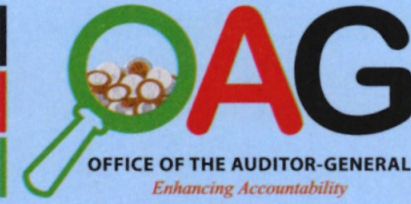


REPUBLIC OF KENYA



REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

MERTI TECHNICAL AND VOCATIONAL COLLEGE

FOR THE YEAR ENDED
30 JUNE, 2025

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 05 MAR 2026

DAY:
Thursday

TABLED
BY:

Hon. Owen Baya, MP
Deputy leader of Majority Party

CLERK-AT
THE-TABLE:

A. Chibuka



MERTI TECHNICAL & VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30TH JUNE 2025**

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



Merti Technical & Vocational College
Annual Report and Financial Statements for the year ended 30th June 2025

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1. Acronyms & Glossary of Terms

BOG	Board of Governors
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
TTI	Technical Training Institute
TVC	Technical Vocational College
F/Y	Financial year
Fiduciary Management	Key management personnel who have financial responsibility in the entity
PPIP	Public Procurement Information Portal
HEF	Higher Education Fund
TVET	Technical, Vocational, Education and Training
HOD	Head of Department
ILO	Industrial Liaison Officer
BSC	Bachelors of Science
BeD	Bachelors of Education
NG-CDF	National Government Constituency Development fund
ICT	Information Communication Technology

2. Key College Information and Management

(a) Background information

Merti Technical and Vocational College is a public TVET institution registered and licensed by the regulatory body Technical and Vocational Education and Training Authority (TVETA) to offer both technical and business courses. The college is located in Isiolo County, Merti Sub- County, Cherab Ward in Isiolo North constituency. The college is two hundred Kilometres from Isiolo town.

The Institute Board of Management that was inaugurated in December 2020 expired in May 2023 and since then we are waiting for the new Board of Management to be appointed. The college admitted its first intake in January 2021 and it is still under the mentorship of Kiirua TTI in Meru County.

EQUIPMENT

The college was supplied with Refrigeration and Air Conditioning Equipment and 25 Jitume lab computers

COURSES OFFERED

The college is registered and accredited by the Technical and Vocational Education and Training Authority (TVETA) to offer the following courses.

S/No	COURSE DESCRIPTION	LEVEL
1	Electrical Engineering installation	Artisan
2	Electrical and Electronics installation	Craft
3	Welding and Fabrication	Artisan
4	Welding	Level 4
5	Information and Communication Technology	Craft
6	Information and Communication Technology	Diploma
7	Human Resource Management	Craft
8	Human Resource Management	Diploma
9	Supply Chain Management	Craft
10	Supply Chain Management	Diploma
11	Refrigeration and Air Conditioning	Level 4
12	Refrigeration and Air Conditioning	Level 5
13	Refrigeration and Air Conditioning	Level 6
14	Electrical and Electronics installation	Level 4
15	Electrical and Electronics installation	Level 5
16	Electrical Operator	Level 5
17	Electrical Engineering	Level 6
18	Electronics	Level 4
19	Electronics	Level 5
20	Electronics	Level 6
21	Information and Communication Technology	Level 4
22	ICT Technician	Level 5
23	ICT Technician	Level 6
24	Supply Chain Management	Level 5
25	Supply Chain Management	Level 6

26	Human Resource Management	Level 6
27	Human Resource Management	Level 6
28	Supply Chain Management	Level 5
29	Supply Chain Management	Level 6
30	Social Work and community development	Level 5
31	Social Work and community development	Level 6
32	Office Administration	Level 4
33	Sales and Marketing	Level 5

(b) Principal Activities

The principal mandate of the college is to conduct training at tertiary level in technical and vocational education and training field.

Motto:

Nurturing Technical Skills

Vision:

To be a Centre of excellence in training technical skills for long-life. Centre of excellence in

Mission:

To produce skilled, innovative market relevant human for self-reliance.

Core Values

The Institute's organization culture and operations are guided by the following core values:

- Integrity
- Innovativeness and Creativity
- Team work
- Self-driven
- Customer Focus
- Courtesy

(c) Key Management

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

- Board of Governors
- Accounting officer/ Principal
- Top Management
- Heads of Department
- Heads of Sections

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility were:

S/No	Designation	Name
1.	Principal	Joseph Kimathi M'ngondu
2.	Deputy principal Administration	Aloysius Ogata Kebaso
3.	Registrar	Omanga Kenneth Apiyo
4.	Dean of students	Phineus Gitonga Munene
5.	Guidance & Counselling	Nancy Kananu

(e) Fiduciary Oversight Arrangements

Merti Technical & Vocational College is over sighted by the Finance and Technical committee, Human Resource and Academic Committee and Audit & Risk Management committee, which approves quarterly financial statements and reports before they are presented to the full board for approval. The committee is also charged with the responsibility of approving all development to be undertaken in the institute and submitting of quarterly financial reports and statements to the board of Governors and relevant government agencies such as National Treasury, Auditor General, Controller of Budgets and Commission of Revenue Allocation.

Finance and Technical committee

Activities include planning and budgeting, evaluation, monitoring and implementation of planned activities

Audit & Risk Management committee

Activities include checking internal control and ensuring that are implemented in the institute.

Human Resource and Academic Committee









Activities include overseeing welfare of Students, Staff, Board Members, Institute Publicity & academic performance.

