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REPORT

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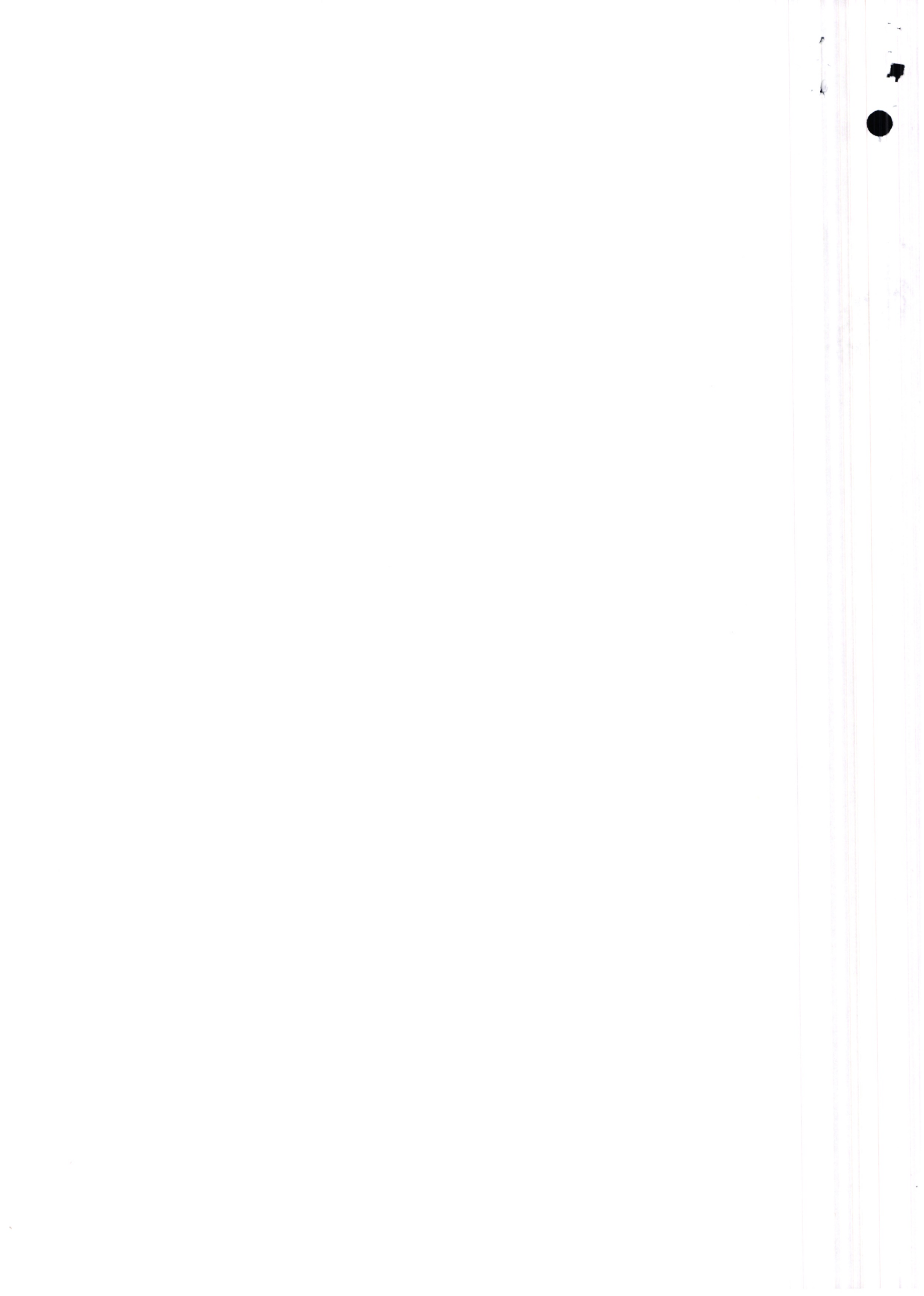
TABLED BY: Hon Naomi Wago, MP
OF Deputy Majority Whip
CLEARED BY: Inzi Mwalu
THE TABLE:

THE AUDITOR-GENERAL

ON

**KITAMBO VOCATIONAL TRAINING
CENTRE**

**FOR THE YEAR ENDED
30 JUNE, 2021**



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

22 MAY 2023

RECEIVED



International Public Sector Accounting Standards (IPSAS)
Annual Financial Reporting Template for
*Technical Vocational Education Training (TVET) Institutions, National Polytechnics and
Teacher Training Colleges*

