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REPORT

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DATE: 18 JUN 2025	DAY: Wednesday
TABLED BY:	Hon. Owen Baya, MP Deputy Leader of Majority
CLERK-AT-THE-TABLE:	Lomale

OF

THE AUDITOR-GENERAL

ON

**CHEPSIREI TECHNICAL AND VOCATIONAL
COLLEGE**

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



CHEPSIREI TECHNICAL & VOCATIONAL COLLEGE

P.O BOX 766 -30100 Eldoret
Tel: 0797 868 600
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Website: www.chepsireitvc.ac.ke



Skills for Prosperity

CHEPSIREI 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)**

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1. Acronyms & Glossary of Terms

BOG	Board of Governors
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
TTI	Technical Training Institute
TTC	Teacher Training College
TVC	Technical Vocational College
Fiduciary Management	Key management personnel who have financial responsibility in the entity

**2. KEY CHEPSIREI TECHNICAL AND VOCATIONAL COLLEGE
INFORMATION AND MANAGEMENT**

(a) Background information

Chepsirei Technical and Vocational College was established as a Youth Poly early 1970s. In the year 2015 the institution was revived and proposed to be upgraded to a Technical Training Institution (TTI). The establishment of Chepsirei Technical and Vocational College was presided over by The Principal Secretary, State Department of Vocational and Technical Training in March 2015. The institution was later commissioned on 19 October 2019. The institution was registered by the Technical Vocational Education and Training Authority (TVETA) in July 2021 to operate as Technical and Vocational College in accordance with TVET ACT, No 29 of 2013.

(b) Principal Activities

Vision

To be a global power house in innovations, research, technical and vocational training.

Mission

To impart quality technical, vocational and innovative skills relevant for individual and national development that meets the demands of the global market.

Mandate

- To offer technical training
- To provide and promote lifelong learning

Core Values

The Chepsirei Technical and Vocational College is an integral part of the society and endeavours to exhibit high social and professional standards. Core Values are the fundamental ideals at the heart of the institution and lays the foundation on which it operates. Guided by our vision and mission, we shall uphold the following values at all times:

- Integrity
- Accountability
- Professionalism
- Diversity
- Team work
- Customer focus

The following are the strategic objectives;

1. To offer innovative and relevant academic programmes that meet the dynamic market needs.
2. To provide and maintain adequate infrastructure to support the core functions of the institution.
3. To develop capacity of staff through training to enhance service delivery
4. To create an enabling environment and policy framework that promote research and development.
5. To establish collaboration and linkages with relevant institutions for promotion of quality training.

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6. To upgrade facilities so as to correspond to standards of training required and expansion in enrolment.
7. To ensure digitalization of modern Information Communication Technology.

(c) Key Management

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

- Board of council members
- Accounting officer/ Principal
- Management

(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	Patrick Tororei
2.	Deputy Principal	David Komen
3.	Head Of Finance	Hillary Salkong
4.	Head Of Procurement	Richard Kwambai
5.	Registrar	Alice Jepchumba
6.	Dean Of Students	Daniel Sirengo

(e) Fiduciary Oversight Arrangements

The following are the key fiduciary oversight arrangements:

i) Audit committee activities




The duties and responsibilities of the audit committee include;

- Discussing risk management policies and practices
- Monitoring choice of accounting policies and principles
- Overseeing hiring, performance and independence of external auditor
- Overseeing the performance of internal audit function
- Development partner oversight activities
- Other oversight activities

Finance, Infrastructure, Human resource, Education and Technical Training Committee

- (f) **Chepsirei Technical and Vocational College Headquarters**
P.O. Box 766-30100
ELDORET, KENYA
- (g) **Chepsirei Technical and Vocational College Contacts**
Telephone: (254) 797868600
E-mail: chepsireitvc@gmail.com
Website: www.chepsireitvc.ac.ke
- (h) **Chepsirei Technical and Vocational College Bankers**
Kenya Commercial Bank
MTRH Branch
P.O Box 560-30100
Eldoret, Kenya
- (i) **Independent Auditors**
Auditor General
Office of Auditor General
Anniversary Towers, Institute Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya
- (j) **Principal Legal Adviser**
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

3. THE BOARD OF GOVERNORS

Director's photo-size photo and name and key profession/academic qualification	Description of each Director's Date of birth, key qualifications and work experience
 <p>Mr Sam Kalya</p>	<p>Mr Sam Kiprotich Kalya was born in the year 1961. He holds MBA Degree and B. Com Degree from University of Nairobi. He has CPA K. He works as a branch Manager of the former Kenya Reinsurance. He was the county transition coordinator Elgeiyo Marakwet County. He is currently a part time Lecture Koitalel Samoei University. He is the Chairperson, Infrastructure, Finance, Human Resource and Technical Training.</p>
 <p>MR. Abraham Kipkoech Kipruto</p>	<p>Mr. Abraham Kipkoech Kipruto was born in the year 1976. He holds MBA in strategic management and PHD Ongoing. He is agribusinesses financial consultant.</p>
 <p>Mr. Patrick Tororei</p>	<p>Mr. Patrick Tororei He is the Principal and Secretary to the Board of Governors.</p>

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Mr. Christopher Maingi

Mr. Maingi was born in 1965 he has a B.Sc in Chemistry at Kenyatta University. He has master's Degree in Chemistry at Jomo Kenyatta University. He is currently working at Rivertex East Africa Ltd as a processing manager.



Mr. Stephen Wafula

Mr Stephen Wafula was born in the year 1977. He holds a MSc degree in Biostatistics and BSc Mathematics (statistics). He is a senior Data Analytic Advisor, Palladium. He is a member of Finance, Infrastructure, Human resource, Education and Technical Training

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Dr. Sempele Nairesiac Catherine (PHD)

Dr. Sempele Nairesiac Catherine (PHD) was born in the year 1973. She holds a Doctorate degree in Educational Technology (Home science and Technology Education) and Master of Education in Home Science and Technology with Bachelor of Education in Home Science and Technology. She is a lecture at the University of Eldoret .