- (d) **College Headquarters**
Merti Technical & Vocational College
P.O. Box 966- 60300
Isiolo
- (e) **College Contacts**
Telephone: (254) 769-654008
E-mail: mertitvc@gmail.com
Website: wwwmertitvc.go.ke
- (f) **College Bankers**
Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
Other Commercial Banks
Co-operative Bank 01139020688103
Equity Bank 0410281754093
- (g) **Independent Auditors**
Auditor-General
Office of Auditor General
Anniversary Towers, Institute Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya
- (h) **Principal Legal Adviser**
The Attorney General
State Law Office
Harambee Avenue







Merti Technical & Vocational College
Annual Report and Financial Statements for the year ended 30th June 2025

P.O. Box 40112
City Square 00200
Nairobi, Kenya

3. Board of Governors

No.	Name	Designation	Photos	Date of birth and qualifications
1.	David Gituma Kirigia	Outgoing Principal/BoG Secretary		Born:15/5/1968 Bed Business Management
2.	Joseph Kimathi M'ngondu	Current Principal/BoG Secretary		Born:28/01/1976 Master of Education -Education Administration BeD-Home Science &Technology
3.	Guyo Huqa Boru	Board chairman		Born:1/1/1977 Bachelors of commerce
4.	Yahya Adan Wako	Board member		Born:11/7/1997 Bachelor of Science quantity surveying
5.	Rebecca Gakii	Board member		Born:30/1/1993 Bachelor of Science Information Technology
6.	Lucy N.Mwororia	Board member		Born:1967 Bachelors of Business administration
7.	Gedi Giro Dima	Board member		Born:17/1/1978 Bachelors of Education
8.	Qalicha D, Boru	Board member		Born:6/7/1978 Bachelor of Science water engineering
9.	Mohammad Noor Hassan	Regional Director TVET		Born:01/06/1964 Masters in educational Planning

4. Key Management Team

No.	Name of the staff	Responsibility	Photos	Date of birth and qualifications
1.	David gituma kirigia	Outgoing Principal /Secretary BoG		Born:15/5/1968 Bed Business management
2.	Joseph Kimathi M'ngondu	Current Principal /Secretary BoG		Born: 28/01/1976 Master in Education- Education Administration BeD-Home Science &Technology
3.	Aloysius Ogata Kebaso	Deputy Principal Administration		Born:14/10/1994 Bachelor of Science Information Technology
4.	Omanga Kenneth Apiyo	Registrar		Born:6/11/1994 Bachelor of Science Electronics
5.	Phineus Munene Gitonga	Dean of Student		Born:13/8/1980 Bachelor of Science Electronics
6.	Nancy Kananu	Guidance & Counselling Officer		Born:1/1/1991 Diploma in social work & Community Development

5. Chairman's Statement

I take this opportunity to share with you my views on the key initiatives and achievements we have had over the year on economic performance, Education sector changes, financial performance, operations & risks associated with the college, and lastly our future outlook.

Economic Focus

In order to ensure efficient and effective provision of Technical Vocational Training, we have developed necessary policies and institutional framework to direct the running of the college in line with vision 2030, the Big 4 Agenda, Sustainable Development Goals and Beta. The college experienced tremendous student enrolment in year from 34 at the beginning of the FY to 79 at the close of the 2024/2025 financial year resulting to 253% population growth.

I take this opportunity to thank the Government of Kenya for providing state-of-the-art training equipment, capitation and employment of trainers by the Public Service Commission that have greatly contributed toward increased student enrolment and improved quality of training thus enabling the college align her graduates with regional and global labour market trends.

Successes

During the year, we witnessed a positive growth in student enrolment owing to financial sponsorship of the college trainees by the county government of Isiolo, Government Capitation and HELB Loans. This has ensured that technical and vocational training is affordable to every secondary school graduate who meets the required threshold to join post-secondary school training. The initiative of capitation by the government has so far been successful and the future looks bright indeed for the prospecting trainees.

In the spirit to excel, we endeavour to be a centre of Excellence in scientific, technological training and innovation so as to produce competent graduates who are capable of integrating the acquired skills in Nation building in line with Vision 2030 and the Big4 Agenda (i.e., food security, affordable housing, universal health and manufacturing) and Beta

Challenges faced

The technical training sector presents plenty of opportunities as well as risks, both of which need to be analysed in order to deliver sustainable long-term returns, without compromising training outcomes.

- The college is located in semi-arid region which is a low trainee's catchment area and most of the local communities are nomads who keep on moving with their livestock to regions where there are pastures. This has a negative impact to the college population as most of the trainees are not consistently in college.
- Prolonged drought experienced in the recent years in the region has adversely lowered the income of the local communities. This will eventually lower the completion rate of the trainees enrolled in the college, unless intervention measures are put in place.
- The college is facing financial constrains due to poor fees payments by trainees and GoK capitation does not match the students enrolled in the college.
- The college building is incomplete with cracks on the walls and has not been handed over by the Contractor
- The college is not fenced to ensure security of land, equipment and Trainees

Outlook

I am indeed deeply indebted to the members of the Board of Governors for their unwavering support, commitment and futuristic outlook towards realizing the college's objectives in line with its strategic plan and core mandate of offering market-driven programmes.

The board is composed of members who have diverse qualifications and experience. I unreservedly assure all our stakeholders that we at Merti Technical Vocational College shall remain focused, committed and consistent in the delivery of opportunities and accountably availing of resources to both trainers and trainees within the Government framework of accountability, corporate governance and ethical sustainability. Going forward Merti Technical Vocational College is committed to working closely in collaboration with other like-minded partners, colleges, agencies and any other bi-lateral & multi-lateral agency involved in technical and vocational training to ensure that our trainees continue to receive Competency Based Training. Finally, I would like to whole-heartedly thank my fellow members of the Board of Governors, Management, team of trainers and non-trainers, Trainees - and all other stake-holders for their co-operation, collaboration, continued support and commitment during this period under review.



Guyo Huqa Boru
Chairperson: Board of Governors

6. Report of the Principal



Merti Technical Vocational College is well equipped to providing quality and relevant training to her graduates that will enable them to contribute towards the attainment of our country's Vision 2030 strategic objectives. In furtherance of our mandate, we have committed ourselves to consistently and regularly review, improve and consolidate our academic programs in ways that will ensure their competitiveness in terms of relevance and quality

With the guidance of the Governing board, we worked hard in setting up structures and policies aimed at guiding the institution in the right strategic direction. Under my leadership and the overall direction of the College's board we were able to be in the forefront in ensuring that financial resources were utilized efficiently and effectively. Despite the many challenges brought about by economic constraints, the College nevertheless continued to discharge its mandate of training, research and outreach.

HIGHLIGHTS OF FY 2024/2025 PERFORMANCE

The Financial Year 2024/2025 started on a high note with the Government keen to ensure TVET Institutions absorb as many trainees as possible.