KITAMBO VOCATIONAL TRAINING CENTRE

ANNUAL REPORTS AND FINANCIAL

**STATEMENTS FOR THE YEAR ENDED
30TH JUNE, 2021**

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

**KITAMBO VOCATIONAL TRAINING CENTRE, ANNUAL REPORTS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE, 2021**

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KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Kitambo Vocational Training Centre was founded in 1978 as a village polytechnic and was being managed by the community. This route was not sustainable as it faced many challenges of hiring staff to provide the training. It was then taken over by the national government to continue supporting the operations of the institution. The name was later changed from village polytechnic to youth polytechnic. In 2013 when counties were devolved, the youth polytechnics were transferred to the county management level. Again, the name was changed from youth polytechnic to vocational training centers. Kitambo vocational training center is currently under the County Government of Kisumu, Directorate of Vocational Education & Training. The center is registered by TVETA under TVET Act, 2013 section 20(1) with registration certificate No TVETA/PUBLIC/VTC/0011/2017 and licensed by TVETA under training license number TVETA/PUBLIC/VTC/0011/2017 A1. Kitambo vtc offers both NITA and KNEC exams at the artisan and craft certificate levels. NITA exams range from GRADE III-I. Kitambo vtc was also accredited as a NITA testing center in 2022. Today Kitambo vtc also offers limited boarding facilities for students who come from far, this has been due to high demand of students who wants to join for technical training. In conclusion, the institution has gone through leaps and bounds and come out as a strategic center for impacting youths with technical training and education especially youths from some sub county.

And therefore, the institution will continue to improve in all areas so as to meet the new demands that will rise up and this will require engagement from all stakeholders.

(b) Principal Activities

The Principal activities of Kitambo Vocational Center is to implement the government technical education programme and curriculum that equip learners with technical skills and attitude for self – reliance. The center is also focused on Skills development.

Vision, Mission and Core Values

Vision

To be the best vocational training provider in Kenya

Mission

To equip the youths with skills, knowledge, and attitude for employment and self-reliance

Objectives

- Achieve and maintain high level of quality training
- Ensure compliance with the Technical and Vocational Education and Training Act, 2013, and other relevant statutory and safety requirements.

Motto: Skills is Power

**KITAMBO VOCATIONAL TRAINING CENTRE, ANNUAL REPORTS AND
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(c) Key Management

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

- Board of Governors
- County Directorate
- Centre Management

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2021 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	CECM	-Dr. John Obiero Awiti
2.	Chief Officer	-Mrs. Peninah Onyango
3.	Director	-Mrs. Paschalia Ouma
4.	Centre Manager	-Mrs. Caroline Bunde

(e) Fiduciary Oversight Arrangements

The center is answerable to key government organs on Financial Management and is from time to time oversighted with the following committees for compliance

- Audit committee activities
- Development partner oversight activities
- County Executive

**KITAMBO VOCATIONAL TRAINING CENTRE, ANNUAL REPORTS AND
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30TH JUNE, 2021**

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(f) Entity Headquarters

Kitambo VTC
P.O. Box 231 -40102
Kombewa -KENYA

(g) Entity Contacts

Telephone: (+254)-710-171484
E-mail: kitamboyp@gmail.com
Website:.....

(h) Entity Bankers

Kenya Commercial Bank
P.O. Box 17 - 40100 Kisumu

(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

**KITAMBO VOCATIONAL TRAINING CENTRE, ANNUAL REPORTS AND
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THE BOARD OF GOVERNORS




	<p>Mr. James Ong'ele Adera was appointed the Chairperson of the Board of Governors in February 2019. He holds a Bachelor of Arts Degree (B.A. Hons) of Nairobi University and a Post Graduate Diploma in Education (P.G.D. E</p>
	<p>Mr. Gilbert Ochung' Diploma in education, 1st class.</p>
	<p>Ms. Judith Aluoch Chilli Higher diploma in psychology counseling</p>
	<p>Ms. Eunice Olang' Diploma In ICT</p>
	<p>Mr. Ronald hesbon Juma Industry Representative</p>
	<p>Mr. Richard Ndiege Certificate in mechanical engineering- city and Guilds.</p>

**KITAMBO VOCATIONAL TRAINING CENTRE, ANNUAL REPORTS AND
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	<p>Rev. Leonard Omondi Diploma in pastoral Theology</p>
	<p>Mrs Paschalia Ouma Director VET Degree in information science Masters in strategic business management</p>
	<p>Mr. Rawlings Angirah Sub-County Administrator</p>
	<p>Mrs. Caroline Bunde Secretary to the Board of Governors Degree in eco- tourism ,hotel and institutional management</p>

**KITAMBO VOCATIONAL TRAINING CENTRE, ANNUAL REPORTS AND
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MANAGEMENT TEAM

	Centre Manager Overall, in charge of the centre
	Mr. Otieno Billy Deputy Centre manager In charge of training
	Mr. Benard Omia Heads of Department In charge of respective departments

**KITAMBO VOCATIONAL TRAINING CENTRE, ANNUAL REPORTS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE, 2021**

CHAIRMAN'S STATEMENT

It is yet another time of the year that I am glad to present to you one financial report for the year ended June 30th 2021

I can confirm that Kitambo Vocational Training Centre received fund as disclosed in financial statements from the National government which was adequately utilized in accordance with the strategic plan that was already in place.

Though resources were limited I am glad to report that with support from the Board of governors and the management, Kitambo Vocational Training Centre made notable strides and implements this, hence elevating the institution to a higher level in terms of infrastructure and student population thus aligning ourselves with the strategic objectives that we outline in the strategic Plan.

