


REPUBLIC OF KENYA



Enhancing Accountability

REPORT

 THE NATIONAL ASSEMBLY PAPERS LAID	
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PARLIAMENT
OF KENYA
LIBRARY

THE AUDITOR-GENERAL

ON

**KIPSOEN TECHNICAL AND VOCATIONAL
COLLEGE**

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

ELGEYO-MARAKWET COUNTY



1. The first part of the document
 discusses the importance of
 maintaining accurate records
 and the role of the
 auditor in this process.
 It also covers the
 various types of
 audits and the
 standards that must be
 followed.

The second part of the document
 focuses on the practical
 aspects of auditing, including
 the selection of samples and
 the use of statistical methods.



KIPSOEN TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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



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

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1. Acronyms & Glossary of Terms

BOG	Board of Governors
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
TTC	Teacher Training College
KTVC	Kipsoen Technical and Vocational College
TVET	Technical vocational education training
Fiduciary Management	Key management personnel who have financial responsibility in the Kipsoen technical and vocational college

2. Key Kipsoen technical and vocational college Information and Management

(a) Background information

Kipsoen Technical and Vocational College Iten was incorporated/established under the TVET Act, 2013 Act on 11th April, 2018 (Ref: TVETA/PUBLIC/TVC/010/2018). The Kipsoen technical and vocational college is domiciled in Kenya. The institute is under the Ministry of Education.

KTVC-Iten academic activities are grouped in two namely: department of Engineering which constitutes Mechatronics Technician, Electrical & Electronics, Civil, Building & Technology, Welding & Fabrication, Plumbing and Carpentry and department of ICT/Business which constitutes Agriculture, Fashion & Design, Secretarial, Information Studies and Accountancy

(b) Principal Activities

The core mandate of KTVC - Iten is to promote advancement of education and development in the region and the country at large through technical and vocational training, research, innovation and community service.

The vision of the college is “A leading institution in the Provision of Technical Skills Training and Entrepreneurship”.

Its mission is: “To impart quality technical skills through education, training and practical knowledge for self-reliance and economic empowerment in partnership with stakeholders”.

Core values of KTVC -Iten are: Integrity, teamwork, professionalism, accountability, inclusivity and health and safety.

The Objectives of Kipsoen Technical and Vocational and College - Iten are as follows:

- i. To provide, a competent, dependable, innovative and creative human resource.*
- ii. To impart applied knowledge to trainees in order to gain entrepreneurial and problem-solving skills in the world of work;*
- iii. To expand and upgrade the Institute’s infrastructure and equipment;*
- iv. To collaborate with Institutions and the community in providing extension services and solutions to emerging issues;*
- v. To promote trainee welfare and maintain co-curricular facilities for training and wellness.*

(c) Key Management

The Kipsoen technical and vocational college’s day to day management is under the following key organs:

Board of Governors (BOG)

The Board meets as often as warranted but not less than three times a year. The day to day management of the Institute is the responsibility of the Principal. Various committees assist in running the Institute.

These include

- Finance, Infrastructural and General Purpose committee
- Human, Resource, Education and Research committee
- Audit and Risk committee

Each of the above committees has specific responsibilities and obligations in as far as the Institute is concerned. They meet often to deliberate on issues affecting the Institute and make appropriate recommendation for further action by the Institute management.

Principal

- The Principal is answerable to the Board of Governors and the Government.
- The chief executive of the institute managing it on a day to day basis and is the secretary to the Board of Governors.
- Ensures implementation and execution of government policies, programmes and other statutory requirements.

Deputy Principal

- The Deputy Principal is answerable to Principal
- The deputy chief executive of the institute assisting the principal in managing it on a day to day basis and is the deputy secretary to the Board of Governors.
- Ensures implementation and execution of school policies, programmes and other statutory requirements as directed by the principal.

Registrar

- Handle all issues related to student's admissions in general
- Effective management of trainees' records
- Management of trainee evaluation both internally and externally.
- Marketing institute programmes
- Any other functions assigned by the principal.

Dean of Students

- Organize proper utilization of all trainees' recreational facilities
- Oversee organization of student's governance, clubs, societies, games etc.
- Arrange regular consultative information oriented meetings with class representative, HODs and Principal
- Approve student's leave of absence during non-tuition time.
- Prepare budget related to all co-curricular activities

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- Keep records and correspondence on trainees' issues and welfare.
- Any other functions assigned by the principal.

(d) Fiduciary Management

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

No.	Designation	Name
1.	Principal	Bitok K. Joseph
2.	Deputy principal	Samuel K. Lagat
3	Registrar (s)	Wesley K. Rotich
4	Dean of students	Maurice K. Chemitei
5	Head of Finance	Jonathan K. Yator
6	Head of Department-Engineering	Peres Chepkemei
7	Head of Department ICT/Business/Agriculture	Aaron Chemwolo

Key Kipsoen technical and vocational college Information and Management (Continued)

(e) Fiduciary Oversight Arrangements

Audit and Risk committee

Members of Kipsoen Technical and Vocational College-Iten Board of Governors (BOG) have established an *Audit and risk committee*, which attends to the college audit requirements from time to time. Auditing is scheduled as per the GOK requirements relating to public institutions. Internal and external auditors are involved for this purpose.

Finance, Infrastructural and General Purpose committee

The Kipsoen Technical and Vocational College-Iten has an existing *Finance and operations committee* that is constituted by some the members of the Board of Governors (BOG). This committee performs functions such as college budget approval, regulation of expenditures, identifications of Income Generating Activities (IGA) and other sources of revenues.

Human, Resource, Education and Research committee

Kipsoen Technical and Vocational College-Iten core mandate is to promote advancement of education and development in the region and the country at large through technical and vocational training, research, innovation and community service. The Board of Governors has therefore established a special committee that is dedicated to issues relating to academic activities such development of policies, acquisition of teaching and learning materials amongst others.

S/No	Name of committee	Members
1.	Finance and General Purpose committee	<ol style="list-style-type: none"> 1. Duncan Kimaiyo - Chairperson 2. Amos O. Kabarage 3. Moses M.Thiga 4. Gideon K. Mutai 5. Joseph Bitok - secretary
2.	Academic Resource and Management committee	<ol style="list-style-type: none"> 1. Moses M.Thiga-Chairperson 2. Jeffrey M. Mutiso 3. Amos O. Kabarage 4. Zipporah N, Gwako 5. Joseph Bitok - secretary
3	Audit Risk and governance committee	<ol style="list-style-type: none"> 1. Boaz K. Kipchoge – Chairperson 2. Jeofrey M. Mutiso 3. Gideon K. Mutai 4. Internal auditor –mentoring /Govt institution

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(f) Kipsoen technical and vocational college Headquarters

Kipsoen Technical and Vocational College,
Off Iten-Eldoret Road.
P.O. Box 344-30700,
ITEN, KENYA

(g) Kipsoen technical and vocational college Contacts

Telephone: (254) 797868786
E-mail: kipsoentvc@gmail.com
Website: www.kipsoentvc.ac.ke

(h) Kipsoen technical and vocational college Bankers

Equity Bank Ltd
Iten Branch
P.O. Box 616-30700
Iten, Kenya

(i) Independent Auditors

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






Key Kipsoen technical and vocational college Information and Management (Continued)

(j) Principal Legal Adviser






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

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3.The Council/Board of Governors

<i>SN.</i>	<i>Member/ Director</i>	<i>Details</i>
1.	 Veronicah C. Birgen, MBS <i>Master of science – organisational development</i>	Holder of master of science in organisational development She has extensive experience in public service having worked in various departments and institutions, Chairperson BOG
2.	 Duncan Kimaiyo. <i>Bachelor of Science in Mathematics</i>	Born on 5 th May 1986. Holder of Bachelor of Science in Mathematics. He is a business Person-Agricultural Input and General Supplies. Executive member BOG, Chairperson Finance, Infrastructure and General Purpose Committee.
3.	 Amos O. Kabarage	Holder of bachelor of commerce finance and CPAK.He is a member of finance, general purpose committee
4.	 Boaz K. Kipchoge <i>Bachelor of science telecommunications and information technology</i>	Born on 10 th March 1986 Holder of BSc. Telecommunications & I.T. He is Trainee Engineer - Networks. Executive member BOG, Chairperson ,audit ,risk and governance Committee.
5.	 Jeffrey M. Mutiso	Born on 12 th june 1976 Holder of masterof science in development studies.Lecturer department of sociology,psychology and anthropology moi university, Member of academic resource and management and audit,risk and governance committee.