In a move to boost student enrolment, the Government emphasized on sustenance of scholarships and Helb loans through Hef depending on the financial needs of the trainee as determined by mean testing instrument

Other notable observation includes:

Students Enrolment;

FY 2024/2025 Enrolment was met with a challenge of limited catchment area, lack of hostels in the institute, cultural background that does not value education and training

To date the building has not been completed, the compound is not fenced and we don't have trainees' hostels

Departmental Equipment:

The college is sincerely grateful to the Government for equipping the mechanical department with the state-of-the-art Training equipment. Through savings, we have managed to facilitate other departments with training equipment and materials.

Contribution to the Big 4 Agenda and bottom - up Economic Transformation Agenda

The college continues to equip its Trainees with the relevant competency and skills, as Artisans, Craftsmen and technicians. I have confidence that our graduates are well equipped with the necessary skills that strategically align them with opportunities within the country, regionally and globally at the same time contributing to the realization of the Big 4 Agenda: Health, Manufacturing, Affordable Housing and Food security and Beta

Merti Technical and Vocational College being a tertiary institution, desires to enhance its visibility, performance, and competitiveness in the tertiary education sector in the face of stiff competition. To do so, however the college requires a lot of support from the Government and other stakeholders in terms of funding, material and technical support. We hope such support shall keep

Merti Technical & Vocational College
Annual Report and Financial Statements for the year ended 30th June 2025

on flowing as the college is still growing and needs the facilities that can accommodate the rising number of trainees and the expanded programmes

We are hopeful that we will get funds to build hostels for both ladies and Men and also finances to fence the institute

On behalf of the College fraternity, I take this opportunity to thank the Government for its unequivocal support during the year under review.

I also appreciate the financial, material and technical support by our collaborators, partners and friends during the year. It is because of the understanding and guidance of the Chairperson of the Board, Regional Director of TVET as well as the cooperation of the Management team, Staff and Trainees that we ended the year in an environment of peace and stability. I wish to register my sincere gratitude to them all.

I look forward to their continued support in the new financial year and the years to come.


Mr. Joseph Kimathi M'ngundu

Principal /Secretary of the Board

PRINCIPAL
MERTI TECHNICAL &
VOCATIONAL COLLEGE
P. O. Box 966 · 60300, ISIOLO
Date: 19/11/25

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 in the financial statement, a statement of the national government college's performance against predetermined objectives.

Merti Technical Vocational College has 7 strategic pillars and objectives within current Strategic Plan for the FY 2024- 2025 FY. These strategic pillars are as follows:

- Strategic issue 1: Access and equity
- Strategic issue 2: Infrastructural resources
- Strategic issue 3: Human resource
- Strategic issue 4: Collaboration and linkages
- Strategic issue 5: Technology
- Strategic issue 6: Resource mobilization
- Strategic issue 7: Research and development

Merti Technical Vocational College develops its annual work plans based on the above 7 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The college achieved its performance targets set for the FY 2024/24 period for its 7 strategic pillars, as indicated in the diagram below:

Strategic Pillars	Objective	Activities	Key performance indicators	Achievements
Access and Equity	Increase Students Enrolment	Publicity and face to face	Increased enrolment	Enrollment increased
Infrastructural resources	Develop Physical Infrastructure and Acquire Training Equipment	Lobbying for funds Setting up new infrastructures	More infrastructures in place	Not yet
Human resource	Attract And Develop Competent Human Resource	Workshops for capacity development and recruitment of new trainers	Competent human resources in place	5 trainers recruited
Collaboration and linkages	Establish and Strengthen Existing Collaborations and Linkages Both Locally and Internationally	Reaching out to partners	Development partner list in place	Reached out to- NG-CDF Isiolo -State Department for TVET
Technology	ICT Integration	Integrating ICT with training	Training online and use of projectors	In progress

Merti Technical & Vocational College
Annual Report and Financial Statements for the year ended 30th June 2025

Resource mobilization	Mobilize Resources for the Development Programs in the institute	Drafting and submitting project proposals	Development project started	In progress
Research and development	Promote Innovation And Creativity in The Institute through R&D and Innovation	Trainers and Trainees engaging in research	Innovations in place	Not yet

8. Corporate Governance Statement

Good corporate governance is key to the integrity of state corporations and is central to its sustainability. Corporate governance plays a leading role in how corporations and their boards of governors are directed, controlled and held to account. Corporate governance, therefore, encompasses the systems, practices and procedures by which the individual corporation is regulated in order to remain competitive, ethical, sustainable and fair.

Merti Technical Vocational College adheres to principles of openness, integrity and accountability in its stewardship of the Institute's affairs. It recognizes the developing nature of corporate governance and assesses the Institute's compliance with generally accepted corporate governance practice on a regular basis, directly and through its full board and Board committees. The role of the Board is to ensure conformance by focusing on and providing the Institute's overall strategic direction and policy-making as well as performance review through accountability and ensuring appropriate monitoring and supervision. The Board is also responsible for the overall system of internal control and for reviewing its effectiveness. The controls are designed to both safeguard the Institute's assets and ensure the reliability of financial information.

The Institute Board meets regularly to consider issues of operational and strategic importance to the Institute. Below are the key features of the existing corporate governance practices within Merti Technical Vocational College which are reviewed and improved on a regular basis: -

1. College Board

The Institute Board consists of the Chairman and five members, who have been appointed in accordance with the TVET Act (2013). The full Institute Board meets at least four times a year and the board committee members meet as the need arises.

The Board is responsible for setting the direction of the Institute through the establishment of strategic objectives, key policies and approval of budgets. It monitors the implementation of strategies and policies through a structured approach of reporting by management and consequent accountability.

