

REPUBLIC OF KENYA



*Enhancing Accountability*



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**REPORT**

THE NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 18 JUN 2025

DAY.

Wednesday

OFFERED  
BY:

Hon. Owen Baya MP  
Deputy Leader of Majority

CLERK-AT  
THE-TABLE:

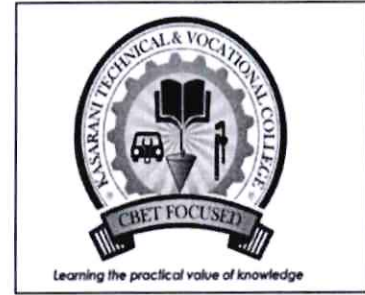
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**THE AUDITOR-GENERAL**

**ON**

**KASARANI TECHNICAL AND VOCATIONAL  
COLLEGE**

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



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***KASARANI TECHNICAL AND VOCATIONAL COLLEGE***

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE 2023**

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

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
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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
TTC	Teacher Training College
TVC	Technical Vocational College
Fiduciary Management	Key management personnel who have financial responsibility in the entity
KTVC	Kasarani Technical and Vocational College
CBET	Competency based education and Training
PFM	public financial management
ICT	Information and communications technology
TVET	Technical and Vocational Education and Training Authority
USIU	United States International University
NSSF	National Social Security Fund
NHIF	The National Health Insurance Fund
HELB	Higher Education Loans Board
KRA	Kenya Revenue Authority

**2. Key Entity Information and Management**

**(a) Background information**

Kasarani Technical and Vocational College was established under the TVET Act on 26 April 2017. The entity is domiciled in Kenya and has no branches. The institute is under the Ministry of Education. The institution has nine academic departments namely: Electrical & Electronics, Welding & Fabrication, Mechanical & Automotive, ICT & Computing, Hospitality, Agriculture and Business Studies. Administratively the college is headed by: The Principal, the Deputy Principal academics, the Deputy Principal administration, The Registrar, Dean of Students and the Finance Officer.

**(b) Principal Activities**

The principal activity of Kasarani Technical and Vocational College is to be a centre of excellence in technical training and to be CBET focused.

**Vision Statement:** A centre of excellence in the Provision of Competency Based Education and Training (CBET)

**Mission Statement:** To produce highly skilled and competitive graduates through quality training in partnerships with the stakeholders for the global market.

**Motto:** Learning the Practical Value of Knowledge

**Core Values:** KTVC will be governed and will strive to uphold the following core values:

- ✓ Accountability
- ✓ Teamwork
- ✓ Professionalism
- ✓ Transparency
- ✓ Patriotism
- ✓ Integrity
- ✓ Equity
- ✓ Quality

**(c) Key Management**

Kasarani Technical and Vocational College's day-to-day management is under the following key organs:

- The Board of Governors
- The Principal
- The fiduciary Management which comprises: Principal, Deputy Principals, Registrar, Dean of Students, and the Finance Officer.

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

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	<b>Ms. Josephine Begi</b>
2.	Deputy principal Administration	<b>Mr. George Kiunga</b>
3	Deputy principal Academics	<b>Ms. Mary Atieno</b>
4	Registrar (s)	<b>Mr. Richard Amari</b>
5	Dean of students	<b>Mr. Vitalis Wangila</b>
6	Head of Finance	<b>CPA Mr. Josiah Nyauncho</b>
7	Procurement Officer	<b>Ms. Ann Njeri</b>
8	Internal Auditor	<b>CPA Mr. Innocent Makanga</b>

**(e) Fiduciary Oversight Arrangements**

**The Board of Management**

The Board of management has the overall responsibility to ensure the achievement of the strategic objectives and mandate of the organisation as set out under the PFM Act. This responsibility is achieved through the various committees of the Board which are given specific terms of reference to carry out the Board's mandate. The Board also ensures that strategic direction is given to management who are responsible for the day to day operations of the organisation to achieve commonality of purpose.

- Audit and risk committee activities
- Finance and operations committee activities
- Academic committee activities
- Development partner oversight activities
- Other oversight activities)

Kasarani technical and Vocational College has in place several fiduciary oversight committees that act as enablers of the institution:

**i. Finance, Infrastructure and Human Resource Committee:**

The committee deals with Governance and Strategic Committee of the Board. Its is therefore responsible for the Board's achievement of its strategic objectives and ensures that annual work plans are implemented. The Committee is responsible to ensure that the organisation's budget and procurement plan are in line with the strategic plan and the Board's mandate as outlined in the law. This committee is also responsible for managing the organisation's risk, ensuring compliance to all applicable laws and regulations, and spearheading good governance practices within the Board members and the Secretariat. The committee sets up viable policies that dictate how the college's assets and funds are managed as well as coordinating the

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human resource function. It sets up the school fees structure and is always available for consultation on financial matters affecting the college.

The composition of the committee is as the table below;

<b>S/No.</b>	<b>Member</b>	<b>Designation</b>
1.	CPA Dr Elizabeth Kalunda	Chair
2.	Eng. Clement Maiko	Member
3.	Ms Ruth Awour	Member
4.	Mrs. Maryam Abdi Hassan	Member
5.	Ms Josephine Begi	Secretary

**ii. Education, Research and Training Committee:**

The committee looks into and supports all academic matters of the college providing guidance on training methods and practices, courses and their uptake as well as advising management on education matters.

This committee is as follow:

<b>S/No.</b>	<b>Member</b>	<b>Designation</b>
1..	Dr. Kiyeng Chumo	Chair
2.	Ms. Ruth Awour	Member
3.	Ms Pauline Kyule	Member
4.	Mrs. Maryam Abdi Hassan	Member
5.	Ms Josephine Begi	Secretary

**iii. Audit Committee:**

This committee's role is to provide oversight of the financial reporting process, the audit process, the Kasarani technical and Vocational College's system of internal controls and compliance with laws and regulations. This committee was not composed under the period in review since there was an internal auditor in place but going forward the board has employed one who as assumed duties.

<b>S/No.</b>	<b>Member</b>	<b>Designation</b>
1..	Ms. Doreen Nkirote	Chair
2.	Ms. Ruth Awour	Member
3.	Ms Pauline Kyule	Member
4.	Ms Robai Shiakhutsa	Co-opted
5.	CPA Mr. Innocent Makanga	Secretary

**(f) Entity Headquarters**

Kasarani Technical and Vocational College  
Kamulu Shopping Centre, Off Kangundo Road  
P.O. Box 51898-00200  
Nairobi, Kenya

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

**(g) Entity Contacts**

Telephone: (+254) 0716685054  
E-mail: [kasaranitechnical@gmail.com](mailto:kasaranitechnical@gmail.com)  
Website: [www.kasaranitechnical.ac.ke](http://www.kasaranitechnical.ac.ke)

**(h) Entity Bankers**

Kenya Commercial Bank  
Kencom House,  
Moi Avenue,  
P.O. Box 48400-00100,  
Nairobi, Kenya.

**(i) Independent Auditors**





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

**(j) Principal Legal Adviser**




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

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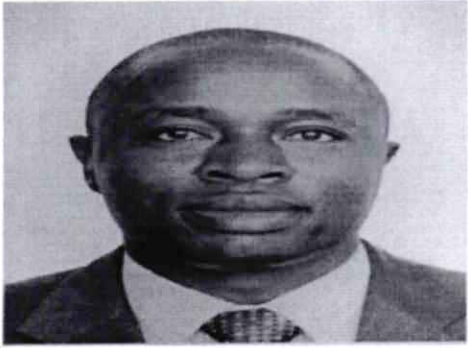

**3.The Board of Governors**

<b><u>NAME AND PHOTO</u></b>	<b><u>DATE OF BIRTH, QUALIFICATIONS AND WORK EXPERIENCE</u></b>
 <p>1. Mr James Maina Chairman</p>	<p>D.O.B- 28/10/1976 Qualifications- Bachelor of Arts degree Current work experience- Business Growth and Development Manager at Equity Bank An Independent member and a Chair of the Board</p>
 <p>2. Dr Elizabeth Kalunda, CPA Member</p>	<p>D.O.B- 03/03/1973 Qualifications- PhD Finance, Certified Public Accountant of Kenya Current work experience- Lecturer- USIU, Nairobi. An Independent member</p>
 <p>3. Dr Philip Kiyeng Chumo Member</p>	<p>D.O.B- 25/01/1972 Qualifications- PhD -Business Information Current work experience- Lecturer- Moi University, Eldoret. An Independent member and chairs the Education and training committee</p>
 <p>4. Ms Doreen Nkirote Member</p>	<p>D.O.B- 29/02/1986 Qualifications- Bachelor of Commerce (Finance) Current work experience- Board Director- Tana Water Service Board An Independent member and the chair of the Infrastructure and finance committee</p>

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 <p>5. Ms. Ruth Akinyi Owuor Member</p>	<p>D.O.B; 23.07.1968</p> <p>Qualifications- Masters in Education (Education Planning) Current Work Experience- Director for City Education, Nairobi county. An Independent member</p>
 <p>6. Ms. Robai M. Shiakhutsa, CS Member</p>	<p>D.O.B-11/08/1986</p> <p>Qualifications- Master of Laws- LLM, Certified Secretary of Kenya. Current work experience- Advocate of the High Court An Independent member</p>
 <p>7. Ms. Pauline Kyule Member</p>	<p>D.O.B- 2/11/1990</p> <p>Qualifications- Bachelor of Commerce (Procurement Option) Current work experience- Entrepreneur An Independent member</p>

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	<p>Qualifications- Bachelor of Education (Science) degree D.O.B.12/12/1977</p> <p>Current work experience- County Director- TVET Nairobi Region. An Independent member</p>
<p>8. Mrs. Maryam Abdi Hassan Member</p>	
	<p>D.O.B- 01/01/1977 Qualifications- Engineer An Independent member</p>
<p>9. Eng. Clement Maiko Member</p>	
	<p>D D.O.B 12/12/1970</p> <p>MA in Economic Policy Management. Current work experience- Principal- Kasarani Technical and Vocational College.</p> <p>She is a non-member of Institute of the institute of certified public secretaries of Kenya</p>
<p>10. Ms. Josephine Begi Principal/Secretary</p>	

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**4. Key Management Team**

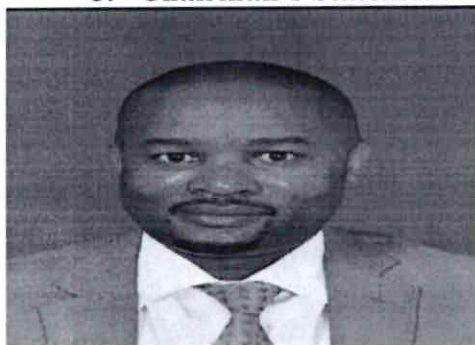
Name	Responsibility
 1. Ms. Josephine Begi	The Principal MA in Economic Policy Management. Current work experience- Principal- Kasarani Technical and Vocational College.
 2. Ms. Mary Atieno	Deputy Principal – Academics Bachelor of Education (Home Economics)
 3. Mr. George Kiunga	Deputy Principal – Administration and Finance Master in Business and administration (Finance Option) Bachelor of Education (Business and Mathematics)
 4. Mr. Richard Amari	Ag. Registrar MEng. in Electric Power System and its Automation

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 <p>5. Mr. Vitalis Wangila</p>	<p>Ag. Dean of Students Bsc. In ICT Management</p>
 <p>6. CPA Mr. Josiah Nyauncho</p>	<p>Finance Officer MBA, Finance option BBM, Finance and banking option CPAK: ICPAK 29221</p>
 <p>7. Ms. Ann Njeri</p>	<p>Procurement Officer BCom, Procurement option</p>
 <p>8. CPA Mr. Innocent Oino</p>	<p>Internal Auditor Bcom, Accounting option CPAK: ASSOC NO. 4338</p>

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**5. Chairman's Statement**



It is with great pleasure that I present this financial report for the financial year that ended 30<sup>th</sup> June 2023. Following the intensive marketing strategies by the institution, this has brought along several opportunities, key among these include increased enrolment higher networking avenues and more linkages and collaboration. Along with these, there are also high levels of expectations from the trainees, employees, trainers and all our stakeholders.

Indeed, my board is cognizant of the fact that the college came into being at a time when higher education sector has changed drastically with the historical record of increased numbers of Technical Education Institution in the country. This has also led to the number of students qualifying to join Higher Education Institutions like Universities, National Polytechnics, Technical and Vocational Colleges, Medical Training colleges and Teachers Training Colleges increasing significantly over time, inevitably changing of government policies, the operating environment and the mode of delivery have also become extremely competitive, and in response to this growing demand for higher education and the skills required by the industry, the existing operating environment all of us have to be prepared to increase the required physical facilities and infrastructure that will give us a competitive advantage.

During the period under review, the strategic plan being implemented has envisioned to address the emerging challenges and take advantage of the existing opportunities in the operating environment. The institution's strategic plan provided a clear roadmap to the Board and the College Management during the period 2021-2026 of the College's development. A number of projects and activities were implemented during the period though with significant challenges due to less disbursement of funds from the exchequer. It is our expectation that government would

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contribute significantly towards the realization of our targets as envisaged in the plan in terms of provision of the required financial resources. We also intend to explore other avenues to funding the planned expansion of infrastructure and physical facilities with the main focus being resource mobilization and strategic initiatives.

**Conclusion.**

As chair of the board, I strongly believe that with all the planned strategies as envisaged, it is apparent that the future of the college is bright and secure, our commitment as the Board is to continue setting the right tone at the top which is geared towards the realization of the vision and mission of the college.

I sincerely want to thank my fellow Board members, the principal and the management, staff and trainees of Kasarani technical and vocational college for their commitment and hard work during the year. I thank the government and all our stakeholders for their support



**Chairman, Board of Governors  
Kasarani Technical and Vocational College**

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**6. Report of the Principal**



It's with great honour that I present the Annual Report and Financial Statements for Public Sector Accounting Standards Board for the year ended 30th June 2023. In the last three years of the post COVID recovery period, the Higher Education Sector witnessed a rapidly changing operating environment, characterised with stiff competition for the dwindling financial resources, a change in customer demand and a decline in resource allocation to higher education.

Despite the challenges inherent in the new operating environment, the college continued to discharge its Mandate of training, research and innovation and also the outreach programmes successfully. The student Enrolment stood at 1,789 trainees as compared to 1010 trainee in the previous year. The figures comprise of those enrolled for diploma, certificate and artisan courses in all the eight academic departments.

Table1; Student Enrolment per Department

NUMBER OF TRAINEES PER DEPARTMENT	PROGRAMME LEVELS						Grand Total
	ARTISAN	CRAFT	DIPLOMA	GRADE 3	LEVEL 5		
AGRICULTURE	18	12	13			43	
AUTOMOTIVE	28	102	71		6	207	
BUILDING TECHNOLOGY	81	162	77			320	
BUSINESS MANAGEMENT		113	120			233	
ELECTRICAL	113	177	176			466	
HOSPITALITY AND ACCOMMODATION	89	123	3	10		225	
ICT		91	178			269	
MECHANICAL ENGINEERING			26			26	
	329	780	664	10	6	1789	

Source: KTVC Data 2023



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**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 entity's performance against predetermined objectives.