Challenges

- **Inadequate staff**
The center has one instructor employed by the County government of Kisumu against an establishment of 8 and lacks key support staff
- **Infrastructure**
The center lacks modern workshops, laboratories and other necessary facilities

Future outlook

In line with the strategic plan, still forecast on improving on the physical infrastructures to curb the consistently growing population of students and new courses by the new management

As continually observed in the institution intake Kitambo Vocational Training Centre is now attracting students from far and wide through the need of more physical infrastructure to accommodate the excess growing population, more so Boarding facility.

Lastly, I would like to appreciate the county government of Kisumu its continuous support and also the Kitambo Community at large.


.....
JAMES ONG'ELE ADERA
BOG CHAIR

KITAMBO VOCATIONAL TRAINING
CENTRE
* 30 JUN 2021 *
P. O. BOX 231 -40102
KOMBWA

**KITAMBO VOCATIONAL TRAINING CENTRE, ANNUAL REPORTS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE, 2021**

REPORT OF THE CENTRE MANAGER

It is another time of the year that I come forward to report to you the progress of Kitambo Vocational Training centre

As my able chairman report i can confirm that Kitambo Vocational Training Centre indeed receive 1,612,500/= though this was limited with compared with what we intended to achieve, I am pleased that it was perfectly spent and it elevated the institution in form of infrastructure and instructional materials to provide quality training to our students and in the realization of the strategic plan that was in place. I want to report these that the management introduce Hairdressing and Beauty therapy as a course which immediately attracted many students and is the leading course taken in terms of student population. The department started from scratch in terms of personnel and equipment, but I am pleased to report that it is now a fully functional department and will present its first batter of students for examination in December 2021.

In the building department the management introduced Tilling as a short course and in a matter of time the trained student did tilling in the Electrical Installation department which was excellently done. To broaden the courses done the management introduce Food and Beverage management, being that the existing infrastructure was overstretched the board of governors approved that the management construct a building to house the course and I can report that the building is complete but awaiting finishing and equipping

In conclusion I am happy that Kitambo Vocational Training Centre is rapidly growing and is attracting students from not only the community but in neighbouring communities and sub-counties

I want to also thank greatly the board of governors of this institution for their invaluable support to move this institution to be the institution of choice for technical education within the community and beyond.

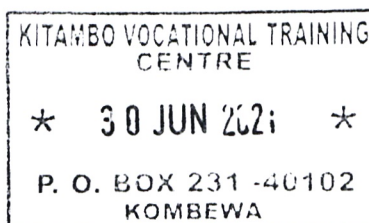
Student enrolment

Trade Area	2020					2021				
	Y1		Y 2		Total	Y1		Y2		Total
	M	F	M	F		M	F	M	F	
Dressmaking	0	9	1	24	34	0	2	14	50	64
Electrical	13	2	17	1	33	30	0	32	2	64
ICT	4	5	0	5	14	15	15	10	18	58
Masonry	24	0	27	0	51	35	0	23	0	58
Tilling	0	0	0	0	0	12	0	0	0	12
hairdressing							36			36
					132					292

The increase in 2021 enrolment was as a result of the support from local leaders and community sensitization.



Caroline Bunde
Centre Manager



**KITAMBO VOCATIONAL TRAINING CENTRE, ANNUAL REPORTS AND
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REVIEW OF KITAMBO VTC PERFORMANCE FOR FY2020/2021

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

Kitambo vtc has 3 strategic pillars and objectives within its Strategic Plan for the FY 2018/2019- 2022/2023. These strategic pillars are as follows:

- Pillar 1: To Increase the number of trainee enrolment
- Pillar 2: To increase the number of trainees graduating from the institution
- Pillar 3: To introduce new courses

Kitambo VTC develops its annual work plans based on the above 3 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Kitambo VTC achieved its performance targets set for the FY 2020/2021 period for its 3 strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1:	To Increase the number of trainees enrolment from 132 - 200	Increased number trainees	Community Sensitization	Trainees numbers increased from 130 to 292
Pillar2:	To increase the number of trainees graduating from the institution from 45 to 50	Increased graduates	Trainees sitting final exams	50 trainees sat for NITA&KNEC EXAM
Pillar3:	To introduce new courses	New courses	Hairdressing Tilling	Two courses introduced

**KITAMBO VOCATIONAL TRAINING CENTRE, ANNUAL REPORTS AND
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CORPORATE GOVERNANCE STATEMENT

Appointment of Board of Governors members

The current BOG members were appointed in accordance with First schedule Section 28(1)(a) and the Second Schedule section 1 & 2 of TVET Act No 29 of 2013 on 12th February 2019

Membership of the Board of Governors is as follows:

1. a chairperson;
2. a representative of the minister/CECM in the department responsible for technical and vocational training;
3. a representative of the county Governor; and

Six other persons appointed on the basis of their knowledge and experience in—

1. Leadership and management;
2. Financial management;
3. Technology;
4. Industry;
5. Engineering;
6. Information communication technology.

Responsibility of the Board of Governors

The board is responsible for;

- 1) The mission and vision of the center;
- 2) Promoting the aims and objectives of the center
- 3) Setting strategic directions for the Center;
- 4) Monitoring performance against strategic objectives
- 5) Extending links and communication between the center and the wider community;
- 6) Fundraising and resource mobilization;

Remuneration of the Board of Governors members

The BOG members are paid a sitting allowance for every meeting attended. The sitting allowance paid to the members is disclosed in the financial statements.