The Board is actively involved and brings strong independent judgment on its deliberations and discussions. The Institute Board members have diverse skill set, a wide range of knowledge and experience of Institute setting that is applied to the formulation of strategic objectives and decision-making. The Board meets regularly and retains full and effective control over the Institute in all strategic, financial, operational and compliance areas. The Institute Board held the following Board meetings during the 2024/2025 financial year:

BOG. MEETING REGISTER

Full BoG Meeting

S No	Name	Designation	21/6/2025
1	Guyo Huqa Boru	Chairperson	√
2	Gedi Giro Dima	Member	√
3	Wako Yahya Adan	Member	√
4	Lucy N. Mworia	Member	χ
5	Dr Andelina Mugure	Regional TVET Director	√
6	Qalicha D. Boru	Member	√
7	Rebecca Gakii	Member	√
	Total Attendance		6

BOARD COMMITTEES

To assist the Board in the discharge of its responsibilities, Board committees have been established. All the Board committees meet at least two times a year. The committees are as follows: -

Finance Operations and development

S No	Name	Designation	Date	Attendance
1.	Gedi Giro Dima	Chairperson	-	-
2.	Wako Yahya Adan	Member	-	-
	Total Attendance		-	-

Education and human resource

S No	Name	Designation	Date	Attendance
1.	Lucy N. Mworia	Chairperson	-	-
2.	Margaret Nduhiu	Member	-	-
	Total Attendance		-	-

Audit Risk and governance

S No	Name	Designation	Date	Attendance
1.	Qalicha D. Boru	Chairperson	-	-
2.	Rebecca Gakii	Member	-	-
	Total Attendance		-	-

9. Management Discussion and Analysis

Merti TVC being a key driver to the attainment of the BIG 4 agenda and Beta, ensures that it is consistently delivering maximum value to her trainees through; Competency Based Curriculum, Innovations and Linkages to the job market strategically aligning them with opportunities nationally, regionally and globally.

The Institution has unrelenting focus on improving and maintaining excellent Technical and Vocational Training across her specialties.

The institute's operational and financial performance

During the 2024/2025 financial year, the operations of the institute both current and development were affected by delay in receipt of the capitation, low enrolment, delayed renewal of BOG and failure to pay fees by parents/guardians due to financial hardships

Academic performance

In the FY 2024/2025, Merti TVC has committed itself to improve in Technical and Business Examination

2024/2025 EXAMINATION ANALYSIS

Exam Series	Registered Candidates	No. That passed	Percentage pass
November 2024 KNEC Exam Series	18	12	66.7

10. Environmental and Sustainability Reporting Statement

Environmental performance

The Institution aims to ensure that the needs of the population are met without the risk of compromising the needs of future generations. The institution commits to reduce environmental impact through greening programme that involves planting of trees and flower during rain seasons and reduced usage of papers. The institute also manages various types of waste by setting waste bins at various strategic points within the institute.

Our research, teaching and all other activities are guided by our commitment to environmental sustainability.

We also have a number of Technological areas for our research, teaching, community engagement and processes, allowing us to focus and measure our efforts in making a difference to society.

Corporate Social Responsibility / Community Engagements

Merti TVC being a public entity embraces the policy of Corporate Social Responsibility (CSR) through engaging herself with the following amongst many social responsibilities:

- Market cleaning
- Road clearance

11. Report of the Board of Governors

The Board members submit their report together with the audited financial statements for the year ended June 30, 2025, which show the state of the college's affairs.

Principal activities

The principal activity is to offer technical & vocational skills to trainees who meet the minimum academic qualification for admission

Results

The results of the college for the year ended June 30 are set out on page 1 to 5

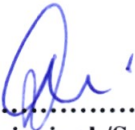
Board of Governors

The members of the Board who served during the year are shown on page viii, the BOG term expired, a new team was nominated and they are waiting for appointment. During the year the principal retired and was replaced

Auditors

The Auditor General is responsible for the statutory audit of Merti Technical & vocational College in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or appoint an auditor for the period ended June 30, 2025 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board



**PRINCIPAL &
MERTI TECHNICAL &
VOCATIONAL COLLEGE**
P. o. Box 966 - 60300, ISIOLO
Date: 19/11/25

Principal /Secretary of the Board

Nairobi

Date: 19/11/25

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

Section 81 of the Public Finance Management Act, 2012 and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013 require the members to prepare financial statements in respect of that Institute, which give a true and fair view of the state of affairs of the Institute at the end of the 2024/ 2025 financial year and the operating results of the Institute for that 2024/2025. The members are also required to ensure that the Institute keeps proper accounting records which disclose with reasonable accuracy the financial position of the Institute. The members are also responsible for safeguarding the assets of the Institute.

The members are responsible for the preparation and presentation of the Institute's financial statements, which give a true and fair view of the state of affairs of the Institute for and as at the end of the financial year (period) ended on June 30, 2025. 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 Institute,
- (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 Institute,
- (v) Selecting and applying appropriate accounting policies, and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The members accept responsibility for the Institute's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the TVET Act. The members are of the opinion that the Institute's financial statements give a true and fair view of the state of Institute's transactions during the financial year ended June 30, 2025, and of the Institute's financial position as at that date. The board members further confirm the completeness of the accounting records maintained for the Institute, which have been relied upon in the preparation of the Institute's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The college's financial statements were approved by the Board on **21/06/2025** and signed on its behalf by:


.....
Name *Ali Nwam*
Chairperson of the Board

Joseph Kintu
.....
Name *OK*
Accounting Officer/Principal

PRINCIPAL
MERTI TECHNICAL &
VOCATIONAL COLLEGE
P. o. Box 966 - 60300, ISIOLO
Date: *19/11/25*

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

REPORT OF THE AUDITOR-GENERAL ON MERTI TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2025

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.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are 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

Qualified Opinion

I have audited the accompanying financial statements of Merti Technical and Vocational College set out on pages 1 to 20, which comprise of the statement of financial position as

at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Merti Technical and Vocational College as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Undisclosed Property, Plant and Equipment

The statement of financial position and Note 11 to the financial statements reflect property, plant, and equipment amounting to Kshs.57,822,558. However, audit review established that the College owned plant and machinery of unknown value which were not recognized or disclosed in the financial statements. Further, the College occupies a 50-acre parcel of land whose legal ownership documents were not provided neither was the value determined nor disclosed. In addition, the College did not depreciate its assets and did not provide a depreciation policy contrary to IPSAS 17, which requires recognition, measurement, and systematic depreciation of property, plant, and equipment.

In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.57,822,558 could not be confirmed.

2. Unsupported Cash and Cash Equivalentents

The statement of financial position and Note 8 to the financial statements reflect cash and cash equivalentents balance of Kshs.5,467,650, comprising of two current bank accounts with balances of Kshs.5,357,378 and Kshs.110,272 as at 30 June, 2025. However, Management did not prepare the monthly bank reconciliation statements for the accounts for the year under review. This was contrary to Regulation 90(1) of the Public Finance Management (National Government) Regulations, 2015, which requires Accounting Officers to prepare monthly bank reconciliations and submit them to The National Treasury, with a copy to the Auditor-General.