*Kasarani technical and vocational college* has eight strategic pillars /issues/ themes and objectives within current Strategic Plan for the FY 2023- FY 2027. These strategic pillars are as follows:

- (i) Training and Skills Development;
- (ii) Facilities and Infrastructure;
- (iii) Customer Care;
- (iv) Human Resource Development Resources;
- (v) Research, Development & Innovations (R, D & I);
- (vi) Institutional Governance
- (vii) Student Welfare

*Kasarani technical and vocational college* develops its annual work plans based on the above 8 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 2021/22 period for its eight strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
i) Training and Skills Development;	To enhance access and equity to TVET	<ul style="list-style-type: none"> <li>• No. of Curriculum/ courses implemented</li> <li>• No. of linkages &amp; partnership</li> <li>• Sensitization reports</li> </ul>	<ul style="list-style-type: none"> <li>i. Diversification of training programmes;</li> <li>ii. Increase provision of trainee loan, bursaries and scholarships through partnerships.</li> </ul>	<b>Awaits Launch and implementations</b>

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ii) Facilities and Infrastructure;	To enhance infrastructure	<ul style="list-style-type: none"> <li>• General work plan</li> <li>• Review reports</li> <li>• Schedules</li> <li>• Budget</li> <li>• Repairs register</li> <li>• Completion certificate/job card</li> <li>• Plans</li> <li>• Bills of Quantities</li> <li>• Minutes &amp; Inspection reports</li> <li>• Procurement documents</li> </ul>	(i) Diversification of training programmes (ii) Complete on-going and construct proposed infrastructural projects	
iii) Customer Care;	To enhance customer satisfaction	<ul style="list-style-type: none"> <li>• Customer satisfaction survey reports</li> <li>• Reports Completion certificates</li> <li>• Reviewed service charter</li> <li>• Document review form</li> <li>• Minutes of review meeting</li> </ul>	(i) Improve customer care (ii) Integration of ICT in service delivery (iii) Enhance occupational safety and health	
iv) Human Resource Development Resources;	To enhance prudent management of resources	<ul style="list-style-type: none"> <li>• Human resource policy</li> <li>• Advertisement</li> <li>• Interview invitation letters</li> </ul>	(i) Utilisation of available land (ii) Enhance financial Management System	

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		<ul style="list-style-type: none"> <li>• Committee minutes</li> <li>• Interview reports</li> <li>• Appointment letters</li> </ul>	(iii) Enhance human resource Management	
v) Research, Development & Innovations (R, D & I);	To Enhance Research, Development and Innovations in KTVC	R, D&I Policy Certificates, Reports, attendance list Research papers Innovations Conferences Exhibitions reports Incubation centre, Reports	(i) Capacity Building (ii) Resource mobilization	
vi) Institutional Governance.	To uphold good Corporate Governance	<ul style="list-style-type: none"> <li>• Constitution</li> <li>Relevant ACTs, regulation, policies and statutory requirements</li> <li>Policies, strategies &amp; programmes</li> </ul>	(i) The BOG to develop and approve Institutional policies and regulations (ii) The BOG to monitor and offer oversight on implementation of Institutional policies and regulations. (iii) Implementation of statutory obligations. (iv) Embrace Results Based Management (v) Promote Corporate Social Responsibility (CSR) (vi) Improve Public Image	
vii) Student Welfare	(i) To enhance the trainees'	<ul style="list-style-type: none"> <li>• No. of playing fields</li> <li>• No of indoor sports facilities</li> </ul>	(i) Enhance trainees' recreation activities	

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	training experience;	<ul style="list-style-type: none"> <li>• Trainee retention and course completion statistics</li> <li>• Trainees access to career information</li> <li>• Level of trainees participation in various co-curricular activities</li> <li>• Attendance records and certificates awarded</li> </ul>	(ii) Enhance General Trainees' Welfare	
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*Source: KTVC Strategic plan 2023-2027*

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**8. Corporate Governance Statement**

The current Board was established on February 2021 pursuant to Sections 192 to 195 of the Public Finance Management Act, 2012. Various committees of the Board were constituted in May 2021.

**Composition of the Board**

The KTVC Board consists of representatives from both the public and private institutions. The most notable institutions are: Equity Bank, Moi University, USIU, Kengen Corporation among others.

**Appointment to the Board**

The appointment of members to the Board start with nomination of members from institutions listed under PFM Act section 193. The nominees are then vetted to ensure they have the requisite capabilities to carry out their responsibilities. The chairman of the Board is appointed by the Cabinet Secretary from among the nominated members. The term of the first board members ended on January 2021. A summary of the members who served during the period and those who were reappointed in conjunction to the new appointments is as follows:

**a) Retired after the first term**

Sno.	Member	Term Status	Current Status
	Mr. John Kamuiru- Chairman	Ended on 20th January 2021	Retired
2	Mr. Dennis Odhiambo- Member.	Ended on 20th January 2021	Retired
3	Ms. Marjorie Nangulu- Member.	Ended on 20th January 2021	Retired
4	Mr Oliver Rumiti- Member.	Ended on 20th January 2021	Retired

**B) Reappointed to serve the second term**

Sno.	Member	Term Status	Current Status
1	Ms. Doreen Nkirete- Member.	Joined on February 2019	Ongoing
2	Ms. Robai Shiakhutsa, CS - Member.	Joined on November 2019	Ongoing
3	Ms Pauline Kyule- Member.	Joined on February 2019	Ongoing
4	Prof. Elizabeth Kalunda, CPA- Member.	Joined on February 2019	Ongoing
5	Ms. Ruth Owuor-	Joined on February 2019	Ongoing and Member representing the Nairobi County Governor

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**Those who joined the board through new appointment**

Sno.	Member	Term Status	
1	Mr. James Maina- Chairman.	Joined on February 2021	
2	Eng. Clement N. Maiko- Member.	Joined on November 2021	
3	Dr. Kiyeng Chumo- Member.	Joined on February 2021	

**Board diversity**

The Board is constituted by members who have experience in accountancy, auditing, corporate governance, public finance management, financial analysis, investment and management. The Board's mandate is to prescribe accounting and internal audit standards for all state organs and public entities and therefore the members are required to have technical knowledge in accountancy and /or audit. The biographies of the Board members are disclosed on pages ix to xi of this report. The Board had five female board members out of nine members and therefore met the constitutional threshold since at least a third of all members were female. The Board also adhered to the tenants of regional balance.

**Roles and Responsibilities of directors**

The roles and responsibilities of members are outlined in section 194 of the PFM Act, 2012. These roles and responsibilities are also detailed in the Board's five-year strategic plan (2021- 2025), in the Board's annual work plans and in the Board Charter. New members, once appointed, are given these documents to familiarise themselves with the roles and responsibilities as outlined in the law.

**Board Composition and Committees**

The following table represents the Board composition and its committees. There are four committees of the Board and each member is appointed to two committees. Each committee has a total of four members excluding the co- opted members. The table below shows the chairs and members of each committee of the Board.

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Ref	Member	Full Board	Committees		
			Infrastructure and Finance Committee:	Education and Training Committee:	Audit Committee
1	Mr. James Maina-Chairman.	✓			
2	Eng. Clement N. Maiko-Member.	✓	✓		
3	Dr. Kiyeng Chumo-Member.	✓		✓	
4	Ms. Doreen Nkirote-Member.	✓			✓
5	Ms. Robai Shiakhutsa, CS - Member.	✓	✓		✓
6	Ms Pauline Kyule-Member.	✓		✓	✓
7	Dr. Elizabeth Kalunda, CPA- Member.	✓	✓		
8	Ms. Ruth Owuor-.	✓			✓
9.	Mrs. Maryann Abdi	✓	✓	✓	✓

**Board Attendance**

Best practice requires that every Board member attends a minimum of 75% of all Board meetings. Below is an extract from the attendance register for the Board meetings held in the period from 1st July 2022 to 30th June 2023:

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Sno	Member	Number of eligible meetings during the year	Number of meetings attended	Attendance
1	Mr. James Maina- Chairman*.	8	6	6 of 8
2	Eng. Clement N. Maiko- Member.	8	5	5 of 8
3	Dr. Kiyeng Chumo- Member.	8	5	5 of 8
4	Ms. Doreen Nkirote- Member.	8	6	6 of 8
5	Ms. Robai Shiakhutsa, CS - Member.	8	6	6 of 8
6	Ms Pauline Kyule- Member.	8	5	5 of 8
7	Dr. Elizabeth Kalunda, CPA- Member.	8	6	6 of 8
8	Ms. Ruth Owuor-.	8	4	4 of 8
9.	Mrs. Maryann Abdi	8	7	7 of 8

**During the year there were changes to the principal secretary docket from Mr. David Onyimbo to Ms Josephine Begi as the new principal effective November 2022.**

Below is a summary of the general functions and members' attendance of each of the committee of the Board:

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**i) Finance, Infrastructure and Human Resource Committee:**

Sno	Member	Number of eligible meetings during the year	Number of meetings attended	Attendance
1	Prof. Elizabeth Kalunda-Member.	4	4	4 of 4
2	Ms. Robai Shiakhutsa, CS - Member.	4	4	4 of 4
3	Eng. Clement Maiko	4	4	4 of 4
4.	Mrs. Maryann Abdi	4	4	4 of 4
5	Ms Josephine Begi	4	4	4 of 4
6	CPA Josiah Nyauncho****	4	4	4 of 4

**ii) Education, Research and Training Committee:**

Sno	Member	Number of eligible meetings during the year	Number of meetings attended	Attendance
1	Dr. Kiyeng Chumo- Member.	4	4	4 of 4
2	Ms. Robai Shiakhutsa, CS - Member.	4	4	4 of 4
3	Ms. Ruth Owuor-.	4	4	4 of 4
4.	Mrs. Maryann Abdi	4	4	4 of 4
5	Ms Josephine Begi	4	4	4 of 4
6	Ms. Mary Atieno****	4	3	3 of 4

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**iii) Audit Committee**

Sno	Member	Number of eligible meetings during the year	Number of meetings attended	Attendance
1	Ms Doreen Nkirote*	4	4	4 out of 4
2	Ms. Robai Shiakhutsa***	4	4	4 out of 4
3	Ms. Ruth Owuor**	4	2	2 out of 4
4.	Ms Pauline Kyule**	4	4	4 out of 4
5	CPA Innocent Makanga****	4	4	4 out of 4

\*Chairperson to the committee

\*\* Committee member replacements

\*\*\* Attended by invitation

\*\*\*\* Co- opted member

**Term of Board Members**

The term of the Board is outlined under the amended provision of PFM Act, 2012 section 193(4). Members except ex- officio members shall be appointed by the Cabinet Secretary National Treasury and serve for a term of not more than three (3) years renewable once for a further term of three years. During the financial year, the term of six board members lapsed and an additional vacancy arose following the death of a Member of the Board. The process of refilling the vacant positions in the Board is underway.

**Compliance to Laws and other Legal Requirements**

PSASB as a responsible corporate citizen is alive to the tenets of the Constitution of Kenya and is fully compliant with the provisions of the PFM Act, 2012 under which the Board is established. The Board also ensures compliance to the PFM Act, 2012 by public sector entities through sensitization and training.

**Board Remuneration**

As per PFM Act, 2012 Section 195(2), the remuneration payable allowances to the members of the Board are determined by the Salaries and Remuneration Commission. Details of Board and committee allowances are included in these financial statements.

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**Conflict of Interest and Declaration of Interest**

The Board members have a statutory duty to avoid situations in which they have or may have interests that conflict with those of the Board. All transactions with all parties, directors or their related parties are carried out at arm's length. Board members are obligated to disclose to the Board any real or potential conflict of interest, which may come to their attention whether direct or indirect. During every Board meeting, an agenda item exists which requires members to make a declaration Public Sector Accounting Standards Board Annual Reports and Financial Statements For the year ended June 30, 2020 Xli of any conflict of interest they may have in the business to be discussed. This practice has been observed by the board in the financial year under review.

**Board Charter and Board Training**

KTVC's Board Charter was drafted and approved on 20th June 2022. The Charter outlines powers and responsibilities of the Board and its members, appointment, remuneration, term of the Board members, conduct of meetings, committee's terms of reference, conflict of interest among others. The Charter is premised on the Mwongozo Code and best Corporate Governance Practices. The board was inducted by the said documents on November 2022 on the best practices of corporate governance at Nakuru.

**Board Evaluation**

The performance of the Board and its members is evaluated on a regular basis. During the year Board evaluation was undertaken by a representative from State Corporations Advisory Committee (SCAC). This was aimed at enabling the board and its members to gauge their performance and identify areas of improvement.

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**9. Management Discussion and Analysis**

**Summary of financial results**

**Revenue**

**Table 3: Final Budget vs Actual for the FY 2022/2023**

Description	Final budget	Actual on comparable basis
Revenue	Kshs	Kshs
Transfers from other National Government entities	54,000,000	16,799,000
Rendering of services- fees from students	49,176,000	36,847,497
Sale of goods	200,000	97,774
Miscellaneous Income	5,422,830	278,500
<b>Total</b>	<b>108,798,830</b>	<b>54,022,771</b>

**FINAL BUDGET VS ACTUAL FOR THE FY 2022/2023**

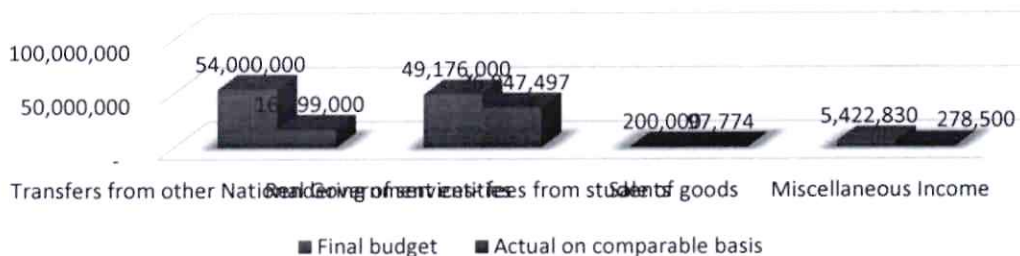


Fig 1.

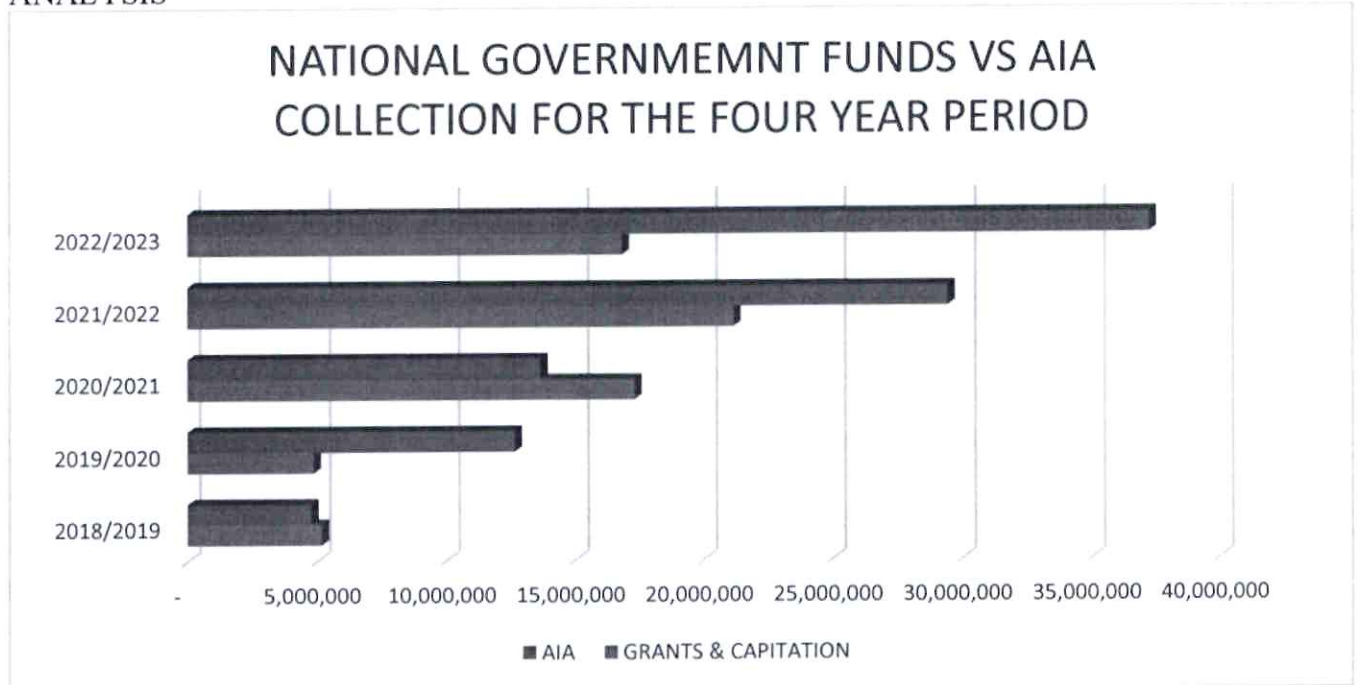
As an institution that entirely depends on national exchequer for funding, the chart above provides a comparison of final budgets over the last year. From the chart, FY2022/2023 had several sources of funding as compared to FY2021/2022.

Table 4: Government grants and capitation VS AIA

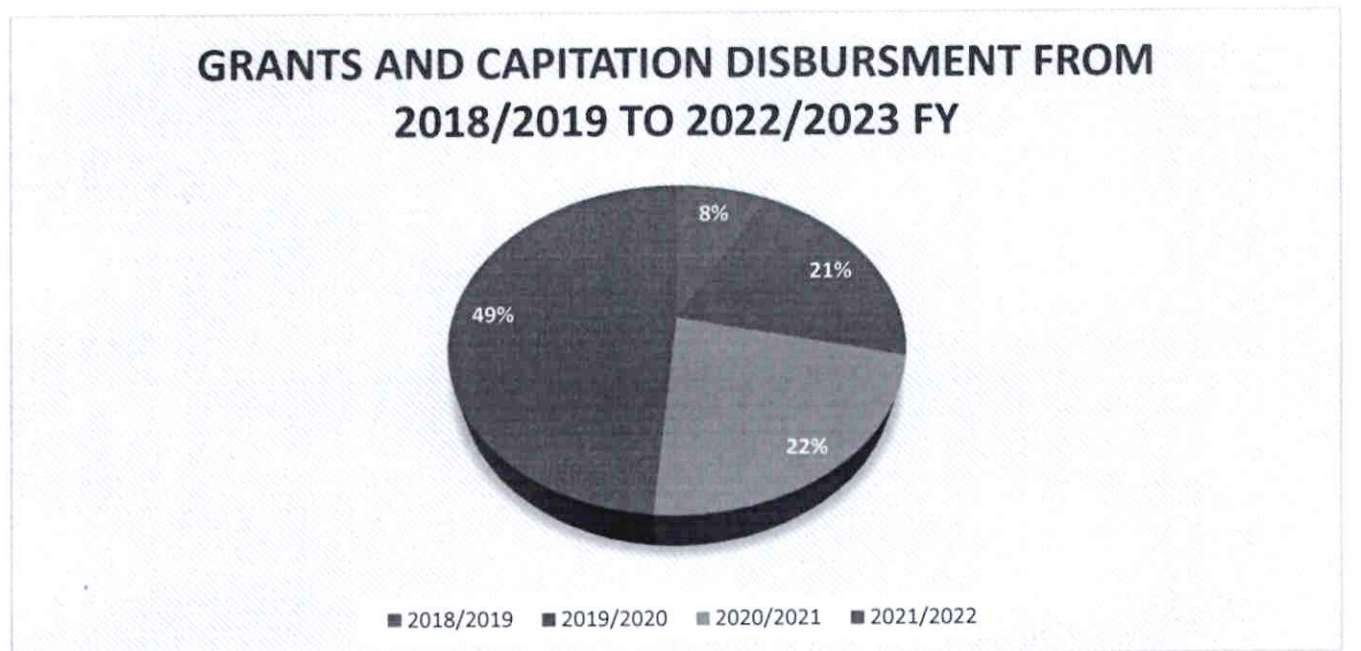
Financial Year	GRANTS & CAPITATION	AIA
2018/2019	5,160,000	4,755,014
2019/2020	4,845,000	12,637,195
2020/2021	17,287,500	13,640,421
2021/2022	21,147,500	29,412,693
2022/2023	16,799,000	37,198,271

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**ANALYSIS**



**Fig 2**  
AIA from trainees’ fees and capitation has grown over the period due to trainees increase enrolment over time. However, some capitation from the parent ministry was a challenge in the last financial year.



**Fig 3**  
Grants and capitation grow from 8% to 49% from 2018/2019 Financial year to 2022/2023 respectively.

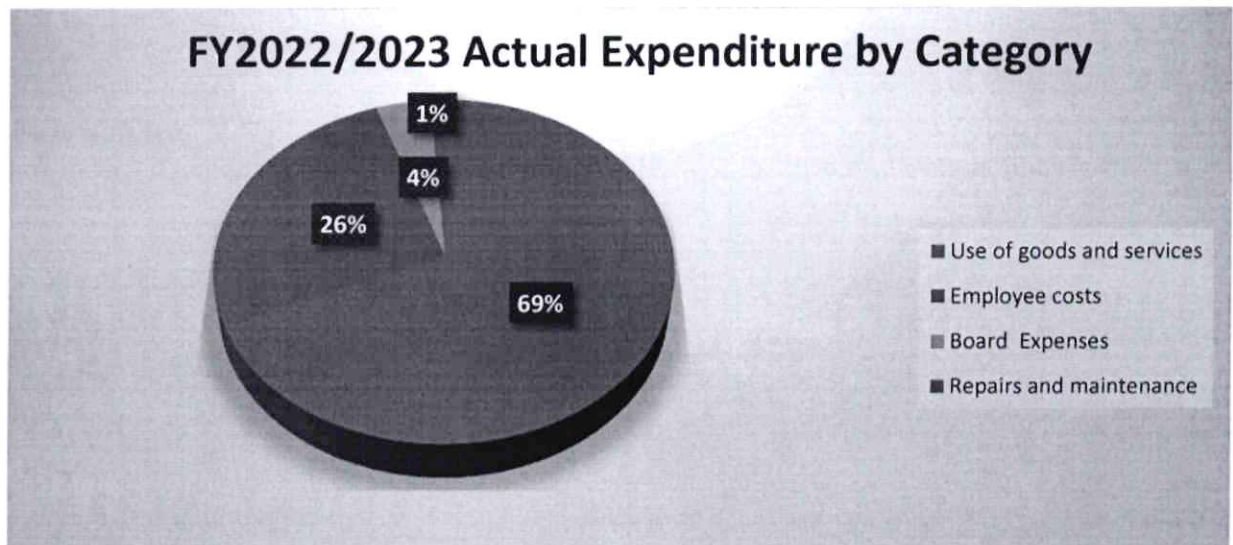
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**Expenditure**

The Board incurred expenses on various line items. Analysis of the different budget lines is outlined below;

Table 5: Expenses

Description	Expenses
Use of goods and services	33,522,149
Employee costs	12,809,337
Board Expenses	2,045,000
Repairs and maintenance	584,841



From the chart, compensation of employees accounted for 26%, Use of goods accounted for 69%, Board expenses 4%, Repairs and maintenance 1% of the total expenditure. Use of goods for supply of goods and services remains to be the largest cost to the Board at 69%.

Kasarani TVC closed the year with 1603 trainees steadily growing from 1010 trainees. We managed to surpass our target of 1,000 trainees by 84 trainees, which translates to 8.4% above the target. During the financial year, we therefore managed a 46.09% growth in student population. This number not only boosted our enrolment but also our financial health, since government capitation depends on the number of eligible students successfully enrolled in the various courses offered by a learning Institution. More trainees will lead to a high liquidity ratio to our financial statement and attract more cashflows that will facilitate investment in infrastructure that is key for the growth and development of the College and the realization of Kenya's Vision 2030 and Sustainable Development Goals that strive to ensure quality, relevance and access to training.

This growth also culminated into a deficit of trainers. Hence, the management had to get the services of Twenty-Two (22) BOG trainers to bridge the gap as shown in table below:

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												Recent Exam Performance		
S/No	Department/Section	Course Category	CBE @ 24hrs/Wk.	Trainers In-Post			Deficit/Surplus	BOG Trainers	Student enrolment			Entry No	Pass No	% Pass
		Stem/Business		M	F	Total			M	F	Total			
1	Administration: Principal	N/A	1	1	0	1	0	0	0	0	0	0	0	0
2	Administration: Deputy Principal - Administration	N/A	1	0	1	1	0	0	0	0	0	0	0	0
3	Administration: Deputy Principal - Academics	N/A	1	0	0	0	1	0	0	0	0	0	0	0
4	Business Studies Department	Business	10	2	4	6	4	4	45	94	139	40	35	87.5
5	Agriculture and Environmental Studies Department	STEM	4	1	2	3	1	1	11	18	29	9	9	100
6	Hospitality and Institutional Management Department	STEM	5	0	2	2	3	2	33	99	132	20	17	85
7	ICT Department	Business	8	6	1	7	1	1	99	57	156	35	23	65.71
8	Building and Civil Engineering Department	STEM	7	2	2	4	3	3	163	20	183	21	7	33.33
9	Automotive Engineering Department	STEM	5	2	0	2	3	2	84	7	91	23	4	17.39
10	Electrical and Electronics Engineering Department	STEM	13	9	2	11	2	1	273	39	312	90	19	21.11
11	Mechanical Engineering Department	STEM	5	3	0	3	2	0	41	1	42	14	3	21.43
12	Science and Mathematics (Support)	STEM	3	1	0	1	2	0	0	0	0	0	0	0
		<b>TOTAL</b>	<b>63</b>	<b>27</b>	<b>14</b>	<b>41</b>	<b>22</b>	<b>14</b>	<b>749</b>	<b>335</b>	<b>1084</b>	<b>252</b>	<b>117</b>	<b>46.43</b>

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During the financial year, the College registered mean performance of 62.56% in the KNEC Examinations by scoring 78.69% and 46.43% in the July and November 2022 examinations respectively. This score put Kasarani TVC on the national map since it was a result above the national average of 53.01%.

These initiatives have so far been successful in enabling us perform our core mandate and we will continue to do more with the little we have; we hope that in future development funds will be available to enable us embark on more projects aimed at making Kasarani TVC a centre of excellence.

## **SECTION B**

### **Entity's compliance with statutory requirements**

The Institution has ensured compliance with the relevant statutory obligations as outlined in the Constitution of Kenya, Technical and Vocational Training (TVET) Act 2013, Public Finance Management Act 2012, Public Procurement and Disposal Act 2015 and the Regulations of 2016. The College also filed and remitted to Kenya Revenue Authority (KRA), NSSF, NHIF and HELB statutory deductions on behalf of our employees. We have also adhered to Ministry guidelines especially those issued by the Ministry of Health during this pandemic period as well as our parent Ministry's guidelines as they arise.

## **SECTION C**

### **Key projects and investment decisions the entity is planning/implementing.**

During this annual period for the FY 2022/2023, the Board of Governors was able to devise and identify key projects that need to be implemented using internally generated revenue and capitation grants to ensure continuity and avoid a scenario where we would have to shut our doors to prospective students. Among the measures that were implemented was to develop temporary classes and workshops for training, provision of drinking water points for the students and increasing office space among others. These developments have been summarized as follows:

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<b>SNO</b>	<b>NAME OF DEVELOPMENT PROJECT UNDERTAKEN</b>	<b>STATUS OF COMPLETION</b>	<b>ACTUAL DATE OF COMPLETION</b>	<b>PROJECT COST (SH)</b>
1	Construction of 3 Temporary Workshops and 8 Classrooms	100 % Complete	31/03/2023	3,635,550.00
2	Construction of a Trainees reading shade	100% Complete	30/06/2023	275,015.00
3	Construction of 3 Temporary Workshops mechanical, automotive, building and civil training shed measuring (18.0 X 10.0 M)	80% Complete	30/06/2023	809,900.00
4	Construction Trainees Drinking water point	100% Complete	31/12/2022	101,000.00
5	Partitioning Of the second ICT LAB.	100% Complete	31/12/2022	122,280.00
6.	Construction on Cabros car park (in Piece meal)	0% Complete	30/06/2023	2,750,319.00
7.	Procure of 20 Desktop computers	60% Complete	31/12/2022	2,090,000.00
8.	Construction of an incinerator	100% Complete	30/06/2023	88,950.00
9.	Painting and Branding of the college building	100% Complete	31/12/2022	272,200.00
10.	Purchase of staff Chairs and tables	100% Complete	31/12/2022	629,420.00
11.	Purchase of 20,000 lts tanks and construction of water harvesting points.	100% Complete	31/12/2022	200,250.00
	<b>Total</b>			<b>10,974,884.00</b>

Most of those projects were completed in the year under review and the Board through its performance contracting for the FY 2022/2023 negotiated to undertake the following projects from its strategic plan in appendix II

These initiatives will be a success in enabling us perform our core mandate and we will continue to do more with the little we have; we hope that in future development funds will be available to enable us embark on more projects aimed at making Kasarani TVC a centre of excellence. Moreover, the management through the guidance of the Board has identified other more market-

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driven courses that are up for implementation once the developments funds are availed or as the college attracts any donor funds. Although, most of the planned projects for the period under review did not pick up due to undisbursed funds.

**New Courses Mounted in the FY 2022/2023**

The following courses were proposed and implemented in the college through the assistance of the board as follows:

**NEW COURSES**

NO.	Course	Estimated Cost (Kshs)
2	Hair dressing & Beauty Therapy	379,500.00
3	Fashion Design and Garment Making	348,500.00
4	Diploma in Food and Beverage, Diploma in Catering and Accommodation	389,900.00
5	NITA course in Welding and Fabrication	245,410.00
	<b>TOTAL</b>	<b>2,327,310.00</b>

**Note**

The above costs are informed by the cost of inputs or the capital injections that is required to start-up those courses that were projected by the Departmental Heads of the College.

**SECTION D**

**Major risks facing the entity**

The Institution, like many others, has faced risks during its lifetime. During the year, the College faced economic risks due to the shocks caused by the pandemic forcing the management to shore up as much cash flow as possible to be able to meet its ongoing operations, pay salaries to staff and meet its obligations to its creditors.

The Institution identified areas that could lead to fraud risks and tightened internal controls by including more signatories to documents, analysing student payments to identify fraudulently paid fees, hiring of a Procurement and Finance Officer; in order to provide added oversight within those departments, enhancing independence of officers in charge of vital offices to remove any conflict or reason that may allow for fraud to occur and observing recommendations of the external auditors.

The liquidity risks we have faced have largely been contributed to an increase in the amount of fees paid in advance brought about by instances of students paying fees, receiving HELB loans and bursaries and other financial aid after clearing their initial school fees. These amounts have been recognized in our trade payables.

**SECTION E**

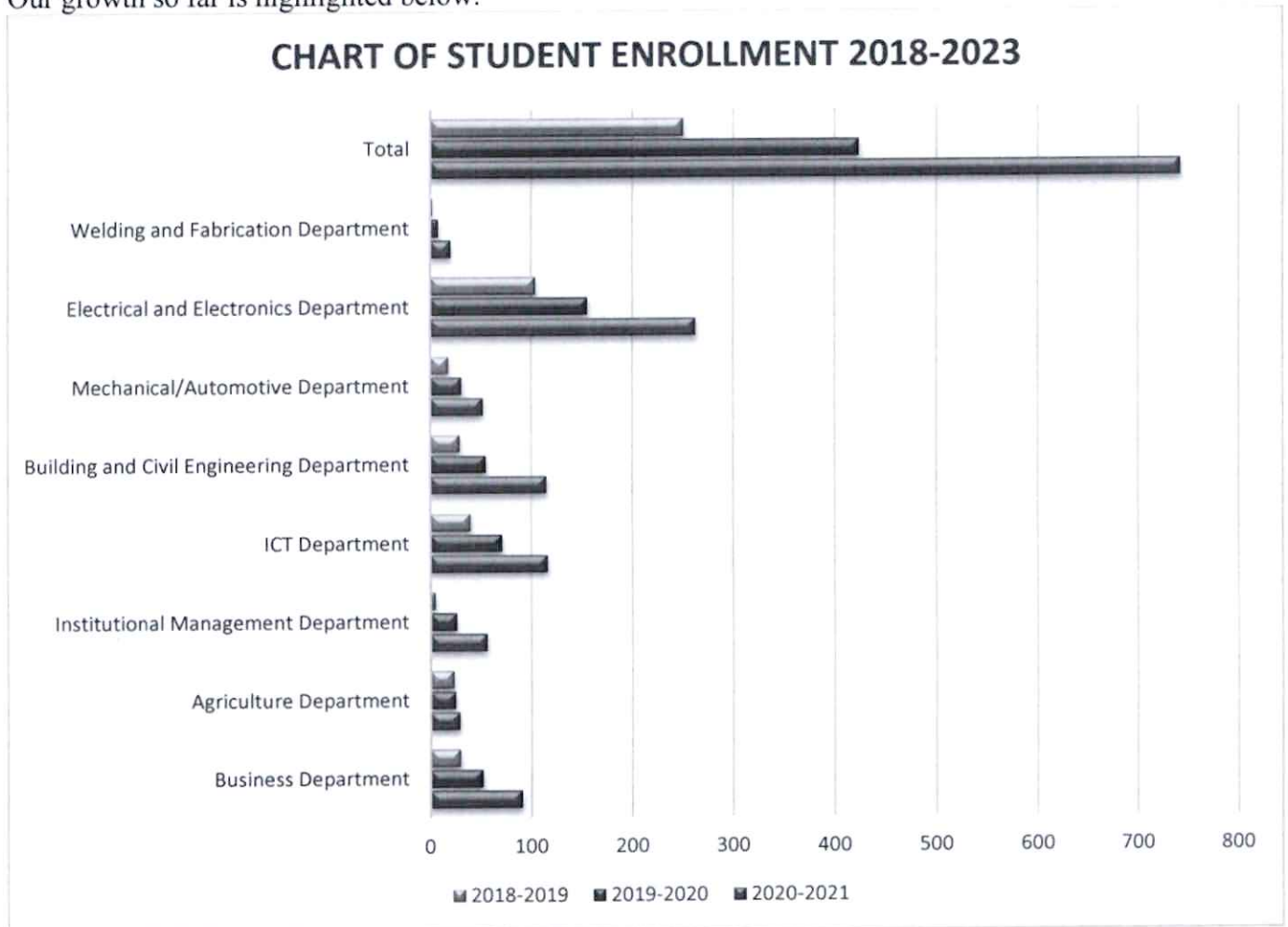
**Material arrears in statutory/financial obligations**

The increased admissions along with the transfer of students from the Kenya Technical Trainers College (KTTC) increased our debtors significantly although we are confident of recovering these

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debts thus there is no provision of bad debts in our financial statements. Moreover, the advent of sports events at the end on the fourth quarter led to accumulation of supplier bills, since we received capitation funds at the end of the quarter, they will be utilised to settle these pending bills. In view of the above, the management envisions a brighter future where more will be done to continue growing the institution.

Our growth so far is highlighted below:



## 10. Environmental and Sustainability Reporting Statement

We recognise the importance of a balanced approach to event management which takes into account the city's economy, ecology, society and culture. Our goal is to reduce the impact of events we manage and approve on the environment. The City's Sustainable Event Management Policy and Guidelines encourage, and in some cases require, that events run by the City:

- minimise waste generation
- maximise recycling
- minimise energy consumption
- maximise use of renewable energy
- minimise water consumption
- conserve bio-diversity
- minimise impacts on climate change and
- promote principles of sustainability

### **Sustainability strategy and profile**

A sustainable business strategy is a set of actionable steps that an institution takes to improve their impact on the community and the environment. Sustainable strategies can take time to implement, but when done correctly, they should benefit the college and its employees as well.

These strategies include:

- Enhancing materiality to make it integral to the business.
- Developing robust climate change mitigation and adaptation strategies.
- Respecting planetary and social boundaries through context-based sustainability.
- Innovating with new sustainable business models. Through this the college will;

#### **a) Organizational sustainability**

The strategy focuses on achieving fiscal, institutional and environmental sustainability within the college as well as community engagement, having in place a risk management framework and implementation of strategies to mitigate the defined risks.

#### **b) Financial sustainability**

The college has diversified its resources of revenue which include student fees and sales from the college restaurant.

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## **11. Environmental performance**

An Environmental Management System (EMS) supports the entity's commitment to ensuring sustainable asset management and operations. To support our work in environmental sustainability, we have a number of strategies and policies that have been adopted by the College, or are currently being developed. These important documents sit within a wider context; our environmental sustainability policy directly relates to the College Mission and one of its core values. Additionally, the College's Strategic Framework for the Development of the Estate commits to developing the estate sustainably as one of four key performance areas, and includes a range of specific goals which either directly, or indirectly, relate to environmental sustainability.

### **Employee welfare**

The *Occupational Safety and Health Act of 2007, (OSHA, AN ACT of Parliament to provide for the safety, health and welfare of workers and all persons lawfully present at workplaces, to provide for the establishment of the National Council for Occupational Safety and Health and for connected purposes.* Kasarani technical and vocational college (KTVC) recognizes all its employees as the most valuable resource and that the welfare of all staff is essential in achieving the College's Vision and Mission. The Institution is committed to providing a caring and supportive working environment which is conducive to the welfare of all staff to enable them develop and optimize their full potential. However, staff welfare is a joint responsibility and members of staff are expected to contribute and participate effectively. This policy therefore gives highlights on the benefits staff will enjoy as well as their expected responsibilities.

This policy is to be read hand in hand with the KTVC Human Resource Policy, Terms of Service, the signed local Collective Bargain Agreements (CBAs) and other Kasarani Technical approved Policies. The stewardship of the College is hinged on the principles of good corporate governance and integrity, all geared towards the transparent, efficient and effective delivery of services, so as to maintain public confidence in the integrity of the institution, within the Vision and Mission of the College, and the provisions of the TVET Act, 2013.

Members of staff, being the most important resource in the College, are crucial to the College's success. In order for the College staff to work effectively, they need to have

support from the College for their relevant professional development, good working environment and life after retirement. This based on the recognition that staff whose individual needs are met feel valued and appreciated and will be more productive in the execution of their duties.

To promote fairness in employment whenever a vacant position arises, an advertisement is placed in government agency newspaper and online platforms, in order to reach a wide audience and coverage. The advert will usually contain a caption indicating that the college is an equal opportunity employer. Women, people with disabilities and the marginalized communities are usually encouraged to apply. During the shortlisting process, the panel ensures that at least a third (1/3) of the candidates are female, and throughout the interview process, if the highest number of successful candidates are male, a consensus is reached to engage a female candidate though they may not have scored the highest but have met the minimum requirements as well the HODs have a say.

The BOG also has a task to play in this as they take part in the interviews to ensure a balanced perspective and transparency in the recruitment process. Returns are made after the interviews to the ministry of education on the recruitment of public service commission trainers and every year returns are made to the National Employment Authority (NEA) on the status of employment and these returns include those who have been hired and those who have left service.

#### **Efforts made by the college to improve employees' skills**

1. The administration carries out a training needs assessment from which we make an inventory of the training needs.
2. The college arranges for training of staff and capacity development in the skills gaps identified.
3. The ICT department through ODEL has carried out and continue to train members of staff on ICT integration in teaching.

The college also carries out an annual appraisal process, during which employees are evaluated by the HOD's and administration, in order to identify their strengths and weaknesses and give recommendations on improving the areas of weakness. The College therefore looks forward to an energized and productive work force that will propel it to international scene thus attracting more students, staff and other resources. Staff welfare shall therefore be one of my priorities now and in the future.

The college with the support of the board members is in process of developing the following policies to guide its operations:

- ❖ Schemes of service for BoG Staff
- ❖ Career progression guidelines for BoG Staff
- ❖ Motivation policy for both staff and students.
- ❖ ICT Policy
- ❖ Gender mainstreaming and Youth empowerment policy.

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- ❖ Strategic plan
- ❖ Human resource policy and manual

**Market place practices-**

a) Responsible competition practice-

i) Anti-corruption

- Student fees-The college levies these in accordance to the Ministry of education guidelines which cap the fees at Kshs. 56,420.00
- The admissions process is transparent and all the faculties are open for application to any trainee who qualify.

ii) Fair competition and respect for competitors

- The college derives its curriculum from KICD and CDACC to ensure what is taught at Kasarani TVC is similar to what is offered in other institutions.
- There are clearly defined entry requirements for programs and student i.e C- for diploma, D+ for Craft Certificate and D- for Artisan. This ensures that the college has fair competition with other similar college and complement the universities whose admission requirements are C+ for degree programs.
- The college fosters mutual beneficial relationships with our peers by benchmarking with them to offer quality services to trainees and assist one another to improve our quality of service.
- Students are placed to the college by KUCCPS and when they seek transfer either to or from other institutions, the college ensures correspondence is made with the other institutions to ensure mutual understanding.

(b) Responsible Supply chain and supplier relations

- In this regard, the college promotes and ensures adequate competition in the tendering process. Prequalified suppliers are picked through a fair competitive process taking into consideration the AGPO group. They are awarded contracts fairly in an open and transparent manner and once they supply their good and services, all the payment are done through the first come first paid basis on the proper ageing analysis within a period of ninety days. In case of any financial constraint, they are communicated to in advance as a show of goodwill and cordial business relationship.

(c) Responsible marketing and advertisement

Efforts to maintain ethical marketing practices.

- i. Open advertisement in print and electronic media of all courses offered to ensure transparency and integrity in the administration process.
- ii. Advertisement of only the courses that are offered so as not to misinform the public.
- iii. Issuance of up to date brochures to provide adequate time for prospective students to prepare for admission.

(d) Product stewardship

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The college has undertaken efforts to safeguard consumer rights through the following means:

- Setting up complaints mechanism where complains can be expressed and dealt with.
- There is a proactive disclosure of information through the college website, brochures, print and electrical media.
- Requests by clients' information on admissions and courses offered is done through the college email: [kasaranitechnical@gmail.com](mailto:kasaranitechnical@gmail.com), telephone number and letters all of which are active.

The Management therefore ensures that the institution acts responsibly, openly and fairly with all our clients, partners and stakeholders as defined in our service charter by ensuring the following;

1. Adhering to ethical and equitable service provision
2. Observing the principle of Natural justice
3. Serving our clients with dignity, courtesy and respect
4. Discharging our duties professionally and with due diligence and ensuring delivery of affordable, quality education.

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

In its corporate social responsibility. The college participated in a clean-up Exercise at Kamulu Shopping Centre. Planted over two thousand trees within the institution, Partnered with the Nairobi metropolitan services for the provision of clean drinking water for the staff and students.

It is worth to note that the trees planted were donated by the Equity Bank through, the tree planting programme. This has enabled the college to plant over three thousand trees which will provide shed for the trainees and water catchment area. The college has created a conducive environment for the community around for their farm products and has spired development of the region through the private partnership (PP) with the locals to provide accommodation for the growing number of students and staff. In this regard, the management has continued to ensured that there are good mutual relationships between the trainees and the community to promote growth and sustainable development.

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**12. Report of the Board of Governors**

The Board members submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of the *entity's* affairs.

**Principal activities**

The principal activities of the entity are providing world class technical and vocational training for the people of Kenya.

**Results**

The results of the entity for the year ended June 30 are set out on page 1-6 and the noted from 7 to 37.


**Board of Governors**

The members of the Board who served during the year are shown on page xix-xxii. During the year 2020-2021 Five Board members: Mr John Kamuiru, Mr Oliver Rumiti, Ms. Marjorie Nangulu, Mr. Dennis Odhiambo and Eng. Abraham Korir retired and Five New Board members: Mr James Maina, Dr Kiyeng Chumo, Ms Doreen Nkirote, Ms Robai Shiakhutsa and Ruth Awour were appointed with effect from February 17, 2021 who are serving the board to date.

**Auditors**

The Auditor General is responsible for the statutory audit of Kasarani Technical and Vocational College in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



**Secretary of the Board**

**Nairobi**

**Date:**

**KASARANI TECHNICAL AND VOCATIONAL COLLEGE  
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**13. Statement of Board of Governors Responsibilities**

Section 81 of the Public Finance Management Act, 2012 and (*section 14 of the State Corporations Act, and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013*) requires Board members to prepare financial statements in respect of Kasarani technical and vocational college, which gives a true and fair view of the state of affairs of the college at the end of the financial year/period and the operating results of the college for that year/period. The board members are also required to ensure that the *college* keeps proper accounting records which discloses with reasonable accuracy the financial position of the college. The board members are also responsible for safeguarding the assets of the *College*.


The board members are responsible for the preparation and presentation of the college's financial statements, which give a true and fair view of the state of affairs of the Kasarani technical and vocational college for and as at the end of the financial year (period) ended on June 30, 2023. 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 college (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.


The board accept responsibility for the Kasarani technical and vocational college's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates and in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (*the State Corporations Act, and the TVET Act*). The board of members are of the opinion that the college's financial statements give a true and fair view of the state of *college's* transactions during the financial year ended June 30, 2023, and of the *college's* financial position as at that date. The board further confirms the completeness of the accounting records maintained for the college, which have been relied upon in the preparation of the college's financial statements as well as the adequacy of the systems of internal financial control.

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

**Approval of the financial statements**

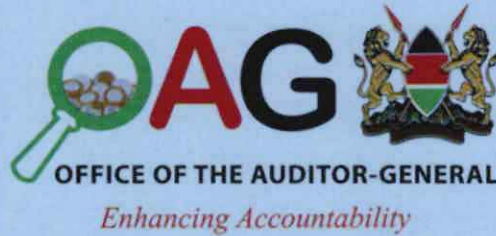
The College's financial statements were approved by the Board on 29.09.2023 2023 and signed on its behalf by:

  
.....  
Mr. James Maina  
Chairperson of the Board

  
.....  
Ms. Josephine Begi  
Accounting Officer/Principal

# REPUBLIC OF KENYA

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

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

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### 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 Kasarani Technical and Vocational College set out on pages 1 to 64, which comprise of the statement of financial

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

In my opinion, 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 Kasarani Technical and Vocational College as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Presentation and Inconsistencies in the Financial Statements**

Review of the financial statements revealed the following errors and omissions;

- i. The Public Sector Accounting Standards Board (PSASB) reporting template prescribes direct method of statement of cashflows preparation and reporting. However, the receipts and expenses reported in the statement of cash flows of Kshs.54,022,771 and Kshs.48,935,827 respectively relate to the accrued revenue and payments as reported in the statement of financial performance.
- ii. The statement of cash flows reflects a net cash flow from operating activities amount of Kshs.5,061,444 which differs with the recomputed amount of Kshs.5,086,944 resulting to an unexplained variance of Kshs.25,500.
- iii. The statement of changes in net asset reflects comparative opening revaluation reserves balances of Kshs.294,374,099 which is at variance with the closing balance for the year ending 30 June, 2022 of Kshs.295,545,765 resulting to an unexplained variance of Kshs.1,171,666. Further, the statement of changes in net assets does not reflect the surplus amount of Kshs.6,792,987 for the financial year 2021/2022.
- iv. Note 26 to the financial statements reflects capital commitments amount of Kshs.5,167,785 for payments of expenditure for June, July and August, 2024 salary of Kshs.3,574,197 and pending bills of Kshs.1,593,588 which are not capital in nature. This is contrary to Section 45(1) of Public Finance Management Act, 2012 which provides that any appropriation that has not been spent at the end of the financial year for which it was appropriated shall lapse immediately at the end of that financial year.

- v. The statement of financial position reflects biological assets nil balance on biological assets which differs with Note 20 to the financial statements balance of Kshs.378,770.

Note 18(a) to the financial statements reflects property, plant and equipment balance of Kshs.297,968,555 which differs with the recomputed amount of Kshs.299,692,642 resulting to an unexplained variance of Kshs.1,724,087. Further, Note 18(a) reflects accumulated depreciation amount of Kshs.11,495,000 which differs with the amount of Kshs.12,666,666 under Note 18(b) resulting to a variance of Kshs.1,171,666.

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

## **2. Unsupported Rendering of Services - Fees from Students**

The statement of financial performance and as disclosed in Note 7 to the financial statements reflects rendering of services - fees from students amount of Kshs.36,847,497. Included in this amount is Kshs.30,351,661 and Kshs.6,495,836 in respect of tuition fees and examination fees respectively, which was not supported with fees payment policy, schedule of invoices and receipts during the year, list of students under the Kenya Universities and Colleges Central Placement Service (KUCCPS), self-sponsored students and capitation per student. Further, the revenue was not supported with a schedule of revenue collected per revenue stream (tuition fees, activity and registration fees) including examination fees collected per department.

In the circumstances, the accuracy and completeness of rendering of service - fee from students amount of Kshs.36,847,497 could not be confirmed.

## **3. Inaccuracies in the Financial Statements**

### **3.1 Other Income**

The statement of financial performance and the statement of cash flow reflects other income amount of Kshs.278,500 as disclosed in Note 9 to the financial statements. However, the statement of comparison of budget and actual amounts reflects actual miscellaneous income of Kshs.253,000 resulting to an unexplained variance of Kshs.25,500.

### **3.2 Revenue from Exchange Transactions**

The statement of financial performance reflects revenue from exchange transactions amount of Kshs.54,022,771 which constitute of fees from students, sale of goods and other income. Analysis of the receivables from exchange transactions balance in the statement of financial position reflects an increase of Kshs.2,435,777 which, according to the supporting schedule provided for audit, related to the year under review and should

have been accrued. However, the reported revenue did not include any accrued amount, resulting to an understatement of revenue by Kshs.2,435,777.

### 3.3. Comparative Balances

The following variances were noted between the financial statements comparative balances and the 2021/2022 audited financial statements;

Item	2021/2022 Financial Statements (Kshs)	Financial Statements Comparative Balances (Kshs)	Variance (Kshs)
Depreciation and Amortization	4,306,310	6,381,598	2,075,288
Net Surplus	8,868,275	6,792,087	(2,076,188)
Revaluation Reserve	199,358,923	294,374,099	(95,015,176)
Biological Assets	-	105,535	105,535
Property, Plant and Equipment	206,449,150	300,455,169	94,006,019
Capital Fund	223,066,555	295,545,765	72,479,210

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

### 4. Inconsistencies in Cash and Cash Equivalents

The statement of financial position and as disclosed in Note 15 to the financial statements reflects cash and cash equivalents balance of Kshs.6,561,626. However, analysis of the cashbook indicates a total balance of Kshs.2,615,993 resulting to an unexplained and unreconciled variance of Kshs.3,945,633. Further, analysis of the July, 2022 cashbook revealed unrepresented cheques totalling Kshs.1,878,399 relating to the prior year were recorded in the year under review as balances brought forward. However, there was no evidence of clearance of the unrepresented cheques. Therefore, the cashbook balance was misstated.

In addition, the College maintained a bank account with a bank balance of Kshs.3,155 that had been dormant since the financial year ended 30 June, 2020 incurring bank charges. The bank reconciliation for this account was also not signed and approved by the Head of Finance.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.6,561,626 could not be confirmed.

## **5. Unsupported Balances**

### **5.1 Receivables from Exchange Transactions**

The statement of financial position reflects current portion of receivables from exchange transactions balance of Kshs.12,265,460 as disclosed in Note 16(a) to the financial statements, which includes a provision of impairment allowance of % whose basis was not provided.

### **5.2 Statement of Change in Net Assets**

The statement of changes in net assets reflects prior year revaluation reserve balance of Kshs.295,545,765. However, the balance was not supported with documents or any justification. Further, there was no Note to the financial statements on the revaluation reserve. In addition, the prior year closing balance of kshs.295,545,765 as at 30 June, 2022 is at variance with the 1 July, 2022 opening balance of Kshs.294,374,099 resulting to an unexplained variance of Kshs.1,171,666.

### **5.3 Inventories**

The statement of financial position and as disclosed in Note 17 to the financial statements reflects inventories balance of Kshs.1,070,961. However, the following anomalies were noted;

- i. The inventories balance of Kshs.1,070,961 was not supported with stores records which include details of the items received, issues from the stores and details of items held in stock. Further, a summary of inventory movement during the year indicating opening balance at the beginning of the year, additions during the year and the closing balance was not provided for audit verification.
- ii. Management did not provide quarterly and annual reports on inventories and stock take.
- iii. Inspection of facilities within the College revealed that the College has a library equipped with learning materials and text books. However, the value of the learning materials and text books was not included in the inventory balance.
- iv. Management had not developed an Inventory Policy to guide on inventory management, stores and optimum stock levels.

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

## **6. Long Outstanding Receivables**

Note 16(a) to the financial statements reflects gross current receivables from exchange transactions balance of Kshs.13,362,190 as at 30 June, 2023. Included in the balance

are receivables amounting to Kshs.4,320,503 which had been outstanding for more than two (2) years. However, there was no policy on the impairment of long outstanding fees arrears casting doubt on the fair statement of the accounts receivables balance. Further, Management did not provide any evidence or measures taken to pursue debtors with appropriate sensitivity and rigour to ensure that amounts receivable by the College are collected and banked.

In the circumstances, the accuracy and full recoverability of the outstanding receivables balance of Kshs.13,362,190 could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Kasarani 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 total budgeted revenue on a comparable basis of Kshs.108,798,830 and Kshs.53,997,271 respectively resulting to an underfunding of Kshs.54,801,559 or 50% of the budget. Similarly, the statement reflects total expenditure of Kshs.48,935,827 against actual revenue of Kshs.53,997,271 resulting to an under expenditure of Kshs.5,061,444 or 9% of actual revenue.

The underfunding and under - utilization affected planned activities and may have had a negative impact on resource management and service delivery by the College.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

### **Other Matter**

#### **Unresolved Prior Year Matters**

In the audit report of the previous year, several issues were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls. However, Management had not resolved the issues as at 30 June, 2023.

## **Other Information**

The Board of Management are responsible for the other information set out on page v to xliii which comprise of Key Entity Information and Management, the Board of Governors, 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 and Statement of Board of Governors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Kasarani Technical and Vocational College 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 and 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 effect of the matters 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**

#### **1. Use of Imprest in Procurement of Goods and Services**

Review of sampled payment vouchers in respect to teaching and learning materials and maintenance expenses revealed that Management issued standing imprests totalling Kshs.2,054,591 for procurement where the items were above the threshold of low value goods contrary to Section 108 of the Public Procurement and Asset Disposal Act, 2015 which has set the threshold of low value goods to be Kshs.50,000 per item. Further, review of supporting documents for stationery, student activities and telecommunication expenditures revealed that imprest was also issued amounting to Kshs.2,286,510 for purchases of items as analyzed below;

Item	Amount (Kshs)
Stationery	1,443,760
Student Activities	661,750
Telecommunication	181,000
<b>Total</b>	<b>2,286,510</b>

Further, the inspection and acceptance reports for the items purchased were not provided for audit review. This was contrary to Section 48(3)(b) of the Public Procurement and Asset Disposal Act, 2015 which provides that an inspection and acceptance committee be appointed to inspect and review goods, works or services in order to ensure compliance with the terms and specifications of the contract.

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

## 2. Irregular Procurement of Property, Plant and Equipment

The statement of financial position and as disclosed in Note 18 to the financial statements reflects property, plant and equipment balance of Kshs.297,968,555. During the year under review, the College acquired additional assets totalling Kshs.4,374,078. However, review of payment vouchers and schedules revealed that expenses totalling Kshs.2,410,591 as tabulated below were sourced directly from suppliers without justification. This was contrary to Section 108 of the Public Procurement and Asset Disposal Act, 2015 which has set the threshold of low value goods to be Kshs.50,000 per item. Therefore, goods above this amount should have been subjected to a competitive procurement process.

PV No.	Payee	Description	Amount (Kshs)
300	Makena Hardware	Building Materials	544,690
196	Makena Hardware	Building Materials	565,500
396	Makena Hardware	Building Materials	540,530
192	Jo Mark Tim Cut	Building Materials	90,000
339	Joiran Beauty Shop	Beauty Therapy items	250,000
177	Fast Net Company	ICT Items	72,650
182	Jo Mark Tim Cut	Furniture & Fittings	90,000
PV No.	Payee	Description	Amount (Kshs)
301	Jo Mark Tim Cut	Furniture & Fittings	125,000
389	Fast Net Company	Furniture & Fittings	132,221
<b>Total</b>			<b>2,410,591</b>

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

### **3. Unaccounted for Donations**

Review of Board minutes reference number KTVC/FULL-BOG/29/05/2023/3 revealed that the College received two hundred and forty-eight (248) textbook donations from Kenyatta University and three hundred and forty (340) books from Kenya National Library Services. However, the College did not disclose the donations received in the financial statements. This was contrary to Regulation 71(5) of the Public Finance Management (National Government) Regulations, 2015 which states that grant, donations or sponsorships received during the year shall be disclosed in the annual and quarterly financial statements.

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

### **4. Payments without Electronic Tax Invoices**

Review of sampled payment vouchers for the College revealed that supplies amounting to Kshs.2,740,643 were not supported with electronic tax invoices as required. This was contrary to the provisions of Regulations 6(1) of the Value Added Tax (Electronic Tax Invoices) Regulations, 2020.

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

### **5. Unsupported Remuneration of Board Members**

The statement of financial performance and as disclosed in Note 12 to the financial statements reflects Board expenses amount of Kshs.2,045,000. Review of the documents presented for audit revealed that the Board held six (6) full Board meetings in the year under review. However, no invitations or requisitions for special Board meetings were made by the chairperson or members of the Board and the acceptance letters for appointment of three (3) Board members were also not provided for audit. Further, the Board minutes were not signed by the Board Chairperson.

In addition, the notice for every meeting of the Board was not convened by giving at least fourteen (14) days' notice in writing to every member. This was contrary to Section 11(3) of the Second Schedule to the Technical and Vocational Education and Training Act, 2013 which requires the chairperson to requisition in writing, to convene a special meeting of the Board at any time for the transaction of specific business.

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

### **6. Non-Adherence with College Academic Policy**

Review of payment vouchers and ledgers revealed that students paid a total amount Kshs.6,495,836 to Kenya National Examination Council while the College transferred to the Council an amount of Kshs.7,727,130 leading to unpaid examination fees of Kshs.231,294. This was contrary to the College's Academic Policy which provided that only paid-up trainees were eligible for registration for external examination. Further, the payments vouchers were not supported with the list of students sitting for the examination.

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

## **7. Lack of Land Ownership Documents**

The statement of financial position and as disclosed in Note 18 to the financial statements reflects property, plant and equipment balance of Kshs.297,968,555. Included in the balance is land valued at Kshs.126,000,000. However, the College did not have land ownership documents such as title deed to prove ownership of the land.

In the circumstances, the ownership of the land valued at Kshs.126,000,000 could not be confirmed.

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 Disaster Recovery Plan and Risk Management Policy**

Review of the College's ICT environment revealed that there was no IT disaster recovery plan in place that would reduce impact on operations in case of outage or disruption to ICT systems likely to occur. Further, the College may not recover or restore critical infrastructure services and systems which may affect all operations that rely on the ICT systems. In addition, the College did not have a Risk Management Policy in place.

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

#### **2. Weaknesses in Payroll Management**

The College maintains a manual payroll; however, review and analysis of the payroll revealed the following anomalies:

- i. The payroll was prepared and maintained by the finance department. The College did not have a human resource department with qualified human resource officers.

- ii. The manual payroll is prone to manipulation.
- iii. All employees' details such as KRA PIN, identity number, employee unique identification number, and accounts number were not included in the manual payroll.
- iv. The College advanced two members of staff seconded to the College by the Public Service Commission salary advances of Kshs.125,000 which was contrary to the provision of the Kasarani Human Resource Manual, 2022 which prohibits salary advance to PSC staff. In addition, it was not clear whether the salary advance was recovered.

In the circumstances, the effectiveness of the internal controls in payroll management could not be confirmed.

### **3. Lack of Annual Governance Audit and Performance Evaluation**

Review of records at the College relating to the Board activities revealed no evidence of the Board having undertaken an annual governance audit during the year under review. The audit is expected to address governance practices including leadership and strategic management, transparency and disclosure, compliance with laws and regulations, Board independence and governance, consistent shareholder engagement and value enhancement among others. Further, the Board did not conduct self-evaluation of its performance on an annual basis as required by Mwongozo and the Board Charter that requires the Board of Directors to carry out annual performance evaluation and file a report with the Parent Ministry and the State Corporations Advisory Committee.

In the circumstances, the effectiveness of the internal controls in governance could not be confirmed.

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

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

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

In preparing the financial statements, Management is responsible for assessing the College's ability to continue to sustain 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 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 are responsible for overseeing the Colleges 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 INTOSAI Framework of Professional Pronouncements (IFPP). The Framework requires

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

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

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

30 April, 2025


**KASARANI TECHNICAL AND VOCATIONAL COLLEGE  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2023**


**15. Statement of Financial Performance For The Year Ended 30 June 2023**

Description	Notes	2022-2023 Kshs	2021-2022 Kshs
<b>Revenue from Non-Exchange transactions</b>			
Transfers from the National Government – grants/ gifts in kind	6	16,799,000	21,147,500
<b>Total Revenue from non-exchange transactions</b>		<b>16,799,000</b>	<b>21,147,500</b>
<b>Revenue from Exchange transactions</b>			
Rendering of services- Fees from students	7	36,847,497	29,258,355
Sale of goods	8	97,774	50,518
Other income	9	278,500	103,820
<b>Revenue from Exchange transactions</b>		<b>37,223,771</b>	<b>29,412,693</b>
<b>Total Revenue</b>		<b>54,022,771</b>	<b>50,560,193</b>
<b>Expenses</b>			
Use of goods and services	10	33,522,149	27,811,307
Employee costs	11	12,809,337	7,458,161
Board of Governor's Expenses	12	2,045,000	1,173,100
Depreciation and Amortization	13	5,159,808	6,381,598
Repairs and maintenance	14	584,841	943,040
<b>Total Expenses</b>		<b>(54,121,135 )</b>	<b>43,767,206</b>
<b>Other Gains/(Losses)</b>			
<b>Net Surplus (Deficit) for the year</b>		<b>(98,364)</b>	<b>6,792,987</b>

*(The notes set out on pages 8 to 39 form an integral part of the Annual Financial Statements).*

The Financial Statements set out on pages 1 to 7 were signed by:

  
.....  
**Chairman of Board**

  
.....  
**Finance Officer**  
ICPAK No 29221

  
.....  
**Principal**

**Date: 29.09.2023**

**Date: 29.09.2023**

**Date: 29.09.2023**


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**16. Statement of Financial Position As At 30th June 2023**

Description	Notes	2022-2023	2021-2022
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	15	6,561,626	7,271,105
Current portion of receivables from exchange transactions	16(a)	12,265,460	9,829,683
Inventories	17	1,070,960.50	4,283,339
<b>Total Current Assets</b>		<b>19,898,047</b>	<b>21,384,127</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	18	297,968,555	300,455,169
Intangible assets	19	1,469,609	92,813
<b>Biological Assets</b>	20		105,535
<b>Total Non-current Assets</b>		<b>378,770</b>	<b>300,653,517</b>
<b>Total Assets</b>		<b><u>319,714,981</u></b>	<b><u>322,037,644</u></b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables from exchange transactions	21	2,710,172	4,174,346
Current provisions	22	1,096,730	685,189
<b>Non-current liabilities</b>		<b>3,806,902</b>	<b>4,859,535</b>
<b>Total Non-current liabilities</b>			
<b>Total liabilities</b>		<b>3,806,902</b>	<b>4,859,535</b>
<b>Net Assets</b>		<b><u>315,908,079</u></b>	<b>317,178,109</b>
<b>Reserves</b>			
Accumulated Surplus		21,533,980	21,632,344
Capital Fund/Donated assets		294,374,099	295,545,765
<b>Total Net Assets and Liabilities</b>		<b>315,908,079</b>	<b>317,178,109</b>
<b>Total Net Assets and Liabilities</b>		<b><u>319,714,981</u></b>	<b><u>322,037,644</u></b>

The Financial Statements set out on pages 1 to 7 were signed by:

  
.....  
Chairman of Board

  
.....  
Finance Officer  
ICPAK No 29221

  
.....  
Principal


Date: 29.09.2023

Date: 29.09.2023

Date: 29.09.2023

**KASARANI TECHNICAL AND VOCATIONAL COLLEGE  
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**17. Statement of Changes in Net Asset For the Year Ended 30 June 2023**

Description	Revaluation reserve	Accumulated Fund	Capital	Total	Total
			Grants/Fund		
<b>At July 1, 2021 (previous year)</b>	<b>295,545,765</b>			-	<b>295,545,765</b>
Revaluation gain	-	-	-	-	-
Surplus/(deficit) for the year	-	-	-	-	-
Capital grants received during the year	-	-	-	-	-
Transfer of depreciation/amortization from capital fund to Retained earnings	-	21,632,344	-	-	<b>21,632,344</b>
 <b>At June 30, 2022</b>	<b>295,545,765</b>	<b>21,632,344</b>	-	-	<b>317,178,109</b>
<b>At July 1, 2022 (current year)</b>	<b>294,374,099</b>	<b>21,632,344</b>	-	-	<b>316,006,443</b>
Revaluation gain	-	-	-	-	-
Surplus/(deficit) for the year	-	(98,364)	-	-	(98,364)
Capital grants received during the year	-	-	-	-	-
Transfer of depreciation/amortization from capital fund to Retained earnings	-	-	-	-	-
<b>At June 30, 2023</b>	<b>294,374,099</b>	<b>21,533,980</b>	-	-	<b>315,908,079</b>

*Note:*

*The prior year opening revelation reserve had been adjusted to reflect the donated amount of assets purchased and provided by the parent ministry which was in Us dollars into Kenya Shillings hence adjusted to Kshs. 295,545,765.*

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**18. Statement of Cash Flows For The Year Ended 30 June 2023**

Description		2022-2023	2021-2022
	Note	Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other government entities/govt. Grants	6	16,799,000	21,147,500
Rendering of services- fees from students	7	36,847,497	29,258,355
Sale of goods	8	97,774	50,518
Other income	9	278,500	103,820
<b>Total Receipts</b>		<b>54,022,771</b>	<b>50,560,193</b>
<b>Payments</b>			
Compensation of employees	11	12,809,337	7,458,161
Use of goods and services	10	33,496,649	27,811,307
Repairs maintenance and improvements	14	584,841	943,040
Board of Governors expenses	12	2,045,000	1,173,100
<b>Other payments</b>			
depreciation and amortization			
increase/(decrease) in payables			641,187
Dec in inventories			(3,158,114)
(Increase)/Decrease in Receivables			(2,971,239)
<b>Total Payments</b>		<b>(48,935,827)</b>	<b>(31,897,442)</b>
<b>Net cash flows from operating activities</b>		<b>5,061,444</b>	<b>18,662,751</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets	18	<b>(5,774,078)</b>	(210,750,472)
<b>Net cash flows used in investing activities</b>		<b>(5,774,078)</b>	<b>(210,750,472)</b>
<b>Cash flows from financing activities</b>			
<b>Net cash flows used in financing activities</b>			
Kasarani Tvc Development Account 1225283817		3,155	-
<b>Increase in Net Assets/Receivables</b>		-	<b>193,841,953</b>
<b>Net Increase/(Decrease) in Cash and Cash equivalents</b>		<b>(712,634)</b>	<b>(192,087,721)</b>
Cash and cash equivalents at 1 July 2022	15	7,271,105	5,543,873
<b>Cash and cash equivalents at 30 June 2023</b>	15	<b>6,561,626</b>	<b>7,271,105</b>

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**19. Statement of Comparison of Budget & Actual amounts For Year Ended 30 June 2023**

<b>Description</b>	<b>Original budget</b>	<b>Adjustments</b>	<b>Final budget</b>	<b>Actual on comparable basis</b>	<b>Performance difference</b>	<b>Utilization Difference</b>	<b>Explanation of material variances</b>
<b>Revenue</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>%</b>	<b>%</b>
Transfers from other National Government entities	54,000,000	-	54,000,000	16,799,000	- 37,201,000	- 68.89	a
Rendering of services- fees from students	49,176,000	-	49,176,000	36,847,497	- 12,328,503	- 25.07	b
Sale of goods	200,000	-	200,000	97,774	- 102,226	- 51.11	c
Miscellaneous Income	5,422,830	-	5,422,830	253,000	- 5,169,830	- 95.33	d
<b>Total Income</b>	<b>108,798,830</b>	<b>-</b>	<b>108,798,830</b>	<b>53,997,271</b>	<b>- 54,801,559</b>	<b>- 50.37</b>	
<b>Expenses</b>							
Use of goods and services	90,670,576	-	90,670,576	33,496,649	57,173,928	63.06	e
Employee costs	14,551,254	-	14,551,254	12,809,337	1,741,917	11.97	f
Board Expenses	2,077,000	-	2,077,000	2,045,000	32,000	1.54	g
Repairs and maintenance	1,500,000	-	1,500,000	584,841	915,159	61.01	h
<b>Total Expenditure</b>	<b>108,798,830</b>	<b>-</b>	<b>108,798,830</b>	<b>48,935,827</b>	<b>(59,863,003)</b>	<b>55.02</b>	
<b>Surplus for the Period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,061,444</b>	<b>(5,061,444)</b>	<b>-</b>	<b>-</b>
<b>Capital Expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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**Budget notes**

<b>Budget Notes</b>	
a)	The movement is due to the budgeted capitation amount which was not disbursed for the period under review
b)	The movement is due to the budgeted fees payments through AIA from 1800 trainees who budgeted for but the college only managed to recruit 1602 for the period under review.
C and d	The movement is due to some of the budgeted income generating unit (Production Unit) which the college budgeted for that had not picked up since they are at initial stage of implementation.
e	The movement is due to the various budget cuts done on some budgeted vote heads because of the undisbursed capitation funds and the shortfalls from trainees' fee collection.
f	The movement is due to some of the employee budgeted for to be employed for the year who were not employed
H	The movement is due to the various budget cuts done on some repairs and maintenance because of the undisbursed capitation funds and trainees fee shortfalls

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**20. Notes to the Financial Statements**

**1. General Information**

Kasarani Technical and Vocational College as an entity is established by and derives its authority and accountability from TVET Act 2013. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to offer Technical, Vocational Education and 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 judgement in the process of applying the *entity's* accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note one onwards. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *entity*. The values are rounded off to the nearest shilling. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the TVET Act, *Public audit Act, KTVC policies* and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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

**3. Adoption of New and Revised Standards**

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

<b>Standard</b>	<b>Effective date and impact:</b>
<b>IPSAS 41:</b> Financial Instruments	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>
<b>IPSAS 42:</b> Social Benefits	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity.</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows. Therefore, the standard is relevant to the NHIF, NSSF and other social benefit deduction and remitted by the entity.</p>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p><b>Applicable: 1st January 2023:</b></p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p>

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Standard	Effective date and impact:
	<p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p><b><i>Applicable 1<sup>st</sup> January 2023</i></b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008).</li> <li>• <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</li> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement.</b> Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</li> </ul>

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

Standard	Effective date and impact:
IPSAS 43	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use of assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

**iii. Early adoption of standards**

Kasarani technical and vocational College did not early-adopt any new or amended standards in the Year 2022, the entity adopted standard 2022 and 2023. The impact of these standards on the entity's financial statements is *amended appropriately in the financial year 2022/2023*

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**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

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

**Transfers from other government entities**

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

**ii) Revenue from exchange transactions**

**Rendering of services**

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

**Sale of goods**

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

**Interest income**

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

**Rental income**

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

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

**Summary of Significant Accounting Policies (Continued)**

**b) Budget information**

The original budget for FY 2022/2023 was approved by the Board on *27/11/2021*. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals to conclude the final budget. Accordingly, the entity recorded no additional appropriations on the FY 2022/2023 budget in any of their Board meetings. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page **9** under section **Actual on comparable basis** of these financial statements.

**c) Taxes**

***Current income tax***

The entity is exempt from paying taxes as per schedule *first of the Income tax Act (470)*.

***Sales tax/ Value Added Tax***

Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax included.

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

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

**Summary of Significant Accounting Policies (Continued)**

**d) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. *Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an estimated life span-year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit.(entity to amend appropriately).* Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

**e) Property, plant and equipment**

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

**f) Leases**

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

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minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

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

**Summary of Significant Accounting Policies (Continued)**

**g) Intangible assets**

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

**h) Research and development costs**

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

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

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

**i) Financial instruments**

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

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

**Summary of Significant Accounting Policies (Continued)**

*Financial assets*

*Classification*

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

**Subsequent measurement**

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

**Amortized cost**

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

**Fair value through net assets/ equity**

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

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

**Summary of Significant Accounting Policies (Continued)**

**Fair value through surplus or deficit**

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

**Trade and other receivables**

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

**Impairment**

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

***Financial liabilities***

***Classification***

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

**j) Inventories**

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

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

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

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

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

**Summary of Significant Accounting Policies (Continued)**

**Inventories (Continued)**

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

**k) Provisions**

Provisions are recognized when the *Entity* has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the *Entity* expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

***Contingent liabilities***

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

***Contingent assets***

The *Entity* does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the *Entity* in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

**l) Social Benefits**

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

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

**Summary of Significant Accounting Policies (Continued)**

**m) 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*).

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

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

**o) Employee benefits**

**Retirement benefit plans**

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

**p) Foreign currency transactions**

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

**q) Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

**r) Related parties**

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

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

**Summary of Significant Accounting Policies (Continued)**

**s) Service concession arrangements**

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

**t) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash impress and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**u) Comparative figures**

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

**v) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2023.

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

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

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

**Estimates and assumptions.**

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

**Useful lives and residual values**

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

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

**Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 22.

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.

**BASED ON IPSAS-19**

BRACKET	30 DAYS AND BELOW	31-60 DAYS	61-120DAYS	121 -180 DAYS	181-360 DAYS	361 Days and Above
Corporates e.g. APA, CIC, Individual etc.	0%	2%	5%	10%	20%	100%
Government clients e.g. NCC, NHIF, KRA etc.	0%	2%	5%	10%	20%	100%
Corporate Capititations	0%	0%	0%	0%	10%	100%
Government Capititations	0%	0%	0%	0%	0%	0%
Adopted from the National government provisions						

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

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

Description	2022-2023	2021-2022
	Kshs	Kshs
<b>Unconditional Grants</b>		
Capitation Grants	16,799,000	20,647,500
Operational Grant		-
Other Grants		-
	<b>16,799,000</b>	<b>20,647,500</b>
<b>Conditional Grants</b>		
Library Grant		-
Hostels Grant		-
Administration Block Grant		-
Laboratory Grant		-
Learning Facilities Grant		-
Other Organizational Grants		500,000
<b>Total Government Grants and Subsidies</b>	<b>16,799,000</b>	<b>21,147,500</b>

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

Name of The Entity Sending the Grant	Amount recognized to Statement of Comprehensive Income	Amount deferred under deferred income	Amount recognized in capital fund.	Total grant income during the year	2021-2022
	Kshs	Kshs			
			Kshs	Kshs	Kshs
State Department of Vocational and Technical Training	<b>16,799,000</b>	-	-	16,799,000	20,647,500
Ministry of Education		-	-	-	-
<b>Total</b>	16,799,000	-	-	16,799,000	20,647,500

The details of the reconciliation have been included under appendix III

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

**7. Rendering of Services**

Description	2022-2023	2021-2022
	Kshs	Kshs
Tuition Fees	30,351,661	23,244,445
Activity Fees		-
Industrial Attachment Fees		-
Examination Fees	6,495,836	6,013,910
Library Fees		-
Facilities and Materials		-
Registration Fees		-
<b>Total Revenue from The Rendering of Services</b>	<b>36,847,497</b>	<b>29,258,355</b>

*The revenue from rendering of services is from the trainee's fees paid by HELB, County, CDF, Sponsors and parents in conjunction with the examination fees paid for KNEC examination sat in the month of November 2022, March and July 2023 respectively.*

**8. Sale of Goods**

Description	2022-2023	2021-2022
	Kshs	Kshs
Sale of Books-Log Books	37,000	36,508
Cafeteria sales	60,774	14,010
Other		-
<b>Total Revenue from Sale of Goods</b>	<b>97,774</b>	<b>50,518</b>

*In this case, sale of goods refers to the revenue raise from the logbooks sold to trainees proceeding for attachment and some income generating from the trainee's cafeteria.*

**9. Miscellaneous Income**

Description	2022-2023	2021-2022
	Kshs	Kshs
<b>Application fees</b>	253,000	98,500
<b>Income from sale of tender</b>		-
<b>Other</b>	25,500	5,320
<b>Total other income</b>	<b>278,00</b>	<b>103,820</b>

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

**10. Use of Goods and Services**

Description	2022-2023	2021-2022
	Kshs	Kshs
Teaching and learning materials	3,363,696	520,156
Industrial attachment costs	170,800	168,000
Electricity	552,285	12,052
Water	374,435	6,902,945
Security	1,409,486	300,000
Professional and consultancy services	-	900,000
Subscriptions-KUCCPS/KATTI	769,600	77,785
Advertising	1,192,258	160,000
Examination fees	7,727,130	199,830
Audit fees	-	4,622,000
Catering, conferences, and delegations	4,010,240	224,465
Travelling and accommodation	5,048,990	602,320
Fuel and oil	-	119,650
Insurance	-	626,880
Legal expenses	-	1,001,059
Licenses and permits		9,450
Postage		1,783,854
Printing and stationery	2,315,413	75,720
Students- activity, student id. Others, Insurance	4,793,041	787,985
other Administrative Expenses	98,110	5,210,390
Income Generating/ production Unit	-	266,583
Telephone expenses	-	2,220,163
Internet expenses	566,500	20,582
Training expenses	946,975	506,700
Bank transactional charges	11,990	
Performance contracting	171,200	492,738
<b>Total good and services</b>	<b>33,522,149</b>	<b>27,811,307</b>

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

**11. Employee Costs**

Description	2022-2023	2021-2022
	Kshs	Kshs
Salaries and wages	12,809,337	7,296,161
Employee related costs - contributions to pensions and medical aids		-
Travel, motor car, accommodation, subsistence and other allowances		-
Housing benefits and allowances		
Overtime payments		72,000
Performance and other bonuses		
Social contributions		90,000
<b>Employee Costs</b>	<b>12,809,337</b>	<b>7,458,161</b>

**12. Board Expenses**

Description	2022-2023	2021-2022
	Kshs	Kshs
<b>Chairman's Honoraria</b>		0
<b>Board of Governors Emoluments and Allowances</b>	1,161,500	1,173,100
<b>Other Allowances</b>	30,000	-
<b>Other Board Expenses</b>	853,500	
Total director emoluments	<b>2,045,000</b>	<b>1,173,100</b>

**13. Depreciation and Amortization expense**

Description	2022-2023	2021-2022
	Kshs	Kshs
<b>Property, plant and equipment</b>	5,136,605	6,358,395
<b>Intangible assets</b>	23,203	23,203
<b>Investment property carried at cost</b>		-
Total depreciation and amortization	<b>5,159,808</b>	<b>6,381,598</b>

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

**14. Repairs and Maintenance**

Description	2022-2023	2021-2022
	Kshs	Kshs
Property	364,437	472,520
Investment property – earning rentals		-
Equipment and machinery	175,404	470,520
Furniture and fittings	45,000	-
Computers and accessories		-
<b>Total Repairs and Maintenance</b>	<b>584,841</b>	<b>943,040</b>

**15. Cash and Cash Equivalents**

Description	2022-2023	2021-2022
	Kshs	Kshs
Kasarani Tvc Operations Account	6,558,472	7,267,750
Cash		-
Kasarani Tvc Development Account	3,155	3,355
Staff car loan/ mortgage		
Others(specify)		
<b>Total cash and cash equivalents</b>	<b>6,561,626</b>	<b>7,271,105</b>

**Note**

*The Cashflow reported on the final financial report only capture the operational account no. 1225283809 reconcile in the cashbook and the bank balance while the Note No. 15 include the Kshs 3,155 from the Development account.*

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**Notes To The Financial Statements (Continued)**

**15 (a). Detailed Analysis of Cash and Cash equivalents**

<b>a) Current Account</b>				
Kenya Commercial Bank	1225283809	6,558,472		7,267,750
Equity Bank, etc.				-
<b>Sub- Total</b>		<b>6,558,472</b>		<b>7,267,750</b>
<b>b) On - Call Deposits</b>				
Kenya Commercial Bank				-
Equity Bank – etc.				-
<b>Sub- Total</b>				-
<b>c) Fixed Deposits Account</b>				
Kenya Commercial Bank	1225283817	3,155		3,355
Bank B				-
<b>Sub- Total</b>		<b>3,155</b>		<b>3,355</b>
<b>d) Staff Car Loan/ Mortgage</b>				
Kenya Commercial Bank				-
Bank B				-
<b>Sub- Total</b>				-
<b>e) Others (Specify)</b>				-
Cash in Transit				-
Cash in Hand				-
Mobile Money account				-
<b>Sub- Total</b>				-
<b>Grand Total</b>		<b>6,561,627</b>		<b>7,271,105</b>

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

**16. Receivables from Exchange transactions**

**(a) Current Receivables from Exchange transactions**

Description	2022-2023	2021-2022
	Kshs	Kshs
<b>Current Receivables</b>		
Student debtors	13,362,190	10,514,872
Less: Impairment Allowance 5%	(1,096,730)	(685,189)
<b>Total Current Receivables</b>	<b>12,265,460</b>	<b>9,829,683</b>

**(b) Long- term Receivables from Exchange transactions**

Description	2022-2023	2021-2022
	Kshs	Kshs
Refundable Deposits		
Advance Payments		
Public Organizations		
Less: Impairment Allowance		-
<b>Total</b>		-
Current Portion Transferred to Current Receivables		
<b>Total Non-Current Receivables</b>		-
<b>Total Receivables</b>	<b>12,265,460</b>	<b>9,829,683</b>

**(c) Ageing Analysis of Receivables from Exchange transactions**

Description	2022-2023		2021-2022	
	Kshs		Kshs	
	2022-2023	% of the total	2021-2022	% of the total
Less than 1 year	544,452	4	6,651,374	63
Between 1- 2 years	8,497,235	64	3,178,309	30
Between 2-3 years	4,320,503	32	685,189	7
Over 3 years	-	%	-	-
<b>Total (a+b)</b>	<b>13,362,190</b>	<b>100.0</b>	<b>10,514,872</b>	<b>100</b>

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**17. Inventories**

Description	2022-2023	2021-2022
	Kshs	Kshs
Consumable stores	846,555	-
Maintenance stores		804,005
Health Unit stores		-
Electrical stores	111,720	2,429,700
Cleaning Materials stores	36,871	61,696
Catering stores	75,815	987,938
<b>Total Inventories at lower of Cost and Net Realizable Value</b>	<b>1,070,961</b>	<b>4,283,339</b>

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

**18. Property, Plant and Equipment**

Description	Land	Buildings	Semi-Permanent Buildings (Classrooms)	Furniture and fittings	Computers and related equipment	Other Assets	equipment	equipment	Plant and	Capital	Total
	Shs	Shs		Shs	Shs	CCTV	firefighting equipment	Tank	equipment	Work in progress	
Cost	Shs	Shs		Shs	Shs	Shs			Shs	Kshs	Shs
		2%	5%	10%	25%	25%	15%	10%	2%		
Opening Book Net Book value 2018	126,000,000	66,642,640		1,987,585	1,209,000				99,706,540		295,545,765
At 1 July 2020				891,500	302,600	-	-	-			1,194,100
<b>Additions</b>		-	1,227,592	-	-	-	-	-			1,227,592
<b>Disposals</b>		-		-	-	-	-	-			-
<b>Transfers/adjustments</b>		-		-	-	-	-	-			-
At 30th June 2021	126,000,000	66,642,640	1,227,592	2,879,085	1,511,600	-	-	-	99,706,540	-	297,967,457
<b>Additions</b>	-	-	2,854,319	2,209,141	2,320,695	290,000	92,452	88,200	991,300	-	8,846,107
<b>Disposals</b>		-		-	-	-	-	-			-
<b>Transfer/adjustments</b>		-		-	-	-	-	-			-
At 30th June 2022	126,000,000	66,642,640	4,081,911	5,088,226	3,832,295	290,000	92,452	88,200	100,697,840	-	306,813,564
Depreciation and impairment											-
At 1 July 2020											-
<b>Depreciation</b>		1,332,853	61,380	57,582	30,232	-	-		1,994,131		3,476,177
<b>Impairment</b>				-	-	-					-
At 30 June 2021	-	1,332,853	61,380	57,582	30,232	-			1,994,131		3,476,177
<b>Depreciation</b>		1,332,853	204,096	44,183	958,074	72,500	13,868	8,820	247,825		2,882,218
<b>Disposals</b>				-	-						-
<b>Impairment</b>				-	-						-
<b>Transfer/adjustment</b>											-
At 30th June 2022	-	2,665,706	265,475	101,765	988,306	72,500	13,868	8,820	2,241,956		6,358,395
Net book values											-
At 30th June 2022	126,000,000	63,976,934	3,816,436	4,986,461	2,843,989	217,500	78,584	79,380	98,455,884	-	300,455,169
At 1 July 2022	126,000,000	63,976,934	3,816,436	4,986,461	2,843,989	217,500	78,584	79,380	98,455,884	-	300,455,169

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<b>Additions</b>	-	2,822,386	432,221	181,150	-	-	-	88,200	297,700	552,421	4,374,078
<b>Disposals</b>	-	-	-	-	-	-	-	-	-	-	-
<b>Transfers/Adjustments</b>	-	-	-	-	-	-	-	-	-	-	-
At 30 <sup>th</sup> June 2023	126,000,000	63,976,934	5,418,682	3,025,139	217,500	78,584	167,580	98,753,584	552,421	304,829,247	
<b>Additions</b>	-	-	-	-	-	-	-	-	-	-	-
<b>Disposals</b>	-	-	-	-	-	-	-	-	-	-	-
<b>Transfer/Adjustments</b>	-	-	-	-	-	-	-	-	-	-	-
At 30 <sup>th</sup> June 2023	126,000,000	63,976,934	5,418,682	3,025,139	217,500	78,584	167,580	98,753,584	552,421	304,829,247	
Depreciation and Impairment	-	-	-	-	-	-	-	-	-	-	-
At 1 July 2022	-	-	-	-	-	-	-	-	-	-	-
<b>Depreciation</b>	-	2,665,706	101,765	988,306	72,500	13,868	8,820	2,241,956	-	6,358,395	
<b>Impairment</b>	-	-	-	-	-	-	-	-	-	-	-
At 30 June 2023	-	2,665,706	101,765	988,306	72,500	13,868	8,820	2,241,956	-	6,358,395	
<b>Depreciation</b>	-	1,332,853	519,628	969,396	72,500	13,868	8,820	2,015,445	-	5,136,605	
<b>Disposals</b>	-	-	-	-	-	-	-	-	-	-	-
<b>Impairment</b>	-	-	-	-	-	-	-	-	-	-	-
<b>Transfer/Adjustment</b>	-	-	-	-	-	-	-	-	-	-	-
At 30 <sup>th</sup> June 2023	-	3,998,558	621,393	1,957,701	145,000	27,736	17,640	4,257,401	-	11,495,000	
Net Book Values	126,000,000	62,644,081	4,899,054	2,055,744	145,000	64,716	158,760	95,566,473	-	297,968,555	
At 30 <sup>th</sup> June 2022	126,000,000	63,976,934	4,986,461	2,843,989	217,500	78,584	79,380	98,455,884	-	300,455,169	
At 30 <sup>th</sup> June 2023	126,000,000	62,644,081	4,899,054	2,055,744	145,000	64,716	158,760	95,566,473	-	297,968,555	
<i>Work in Progress:</i>											

*The donated amount of property, plant and equipment of Us dollars 1,003,977.00 was converted onto Kshs 102,903,125.00 at the rate of one USD to kshs at 102.50 exchange rate of the year 2019 when the items were procured. (Source CBK).*

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**Valuation**

As per National Treasury guidelines, Land and buildings were identified and valued as per the National Liabilities and Management Policy and guidelines (Issued June 2020). The assets were revalued by information provided by the ministry professional values on the schedule of items donated to various college. These amounts were adopted in the financial statements on 12th January 2022.

**(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
<b>Land</b>	126,000,000	-	126,000,000
<b>Buildings</b>	66,642,640	3,998,558	62,644,081
<b>Semi- Permanent Buildings (Mabati Structures)</b>	6,904,297	469,571	6,434,726
<b>Plant and machinery</b>	100,995,540	5,257,401	95,566,473
<b>Office equipment, furniture, and fittings</b>	5,520,447	621,393	4,899,054
<b>Computers and related equipment</b>	4,013,445	1,957,701	2,055,744
<b>CCTV</b>	290,000	145,000	145,000
<b>Firefighting equipment</b>	92,452	27,736	64,716
<b>Tank</b>	176,400	17,640	158,760
<b>Total</b>	<b>310,635,221</b>	<b>12,666,666</b>	<b>297,968,555</b>

**19. Intangible Assets**

Description	2022-2023	2021-2022
	KShs	KShs
<b>NATURE</b>	<b>SOFTWARE</b>	<b>MIS</b>
<b>Cost</b>		
At beginning of the year	<b>92,813</b>	<b>123,750</b>
<b>Additions</b>	-	-
At end of the year	<b>92,813</b>	<b>123,750</b>
<b>Additions—internal development</b>	-	-
At end of the year	<b>92,813</b>	<b>123,750</b>
<b>Amortization and impairment</b>		
At beginning of the year	<b>92,813</b>	<b>123,750</b>
<b>Amortization</b>	<b>23,203</b>	<b>30,938</b>
At end of the year	<b>69,609</b>	<b>92,813</b>
<b>Impairment loss</b>	-	-
At end of the year	<b>69,609</b>	<b>92,813</b>
<b>NBV</b>	<b>69,609</b>	<b>92,813</b>
<i>Work in Progress: ERP System</i>	<i>1,400,000</i>	-
<b>NBV</b>	<b>1,469,609</b>	<b>92,813</b>

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**20. Biological Assets**

Description	2022-2023	2021-2022
	Kshs	Kshs
Cattle	-	0
Trees	378,770	105,535
Others (Specify)	-	-
<b>Total</b>	<b>378,770</b>	<b>105,535</b>

**21. Trade and Other Payables**

Description	2022-2023		2021-2022	
	Kshs		Kshs	
<b>Trade payables</b>	2,710,172.40		479,628	
<b>Fees paid in advance</b>			3,394,718	
<b>Audit fees</b>	-		300,000	
<b>Third-party payments</b>			-	
<b>Other payables</b>			-	
<b>Total trade and other payables</b>	<b>2,710,172</b>		<b>4,174,346</b>	
Ageing analysis:	<b>2022-2023</b>	<b>% of the Total</b>	<b>2021-2022</b>	<b>% of the Total</b>
<b>Under one year</b>	2,710,172.40	100	4,174,346	100
<b>1-2 years</b>	-	-	-	-
<b>2-3 years</b>	-	-	-	-
<b>Over 3 years</b>	-	-	-	-
<b>Total</b>	<b>2,710,172.40</b>	<b>100</b>	<b>4,174,346</b>	<b>100</b>

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

**22. Current Provisions**

Description	Current	1 - 30	31 - 60	61 – 90	> 90	TOTAL
Trade Receivables	558,020.00	15,052.50	2,237,700.00	63,320.00	10,488,097.30	13,362,189.80
Rate in %	0	0	0.02	0.05	0.1	
Provisions	-	-	44,754	3,166	1,048,810	1,096,730

Note:  
BASIS OF PROVISION FOR DOUBTFUL  
DEBTS

**BASED ON IPSAS-19**

BRACKET	30 DAYS AND BELOW	31-60 DAYS	61-120DAYS	121 -180 DAYS	181-360 DAYS	361 Days and Above
Corporates e.g. APA, CIC, Individual etc.	0%	2%	5%	10%	20%	100%
Government clients e.g. NCC, NHIF, KRA etc.	0%	2%	5%	10%	20%	100%
Corporate Capitations	0%	0%	0%	0%	10%	100%
Government Capitations	0%	0%	0%	0%	0%	0%
Adopted from the National government provisions						

**CURRENT  
PROVISIONS**

Description	Leave provision	Bonus provision	Bad Debtors provision	Total		
	KShs	KShs	KShs	KShs		
Balance at beginning of the year/ period	-	-	-	-		
Additional Provisions for the period	-		44,754	44,754		
Provision utilized during the period	-		3,166	3,166		
Change due to discount and time value for money	-		-	-		
Transfers from non -current provisions	-		1,048,810	1,048,810		
<b>Total provisions as at end of year/ period</b>			<b>1,096,730</b>	<b>1,096,730</b>		

**23. Employee Benefit Obligations  
Retirement benefit Asset/ Liability**

The entity also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. 360 per employee per month. Employees contribute 50% while employers contribute 50% of basic salary. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

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**24. Financial Risk Management**

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

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

**(i) Credit risk**

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

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

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
<b>At 30 June 2022</b>				
Receivables from exchange transactions	9,829,683.08	9,829,683.08	-	-
Bank balances	7,271,105.00	7,271,105.00	-	-
<b>Total</b>	<b>17,100,788.08</b>	<b>17,100,788.08</b>	-	-
<b>At 30 June 2023</b>				
Receivables from exchange transactions	12,265,460.07	12,265,460.07	-	-
Bank balances	6,561,626.50	6,561,626.50	-	-
<b>Total</b>	<b>18,827,086.57</b>	<b>18,827,086.57</b>	-	-

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

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Financial risk management (continued)**

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

The entity has significant concentration of credit risk on amounts due from the trainee's fees arrears.

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

**(ii) Liquidity risk management**

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2022 (previous year)</b>				
Trade Payables	-	-	4,174,346	4,174,346.00
Current Portion of Borrowings	-	-	-	-
Provisions	-	-	685,189	685,189
Deferred Income	-	-	-	-
Employee Benefit Obligation	-	-	-	-
<b>Total</b>	-	-	<b>4,859,535</b>	<b>4,859,535</b>
<b>At 30 June 2023 (current year)</b>				
Trade Payables	-	-	2,710,172	2,710,172.40
Current Portion of Borrowings	-	-		
Provisions	-	-	1,096,730	1,096,730
Deferred Income	-	-	-	-
Employee Benefit Obligation	-	-	-	-
<b>Total</b>	-	-	<b>3,806,902</b>	<b>3,806,902</b>

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**Notes to the Financial Statements (Continued)  
Financial risk management (continued)**

**(iii) Market risk**

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

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

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

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

**a) Foreign currency risk**

The entity has no transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The entity manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

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**Notes to the Financial Statements (Continued)  
Financial risk management (continued)**

**b) Interest rate risk**

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

***Management of interest rate risk***

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

***Sensitivity analysis***

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

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**Notes to the Financial Statements (Continued)  
Financial risk management (continued)**

**iv) Capital Risk Management**

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

Revaluation Reserve		
Retained Earnings	(98,364)	6,792,987
Capital Reserve	317,079,745	317,178,109
<b>Total Funds</b>	<b>316,981,381</b>	<b>323,971,096</b>
Total Borrowings		-
Less: Cash and Bank Balances	(6,558,471)	(7,271,105)
Net Debt/(Excess Cash and Cash Equivalents)	6,558,471	7,271,105
<b>Gearing</b>	-	-

**25. Related Party Balances**

**Nature of related party relationships**

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

**Government of Kenya**

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

- i) The National Government;
- ii) The Parent Ministry;
- iii) Key management;
- iv) Board of directors,
- v) Other Ministries, Departments and Agencies;
- vi) County Governments;
- vii) Semi- Autonomous Government Agencies;

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

Description	2022-2023	2021-2022
Transactions with Related Parties	Kshs	Kshs
<b>a) Sales to related parties</b>		
Sales of electricity to govt agencies	-	-
<b>Total</b>	-	-
<b>B) Purchases from related parties</b>		
Purchases of electricity from kplc	552,285	160,000
Training and conference fees paid to govt. agencies	1,594,775	-
Others ( <i>specify</i> )	-	-
<b>Total</b>	<b>2,147,060</b>	<b>160,000</b>
<b>b) Grants /Transfers from the Government</b>		
Grants from National Govt	16,799,000	7,458,161
Grants from County Government	-	-
Donations in Kind	-	-
<b>Total</b>	<b>16,799,000</b>	<b>7,458,161</b>
<b>c) Expenses incurred on behalf of related parties</b>		
Payments of Salaries and Wages for BOG Employees	12,809,337	7,458,161
Payments for Goods and Services for periods	33,496,649	27,811,307
<b>Total</b>	<b>46,305,986</b>	<b>35,269,468</b>
<b>d) Key Management Compensation</b>		
Directors' emoluments	2,045,000	1,173,100
Compensation to Key Management	-	-
<b>Total</b>	<b>2,045,000</b>	<b>1,173,100</b>

**26. Capital Commitments**

Capital Commitments	2022-2023	2021-2022
Authorized for	Kshs	Kshs
Authorized and Contracted for	5,167,785	6,906,828
<b>Total</b>	<b>5,167,785</b>	<b>6,906,828</b>

*As per the IPSAS 17 on capital commitments that are required to be disclosed. The entity wishes to disclose that the board approved a salary of Kshs. 3,574,197.00 for the month of June, July and August to be committed and payment of pending bills amount to kshs. 1,593,588.00 although not capital in nature but operation expenditures for the next financial year. This is due to the delayed capitation disbursement for the periods under reviews.*

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**27. Events After The Reporting Period**

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

**28. Ultimate and Holding Entity**

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

**29. Currency**

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

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**21. 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.

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe : (Put a date when you expect the issue to be resolved)</b>
1. Inaccuracies in the financial statements	<p>The statement of financial performance and as disclosed in the Note 15 to the financial statements reflects repair and maintenance expenditure total amount of Kshs. 943,040 while the trial balance reflects and expenditure of Kshs 492,783 resulting to an explained variance of Kshs 450,257. Further, the statement of financial position indicates capital fund opening balance of Ksh 17,549,200 while the statement of changes in net assets indicates opening balance of Ksh 214, 198,280 as at 1 July, 2021 resulting to a variance of Kshs 196,649,080 which was not explained or reconciled.</p> <p>In addition. The statement of financial performance reflects another income comparative balance of Ksh 213,250 while Note 10 to the financial statements reflects a total amount of Kshs 95,200 resulting to an unexplained variance of Kshs 118,050.</p>			30.06.2023

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	In the circumstances, the accuracy and completeness of the financial statements as presented could not be confirmed.			
<b>2.Unsupported Revenue A mount</b>	<p>The statement of financial performance reflects a total revenue of Kshs.50,686,193 which as disclosed in Notes 5 and 7 to the financial statements reflects transfers from the National Government totaling to Kshs 21,147,500 and rendering of services – fees from students amount of Kshs.29,258,355. However, the revenue was not supported with the list of students under Kenya Universities and Colleges Central Placement Service (KUCCPS) and the capitation per student, list of self-sponsored students and the amount of fee attributable to each of the students.</p> <p>In the circumstances, the accuracy and completeness of the revenue amounts of Kshs 50,560,193 not be confirmed</p>		Resolved	30.06.2023

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<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe : (Put a date when you expect the issue to be resolved)</b>
<b>3.Inaccurate and unsupported expenditure on Employee Costs</b>	<p>The statement of financial performance and Note 12 to the financial statements reflects expenditure in respect employee costs total payments of Kshs.7, 458,161. However, the ledger reflected a balance of Kshs.7, 174,161 while the payroll reflected an amount of Kshs.7, 189,161. In addition, a review of the sampled records provided for audit in support of employee costs revealed that in the year under review the College paid various staff members a total of Kshs.472,500 paid to members of staff facilitation allowances were not supported.</p> <p>In the circumstances, the accuracy and completeness of the revenue amounts of Kshs 50,560,193 not be confirmed</p>		Resolved	30.06.2023
<p>4.Unsupported Expenditure</p> <p>4.1 Local Transport and Travelling</p>	<p>The statement of financial performance and Note 11 to the financial statement reflects employee costs total payment an expenditure on use of goods and services totalling to Kshs. 27,811,307 which includes expenditure on local transport and travelling totalling to Kshs 602,320. Review of the records provided revealed that the expenditure was in respect</p>		Resolved	

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<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved/Not Resolved)</b>	<b>Timeframe : (Put a date when you expect the issue to be resolved)</b>
	<p>of reimbursement of staff travel allowances. However, the payments were not supported with the evidence of transaction initiation, authority, and surrender.</p> <p>In the circumstances, the accuracy and propriety of expenditure on local transport and travelling could not be confirmed.</p>			
4.2	<p>The statement of financial performance and Note 13 to the financial statement reflects expenditure on Board totaling to Kshs 1,173,100. Review of the documents presented for audit revealed that the Board of the Institution held six (6) full board meetings in the year under review. However, no invitations or requisitions for special Board meetings was made by the chairperson or members of the Board. Further, there were no signed attendance registers or payment schedules for all the meetings held. The acceptance letters for appointment of the Board members were also not presented for audit.</p>	<p>Please find the attached letters of the board acceptance letters for the appointment. On the accuracy of Kshs.1,173,100 spent by the Board in the year under review, the management wish to humbly plead that the</p>	Resolved	30.06.2023

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<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe : (Put a date when you expect the issue to be resolved)</b>
	In the circumstances, the accuracy and propriety of Kshs.1, 173,100 expenditure on Board Expenses could not be confirmed.	online minutes be accepted as the only evidence for the attendance because of the Covid-19 period that necessitated this but going forward the management has adopted your guidance of keeping an attendance notebook for all the meetings		
5 Inaccuracy Cash and cash Equivalent Balance	The statement of financial position and Note 16 to the financial statements reflects cash and cash equivalents balance of Ksh. 7,271,105. Examination of records provided revealed unexplained variances between the cashbook balances and balances as per cashbook reflected in		Resolved	30.06.2023

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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)																																								
	<p>the bank reconciliation statements as indicated</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Month</th> <th style="text-align: center;">Cashbook Balance Kshs.</th> <th style="text-align: center;">Cashbook Balances as Per Bank Reconciliation Statements Kshs.</th> <th style="text-align: center;">Variances Kshs.</th> </tr> </thead> <tbody> <tr> <td>October 2021</td> <td style="text-align: right;">5,620,138.64</td> <td style="text-align: right;">5,607,800.64</td> <td style="text-align: right;">12,338.00</td> </tr> <tr> <td>November 2021</td> <td style="text-align: right;">9,761,070.64</td> <td style="text-align: right;">8,764,127.64</td> <td style="text-align: right;">996,943.00</td> </tr> <tr> <td>December 2021</td> <td style="text-align: right;">9,700,677.64</td> <td style="text-align: right;">1,813,539.44</td> <td style="text-align: right;">7,887,138.20</td> </tr> <tr> <td>January 2022</td> <td style="text-align: right;">8,675,539.64</td> <td style="text-align: right;">754,758.39</td> <td style="text-align: right;">7,920,781.25</td> </tr> <tr> <td>Feb 2022</td> <td style="text-align: right;">8,524,757.64</td> <td style="text-align: right;">465,812.39</td> <td style="text-align: right;">8,058,945.25</td> </tr> <tr> <td>March 2022</td> <td style="text-align: right;">8,860,676.64</td> <td style="text-align: right;">1,555,421.19</td> <td style="text-align: right;">7,305,255.45</td> </tr> <tr> <td>April 2022</td> <td style="text-align: right;">6,042,856.64</td> <td style="text-align: right;">(1,079,950.91)</td> <td style="text-align: right;">7,122,807.55</td> </tr> <tr> <td>May 2022</td> <td style="text-align: right;">7,849,873.64</td> <td style="text-align: right;">630,348.09</td> <td style="text-align: right;">7,219,525.55</td> </tr> <tr> <td>June 2022</td> <td style="text-align: right;">13,378,833.64</td> <td style="text-align: right;">5,712,827.99</td> <td style="text-align: right;">7,666,005.65</td> </tr> </tbody> </table> <p>below:</p>	Month	Cashbook Balance Kshs.	Cashbook Balances as Per Bank Reconciliation Statements Kshs.	Variances Kshs.	October 2021	5,620,138.64	5,607,800.64	12,338.00	November 2021	9,761,070.64	8,764,127.64	996,943.00	December 2021	9,700,677.64	1,813,539.44	7,887,138.20	January 2022	8,675,539.64	754,758.39	7,920,781.25	Feb 2022	8,524,757.64	465,812.39	8,058,945.25	March 2022	8,860,676.64	1,555,421.19	7,305,255.45	April 2022	6,042,856.64	(1,079,950.91)	7,122,807.55	May 2022	7,849,873.64	630,348.09	7,219,525.55	June 2022	13,378,833.64	5,712,827.99	7,666,005.65			
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<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe : (Put a date when you expect the issue to be resolved)</b>
	In the circumstances, the accuracy of the cash and cash equivalents balance of Ksh 7,271,105 could not be confirmed.			
6.Unsupported property, plant and equipment balance	The statement of financial position and Note 19 to the financial statements reflects property plant and equipment balance of Kshs.206, 449,150. Included in this amount is land valued Kshs.126, 000,000. However, the basis of this valuation was not provided. Further, the breakdown of the various items under the classifications of assets and the assets register were not provided. In addition, the policy on depreciation was not disclosed under the accounting policy and the approved policy on depreciation was not provided for audit review.		Resolved	30.06.2023
	In addition, the statements reflect property, plant and equipment comparative balance of Kshs. 7,396,752 while Note 19 to the financial statement reflects a balance of Kshs 201,780,615 resulting to an unreconciled variance of Ksh 194,383,863.		Resolved	

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	In the circumstances, the accuracy of the property, plant and equipment balance of Kshs. 206,449,150 could not be confirmed.			
<b>Other matter</b>				
1. Budgetary control and performance	<p>The statement of comparison of budget and actual amounts reflects an expenditure budget of Kshs.61,442,805 against actual expenditure of Kshs.36,442,568 resulting in an under expenditure of Kshs.25,000,237 which is equivalent to about 41% underutilization of the total budget.</p> <p>The statement of comparison of budget and actual amounts reflects a budgeted revenue of Kshs 61,442,805 and actual collection of Kshs 50,686,193 resulting in an under collection of revenue of Kshs 10,882,612 which is equivalent to approximately 18% underutilization of the total budget.</p> <p>The underfunding and under expenditure affected the planned activities and may have impacted negatively on service delivery to the public.</p>	<p>The Kshs 10,756,612.00 is a variance of Kshs 126,000 adjusted from the sale of goods to affect the total rendering of services by the same amount. The management was unable to collect kshs 2,030,112.00 made for A-I-A due to the effect of Covid-19 that hampered revenues collection Equally, the budgeted number of trainees targeted was 800</p>	Resolved	30.06.2023

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		<p>trainees but the total enrolment realized was 597 trainees. However, the greater percentage of unrealized funds was from the government capitation especially quarter four (Q4) funds that was not disbursed. Therefore, realizing quarter four would have enable the institution to meet some of the various budget activities that were hampered because of those unrealized funds resulting to budget</p>		

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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)
		cuts and underutilization of Kshs 14,535,783.00		
2 Unresolved Prior year Matter				
<b>4.1</b>				
<b>4.2 Irregular Procurement of goods and Services through use of imprest</b>	Include in this expenditure is Ks 3,906,922 in respect of procurement of goods and services through use of imprest. However, receipts and other supporting documentation were not provided and a memorandum cashbook was not maintained contrary to Regulations of the public finance management ( National government) Regulations 2015 which provides that the holder of an imprest shall keep a memorandum cashbook to record all receipts and payments and the balance on hand shall agree with the cash balance recorded in the cash book and in the absence of any receipts, the actual cash balances plus the expenses paid shall be equal at all times the fixed level	The management has employed the procurement officer and the finance officer who will approve all the petty cash expenditures before goods and services are procured and paid by the accountant. Accompanied is some of the	Resolved	30.06.2023

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	<p>of the imprest for which the imprest holder is personally responsible.</p> <p>In the circumstances, Management was in breach of the law</p>	<p>payment vouchers surrendered in support of the amount in question.</p> <p>However, the amount of money in question have been surrender through the payment vouchers given for auditing and the board has employed other officers (internal auditor) as well as establishing audit committee that will strengthen the internal control systems</p>		

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<b>4.3 Irregular Use of Quotation on Goods and Services</b>	<p>During the financial year under review, the College purchased stationery, printing works, school equipment and stores, and other administration expenses amounting to Kshs.5,132,681 through the use of request for quotations. However, an analysis of the documents presented for audit revealed that the quotations were sent to single suppliers who had been prequalified and not on a rotational basis. Further, the entity did not carry out a market survey prior to the purchases and that there was no evaluation of the suppliers for competitiveness.</p> <p>In addition, there was no evidence that the goods were delivered, inspected and taken charge of in the store, contrary to the Act which provides that quotations should be sent to as many suppliers as possible but not less than three suppliers from the prequalified list of suppliers, an evaluation committee should be constituted for each procurement and that a</p>	<p>The management wish to submit that all the quotations were sent to various suppliers who had been prequalified and those not prequalified for market survey purposes to guide the evaluation process. However, the management affirm that rotational basis of procurement was a challenge because of few suppliers prequalified in some categories</p>	Resolved	30.06.2023

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	<p>market survey be done and be used as the basis for evaluation and goods delivered be inspected for quantity and conformity and be taken charge. In the circumstances, Management was in breach of law</p>	<p>due to road network. It was an oversight by the accountant but we confirm through the vouchers provided that all have been properly accounted by the accounting officer signing those payment vouchers and where goods or services are involved, the delivery note have been signed by the acceptance committee member, storekeeper, and</p>		

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				<p>the representative of the end user department. In addition, the management has taken up your recommendation to constitute and train an evaluation committee members together with the goods received and acceptance committees for each procurement and ensure that they carry out a market survey to be used as the basis for evaluation and</p>

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		goods delivered be inspected for quantity and conformity and be taken charge		
1.3 Irregular procurement of contracted services	<p>Included in this expenditure Kshs.338,700 for provision of internet services Kshs.900,000 for provision of security services Kshs.37,920 for the provision of group personal accident cover for students. While procuring these services, no a tender document as the basis of tender preparation and subsequent negotiations, did not to appoint an <i>ad hoc</i> evaluation committee to negotiate with the service providers; failed to ensure appropriate approvals under the Act have been granted and the resulting contracts are in writing and signed by both parties.</p> <p>In the absence of a written contractual agreements, it was not possible to ascertain the terms and conditions as well as the service levels the College expected to enjoy from the</p>	<p>Here, the management wish to submit to you the requisitions, advertisement, quotation and evaluation committees' resolutions that was followed as per the Public Procurement and Asset Disposal Act, 2015 for the awarding the said companies. However, in those categories</p>	Resolved	30.06.2023

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	engagements and whether the College realized value for money from the expenditure.	a few companies tendered to provide the services thus making it appear like a direct procurement. The management wish to inform you that there was an <i>ad hoc</i> evaluation committee appointed pursuant to section 46 that evaluated, negotiated and benchmarked from other similar institution to advice that value for money was realized.		

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		On engaged Fasten Installers for provision of internet services the other competitive companies like ZUKU, POA internet, Safaricom among other would not provide services because of the non-responsive of non-service region coverage hence Fast net was the only internet provider in the area.		
<b>Irregular and Unsupported Procurement of Development Projects</b>	Information provided under management discussion and analysis section C indicates that the management planned and	Here, the management wish to submit to		30.06.2023

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	<p>implemented eleven (11) key projects at a cost of Kshs.10,974,884 out of the seven (7) were fully completed, three (3) were at advanced stages of completion while one (1) had not commenced. However, the following documents were not provided in support of the expenditure,</p> <ol style="list-style-type: none"> <li>i. User requisition for the proposed works to be done in accordance with Regulation 9(1) of Public Procurement and Disposal Regulations 2020.</li> <li>ii. Evidence of the advertisements and or floatation of quotations in accordance with the Public Procurement and Asset Disposal Act, 2015.</li> <li>iii Evaluation report prepared by Evaluation Committee in accordance with Section 80(4) of the Public Procurement and Asset Disposal Act, 2015.</li> </ol>	<p>you the requisitions, advertisement, and quotation and evaluation committees' resolutions that was followed as per the Public Procurement and Asset Disposal Act, 2015 for the work that was done. It is worth noting that the list of prequalified suppliers provided during auditing was not an updated one and we regret for this. The management therefore, submit humbly the lists of</p>		
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	<p>iv. Evidence of payment to the suppliers for the works done, goods received, or services rendered as the case may be.</p> <p>In the circumstances, Management was in breach of the law.</p>	<p>updated suppliers updated on January 2022 with all the companies that were awarded the contracts and how the process followed to adhere to the laws for those work.</p>		
<b>3 Employee Costs</b>	<p>The statement of financial position and Note 12 to the financial statements reflects expenditure in respect of employee's costs totalling to Kshs 7,458,161. Review of payment records revealed the following:</p>			30.06.2023
<b>4.12.1 Incomplete Personal Files</b>	<p>A review of the staff personal files presented for audit revealed gaps in the information and documents filed in contravention of the institution's human resource manual as below;</p>	<p>The management has noted those errors and have made the necessary to</p>		30.06.2023

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	<ul style="list-style-type: none"> <li>i. The entries are not serialized making it easy to remove letters especially related to disciplinary cases.</li> <li>ii. The staff data and the payroll did not include the bank account numbers of the individual staff members. It was therefore not possible to ascertain the source of the account details in the payroll.</li> <li>iii. Personal files for some staff members had no letters of engagement yet they were in the payroll. It was therefore not possible to review their terms of service and to determine whether they were legally in the payroll.</li> <li>iv. The contracts for seven members expired on 4 April, 2022 but they were still in the payrolls of subsequent the months.</li> <li>v. A staff member whose appointment letter reads 1July, 2022 has been in the payroll since March, 2022 earning Kshs.13,572 per month totaling Kshs. 54,288.</li> </ul>	<p>ensure that they abide by the human resource laws and regulations. More of your recommendations have been taken up to avoid such anomalies in future where some of the items like payroll being updated to include bank accounts and other key information but those for the period under review, we have provided all the</p>		

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		<p>attachment for your review.</p> <p>On the personal file and terms of engagement of the following staff; Joseph Maina, James Mwashimba, Anne Maina, James Mandere, Jesca Chepkoech, Mercy Cherotich, Mercy Ndungi, Innocent Oino and Mercy Jepkorir is for the current financial 2022/2023/ where will</p>		

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		provide all the necessary documents of employment for your review.		
3.2 Irregular payment of salary	<p>The Kasarani Technical and Vocational Training's Human Resource Manual Section 6.6 provides that the Institution shall not offer salary advances. However, a review of the documents presented for audit revealed the following in respect to advances. It was noted that four members of staff did not have the salary advanced reflected in the following months payroll.</p> <p>Further, the College, did not provide records kept in regard to the management of the salary advances including list of staff with salary advances, request for the facility, proof of</p>	The management has noted those errors and have made the necessary to ensure that they abide by the human resource laws and regulations. The members were deducted salary and those who were PSC employees paid		30.06.2023

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	<p>deductions on a regular basis from the beneficiaries 'salaries.</p> <p>In the circumstances, it was not possible to ascertain the basis, amount and authenticity of salary advanced during the year.</p>	<p>directly to the college account and receipts given to them.</p>		
<p>4 Irregular expenditure on Repairs and maintenance</p>	<p>The statement of financial performance and Note 15 to the financial statements reflects expenditure on repairs, maintenance and improvements to the premises amounting to Kshs.943,040. The procurement was made by way of quotations amounting to Kshs.345,390 and cash purchases amounting to Kshs.597,650. However, an analysis of the documents presented for audit revealed that the quotations were sent to single suppliers who had been prequalified. Further, the entity did not carry out a market survey prior to the purchases and that there was no evaluation of the suppliers for competitiveness.</p>	<p>Please find the updated list of prequalified suppliers updated on the month of January 2022. The list and the procurement of repairs, alterations, maintenance and improvements to the premises amounting to Kshs.943,040 evaluation meeting of awarding was done as per the</p>		<p>30.06.2023</p>

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	<p>In addition, there was no evidence that the goods were delivered, inspected and taken charge of in the store. Further, the cash purchases were made by way of imprests which was not surrendered, no ETR receipts accompanying the request for purchases and no evidence that the items whose receipts were presented were delivered and consumed by the entity.</p> <p>In the circumstance's management was in breach of the law.</p>	<p>evidence provided with the PPR ACT 2012 and the PPRA Regulation of 2015.</p>		



**Ms Josephine Begi**  
Accounting Officer  
Kasarani Technical and Vocational college  
Date 29.09.2023

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**Appendix II: Projects Implemented by (Kasarani TVC)**

**Projects**

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

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1	N/A					
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	Water Project	4,000,000.00	30/06/2025	0 % Complete	4,000,000.00	0	GOK
2	Firefighting water pump	300,000.00	30/06/2025	0% Complete	300,000.00	0	
3	Construction of college perimeter wall	12,000,000.00	30/06/2025	0% Complete	12,000,000.00		
4	Trainee's Toilets (8 More)	500,000.00	30/06/2025	0% Complete	500,000.00		
5	ERP System	2,500,000.00	30/06/2022	50% Complete	2,500,000.00	1,400,000.00	
6	Office Furniture	150,000.00	30/06/2022	100% Complete	150,000.00	125,100.00	
7	College Motor Vehicle (33-seater)	6,200,000.00	30/06/2022	0% Complete	6,200,000.00	0	
8	Car Park (Cabros)	5,500,000.00	30/06/2022	0% Complete	5,500,000.00	0	
9	College Library	2,000,000.00	31/12/2023	0% Complete	2,000,000.00	0	

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

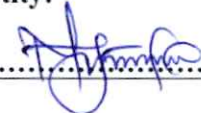
Kasarani Technical and Vocational College  
 Kamulu Shopping Centre, Off Kangundo Road  
 P.O. Box 51898-00200  
 Nairobi, Kenya

The Kasarani Technical and Vocational College wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

<b>Confirmation of amounts received by [ Kasarani Technical and Vocational College] as at 30<sup>th</sup> June 2023</b>							
Reference Number	Date Disbursed	Amounts Disbursed by Ministry of Education (Kshs) as at 30th June 2023				Amount Received by Kasarani TVC (Kshs) as at 30 <sup>th</sup> June 2023 (E)	Differences (Kshs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
	22/10/2022	4,975,000			4,975,000	4,975,000	
	26/01/2023	5,912,000			5,912,000	5,912,000	
	28/06/2023	5,912,000			5,912,000	5,912,000	
<b>Total</b>		<b>16,799,000</b>			<b>16,799,000</b>	<b>16,799,000</b>	

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

**Head of Accountants department of beneficiary Entity:**

Name Nyannho Josiah Sign  Date 29.09.2023

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**Appendix IV: Reporting of Climate Relevant Expenditures**

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
TVET Greening	Planting of trees	For greening TVET	Tree planting	400	300	300	500	GOK and Donors	KCB Bank and Equity Bank

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**Appendix V: Reporting on Disaster Management Expenditure**

Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments
N/A						