The Board of Governors meetings

The meetings of the full board are held at least once every quarter in a calendar year. In order to facilitate the smooth running of its affairs, the BOG establishes such committees with the membership and with such terms of reference as it may deem fit. During the financial year 2020/2021, four full board and three committee meetings were held

The following committees were in place during the 2020/2021 financial year

- 1) Finance & Strategic planning committee
- 2) Innovation & Infrastructure committee

Finance & Strategic planning committee is responsible for the following:

- i. Overseeing the preparation and annual review of five-year rolling strategic plan
- ii. Making recommendations to the BOG on annual budgets in the light of the overall plan, the annual operating budgets and other relevant information;
- iii. Giving advice to the BOG on the needs of the Centre as established by its plans

**KITAMBO VOCATIONAL TRAINING CENTRE, ANNUAL REPORTS AND
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- iv. Reviewing the Center's financial strategy for approval by the BOG;
- v. Dealing with strategic issues concerning financial risk management and advising the BOG appropriately
- vi. Reviewing the Center's annual financial statements and reporting to the BOG

**KITAMBO VOCATIONAL TRAINING CENTRE, ANNUAL REPORTS AND,
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MANAGEMENT DISCUSSION AND ANALYSIS

Hair dressing and Beauty therapy department was established during the financial year with the aim of increasing trainee enrolment. The department will also house a modern salon that will be open to members of the public for income generation.

In line with the new strategic plan, the financial year 2020/2021 saw renovation of key facilities among them water storage tanks and pit latrines. The renovations were done by our building department (trainees & instructors) using instructional materials thus no extra expenses were incurred.

Major Financial risks facing Kitambo Vocational Training Centre

The center's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency.

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

i) Credit risk

Credit risk arises from cash and cash equivalent and deposits with banks as well as credit exposures to customers including outstanding receivables and committed transactions. Credit risk is the risk that counter party will default on its contractual obligations resulting in financial loss to the institute. The center does not have significant concentrations of credit for credit risk for banks financial institutions

ii) Liquidity risk management

Liquidity risk is the risk that the institute will not be able to meet its financial obligations as and when they fall due. Due to the dynamic nature of the institute business, the institute maintains flexibility in funding by maintaining availability under committed credit lines. The institute's approach when managing liquidity is to ensure as far as possible that it will have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risk damage to the institute's reputation. However, external factors such as no fee payment by students due to economic hard times do create serious constrain on the liquidity of the institute during the financial under

iii) Interest rate risk

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

**KITAMBO VOCATIONAL TRAINING CENTRE, ANNUAL REPORTS AND
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Material arrears in financial obligation

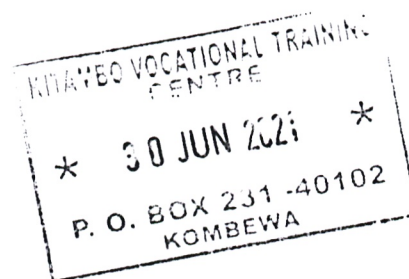
Kitambo Vocational Institute had no pending bills as at the end of the financial year ending 30th June, 2021

By Order of the Board



Caroline Bunde

Centre Manager



**KITAMBO VOCATIONAL TRAINING CENTRE, ANNUAL REPORTS AND
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**CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY
REPORTING**

Kitambo VTC exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on 3 pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

1. Environmental performance

- Kitambo vtc family believes in a green environment, during this financial year, 50 trees were planted

2. Employee welfare

- Kitambo vtc observes gender ration policies in all its appointments

3. Community Engagements-

- The centre participated in repairs of access road within the community and also joined the ACK Church in clearing bushes and general cleaning.
- Kitambo VTC engages the community members as casual laborers

**KITAMBO VOCATIONAL TRAINING CENTRE, ANNUAL REPORTS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE, 2021**

REPORT OF THE BOARD OF GOVERNORS

The Board of Governors has the pleasure to submit the annual report and financial statements for the year ended June 30, 2021 which shows the state of Kitambo VTC affairs.

The centre received Kenya shillings 1,612,500/= (One million six hundred and twelve thousand, five hundred shillings) from the National government for the subsidised vocational training centres support grant (SVTCSG)

Principal activities

The principal activities of Kitambo VTC are:

- To implement technical education programme.(curriculum)
- To provide training opportunities to leaners from marginalized areas

Results

The results of the center for the year ended 2020/2021 are set out on page 1-5

BOARD OF GOVERNORS

The members of the BOG who served during the year are shown on page v. The following committees were formed as mandated by the TVET 2013 Act

- 1) Finance & Strategic planning committee
- 2) Innovation & Infrastructure committee

Mr Moses Orege was co-opted to the board's strategic planning committee

Auditors

The Auditor General is responsible for the statutory audit of the Kitambo Vocational Training Centre in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the centre for the financial year ended June 30, 2021 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



Center Manager



**KITAMBO VOCATIONAL TRAINING CENTRE, ANNUAL REPORTS AND
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STATEMENT OF BOARD OF GOVERNORS 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 BOG members to prepare financial statements in respect of Kitambo Vocational and Training Centre, which give a true and fair view of the state of affairs of the centre at the end of the financial year 2020/2021 and the operating results of the center, for the year 2020/2022. The BOG members are also required to ensure that the center keeps proper accounting records which disclose with reasonable accuracy the financial position of the center. The BOG members are also responsible for safeguarding the assets of the center.