In the circumstances, the accuracy and completeness of cash and cash equivalentents balance of Kshs.5,467,650 could not be confirmed.

3. Unsupported Deposits from Customers

The statement of financial position and Note 10 to the financial statements reflect refundable deposits from customers amounting to Kshs.5,772,256, representing the retention money withheld from payments made to the contractor for the construction of the Merti TVC building. However, Management did not provide a movement schedule showing the opening balance, additions, and payments during the year to support the closing balance. In addition, retention cashbook, bank statements, and bank reconciliation statements were not provided for audit review.

In the circumstances, the accuracy and completeness of refundable deposits from customers amounting to Kshs.5,772,256 could not be confirmed.

4. Unsupported Receivables from Exchange Transactions

The statement of financial position and Note 9 reflect receivables from exchange transactions amounting to Kshs.8,688,692, which includes Kshs.8,645,692 on students' debtors in respect to fee arrears. However, the receivables were not supported by a detailed debtors' schedule showing opening balances, current billings, payments received, outstanding amounts and aging analysis. Further, the College neither established a policy or mechanism for timely collection of student fees nor impairment policy for doubtful or un-collectable debts.

In the circumstances, the accuracy and completeness of Kshs.8,645,692 could not be confirmed.

5. Undisclosed Inventory

The statement of financial position reflects a nil balance in respect to inventory. However, during the year under review, it was noted that the College had in its custody assorted inventories but Management did not carry out the required annual stock take. This was contrary to Section 162(2) of the Public Procurement and Asset Disposal Act, 2015, which requires the Head of the Procurement Function to conduct both quarterly and annual inventory and stock-taking and submit the report to the Accounting Officer.

In the circumstances, the accuracy and completeness of inventories nil balance could not be confirmed.

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

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual amounts on comparable basis of Kshs.10,112,680 and Kshs.11,052,205 respectively, resulting to overfunding amount of Kshs.989,525, or 10% of the budget. Similarly, the College spent Kshs.5,118,209 against the actual receipts of Kshs.11,052,205, resulting to under absorption of Kshs.5,933,996, or 54% of the actual receipts.

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

My opinion is not modified in respect of this matter.

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 effect of the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Unresolved Prior Year's Audit Matters

In the prior year's audit reports, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of the College in 2024/2025 revealed that the following matters remained unresolved:

1. Unconfirmed Property, Plant and Equipment
2. Inaccuracies in the Statement of Cashflows
3. Budgetary Control and Performance
4. Late Submission of Financial Statements to the Auditor General
5. Non-compliance with the Public Sector Accounting Standards Board (PSASB)
6. Lack of Procurement Function
7. Non-compliance with Governance Requirements
8. Irregularities in the Management of Imprest
9. Lack of Internal Audit Function and Audit Committee

Other Information

Management is responsible for the Other Information set out on page iv to xxii which comprise of Key College Information and Management, The Board of Governors,

Report of the Auditor-General on Merti Technical and Vocational College for the year ended 30 June, 2025

Management Team, Chairman's Statement, Report of the Principal, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Board of Governors, Statement of Board of Governors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Lack of Staff Establishment and Salary Structure

The statement of financial performance and Note 6 to the financial statements reflect employee cost amount of Kshs.383,554. However, the College did not have salary structure and approved staff establishment for the Board of Governors' employees detailing the number of positions, job titles, reporting structures and approved salary scales. This was contrary to Section B.2(1) of the Public Service Human Resource Manual, 2016, which require every Ministry/State Department to prepare human resource plans to support achievement of goals and objectives in their strategic plans.

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, except for the effect of 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 governance were not effective.

Basis for Conclusion

1. Lack of an Internal Audit Function and Audit Committee

During the year under review the College had not established an operational audit function, contrary to Section 73 (1)(a) of the Public Finance Management Act 2012, which requires that each National Government entity ensure it has appropriate arrangements for conducting internal audits. Further, in the absence of the Board of Governors, there were no Audit Committee and Risk Management Committee in place.

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

2. Lack of Appointment of Board of Governors

The statement of financial performance and Note 7 to the financial statements reflect Nil balance in respect of Directors' remuneration. Review of the Board of Governors' appointment documents revealed that the term of the previous Board expired on 12 May, 2023. However, the Board had not been appointed as at the time of audit on November 2025. This is contrary to the Second Schedule of the Technical and Vocational Education and Training Act, 2013 on Membership and Governance Procedures for Boards of Governors for Training Institutions, which provide for Board appointment by the Cabinet Secretary.

In the circumstances, the effectiveness of governance and oversight mechanisms at the College could not be confirmed.

3. Lack of Key Policy Documents

Audit review established that the College did not have essential policy documents including strategic plan, ICT policies or a Risk Management Policy in place to guide on its operations. This is contrary to Regulation 165(1)(a) and (b) of the Public Finance Management (National Government) Regulations, 2015, which require Accounting

Officers to develop and implement risk management strategies, internal control systems, and governance frameworks to ensure effective, efficient, and transparent operations.

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

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

Responsibilities of Management and the Board of Governors

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

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

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

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

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

Auditor-General's Responsibilities for the Audit


My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

03 December , 2025

Merti Technical & Vocational College
Annual Report and Financial Statements for the year ended 30th June 2025

14. Statement of Financial Performance for the year ended 30 June 2025

	Notes	Period ended June 30 th 2025	Comparative Period June 30 th 2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government	3(b)	3,056,714	2,126,000
Transfers from other levels of government			
Revenue from exchange transactions			2,126,000
Rendering of services- Fees from students	4	7,742,015	5,088,951
Revenue from exchange transactions			
Total revenue		<u>10,798,729</u>	<u>7,214,951</u>
Expenses			
Use of goods and services	5	5,095,073	2,986,694
Employee costs	6	383,554	645,958
Remuneration of directors	7	-	253,800
Total expenses		<u>5,478,627</u>	<u>3,886,452</u>
Net Surplus for the Period		<u>5,320,102</u>	<u>3,328,499</u>

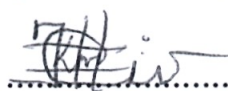
The Financial Statements set out on pages 1 to 5 were signed by:



