability Reporting Statement

Lungalunga Technical and Vocational College being a public entity embraces the policy of Corporate Social Responsibility (CSR) through engaging herself by putting the customer /citizen first, delivering relevant good and services and improving operational excellence.

Below is a brief highlight of our achievement.

Sustainability strategy and profile

Lungalunga Technical and Vocational College engaged CDF to assist needy students who had challenges of paying college fees. This enables students to continue studding rather than being set home for fees. This has been our positive strategy that increased our cash flow and subsequent increased students' enrollment.

Environmental performance

Lungalunga Technical and Vocational College takes environment sustainability as one of her mandate and responsibility. In this regard we plant trees but drought makes some of the trees not to grow. However, we doing well in planting and watering the trees.

Employee welfare

Lungalunga Technical and Vocational College seeks to improve the welfare of its employees through:

- Increased organizational citizenship behaviours and improved employee relationships
- Enhanced employee identification with the organization
- Improved retention and organizational commitment
- More attractive institution culture to prospective employees
- Better employee engagement and performance
- Increased creativity

1. Lungalunga Technical and Vocational College is an equal employer where all the applicants have equal chances of been employed irrespective of their gender, tribe or religion. The institutes ensure gender ratio any time recruitment is taking place. There is a standardized appraisal and rewarding system which applies to all employees within the institute.

Lungalunga Technical and Vocational College discloses its safety policy and compliance with occupational safety and healthy Acts of 2007, (OSHA)

Market place practices-

Lungalunga Technical and Vocational College maintains corporate social responsibility in the market place practices.

The institute and the suppliers take responsibility to do no harm to the environment, to reduce waste and pollution as well as complying with the government regulations. In order to stay away in the competition, the institute determines its strategies and plan their relevant activities

Corporate Social Responsibility / Community Engagements

Lungalunga Technical and Vocational College maintain important links with the community. The institute combine with the public, business and civil constituencies who engage in voluntary, mutual beneficial, innovative relationships to address common societal aims through combining their resources and competencies.

Lungalunga Technical and Vocational College engage in community developments as follows;

- Students performs voluntary projects during vacations to the community where they share experiences, knowledge and sustainable practices within the community.
 - Students support vulnerable communities in the development and improvement of their housing spaces
1. Implementation of a community engagement programme to empower jobless youth

LungaLunga Technical and Vocational Collage
Annual Report and Financial Statements for the year ended 30th June 2023

11. Council/Board of Governors

The Board members have not submitted their report together with the audited financial statements for the year ended June 30, 2023 which shows the state of the *institute*'s affairs since it has not been audited yet. The institution was under the mentor Institution that is Kenya Coast National Polytechnic in 30th June 2023.

Principal activities

The core mandate of the Institute is providing knowledge and skills to the people of the larger Kwale County and beyond.

The Mandate of **Lungalunga Technical and Vocational College** is to train, impart skills, knowledge and institutionalize effective research and development geared towards production of competent graduates who will contribute to high and sustainable social-economic development.

Results

The results of the entity for the year ended June 30 are set out on page 1

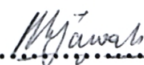
Council/Board of Governors

The members of the Board /Council who served during the year are shown on page VII to VIII

Auditors

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

By Order of the Board


.....

Secretary of the Board/Council

Mombasa

Date: 18/11/2024

12. Statement of Board of Governors/ Council's Responsibilities

The Board of Governors are responsible for the preparation and presentation of the College's financial statements which give a true and fair view of the state of affairs of the college for and as at the end of the financial year ended on 30, June 2023. This responsibility includes; ensuring proper keeping of accounting records, installing of proper control of the institutional assets, and designing implementing and maintaining internal control relevant to the preparation and presentation of financial statements and ensuring that they are free from material misstatements whether due to error or frauds.

The Board accept responsibility for the College's financial statements, which have been prepared using appropriate accounting policies (accrual basis).

Approval of the financial statements

The institution's financial statements were approved by the Board on 07/08 /2023 and signed on its behalf by:

Dr. Fintini Lungga Mangita

Name

Chairperson of the Board/Council

M. M. M. M. M.

Name

Accounting Officer/Principal

M. M. M. M.

REPUBLIC OF KENYA



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

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

Enhancing Accountability

REPORT OF THE AUDITOR-GENERAL ON LUNGALUNGA TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

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

An Adverse Opinion is issued when the Auditor-General determines that the financial statements are materially misstated and are not fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

Adverse Opinion

I have audited the accompanying financial statements of LungaLunga Technical and Vocational College set out on pages 1 to 21, which comprise the statement of financial

Report of the Auditor-General on LungaLunga Technical and Vocational College for the year ended 30 June, 2023

position as at 30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, in all material respects, the financial position of LungaLunga Technical and Vocational College as at 30 June, 2023 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 Technical and Vocational Education Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Adverse Opinion

1. Variance between Financial Statements and Ledger Balances

The statement of financial performance reflects Kshs.2,997,749 in respect of total expenses incurred during the year. The amount includes use of goods and services, employee costs, board/ council expenses and repairs and maintenance of Kshs.1,692,399, Kshs.1,173,600, Kshs.112,000 and Kshs.15,000 respectively. However, the amounts differ with ledger balances of Kshs.1,472,122, Kshs.1,191,600, Kshs.92,000 and Kshs.42,100 resulting to unreconciled variances of Kshs.220,277, Kshs.(18,000), Kshs.20,000 and Kshs.(27,100) respectively.

In the circumstances, the accuracy and completeness of the total expenses of Kshs. 2,997,749 could not be confirmed.

2. Property, Plant and Equipment

The statement of financial position and Note16 to the financial statements reflects property, plant and equipment balance of Kshs.32,000. However, the balance excludes Kshs.55,310,750 in respect to buildings and an unknown value of movable property and land.

In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.32,000 could not be confirmed.

3. Unsupported Revenues from Exchange Transactions – Rendering of Services

The statement of financial performance and Note 7 to the financial statements reflect rendering of services – fees from students of Kshs.6,076,000. However, the revenue was not supported by schedules detailing the name, admission number, academic programme, year and term of study of the invoiced student and the amounts invoiced per student.

Further, admission and class attendance registers which form the basis for billing learners during the period were not provided for audit confirmation.

In the circumstances, the accuracy and completeness of revenue from rendering of services of Kshs.6,076,000 could not be confirmed.

4. Unsupported Receivables from Exchange Transactions

The statement of financial position and Note 14 to the financial statements reflects receivables from exchange transactions of Kshs.5,897,948. However, the supporting schedules, detailed aging analysis and issued invoices were not provided for audit review.

In the circumstances, the accuracy, completeness and valuation of receivables from exchange transactions balance of Kshs.5,897,948 could not be confirmed.

5. Unsupported and Inaccurate Cash and Cash Equivalents Balance

The statement of financial position and Note 13 to the financial statements reflects cash and cash equivalents balance of Kshs.25,028. However, the balance was not supported by monthly bank reconciliation statements and certificates of bank balances. Further, the statement of cash flows reflects cash and cash equivalents as at 30 June, 2023 of Kshs.10,828 which differs with the recalculated negative balance of Kshs.3,172 resulting to a variance of Kshs.14,000. In addition, the recalculated closing balance differ with Kshs.25,028 reflected in the statement of financial position resulting to a variance of Kshs.28,200.

In the circumstances, the accuracy of the cash and cash equivalents at 30 June, 2023 of Kshs.10,828 could not be confirmed.

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

Emphasis of Matter

Budget Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs. 9,192,200 and Kshs.2,978,430 respectively resulting in under-funding of Kshs.6,213,770 or 68% of the budget.

The underfunding affected implementation of planned activities resulting in a negative impact on delivery of services to the citizens.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Audit matters

In the audit report for the previous financial year, several issues were raised in respect of the Report on the Financial Statements and the Report on Lawfulness and Effectiveness in Use of Public Resources. However, Management has not indicated the status of the issues or steps taken to resolve the prior year's audit matters.

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution and based on the audit procedures performed, because of the significance of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public

Resources sections of my report, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Late Submission of the Financial Statements for Audit

The financial statements for the financial year ended 30 June, 2023 were submitted for audit on 19 November, 2024, one year two months after expiry of the deadline. This is contrary to Section 100 (4) of the Public Finance Management Act, 2015 which requires the Accounting Officer to prepare the financial statements and submit to the Auditor General and a copy to the National Treasury not later than three (3) after the end of the financial year.

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

2. Payment of Salaries Below the Minimum Wage

The statement of financial position and Note 9 to the financial statements reflects employee cost totaling to Ksh.1,173,600. However, review of employees personal files and payroll revealed that the College paid its unskilled workers salaries of Kshs.7,000 which was below the statutory minimum wage of Kshs.8,109 as per Legal Notice No.125 of the Labour Institutions Act (No.12) of 2007 amendment order, 2022.

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

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

REPORT ON 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, because of the significance of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Lack of Audit and Risk Committee of the Board of Governors

The statement of financial performance and Note 10 to the financial statements reflects board/council expenses of Kshs.112,000. However, review of the Board records revealed

that the College did not have an audit and risk committee of the Board of Governors contrary to Section 73(5) of The Public Finance Management Act, 2012 which states that every National Government public entity to establish an audit committee whose composition and functions to be as prescribed by the regulations.

In the circumstances, the effectiveness of internal controls, risk management and governance could not be confirmed.

2. Lack of Risk Management Policy

During the year under review, the College operated without a risk management policy contrary to Regulation 165(1) of the Public Finance Management (National Government) Regulations 2015, which stipulates that the Accounting Officer to ensure that the National Government entity develops risk management strategies, which include fraud prevention mechanism; and a system of risk management and internal control that builds robust business operations. The college, therefore, did not have a framework for management of risk and may be unable to identify, assess, prevent, and mitigate against the risks affecting its operations.

In the circumstances, the effectiveness of the College's risk management could not be confirmed.

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

Responsibilities of the Management and Board of Governors

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

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements

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

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


Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, SBS
AUDITOR-GENERAL

Nairobi

13 June, 2025



Lungalunga Technical and Vocational Collage
Annual Report and Financial Statements for the year ended 30th June 2023

14. Statement of Financial Performance for the year Ended 30 June 2023


	Notes	2022/2023 FY	2021/2022 FY
		Kshs	Kshs
Revenue from Non-Exchange transactions			
Transfers from National Government	6	2,356,000	2,365,000
Revenue from Exchange transactions			
Rendering of services- fees from students	7	6,076,000	944,900
Miscellaneous income			
Revenue from Exchange transactions		6,076,000	944,900
Total Revenue		8,432,000	3,309,900
Expenses			
Use of goods and services	8	1,692,399	2,060,195
Employee costs	9	1,173,600	516,000
Board /Council Expenses	10	112,000	115,100
Depreciation and amortization expense	11	4,750	1,250
Repairs and maintenance	12	15,000	96,630
Total Expenses		2,997,749	2,789,175
Net surplus for the year		5,434,251	520,725

(The notes set out on pages 6 to 21 form an integral part of the Annual Financial Statements).

The Financial Statements set out on pages 1 to 3 were signed by:

Dr. Fikirini Lugogo Mwanika 

Chairman of Council/Board



Date 18/11/2024

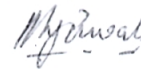
Finance Officer

ICPAK No

Date 18/11/2024



Principal





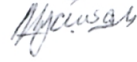
Date 18/11/2024

LungaLunga Technical and Vocational Collage
Annual Report and Financial Statements for the year ended 30th June 2023

15. Statement of Financial Position as at 30th June 2023

Description	Notes	2022/2023 FY	2021/2022 FY
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	13	25,028	1,597
Receivables from exchange transactions	14	5,897,948	450,378
Inventories	15		60,000
Total Current Assets		5,922,976	511,975
Non-Current Assets			
Property, plant, and equipment	16	32,000	8,750
Total Non-Current Assets		32,000	8,750
Total Assets		5,954,976	520,725
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions			
Total Current Liabilities			
Total Liabilities			
Net Assets		5,954,976	520,725
Accumulated Surplus		5,954,976	520,725
Capital Fund			
Total Net Assets and Liabilities		5,954,976	520,725

The Financial Statements set out on pages 1 to 3 were signed by:

<i>Dr. Fikirini Luyoga Mwangi</i>		<i>Makau Kombo</i>
Chairman of Council/Board	Finance Officer	Principal
	ICPAK No	
Date 18/11/2024	Date 18/11/2024	Date 18/11/2024

16. Statement of Changes in Net Asset for the Year Ended 30 June 2023

Description	Accumulated Fund	Capital Grants/Fund	Total
At July 1, 2021			
Surplus/(deficit) for the year	520,725	-	520,725
At June 30, 2022	520,725	-	520,725
Surplus/(deficit) for the year	5,434,250.70	-	5,434,250.70
At June 30, 2023	5,954,975.70	-	5,954,975.70

Lungalunga Technical and Vocational Collage
Annual Report and Financial Statements for the year ended 30th June 2023

17. Statement of Cash Flows for the year Ended 30 June 2023

Description	Note	2022/2023	2021/2022 FY
		FY	FY
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other National Government entities	6	2,356,000	2,365,000
Rendering of services- fees from students		622,430	497,622
Total Receipts		2,978,430	2,862,622
Payments			
Employee costs		1,173,600	516,000
Use of Good and Services		1,654,599	2,123,295
Board Expenses		112,000.00	115,100
Repairs and maintenance		15,000.00	96,630
Total Payments		2,955,199	2,851,025
Net Cash Flows from operating activities		22,631	11,597
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(28,000)	(10,000)
Net cash flows used in investing activities		(28,000)	(10,000)
Cash flows from financing activities			
Net cash flows used in financing activities			
Net Increase/(Decrease) in Cash and Cash equivalents		9,231	1,597
Cash and Cash equivalents at 1 JULY		1,597	
Cash and Cash equivalents at 30 JUNE		10,828	1,597

Lungalunga Technical and Vocational Collage
Annual Report and Financial Statements for the year ended 30th June 2023

18. Statement of Comparison of Budget & Actual amounts for year Ended 30 June 2023

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization Difference
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	%
Tuition Fees from Household.	3,000,000.00	-	3,000,000.00	622,430	(2,377,570)	(79)
Government Capitation for Students	984,000.00	-	984,000.00	356,000	628,000	64
Miscellaneous Income	480,000.00	-	480,000.00	-	480,000	
National Government entities	4,728,200.00	(-)	4,728,200.00	2,000,000	2,728,200	(136)
Total Revenue	9,192,200.00		9,192,200.00	2,978,430	(6,213,770)	(207)
Recurrent Expenditure						
Use of goods & Services	7,247,900.00		7,247,900.00	1,654,599	(5,593,301)	(338)
Personal Emoluments	1,379,300.00		1,379,300.00	1,173,600	205,700	50
Board/Council Expenses	260,000.00		260,000.00	112,000.00	148,000	(66)
Provision for depreciation	-		-	1,250		
Repair, Maintenance and Improvement	305,000.00		305,000.00	15,000.00	290,000	95
Total Expenditure	9,192,200.00		9,192,200.00	2,956,449	(6,235,751)	(210)
Surplus For the Period				21,981		

Notes.

- In the financial year the registration of students was less than expected that why we realise a down-ward figure.
- The ministry did not disburse the student's capitation as expected which results the down-ward achievement.
- The negative movement was due to insufficient funds to employ more staff.
- The Bog number of meeting was challenged by insufficient funds in the institution to facilitate the board.

Lungalunga Technical and Vocational Collage
Annual Report and Financial Statements for the year ended 30th June 2023

19. Notes to the Financial Statements

1. General Information

LTVC is established by and derives its authority and accountability from the TVET Act 2013. LTVC is wholly owned by the Government of Kenya and is domiciled in Kenya. The Institute’s principal activity is (ii).

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 LTVC accounting policies.

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

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.

3. Adoption of New and Revised Standards

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2023.

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

Lungalunga Technical and Vocational Collage
Annual Report and Financial Statements for the year ended 30th June 2023

Standard	Effective date and impact:
IPSAS 42: Social Benefits	<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> <p>(a) The nature of such social benefits provided by the Entity. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>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 guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued. d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
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> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement. Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.

ii. **New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.**

Standard	Effective date and impact:
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</p>

**Lungalunga Technical and Vocational Collage
Annual Report and Financial Statements for the year ended 30th June 2023**

Standard	Effective date and impact:
	gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.

iii. Early adoption of standards

LTVC 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 conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that 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.

Notes to the Financial Statements (Continued)

b) Budget information

The original budget for FY 2022/2023 was approved by the Council or Board on *30/01/2022*. 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 to conclude the final budget. Accordingly, the entity recorded additional appropriations of the FY 2022/2023 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 cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page *xx* under section *xxx* of these financial statements.

c) Taxes

Current income tax

The entity is exempt from paying taxes as per schedule *income tax* of the *financial* 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.
- 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.

Lungalunga Technical and Vocational Collage
Annual Report and Financial Statements for the year ended 30th June 2023

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

d) Property, plant and equipment

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

The Institution use straight line method of depreciation for assets. The rates used to depreciate the asset are:

➤ Building	2.5%
➤ Equipment & Furniture	12.5%
➤ Computer Software	12.5%

e). Intangible assets

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

f) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method.
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Inventories (Continued)

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the *Institution*.

g) Changes in accounting policies and estimates

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

h) Employee benefits

Retirement benefit plans

The *institution* provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an institution 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.

i) 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.

j) Comparative figures

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

k) 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.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the institution'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 institution. 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 institution.
- 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

**Lungalunga Technical and Vocational Collage
Annual Report and Financial Statements for the year ended 30th June 2023**

Notes to the Financial Statements (Continued)

6. Transfers from other National Government entities

Description	2022-2023FY	2021-2022FY
	Kshs	Kshs
Unconditional Grants		
Capitation Grants	356,000	180,000.00
Operational Grant	2,000,000	2,185,000.00
Total unconditional Grants	2,356,000	2,365,000.00
Total Government Grants and Subsidies	2,356,000	2,365,000.00

(a) Transfers from other Government entities (Categorized)

Name of the Entity Sending The Grant	Amount recognized to Statement of Financial performance *	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year 2022-2023	Comparative FY 2020-2021
	Kshs	Kshs	Kshs	Kshs	Kshs
Ministry of Education (TVET)		-	-	2,356,000	2,365,000.00
Total		-	-	2,356,000	2,365,000.00

Notes to the Financial Statements (Continued)

7. Rendering of Services

Description	2022-2023FY	2021-2022FY
	Kshs	Kshs
Tuition Fees	6,076,000	944,900
Total Revenue from The Rendering of Services	6,076,000	944,900

(Provide brief explanation for this revenue)

Lungalunga Technical and Vocational Collage
Annual Report and Financial Statements for the year ended 30th June 2023

Notes To the Financial Statements (Continued)

8. Use of Goods and Services

Description	2022-2023FY	2021-2022FY
	Kshs	Kshs
Teaching and learning materials	365,308	176,910.00
Administrative Expenses	422,889.30	199,515.00
Electricity & Water	168,452	175,300.00
Printing & Stationaries	72,000	64,470.00
Marketing & Advertisement		18,000.00
Local Transport & Travel	630,900	1,303,150.00
Telephone & Internet	6,000	10,000.00
Activity Cost		100,850.00
Examination Cost	24,850	12,000.00
Total good and services	1,692,399.30	2,060,195

9. Employee Costs

Description	2022-2023FY	2021-2022FY
	Kshs	Kshs
Salaries and wages	1,173,600	485,000
Wages		31,000
Employee Costs	1,173,600	516,000.00

10. Board/Council Expenses

Description	2022-2023FY	2021-2022FY
	Kshs	Kshs
Board Expenses	112,000	115,100.00
Total	112,000	115,100.00

11. Depreciation and Amortization expense

Description	2022-2023FY	2021-2022FY
	Kshs	Kshs
Equipment	4,750	1,250.00
Total depreciation and amortization	4,750	1,250.00

Lungalunga Technical and Vocational Collage
Annual Report and Financial Statements for the year ended 30th June 2023

12. Repairs and Maintenance

Description	2022-2023FY	2021-2022FY
	Kshs	Kshs
Property	15,000	96,630.00
Total Repairs and Maintenance	15,000	96,630.00

Notes to the Financial Statements (Continued)

13. Cash and Cash Equivalents

Description	2022-2023FY	2021-2022FY
	Kshs	Kshs
Current Account	25,027	1,597.00
Total Cash and Cash Equivalents	25,027	1,597.00

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

Financial Institution	Account number	2022-2023FY	2021-2022FY
		Kshs	Kshs
a) Current Account 1			
Kenya Commercial Bank	1282507672	25,027	1,597.00
Cash in Hand	1282507672	-	-
Sub- Total		25,027	1,597.00
Grand Total		25,027	1,597.00

14. Receivables from Exchange transactions

14 (a) Current Receivables from Exchange transactions

Description	2022-2023FY	2021-2022FY
	Kshs	Kshs
Current Receivables		
Student Debtors	5,897,948	450,378.00
Total Current Receivables	5,897,948	450,378.00

14 (c) Ageing Analysis of Receivables from Exchange transactions

Description	2022-2023FY		2021-2022FY	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year		100%	450,378.00	100%
Total (a+b)		100%	450,378.00	100%

Lungalunga Technical and Vocational Collage
Annual Report and Financial Statements for the year ended 30th June 2023

Notes to the Financial Statements (Continued)

14 (d) Reconciliation for impairment Allowance on Receivables from Exchange Transactions

Description	2022-2023FY	2021-2022FY
	Kshs	Kshs
At the beginning of the year	450,378.00	-
Provisions during the year	6,440,000	450,378.00
Recovered during the year	992,430	-
Write offs during the year	-	(-)
At the end of the year	5,897,948	450,378.00

(Entity to state the expected credit loss rates for various categories of its receivables. The entity should also disclose how ECL was arrived at in line with provisions of IPSAS 41.)

15. Inventories

Description	2022-2023FY	2021-2022FY
	Kshs	Kshs
Consumable stores	-	60,000.00
Total Inventories at lower of Cost and Net Realizable Value	-	60,000.00

16. Property, Plant and Equipment

Cost	Buildings	Furniture and fittings	Plant and equipment	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
At 1 July 2021					
Additions			10,000.00		10,000.00
At 30 th June 2022			10,000.00		10,000.00
Additions			28,000		28,000
At 30 th June 2022			38,000		38,000
Depreciation And Impairment					
At 1 Jun 2021					
Depreciation			1,250		1,250
At 30 Jun 2022			1,250		1,250
Additions			4,750		4,750
At 30 th June 2022			6,000		6,000
Net Book Values					
At 30 th Jun 2022			8,750.00		8,750.00
At 30 th Jun 2023			32,000		32,000

Lungalunga Technical and Vocational Collage
Annual Report and Financial Statements for the year ended 30th June 2023

Notes to the Financial Statements (Continued)

16 (a) Property, Plant and Equipment at Cost

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Office Equipment, Furniture, And Fittings	38,000	6,000	32,000
Total	38,000	6,000	32,000

17. Trade and Other Payables

Description	2022-2023FY	2021-2022FY
	Kshs	Kshs
Trade payables	-	-
Total Trade and Other Payables	-	-

18. Cash generated from operations.

Surplus for the year before tax	2022-2023FY	2021-2022FY
	Kshs	Kshs
Adjusted for:	5,434,251	323,325
Depreciation	4,750	1,250
Working Capital Adjustments		
Increase in Inventory	60,000	-60,000
Increase in Receivables	-5,989,622	-450,378
Net Cash Flow from Operating Activities	-490,621	11,597

Lungalunga Technical and Vocational Collage
Annual Report and Financial Statements for the year ended 30th June 2023

Notes to the Financial Statements (Continued)

19. 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:

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2022				
Receivables from exchange transactions	450,378			
Current Account	1,597			
Total	451,975			
At 30 June 2023				
Receivables from exchange transactions	5,897,948			
Current Account	25,028			
Total	614,976			

Notes to the Financial Statements (Continued)

Financial risk management (continued)

iv) Capital Risk Management

The objective of the institution'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	2021/2022
	Kshs	Kshs
Accumulated Surplus	5,954,975	520,725
Total Funds	5,954,975	520,725
Total Borrowings	-	-
Less: Cash and Bank Balances	25,028	1,597
Net Debt/(Excess Cash and Cash Equivalents)	-25,028	-1,597
Gearing	-0.420%	-0.354%

20. 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 *institution*, holding 100% of the *institution'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;
- v) Accounting Officer/Principal
- vi) Finance department

Lungalunga Technical and Vocational Collage
Annual Report and Financial Statements for the year ended 30th June 2023

Notes to the Financial Statements (Continued)

21. Events After the Reporting Period

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

22. Ultimate And Holding Entity

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

23. Currency

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

Lungalunga Technical and Vocational Collage
Annual Report and Financial Statements for the year ended 30th June 2023

20. Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

Malusi Lomboti
.....

Name
Accounting Officer
(Enter title of Head of entity)

Date *18/11/2024*

M. J. Mawale

Lungalunga Technical and Vocational Collage
Annual Report and Financial Statements for the year ended 30th June 2023

Appendix II: Projects Implemented by Lungalunga Tvc.

Projects

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

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

Status of Projects completion

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

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


Lungalunga Technical and Vocational Collage
Annual Report and Financial Statements for the year ended 30th June 2023

Appendix III- Inter-Entity Confirmation Letter



The *LTVC* wishes to confirm the amounts disbursed to you as at 30th June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by Lungalunga TVC. as at 30 th June 2023								
Reference Number	Date Disbursed	Recurrent (A)	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30th June 2023			Total (E)=(D+A+B+C)	Amount Received by Lungalunga tvc (Kshs) as at 30 th June 2022 (E)	Differences (Kshs) (F)=(D-E)
			Capitation (B)	TUITION (C)	Inter-Ministerial (D)			
DPC TVETR	06/07/2022	500,000.00				500,000.00		500,000.00
DPC TVETR	06/07/2022	500,000.00				500,000.00		500,000.00
DPC TUI	30/06/2022			622,430.00		622,430.00		622,430.00
DPC TVETR	24/10/2022	500,000.00				500,000.00		500,000.00
DPC TVETC	24/10/2022		60,000.00			60,000.00		60,000.00
DPC TVETR/	16/01/2023	500,000.00		/		500,000.00	/	500,000.00
DPC TVETC	26/01/2023		148,000.00			148,000.00		148,000.00
DPC TVETC	28/06/2023		148,000.00			148,000.00		148,000.00
Total		2,000,000.00	356,000.00	622,430.00		2,356,000.00		2,356,000.00

I confirm that the amounts shown above are correct as of the date indicated.
 Head of Accounts department of beneficiary Institution:
 Name Sila Matai Sign  Date 18/11/2024