The BOG members are responsible for the preparation and presentation of Kitambo Vocational Training Center financial statements, which give a true and fair view of the state of affairs of the center for and as at the end of the financial year ended on June 30th, 2021. This responsibility includes:

- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity;
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) Safeguarding the assets of the center;
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

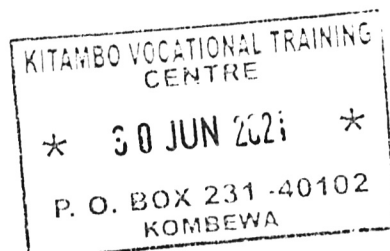
The BOG members accept responsibility for the center's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the TVET Act). The BOG members are of the opinion that the center's financial statements give a true and fair view of the state of the center's transactions during the financial year ended June 30, 2021, and of the center's financial position as at that date. The BOG members further confirm the completeness of the accounting records maintained for the center, which have been relied upon in the preparation of the center's financial statements as well as the adequacy of the systems of internal financial control.

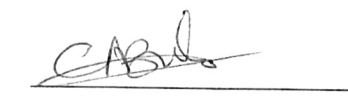
Nothing has come to the attention of the BOG members to indicate that Kitambo Vocational Training Centre will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Kitambo Vocation financial statements were approved by the Board and signed on its behalf by:


BOG Chair




BOG Secretary

REPUBLIC OF KENYA

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



Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON KITAMBO VOCATIONAL TRAINING CENTRE FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kitambo Vocational Training Centre set out on pages 1 to 18, which comprise of the statement of financial position as at 30 June, 2021, and the statement of financial performance, statement of cash flows and the 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.

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 Kitambo Vocational Training Centre as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and do comply with the Public Finance Management Act, 2012 and the Technical and Vocational Education and Training Act, 2013.

Basis for Qualified Opinion

1. Inaccuracies of the Financial Statements

Review of the annual reports and financial statements of the Centre revealed the following presentation anomalies;

- (i). The statement of changes in net assets for the year ended 30 June, 2021 was not included in the financial statements.
- (ii). The statement of financial performance reflects an amount of Kshs.1,866,869 in respect of use of goods and services which differs with the re-computed amount Kshs.1,874,594 resulting to an unexplained difference of Kshs.7,725.
- (iii). The statement of financial performance further reflects an amount of Kshs.473,000 in respect of repairs and maintenance. The statement indicates that the corresponding Note is Note 6 to the financial statements, whereas the correct Note should have been Note 11 to the financial statements.
- (iv). The statement of financial position reflects cash and cash equivalents balance of Kshs.165,929 while the statement of cash flows reflects cash and cash equivalents re-computed overdraft balance of Kshs.954,346 resulting to a variance of Kshs.1,120,275.
- (v). The statement of financial performance reflects a deficit of Kshs.955,594 which has not been reflected in the statement of financial position.
- (vi). The statement of comparison of budget and actual amounts reflects actual expenditure on repairs and maintenance of Kshs.477,086 while the statement of financial performance reflects an amount of Kshs.473,000 resulting to an unexplained variance of Kshs.4,086.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

2. Lack of a Trial Balance

During the audit it was observed that Management did not provide a trial balance for the financial year 2020/2021.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

3. Unsupported Expenditure

3.1 Unsupported Use of Goods and Services Expenditure

The statement of financial performance reflects use of goods and services amount of Kshs.1,866,869 as disclosed in Note 8 to the financial statements which includes Kshs.1,680,494 incurred on electricity, instructional materials, text books, co-curricular and printing and stationery during the year under review. However, the supporting documents including purchase requisitions and relevant procurement documents were not provided for audit review. Further, this amount of Kshs.1,866,869 reflected in the financial statements differed with the supporting schedules amount of Kshs.2,568,819 resulting to an unexplained variance of Kshs.701,950.

3.2 Unsupported Employee Costs

The statement of financial performance reflects employee's costs amount of Kshs.228,225 as disclosed in Note 9 to the financial statements comprising of salaries and wages, and travel, motor car, accommodation, subsistence and other allowances balances of Kshs.142,500 and Kshs.85,725, respectively. However, Management did not provide the relevant supporting schedules and properly supported payment vouchers to support these expenditure components.

3.3 Unsupported Repairs and Maintenance

The statement of financial performance reflects repairs and maintenance costs of Kshs.473,000 disclosed in Note 11 to the financial statements. However, Management did not provide the relevant schedules and properly supported payment vouchers to support the expenditure.

In the circumstances, the accuracy, completeness of the financial statements could not be confirmed.

4. Inaccuracies in Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs.165,929 as disclosed in Note 7 to the financial statements. However, no bank reconciliation statements were provided for audit.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.165,929 financial statements could not be confirmed.

5. Unsupported Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.1,707,500 as disclosed in Note 12 to the financial statements. However, Management did not provide ownership documents, existence and valuation of the assets disclosed. Further, the Note reflects a depreciation charge of Kshs.410,470. which was not reflected in the statement of financial performance.