Chairman of Board

Date


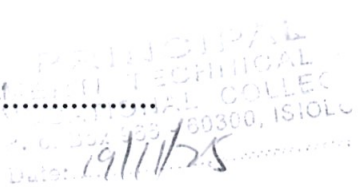
19/11/25



Finance Officer

ICPAK No

Date 19/11/25



Principal
 Date: 19/11/25

Principal

Date

19/11/25

Merti Technical & Vocational College
Annual Report and Financial Statements for the year ended 30th June 2025

15. Statement of Financial Position as at 30th June 2025

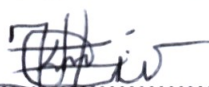
	Notes	Period ended June 30 th 2025	Comparative Period June 30 th 2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	8	5,467,650	9,119,531
Current portion of receivables from exchange transactions	9	8,688,692	2,055,457
Receivables from non-exchange transactions			
Total Current assets		14,156,342	11,174,988
Non-current assets			
Property, plant and equipment	11	57,822,558	55,180,392
Total non-current assets		57,822,558	55,180,392
Total assets		71,978,900	66,355,380
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions (Provision for Audit Fees)	10 (a)	278,400	139,200
Refundable deposits from customers	10	5,772,256	5,508,038
Total Current liabilities		6,050,656	5,647,238
Total liabilities		6,050,656	5,647,238
Net assets		65,928,244	60,708,142
Reserves			
Accumulated surplus		8,548,601	3,328,499
Capital Fund		57,379,643	57,379,643
Total net assets and liabilities		65,928,244	60,708,142

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



Chairman of Board


Date 19/11/25



Finance Officer

ICPAK No

Date 19/11/25



Principal

Date 19/11/25

Merti Technical & Vocational College
Annual Report and Financial Statements for the year ended 30th June 2025

16. Statement of Changes in Net Asset for the year ended 30 June 2025

Description	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/Development Grants/Fund	Total
At July 1, 2024			3,228,499	57,379,643	60,608,142
Revaluation gain					
Fair value adjustment on quoted investments					
Total comprehensive income					
Capital/development grants received during the year					
Transfer of depreciation/amortisation from capital fund to Retained earnings					
At June 30, 2024			3,228,499	57,379,643	60,608,142
At July 1, 2025			3,228,499	57,379,643	60,608,142
Revaluation gain					
Fair value adjustment on quoted investments					
Total comprehensive income			5,320,102		5,320,102
Capital/development grants received during the year					
Transfer of depreciation/amortisation from capital fund to Retained earnings					
At June 30, 2025			8,548,601	57,379,643	65,923,244

Merti Technical & Vocational College
Annual Report and Financial Statements for the year ended 30th June 2025

17. Statement of Cash Flows for the year ended 30 June 2025

	Notes	Period ended June 30 th 2025	Comparative Period June 30 th 2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other Government entities	3(b)	3,056,714	2,126,000
Rendering of services- Fees from students	4(b)	1,151,780	5,088,951
Total Receipts		4,208,494	<u>7,214,951</u>
Payments			
Compensation of employees	6(b)	426,554	645,958
Use of goods and services	5(b)	4,691,655	2,986,694
Remuneration of directors	7	-	253,800
Total Payments		5,118,209	<u>3,886,452</u>
Net cash flows from operating activities		(909,715)	3,328,499
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	11	(2,742,166)	(100,000.00)
Net cash flows used in investing activities		(2,742,166)	(100,000.00)
Cash flows from financing activities		-3,651,881	
Proceeds from borrowings			
Repayment of borrowings			
Increase in deposits			
Net cash flows used in financing activities			100,000
Net increase/(decrease) in cash and cash equivalents		(3,651,881)	3,228,499
Cash and cash equivalents at 1 JULY		9,119,531	
Cash and cash equivalents at 30 June	8	5,467,650	9,119,531

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

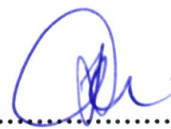
Chairman of Board

Finance Officer

ICPAK No

Date 19/11/25

Date 19/11/25



Principal

Date 19/11/25

PRINCIPAL
MERTI TECHNICAL &
VOCATIONAL COLLEGE
P. O. BOX 995 60300, ISIOLO
Date: 19/11/25

Merti Technical & Vocational College
Annual Report and Financial Statements for the year ended 30th June 2025

18. Statement of Comparison of Budget & Actual amounts for the year ended 30 June 2025

	Original annual Budget	Adjustments	Final Annual Budget	Actual Cumulative to date	Variance	% of Utilization Difference
	a	b	c=a+b	d	e=c-d	f=e/c %
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Transfers from other Govt entities Govt grants	2,000,000		2,000,000	3,056,714	-1,056,714	-53
Other income (IGA)	50,000		50,000			
Rendering of services- Fees from students	8,062,680		8,062,680	7,995,491	67,189	0.83
Development Fund						
Total income	10,112,680		10,112,680	11,052,205	-989,525	-9.78
Expenses						
Compensation of employees	1,824,000		1,824,000	426,554	1,397,446	77
Use of Goods and services	4,976,100		4,976,100	4,691,655	284,445	5.7
Remuneration of directors	800,000		800,000		800,000	100
Repairs & Maintenance	70,000		70,000		70,000	100
Assets	1,100,300		1,100,300		1,100,300	100
Total expenditure	8,770,400		8,770,400	5,118,209	3,652,191	
Surplus/Deficit for the period	1,342,280		1,342,280	5,933,996	(4,641,716)	

Notes to the % variance:

1. The compensation of employees was underutilized due to financial constrains thus the college could not employ employee during the FY
2. The vote head of Remuneration of directors was not utilized because no board of governors was in place because it term expired in May 2023.
3. The vote head of Assets, repair and maintenance were not utilized due to financial constrains during the FY

19. Notes to the Financial Statements

1. General Information

Merti Technical & Vocational College is established by and derives its authority and accountability from TVET Act of 2013. The institute is wholly owned by the Government of Kenya and is domiciled in Kenya. The institute principal activity is technical & vocational.

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 land and property at fair value 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 institute's 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 TVET Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3 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 college 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 college 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.