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	Master of science in development Studies	
6.	 Zipporah N. Gwako Masters in project planning and management	Born on 1965 Holder of masters in project planning and management, bachelor degree in industrial technology. She is an entrepreneur. She is a member of academic resource and management committee.
7.	 Moses M. Thiga Ph.D. Information systems	Born on 11 th april 1980 Holder of Phd. Information systems Senior lecturer, information technology, kabarak university. He is a member of finance, general purpose committee
8.	 Gideon K. Mutai	Born on 16 th august 1981 Holder of bachelor of business management, banking and finance option Has experience in cooperative and finance sector. Member of finance, general purpose committee and audit, risk and governance committee. He representative of elgeyo marakwet county government.
9.	 Geoffrey Gichuru Mutulili Master's in Business Administration (Management Information Systems) and B.Ed. (Arts)	Born on 3 rd Sept. 1966; He is the current TVET County Director Uasin Gichu, Nandi and Elgeyo Marakwet Regions. He is the Ministry's representative in the Board and provide advice and guidelines on Ministry's strategic goals, mandate and policy direction. He holds Master's in Business Administration (Management Information Systems) and B.Ed. (Arts) Mathematics & Business Studies.
10.	 Bitok K Joseph	Born on 19 th September, 1970 Holder of Master of Science (Analytical Chemistry). Six years' experience in educational management and 25yrs as an effective trainer/teacher. Currently serves as Kipsoen TVC principal/Secretary BOG



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	<i>Master Of Science (Analytical Chemistry)</i>	
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4. Key Management Team

<i>SN.</i>	<i>Member/ Director</i>	<i>Details</i>
1.	 Bitok K. Joseph <i>Master Of Science (Analytical Chemistry)</i>	Principal
2.	 Samuel K. Lagat <i>Bachelor of Education in Technology Education (Electrical & Electronics Engineering)</i>	Deputy Principal
3.	 Kipkemoi Wesley <i>Bachelor of Science (Mechatronic Engineering)</i>	Ag. Registrar
4.	 Maurice K. Chemitei <i>Bachelor of Education-Business and Secretarial.</i>	Ag. Dean of Students
5.	 Peres Chepkemei <i>Diploma in Technical Education, Diploma in Electrical & Electronics Engineering (Power Option)</i>	Ag. Head of Department Engineering

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6.	 Aaron K. Chemwolo <i>Diploma in Technical Education</i>	Ag. Head of Department - ICT/Business/Agriculture/Garment Making
7.	 Jonathan K. Yator <i>Bachelors In Business Management (Finance And Banking), ICPAK</i>	Accountant

5. Chairman's Statement

I have the pleasure to present an overview of the Kipsoen Technical and Vocational College performance for the year ended 30th June 2023. KTVC endeavours to continually improve on the implementation of its mission and Objectives

Governance

We are grateful to the ministry of education through the directorate of technical education to have given the opportunity the newly inaugurated members to be trained on their duties and responsibilities as board of governors for KTVC.

We have focused to promote highly and advanced technical trained manpower in the various fields as part of the college's contribution towards the achievement of Vision 2030 by providing quality technical training for self-reliance and economic empowerment for sustainable development.

Financial Policies

During the year ended 30th June 2023, Kipsoen Technical and Vocational College was mainly funded through the Government capitation and appropriation in Aid (A-I-A) for its recurrent expenditure.

I wish to finally thank the government of Kenya, Board of Governance, Management and staff for their dedication and participation over the year in striving to make KTVC achieve its desire in producing a more skilled and trained workforce for our country



Veronicah C. Birgen
CHAIRPERSON, BOARD OF GOVERNORS

6. Report of the Chief/SeniorPrincipal

I am delighted to have the opportunity to give a report on Technical Training in KTVC and financial statement of the institution. I am honored and humbled to be the second principal to be deployed by the government of Kenya to this college. I thank God and appreciate the MOE for giving me the opportunity to serve in this capacity.

I want to share with you my Vision for the future of KTVC. Very simply put, my vision is all about fulfilling Dreams. Fulfilling our students' dreams is at the core of everything we do. But what exactly are our students' dreams? And what must we do to help these dreams come true?

The dreams of our students fall into three major categories.

- i. Many of our students dream of completing an artisan, craft and Diploma course and applying the skills attained in self-employment.
- ii. Many others dream of earning a credential that leads to a good paying job.
- iii. A few dream of simply taking customized/short training courses that will help them advance in their career.

Our staff is committed to helping our students realize their dreams. Their dreams can't come true by them simply "walking in our doors." Thus, we help the students take responsibility in their college career by ensuring that they do practical work and make sure their tuition fee is paid on time; and by emphasizing to them that they must commit to the learning process, show up for classes, complete all class assignments, and ultimately pass the course. We also provide a conducive learning environment that enables students to be successful.

Our vision is for KTVC to be the students' Dream-Catcher":

1. We work with all our stakeholders so that our students come to us better prepared for college.
2. We aim to increase access to quality of our programs by organizing outreach programs in high schools so that our potential students get a head start on a college certificate.
3. We are there for our students when they first come in our doors, reinforcing that they can and will be successful.
4. We always advise our students that their goal is not to go or come to college but rather to successfully complete College.
5. We help our students better understand the financial aid and loan process that the government has provided.

For KTVC to be a Premier college our staff are encouraged to have passion for hard work, they are also engaged in the planning and decision making process. Their voices are heard. Our students' accomplishments are directly related to the daily efforts of the staff. That is why as the Second principal, I encouraged staff input from the very beginning in the development of the 2021-2025 KTVC Strategic Plan.

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During the year ended 30th June 2023, Kipsoen Technical and Vocational College received funding through the Government capitation of kshs. 7,121,000 and appropriation in Aid (A-I-A) of kshs. 13,274,451 for its recurrent expenditure.

The student enrolment has been growing steadily and as at the end of financial year active enrolment was at 936 and generally a total of 1337 students had been admitted in the institution.

The institution is committed to implementing the current directive by the directorate to train students in CBET courses. The success of the training in the college is supported the board of governors who were trained by the directorate in the course of the financial year.

Technical Education is constantly evolving. New initiatives or advances in technology require staff to conduct business differently. The management will advocate for targeted professional development and as the Principal, I will continue to invest in employee professional development.

Our local communities and our people as a whole will be the ultimate beneficiaries of our dream. We envision a future where all of our communities have a college-educated workforce, ready and able to fill the needs of local business and industry.

Finally, we acknowledge that KTVC is deserving investment and we appeal for continued financial support from the government so as to actualize our dreams.

God Bless KTVC.



Joseph K. Bitok
PRINCIPAL/SECRETARY BOG

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7. Statement of Performance against Predetermined Objectives

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

Kipsoen Technical and Vocational College has *seven (7)* strategic pillars /issues/ themes and objectives within current Strategic Plan for the FY 2021- FY 2025. These strategic pillars are as follows:

- Pillar/ theme/issue 1: Infrastructural Development
- Pillar/ theme/issue 2: Resources (financial and human)
- Pillar/ theme/issue 3: Access, Equity and Quality Assurance
- Pillar/ theme/issue 4: ICT Integration, Equipment and Technology
- Pillar/ theme/issue 5: Collaboration and Linkages
- Pillar/ theme/issue 6: Communication and Public Relations
- Pillar/ theme/issue 7: Research and Development

Kipsoen Technical and Vocational College develops its annual work plans based on the above *seven (7)* pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Kipsoen Technical and Vocational College achieved its performance targets set for the FY 2021/2022 period for its *seven (7)* strategic pillars, as indicated in the diagram below:

Strategic Pillar		Objective	Key Performance Indicators	Activities	Achievements
Pillar / theme / issue 1	Infrastructure Development	Develop and upgrade infrastructure	Approved master plan by public works	1. Review the master plan 2. Update the master plan	Plans are underway
			Functional library	Equip a library	Library is not yet equipped.
			Availability of complete catering unit	Construct and equip a catering unit	Functional catering unit is not yet in place.
			College owned bus	Acquire a 46 seater bus	School bus is not available.
			Completed gate	Construct college gate	College gate not constructed
			Availability of more usable classrooms	Completion of existing basement block	Plans are underway for construction of four classrooms.

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			More classroom available	Construction of classrooms	Four classrooms not constructed
			Two more Workshops available for learning	Construct and Equip two workshops	Two workshops are yet to be constructed and equipped
			Two more Workshops available for learning	Construct and Equip two workshops	Two workshops not yet constructed and equipped.
			Functional sporting facilities	Construct and landscape for sporting facilities	Sporting facilities partly constructed
			Functioning infrastructure	Repairs and maintenance	Infrastructure repair and maintenance is on-going
			Number of acres bought.	Buy 15 acres of land	15 acres of land not bought.
			Operational 100KVA generator	Purchase 100KVA generator	100KVA generator not bought.
Pillar / theme / issue 2	Financial Resources	Diversify sources and increase funding	Increased student population	Increase student's enrolment. Enrolment of students/trainees	GOK capitation increased.
			Number of proposals done	Develop and submit proposals to Donors	Proposals not yet developed and submitted
			Funds sought	Seek for funds from county, national and other agencies	More activities not undertaken and accomplished
			Number of dairy cows purchased	Purchase four dairy cows	Not yet purchased
			Number of 500 seater tents fabricated	Fabrication of 500 seater tents	500 seater Tents not fabricated
			Number of audits records done	Regular audit of financial records	Auditing of financial records currently underway.

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	Human Resources	Harness Human resource	Human resource policy in place.	i) Form a committee to work on the Human Resource policy	HR Policy draft is ready for adoption.
			HR policy implemented	ii) Implement the HR policy	HR policy not operational
Pillar / theme / issue 3	Access, Equity and Quality Assurance		Number of students assisted.	Assist potential trainees to access funding for their tuition.	Several applications received.
			Policy on Affirmative Action	Develop and implement Affirmative Action Policy	Gender equity yet to be achieved.
			Number of training/workshop attended.	Sponsor guidance and counselling staff for training/Workshop	Improved guidance and counselling services
			Number of guidance and counselling reference materials bought.	Purchase of guidance and counselling reference materials	Reference materials in place
			Number of graduates securing employment.	Offer market Oriented curriculum	Market oriented curriculum implemented
Pillar / theme / issue 4	ICT, Equipment and Technology	To build ICT capacity in curriculum, service delivery and institution management.	60 additional computers procured,	Expand and improve ICT equipment	ICT equipment expansion in progress
			2 Smart boards procured		Plans are in progress
			10 CCTV Cameras		Plans are in progress
			Computer Rooms and Administrative offices provided with LAN		Plans are in progress

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			Functional MIS.	Procure and install management Information Systems	Procurement management information systems procured and installed
			ICT integrated in teaching and learning.	Integrate ICT in curriculum delivery	Introduced online teaching/learning, Maintained teaching/learning Database.
			ICT policy in place	Develop and implement ICT Policy	ICT policy not yet developed.
Pillar / theme / issue 5	Collaboration and Linkages	Enhance collaboration and linkages with industries, TVET institutions and schools	Number of Collaborations established.	Nurture and expand collaboration and linkages	Enhanced collaborations and linkage undertaken;
			No of benchmark trips	Benchmarking trips to other TVET institution	Bench marking undertaken.
			Number of networks established.	Visiting industries and companies	Six industries/companies visited.
Pillar / theme / issue 6	Public Relations and Communication	To ensure effective public relation communication between the college and our publics	Corporate communication policy in place	Form a committee to develop a corporate communication policy	Corporate communication policy not developed
			Number of social responsibilities undertaken.	Participation in tree planting, cleaning activities, offering agriculture extension to our neighbourhood, fund raising activities. Amongst others	Corporate image and good will raised.
			Number of activities	Go to local barazas, use social	Visibility of our college

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			conducted in relation to marketing.	medias and print media	Increased.
			Number of sensitization conducted	Sensitize Schools(primary and secondary) on importance of TVET courses.	Schools sensitized
			Number of forums attended.	Sensitization of local community on importance of TVET courses	Local community sensitized
			Number of TVET services and products exhibited.	Participate in TVET Open Days.	Showcased TVET services and products
Pillar / theme / issue 7	Research and Development	Institutionalize effective research and development	Research policy document in place	Develop research policy	Research policy document not yet developed.
			Research and Development unit functional	Establish a Research and Development Unit for coordination	Research and Development unit established
			Number of successful R & D activities carried out.	Carry out research and development activities.	Innovativeness Enhanced.
			Participation in ASK Show and open days	Organize open Fora to showcase Research findings.	Technological exchange fora not yet organized

8. Corporate Governance Statement

The statement outlines the key aspects of the Institute's corporate governance framework. Corporate governance is the process by which the Institute is directed, controlled and held to account. It provides the structure through which the strategic objectives of the Institute are set, and the means of attaining of them as well as monitoring performance. Corporate Governance dictates the engagement between the Institute Board of Governors, Management, Regulators and all Stakeholders. The Institute in its decision-making processes observes the highest ethical standards and benchmarks on global best practices in compliance with the applicable legal principles, its vision, mission and core values for sustainability of the Institute.

(i) The Board charter.

The Board is guided by the Board Charter which defines the governance procedures within which the Board exists and operates. The charter as been developed and awaits approval by the the board and it clearly states the respective roles, responsibilities and the authorities of the Board and its Committees.

(ii) Board Appointment and Composition.

In accordance with the TVET Act, 2013, the Board of Governors consists of nine persons appointed by the Cabinet Secretary for a period for of three years and who are eligible for re-appointment for a further one term. The membership of the Board of Governors comprises of;

- (a) The Chairperson;
- (b) The Principal who is the Secretary to the Board of Governors.
- (c) Representative of the Principal Secretary in the Ministry of Education Science and Technology, State Department of TVET
- (d) Representative of the Governor of County Government of Elgeyo Marakwet
- (e) Five other members appointed on the basis of their knowledge and experience in— (i) leadership and management; (ii) financial management; (iii) technology; (iv) industry; (v) engineering; (vi) information communication technology

In appointing and reappointing of board members, commencement dates of some members are staggered to maintain continuity in the affairs of the board.

The appointment of a member to the BOG may be revoked if the member resigns, becomes insolvent, imprisoned for a term of six months or more, incapacitated by physical or mental illness, absent from three consecutive meetings of the board without leave, inability to discharge his/her function or appointment revoked by the appointing authority.

The BOG meets at least once every four months. Quorum for the conduct of business at a meeting of the BOG is two-thirds of the total number of members of the Board.

Some of the roles of the Board of Governors include:

- (a) Approve the policies of the Institute
- (b) Recruit staff
- (c) Approve the Annual Budget

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- (d) Cause the Accounts to be kept and financial statement to be prepared and presented for audit.
- (e) Undertake other functions set out in the TVET Act, 2013.

(iii) Board Diversity

The Board members possess a broad range of skills, expertise, experience and knowledge essential to undertake the institute's mandate. The institute endeavors to and remains compliant with the one third (1/3) gender balance.

(iv) Separation of Powers

The Chairman of the Board's responsibilities include the operation, leadership and governance of the Board, ensuring its effectiveness and setting its agenda. The Institute Principal's roles and responsibilities include the day-to-day management of the Institute's business and overseeing the implementation of strategies, policies approved by the Board.

(v) Board's Effectiveness

In order to ensure that the Board members are effective in their contribution to the management of the Institute, the members undergo regular training to enable them to fulfill their responsibilities. The Board members undergo a comprehensive induction and capacity building program upon their inauguration.

(vi) Sitting Allowances of the Board

The Board members are remunerated for their service in accordance with the prevailing relevant legislative provisions and/or guidance from the relevant authority. The remuneration includes sitting allowances per sitting to the Chairman and members. In addition, sitting allowances may be payable when on official duty in and outside the country.

(vii) Conflict Of Interest

The Institute conflict of interest policy outlines the circumstances under which a conflict of interest may arise. Board members are required to avoid conflict of interest and deal at arms-length in any matter that relates to the organization. However, a board member who identifies an area of conflict shall be required to disclose any actual or potential conflict of interest to the board. A register of interests is maintained and declarations of any conflicts of interests are made at the start of each committee and board meetings.

(viii) Committees of the Board:

The Institute has a total of three committees which are;

- (i) The Audit, Risk and Governance Committee
- (ii) Finance and Infrastructure Committee
- (iii) Academic and Human Resource Committee

9. Management Discussion and Analysis

SECTION A

Kipsoen technical and vocational college operational and financial performance

During the financial year the institute realized revenues of **Ksh. 39,277,795** and recurrent expenditure stood at **Ksh. 25,897,335**

SECTION B

Kipsoen technical and vocational college compliance with statutory requirements

Kipsoen technical and vocational college has complied with all statutory requirements which include prompt remittance of NSSF, NHIF, PAYE and HELB.

SECTION C

Major risks facing Kipsoen Technical and vocational college

Kipsoen Technical and Vocational College desires to enhance its performance and competitiveness in the tertiary education sector in the face of competition of already established institutions and private colleges/institutions. However, to succeed in competitive environment the Institute requires a lot of support from the Government and other stakeholders in terms of funding and other development projects because there is lack of; hostels for students and staff, inadequate classroom infrastructure, inadequate land for expansion, insufficient funds, inadequate library space and books and means of transport-utility vehicles.

The challenges include Inadequate Development and Recurrent grants that reduces implementation of procurement plan activities and Untimely disbursement of student Capitation.

SECTION D

Material arrears in statutory and other financial obligations

Kipsoen Technical and Vocational College is law abiding Institution and is committed to its core mandate hence it has no Statutory or tax default to date.

SECTION E

The Kipsoen technical and vocational college's financial probity and serious governance issues

The Institute has no governance issues among the Board of Governors members or the top management in so far as conflict of interest is concerned.

10. Environmental And Sustainability Reporting Statement

Kipsoen Technical and Vocational College exists to transform lives. This is our purpose; the driving force behind everything we do. It is what guides us to deliver our strategy, putting the customer/citizen first, delivering relevant goods and services, and improving operational excellence.

Sustainability strategy and profile

Through its strategic planning the Kipsoen technical and vocational college has drawn its sustainability and profile from its vision, mission and core values

Environmental performance

Kipsoen technical and vocational college is guided by the environmental sustainability guidelines in accordance to chapter 5 of the constitution of Kenya and the Environmental Management and Coordination Act (EMCA) OF 1999. Environmental sustainability refers to concerted efforts put in place to mitigate against environmental degradation. It is the maintenance of factors and practises that contribute to the quality of environment on a short and long term basis.

Employee welfare

Kipsoen technical and vocational college is guided by the policies under the labour laws. The Kipsoen technical and vocational college also complies with the occupation safety and health Act 2007, (OSHA)
Persons with the right qualifications and competence were hired following established process of advertising existing posts, receiving applications, shortlisting of qualified candidates and inviting for an interview conducted based on established criteria that include gender consideration, experiences and relevant qualifications.

Market place practises

- a) Responsible competition practise.
the Kipsoen technical and vocational college is guided by the Kenya constitution that has endeavoured to uphold fairness, equity and transparency during implementation of its projects. In the implementation of the curriculum the management ensured that the training offered was of high quality. Instructional training, continuous assessment and evaluation conducted in line with the academic policy
- b) Responsible supply chain and supplier relations.
The Kipsoen technical and vocational college through its strategic plan identified various stakeholders including the suppliers and is committed towards strengthening supplier relations through sensitisation and prequalification of all suppliers who meet requirements, timely payments for goods and services provided, provide feedback mechanism and effective communication linkages.

c) Responsible marketing and advertisement

To enhance its marketing strategies, the Kipsoen technical and vocational college has continuously done road trips, barazas, updating the online platform and publicise its information in its website mainly aimed at reaching out to the youth. Advertisements of tenders has been done widely on local platforms and major tenders in newspapers.

d) Product stewardship

The Kipsoen technical and vocational college has ensured that its consumers rights and interests have been safeguarded. the Kipsoen technical and vocational college participates in science fairs, sports, staff training and development to enhance the delivery of services to its clients.

Corporate Social Responsibility / Community Engagements

Partnered with the community in tree planting to increase the Kenya's forest cover

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

11. Report of the Council/Board of Governors

The Council/Board members submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of the *Kipsoen technical and vocational college's* affairs.

Principal activities

The principal activities of the Kipsoen technical and vocational college are;

- To offer technical training
- To provide and promote life-long learning

Results

The results of the Kipsoen technical and vocational college for the year ended June 30, 2023 are set out on page 1 to 52 .

Council/Board of Governors

The members of the Board /Council who served during the year are shown on page ix and x. During the year 7 directors retired and 8 were appointed with effect from 31st august 2022.

Auditors

The Auditor General is responsible for the statutory audit of the The Kipsoen technical and Vocational College in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year/period ended June 30, 2023.

By Order of the Board



.....
Principal/BOG secretary

Iten

Date: 14/03/2025

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

Section 81 of the Public Finance Management Act, 2012 and *section 14 of the State Corporations Act, and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013* require the council members to prepare financial statements in respect of that *Kipsoen technical and vocational college*, which give a true and fair view of the state of affairs of the *Kipsoen technical and vocational college* at the end of the financial year/period 2022/2023 and the operating results of the *Kipsoen technical and vocational college* for that year/period 2022/2023. The Council members are also required to ensure that the *Kipsoen technical and vocational college* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *Kipsoen technical and vocational college*. The council members are also responsible for safeguarding the assets of the *Kipsoen technical and vocational college*.

The Council members are responsible for the preparation and presentation of the *Kipsoen technical and vocational college's* financial statements, which give a true and fair view of the state of affairs of the *Kipsoen technical and vocational college* for and as at the end of the financial year (period) ended on June 30, 2023. This responsibility includes:


- (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period,
- (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the *Kipsoen technical and vocational 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 *Kipsoen technical and vocational 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 *Kipsoen technical and vocational 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 *Kipsoen technical and vocational college's* financial statements give a true and fair view of the state of *Kipsoen technical and vocational college's* transactions during the financial year ended June 30, 2023, and of the *Kipsoen technical and vocational college's* financial position as at that date. The Council members further confirm the completeness of the accounting records maintained for the *Kipsoen technical and vocational college*, which have been relied upon in the preparation of the *Kipsoen technical and vocational 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 *Kipsoen technical and vocational college* will not remain a going concern for at least the next twelve months from the date of this statement.

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



Veronicah C. Birgen
Chairperson of the Board/Council



Joseph K. Bitok
Accounting Officer/Principal

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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HEADQUARTERS
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NAIROBI

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

PREAMBLE

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

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

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kipsoen Technical and Vocational College set out on pages 1 to 47, which comprise the statement of financial

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kipsoen Technical and Vocational College as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Act, 2013 and Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Receivables from Exchange Transactions

The statement of financial position reflects a balance of Kshs.29,216,462 in respect of current receivables from exchange transactions (student debtors) as disclosed in Note 19 (a&b) to the financial statements. Included in the balance is Kshs.23,164,217 in respect of current receivables portion of student debtors and Kshs.6,052,245 in respect of student debtors outstanding for more than two (2) years. During the year under review, the student debtors' balance increased by Kshs.20,524,078 from the previous year reported balance of Kshs.2,640,139 or 777%. However, Management did not support or provide an explanation for the significant increase in the receivables.

In addition, a policy on debtors and provision for bad and doubtful debtors was not disclosed in the summary of significant accounting policies section of the financial statements. Further, there was no evidence that the Management had put in place mechanisms to recover the outstanding debts as the College may suffer financial loss from unrecovered debts.

In the circumstances, the accuracy, completeness and recoverability of the total receivable from exchange transactions balance of Kshs.29,216,462 could not be confirmed.

2. Unsupported Property, Plant and Equipment

The statement of financial position reflects a balance of Kshs.58,497,746 in respect of property, plant and equipment as disclosed under Note 21 to the financial statements. Physical inspection conducted in the month of February, 2025 revealed that the College premises sit on 5-hectars piece of land. The value of the land was not disclosed in the property, plant and equipment balance. In addition, the ownership documents for the

5-hectars piece of land such as title deeds or allotment letter were not provided for audit review.

In addition, the property, plant and equipment balance included motor vehicles balance of Kshs.801,563, furniture and fittings balance of Kshs.726,911, computer and related equipment balance of Kshs.662,896 which were donated by the State Department of Vocational and Technical Training to the College. However, no documentary evidence was provided to confirm how the values included in the financial statement were determined as no valuation report was provided in respect of the donated assets.

Further, as previously reported one of the motor vehicles registrations no. GKA 363U that was donated to the College by Keiyo North National Government Constituency Development Fund has not been transferred to the College as the vehicle logbook is in the name of Keiyo North National Government Constituency Development Fund.

The College does not have an assets depreciation policy hence the basis of the method of depreciation and rates used could not be confirmed.

The fixed assets register maintained by the College was not updated as it did not contain all information required by International Public Sector Accounting Standard (IPSAS) 17 whose minimum disclosure requirements include; Identification or serial number, acquisition date, description of assets, location, class, cost of acquisition, accumulated depreciation and net book value.

In the circumstances, the accuracy, completeness, ownership and fair valuation of the property, plant and equipment balance of Kshs.58,497,746 could not be confirmed.

3. Unsupported Trade and Other Payables

The statement of financial position reflects a balance of Kshs.3,407,550 in respect of trade and other payables as disclosed in Note 24 to the financial statements. However, review of schedules provided for audit revealed that a trade and other payable amounting to Kshs.2,123,130 relating to supply of teaching and learning materials were not supported with invoices, suppliers' statements and delivery notes confirming the authenticity of the trade payables. Further, creditors management policy was not provided therefore making it difficult to determine the priority in the order of settlement of the payables.

In the circumstance, the accuracy and completeness of the trade and other payable balance of Kshs.3,407,550 could not be confirmed.

4. Unsupported Travel and Subsistence Expenses

The statement of financial performance reflects an amount of Kshs.15,243,960 in respect of use of goods and services as disclosed in Note 13 to the financial statements. Included in the amount is Kshs.1,429,800 in respect to travel and subsistence allowances. However, review of documents provided for audit revealed that an expenditure amounting to Kshs.308,200 paid as travel expenses lacked proper supporting documentation such

as work ticket and imprest warrants, imprest register detailing the payees, imprest warrant numbers, date of issue, due dates, and dates of surrender. This was contrary to the provisions of Regulation 93(4)(c) of the Public Finance Management (National Government) Regulations, 2015.

In the circumstance, the accuracy and validity of payments amounting to Kshs.308,200 in respect of travel and subsistence allowances could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.40,196,500 and Kshs.39,277,795 respectively resulting to an under-funding of Kshs.918,705 or 2.3% of the budget. Similarly, the College expended an amount of Kshs.23,424,709 against actual receipts of Kshs.39,277,795 resulting to an under-utilization of Kshs.15,853,086 or 40% of the budget.

The underfunding and underutilization of available funds affected the planned activities and may have impacted negatively on service delivery to the students and stakeholders of Kipsoen Technical and Vocational Training College.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior year Matters

In the audit report for the previous year, several issues were raised under report on the financial statements, report on lawfulness and effectiveness in use of public resources and report on effectiveness of internal controls, risk management and governance,

However, Management had not resolved the issues as at 30 June, 2022 and no satisfactory reasons were given for the delay in solving the prior year's matters.

Other Information

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

In connection with my audit on the College financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

Failure to Achieve Performance Objectives

Review of the statement of performance against the College predetermined objectives revealed that out of forty-six (46) planned activities across seven (7) strategic pillars, only Nineteen (19), representing 41% were achieved, while twenty-five (25), representing 55% were not achieved and two (2), representing 4% were partially completed.

Failure to implement projects and programs in accordance with targets and priorities outlined in the Annual Work Plan may lead to insignificant progress in addressing development challenges in the College.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Late Submission of the Financial Statements

The College's financial statements for the year ended 30 June, 2023 were submitted to the Auditor-General on 13 October, 2023, approximately two (2) weeks after the statutory deadline of 30 September, 2023. This was contrary to the requirement of section 68(2k) of the Public Finance Management Act, 2012 which requires the accounting officer prepare annual financial statements for each financial year within three months after the end of the financial year, and submit them to the Controller of Budget and the Auditor-General for audit and in the case of a national government entity, forward a copy to the National Treasury.

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

2. Presentation of the Financial Statements

Review of the financial statements submitted for audit revealed the following anomalies in the format and presentation of the financial statements:

- i). Inter-entity transfers at page 49 to the financial statements is not signed by the head of accounting unit of the Ministry of Education contrary to Public Sector Accounting Standards Board (PSASB) template issued in June, 2020;
- ii). Corporate governance statement at page "xxii" to the financial statements did not include the succession plan, the number of Board/Council meetings held, induction and training, board member performance, ethics and conduct and governance audit as required by the template; and
- iii). Balances in the statement of cash flows were not supported with relevant schedules and made no references to the corresponding notes.

In the circumstances, the College's financial statements are not in conformity with Public Sector Accounting Standards Board prescribed format.

3. Lack of Approved Annual Estimates of Revenue and Expenditure

During the year under review, the board approved a budget of Kshs.40,196,500 in respect to revenue and expenditure respectively. However, there was no evidence to indicated that the budget was submitted and approved by the Cabinet Secretary Ministry of education contrary to Section 22(1) and (2) of the second schedule to the Technical and Vocational Education and Training Act, 2013 which stipulates Board of Governors of a public institution shall prepare annual estimates of revenue and expenditure for the institution under its charge, in such form and at such times as the Cabinet Secretary may prescribe and the Board of Governors may incur expenditure for the purpose of the institution in accordance with estimates approved by the Cabinet Secretary and any approved expenditure under any head of the estimates may not be exceeded without the prior written approval of the Cabinet Secretary.

In the circumstances, the College is in breach of the law.

4. Irregular Procurement of Goods Using Imprest

The statement of financial performance and as disclosed in Note 13 to the financial statements reflects an amount of Kshs.15,243,960 in respect to use of goods and services. However, examination of payment vouchers and other supporting documents provided for audit revealed that supplies worth Kshs.502,558 were procured through cash payments (imprest) though the expenditure was above the thresholds for cash purchase specified in the threshold matrix in the Public Procurement and Assets Disposal Act, 2015

In the circumstances, the College is in breach of the law.

5. Anomalies in Procurement of Goods and Services

The statement of financial performance and as disclosed in Note 15 to the financial statements reflects an amount of Kshs.15,243,960 in respect to use of goods and services. However, examination of payment vouchers and other supporting documents provided for audit revealed that goods and services worth Kshs.920,000 procured through request for quotation had the following anomalies.

- i) There was no evidence that the head of procurement function made recommendations by way of professional opinion before the decision to award a procurement under a request for quotation contrary to Regulation 91(4) of the Public Procurement and Asset Regulations, 2020 and
- ii) The management also failed to allocated at least thirty percent of its procurement value to the youth, women and persons with disability contrary to the requirement of Section 157(10) of the Public Procurement and Asset Disposal Act, 2015

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

6. Non-Compliance with Law on Ethnic Composition

The statement of financial performance reflects employee costs amount of Kshs.6,053,269 as disclosed in Note 14 to the financial statements. Review of payroll records revealed that the total number of staff employed by the College Board of Governors were forty-one (41) out of which forty (40) or 98% of the number were members of the dominant ethnic community contrary to Section 7(2) of the National Cohesion and Integration Act, 2008 which states that no public establishment shall have more than one third of its staff from the same ethnic community.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Weaknesses in Cash and Bank Management

Review of the cash and bank balances assets management practices revealed the following weaknesses:

- i. Review of the cash book indicated that, there was no evidence that a senior officer checked the accuracy and completeness of the excel cash book and bank reconciliation statements. The monthly transactions recorded in the cash book were not checked and approved by an officer different from the one who recorded and balancing;
- ii. There was also lack of supervision and segregation of duties on recording of receipts and payments, updating of the ledgers, updating and reconciling cash books with bank balances, making payments and preparation of financial reports;
- iii. The College reported cash balance of Kshs.90,500 as at end of the financial year. However, petty cash management system, supported with ad hoc committee appointed by the accounting officer to conduct board of survey on cash count and issue a certificate on cash balance as at 30 June, 2023 was lacking; and
- iv. During the year under audit, payments amounting to Kshs.1,429,800 were made in respect to per diem to staff for various trainings and seminars. However, no imprest register was in place to manage imprest issues and surrenders.

In the circumstances, internal controls to confirm control, care and prudent management of cash and cash equivalents assets of the College could not be confirmed.

2. Lack of Approved Staff Establishment and Human Capital Plan

During the year under review, Management did not have in place a human resource plan and staff establishment policy document. This is contrary to Regulation 120(2) of the Public Finance Management (National Government) Regulations, 2015 which requires that the budgetary allocation for personnel costs should be determine on the basis of a detailed costing of a human capital plan of a National Government entity as approved by state department responsible for public service management matters, the public service commission and National Treasury.

Further, the College operated without an authorized staff establishment that indicates the optimal number of staff for each category, the number in post and the variance so as to ensure efficient, quality and productive services in the institution. In the absence of an approved establishment, it is not possible to ascertain whether the College was operating within optimal level of staff establishment.

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

3. Failure to Establish Internal Audit Committee and Internal Audit Arrangement

During the year under review, the College did not have an internal audit function and did not seek for an internal audit undertaking from the Sub County that could perform risk assessment processes and evaluate operational effectiveness through in-depth reviews of management operations and internal controls in the College contrary to the requirement of Section 73(1)(a) of the Public Finance Management (PFM) Act, 2012 which states that every national government entity shall ensure that it has appropriate arrangements for conducting internal audit according to the guidelines issued by the Accounting Standards Board

Similarly, the College did not have an audit committee in place to oversee the development, performance and effectiveness of internal control over financial reporting, performance reporting and compliance with laws and regulations. This is contrary to the requirement of Section 73(5) of the Public Finance Management Act, 2012 which states that every national government entity shall establish an internal auditing committee whose composition and functions are to be prescribed by the regulations.

In the circumstances, the College is in breach of the law

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

Responsibilities of the Management and the Board of Governors

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi




4 April, 2025

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

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

	Notes	2022-2023	2021-2022
		Kshs	Kshs
Revenue from Non-Exchange transactions			
Transfers from other National Government entities	6	7,121,000	14,280,000
Transfers from other levels of government	7	200,000	-
Public contributions and donations	8	20,000	-
		7,341,000	14,280,000
Revenue from Exchange transactions			
Rendering of services- fees from students	9	31,730,750	16,117,240
Sale of goods	10	104,525	11,000
Rental revenue from facilities and equipment	11	100,820	-
Miscellaneous income	12	700	506,900
		31,936,795	16,635,140
Total Revenue		39,277,795	30,915,140
Expenses			
Use of goods and services	13	15,243,960	20,005,739
Employee costs	14	6,053,269	4,481,990
Board /Council Expenses	15	1,804,200	281,000
Depreciation and amortization expense	16	2,472,626	2,436,505
Repairs and maintenance	17	323,280	460,970
		25,897,335	27,666,204
Total Other Gains/(Losses)		-	-
Net surplus/(deficit) for the year		13,380,460	3,248,936

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

		
.....
Chairman of Council/Board	Finance Officer	Principal
	ICPAK No 26189	
Date..14/03/2025.....	Date..14/03/2025.....	Date..14/03/2025.....

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

15. Statement of Financial Position As At 30th June 2023

Description	Notes	2022-2023	2021-2022
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	18	707,907.50	3,238,992
Current portion of receivables from exchange transactions	19(a)	23,164,217	2,640,139
Receivables from non-exchange transactions	20	5,342,000	5,342,000
Total Current Assets		29,214,124.50	11,221,131
Non-Current Assets			
Long term receivables from exchange transactions	19(b)	6,052,245	6,347,211
Property, plant, and equipment	21	58,497,746	60,019,117
Intangible assets	22	1,120,000	-
Biological Assets	23	90,000	-
Total Non-Current Assets		65,759,991	66,366,328
Total Assets		94,974,116	77,587,459
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	24	3,407,550	4,512,561
Refundable deposits from customers	25	1,272,000	559,000
Payments received in advance	26	4,398,208	-
Total Current Liabilities		9,077,758	5,071,561
Total Liabilities		9,077,758	5,071,561
Net Assets		85,896,358	72,515,898
Accumulated Surplus		23,996,358	10,615,898
Capital Fund		61,900,000	61,900,000
Total Net Assets and Liabilities		85,896,358	72,515,898

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

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




Chairman of Council/Board

Date...14/03/2025.....



Finance Officer
ICPAK No 26189

Date...14/03/2025.....



Principal

Date...14/03/2025.....

16. Statement of Changes in Net Asset For The Year Ended 30 June 2023

Description	Revaluation reserve	Accumulated Fund	Capital Grants/Fund	Total
At July 1, 2021	1,900,000	7,366,962	60,000,000	69,266,962
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	3,248,936	-	3,248,936
Capital grants received during the year	-	-	-	-
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-	-	-
At June 30, 2022	1,900,000	10,615,898	60,000,000	72,515,898
At July 1, 2022	1,900,000	10,615,898	60,000,000	72,515,898
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	13,380,460	-	13,380,460
Capital grants received during the year	-	-	-	-
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-	-	-
At June 30, 2023	1,900,000	23,996,358	60,000,000	85,896,358

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

Description		2022-2023	2021-2022
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other National Government entities	6	7,121,000	13,895,500
Transfers from other levels of government	7	200,000	-
Public contributions and donations	8	20,000	-
Rendering of services- fees from students	9	12,848,406	12,532,225.50
Sale of goods	10	104,525	11,000
Rental revenue from facilities and equipment	11	100,820	-
Miscellaneous income	12	700	506,900
Total Receipts		20,395,451	26,945,625.50
Payments			
Use of goods and services	13	13,368,987	19,544,117
Employee costs	14	6,053,269	4,481,990
Board Expenses	15	1,804,200	281,000
Repairs and maintenance	17	323,280	460,970
Total Payments		21,549,736	24,768,077
Net Cash Flows from operating activities	27	(1,154,285)	2,177,549
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(1,376,800)	(3,223,246)
Net cash flows used in investing activities		(1,376,800)	(3,223,246)
Net cash flows used in financing activities		-	-
Net Increase/(Decrease) in Cash and Cash equivalents		(2,531,085)	(1,045,697)
Cash and Cash equivalents at 1 JULY	18	3,238,992.50	4,284,690
Cash and Cash equivalents at 30 JUNE	18	707,907.50	3,238,992.50

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization Difference
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	%
Transfers from other National Government entities	21,000,000	-	21,000,000	7,121,000	(13,879,000)	-66.09%
Transfers from other levels of government	-	-	-	200,000	200,000	-
Public contributions and donations	-	-	-	20,000	20,000	-
Rendering of services- fees from students	19,196,500	-	19,196,500	31,730,750	12,534,250	65.29%
Sale of goods	-	-	-	104,525	104,525	-
Rental revenue from facilities and equipment	-	-	-	100,820	100,820	-
Miscellaneous Income	-	-	-	700	700	-
Total Income	40,196,500	-	40,196,500	39,277,795	(918,705)	
Expenses						
Use of goods and services	29,855,000	-	29,855,000	15,243,960	(14,611,040)	-48.94%
Employee costs	8,064,000	-	8,064,000	6,053,269	(2,010,731)	-25.00%
Board Expenses	1,000,000	-	1,000,000	1,804,200	804,200	80.42%
Repairs and maintenance	1,277,500	-	1,277,500	323,280	(954,200)	-74.69%
Total Expenditure	40,196,500	-	40,196,500	23,424,709	(16,771,771)	
Surplus For the Period	-	-	-	15,853,086	(17,690,476)	-
Capital Expenditure	8,726,715	-	8,726,715	2,866,800	(5,859,915)	-

- Movement in transfers from other government entities and government grants is due to decrease in grant income received in the year under review
- Movement in rendering of services is due to increase in student intake during the year under review
- Movement in compensation of employees is due to fewer number of employees during the year under review
- Movement in use of goods and services is due to decrease in receipts of government capitation and receipts from students during the year under review
- Movement in board expenses increase is due to induction of new board members during the year under review
- Movement in repairs and maintenance decrease is due to fewer repairs and maintenance during the year under review

19. Notes to the Financial Statements

1. General Information

Kipsoen Technical and Vocational College is established by and derives its authority and accountability from TVET Act 2013. The Kipsoen technical and vocational college is wholly owned by the Government of Kenya and is domiciled in Kenya. The Kipsoen technical and vocational college's principal activity is technical training.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *Kipsoen technical and vocational 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 in the process of applying the *Kipsoen technical and vocational college's* accounting policies.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *Kipsoen technical and vocational college*. The values are rounded off to the nearest shilling.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the TVET Act and with the accrual basis of accounting method under the 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 2023.

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

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

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

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

iii. Early adoption of standards

The Kipsoen technical and vocational college did not early-adopt any new or amended standards in year 2023.

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 Kipsoen technical and vocational college and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

- ii) Revenue from exchange transactions

Rendering of services

The Kipsoen technical and vocational 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 Kipsoen technical and vocational 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.

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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

b) Budget information

The original budget for FY 2022/2023 was approved by the Board on 18/11/2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Kipsoen technical and vocational college upon receiving the respective approvals to conclude the final budget.

The Kipsoen technical and vocational 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 cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

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

c) Taxes

Current income tax

The Kipsoen technical and vocational college is exempt from paying taxes as stipulated in the first schedule on income tax. Cap 470

Sales tax/ Value Added Tax

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

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

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

Summary of Significant Accounting Policies (Continued)

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition.

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

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition or construction of the item of property appropriately according to the acronyms you use in your financial statements plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the Kipsoen technical and vocational college recognizes such parts as individual assets with specific useful lives and depreciates them accordingly using the **reducing balance depreciation method**. 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.

S.NO	Details	Depreciation rate %
1	building	2.5
2	Motor vehicle	25
3	Furniture and fittings	12.5
4	Computer and accessories	33.3
5	Reference books	25
6	Property, plant and equipment	12.5

f) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Kipsoen technical and vocational 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 Kipsoen technical and vocational 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 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 Kipsoen technical and vocational 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 Kipsoen technical and vocational college. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

g) Intangible assets

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

h) Research and development costs

The Kipsoen technical and vocational college expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Kipsoen technical and vocational 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.

i) Financial instruments

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Financial assets

Classification

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

The Kipsoen technical and vocational college classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

j) Inventories

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

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

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

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Inventories (Continued)

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

k) Provisions

Provisions are recognized when the *Kipsoen technical and vocational 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 *Kipsoen technical and vocational 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 *Kipsoen technical and vocational 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 *Kipsoen technical and vocational 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 *Kipsoen technical and vocational 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.

l) Social Benefits

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

Summary of Significant Accounting Policies (Continued)

m) Nature and purpose of reserves

The *Kipsoen technical and vocational college* creates and maintains reserves in terms of specific requirements.

n) Changes in accounting policies and estimates

The *Kipsoen technical and vocational 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.

o) Employee benefits

Retirement benefit plans

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

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

p) Foreign currency transactions

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

q) Borrowing costs

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

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

r) Related parties

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

s) Service concession arrangements

The *Kipsoen technical and vocational 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 *Kipsoen technical and vocational 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 *Kipsoen technical and vocational college* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

t) Cash and cash equivalents

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

u) Comparative figures

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

v) Subsequent events

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

Notes to the Financial Statements (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the *Kipsoen technical and vocational 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 Kipsoen technical and vocational 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 Kipsoen technical and vocational 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 *Kipsoen technical and vocational 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.

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.

Kipsoen Technical and Vocational College
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Notes to the Financial Statements (Continued)

6. Transfers from other National Government entities

Description	2022-2023	2021-2022
	Kshs	Kshs
Unconditional Grants		
Capitation Grants	7,121,000	14,280,000
Total unconditional Grants	7,121,000	14,280,000
Total Government Grants and Subsidies	7,121,000	14,280,000

(a) Transfers from other Government entities (Categorized)

Name of the Kipsoen technical and vocational college Sending The Grant	Amount recognized to Statement of Financial performance *	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	2021-2022
	Kshs	Kshs	Kshs	Kshs	Kshs
State Department of technical, vocational training	7,121,000	-	-	7,121,000	14,280,000
Total	7,121,000	-	-	7,121,000	14,280,000

The details of the reconciliation have been included under appendix III

Kipsoen Technical and Vocational College
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Notes to the Financial Statements (Continued)

7. Transfers from Other Levels of Government

Description	2022-2023	2021-2022
	Kshs	Kshs
Transfer from elgeyo marakwet County	200,000	-
Total Transfers	200,000	-

8. Public Contributions and Donations

Description	2022-2023	2021-2022
	Kshs	Kshs
Public Donations	20,000	-
Total Donations and Contributions	20,000	-

(Received donation from equity bank for purchase of chairs)

9. Rendering of Services

Description	2022-2023	2021-2022
	Kshs	Kshs
Tuition Fees	15,215,188	5,306,732
Personnel emoluments	4,890,860	2,290,840
Activity Fees	1,413,892	659,048
Industrial Attachment Fees	1,788,000	828,000
Examination Fees	3,040,210	4,652,720
Electricity, water and conservancy	1,377,436	642,584
Repairs, maintenance and improvements	776,200	363,980
Local travel and transport	1,265,464	592,016
Medical expenses	894,000	414,000
Registration Fees	713,000	215,000
Students identity card	356,500	107,500
Total Revenue from The Rendering of Services	31,730,750	16,117,240

The institution received income from the collection of fees from students only

Kipsoen Technical and Vocational College
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Notes to the Financial Statements (Continued)

10. Sale of Goods

Description	2022-2023	2021-2022
	Kshs	Kshs
Sale of Farm Produce	104,525	11,000
Total Revenue from Sale of Goods	104,525	11,000

Sale of farm produce –sale of hay

11. Rental revenue from facilities and equipment

Description	2022-2023	2021-2022
	Kshs	Kshs
Hire of Facilities and Equipment	100,820	-
Total	100,820	-

Hire by IEBC for training

12. Miscellaneous Income

Description	2022-2023	2021-2022
	Kshs	Kshs
Miscellaneous income -kuccps	700	506,900
Total other income	700	506,900

Kipsoen Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023
Notes To the Financial Statements (Continued)

13. Use of Goods and Services

Description	2022-2023	2021-2022
	Kshs	Kshs
Teaching and learning materials	7,238,727	9,205,109
Industrial attachment costs	284,100	306,900
Electricity	339,622	272,212
Water	45,420	31,770
Subscriptions	35,200	11,200
Advertising	103,200	80,000
Examination fees	2,618,730	2,248,950
Travelling and accommodation	1,429,800	3,158,750
Fuel and oil	477,487	397,744
Insurance	43,000	103,400
Postage	10,876	9,450
Printing and stationery	773,570	1,223,929
Student idKipsoen technical and vocational college card	114,380	73,100
Activity	791,780	2,092,962
Medical expenses	1,650	18,340
Internet expenses	124,278	108,393
Training expenses	766,900	612,560
Bank charges and commissions	45,240	50,970
Total good and services	15,243,960	20,005,739

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Notes To the Financial Statements (Continued)

14. Employee Costs

Description	2022-2023	2021-2022
	Kshs	Kshs
Salaries and wages	6,053,269	4,481,990
Employee Costs	6,053,269	4,481,990

15. Board/Council Expenses

Description	2022-2023	2021-2022
	Kshs	Kshs
Board expenses	1,804,200	281,000
Total	1,804,200	281,000

16. Depreciation and Amortization expense

Description	2022-2023	2021-2022
	Kshs	Kshs
Property, plant and equipment	2,192,626	2,436,505
ERP-MIS	280,000	-
Total depreciation and amortization	2,472,626	2,436,505

17. Repairs and Maintenance

Description	2022-2023	2021-2022
	Kshs	Kshs
Property	175,180	42,620
Equipment and machinery	36,870	153,750
Vehicles	109,230	140,100
Computers and accessories	2,000	124,100
Total Repairs and Maintenance	323,280	460,970

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Annual Report and Financial Statements for the year ended 30th June 2023
Notes To the Financial Statements (Continued)

18. Cash and Cash Equivalents

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Account	617,407.50	3,078,492.50
Others (Specify)	90,500	160,500
Total Cash and Cash Equivalents	707,907.50	3,238,992.50

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

Financial Institution	Account number	2022-2023	2021-2022
		Kshs	Kshs
a) Current Account			
Equity Bank – Fee collection		562,683.50	2,106,222.50
Equity Bank – Capitation		54,724	972,270
Sub- Total		617,407.50	3,078,492.50
b) Others(Specify)			
Cash in Hand		90,500	160,500
Sub- Total		90,500	160,500
Grand Total		707,907.50	3,238,922.50

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

Notes to the Financial Statements (Continued)

19. Receivables from Exchange transactions

19. (a) Current Receivables from Exchange transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Receivables		
Student Debtors	23,164,217	2,640,139
Total Current Receivables	23,164,217	2,640,139

19. (b) Long- term Receivables from Exchange transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Non-Current Receivables		
Total Non-Current Receivables	6,052,245	6,347,211
Total Receivables	6,052,245	6,347,211

19. (c) Ageing Analysis of Receivables from Exchange transactions

Description	2022-2023		2021-2022	
	Kshs	% of total	Kshs	% of total
	Current FY	% of total	Comparative FY	% of total
Less than 1 year	23,164,217	79%	2,640,139	29%
Between 1- 2 years	6,052,245	21%	6,347,211	71%
Total (a+b)	29,164,462	100%	8,987,350	100%

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

Description	2022-2023	2021-2022
	Kshs	Kshs
At the beginning of the year	8,987,350	3,866,984
Provisions during the year	23,164,217	6,347,211
Recovered during the year	(2,935,105)	1,226,845
At the end of the year	29,216,462	8,987,350

20. Receivables from Non-Exchange transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Receivables		
Capitation Grants*	5,342,000	5,342,000
Total Current Receivables	5,342,000	5,342,000

20 (a) Ageing Analysis on Receivables from Non-Exchange Transactions

Description	2022-2023		2021-2022	
	Kshs	% of the total	Kshs	% of the total
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	-	-	5,342,000	100%
Between 1- 2 years	5,342,000	100%	-	-
Total	5,342,000	100%	5,342,000	100%

Kipsoen Technical and Vocational College
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20 (b) Reconciliation for Impairment Allowance on Receivables from Non-Exchange Transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
At the beginning of the year	5,342,000	4,957,500
Additional provisions during the year	-	3,412,000
Recovered during the year	-	(3,027,500)
At the end of the year	5,342,000	5,342,000

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Notes to the Financial Statements (Continued)

21. Property, Plant and Equipment

Cost	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Plant and equipment	other assets - intangible	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs		Kshs	Kshs
Depreciation rates		0.025	0.25	.0125	.0333	.0125			
At 1 July 2021	-	60,000,000	1,900,000	339,600	78,000	598,000	-	-	62,915,600
Additions	-	847,246	-	378,000	1,438,000	-	560,000	-	3,223,246
Disposals	-	-	-	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-	-	-	-
At 30 th June 2022	-	60,847,246	1,900,000	717,600	1,516,000	598,000	560,000	-	66,138,846
Additions	-	-	-	272,500	-	237,000	840,000	721,755	2,071,255
Disposals	-	-	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	-	-	-
At 30 th June 2023	-	60,847,246	1,900,000	990,100	1,516,000	835,000	1,400,000	721,755	68,210,101
Depreciation And Impairment									
At 1 July 2021	-	2,962,500	475,000	79,594	25,974	140,156	-	-	3,683,224
Depreciation	-	1,447,094	356,250	79,751	496,179	57,231	-	-	2,436,505
Disposals	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
At 30 Jun 2022		4,409,594	831,250	159,345	522,153	197,387	-	-	6,119,729
Depreciation	-	1,410,941	267,188	103,844	330,951	79,702	280,000	-	2,472,626
Disposals	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	-	-
At 30 th Jun 2023	-	5,820,535	1,098,438	263,189	853,104	277,089	280,000	-	8,592,355
Net Book Values									
At 30 th Jun 2022	-	56,437,652	1,068,750	558,255	993,847	400,613	560,000	-	60,019,117
At 30 th Jun 2023	-	55,026,711	801,563	726,911	662,896	557,911	1,120,000	721,755	59,617,746

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

-Capital work in progress constitutes construction of basement classrooms

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

Notes to the Financial Statements (Continued)

Valuation

The College Received donated assets from Ministry of Education as listed below.

1. Land (**5 Acres**)
2. College vehicle (Land Rover GKA 363U) donated by Keiyo North CDF.
3. Equipment under the Kenya China project phase II valued in USD 880,221

The college intends to do valuation of all the assets it received from the ministry of Education and will adopt the values in to the financial statements.

21 (b) Property, Plant and Equipment at Cost

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	-	-	-
Buildings	60,847,246	5,820,535	55,026,711
Plant And Machinery	835,000	277,089	557,911
Motor Vehicles including Motorcycles	1,900,000	1,098,438	801,563
Computers and Related Equipment	1,516,000	853,104	662,896
Office Equipment, Furniture, And Fittings	990,100	263,189	726,911
Capital work in progress	721,755	-	721,755
Total	66,810,101	8,312,355	58,497,746

22. Intangible Assets

Description	2022-2023	2021-2022
	Kshs	Kshs
Cost		
At beginning of the year	560,000	-
Additions	840,000	560,000
At end of the year	1,400,000	560,000
amortisation	280,000	
At end of the year	280,000	-
NBV	1,120,000	560,000

Kipsoen Technical and Vocational College
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Notes to the Financial Statements (Continued)

23. Biological Assets

	2022-2023	2021-2022
	Kshs	Kshs
Cattle	90,000	-
Total	90,000	-

24. Trade and Other Payables

Description	2022-2023		2021-2022	
	Kshs		Kshs	
Trade payables	2,813,550		748,122	
Third-Party Payments-kuccps	594,000		-	
Total Trade and Other Payables	3,407,550		4,512,561	
Ageing analysis:	2022-2023	% of the Total	2022-2023	% of the Total
Under one year	3,407,550	100%	4,512,561	100%
1-2 years	-	-	-	-
Total (to tie to totals above)	3,407,550		4,512,561	100%

25. Refundable Deposits from Customers/Students

Description	2022-2023		2021-2022	
	Kshs		Kshs	
Caution money	1,272,000		559,000	
Total Deposits	1,272,000		559,000	
Ageing analysis:	2022-2023	% of the Total	2021-2022	% of the Total
Under one year	713,000	56%	559,000	100%
1-2 years	559,000	44%	-	-
Total (to tie to totals deposits above)	1,272,000	100%	559,000	1000%

Kipsoen Technical and Vocational College
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Notes to the Financial Statements (Continued)

26. Payments received in advance.

Description	2022-2023		2021-2022	
	Kshs		Kshs	
Fees received in advance	4,398,208		3,764,439	
Total	4,398,208		3,764,439	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	1,727,436	39%	3,764,439	100%
1-2 years	2,670,772	61%	-	-
Total	4,398,208	100%	3,764,439	100%

Kipsoen Technical and Vocational College
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Notes to the Financial Statements (Continued)

27. Cash generated from operations.

	2022-2023	2021-2022
	Kshs	Kshs
Surplus for the year before tax	13,380,460	3,248,936
Adjusted for:		
Depreciation	2,472,626	2,436,505
Contributed assets	(2,071,255)	-
Working Capital Adjustments		
Increase in Receivables	(20,229,112)	(5,504,866)
Increase in Payables	4,659,227	1,996,973
Increase in Payments received in advance	633,769	-
Net Cash Flow from Operating Activities	(1,154,285)	2,177,549

Notes to the Financial Statements (Continued)

28. Financial Risk Management

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

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

(i) Credit risk

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

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

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2022				
Receivables from exchange transactions	8,987,350	8,987,350	-	-
Receivables from non-exchange transactions	5,342,000	5,342,000	-	-
Bank balances	3,078,492.50	3,078,492.50	-	-
Total	17,407,842.50	17,407,842.50	-	-
At 30 June 2023				
Receivables from exchange transactions	29,216,462	29,216,462	-	-
Receivables from non-exchange transactions	5,342,000	5,342,000	-	-
Bank balances	707,907.50	707,907.50	-	-
Total	35,266,369.50	35,266,369.50	-	-

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

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

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

The Kipsoen technical and vocational college has significant concentration of credit risk on amounts due from xxxx

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022				
Trade Payables	-	748,122	-	748,122
Total	-	748,122	-	748,122
At 30 June 2023				
Trade Payables	-	594,000	2,813,550	3,407,550
Total	-	594,000	2,813,550	3,407,550

Kipsoen Technical and Vocational College
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Notes to the Financial Statements (Continued)
Financial risk management (continued)

(iii) Market risk

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

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

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

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

a) Foreign currency risk

The Kipsoen technical and vocational college 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 Kipsoen technical and vocational college's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2023			
Financial Assets (Investments, Cash, Debtors)	-	-	-
Liabilities			
Trade and Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

The Kipsoen technical and vocational college 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.

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

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.

	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
20xx			
Euro	10%	-	-
Usd	10%	-	-
20xx			
Euro	10%	-	-
Usd	10%	-	-

b) Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

The Kipsoen technical and vocational college 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 xxx (20XX: Kshs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (20XX – Kshs xxx)

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

iv) Capital Risk Management

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

Description	2022-2023	2021-2022
	Kshs	Kshs
Revaluation Reserve	-	-
Retained Earnings	23,996,358	10,615,898
Capital Reserve	61,900,000	61,900,000
Total Funds	85,896,358	72,515,898
Total Borrowings	-	-
Less: Cash and Bank Balances	(707,907.50)	(3,238,922.50)
Net Debt/(Excess Cash and Cash Equivalents)	0	0
Gearing	0%	0%

29. Related Party Balances

Nature of related party relationships

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

Government of Kenya

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

- i) The National Government;
- ii) The Ministry of education;
- 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	2022-2023	2021-2022
	Kshs	Kshs
Transactions with Related Parties		
a) Purchases from related parties		
Purchases of electricity from kplc	339,622	-
Purchase of water from govt service providers	45,420	-
Total	385,042	-

30. Events After The Reporting Period

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

31. Ultimate And Holding Kipsoen technical and vocational college

The Kipsoen technical and vocational college is a State Corporation/ or a Semi-Autonomous Government Agency under the Ministry of education . Its ultimate parent is the Government of Kenya.

32. Currency

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

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33. 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	Focal person to resolve the issue(Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
OAG/CRRO/KTVC/2021-2022-1-01-1065-23/	Transfers from other government entities	Variances in the Financial statements has been amended	Jonathan Yator Accountant	Not resolved	By 30 th June 2024
OAG/CRRO/KTVC/2021-2022-1-01-1065-23/	Non-disclosure of capital risk and related party transactions	The management has amended the financial statements	Jonathan Yator Accountant	Not resolved	By 30 th June 2024
OAG/CRRO/KTVC/2021-2022-1-01-1065-23/	Receivables from exchange transactions	The management has amended the financial statements	Jonathan Yator Accountant	Not resolved	By 30 th June 2024
OAG/CRRO/KTVC/2021-2022-1-01-1065-23/	Property, plant and equipment i)land ownership	The management commits to fast tract the process of title deed acquisition by requesting the donating institution to facilitate land transfer	Joseph Bitok Principal	Not resolved	By 30 th June 2024
OAG/CRRO/KTVC/2021-2022-1-01-1065-23/	Property, plant and equipment ii)Donated furniture, motor vehicle, computers and related	The institution is planning to conduct valuation of its assets, land and buildings.	Joseph Bitok Principal	Not resolved	By 30 th June 2024

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	equipment				
OAG/CRRO/KTVC/2021-2022-1-01-1065-23/	Property, plant and equipment iii) Depreciation of property, plant and equipment	The management has amended the financial statements	Jonathan Yator Accountant	Not resolved	By 30 th June 2024
OAG/CRRO/KTVC/2021-2022-1-01-1065-23/	Property, plant and equipment iv. ownership of the college land rover with registration no. GKA363U	The management to engage the NGCDF to transfer the log book	Joseph Bitok Principal	Not resolved	By 30 th June 2024
OAG/CRRO/KTVC/2021-2022-1-01-1065-23/	Property, plant and equipment v) lack of handing over report for tuition block and dormitory	The management commits to make a follow up of request to mentoring institution (RVIST) to hand over the tuition block and NGCDF KEIYO NORTH	Joseph Bitok Principal	Not resolved	By 30 th June 2024
OAG/CRRO/KTVC/2021-2022-1-01-1065-23/	Property, plant and equipment vi) Anomalies in fixed asset register	The management commits to engage the services of a government valuer. Additionally register and code assets appropriately	Joseph Bitok Principal	Not resolved	By 30 th June 2024
OAG/CRRO/KTVC/2021-2022-1-01-1065-23/	Property, plant and equipment vii) Tagging of fixed	The management commits to label and tag the assets	Joseph Bitok Principal	Not resolved	By 30 th June 2024

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	assets				
OAG/CRRO/KTVC/2021-2022-1-01-1065-23/	Property, plant and equipment viii) misclassification of management information system	The management has reclassified the management information system (MIS) as an intangible asset in the financial statements.	Jonathan Yator Accountant	Not resolved	By 30 th June 2024
OAG/CRRO/KTVC/2021-2022-1-01-1065-23/	Report on lawfulness and effectiveness in use of public resources	<p>1. The management commits to adhere to the timelines during submission of future financial statements</p> <p>2. The management commits to put in place appropriate measures to ensure employment or appointments done by the institution represent the diversity of the people of Kenya as per national cohesion and integration act, 2008</p> <p>3. The management commits to put in place an approved human resource plan and staff establishment to guide human capital budgeting and recruitment of staff</p>	Joseph Bitok Principal	Not resolved	By 30 th June 2024

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
OAG/CRRO/KTVC/2021-2022-1-01-1065-23/	Report on effectiveness of internal controls, risk management and governance	<ol style="list-style-type: none"> 1. The management commits to undertake an MOU with a government institution to engage their internal auditor in our college internal audit functions. The management had engaged the management of the Eldoret National polytechnic to assist in the internal audit of our institution 2. The management is committed in developing a risk management policy and submit to the board of govenors for approval 3. The management commits to establish exclusive server room and have it within its 	Joseph Bitok Principal	Not resolved	By 30 th June 2024

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		staff establishment a dedicated ICT officer to manage and support ICT systems 4. The management commits to develop creditors management policy			



Joseph K. BITOK

PRINCIPAL
 Date 14/03/2025

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**Appendix II: Projects Implemented by The Kipsoen Technical and Vocational College
Projects**

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

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

Status of Projects completion

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

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Appendix III- Inter-Kipsoen technical and vocational college Confirmation Letter



KIPSOEN TECHNICAL & VOCATIONAL COLLEGE

Off Eldoret-Iten Road.

P.O. BOX 344-30700 ITEN

TEL: 0797 868 786

Email: kipsontvc@gmail.com

Website: www.kipsontvc.ac.ke



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

Confirmation of amounts received by Kipsoen technical and vocational college as at 30th June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30th June 2023				Amount Received by [Beneficiary Kipsoen technical and vocational college] (Kshs) as at 30 th June 2022 (E)	Differences (Kshs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
366	28.10.2022	2,585,000	-	-	2,585,000	2,527,500	
1563	26.01.2023	2,268,000	-	-	2,268,000	500,000	
1564	27.06.2023	2,268,000	-	-	2,268,000	3,495,000	
						- 3,495,500	
						- 3,877,500	

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Total					<u>7,121,000</u>	<u>13,895,500</u>	
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I confirm that the amounts shown above are correct as of the date indicated.

Head of Accounts Department – ministry of education:

Name Sign Date

Head of Accounts Department – kipsoen technical and vocational college:

Name ...Joseph K Bitok..... Sign  Date.14/03/2025.....

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Appendix IV: Reporting of Climate Relevant Expenditures

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

Appendix V: Reporting on Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments
N/A	N/A	N/A	N/A	N/A	N/A	N/A

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