She is the Chairperson of Finance, Infrastructure, Human resource Committee.



Ms Rose Janet Ayubi

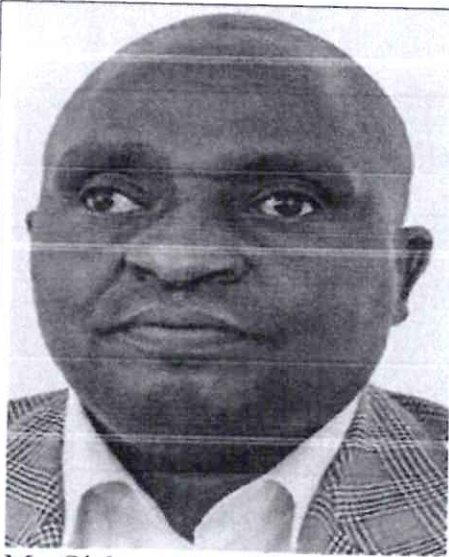
Rose Janet Ayugi was born in January 1966. She has a master Degree in law and Bachelor's Degree in Law. She is a senior lecturer and Chair of public law department at Moi University. She worked as an international consultant in southern Sudan
She is a member of Audit Committee.



Eng. Janeth Jeruto

Eng Janet Jeruto was born in the year 1978. She holds MBA Degree and BSC(Electrical and Electronic Engineerin) from University of Nairobi. She is currently the manager ,Subscriber Data Management(SDM),Safaricom Limited. She is a member of Finance ,infrastructure,Human Resource,Education and Technical Training.

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Mr. Gichuru Mutulili

Mr. Gichuru Mutulili was born on 3rd September 1966. He has MBA Degree and B.Ed. He is Currently the TVET County Director Elgeyo Marakwet County, Uasin Gishu and Nandi Counties

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4. MANAGEMENT TEAM

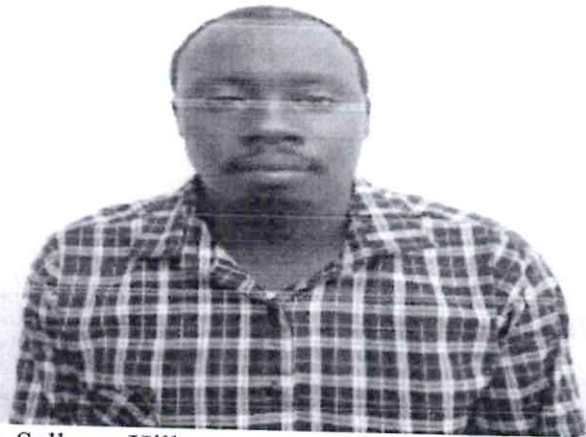
Name of the Staff	Responsibility
 Mr. Patrick Tororei	He is the Principal and the Secretary to the Board of Governors
 Mr Richard Kiprof	He is the Deputy Principal. He is in charge of Administration and Academic affairs
 Mrs. Alice Jepchumba	She is the registrar in charge of student admissions and marketing

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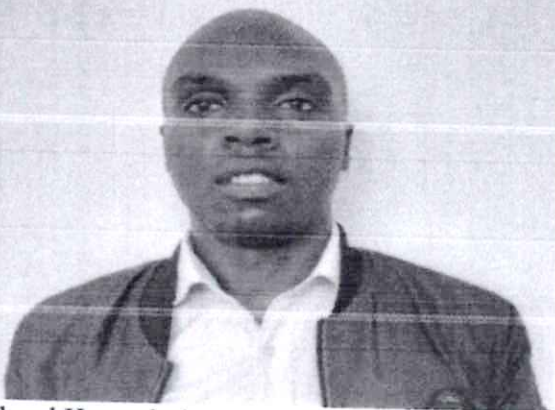
Daniel Sirengo

He is the Dean of students who is in charge of student welfare



Mr. Salkong Hillary
BCom (Finance) Ongoing
ICPAK

He is the Acting Accountant and the head of Finance he is in charge of; Financial management, budgeting and control and Financial Reporting



Richard Kwambai
Procurement Officer

He is the procurement officer who is in charge of advisory serviced and matters pertaining procurement

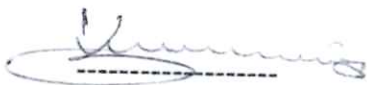
5. CHAIRMAN'S STATEMENT

The institution strategic plan 2021-2026 is written and bears in mind the reforms that the MOE has undertaken resulting in the enactment of various laws and policies. Thus, it has become necessary for Chepsirei Technical and Vocational College to come up with a strategic plan to guide its alignment to these new laws and policies. In addition, the ongoing restructuring in government requires programmes to align with the country's development blueprint and national priorities in Kenya's Vision 2030, the Second Medium Term Plan (MTP II) and the 'Big Four Agenda', which will guide the development agenda of the country in the period 2019-2023.

The institution strategic plan 2021-2026 highlights the following key areas: -

- i. Infrastructure
- ii. Curriculum and student enrolment
- iii. Governance and
- iv. leadership
- v. Information communication Technology
- vi. Financial Capacity
- vii. Human Resource Management

The institution focuses on the current reforms that places special demands on TVET as the leading engine that the economy must essentially rely upon, to produce skilled and adequate middle level professionals needed to attain the Vision 2030. The remaining period of implementation will endeavour to achieve this by networking with funders from various levels of government and Non-Governmental Organizations (NGOs).



Chairman of Board of Governors

Date 06.03.2025

6. REPORT OF THE PRINCIPAL

As mentioned by the chairperson of the board of governors the main strategic issues considered at Chepsirei Technical Training and Vocational College were Infrastructure, Curriculum and student enrolment, Governance and leadership, Information Communication Technology, Financial Capacity, Research and Innovation and Human Resource Management.

During the year under consideration the following activities are to be undertaken:

1. Physical Infrastructure- Construction of the hospitality complex to accommodate increase in population for the hospitality department.
2. Curriculum implementation – Marketing of the institution courses for increased enrolment.
3. Governance and leadership – Workshop Training for Board of Governors conducted to enhance the management skills of the members of the board
4. ICT infrastructure- To build ICT capacity in curriculum development, service delivery and institutional management and to purchase more modernized computers and accessories.
5. Financial Capacity – Mobilisation of resources and policy implementation.
6. Research and Innovation – Encourage culture of creativity and innovation to both trainers and trainees and to participate in TVET fairs with the country and outside the country.
7. Human Resource Management – Recruitment of qualified and competent trainers and non-trainers.



Principal/BOG Secretary

Date 06/02/2025

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7. STATEMENT OF PERFORMANCE AGAINST PREDERMINED OBJECTIVES

Chepsirei Technical and Vocational College has 7 strategic pillars and objectives within its Strategic Plan for 2021-2026. These strategic pillars are as follows:

Pillar 1: Physical Infrastructure

Pillar 2: Curriculum implementation

Pillar 3: Governance and leadership

Pillar 4: ICT infrastructure

Pillar 5: Financial Capacity

Pillar 6: Research and Innovation

Pillar 7: Human Resource Management

Chepsirei Technical and Vocational College develops its annual work plans based on the above 7 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The institution set to achieve its performance targets set for the FY 2022/2023 period for its 7 strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: Infrastructure	To upgrade facilities so as to correspond to standards of training required and expansion in enrolment	Availability of workshops	Increase student enrolment	We constructed six temporary classroom
Pillar 2: Curriculum and student enrolment	-To provide quality and relevant technical training -To raise and maintain academic standard standards in all courses	- To increase enrolment	- Enhance marketing - Introduce more courses	Increase in students Enrolment
Pillar 3: Governance and leadership	-To develop a management structure that serves the institution -To establish culture of good governance in	-Policies implemented -Programmes implemented and reforms implemented -A well working student organization -Monitoring and evaluation mechanism	-Policies and regulation implemented -Programmes implemented and relevant service reforms implemented	We have enhanced good corporate governance

8. CORPORATE GOVERNANCE STATEMENT

Chepsirei Technical and Vocational College is a Technical and Vocational Colleges which is mandated to offer programs up to Diploma level (Artisan, certificate and diploma) in accordance with the TVETA act of 2013. The institution is governed by the Board of governors which comprises of the chairperson representative of the principal secretary state department of vocational and technical training, the principal and other appointed members.

Functions of the board of governors include:

- Encouraging, nurturing and promoting democratic culture, dialogue and tolerance in the institute
- Making regulations governing the institute, conduct and discipline of staff and students
- Overseeing the conduct of education and Training in the institute
- Promoting and maintaining quality standards and relevance in education and Training
- Administering and managing the institutes property
- Preparing annual estimates of revenue and expenditure as well as incurring expenditure
- Regulating admissions subject to the Act
- Approving collaborations or associations with other institutions and industries
- Recruiting trainers from among qualified professionals
- Determine suitable terms and conditions of service for support staff and trainers and remunerating them in consultation with the Authority.
- Providing for the welfare on staff and students.

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	management and administration of the institution over the plan period		-Implementation of the institutional policy framework	
Information communication Technology	<ul style="list-style-type: none"> -To build ICT capacity in curriculum delivery, service delivery and institutional management. -To acquire, install, commission and maintain machines and equipment -To build ICT capacity in curriculum delivery. 	<ul style="list-style-type: none"> -Use of ICT in instruction -Interconnectivity of departments through viable means of communication 	<ul style="list-style-type: none"> -Develop an ICT framework -Interaction of ICT in teaching and learning -Develop and maintain fully functional networked and wireless internet facilities 	The institution has acquired more computers and installation of reliable Wire less network
Pillar5: Financial Capacity	<ul style="list-style-type: none"> -Improve financial sustainability through effective and efficient financial and procurement systems 	<ul style="list-style-type: none"> -Implemented financial policies in daily operations -Developed proposals 	<ul style="list-style-type: none"> -Reduce fees defaults -Cost reductions and savings -Develop funding to the GOK -Develop funding to donors and income generating activities. 	The institution has come up with sound Financial Management policies, Strong Internal Control
Pillar6: Research and Innovation	<ul style="list-style-type: none"> -To enhance research and development in the institution 	<ul style="list-style-type: none"> -Research and development infrastructure 	<ul style="list-style-type: none"> -Research and development infrastructure 	The institution has participated in trade fairs

9. MANAGEMENT DISCUSSION AND ANALYSIS

SECTION A

Chepsirei Technical and Vocational College operational and financial performance.

The institution received Rendering of service (AIA) from Government of Kshs 6,183,282 being Capitation funds of Kshs.5,683,282 and Recurrent Rendering of service (AIA) from Government of Kshs. 500,000 and rendering of services (A.I.A) of Kshs 15,346,730 and incurred an expenditure of Kshs 16,171,013.

SECTION B

Chepsirei Technical and Vocational College compliance with statutory requirements.

Chepsirei Technical and Vocational College has complied with all statutory requirements which include prompt remittance of NSSF, NHIF, PAYE, HELB and withholding Taxes.

SECTION C

Key projects Chepsirei Training Institute is implementing

Chepsirei Technical and Vocational College does not have any project that is on-going.

SECTION D

Major risks facing Chepsirei Technical and Vocational College

Chepsirei Technical and Vocational College desires to enhance good and competitiveness in the global market. However, to succeed in competitive world the Institution requires a lot of support from the Government and other stakeholders in terms of funding and other development projects because the institution has inadequate; classrooms, student hostels, equipped library, computers, insufficient funds and means of transport-utility vehicles.

The other challenges the institution is facing include untimely disbursement of student Capitation.

SECTION E

Material arrears in statutory/financial obligations

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

SECTION F

The entity'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. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Chepsirei Technical and Vocational College exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on 7 pillars:

1. Physical Infrastructure
2. Curriculum implementation
3. Governance and leadership
4. ICT infrastructure
5. Financial Capacity
6. Research and Innovation
7. Human Resource Management

11. REPORT OF THE BOARD OF GOVERNORS

The Board members submit their financial statements and reports for the year ended June 30th, 2023 which show the state of Chepsirei Technical and Vocational College affairs.

Principal activities

The principal activities of the entity are:

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

BOARD OF GOVERNORS

The members of the Board who served during the year are shown on the page vi- viii.

Auditors

The Auditor General is responsible for the statutory audit of the Chepsirei Technical and Vocational College in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015. In accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board


.....
Mr. Daniel Maswai
Principal/BOG Secretary

12. STATEMENT OF BOARD OF GOVERNORS MEMBERS' 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 Chepsirei Technical and Vocational College, which give a true and fair view of the state of affairs of the Chepsirei Technical and Vocational College at the end of the financial year/period and the operating results of the Chepsirei Technical and Vocational College for that year/period. The Board of Governance members are also required to ensure that the Chepsirei Technical and Vocational College keeps proper accounting records which disclose with reasonable accuracy the financial position of the Chepsirei Technical and Vocational College. The board members are also responsible for safeguarding the assets of the Chepsirei Technical and Vocational College. The Board of Governance members are responsible for the preparation and presentation of the Chepsirei Technical and Vocational College's financial statements, which give a true and fair view of the state of affairs of the Chepsirei 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 Chepsirei 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 Chepsirei Technical and Vocational College
- (v) selecting and applying appropriate accounting policies
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Board of Governance members accept responsibility for the Chepsirei 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 Board of Governance members are of the opinion that the Chepsirei Technical and Vocational College's financial statements give a true and fair view of the state of Chepsirei Technical and Vocational College's transactions during the financial year ended June 30th, 2022 and of the Chepsirei Technical and Vocational College's financial position as at that date. The BOG members further confirm the completeness of the accounting records maintained for the Chepsirei Technical and Vocational College, which have been relied upon in the preparation of the Chepsirei 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 Chepsirei Technical and Vocational College will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Chepsirei Technical and Vocational College's financial statements were approved by the Board on 22.02.2025 and signed on its behalf by:



Chairperson of the Board



accounting officer/Principal

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON CHEPSIREI 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; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that except for the 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 aim to address the Auditor-General's statutory roles and responsibilities 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 Chepsirei Technical and Vocational College set out on pages 1 to 32, which comprise of the statement of financial

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Chepsirei 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 Public Finance Management Act, 2012 and the Technical and Vocational Education and Training Act, 2013.

Basis for Qualified Opinion

1. Unsupported Property, Plant and Equipment Balance

The statement of financial position reflects property, plant and equipment balance of Kshs.1,474,693 as disclosed at Note 19 to the financial statements. However, the following anomalies were noted:

- i) The College sits on a 15.57 hectares of land owned by Chepsirei Youth Polytechnic. However, the value of this land was not disclosed in the financial statements. The College also accommodates Soy South Ward offices and National Youth Service yet no agreement in this regard was provided for review.
- ii) The property, plant and equipment balance of Kshs.1,474,693 was not supported by a schedule showing the breakdown of the assets. Therefore, it was not possible to ascertain whether the balances were reported on historical cost nor valuation basis.
- iii) There was no proof of proper demarcation, planning and utilization of the land from physical planning as there was no master plan.
- iv) The College received various assets from the parent Ministry for use in refrigeration and air conditioning technology courses which however were excluded from the reported property, plant and equipment balance of Kshs.1,474,693. In addition, the value could not be ascertained.
- v) There was no asset coding and tagging.
- vi) The handing over files from the mentoring institution, Emining Technical Training Institute, were not provided for audit verification.

Further, the statement of financial performance reflects depreciation and amortization expense of Kshs.136,243, which however was not supported by a schedule showing the computation. Similarly, the rates of depreciation charged were not disclosed in the financial statements.

In the circumstances, the accuracy, ownership and valuation of the property, plant and equipment balance of Kshs.1,474,693 could not be confirmed.

2. Unsupported Current Portion of Receivables from Exchange Transactions

The statement of financial position and, as disclosed in Note 17 to the financial statements, reflects current portion of receivables from exchange transactions balance of Kshs.17,142,135 which includes student debtors balance of Kshs.16,801,635. However, the balance was not supported with a movement schedule showing the student opening balances, additions, payments and closing balance and detailed aging analysis. Further, there were no provisions made for bad and doubtful debts.

In the circumstances, the accuracy, completeness, presentation and disclosure of the current portion of receivables from exchange transactions balance of Kshs.17,142,135 could not be confirmed.

3. Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs.2,479,079 and as disclosed in Note 15 to the financial statements. However, review of the cash book for the Kenya Commercial Bank recurrent account revealed a balance of Kshs.2,402,475 resulting to an unreconciled variance of Kshs.76,604.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.2,479,079 could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Chepsirei 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 revenue budget of Kshs.39,806,680 and actual on a comparable basis of Kshs.21,530,012 resulting to an under-funding of Kshs.18,276,668 or 46% of the budget. Similarly, the College incurred expenditure of Kshs.16,029,949 against final revenue received of Kshs.21,530,012 resulting to an under-expenditure of Kshs.5,500,063 or 26% of the actual receipts.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Audit Matters

In the audit report of the previous year, several issues were raised under the Report on 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, 2023.

Other Information

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis of Conclusion

1. Presentation and Disclosure of Financial Statements

Review of the financial statements reflects errors and misstatements affecting various amounts and balances as detailed below;

- i. Pagination of the annual report and financial statements was not consistent.
- ii. Incomplete information of the Board of Directors as two (2) of the Directors, the date of birth and work experience were not indicated.

In the circumstances, the presentation and disclosure of financial statements did not comply with the requirements of the template issued by the Public Sector Accounting Standards Board.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on the 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

2. Lack of Risk and Fraud Management Policies

During the year under review, the College did not have a Risk and Fraud Management Policy in place and had no approved processes and guidelines on how to mitigate operational, legal and financial risks. Management did not provide any explanation for failure to have a Risk and Fraud Management Policy in place.

This was contrary to Regulation 165 of the Public Finance Management (National Government) Regulations, 2015 which states that the accounting officer shall ensure that a National Government entity develops risk management strategies, which include; fraud prevention mechanism, system of risk management and internal control that builds robust business operations.

In the circumstances, the existence of controls over risk and fraud could not be confirmed.

3. Use of Spreadsheets in Financial Reporting

During the year under review, the College used spreadsheets for recording and posting transactions. Use of spreadsheets as an accounting software does not guarantee the internal check normally achieved through an inbuilt double entry system in an Enterprise Resource Management System.

In addition, the financial records, ledgers and cash books were maintained in spreadsheets with no backup system and lacked an audit trail. Further, the use of spreadsheets does not provide for approval and authorization of transactions as they can be amended without the consent of the Accounting Officer as required by Regulation 102(3) of the Public Finance Management (National Government) Regulations, 2015 which states that an Accounting Officer shall satisfy himself or herself that where an alteration of a financial record requires the authorization, approval and, or deletion of any transaction or data whether electronic or manual by any means other than in writing, that there is sufficient audit trail which shall identify the person who approved the transaction.

The use of spreadsheets does not also meet the requirements of Section 68(2)(c) of the Public Finance Management Act, 2012 which states that an accounting officer shall ensure that all financial and accounting records the entity keeps in any form, including in electronic form are adequately protected and backed up.

In the circumstances, the controls over financial reporting could not be confirmed.

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

Responsibilities of the Management and 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 as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards 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 ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

27 May, 2025

Chepsirei 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 Kshs	2021-2022 Kshs
Revenue from non-exchange transactions			
Transfers from the National Government–grants/ gifts in kind	6	6,183,282	11,287,500
		6,183,282	11,287,500
Revenue from exchange transactions			
Rendering of services- Fees from students	7	14,046,730	14,766,233
Rental revenue from facilities and Hostels	8	1,300,000	1,430,000
Other incomes			693000
Revenue from exchange transactions		15,346,730	16,889,233
Total revenue		21,530,012	28,176,733
Expenses			
Use of goods and services	10	9,008,324	21,059,759
Employee costs	11	5,992,709	4,181,298
Remuneration of directors	12	860,000	799,000
Depreciation and amortization expense	13	136,243	167,316
Repairs and maintenance	14	168,916	2,461,204
Finance cost	16	4821	28,137
Total expenses		16,171,013	28,685,574
Net Surplus /Deficit for the year		5,358,999	(508,841)

The notes set out on pages 6 to 30 form an integral part of the Annual Financial Statements.

Chepsirei 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

	Notes	2022-2023 Kshs	2021-2022 Kshs
Assets			
Current assets			
Cash and cash equivalents	15	2,479,079	928,109
Current portion of receivables from exchange transactions	17	17,142,135	10,394,941
Inventories	18	104,025	183,105
		19,725,239	11,506,155
Non-current assets			
Property, plant and equipment	19	1,474,693	1,610,936
Total assets		21,199,932	13,117,091
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	20	8,233,189	5,584,165
Refundable deposits	21	500,418	425,600
		8,733,607	6,009,765
Total liabilities		8,733,607	6,009,765
Net assets		12,466,325	7,107,326
Reserves	22	5,910,162	6,035,265
Accumulated surplus	22	4,975,261	(508,841)
Capital Fund	22	1,580,902	1,580,902
Total net assets and liabilities		12,466,325	7,107,326

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



Chairman of Board of Governors



Finance Officer
ICPAK NO 13711



Principal

Date 06/03/2025

Date 05/03/2025

Date 06/03/2025

Chepser Technical and Vocational College
Annual Report and Financial Statements for The Year Ended 30th June 2023

16. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2023

	Revaluation reserve	Retained earnings	Capital/Development Grants/Fund	Total
At July 1, 2022	6,046,405	-11,140	1,180,902	7,216,167
Revaluation gain				
Fair value adjustment on quoted investments				
Total comprehensive income		-508,841		-508,841
Capital/Development grants received during the year			400,000	400,000
Transfer of depreciation/amortisation from capital fund to retained earnings				
At June 30, 2023	6,046,405	(519,981)	1,580,902	7,107,326
At July 1, 2022	6,046,405	(519,981)	1,580,902	7,107,326
Revaluation gain	-	-	-	-
Fair value adjustment on quoted investments	-	-	-	-
Total comprehensive income	-	5,358,999	-	5,358,999
Capital/Development grants received during the year	-	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings	(136,243)	136,243	-	-
At June 30, 2023	5,910,162	4,975,261	1,580,902	12,466,325

Chepsirei Technical and Vocational College
Annual Report and Financial Statements for The Year Ended 30th June 2023

17. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2023

	Note	2022/2023 KShs	2021-2022 Kshs
Cash flows from operating activities			
Receipts			
Transfers from other Government entities/Govt. grants	6	6,183,282	11,287,500
Rendering of services- Fees from students	7	7,988,691	14,766,233
Rental revenue from facilities and equipment	8	1,485,300	1,430,000
Other income			693,000
Total Receipts		15,657,273	28,176,733
Payments			
Use of goods and services	10	7,079,857	21,059,759
Employees cost	11	5,992,709	4,181,298
Remuneration of directors	12	860,000	799,000
Repairs maintenance and improvement	14	168,916	2,461,204
Finance cost	16	4,821	28,137
Total Payments		14,106,303	28,529,398
Net cash flows from operating activities		1,550,970	-352,665
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		-	-
Net cash flows used in investing activities		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease)in cash and cash equivalents		1,550,970	-352,665
Cash and cash equivalents at 1st July 2022	15	928,109	1,280,800
Cash and cash equivalents at 30 JUNE 2023	15	2,479,079	928,109

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Annual Report and Financial Statements for The Year Ended 30th June 2023

18. **STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2023**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilisation Difference	Explanation
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	%	
Transfers from the National Government	16,620,000	-	16,620,000	6,183,282	(10,436,718)	-62.8%	(a)
Rendering of services- Fees from students	14,636,680	-	14,636,680	14,046,730	(589,950)	-4.0%	(c)
Rental revenue from facilities and equipment	8,550,000	-	8,550,000	1,300,000	(7,250,000)	-84.8%	(d)
Total income	39,806,680	-	39,806,680	21,530,012			
Expenses							
Use of goods and services	20,122,680	-	20,122,680	9,008,324	(11,114,356)	-55.2%	(e)
Employee costs	9,418,000	-	9,418,000	5,992,709	(3,425,291)	-36.4%	(f)
Remuneration of directors	2,050,000	-	2,050,000	860,000	(1,190,000)	-58.0%	(g)
Repairs and maintenance	2,216,000	-	2,216,000	168,916	(2,047,084)	-92.4%	(h)
Total expenditure	33,806,680	-	33,806,680	16,029,949	(17,776,731)		
Surplus for the period	6,000,000		6,000,000	5,500,063			
Capita Expenditure	6,000,000	-	6,000,000	-	(6,000,000)	-100.0%	

Budget notes

1. Low student enrolment
2. Less disbursement of Government grants and Capitation during the year.

19. NOTES TO FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Chepsirei Technical and Vocational College is established by and derives its authority and accountability from TVET Act 2013 and PFM Act 2015. The Chepsirei Technical and Vocational College is wholly owned by the Government of Kenya and is domiciled in Kenya.

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 Chepsirei Technical and Vocational College accounting policies.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Chepsirei Technical and Vocational College.

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

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	Impact
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019 The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations.

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:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2022:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of Chepsirei 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 Chepsirei 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 2022</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Chepsirei 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 Chepsirei Technical and Vocational College; (b) The key features of the operation of those social benefit schemes; (c) The impact of such social benefits provided on the Chepsirei Technical and Vocational College's financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from</p>	<p>Applicable: 1st January 2022:</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.

Chepsirei Technical and Vocational College
Annual Report and Financial Statements for The Year Ended 30th June 2023

Standard	Effective date and impact:
IPSAS 41, Financial Instruments	<ul style="list-style-type: none"> b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. 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.
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets. d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.

iii. **Early adoption of standards**

The Chepsirei Technical and Vocational College did not early – adopt any new or amended standards in year 2020

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 Chepsirei Technical and Vocational College and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

ii) **Revenue from exchange transactions**

Rendering of services

The Chepsirei 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 Chepsirei 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.

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Chepsirei Technical and Vocational College's right to receive payments is established.

ii) **Revenue from exchange transactions.**

Rental income

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

b) Budget information

The original budget for FY 2022/2023 was approved by the Board on 13th August 2023. Subsequent revisions or additional appropriations were not made to the approved budget in accordance with specific approvals from the appropriate authorities.

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

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

c) Taxes

Current income tax

The Chepsirei Technical and Vocational College is a tax compliant institution.

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.

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.

e) Property, plant and equipment

Chepsirei TVC applied IPSAS 33 on disclosure of its assets. All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Chepsirei Technical and Vocational College recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

During the year under review, Chepsirei Tvc did not acquire any asset, however, it has the following assets which there are value are yet to be disclosed;

1. Land
2. Buildings
3. Refrigeration equipment
4. Computers and printers
5. Furniture and fittings

f) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Chepsirei 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 Chepsirei 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 so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Chepsirei 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 Chepsirei 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.

g) Intangible assets

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

h) Research and development costs

The Chepsirei Technical and Vocational College expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Chepsirei 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

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

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

Impairment of financial assets

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

Impairment of financial assets

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

j) INVENTORIES

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

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

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

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

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

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Chepsirei Technical and Vocational College.

k) PROVISIONS

Provisions are recognized when the Chepsirei 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 Chepsirei 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 Chepsirei 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 Chepsirei 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 Chepsirei 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) NATURE AND PURPOSE OF RESERVES

The Chepsirei Technical and Vocational College creates and maintains reserves in terms of specific requirements.

m) CHANGES IN ACCOUNTING POLICIES AND ESTIMATES

The Chepsirei 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.

n) EMPLOYEE BENEFITS

Retirement benefit plans

The Chepsirei Technical and Vocational College does not provide retirement benefits for its employees and directors.

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.

o) 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.

p) 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.

q) RELATED PARTIES

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

r) SERVICE CONCESSION ARRANGEMENTS

The Chepsirei 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 Chepsirei 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 Chepsirei Technical and Vocational College also recognizes corresponding liability, adjusted by a cash consideration paid or received.

m) CASH AND CASH EQUIVALENTS

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

n) COMPARATIVE FIGURES

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

o) 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.

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Chepsirei Technical and Vocational College 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 Chepsirei 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 Chepsirei 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 Chepsirei 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 in Note.

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.

Chepsirei Technical and Vocational College
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NOTES TO THE FINANCIAL STATEMENTS

6. TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2022/2023	2021/2022
	KShs	KShs
Unconditional grants		
Capitation	5,683,282	10,887,500-
Operational grant	500,000	-
Conditional grant -modern washrooms		400,000
Total government grants and subsidies	6,183,282	11,287,500
		-

7. RENDERING OF SERVICES

Description	2022-2023	2021-2022
	KShs	KShs
Tuition fees	2,532,500	3,129,113
Activity fees	572,345	201,485
Examination fees	-	1,514,860
E.W.C	607,800	
Library fees	759,750	267458
Personal Emolument	3,545,500	
R.M.I	506,500	
L.T.T	1,013,000	
Student union	506,500	
Medical	506,500	
Registration	101,300	
Insurance	557,150	
Industrial attachment	759,750	
Student ID	303,900	
ICT	602,735	
Administration	506,500	9,617,717
Registration fees	665,000	35600
Total revenue from the rendering of services	14,046,730	14,766,233

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8. **RENTAL REVENUE FROM FACILITIES AND EQUIPMENT/HOSTELS**

Description	2022-2023	2021-2022
	KShs	KShs
Contingent rentals/Hostels	1,300,000	1,430,000
Total rentals	1,300,000	1,430,000

Rental revenue was from the student accommodation.

Other income

9.

Description	2022-2023	2021-2022
	KShs	KShs
Registration	0	693,000
Total good and services		693,000

10. **USE OF GOODS AND SERVICES**

Description	2022-2023	2021-2022
	KShs	KShs
Electricity	250,669	239,392
Advertising/Activity	200,520	346,400
Admin costs	4,162,044	8,124,301
Fuel and oil/Local Transport	202,530	390,768
Bank charges	4,821	
Accommodation expenses	1,015,587	2,879,255
Training expenses/Tuition	1,295,783	9,079,643
Total good and services	9,008,324	21,059,759

11. **EMPLOYEE COSTS**

	2022-2023	2021-2022
	KShs	KShs
Salaries and wages	5,992,709	4,181,298
Employee costs	5,992,709	4,181,298

Chepsirei Technical and Vocational College
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12. REMUNERATION OF DIRECTORS

Description	2022-2023	2021-2022
	KShs	KShs
BOG allowances	860,000	799,000
Total director emoluments	860,000	799,600

13. DEPRECIATION AND AMORTIZATION EXPENSES

Description	2022-2023	2021-2022
	KShs	KShs
Property plant and equipment	136,243	167,316
Total depreciation and amortization	136,243	167,316

14. REPAIRS AND MAINTENANCE

Description	2022-2023	2021-2022
	KShs	KShs
Fencing of power house -(NG-CDF)	39,256	1,437,886
Other R.M.I -(Operation a/c)	129,660	1,023,318
Total repairs and maintenance	168,916	2,461,204

15. CASH AND CASH EQUIVALENTS

Description	2022-2023	2021-2022
	KShs	KShs
Current account	2,479,079	928,109
Total cash and cash equivalents	2,479,079	928,109

16. FINANCE COST

Description	2022-2023	2021-2022
	KShs	KShs
Bank charges	4821	28137
Total cash and cash equivalents	4821	28137

(a). DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

Financial institution	Account number	2022-2023 KShs	2021-2022 KShs
a) Current account			
Kenya Commercial bank			
Recurrent a/c	1265240752	2,384,311	790,749
Development a/c	1265240787	94,342	(2,209)
NG-CDF a/c	1265240825	426	139,569
Sub- total		2,479,079	928,109
b) On - call deposits			
Kenya Commercial bank			
Equity Bank – etc.	0	0	0
Sub- total	0	0	0
c) Fixed deposits account			
Kenya Commercial bank			
Bank B	0		0
Sub- total	0	0	0
d) Staff car loan/ mortgage			
Kenya Commercial bank			
Bank B	0		0
Sub- total	0	0	0
e) Others(specify)			
Cash in transit	0	0	0
cash in hand	0	0	0
M -Pesa	0	0	0
Sub- total		0	0
Grand total		2,479,079	928,109

17. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2022-2023 KShs	2021-2022 KShs
Current receivables		
Student debtors	16,801,635	9,869,141
Rent debtors	340,500	525,800
	17,142,135	10,394,941

18. INVENTORIES

Description	2022-2023	2021-2022
	KShs	KShs
Consumable stores	104,025	183,105
Total inventories at the lower of cost and net realizable value	104,025	183,105

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19. PROPERTY, PLANT AND EQUIPMENT

Cost	Buildings Shs	Furniture and Fittings Shs	Computers Shs	Plant and equipment Shs	Total Shs
At 1 July 2022	1,005,490	315,000	202,426	88,020	1,610,936
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-
At 30 th June 2023	1,005,490	315,000	202,426	88,020	1,610,936
Accumulated Depreciation and impairment					
As At 1 July 2022					
Depreciation	25,137	39,375	60,728	11,003	136,243
At 30 th June 2023					
Depreciation	25,137	39,375	60,728	11,003	136,243
Net book values					
At 30 th June 2023	980,353	275,625	141,698	77,018	1,474,693
At 30 th June 2022	1,005,490	315,000	202,426	88,020	1,610,936

20. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2022-2023	2021-2022
	KShs	KShs
Trade payables	5,732,621	3,674,933
Fees paid in advance	2,500,565	1,909,232
Total trade and other payables	8,233,189	5,584,165

21. REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS

Description	2022-2023	2021-2022
	KShs	KShs
Consumer deposits	0	0
Caution money	500,418	425,600
Other refundable deposits	0	0
Total deposits	500,418	425,600

22. NET ASSETS

Description	2022-2023	2021-2022
	KShs	KShs
Reserves	5,910,162	6,035,265
Accumulated surplus	4,975,261	(508,841)
Capital Fund	1,580,902	1,580,902
Total net assets and liabilities	12,466,325	7,107,326

23. EMPLOYEE BENEFIT OBLIGATIONS

The Institution contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Institution's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. 360 per employee per month for Tier 1 while for Tier 2 is at graduated scale.

24. CASH GENERATED FROM OPERATIONS

Description	2022-2023	2021-2022
	KShs	KShs
Surplus for the year before tax		
Surplus for the year before tax	5,358,999	(508,841)
Adjusted for:		
Depreciation	136,243	167,316
Finance income		28,137
Working Capital adjustments		
Decrease in inventory	79,080	-
Increase in receivables	(6,672,376)	1,051,170
Increase in payables	2,649,024	(2,473,531)
Increase in payments received in advance	-	1,383,158
Net cash flow from operating activities	1,550,970	(352,655)

Chepsirei Technical and Vocational College
Annual Report and Financial Statements for The Year Ended 30th June 2023

25. FINANCIAL RISK MANAGEMENT

The Chepsirei Technical and Vocational College's activities does not 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 Chepsirei Technical and Vocational College's financial risk management objectives and policies are detailed below:

(i) Credit risk

The Chepsirei 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 Chepsirei 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:

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2022				
Receivables from exchange transactions	0	0	0	0
Receivables from non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
Total	0	0	0	0
At 30 June 2023	0	0	0	
Receivables from exchange transactions				0
Receivables from non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
Total	0	0	0	0

(i) **Credit risk (continued)**

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

The Chepsirei Technical and Vocational College has no concentration of credit risk.

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 Chepsirei Technical and Vocational College's directors, who have built an appropriate liquidity risk management framework for the management of the Chepsirei Technical and Vocational College's short, medium and long-term funding and liquidity management requirements. The Chepsirei 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.

	Less than 1 month Kshs	Between 1-3 months Kshs	Over 5 months Kshs	Total Kshs
At 30 June 2022				
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	0	0	0	0
At 30 June 2023				
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	0	0	0	0

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FINANCIAL RISK MANAGEMENT

(iii) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the Chepsirei 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 Chepsirei 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 company'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 Chepsirei 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 Chepsirei 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 Chepsirei Technical and Vocational College's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

The Chepsirei 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.

a) Interest rate risk

Interest rate risk is the risk that the Chepsirei 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.

Interest rate risk

Sensitivity analysis

The Chepsirei 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.

iv) Capital Risk Management

The objective of the Chepsirei Technical and Vocational College's capital risk management is to safeguard the Board's ability to continue as a going concern. The Chepsirei Technical and Vocational College capital structure comprises of the following funds:

Description	2022-2023 KShs	2021-2022 KShs
Revaluation reserve	0	0
Retained earnings	0	0
Capital reserve	0	0
Total funds	0	0
Total borrowings	0	0
Less: cash and bank balances	0	0
Net debt/(excess cash and cash equivalents)	0	0
Gearing	0	0

26. RELATED PARTY BALANCES

Nature of related party relationships

Entities and other parties related to the Chepsirei 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.

Chepsirei Technical and Vocational College
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Government of Kenya

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

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

Description	2022-2023	2021-2022
	KShs	KShs
Transactions with related parties		
a) Sales to related parties		
Sales of goods to Chepsirei TVC	0	0
Sales of services Chepsirei Tvc	0	0
Total	0	0
b) Grants from the Government		
Grants from National Govt	6,183,282	10,887,500
Grants from County Government	0	0
Donations in kind	0	0
Total	6,183,282	10,887,500
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for 2 employees	0	0
Payments for goods and services for employees	0	0
Total	0	0
d) Key management compensation		
Directors' emoluments	860,000	799,000
Compensation to the CEO	0	0
Compensation to key management	0	0
Total	860,000	11,686,500

27. SEGMENT INFORMATION

Chepsirei Technical and Vocational does not have a branch.

28. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Description	2022-2023	2021-2022
	KShs	KShs
Court case against the Institution		
Bank guarantees in favour of subsidiary		
Total	0	0

29. CAPITAL COMMITMENTS

Capital commitments	2022-2023	2020-2021
	KShs	Kshs
Authorised	0	0
Authorised and contracted	0	0
Total	0	0

30. EVENTS AFTER THE REPORTING PERIOD

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

31. ULTIMATE AND HOLDING CHEPSIREI TECHNICAL AND VOCATIONAL COLLEGE

Chepsirei Technical and Vocational College is a State Corporation under the Ministry of Education. Its ultimate parent is the Government of Kenya.

32. Currency

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

20. APPENDICES

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point 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/NRRO/2020-2021-1-01-1062-00-CHEPTVC/30	The Financial Statements are not prepared in accordance with the Accrual Basis of Accounting Method under the International Public Sector Accounting Standards	The Financial Statements has been amended in accordance with the accrual Basis of Accounting Method.	Hillary Salkong -Accountant	Resolved	Immediately
	Variance between Financial Statement Amount and Supporting Schedules	Variance between Financial Statement Amount and Supporting Schedule has been amended	Hillary Salkong -Accountant	Resolved	Immediately
	Lack of Ownership Documents and Valuation of Property, Plant and Equipment	Property Plant and equipment balance is yet to be valued.	Patrick Tororei -Principal	Not Resolved	By 30 th JUNE 2023
	Lack of a Fixed Assets Register	The College has prepared and maintained a fixed asset register for all Assets which were donated and acquired.	Hillary Salkong -Accountant	Resolved	Immediately
	Unsupported Cash and Cash Equivalents	Cash and Cash equivalents balance in the Financial Statements has been amended and supported	Hillary Salkong -Accountant	Resolved	Immediately

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

Principal /BOG Secretary

Date.....  06/03/2025

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APPENDIX II: PROJECTS IMPLEMENTED BY THE CHEPSIREI 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	NG CDF KS CTVC TL/01/2019/2020	NG-CDF Keiyo South Constituency	6 Months			
2						

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Construction of transformer phase and fencing.						NG-CDF Keiyo South Constituency
2							
3							

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APPENDIX III: INTER-CHEPSIREI TECHNICAL AND VOCATIONAL COLLEGE TRANSFERS

COLLEGE NAME:		CHEPSIREI TECHNICAL AND VOCATIONAL COLLEGE		
Breakdown of Transfers from the State Department of Technical and Vocational				
FY 2022/2023				
a. Recurrent Grants				
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>	
	24/10/2022	1,955,000	2022/2023	
	04/01/2023	1,864,000	2022/2023	
	29/06/2023	1,864,282	2022/2023	
	Total	5,683,282		
b. Development Grants				
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>	
	03/01/2023	500,000	2022/2023	
	Total	500,000		
c. Direct Payments				
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>	
	Total	0		
d. Donor Receipts				
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>	
		0		
		0		
		0		
	Total	0		

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

Accounting Officer/Principal
Chepsirei Technical and Vocational College
Education

Sign _____



Head of Accounting Unit
State Department of Technical

Sign-----

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APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/Development/Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized			
	as per bank statement				Capital Fund	Deferred Income	Receivables	Others - must be specific
Ministry of Education	24/10/2022	Recurrent	1,955,000	1,955,000	0	0	0	0
Ministry of Education	03/01/2023	Development	500,000	500,000	0	0	0	0
Ministry of Education	04/01/2023	Recurrent	1,864,000	1,864,000	0	0	0	0
Ministry of Education	29/06/2022	Recurrent	1,864,282	1,864,282	0	0	0	0
Total			6,183,282	6,183,282	0	0	0	0