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 2024/2025 was approved by the Board or Board in May, 2024. There was no Subsequent revisions or additional appropriations made to the approved budget

Merti Technical & Vocational College
Annual Report and Financial Statements for the year ended 30th June 2025

The institute budget is prepared on the same basis to the actual income and expenditure. 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 actual as per the statement of financial performance has been presented under section v of these financial statements.

c) 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 institute 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.

d) 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

e) Inventories

Inventory is measured at cost upon initial recognition.

f) Nature and purpose of reserves

The Institute has not maintained any reserves

g) Changes in accounting policies and estimates

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

i) Employee benefits

Retirement benefit plans

The institute does not have any Retirement benefit plans for its employees and directors

j) Related parties

The Institute 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 Institute, or vice versa. Members of key management are regarded as related parties and comprise the principal, the Board of governor and senior management team.

k) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank. Bank account balances include amounts held at various commercial banks at the end of the financial year.

l) Comparative figures

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

m) Subsequent events

There have been no events subsequent to the financial period end with a significant impact on the financial statements for the period ended 30th June 2025.

4 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the institute'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 Institute 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 Institute. 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:

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material

Merti Technical & Vocational College
Annual Report and Financial Statements for the year ended 30th June 2025

3. Transfers from other National Government entities

Description	Period ended June 30th 2025	Comparative Period June 30th 2024
	Kshs	Kshs
Unconditional grants		
Capitation grants	557,576	126,000.00
Operational grant	2,499,138	2,000,000.00
Development Grants		2,545,500.00
Total government grants and subsidies	3,056,714	4,671,500.00

(b) Transfers from other Government entities (Categorized)

Name of the College sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the period	Comparative period
			KShs	KShs	KShs
Ministry of education	3,056,714	-	-	3,056,714	
Total	3,056,714	-	-	3,056,714	

4. Rendering of Services

Description	Period ended June 30th 2025	Comparative Period June 30th 2024
	Kshs	Kshs
Tuition fees	4,360,279	2,341,819.00
Local, Transport and Travelling	469,931	332,991.00
Repair, Maintenance and Improvement	387,583	256,163.00
Electricity, water and Conservancy	469,931	297,791.00
Personal Emolument (PE)	1,532,601	966,661.00
Activity Fees	537,166	337,326.00
Medical & Insurance	238,000	118,000.00
Administration Cost		94,000.00
ICT Fund		60,000.00
Students Welfare		66,400.00
BoG Teacher Levy		90,000.00
Development Fund		60,000.00
Industrial Attachment & Insurance		55,000.00
Registration Fees		12,800.00
Examination fees	304,100	
Total revenue from the rendering of services	8,299,591	5,088,951.00
Less: Capitation grants Note .3	557,576	
Total Revenue from rendering of service excluding capitation	7,742,015	

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4 (b) Adjustment of revenue from rendering of services for the cash flow statement

Cash inflow from rendering of service (Note)	7,742,015
Fees debtors 30/6/2025	-8,645,692
Fees debtors 30/6/2024	2,055,457
Total	1,151,780

5. Use of Goods and Services

Description	Period ended June 30th 2025	Comparative Period June 30th 2024
	KShs	KShs
Tuition	390,550	58,501
KATTI Subscriptions,workshpos & capacity building	519,220	515,000
Admimistration cost	1,043,035	773,916
Bank Charges	6,813	7,419
Industrial Attachment	-	18,000
Local,Transport & Travel	1,607,074	1,271,900
Electricity,Water & Conservancy (EWC)	107,081	62,062.06
Advertisement/College Publicity	256,600	35,300
Activity	446,400	50,000
Research & Innovation	-	55,396
Provision of Audit Fees	278,400	139,200
Examination Fees	439,900	
Total use of good and services	5,095,073	2,986,694.06

5b Adjustment of expenditure for use of goods and services disclosed in the cash flow

Use of goods and services (Note 5)	5,095,073
Trade payables as at 30/6/2024	5,647,238
Trade payables as at 30/6/2025	(6,050,656)
	4,691,655

6. Employee cost

Description	Period ended June 30th 2025	Comparative Period June 30th 2024
	KShs	KShs
Personel Emolument	383,554	645,958
Total Employee cost	383,554	645,958

6. B Adjustment of expenditure for Employee cost

Employee cost (Note 6)	383,554
Salary Advance as at 30/6/2025	43,000
	426,554

7. Remuneration of directors

Description	Period ended June 30th 2025	Comparative Period June 30th 2024
	KShs	KShs
Directors Expenses		253,800
Total Remuneration of directors	-	253,800

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8. Cash and Cash Equivalents

Description	Period ended June 30th 2025	Comparative Period June 30th 2024
	KShs	KShs
Current account	5,467,650	9,119,531
Total cash and cash equivalents	5,467,650	9,119,531

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

Financial institution	Account number	Period ended June 30th 2025	Comparative Period June 30th 2024
		KShs	KShs
a) Current account			
Co-operative bank	01139020688103	5,357,378	8,934,758
Equity Bank	0410281754093	110,272	184,774
Sub- total			
b) Other			
cash in hand			
Sub- total			
Grand total		5,467,650	9,119,531

9. Receivables from Exchange transactions

9(a) Current Receivables from Exchange transactions

Description	Period ended June 30th 2025	Comparative Period June 30th 2024
	Kshs	Kshs
Students Debtors	8,645,692	2,055,457
Employees Salary advance	43,000	
Total current receivables	8,688,692	2,055,457

10. Refundable Deposits from Customers/Students

	2024-2025	2024-2025
	KShs	KShs
Description		
Retentions for construction projects		
Merti TVC building	5,772,256	5,508,038
Total deposits	5,772,256	5,508,038

NOTE:

The contractor for the construction of the Merti TVC building retention of **ksh. 5,772,256** has not been released to the contractor at the close of FY 2024-2025 thus disclosed in the financial statement as Refundable deposit from customers.