In the circumstances, the accuracy, completeness, ownership and existence of the property, plant and equipment balance of Kshs.1,707,500 could not be confirmed.

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Lack of an Approved Budget

The Centre did not have an appropriate and approved budget for its operations. This is contrary to Regulation 31 (2) (a) of the Public Finance Management (National Government) Regulations, 2015 which states that the Accounting Officer is responsible, in particular for ensuring that - all services which can be reasonably foreseen are included in the estimates and that they are within the capacity of her or his National Government entity during the financial year.

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

2. Failure to Prepare Financial Statements

The Centre started operations in 1978 under the Ministry of Education and Technology and that since then Management has been mandated to be preparing financial statements for audit by the schools' auditors and recently, by the Office of the Auditor-General. However, Management did not submit the Centre's financial statements for the financial years 2015/2016, 2016/2017, 2017/2018, 2018/2019 and 2019/2020 for audit. This is in contravention of Regulation 101(4) of the Public Finance Management (National Government) Regulations, 2015 which states that "an Accounting Officer shall prepare the financial statements in a form that complies with the relevant accounting standards prescribed by the Public Sector Accounting Standards Board, not later than three months after the end of the financial year and submit them to the Auditor General with a copy to the County Treasury, the Controller of Budget and the National Treasury."

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT SYSTEMS AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Internal Audit Function and Audit Committee

During the year ended 30 June, 2021, the Centre operated without an Internal Audit Unit and an Audit Committee contrary to Section 73(1)(a) of the Public Finance Management Act, 2012 which states that “every National Government entity shall ensure that it complies with this Act and—has appropriate arrangements in place for conducting internal audit according to the guidelines of the Accounting Standards Board.” and sub-section (5) which states that “every National Government public entity shall establish an internal auditing committee whose composition and functions are to be prescribed by the regulations”.

In the circumstances, risks and weaknesses existing in the systems of internal controls could not be confirmed.

2. Failure to Develop Risk Management and ICT Policies

During the year under audit, Management did not develop a Risk Management Policy and an Information Communication Technology (ICT) Policy. This is contrary to Regulation 165(1) of the Public Finance Management (National Government) Regulations, 2015 which requires the Accounting Officer of a National Government entity to develop risk management strategies, which include fraud prevention mechanism; and a system of risk management and internal controls that builds robust business operations.

In the circumstances, the Management lacks a mechanism to help in detection and mitigation of any possible risks on its systems.

3. Lack of Human Resource Policy, Scheme of Service and Staff Establishment

During the year under review, the Centre did not have a human resource department or formulate a human resource policy, scheme of service and staff establishment, to guide on administrative and personnel matters. This is contrary to Human Resources Policies and Procedures Manual for the Public Service, 2016 which bestows the Public Service Commission and Management with roles and functions which include setting and overseeing the overall human resources strategy, terms of service of employees and approval of significant policies of the organizational structure of the Centre.

In the circumstances, it was not possible to confirm whether the total staff in employment of the Centre was the optimal number required for effective operations.

4. Lack of an Asset Register

During the year under review, the Centre did not maintain a fixed asset register to track all the assets it owns.

In the circumstances, Management may not have proper control systems to safeguard its assets.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standard requires that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and 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 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 overall governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the Centre's financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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


- Identify and assess the risks of material misstatement of the Centre's financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate

to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Centre's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Centre to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Centre to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

06 July, 2023

**KITAMBO VOCATIONAL TRAINING CENTRE, ANNUAL REPORTS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE, 2021**

IV. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

Description	Notes	2020/2021
		Kshs
Revenue from non-exchange transactions		
Transfers from the National Government – grants (SVTCSG)	6	1,612,500
Transfers from the County Government of Kisumu	6	00.00
		1,612,500.00
Total revenue		1,612,500.00
Expenses		
Use of goods and services	3	1,866,869
Employee costs	4	228,225.00
Remuneration of directors	5	0.00
Repairs and maintenance	6	473,000.00
Total expenses		2,568,094
Net Surplus /deficit for the year		(955,594)

**KITAMBO VOCATIONAL TRAINING CENTRE, ANNUAL REPORTS AND
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30TH JUNE, 2021**

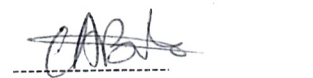
IV. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2021

	Notes	2020-2021
		Kshs
Assets		
Current assets		
Cash and cash equivalents	7	165,929
Inventories		-
Total current assets		165,929
Non-current assets		
Property, plant and equipment		1,707,500
		-
Total assets		1,873,400
Total liabilities		-
Net assets		1,873,400
Accumulated surplus		
Total net assets and liabilities		1,873,400

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Center Board of Governor by:


 BOG Chair
 Date: 30/06/2021

Finance Officer
 ICPAK No
 Date


 Centre Manager
 Date: 30/6/2021

KITAMBO VOCATIONAL TRAINING
 CENTRE
 * 30 JUN 2021 *
 P. O. BOX 231 -40102
 KOMBWA

2
 1 - figure net supported
 1 - Capital downwards and
 fund covered

V. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

		2020-2021
	Note	Kshs
Cash flows from operating activities		
Receipts		
Transfers from other Government entities/Govt. grants	1	1,612,500.00 ✓
Transfers from County Government of Kisumu	2	0.00
Total Receipts		1,612,500.00 ^
Payments		
Use of goods and services	3	1,866,869.00 ✓
Employee costs	4	228,225.00 ✓
Remuneration of BOG members	5	0.00
Repairs & Maintenance	6	473,000.00 ✓
Total Payments		2,568,094.00 ^
Net cash flows from operating activities		(955,594.00)
Cash and cash equivalents at 1 st July, 2020		1,248.00 ^{dB}
Cash and cash equivalents at 30th June 2021	7	165,929.00 ✓

Key
 ✓ figure agreed to the support documents
 ^ figures edited downwards and forward
 3 correct
 dB - opening balance

**KITAMBO VOCATIONAL TRAINING CENTRE,
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30TH JUNE, 2021**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2020-2021	2020-2021	2020-2021	2020-2021	2201-2021
	Kshs	Kshs	Kshs	Kshs	Kshs
Revenue					
Transfers from National govt	1,612,500 ✓	-	1,612,500 ✓	1,612,500 ✓	100.00 <i>cc</i>
Public contributions and donations	0.00	-	0.00	0.00	0.00
Total income	1,612,500.00 ✓	-	1,612,500.00 ✓	1,612,500.00 ✓	0.00 <i>cc</i>
Expenses					
Use of goods and services	1,866,869 ✓	-	1,866,869 ✓	1,866,869	100 <i>cc</i>
Employee costs	228,225 ✓	-	228,225 ✓	228,225	100 <i>cc</i>
Remuneration of BOG members	0.00	-	0.00 ✓	0.00	0.00
Repairs & Maintenance	478,000 ✓	-	478,000 ✓	477,086.00 ✓	99.80
Total expenditure	2,568,094 ✓	-	2,568,094 ✓	2,568,094.00 ✓	
Surplus for the period	0.00 ✓		0.00 ✓	0.00 ✓	

Key
 ✓ - figures not supported by budget
 ✓ - Casted downwards and found correct
 ✓ - Casted downwards and found it correct
 cc - Rested across and found incorrect
 cc - Rested across & found correct

**KITAMBO VOCATIONAL TRAINING CENTRE,
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VI. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Kitambo VTC is established by and derives its authority and accountability from TVET 2013 Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is Vocational training.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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.

**KITAMBO VOCATIONAL TRAINING CENTRE,
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3. ADOPTION OF NEW AND REVISED STANDARDS

- i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2021**

Standard	Impact
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2021 The center does not operate under business combinations hence this IPSAS 40 does not apply
IPSAS 41: Financial Instruments	Applicable: 1st January 2022: The center does not operate under business combinations hence this IPSAS 41 does not apply
IPSAS 42: Social Benefits	Applicable: 1st January 2022: The center does not operate other social benefits. It is only operating with NSSF as the only social benefit hence this IPSAS 42 does not apply

**KITAMBO VOCATIONAL TRAINING CENTRE,
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4. EARLY ADOPTION OF STANDARDS

The center is adopting IPSAS accrual for the first time and has taken into account clauses under IPSAS 33

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Rendering of services

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably.

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

Sale of goods

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

Interest income

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

**KITAMBO VOCATIONAL TRAINING CENTRE,
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

b) Budget information

The original budget for FY 2020/2021 was approved by the Board of Governors on *30th September 2020*. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of on the FY 2020/2021 budget following the BOG/ Board's approval.

c) Property, plant and equipment

As at the preparation of the financial statements for the FY 2020/2022, the center had not done valuation of its assets though it is preparing to engage a value

d) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity.

During the Financial Year under review, Kitambo Vocational Training Center did not have any financial assets withheld to maturity

Impairment of financial assets

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

**KITAMBO VOCATIONAL TRAINING CENTRE,
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estimated.

e) Research and development costs

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

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

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

Loans and borrowing

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

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

i) 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. 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.

At the end of the financial year, 2021/2022, Kitambo Vocational Training Institute had not constituted a committee to value its closing stock at market prevailing prices

j) Provisions

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

During the Financial year under review, Kitambo Vocational Training Center did not have any legal or constructive obligations hence did not cater for expenses arising from such obligations in the financial statements

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

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. *Entity to state the reserves maintained and appropriate policies adopted.*

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

n) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

o) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when

**KITAMBO VOCATIONAL TRAINING CENTRE,
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construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

**KITAMBO VOCATIONAL TRAINING CENTRE,
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Related parties

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the Government of Kenya, BOG members, CEO/Center manager and senior Staff.

q) 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.

During the Financial year under review, Kitambo Vocational Training Center's cash and cash equivalents amounted to;

Details		
Kenya Commercial bank	1233819410	153.026
Kenya Commercial bank	1119468612	1,024.50
Kenya Commercial bank	1118223756	11,878.50
Sub - total		165,929
Grand total		165,929

r) Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation. The institute is adopting IPSAS for the first time and hence it has no comparative figures.

**KITAMBO VOCATIONAL TRAINING CENTRE,
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6. Transfers from national government ministries

	2020-2021
Details	KShs
Conditional grants	
Repairs maintenance and improvement of tools and equipment	360,600.00
Text books, exercise books and stationery	214,000.00
Tools, equipment and instructional/assessment/examination materials	642,000.00
Electricity Water and bank charges-utilities	133,750.00
Skills, competitions and exhibitions	101,650.00
Co-curricular activities	107,000.00
Local travel and transport	53,500
Total government grants and subsidies	1,612,500.00

7. Cash and cash equivalents

Details		Kshs.
Kenya Commercial bank	1233819410	153,026
Kenya Commercial bank	1119468612	1,024.50
Kenya Commercial bank	1118223756	11,878.50
Sub - total		165,929
Grand total		165,929

8. Use of goods and services

	KShs
Electricity & Bank charges	106,060
Water	21,755
Instructional materials	1,052,434
Textbook	206,000
Subscriptions (Internet)	60,620
Exams	15,000
Lunch	12,000
Printing and stationery	131,000
Skills Competition	77,000
Co-Curricular activities	185,000
Postal charges	7725
Total good and services	1,866,869

Key
 ✓ figure agreed to the documents
 ✓ signed downwards and found correct
 ✓ figures not supported

**KITAMBO VOCATIONAL TRAINING CENTRE,
ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30TH JUNE, 2021**

9. **Employee costs**

Details	2020-2021
	KShs
Salaries and wages	142,500
Travel, motor car, accommodation, subsistence and other allowances	85,725
Employee costs	228,225

10. **Board Member allowance**

Description	2020-2021
	KShs
B.O.G Members allowances	-
Total BOG members emoluments	0.00

11. **Repair and maintenance**

Description	2020-2021
	KShs
General repair, Maintenance & replacements	473,000
Other	0
Total repairs and maintenance	473,000

Key
 ^ - figures not supported
 ^ - figures correct documents and found correct

**KITAMBO VOCATIONAL TRAINING CENTRE,
ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers	Other Assets (Specify)	Plant and equipment	Capital Work in progress	Total
Cost	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 1 July 2019	-	-	1,215,350	279,000		632,620		2,127,000
Additions	-	-						
Disposals	-	-						
Transfers/adjustments	-	-						
At 30 th June 2020			1,215,350					1,215,350
Additions	-	-						
Disposals	-	-						
Transfer/adjustments	-	-						
At 30 th Jun 2020			1,215,350	279,000		623,620		
Depreciation and impairment			243,070	167,400			410,470	
At 1 July 2020	-	-						
Depreciation	-	-						
Impairment	-	-						
At 30 June 2021	-	-						
Depreciation	-	-						
Disposals	-	-						
Impairment	-	-						
Transfer/adjustment	-	-						
At 30 th June 2021								
Net book values								
At 30 th June 2021			972,280	111,600		623,620		1,707,500
			^	^		^		
Depreciation rate(%)			20	25		5		

Key
 ^ - figure not supported
 A - tested downwards and found correct
 as - traced receipts and found incorrect

cc - object assets
 and found correct.

**KITAMBO VOCATIONAL TRAINING CENTRE,
ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30TH JUNE, 2021**

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

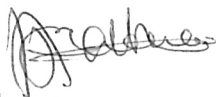
As at the time of submission of the financial statements for the year end 30th June 2020/2021, the center had not been previously audited.

Guidance Notes:

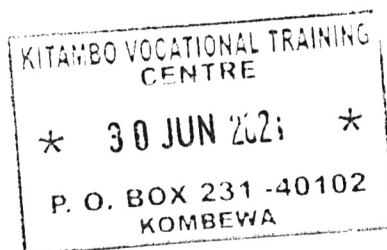
- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed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

Mr. James Ong’ele Adera

Board Chair



Date.....30/06/2021.....



**KITAMBO VOCATIONAL TRAINING CENTRE,
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ENDED 30TH JUNE, 2021**

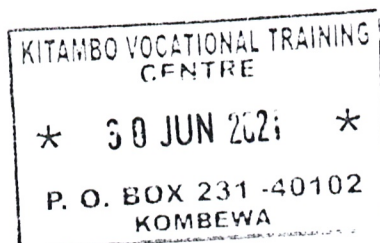
APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME:			
Break down of Transfers from the State department of Technical and Vocational Training			
FY202/2021			
a. Recurrent Grants			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		1,612,500	2020/2021
	Total		
b. Development Grants			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		0.00	
	Total		
c. Direct Payments			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		0.00	
	Total		
d. Donor Receipts			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		0.00	
	Total	1,61,500.000	2020/2021

The above amounts have been communicated to and reconciled with the parent Ministry

Finance Manager

Sign 



Center Manager

Sign 

**KITAMBO VOCATIONAL TRAINING CENTRE,
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E YEAR ENDED 30TH JUNE 2021

APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/Development/Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
	as per bank statement				Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Education		Recurrent	1,612,500	1,612,500					1,612,500
Ministry of Education		Development	-	-					-
USAID		Donor Fund							
Ministry of Education		Direct Payment	-	-					-
Total			1,612,500	1,612,500					1,612,500



