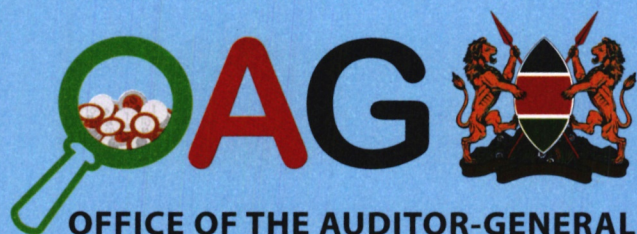
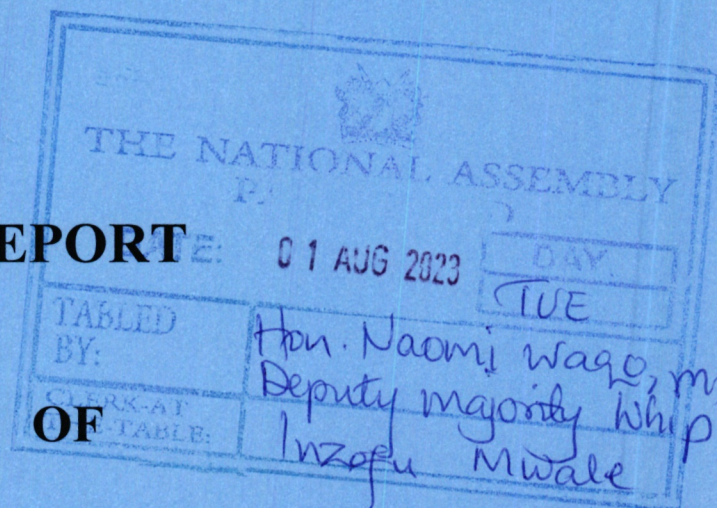
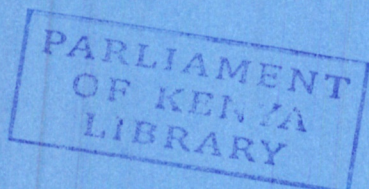


REPUBLIC OF KENYA



Enhancing Accountability



REPORT

OF

THE AUDITOR-GENERAL

ON

**MWALA TECHNICAL AND VOCATIONAL
COLLEGE**

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



MWALA TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30TH JUNE 2022

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I. Key Entity Information and Management

(a) Background information

The Mwala Technical and Vocational College was incorporated/established on January 2021, under the TVET Act with the registration number TVETA/PUBLIC/TVC/0048/2021. The college is domiciled in Kenya and has zero branches. The College is under the Ministry of Education. The area MP committed to fund the purchase of land and institutional borehole at a total of 10 million Kenya shillings from the Mwala constituency CDF while the other funding was made by the national government. The college started her operations on January 2021 under mentorship of Katine TTI. The college is located in Machakos county, Mwala subcounty along Makutano/Kithimani Road.

The institution has the following departments Engineering department, Hospitality and accommodation management department, Agriculture and applied sciences department, Civil and building department, and the business and ICT department. The college is managed by a Board of Governors (BOG) appointed by the cabinet secretary, Ministry of education as stipulated by the TVETA Act (January,2013). The board of governance was appointed on 27th February 2021 and inaugurated on the 15th May 2021.

(b) Principal Activities

i. Mandate of Mwala TVC

Mwala TVC mandate is to enhance training, research and innovation to provide high quality technical knowledge necessary to create an entrepreneurial workforce for national development and labour market.

ii. Vision

A centre of excellence in technical training for employable workforce.

iii. Mission

To provide competent employable graduates by facilitating learning, research and innovative dissemination of knowledge, skills and productive work attitudes to meet social-economic and cultural needs of citizens of Kenya and beyond.

iv. Core Values

- Accountability

- Professionalism
- Integrity
- Respect
- Diversity, Equity, and Inclusion

v. **Core Functions**

- To give quality training and services
- To mould wholesome individuals
- To uphold teamwork in all our undertakings
- To enhance linkage with industries
- To enhance linkage with other institutions
- To uphold research and development
- To uphold innovation and creativity

(c) **Key Management**

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

Board of Governors.

Accounting officer/ Principal

Deputy principal

Registrar

Dean of students

Head of Finance

Fiduciary Management

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

No.	Designation	Name
1.	Principal	Mr. Kavita C. Kyuli
2.	Deputy principal	Ms. Cecilia Kayongo
3.	Registrar (s)	Ms. Hannah Mwende Musau
4.	Dean of students	Mr. Cyrus Musau
5.	Head of Finance	Mr. Nzioki Bernard

(d) **Fiduciary Oversight Arrangements**

Audit and Risk Management Committee

- a. The committee is responsible for assisting the Board of governance to ensure the quality and integrity of accounting and financial practices
- b. Ensuring the college's financial statements are understandable and reliable.
- c. Review the quality and accuracy of financial reporting by reviewing internal and external financial statements on behalf of the Board of Governors.
- d. Ensure compliance with accounting standards prescribed by the Government and Standards of accounting bodies.
- e. Review the appropriateness and effectiveness of internal control systems and internal audit functions both in finance and academics.
- f. Ensuring the college establishes a thorough risk management process and effective internal controls both in finance and Academics.
- g. Ensuring the college develop and implement a code of conduct and establish effective communication channels

Infrastructure and Finance Committee Activities

- a. To advise the board on matters concerning the physical character and development of the college
- b. To consider and offer response to all college plans and acquisitions and to the programming, planning, sitting and architectural character of new building additions and renovations
- c. To monitor, review and make recommendations to the Board of Governors with respect to: college master plan and its associated policies and strategies, acquisition of college land or the relocation of a part or all developments approved by the Board of Governors.
- d. Review and recommend to the Board of Governor approval of building design proposals in accordance with the college master plan and relevant framework and policy documented.
- e. Oversee and review of financial and accounting policies and mandatory returns in accordance with the financial regulations and the requirements of funding and regulatory bodies.
- f. Receive regular progress updates on infrastructure and finance related projects
- g. Receive reports on fees, grants, subscriptions, donations, bequests or other moneys on behalf of the board and make disbursement to the college or other bodies or persons.

- h. Review and recommend to the Board of Governor approval for fees payable prescribing conditions under such fees may be remitted in part or in whole in accordance with the guidelines developed under the provisions of TVET Act 2013 and any other written law,

Academic and Human Resource Affairs Committee Activities

- a. Overseeing the conduct of education and training in the college in accordance with the provisions of TVET Act 2013 and any other written law,
- b. Consider and make decisions on all aspects of the admission of students, teaching, assessment and requirements for graduation, prizes, awards and scholarships,
- c. Provide academic leadership in promotion of excellence in quality and relevance in training and learning, by ensuring that the college embraces a philosophy of quality enhancement and innovation in accordance with TVET Act 2013 and any other written law
- d. Preparing annual reports on areas of college mandate, including education and training services and submit the same to the board;
- e. Coordinate making of regulations governing students' conduct, discipline and welfare in the college;
- f. Seek for collaborations or association with other institutions and industries within and outside Kenya subject to prior approval by the board of Governors and Ministry of Education
- g. Formulate, coordinate and review all instructional policies and procedures as well as monitor and regularly report on compliance with the policies, and procedures within the college.
- h. Partner with the Audit and Risk Management Committee to identify, assess and monitor academic risks within the college.
- i. Coordinate and review HR policy and procedures for all staff at the college
- j. Assist in recruitment of trainers and BOG employees from among qualified professionals and practicing trades persons in relevant sectors of industry.

Key Entity Information and Management (Continued)

- (e) Entity Headquarters**
P.O. Box 07-90102
Kamwala Village
Mwala-Kithimani Road
Mwala, Machakos, KENYA
- (f) Entity Contacts**
Telephone: (254) 796536524
E-mail: mwalatvc@gmail.com
Website: mwalatvc.ac.ke
- (g) Entity Bankers**
Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

Other Commercial Banks
Kenya Commercial Bank,
Masii Branch
P.O. Box 400-90101
Masii, Machakos, Kenya
- (h) Independent Auditors**
Auditor-General
Office of Auditor General
Anniversary Towers, Institute Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya
- (i) Principal Legal Adviser**
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

II: The Council/Board of Governors

S/No	Governor	Title	Photograph	Responsibility	Date of Birth Qualifications and Work Experience
1	SC. Kioko Kilukumi	Chairman		Chairing & Overseeing the Performance of The Board	Date of Birth: 1963 Qualification: LL. B, CPS (K), Kenya School of Law, Diploma in Law
2	ENG. Peter Thirima	Member in Charge of Industry		Chair, Infrastructure and Finance Committee	Date of Birth: 1957 Qualification: Bachelor of Arts (Building Economics)
3	Loise W Wainaina	Member in Charge of Leadership		Chair, Academic and Human Resource Committee & Member, Infrastructure and Finance Committee	Date of Birth: 1960 Qualification: Masters in Human Resource Management, CIPD, IHRM
4	Eng. Lawrence Maungu	Member in Charge of Finance		Member, Infrastructure and Finance Committee	Date of Birth: 1981 Qualification: BSc. Mechanical Engineering, ACCA
5	Carolyn M Mutua	Member in Charge of ICT		Member, Academic and Human Resource Committee & Audit and Risk Management Committee	Date of Birth: 1992 Qualification: BSc. Computer Science
6	Martin K Cheboror	Member in Charge of Engineering		Chair, Audit and Risk Management Committee	Date of Birth: 1988 Qualification: BA in Valuation and Property Management

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7	Patrick Kesonkoi	Member in Charge of Technology		Member, Academic and Human Resource Committee & Audit and Risk Management Committee	Date of Birth: 1971 Qualification: MSc. Human Resource Development
8	John Maina Wamae	CD TVET		County Director of TVET- Lower Eastern	Date of Birth: 1969 Qualification: Masters in Applied Statistics
9	Mr Kavita C. Kyuli	Principal/ Secretary, BOG		Providing Direction for Keeping of Legal Documents Including Minutes of All Board Meetings	Date of Birth: 1969 Qualification: MSC Human Resource Development

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Annual Report and Financial Statements for the year ended 30th June 2022

III Management Team

S/no	Manager	Title	Photograph	Responsibility	Date of Birth, Qualifications & Work Experience
1	Kavita C. Kyuli	Principal/Secretary, BOG		Responsible For the Day-to-Day Leadership & Management of College Activities	Date of Birth: 1969 Qualification: MSC Human Resource Development
2	Ms. Cecilia Kayongo	Deputy Principal		Planning, Administration & Academics	Date of Birth: 1967 Qualification: Higher Diploma in Psychology
3.	Cyrus Musau	Dean of Students		In Charge of Student's Affairs and Discipline	Date of Birth: 1974 Qualification: BSC Agri-Business Management
4.	Ms Hannah Mwende Musau	Registrar		Planning for Admissions, Accurately Maintaining Trainees' Academic Records, Marketing of Programs And Administration of Examinations	Date of Birth: 1993 Qualification: BSC Civil Engineering
3	Nzioki Bernard	Finance Officer		Managing college funds, reporting in accordance to the TVET institutions guidelines	Date of Birth: 1993 Qualification: Bachelor of Commerce (Accounting Option), CPAK

IV. Chairman's Statement

I am pleased to report that Mwala Technical & Vocational College has kick started well in the first years of full operation 2021/2022. During the period, the college has managed to prepare 86 candidates taking the Kenya National Examinations Council (KNEC) and which we are confident we will record exemplary good results in the examination. I take this opportunity to share with you my views on the key initiatives and achievements we have had over the year on economic performance, Education sector changes, financial performance, operations & risks associated with the college, and lastly our future outlook.

Economic Focus

In order to ensure efficient and effective provision of Technical Vocational Training, we have developed necessary policies and institutional framework to direct the running of the Institution in line with vision 2030, the Big 4 Agenda and Sustainable Development Goals. In the last financial period, the college has experienced tremendous growth in student enrolment from which we had projected a growth of 115 students and surpassed the intake by 107% to hit 239 new intakes. The college and her marketing team have been strategizing to increase the intake to 485 in the FY 2022/2023 which am confident that the college will meet the target. We take this opportunity to thank the Government of Kenya for the continued support offered to the college through the Capitation, Operational Grant, and Deployment of PSC trainers to the college.

Successes of the College

Our major achievement during the years has been the growth in the students' enrolment that seemed as an impossibility at the beginning of the year. The placement of government students in the FY 2022/2023 is expected to boost the growth of intakes in the coming year together with internal recruitment. The funding from the Government of Kenya continues to be a key factor of success owing to the poor climatic condition and adverse Covid-19 condition that crippled most parent's ability to pay their college fees. The college continues to also benefit from the NG-CDF Mwala constituency that has supported a number of students with bursaries and financing some projects within the college.

The college continues to grow in diverse attributes in supports of the Big 4 Agendas (i.e. food security, affordable housing, universal health and manufacturing) and the objectives of the vision 2030. The college has put in place strategies that will support her growth behold the region with excellence in both academic and co-curriculum activities in the previous year indicating the will and ability to grow. The college has enhanced the environment through climatic rehabilitation

initiative of tree planting that serve as an example for the community to emulate. Market tailored courses are expected to yield the best candidates within the market with competence at the heart of each course offered within the college.

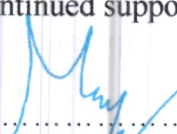
Challenges Faced

The years 2021/2022 has not been that easy in the education sector. The impact of the Covid-19 that so the education industry performs poorly for approximately the first 2 quarters of the financial year and resuming of learning approached with tension was a greater challenge. The economic condition attached to the effect of the Covid-19 has an adverse impact on the student enrolment as well as the ability of parents to clear their outstanding arrears. Again, part of the budgeted amount for the institutional operations was the Government capitation of Ksh. 30,000 and the parent's contribution of Ksh. 26,420 that in some quarters have been hardly met causing financial distress to the college. The shortage of PSC trainers in the college hit us hard making an appeal to the Government of Kenya to deploy more trainers to the college to ease the BOG trainers' budget that is extremely high. The Board of Governors regularly reviews risks identified-such as competition, information & communications technology, and credit & operations; and how the risks involved can be mitigated.

Outlook

I am indeed deeply indebted to the members of the Board of Governors for their unwavering support, commitment and hi-tech outlook towards realising the college's objectives in line with its strategic plan and core mandate of training market-driven technical manpower. Noteworthy is the Board's diverse qualifications and experience. Going forward Mwala TVC is committed to working closely in collaboration with other like-minded entities, institutions, agencies and any other bi-lateral & multi-lateral agencies involved in technical and vocational training to ensure that our trainees continue to receive Competency Based Training.

Lastly, I would like to whole-heartedly thank my fellow members of the Board of Governors, Management, Trainers, Trainees and all other stake-holders for their co-operation, collaboration, continued support and commitment during this period under review.


.....
SC. Kioko Kilukumi
CHAIRPERSON, BOARD GOVERNANCE
Date: 26th Nov 2022



V. Report of the Principal

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

The college in guidance of our supportive Board of Governance has worked tirelessly in putting structures within the college that will assist the college realize her objective. The college has changed the face of the community around Mwala constituency and it is our commitment to work hand-in-hand with all stakeholders in the community to not only transform the environment but also transform the youths within the community. With the guidance of our able Board of Governors team, the college will be motivated to work beyond the current status to higher ranks in the education industry. Despite the many challenges brought about by economic constraints, the college nevertheless continued to discharge its mandate of training, research and outreach.

Highlights of FY 2021/2022 Performance

The college has started its operations lowly at the start of the FY 2021/2022. A low intake in the previous year was not a basis to give up marketing the college to all the form 4 leavers within the region and beyond. Students from all the Eastern region have been encouraged to join the institution with the fairness in the fees payable amount leaving no room for students not to attend TVET education. The college emphasizes on all the students taking part in the Government Capitation to benefit from the Ksh. 30,000 and apply HELB loan that gives clearance of the balance Ksh. 26,400 leaving the parent with Ksh. 20 to clear the annual fees.

Students Enrolment

FY 2021/2022 the college had projected an intake of 115 students following the hard times that faced the post Covid-19 operations. The college runs three intakes in a year January, May, and September intakes. The college secured to enrol 239 students from the internal regular student's enrolment and with zero intake in the Kenya Universities & Colleges Central Placement Service. The college is expecting to increase the new intake in the preceding year following the approval and listing of courses in the Kenya Universities & Colleges Central Placement Service.

Projects Undertaken

During the Financial Year under review, the college undertook minor projects that included the construction of perimeter chain link fencing, initiation of the construction of the ablution block

under sponsorship of Katine TTI, equipping of the hairdressing and Hospitality practical's rooms, and acquisition of electricity and college borehole under the sponsorship of the Mwala CDF.

Contribution to the Big 4 Agenda

The institution continues to equip our students with the relevant competency and skills, as Artisans, Crafts and Diplomas. I have confidence that our students are well equipped with the necessary skills that strategically aligns them with opportunities within the country, regionally and globally at the same time contributing to the realization of the Big 4 Agenda: Health, Manufacturing, Affordable Housing and Food security.

Mwala TVC being a Tertiary institution desires to enhance its visibility, performance, and competitiveness in the tertiary education sector in the face of stiff competition. To do so, however the Institute requires a lot of support from the Government and other stakeholders. We shall continue to appeal for such support for several years to come.

On behalf of the Institute Board and Management, I take this opportunity to thank the Government for its unequivocal support during the year under review.

I also appreciate the financial, material and moral support of our collaborators, partners and friends during the year. It is because of the understanding and guidance of the Chairman of the Board, the whole Board of Governors, and the cooperation of the Management team, all staff and our students that we ended the year within an environment of peace and stability. I wish to register my sincere gratitude to them all.

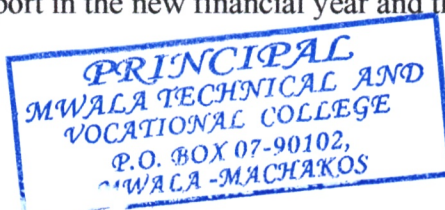
I look forward to their continued support in the new financial year and the years ahead.



Kavita C. Kyuli

PRINCIPAL/BOG SECRETARY

Date: 26th Nov 2022



VI. 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.

Mwala TVC has 5 strategic pillars /issues/ themes and objectives within current Strategic Plan for the FY 2021/2022- 2025/2026. These strategic pillars are as follows:

Pillar 1: Quality technical training

Pillar 2: Research and Innovations Development

Pillar 3: Institutional Development and Management

Pillar 4: Human Capital and Talent Management

Pillar 5: Financial Growth and Sustainability

Mwala TVC develops its annual work plans based on the above 5 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 5 strategic pillars, as indicated in the diagram below:

Strategic Pillar		Objective	Key Performance Indicators	Activities	Achievements
Pillar 1	Quality technical training	To develop and implement relevant training programs that facilitate acquisition of the necessary skills for improved service delivery and employability	-Quality Teaching; -Delivery or methodology; -Accessibility and relevance of training; -Certification of the courses -Market intelligence; -Capacity building of trainers; -Integration of admissions systems; -Create a data base of trainees and establishment of Students' union; -Transfer of learning and post training evaluation	-Source and Implement of Market-Driven Programs - Develop Peer to peer learning - Harmonization and standardization of training -Diversification of mode of teaching delivery - Implementation of Management Information System (MIS)	Performed a market-based selection of courses and application of teaching methods that meet the state of the heart performance requirements in the industry
Pillar 2	Research and Innovations Development	To promote and institutionalize Research and Innovation for informed decision-making in the	-Institutionalizing a research culture; -Marketing the College as a research destination; -Dissemination of research findings; -Public trainers research findings in Refereed Journals;	- Promotes relevant research and innovation in the education and training in the College - Undertake operational	Established a culture of innovativeness through addressing the emerging trends and embracing the

		College and Kenya as large	-Policy oriented research; -Uptake of available funding for research; -Motivation for research; -Working paper series/position papers; -Contributions to GOK policy issues; - Regional conferences on topical issues	strategic research on topical issues that impact on MTVC - Develop and promote knowledge sharing platforms	technological advancement in the delivery of teaching services.
Pillar 3	Institutional Development and Management	To enhance the institutional capacity, profile and corporate image of the College to facilitate effective positioning in the market	-Branding and visibility of the College and its services; -Mainstreaming of ICT in training and support services; -Governance and service delivery systems; -Status of infrastructure facilities; -Fostering linkages, partnerships and collaborations; -Institutionalizing Monitoring, Evaluation and Reporting -Develop and institutionalize a sound Performance Management and quality management system -Mainstream HIV/AIDS, drug and substance and Gender issues in the College	- Institutionalization of Centre of Excellence - Enhance Branding and Visibility - Leverage on ICT - Adopt good corporate governance practices - Development and upgrading of infrastructure - Develop and institutionalize a sound Quality Management Systems (QMS)	Adoption of learner centred delivery in teaching. Creating a vibrant image of the college among the members of community through professionalism in the institutional interaction with the community.
Pillar 4	Human Capital and Talent Management	To build human resource capacity for quality service delivery	-College staff retention -College an organizational culture -Manage employee relations -Develop performance among employees	-Attract and retain high performing staff - Foster a MTVC Common culture - Undertake training and development for both the BOG Members and Staff - Improve employee relations - Strengthening performance management	Created a positive environment to attract the best staff and creating the right aptitude among staff in all areas of service delivery
Pillar 5	Financial Growth and Sustainability	To generate, mobilize and enhance efficiency in	-Diversification of revenue -Cost-effectiveness of programs	- Diversification of revenue -Review cost effectiveness of	Put in place the internal controls that aimed at enhancing fair

		the utilization of financial resources	- Establishment of Income Generating activities -Resource mobilization -Effective budgeting and budgetary control -Enhance efficiency in utilization of funds -Streamline fees collection mechanism -Strengthen the procurement function - Strengthen of Internal Audit function -Elimination of wastage -Improve on financial reporting	the programs and activities - Resource mobilization - Optimization of the cash and cash conversion cycle - Effective budgeting and budgetary control - Enhance efficiency in utilization of funds - Streamline fees collection mechanism - Strengthen the procurement function - Improve the Internal Audit function - Elimination of wastage - Improve financial reporting	and effective utilization of available resources for the best output in the service delivery and creation of infrastructure.
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Mwala TVC has not been having an operational performance contract in the FY 2021/2022 and therefore, the operations of the college were guided by the strategic plan developed for the mid-term operations as stipulated in the schedule above.

VII. Corporate Governance Statement

Appointment of BOG Members

The college is managed by the Board of Governance that is appointed by the cabinet secretary, ministry of education following proposals from the principal of the college. The board consist of nine (9) members inclusive of the principal. The board is appointed in line with the Act that provides that Cabinet Secretary shall, in consultation with the TVETA Board, establish the board of governors of the TVET institutions in accordance with section 28. The membership and governance procedures for boards of governors shall be as provided in second schedule of the Act. During the years, the board developed a strategic plan that acts as the roadmap for the realization of the institute's objectives and is in the process of developing board charter to govern the operations of the board. The board is responsible for the monitoring the strategic objectives through evaluation of both short-term and long-term objectives. During the FY 2021/2022, the board had the following meeting:

	Name	Designation	10/7/2021	8/4/2022	12/2/2022	28/5/2022	28/8/2021
1	Kioko Kilukumi	Chairman	Present		Present	Present	
2	Martin Cheboror	Member	Present	Present	Present	Present	
3	Patrick Kisonkoi	Member	Present	Present	Present	Present	Present
4	John Wamae	County Director	Present		Present	Present	
5	Loise Wainana	Member	Present	Present	Present	Present	Present
6	Lawrence Maungu	Member	Present	Present	Present	Present	Present
7	Carolyn Mutua	Member	Present	Present	Present	Present	
8	Peter Thirima	Member	Present	Present	Present	Present	Present
9	Kavita Kyuli	Secretary/Principal	Present	Present	Present	Present	Present

Role and functions of Board of Governors

- Overseeing the conduct of education and training in the institutions in accordance with the provisions of TVET Act 2013 and any other written law;
- Promoting and maintaining standards, quality and relevance in education and training in the institutions in accordance with TVET Act 2013 and any other written law;
- Administering and managing the property of the institutions;
- Developing and implementing the institutions' strategic plan;
- Preparing annual estimates of revenue and expenditure for the institution and incurring expenditure on behalf of the institutions;
- Receiving, on behalf of the institution, fees, grants, subscriptions, donations, bequests or other moneys and to make disbursement to the institution or other bodies or persons;

- vii. Determining the fees payable and prescribing conditions under which fees may be remitted in part or in whole in accordance with the guidelines developed under the provisions of TVET Act 2013 and any other written law;
- viii. Mobilizing resources for the institutions;
- ix. Regulating the admission and exclusion of students from the institutions, subject to a qualification's framework and the provisions of TVET Act 2013 and any other written law;
- x. Determining suitable terms and conditions of service for support staff, trainers and instructors and remunerating the staff of the institutions, in consultation with the Authority;
- xi. Making regulations governing organization, conduct and discipline of the staff and students;
- xii. Preparing comprehensive annual reports on all areas of their mandate, including education and training services and submit the same to the Ministry;
- xiii. Providing for the welfare of the students and staff of the institutions;
- xiv. Encouraging, nurturing and promoting democratic culture, dialogue and tolerance in the institutions;
- xv. Approving collaboration or association with other institutions and industries in and outside Kenya subject to prior approval by the Ministry of education;
- xvi. Recruiting and appointing trainers from among qualified professionals and practicing trades persons in relevant sectors of industry
- xvii. Discharging all other functions conferred upon it by TVET Act 2013 and any other written law.

The board members shall be appointed for a 3-year term. Retiring Board members who have successfully completed their constitutional term in office are eligible for reappointment for a period of 1 term. The boards induction could not take place during the FY due to Corona interruption; the program was budgeted for in the subsequent financial year 2022/2023. The college does not operate a month remuneration but has allowances for meetings benchmarked from mentoring college as adopted in the minutes by the board on 15th May 2021 during the inauguration meeting which provided allowances for meeting as follows; Chairman Ksh. 15,000, and other members Ksh. 12,000. The board of governance through academics and human resource committee is undertaking board of governance allowance policy to guide on payment of allowances of the members of the board. Board performance is evaluated against strategic plan

objectives and has been commendable during the period. As a good practice, members of the board are required to disclose any matter of conflicting interest before any critical decision in which they participate and conflict of interest register is provided before the start of any meeting. The college through audit and risk management committee is preparing risk management policy to help in management of governance risks.

VIII. Management Discussion and Analysis

Financial performance of college

Mwala TVC being a newly instituted TVETA institution has given a positive financial performance indicator in its first years of operation 2021/2022 following the mentorship made by the mentor institution Katine TI. The college is considered fairly stable in term of financial performance. The performance can be attributed to the tremendous support gained from other government agencies including the HELB that advance loans and give bursaries to our students. The GOK Capitation has also contributed towards the financial stability of the institution through capitation grant that subsidises the students' fees payable. However, the challenge of non-remittance of the fourth quarter of the FY 2021/2022 grant was a major blow to the institution's performance based on the budgeted expenditure for the period. Lastly, the Mwala constituency fund has also done a great job in offering financial support to needy students from the constituency in form of bursaries that cushion the financial pressure to parents.

In conclusion, the institution points out the adverse conditions in the location contributed by weather change and drought as a major risk to the financial performance of the institution. The increasing cost of living possess a major concern with fluctuations of prices currently becoming the norm of the day and affecting the planned operations in a negative way in most of the expenditure vote heads.

Major risks facing the college

Financial mitigation – The college has considered the operations of the FY 2021/2022 to be coupled with a few challenges. The college had expected the income generating activities to cushion some of the college expenses. The agricultural production being the major area of focus was affected by the adverse weather in the region making the output far below the cost of production. The management of the project has hence targeted to focus on drought resistance crops in the FY 2022/2023 for the project to be profitable.

The college also targeted to establish a number of long-term projects like the driving school and construction of learning facilities and workshops which due failure of necessary funding have not been initiated as at 30th June 2022.

The college however faces a major challenge in the financing of development projects with no single grant being received during the financial year 2021/2022. With the increasing population for students and staff, the college faces a major risk of congestion in the following FY 2022/2023 calling for the need to the GOK to consider such financial support through grants such as Lecture Complex, Library Grant, and Recreational facility funding for the college.

Material arrears in statutory /financial obligations

At end of the financial year 2021/2022, the college had managed to install a temporary fence around the compound and equipped some of the departments with bare minimum requirement. The college had however, fairly settled all the bills in connection with the obligations arising from such projects.

IX.Environmental and Sustainability Reporting Statement

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

Mwala TVC is guided by the 5 pillars that include offering quality technical training, providing a platform for research and Innovations Development, commitment to Institutional Development and Management, commitment to enhance Human Capital and Talent Management, and strategize on Financial Growth and Sustainability. Guided by the Big Four agendas, the college commits to offer technical skills to the young generation for the achievement

Sustainability strategy and profile

A sustainability or corporate responsibility strategy is a prioritized set of actions. It provides an agreed framework to focus investment and drive performance, as well as engage internal and external stakeholders. Our immediate stake holders are trainees. We endeavour to ensure that the learning environment is friendly. We have located suggestion/opinion boxes at strategic points in order to capture and implement any idea that will eventually improve our stay. Besides this is a

complaints box where any unsatisfied person can drop his/her complaint. A complaints committee opens the box weekly and responds to arising issues accordingly.

The table below shows all our stake holders, their possible expectations verse ours.

NAME OF STAKEHOLDER	STAKEHOLDER EXPECTATION	MWALA TVC EXPECTATION
➤ Students	➤ Accessible and Confidential counselling services ➤ Comprehensive accessible and prompt service provision ➤ Quality training ➤ Timely information	➤ Pass exams ➤ Timely information ➤ Feedback ➤ Maintain discipline ➤ Avail themselves for training
➤ Parents/Guardians/ Sponsors	➤ Safety of their children ➤ Timely communication with identified channels of communication ➤ Value for money	➤ Prompt payment of fees ➤ Provision of relevant information ➤ Harmonious co-existence ➤ Support and guide the students
➤ Community	➤ Employment and Business opportunities ➤ Good public relation ➤ Solution to their problems	➤ Harmonious co-existence ➤ Provision of relevant information
➤ Government (MOE)	➤ Prudent utilization of fund resources ➤ Total compliance to statutory and regulatory guides ➤ Timely information and access to information by authorized personnel	➤ Provision of relevant information ➤ Adequate financial and technical support ➤ Enabling Policy Framework
➤ External Providers (Suppliers)	➤ Timely feedback ➤ Integrity and fairness when evaluating and awarding ➤ Prompt Payment ➤ Provision of Business opportunities ➤ Adherence to contract terms	➤ Timely feedback ➤ Timely and quality of goods service and works ➤ Adherence to contract terms
➤ Staff	➤ Career development ➤ Conducive working environment ➤ Open communication channels and feed back ➤ Rewards, Team Building, Fairness & Recognition	➤ Effective delivery of service ➤ Cohesion among staff
➤ Industry	➤ Competent graduates ➤ Enhanced collaborations ➤ Efficient and effective communication ➤ Insurance for the students	➤ Attachment opportunities for students ➤ Job opportunities for graduates

NAME OF STAKEHOLDER	STAKEHOLDER EXPECTATION	MWALA TVC EXPECTATION
		➤ Provision of occupational standards for CBET curriculum development ➤ Safety for the attached students
➤ Local and National leaders	➤ Prudent use of public resources	➤ Goodwill

We are in the process of developing a sustainability strategy. This is an ideal opportunity to engage external stakeholders and colleagues across the education field. Top and senior management is involved in this essential process. We have involved all the staff on the issues that matter to the training. We have identified measurable objectives - alongside long-term risks and opportunities. This renders our strategy resilient, and creates value for the college community.

Environmental performance

The college community is aware of the effects of environmental degradation and pollution. Kenya aims to transition the waste sector in every county away from low collection rates, illegal dumping and uncontrolled dumpsites to affordable waste collection, recycling and composting, and secure final disposal in engineered landfills for the remaining fraction of the waste stream.

The national waste management Policy aims to create the necessary regulatory environment that will enable Kenya to effectively tackle the waste challenge, through systematic collection of waste sorted at source and disposal, processing activities aimed at reusing, recycling or composting waste materials into useful products or sources of energy. To promote sustainable waste management as an income generating venture, it will be necessary to create an enabling policy and regulatory environment that will incentivize and facilitate the establishment of multiple links in the waste value chain that are currently missing in Kenya.

These include: effective and affordable waste collection in all neighbourhoods; sorting posts where waste will be separated and sorted for subsequent recycling; composting facilities for the organic waste; waste to energy facilities; and fiscal incentives for investment in recycling technologies and facilities. This policy also supports the creation of the planning, finance, technical and governance capacities that county governments need to effectively deliver on their mandate under the

Constitution of Kenya 2010, to be the lead actors in delivering sustainable waste management services.

In conjunction with forest cover agenda, the college has planted over 200 trees to help in greening the compound. We encourage a drug free environment among both the students and staff. Although the college has not carried out a survey to determine its performance index. This will be done in the next financial year.

1. Employee welfare

The college has a draft human resource policy which guides in the execution of employment procedures. We have a BOG subcommittee that handles HR issues, conducts interviews during employments and attends to all HR issues. The procedure for hiring is outlined in the HR policy. The vacancies arise as per existing staff needs/gaps and ability to pay. The other factors are gender and qualifications. The college is an equal employer and encourages people living with disabilities to apply.

Upon employment, Employees are issued with employment letters clearly describing the job and remuneration. After reporting for work, a new worker signs an acceptance letter and completes a bio-data form. Thereafter an induction process is undertaken.

The workers enter into goal/target setting each with the immediate supervisor at the beginning of each financial year. The targets are reviewed quarterly and a final evaluation done at the end of the 4th quarter. The employee performance is rated and awards or sanctions are implemented.

2. Market place practices

The commitment of the TVET colleges has been to provide qualified graduates who can meet the needs of the current labour market by to improving the productivity of the human capital. The college works toward ensuring that their graduates are employable in the market or become employers by embracing entrepreneurial skills. The college commits to reach the diverse markets to attract students from all corners of the country through online platforms like Facebook that has been a rich source of our internal recruitment. The selection of the courses offered in the college are keenly selected to ensure that Mwala TVC brand will be recognized beyond the Eastern region.

3. Corporate Social Responsibility/Community Engagements

Mwala technical has embraced the spirit of CSR to improve the performance of the institution as well as boost the community welfare. Among the key activities performed in partnership with the community has been tree planting initiative. During the FY 2021/2022, the college engaged

members of the community in the tree planting day activity that has changed the face of the college and the community. As a way of supporting the tree projects, the college offers free borehole water to the members of community around the college for sustainability of the project.

X. Report of the Board of Governors

The Board members submit their report together with the audited financial statements for the year ended June 30, 2022, which show the state of Mwala TVC affairs.

Principal activities

The principal activities of the college are to Produce Competent Employable Graduates by Facilitating Learning, Research and Innovative Dissemination of Knowledge, Skills and Productive Work Attitudes to Meet Socio-Economic and Cultural Needs of the Citizens of Kenya and Beyond through offering quality tertiary education in the authorized areas of training.

Results

The results of the college for the year ended June 30 are set out on page 1-8 of this financial report for the FY 2021/2022

Board of Governors

The members of the Board who served during the year are shown on page vi-viii. During the year none of the director retired or resigned and therefore, there was no appointment of a new member to the board.

Auditors

The Auditor General is responsible for the statutory audit of Mwala TVC in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 and there has not been delegation of the responsibility to Certified Public Accountants by the Auditor General to carry out the audit of Mwala TVC for the year/period ended June 30, 2022, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board



.....
Secretary of the Board
Mwala Technical and Vocational College
Date: 26th Nov 2022



XI. Statement of Board of Governors Responsibilities

Section 81 of the Public Finance Management Act, 2012 and the State Corporations Act Cap 446 Rev. 2010, and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013 require the council members to prepare financial statements of that institute, which give 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 Council members are also required to ensure that the college keeps proper accounting records which disclose with reasonable accuracy the financial position of the college. The council members are also responsible for safeguarding the assets of the college.

The Council 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 college for and as at the end of the financial year (period) ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the college, (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 Council members accept responsibility for the college's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the State Corporations Act, and the TVET Act). The council 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, 2022, and of the college's financial position as at that date. The Council members further confirm 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 Council members to indicate that the college will not remain a going concern for at least the next twelve months from the date of this statement.

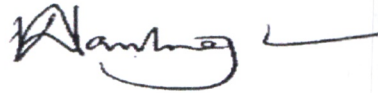
Approval of the financial statements

The college's financial statements were approved by the Board on 26th November 2022 and signed on its behalf by:

Name: Kioko Kilukumi SC
Chairperson of the Board/Council

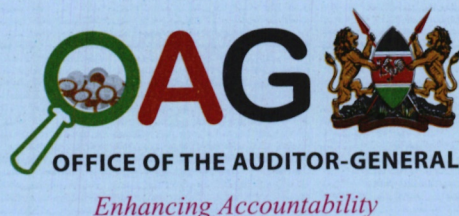


Name: Kavita C. Kyuli
Accounting Officer/Principal



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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON MWALA TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Mwala Technical and Vocational College set out on pages 1 to 36 which comprise of the statement of financial position as

Report of the Auditor-General on Mwala Technical and Vocational College for the year ended 30 June, 2022

at 30 June, 2022, 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 Mwala Technical and Vocational College as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis)] and comply with the Technical and Vocational Education and Training Act, 2013 and Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Presentation, Accuracy and Disclosure in the Financial Statements

1.1 Misclassification of Donations in Kind

The statement of financial performance reflects public contributions and donations of Kshs.658,350 as disclosed in Note 8 to the financial statements relating to library textbooks. However, the schedule under Note 22 on the property, plant and equipment does not reflect the value of the textbooks as an increase in assets. Further, the amount of Kshs.658,350 was erroneously included as part of revenue from non-exchange transactions in the statement.

1.2 Errors in the General Ledger and Trial Balance

Review of trial balance revealed debits and credits of Kshs.88,794,069 and Kshs.88,717,899 respectively resulting to an unreconciled variance of Kshs.76,170. Further, the statement of financial position reflected Kshs.645,565 being fees paid in advance (payables). However, the trial balance reflects a nil balance resulting to an unreconciled variance of Kshs.645,565.

1.3 Errors in the Statement of Comparison of Budget and Actual Amounts

Review of the statement of comparison of budget and actual amounts revealed following anomalies;

- i. The statement reflects an amount of Kshs.658,350 being revenue equivalent to value of donations in kind (textbooks). However, Management did not explain reason for including this amount as part of budgeted revenue yet there was no actual movement of cash from the donors.

- ii. Statement of financial performance reflects repairs and maintenance expenditure of Kshs.382,870. However, the same is omitted in the statement of comparison of budget and actual amounts.

In the circumstances, the accuracy and completeness of the statement of comparison of budget and actual amounts could not be confirmed.

2 Property, Plant and Equipment

2.1 Unconfirmed Balances

The statement of financial position reflects property, plant and equipment balance of Kshs.68,192,896 as disclosed in Note 31 to the financial statements. However, the general ledger did not show expenditure incurred and posted to the ledger for specific components but on basis of expenditure incurred on purchase of items and payment for services on monthly basis, contrary to the reporting framework adopted of IPSAS (accrual). Further, the ledger did not include details on property, plant and equipment totaling Kshs.68,192,896 and it was not clear where the property, plant and equipment balances in the trial balance were extracted from.

In addition, considering that the financial statements under review are the first financial statements prepared by the College as an independent entity and the assets are recognized for the first time, yet they appear as brought forward balances in the financial statements.

Further, the value for the buildings is included in land and buildings value of Kshs.69,046,743 (Note 22) reported was not supported with valuation report.

2.2 Ownership of Property, Plant and Equipment

Note 22 to the financial statements reflects Kshs.68,192,896 for property, plant and equipment comprising of land with a value of Kshs.10,302,000, buildings Kshs.56,394,953, motor vehicles nil balance, furniture, fittings and equipment Kshs.584,108, computers Kshs.306,153, and other equipment Kshs.605,682. However, the ownership documents were not provided in support of the properties.

Further, the handover report dated 17 September, 2020 between the Management of Katine Technical Training Institute (Mentor Institution) and Mwala Technical Institute reflects that one hundred twenty-eight (128) items that included tables, chairs and cabinets of different categories were handed over to the institution. However, the assets have not been included in the Institution's records and annual reports and financial statements since they have remained unvalued to date.

2.3 Under Provision of Property, Plant and Equipment

The generally accepted rates of depreciation require depreciation on property, plant and equipment on buildings and civil works at 4%, plant and machinery at 8%, computers at

33.3%, office equipment and furniture at 8% and motor vehicles at 25% respectively using reducing balance method of depreciation.

However, review of the financial statements revealed that depreciation policy awaiting adoption by the College Board of Management, reflected that the Institution depreciated its property, plant and equipment categories at rates of; buildings (0%), furniture and fittings (10%), computers (10%), plant and equipment (10%) and motor vehicles (30%) using straight line depreciation method. No explanation was provided as to why Management used the rates which are arbitrary and had no basis and may have led to over depreciation or under depreciation of the assets.

In the circumstances, the accuracy, completeness and ownership of the property, plant and equipment balance of Kshs.68,192,896 could not be confirmed.

3. Unsupported Expenditure and Balance

3.1 Board Expenses

The statement of financial performance reflects board/council expenses of Kshs.625,270 as disclosed in Note 13 to the financial statements. However, minutes for the board meetings provided were not supported by signed attendance registers, notices, board calendar and invitations letters to the board meetings.

In the circumstances, the propriety, accuracy and regularity of the board expense of Kshs.625,570 could not be confirmed.

3.2 Inventories

The statement of financial position reflects inventories balance of Kshs.50,000 as disclosed in Note 19 to the financial statements. However, the balance was not supported by stock take reports.

In the circumstances, the accuracy and completeness of the inventories balance of Kshs.50,000 could not be confirmed.

4. Unconfirmed Balances

4.1 Refundable Deposits from Customers

The statement of financial position reflects refundable deposits from customers of Kshs.894,565 as disclosed in Note 21 to the financial statements relating to students caution money. However, the Management, did not maintain a separate account for refundable deposits during the year under review.

In the circumstances, the security, accuracy and completeness of refundable deposits balance of Kshs.894,565 could not be confirmed.

4.2 Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs.1,650,834 as disclosed in Note 16 to the financial statements. However, no

cashbook was provided for audit in support of the balance. Further, the College did not provide monthly bank reconciliations as required by Regulation 90 (1) of Public Finance Management (National Government) Regulations, 2015. Further, the College reported no cash in hand as at 30 June, 2022. However, no board of survey report was provided in support of the nil balance.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.1,650,834 could not be confirmed.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements, there are no other key audit matters to communicate in my report.

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflect the budgeted revenue of Kshs.38,421,650 and actual revenue realized of Kshs.17,231,470, resulting into overperformance of Kshs.21,190,180 or 55% of the budget. Further, the statement of comparison of budget and actual amounts reflects budgeted expenditure of Kshs.37,539,800 against an actual of Kshs.10,724,670 resulting to under-absorption of Kshs.26,815,130 or 71% of the budget.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Lack of Audit Committee and Internal Audit Function

Review of documents provided by the Management revealed that the College lacks an internal audit function, which implies that there is no independent assurance that the College's risk management, governance and internal controls are operating as required by relevant laws, policies and procedures. This is contrary to Section 73(1)(a) of the Public Finance Management Act, 2012 which stipulates that every national government entity shall ensure that it has appropriate arrangements in place for conducting internal audit according to the guidelines of the Accounting Standards Board.

Further, though the financial statements indicated under Board of Governors that the College has three (2) members of risk and audit committee, management confirmed that it did not have an audit committee as required by Section 73 (5) of the Public Finance Management Act, 2012. This implies that College lacked oversight of the internal controls and compliance with laws, regulations and financial reporting processes.

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

2. Anomalies in the Procurement of Assets

The College procured 1Hp printer, two (2) laptops and ten (10) Hp desk top computers all valued at Kshs.459,000 from a supplier, who was awarded the tender to supply as supported by minutes of the procurement committee dated 16 September, 2021. However, the following anomalies were noted;

- i. Minutes of opening committee were not provided. Further, the Minutes No.007.2021 that awarded the tender of supply lacked the details of cost and price of the assets.
- ii. There was no evidence of head of procurement having issued a professional opinion to pave way for issuing a letter of award notification to the supplier. Further, local purchase order (LPO) was not issued, and documents provided in relation to payment for the items revealed that payment was paid in cash.
- iii. The payment was not supported by an invoice and delivery notes, though the inspection and acceptance was conducted as required.

In the circumstance, Management is in breach of the law.

3. Late Submission of Financial Statements

The financial statements of Mwala Technical and Vocational College for the year ended 30 June, 2022 were submitted to the Auditor-General on 5 December, 2022 more than two (2) months after the statutory deadline. Management did not explain reason for the delay in submission of the financial statements. This is contrary to Section 68(k) of the Public Finance Management Act, 2012 which stipulates that Accounting Officer of a

Government entity shall not later than three months after the end of each financial year, prepare annual financial statements for that financial year and submit them to the Auditor-General for audit.

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

4. Non-Deduction of Statutory Deductions

The statement of financial performance and as disclosed in Note 16 to the financial statements reflects employee costs amount of Kshs.3,086,537. However, statutory deductions including national health insurance fund (NHIF), pay as you earn (PAYE) and national social security fund (NSSF) were not deducted and submitted as required. This is contrary to Section 16 of the NHIF Act, the Income Tax Act and Section 22 of the NSSF Act.

In the circumstances, the College risks incurring avoidable costs in form of penalties and interest on unremitted statutory deductions as stated in Section 37(2) of the Income Tax Act, Cap 470 of the Laws of Kenya, Section 27(1) of the National Social Security Fund Act, 2013 and Section 18(1) of the National Hospital Insurance Fund Act, 1998.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Risk Management Policy and Disaster Recovery Plan

Review of documents provided by the Management revealed that College lacks a risk management policy. The College, therefore lacks a tool for defining its risk appetite and set the risk tolerance levels by identifying boundaries against unacceptable exposure to risk because the policy is yet to be developed. Further, the College did not have in place a disaster recovery plan/ business continuity plan and therefore lacked a blue print for

identifying, preventing and mitigating against disasters and ensuring that its operations are not interrupted.

In the circumstances, it was not possible to confirm the effectiveness of the College's risk management.

2. Lack of Human Resource Department and Approved Human Resource Policy and Procedures Manual

Review of human resource (HR) records revealed that the College does not have a Human Resource Department, or an officer trained and experienced in human resource management. Further, human resource policy and procedures manual provided has not been approved and therefore there is no guide in the determination of staffing requirement, job descriptions, key competences, qualifications required, terms of service, career progression, training and development as issues pertaining to HR are handled by the Principal and assisted by Deputy Principal.

The Management has not to adhered to Public Service Commission HR policies 2016 Section B2 that require every Ministry or State Department to have human resource function capable of preparing human resource plans to support achievement of goals and objectives in their strategic plans.

In the circumstances, the College may not be able to recruit human resources in a structured way.

3. Lack of IT policy

Review of the information and communication technologies (ICT) environment revealed that there was no approved ICT policy in place to enable the College manage business processes for the delivery of services to the public in an effective and efficient manner. Further, the College did not have an accounting system for managing accounting functions an integrated human resource management system for integrating all human resource functions and a comprehensive ICT inventory that is, an asset management system for consolidating assets and managing assets acquisition and disposals.

Failure to automate the processing environment fully and effectively manage the IT operations may lead to lack of data confidentiality, accuracy, reliability, integrity and may compromise the effectiveness of the operations of the College.

In the circumstances, the IT operations may not have been effectively managed and aligned to support the operations of the College.

4. Failure to Maintain Payment Vouchers

Review of the financial records revealed that the College did not make use of payment vouchers when making payments for goods and services as details of the transactions per day were only documented in the monthly expenditure summaries that also served as source of general ledger entries.

Failure to maintain a payment vouchers may lead to weaknesses in the accountability process of the funds managed by the College, and amounts to breach of Section 52 (1)(d) of the Public Finance Management (National Government) Regulations, 2015, which requires commitments to be recorded in the Vote Book.

Lack of appropriate record keeping may expose the College to misappropriations and loss of assets.

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the 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 either intends to terminate the college or 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 are in compliance with the authorities which govern them and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

18 July, 2023

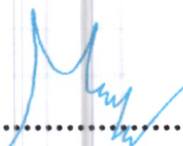
Mwala Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2022

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

	Note	2021-2022 Kshs	2020-2021 Kshs
Revenue from non-exchange transactions			
Transfers from other National government entities- Capitation	6	2,000,000	0
Transfers from other levels of government	7	538,500	0
Public Contributions and donations	8	658,350	0
Total revenue from non-exchange transactions		3,196,850	0
Revenue from exchange transactions			
Rendering of services- fees from students	9	14,023,720	0
Sale of goods	10	10,900	0
Total revenue from exchange transactions		14,034,620	0
Total revenue		17,231,470	0
Expenses			
Use of Goods and Services	11	6,629,993	0
Employee costs	12	3,086,537	0
Board Expenses	13	625,270	0
Depreciation and amortization expense	14	2,606,097	0
Repairs and maintenance	15	382,870	0
Total expenses		13,330,767	0
Surplus (Deficit) for the Year		3,900,703	0

(The notes set out on pages 6 to 37 form an integral part of the Annual Financial Statements).

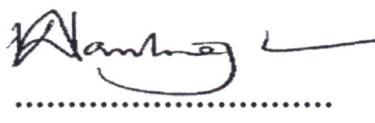
The Financial Statements set out on pages 1 to page 5 were signed by:



Chairman of Council/Board



Finance Officer
ICPAK No: 31015



Principal

Date: 26th November 2022

Date: 26th November 2022

Date: 26th November 2022

BOG CHAIRMAN
 MWALA TECHNICAL & VOCATIONAL
 COLLEGE
 P.O. Box 07-90102, MWALA-MACHAKOS
 DATE:

FINANCE OFFICER
 MWALA TECHNICAL & VOCATIONAL
 COLLEGE
 P.O. Box 07-90102, MWALA
 DATE:

PRINCIPAL
 MWALA TECHNICAL AND
 VOCATIONAL COLLEGE
 P.O. BOX 07-90102,
 MWALA-MACHAKOS

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

		2021-2022	2020-2021
	Note	Kshs	Ksha
ASSETS			
Current assets			
Cash and cash equivalents	16	1,650,834	0
Receivables from exchange transactions	17	3,859,523	0
Receivables from non-exchange transactions	18	1,000,000	0
Inventories	19	50,000	0
Total Current Assets		6,560,357	0
Non-current assets			
Property, plant and equipment	22	68,192,896	0
Total non-current assets		68,192,896	0
TOTAL ASSETS		74,753,253	0
Liabilities			
Current liabilities			
Staff Payables	20	375,737	
Refundable deposits	21	894,565	0
Total current liabilities		1,270,302	0
Total liabilities		1,270,302	0
Net assets			
Accumulated Surplus		3,900,703	0
Capital reserves		69,582,248	0
Total net assets		73,482,951	0
TOTAL NET ASSETS AND LIABILITIES		74,753,253	0

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

Chairman of
Council/Board

Date: 26th November 2022

Finance Officer

ICPAK No: 31015

Date: 26th November 2022

Principal

Date: 26th November 2022



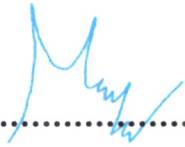
XV. Statement of Changes in Net Asset for the year ended 30 June 2022

	Revaluation reserve	Fair value adjustment reserve	Accumulated Surplus	Capital Reserves	Total Reserves
At July 1, 2020	0	0	0	0	0
Revaluation gain	0	0	0	0	0
Fair value adjustment on quoted investments	0	0	0	0	0
Surplus (deficit) for the Year	0	0	0	0	0
Capital/Development grants received during the year	0	0	0	0	0
Transfer of depreciation/amortization from capital fund to retained earnings	0	0	0	0	0
At June 30, 2021	0	0	0	0	0
At July 1, 2021	0	0	0	0	0
Fair value adjustment on quoted investments	0	0	0	0	0
Surplus (deficit) for the year	0	0	3,900,703	0	3,900,703
Capital/Development grants received during the year	0	0	0	0	0
Transfer of depreciation/amortization from capital fund to retained earnings	0	0	0	0	0
At June 30, 2022	0	0	3,900,703	0	3,900,703

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

		2021-2022	2020-2021
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from National Government	6	2,000,000	0
Transfers from other levels of government	7	538,500	0
Public Contributions and donations	8	658,350	0
Rendering of services- Fees from students	9	14,023,720	0
Sale of Goods	10	10,900	0
Total Receipts		17,231,470	0
Payments			
Use of Goods and Services	11	6,629,993	0
Employee costs	12	3,086,537	0
Board Expenses	13	625,270	0
Repairs and maintenance	15	382,870	0
Total Payments		10,724,670	0
Net cash flows from operating activities	23	72,449,827	0
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	22	70,798,993	0
Proceeds from sale of property, plant and Equipment		0	0
Decrease in non-current receivables		0	0
Increase in investments		0	0
Net cash flows used in investing activities		70,798,993	0
Cash flows from financing activities			
Proceeds from borrowings		0	0
Repayment of borrowings		0	0
Increase/decrease in deposits		0	0
Net cash flows used in financing activities		0	0
Net increase/(decrease) in cash and cash equivalents		1,650,834	0
Cash and cash equivalents at 1 July 2021		0	0

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


.....
**Chairman of
Council/Board**

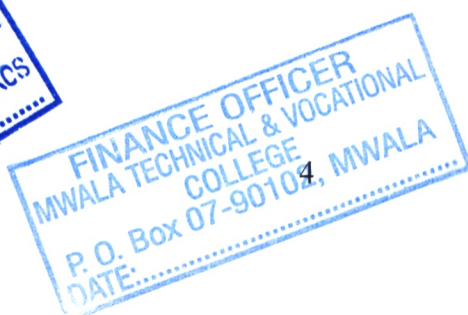

.....
Finance Officer
ICPAK No: 31015


.....
Principal

Date: 26th November 2022

Date: 26th November 2022

Date: 26th November 2022



Mwala Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2022

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

	Original annual Budget	Adjustments	Final Annual Budget	Actual Cumulative to date	Performance difference	Utilization difference
	a	b	c=a+b	d	e =c-d	f=e/d %
Revenue	Kshs	Kshs	Kshs	Kshs		Kshs
Transfers from other Govt entities Govt grants	2,000,000		2,000,000	2,000,000	-	0%
Rendering of services- Fees from students	7,824,800		7,824,800	14,023,720	- 6,198,920	-79%
Other Income (Income Generating Activities)	400,000	-	400,000	10,900	389,100	97%
Transfers from other levels of Government	-	538,500	538,500	538,500	-	0%
Public Contributions & Donations (In Kind)	-	658,350	658,350	658,350	-	0%
Other Income (Development Partners)	27,000,000	-	27,000,000	-	27,000,000	100%
Total income	37,224,800	1,196,850	38,421,650	17,231,470	21,190,180	55%
Expenses		-	-			
Compensation of employees	2,244,000		2,244,000	3,086,537	(842,537)	-38%
Use of Goods and services	7,335,800		7,335,800	7,012,863	322,937	4%
Remuneration of directors	960,000	-	960,000	625,270	334,730	35%
Grants (Development)	27,000,000	-	27,000,000	-	27,000,000	100%
Total expenditure	37,539,800	-	37,539,800	10,724,670	26,815,130	71%
Surplus for the period	- 315,000.00	1,196,850.00	881,850.00	6,506,800		

(Budget notes)

- The amount receivable from rendering of services increased beyond the budgeted amount due to the numbers of students enrolled that the college exceeded the planned number of 115 students by 124 enrolment that resulted to excess fees receivable by 79%.
- Income generating activity realized less production due to the adverse weather experienced in the region with a 97% under performance from the budgeted sales.
- The college had planned to secure donor funds for development projects totaling to Ksh.27,000,000 which the college was unable to raise the funds resulting to 100% variance.
- The college had planned to have 115 students during the financial year. However, the number grew beyond the target by 124 students requiring an increase in staff requirement by 38% that was over absorbed.
- The college had budgeted to spend Ksh 960,000 but ended up spending Ksh 625,270 which was an under absorption by 35% due to postponed induction program that could not be organized by KATTI due to the Covid 19 protocol.
- The college had planned to secure donor funds for development projects totaling to Ksh.27,000,000 which the college was unable to raised and the projects were not implemented resulting to 100% variance.

XVIII. Notes to the Financial Statements

1. General Information

Mwala TVC entity is established by and derives its authority and accountability from TVET Act. The college is wholly owned by the Government of Kenya and is domiciled in Kenya. The college's principal activity is to train technical and vocational courses.

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 college'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 (4-d).

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

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

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

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

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

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

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward -looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.

Standard	Effective date and impact:
IPSAS 42: Social Benefits	Applicable: 1st January 2023 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: (a) The nature of such social benefits provided by the college; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the college's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	Applicable: 1st January 2023: a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. 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.
Other improvements to IPSAS	Applicable 1st January 2023 - IPSAS 22 <i>Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). - IPSAS 39: <i>Employee Benefits</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS.

Standard	Effective date and impact:
	• IPSAS 29: Financial instruments: Recognition and Measurement Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.
IPSAS 43	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non - Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.

iii. Early adoption of standards

Mwala TVC did not early -adopt any new or amended standards in year 2022.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

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

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 college.

Interest income

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

Dividends

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

4 Summary of Significant Accounting Policies (Continued)

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions (continued)

Rental income

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

b) Budget information

The original budget for FY 2021/2022 was approved by the Board on *September 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 college upon receiving the respective approvals in order to conclude the final budget. Accordingly, the college recorded additional appropriations of Ksh. 1,196,850 on the FY 2021/2022 budget following the Council/ Board's approval in for of transfer from Katine TTI and donation received in kind.

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

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

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

c) Taxes

Current income tax

The college is exempt from paying taxes as per First Schedule Section 10 subsection (a) and (b) of the 2010 income tax Act.

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.

Notes to the Financial Statements (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 a period of 10 years.

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

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

e) Property, plant and equipment

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

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

f) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the College. 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 College also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

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

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the College 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 College. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight -line basis over the lease term.

g) Intangible assets

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

h) Research and development costs

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

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

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

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

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

i) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held -to -maturity

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

Impairment of financial assets

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

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

i) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

j) Inventories

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

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

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

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

Inventories (Continued)

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

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

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

k) Provisions

Provisions are recognized when the college 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 college 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 college 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 college 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 college in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

l) Nature and purpose of reserves

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

Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

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

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

n) Foreign currency transactions

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

o) Borrowing costs

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

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

p) Related parties

The college 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 college, or vice versa. Members of key management are regarded as related parties and comprise the directors, the principal and senior managers.

q) Service concession arrangements

The college 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 college 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 college also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

r) 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 imprest and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

s) Comparative figures

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

t) Subsequent events

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

Notes to the Financial Statements (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the college'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 college 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 college. 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 college
- 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 36.

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.

Notes to the Financial Statements (Continued)

6. Transfers from other National Government entities

	2021-2022	2020-2021
	Kshs	Kshs
Transfers from National Government		
Unconditional grants		
Recurrent	2,000,000	0
Total transfers from government	2,000,000	0

(a) Transfers from other Government entities (Categorized)

Name of the Entity Sending The Grant	Amount recognized to Statement of Comprehensive Income Kshs	Amount deferred under deferred income Kshs	Amount recognised in capital fund. Kshs	Total grant income during the year Kshs
Ministry of education (Recurrent Grant Q1)	500,000	-	-	500,000
Ministry of education (Recurrent Grant Q2)	500,000	-	-	500,000
Ministry of education (Recurrent Grant Q3)	500,000	-	-	500,000
Ministry of education (Recurrent Grant Q4)	500,000	-	-	500,000
Total	2,000,000	-	-	2,000,000

NB: Quarter 3 and Quarter 4 recurrent grants amounting to Kshs. 1,000,000 were received in July 2023

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Notes to the Financial Statements (Continued)

7. Transfers from Other Levels of Government

	2021-2022	2020-2021
	Kshs	Kshs
Transfers from Other Levels of Government		
Katine Technical Training Institute	538,500	0
Total transfers from other Levels	538,500	0

8. Public Contributions and Donations

Public Contributions and Donations	2022-2021	2020-2021
	Kshs	Kshs.
Well Wishers	658,350	0
Total revenue from the rendering of services	658,350	0

9. Rendering of Services

Description	2021-2022	2020-2021
	Kshs	Kshs.
Tuition	6,344,720	0
Activity	706,650	0
PE	2,518,280	0
RMI	400,235	0
EWC	685,140	0
LTT	666,415	0
Attachment	623,000	0
Registration	239,000	0
ID	119,500	0
Material	478,000	0
Kuccps	358,500	0
Examination Fees	884,280	0
Total	14,023,720	0

10. Sale of Goods

Sale of Goods	2022-2021	2020-2021
	Kshs	Kshs.
Sale of Agricultural products	10,900	0
Total revenue from sale of goods	10,900	0

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Notes To the Financial Statements (Continued)

11. Use Of Goods and Services

Use of Goods and Services	2022-2021	2020-2021
	Kshs	Kshs.
Administrative expenses	408,618	0
Advertising and Promotion	153,380	0
Agriculture production cost	73,449	0
Catering, Conf. & Delegation	765,800	0
Electricity expenses	13,000	0
Examination Cutting List expense	760,985	0
Examination fees (KNEC/NITA)	768,540	0
Internet Expenses	143,196	0
KATTI Expenses	98,000	0
Licenses and permits	140,210	0
Performance Contracting Cost	2,500	0
Postage and Delivery	11,885	0
Printing and Stationary expense	153,376	0
Security Expenses	1,700	0
Students Accommodation/Meals	232,800	0
Students Activity Expense	931,119	0
Students IDs Processing	58,500	0
Subscriptions	82,000	0
Teaching and learning materials	1,412,770	0
Telephone	61,000	0
Training and Development exp	170,385	0
Travelling and Accommodation	71,000	0
TVETA expenses	28,000	0
General maintenance	54,500	0
Water bills	33,280	0
	6,629,993	0

12. Employee Costs

	2021-2022	2020-2021
Employee costs	Kshs.	Kshs.
Salaries and wages	3,086,537	0
Total employee costs	3,086,537	0

13. Board/Council Expenses

Remuneration to Board of Governors	2021-2022	2020-2021
	Kshs.	Kshs.
Board allowances	547,000	0
Other board expenses	78,270	0
Total director emoluments	625,270	0

Notes To the Financial Statements (Continued)

14. Depreciation and Amortization expense

Depreciation and amortization expense	2021-2022	2020-2021
	Kshs.	Kshs.
Plant, Property and Equipment	2,606,097	0
Total depreciation and amortization	2,606,097	0

15. Repairs and Maintenance

Repairs Maintenance and Improvement	2021-2022	2020-2021
	Kshs.	Kshs.
Other	382,870	0
Total repairs and maintenance	382,870	0

16. Cash and Cash Equivalents

	2021-2022	2020-2021
	Kshs.	Kshs.
Current account	1,650,834	0
Total Cash & cash equivalents	1,650,834	0

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

Cash and cash equivalents	2021-2022	2020-2021
	Kshs.	Kshs.
Current Account		
Kenya Commercial Bank-Operations	1,650,834	0
Total Cash and cash equivalents	1,650,834	0

17. Receivables from Exchange transactions

17(a) Current Receivables from Exchange transactions

Receivables from exchange transactions	2021-2022	2020-2021
	Kshs.	Kshs.
Student debtors account	3,859,523	0
Total receivables from exchange transactions	3,859,523	0

18. Receivables from Non-Exchange transactions

Receivables from non-exchange transactions	2021-2022	2020-2021
	Kshs.	Kshs.
Current receivables		
Receivables-Government Recurrent	1,000,000	0
Total receivables from non-exchange transaction	1,000,000	0

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19. Inventories

Inventories	2021-2022	2020-2021
	Kshs.	Kshs.
Maintenance stores	50,000	0
Total inventories	50,000	0

20. Staff Expense Payables

Staff Payables	2021-2022	2020-2021
	Kshs.	Kshs.
Accrued Salaries	375,737	0
Total Staff Payables	375,737	0

21. Refundable Deposits

Refundable Deposits	2021-2022	2020-2021
	Kshs.	Kshs.
Refundable Deposits (Caution money)	249,000	0
Student Prepayments	645,565	0
Total Refundable Deposits	894,565	0

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Notes to the Financial Statements (Continued)

22. Property, Plant and Equipment

	Land	Buildings	Motor vehicles	Furniture, fittings, Plant & Equipment	Computers	Other Equipment & Reference materials	Total
Cost	Shs	Shs.	Shs	Shs	Shs	Shs	Shs
At 1 July 2021	-	-	-	-	-	-	-
Additions	10,302,000	58,744,743	-	634,900	459,000	658,350	70,798,993
Disposals	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-
At 30th June 2022	10,302,000	58,744,743	-	634,900	459,000	658,350	70,798,993
Depreciation and impairment							
At 1 July 2021	-	-	-	-	-	-	-
Depreciation	-	2,349,790	-	50,792	152,847	52,668	2,606,097
Impairment	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-
At 30th June 2022	-	2,349,790	-	50,792	152,847	52,668	2,606,097
Net book values							
At 30th June 2022	10,302,000	56,394,953	-	584,108	306,153	605,682	68,192,896
At 30th June 2021	-	-	-	-	-	-	-

Notes to the Financial Statements (Continued)

22 (b) Property, Plant and Equipment at Cost

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	10,302,000	0	10,302,000
Buildings	58,744,743	2,349,790	56,394,953
Motor Vehicles including Motorcycles	0	0	0
Furniture, fittings, Plant & Equipment	634,900	50,792	584,108
Computers and Related Equipment	459,000	152,847	306,153
Other Equipment & Reference materials	658,350	52,668	605,682
Total	70,798,993	2,606,097	68,192,896

Retirement benefit Asset/ Liability

The entity does not operate any defined benefit scheme for full-time employees although may adopt a scheme in the near future.

23. Cash generated from operations

	2021-2022	2020-2021
	Kshs	Kshs
Surplus for the year before tax	3,900,703	0
Adjusted for:		
Depreciation	2,606,097	0
Changes in general reserves	69,582,248	0
Working Capital Adjustments		
Increase in Inventory	- 50,000	0
Increase in Receivables	- 4,859,523	0
Increase in Payables	375,737	0
Increase in Payments received in advance	894,565	0
Net Cash Flow from Operating Activities	72,449,827	0

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

Notes to the Financial Statements (Continued)

the company's management based on prior experience and their assessment of the current economic environment.

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2021				
Receivables from exchange transactions	-	-	-	-
Receivables from non -exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
At 30 June 2022				
Receivables from exchange transactions	3,859,523	3,859,523	-	-
Receivables from Non-Current transactions	1,000,000	1,000,000	-	-
Bank balances	1,650,834	1,650,834	-	-
Total	6,510,357	6,510,357	-	-

24. Financial Risk Management (Continued)

(i) Credit risk (continued)

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

The entity has significant concentration of credit risk on amounts due from students.

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.

Notes to the Financial Statements (Continued)

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

Description	Less than 1 month	Between 1 03 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2021				
Trade Payables	-	-	-	-
Current Portion of Borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred Income	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2022	-	-	-	-
Trade Payables	-	-	-	-
Current Portion of Borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred Income	-	-	-	-
Employee Benefit Obligation	357,737	-	-	357,737
Total	357,737	-	-	357,737

24. 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.

Notes to the Financial Statements (Continued)

a) Foreign currency risk

The entity has 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 carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Description	In Kshs Kshs	Other currencies Kshs	Total Kshs
At 30 June 2022			
Financial Assets (Investments, Cash, Debtors)	-	-	-
Liabilities	-	-	-
Trade and Other Payables	-	-	-
Borrowings	-	-	-
	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

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.

24. Financial Risk Management (Continued)

(iii) Market risk (Continued)

a) Foreign currency risk (Continued)

	In Kshs Kshs	Other currencies Kshs	Total Kshs
At 30th June 2022			
Financial Assets (Investments, Cash, Debtors)	-	-	-
Liabilities	-	-	-
Trade and Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

a) Foreign currency sensitivity analysis

The following table demonstrates the effect on the company's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

Notes to the Financial Statements (Continued)

	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
2020			
Euro	10%	0	0
USD	10%	0	0
2021			
Euro	10%	0	0
USD	10%	0	0

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.

24 Financial Risk Management (Continued)

(iii) Market risk (Continued)

b) Interest rate risk(continued)

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs 0 in 2022. A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs 0 since the college did not have any outstanding loan balance.

Notes To the Financial Statements (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:

Description	2021-2022	2020-2021
	Kshs	Kshs
Revaluation Reserve	0	0
Retained Earnings	3,900,703	0
Capital Reserve	69,582,248	0
		0
Total Funds	73,482,951	0
		0
		0
Total Borrowings	0	0
Less: Cash and Bank Balances	1,650,834	0
Net Debt/ (Excess Cash and Cash Equivalents)	0	0
Gearing	71,832,117	0

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

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

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Notes to the Financial Statements (Continued)

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

Description	2021-2022	2020-2021
	Kshs	Kshs
Transactions with Related Parties		
a) Sales to related parties		
Sales of electricity to govt agencies	0	0
Rent income from govt. agencies	0	0
Water sales to govt. agencies	0	0
Others	0	0
Total	0	0
B) Purchases from related parties	0	0
Purchases of electricity from kplc	0	0
Purchase of water from govt service providers	0	0
Rent expenses paid to govt agencies	0	0
Training and conference fees paid to govt. agencies	0	0
Others	0	0
Total	0	0
b) Grants /Transfers from the Government		
Grants from National Govt	2,000,000	0
Grants from County Government	0	0
Donations in Kind	0	0
Total	2,000,000	0
c) Expenses incurred on behalf of related parties		
Payments of Salaries and Wages for 0 Employees	0	0
Payments for Goods and Services for 0	0	0
Total	0	0
d) Key Management Compensation		
Directors' emoluments	0	0
Compensation to Key Management	0	0
Total	0	0

26. Segment Information

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Notes to the Financial Statements (Continued)

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 college 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).

30. Mentorship Period Transactions

The college operations have been reported for the period 2021/2022 with the comparative period 2020/2021 excluded from the financial statements. The period 2020/2021, the college operated under the mentorship of Katine Technical Training Institute. Major transaction that took place during the period were reported by the mentoring college for the financial year 2020/2021. The total expenditure during the period for Mwala TVC funded by the mentoring institute was Ksh. 1,043,695 reported under Katine TTI and a transfer of Ksh. 538,500 to the college subsequently after opening her account which forms part of the 2021/2022 financial report.

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XIX. Appendices
Appendix 1: Implementation Status of Auditor-General Recommendations

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

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

.....

Name
Accounting Officer
(Enter title of Head of entity)
Date

Appendix II: Projects Implemented by

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	-	-	-	-	-

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	N/A	-	-	-	-	-	-