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10. (a) Trade and Other Payables

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Audit fees provision	278,400	139,200
Total trade and other payables	278,400	<u>139,200</u>

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11. Property, Plant and Equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers	Plant and equipment	Capital Work in progress	Total
Cost	Shs	Shs	Shs	Shs	Shs	Shs	Shs
As at 1/7/2022						55,080,392	55,080,392
Additions during the period							
Disposals during the period							
Transfers/adjustments during the period							
As at June 30th 2024						55,080,392	55,080,392
As at 1/7/2025						55,080,392	55,180,392
Additions during the period			100,000			2,642,166	2,742,166
Disposals during the period							
Transfers/adjustments during the period							
As at June 30th 2025			100,000			57,722,558	57,822,558
Depreciation and impairment							
As at July 1 st 2024							
Depreciation for the period							
Impairment for the period							
As at June 30th 2025			-			-	-
Net book values							
As at 1/7/2024			100,000			55,080,392	55,180,392
As at June 30th 2025			100,000			57,722,558	57,822,558

Note:

The value of the work in progress of **kshs.57, 722,558** is amount paid to the contractor as at the close of the FY 2024-2025

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Valuation

The college assets are yet to valued

10 (b) Property, Plant and Equipment at Cost

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land			
Buildings			
Plant And Machinery			
Motor Vehicles including Motorcycles			
Computers and Related Equipment			
Office Equipment, Furniture, And Fittings	100,000		100,000
WIP	57,722,558		57,722,558
Total	57,822,558		57,822,558

11. Financial Risk Management

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

(i) Credit risk

The college 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 college's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

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Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2024				
Receivables from exchange transactions				
Receivables from non-exchange transactions				
Bank balances				
Total				
At 30 June 2025				
Receivables from exchange transactions				
Receivables from non-exchange transactions				
Bank balances				
Total				

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

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.

(iii) Market risk

The college has put in place an internal audit function to assist it in assessing the risk faced by the college 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 college'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 college'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.

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

iv)Capital Risk Management

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

Description	Period ended June 30th 2025	Comparative Period June 30th 2024
	Kshs	Kshs
Revaluation Reserve		
Retained Earnings	8,548,601	3,328,499
Capital Reserve	57,379,643	57,379,643
Total Funds	65,923,244	60,708,142
Total Borrowings		
Less: Cash and Bank Balances		
Net Debt/ (Excess Cash and Cash Equivalents)	5,467,650	9,119,531
Gearing Ratio		666

12. Related Party Balances

Nature of related party relationships

Entities and other parties related to the college 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 college, holding 100% of the college's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the college, both domestic and external. Other related parties include:

- i) The National Government;
- ii) The Parent Ministry;
- iii) Mentor Institute Kiirua TTI
- iv) Key management;
- v) Board of directors;

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

Description	Period ended June 30th 2025	Comparative Period June 30th 2024
	Kshs	Kshs
a) Grants /Transfers from the Government		
Capitation	2,499,138	126,000.00
Grants from National Govt	557,576	2,000,000.00
Development fund		2,545,500.00
Total	3,056,714	4,671,500.00

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Description	Period ended June 30th 2025	Comparative Period June 30th 2024
	Kshs	Kshs
b) Key Management Compensation		
Directors' emoluments		253,800.00
Compensation to Key Management		
Total		<u>253,800.00</u>

13. Segment Information

The institute does not operate in segments

14. Events after the Reporting Period

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

15. Ultimate and Holding College

The college is TVET institute under the Ministry of education. Its ultimate parent is the Government of Kenya.

16. Currency

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

Merti Technical & Vocational College
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20. Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Unconfirmed property, plant and equipment	Management will value its Assets and include them in the financial reports in the subsequent financial years	Not resolved	2027/2028
2.	Inaccuracies in the statement of cash flows	Management will prepare accurate cash flows	Resolved	
	Emphasis of matter			
	Budgetary control and performance	Management will adhere to preparation of supplementary budgets to accommodate extra income and expenditure	Resolved	
Report on lawfulness and effective in the use of public resources				
1.	Late submission of the financial statements to the auditor general	Management will adhere to stipulated timelines in the subsequent financial year	Resolved	
2.	Non-compliance with the public sector accounting standards board(PSASB)	Management will use the correct public sector accounting standard board template	Resolved	
3.	Lack of procurement function	Management will put it in place when funds will be available but the college uses the mentee institution to its procurement	Not resolved	2027/2028

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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)
4.	Non-compliance with governance requirements	Management following the issue with SDTVET	Not resolved	
Report on effectiveness of internal controls, risk management and governance				
1.	Irregularities in the management of imprest	Management shall making budget when withdrawals imprest	Resolved	
2.	Lack of an internal audit function and audit committee	Management will put it in place when funds will be available but the college uses the mentee institution to do its internal audit	Not resolved	2027/2028

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 college 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.

.....

Name
Accounting Officer/Principal

Date

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Appendix II: Projects Implemented by: Merti Technical & Vocational College

Projects

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

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

Status of Projects completion

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

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

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Appendix III- Inter-College Confirmation Letter



**MERTI
TECHNICAL AND VOCATIONAL COLLEGE**

P.O BOX 966-60300 ISIOLO-KENYA
Cell: 0769 654 008 Email: mertitvc@gmail.com



Confirmation of amounts received by Merti TVC as at 30th June 2025

Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30th June 2025				Amount Received by [beneficiary College] (KShs) as at 30 th June 2025 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
	17/7/2024	499,827.50			499,827.50	499,827.50	
	17/10/2024	499,827.50			499,827.50	499,827.50	
	22/1/2025	499,827.50			499,827.50	499,827.50	
	4/6/2025	499,827.50			499,827.50	499,827.50	
	17/6/2025	499,827.50			499,827.50	499,827.50	
Total		2,499,137.50			2,499,137.50	2,499,137.50	

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

Head of Accountants department of beneficiary College:

Name Joseph Kinectun Sign [Signature] Date 19/11/25

PRINCIPAL
MERTI TECHNICAL & VOCATIONAL COLLEGE
 P. o. Box 966 - 60300, ISIOLO
 Date: 19/11/25

Merti Technical & Vocational College
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Appendix IV: Reporting of Climate Relevant Expenditures

Name of the Organization: Merti Technical & Vocational College
 Telephone Number: +254769654008
 Email Address: mertitvc@gmail.com
 Name of CEO/MD/Head

Name and contact details of contact person (in case of any clarifications)

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

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Appendix V: Disaster Expenditure Reporting Template

Date:						
College: Merti Technical Training Institute						
Period to which this report refers (FY)	Year			Quarter		
Name of Reporting Officer						
Contact details of the reporting officer:		Email			Telephone	
Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments