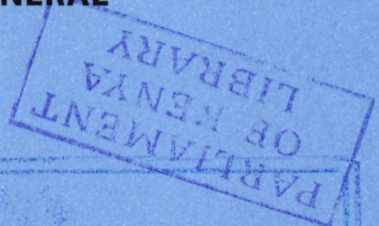


REPUBLIC OF KENYA



Enhancing Accountability



REPORT

THE NATIONAL ASSEMBLY

DATE: 15 AUG 2023 DAY: TUESDAY

TABLED BY: Hon Kimani Ichung'u, Leader, majority party

CLERK AT THE TABLE: Inzofu Mutale

THE AUDITOR-GENERAL

ON

**KANDARIA VOCATIONAL
TRAINING CENTRE**

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



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY
24 MAY 2023
RECEIVED



**TECHNICAL AND VOCATIONAL TRAINING CENTRE (TVET)
KANDARIA VOCATIONAL TRAINING CENTRE**

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

TECHNICAL AND VOCATIONAL TRAINING CENTRE
Annual Report and Financial Statements for the year ended 30th June 2022

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TECHNICAL AND VOCATIONAL TRAINING CENTRE
Annual Report and Financial Statements for the year ended 30th June 2022

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1. KEY KANDARIAVTC INFORMATION AND MANAGEMENT

(a) Background information

Kandaria Vocational Training Centre was found in 2009, as a community project and was registered under self-help group. The part of the land was donated by a community member and another part of the land was given at a cost which is being paid by the community bit by bit. It is situated at Kandaria Sub-location, East Nyakach location, North Nyakach ward, Nyakach sub-county, Kisumu County. The institution was off and on and became dormant for several years. It was opened in 2021 and currently under the County Government of Kisumu, Directorate of Vocational Education & Training. The centre has registered by TVETA under TVET Act, 2013 section 20(1) hence waiting the certificate of registration upon completion of assessment. It has a population of 105 students and learning activities are on progress.

Courses offered

1. Building Technology
2. Fashion Design and Garment Making
3. Hair dressing and beauty therapy
4. Information Communication Technology

(b) Principal Activities

- Skills training
- Skills development

Vision

- A centre of excellence for technical skills, industrial, vocational and entrepreneurial training.

Mission

To provide technical skills, industrial, vocational and entrepreneurial training that promotes innovation, creativity for growth & development towards vision 2030

Objectives

- Ensure compliance with the Technical and Vocational Education and Training Act, 2013, and other relevant statutory and safety requirements.
- To impact learners with high technical skills, knowledge, and be relevant for employability
- To collaborate with parents, community, non-governmental organizations, private sectors through county government of Kisumu in creating a sensitive gender-education system in order to ensure and encourage girls and women in technical education for equality.

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- To stimulate lively, positive moral behaviour, learning environment as well as preparing learners in future in order to be good citizen.

(c) Key Management

The *centre* day-to-day management is under the following key organs:

- Board of Management
- County Directorate

(d) Fiduciary Management

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

No.	Designation	Name
1.	CECM	-Mr. John Obiero Awiti
2.	Chief Officer	-Mrs. Penina Onyango
3.	Director	-Mrs. Paschalia Ouma
4.	Centre Manager	-Mrs. Emily Auma Onyang
5.	BOG chairman	-Mr. Dickens Otieno Muga

(e) Fiduciary Oversight Arrangements

- *County Executive*
- *Audit committee activities*

Key Kandaria VTC Information and Management (Continued)

(f) Kandaria VTC Headquarters

P.O. Box 510-40100
Prosperity House
Huduma Centre Highway
KISUMU, KENYA

(g) Kandaria VTC Contacts

Telephone: (254) 729472196
E-mail: kandariavocational@gmail.com.

(h) Kandaria VTC Bankers

Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

Other Commercial Banks
(List details of other commercial banks)

(i) Independent Auditors








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

(j) Principal Legal Adviser

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

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II. THE COUNCIL/BOARD OF GOVERNORS

No.	Member/ Director	Details/qualification
1.	Mr.DickensOtienoMug Chairman- 	Degree in Social work and development
2.	Mrs.CellineAumaObuya finance Representative- 	Diploma in applied science-pass
3.	 Mr John Ochola ICT representative	Diloma in Marketing
4.	 Mr.Dan Obala Technology representative-	Higher Diploma in Mechanical Engineering and Technical Education
5.	Joseph Manyala Leardership & management-- 	Diploma inTheological
6.	 Lillian Ondiek Industry-	Diploma in Food & Beverage and Technical Education
7.	Camilas Opwapo Engineering-	engineering
8.	Mrs EmillyAumaOnyango Secretary- 	Diploma in Technical Education and Diploma in Education Management
9.	Mrs PaschaliaOuma Director VET-	Degree in ICT and administration course

TECHNICAL AND VOCATIONAL TRAINING CENTRE (TVET)
Annual Report and Financial Statements for the year ended 30th June 2022

10.	James Mbogo Sub- County administrator-	Degree Public Administration
-----	---	------------------------------

III. MANAGEMENT TEAM

No.	Member/ Director	Details
1.	Manager I <i>(Insert each key manager's/Principal passport-size photo and name, and key profession/academic qualifications)</i>	Indicate the main area of responsibility – without details
2.	Centre Manager <ul style="list-style-type: none"> • Diploma In Education Management • Diploma in IT • Diploma in Technical Education 	Overall in charge of the centre
3.	Acting Deputy Centre manager	No deputy manager. Only manager is the government employed officer in school and the institution do not have stable capacity to employ deputy manager.
4.	Heads of Department <ul style="list-style-type: none"> • Masonry NITA Grade test 2 • Artisan KNEC LEVEL 1 	In charge of respective departments
5.		
<i>(Note: The Principal and the Secretary to the Council/ BoG will feature both under the 'Board' and 'Management').</i>		

TECHNICAL AND VOCATIONAL TRAINING CENTRE (TVET)
Annual Report and Financial Statements for the year ended 30th June 2022

the County Government of Kisumu, the community at large and all other stakeholders for supporting this new Vocational Training Centre.


.....

DICKENS MUGA
Chairperson

IV. REPORT OF THE CENTRE MANAGER

I thank Our Lord Jesus Christ to see our institution come to the end of its first financial year since it's in caption. The financial year/2021/2022 had unique challenges including Covid 19 pandemic among others.

STAFF ESTABLISHMENT

There is 1 County Government-employed instructor, Three BOM volunteer instructors who are being given small token/ stipend but not often to appreciate and motivate their work for the training sessions.

Staff Shortage

Currently we have a shortage of instructors as follows:

NO.	Course	Deficit
1.	Building technology	1
2.	Fashion Design & Garment Making	1
3.	Hair dressing and beauty therapy	1
4	Electrical installation	1

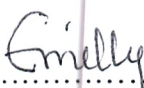
Challenges

- Inadequate infrastructure (road is not accessible, lack of classes and workshops, no electricity, administration block and other key facilities for learning environment)
- Inadequate staffing.
The quality training has been affected by understaffing
- Untimely disbursement of funds from the County governments, which greatly disrupt our training programs.
This has affected the timely procurement of goods and services.
- Inadequate modern tools and equipment. The institution started newly without any tool and equipment. This has compromised the quality and quantity of training.

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- Kandaria is in remote area and dry in most of the seasons. The place need water, accessible road and electricity so that the community and the training centre can develop to another level.
- Since *Kandaria*VTC is a new institution, there is a lot to be done in terms of infrastructure to enable youths to train to the standard of practically providing skills and knowledge.

I take this opportunity to thank all stake holders for their support in helping us to achieve and work towards vision 2030.



 EmillyAumaOnyango
 Centre Manager

V. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

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

KANDARIA VTC has 2 strategic pillars and objectives within its Strategic Plan for the FY 2021/2022. These strategic pillars are as follows:

- Pillar 1: To Increase trainee enrolment
- Pillar 2: To increase the number of trainees graduating from the institution
- Pillar 3: To do real project practical's with students

KANDARIA VTC develops its annual work plans based on the above 2 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The *KANDARIA VTC* achieved its performance targets set for the FY 2021/2022 period for its 2 strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1:	To Increase the number of trainees enrolment from 40 to 100	trainees increase	Community Sensitization	Trainees increas

TECHNICAL AND VOCATIONAL TRAINING CENTRE (TVET)
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Pillar2:		To increase the number of trainees graduating from the institution from 0 to 7	more trainees graduate	Internal/external exams	trainees are in first time process of graduating.
Pillar 3:		To practically do at least 1 real project by students.	Finishing of one office block	Students practical's in building department	Office block

VI. Corporate Governance Statement

Appointment of Board of Management members

The current BOM members were appointed in accordance with First schedule Section 28(1)(a) and the Second Schedule section 1 & 2 of TVET Act No 29 of 2013 on 31st May 2019

Membership of the Board of Governors is as follows:

- a) a chairperson;
- b) a representative of the minister/CECM in the department responsible for technical and vocational training;
- c) a representative of the county Governor ; and

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

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

Responsibility of the Board of Management

The board is responsible for;

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

Remuneration of the Board of Management members

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

The Board of Management meetings

The meetings of the full board are held at least three times in a financial year calendar. In order to facilitate the smooth running of its affairs, the BoM establishes such committees with the membership and with such terms of reference as it may deem fit.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTINGS

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

1. Employee welfare

The staff are motivated by providing conducive environment

2. Community Engagements-

KANDARIA VTC engages the community members as casual labourers and surrounding security.

REPORT OF THE BOARD OF GOVERNORS

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

Principal activities

The principal activity of Kandaria vtc is training

Results

The results of Kandaria vtc for the year ended June 30, 2022 are set out on page ix

BOARD OF MANAGEMENT

The members of the Board /Council who served during the year are shown on page v.

Auditors

The Auditor General is responsible for the statutory audit of the *Kandaria vtc* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the *Kandaria VTC* for the year/period ended June 30, 2022 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

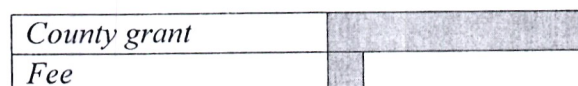
Emilly

VII. MANAGEMENT DISCUSSION AND ANALYSIS

The operations during this period revolved around meeting the needs of our trainees through the provision of quality training, trainees' welfare, trainees' psychosocial support mechanisms, trainees' talent development..

The institution's main sources of funding are; County Grant, own revenue collected from fees, IGAs. The graph below shows the magnitude of these sources in the period 2021/2022.

Figure 1: sources and magnitude of funds received during the financial year 2021/2022



TECHNICAL AND VOCATIONAL TRAINING CENTRE (TVET)
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To meet the needs of our trainees, the management developed key budget lines, all of which are in with guidelines from county government policies. The following were financial vote heads that enabled the centre to fully cover all its training objectives.

Figure 2: Funds allocation to vote heads for the financial year 2021/2022

Vote Head	Amount
RMI	413000
Instructional Materials	745000
Personal Emoluments	182000
Local travel and travel	20000
E.W.&C	52000
Co-Curriculum Activities	40000
Bank Charges	504
Skills Competition & Exhibition.	37500
Administration Cost	45000
TOTAL	1535004

VIII. ENVIRONMENTAL AND SUSTAINABILITY REPORTING STATEMENT
(Two-to-three pages)
CORPORATE GOVERNANCE STATEMENT

Appointment of Board of Management members

The current BoM members were appointed in accordance with First schedule Section 28(1)(a) and the Second Schedule section 1 & 2 of TVET Act No 29 of 2013 on 31st May 2019

Membership of the Board of Governors is as follows:

- d) a chairperson;
- e) a representative of the minister/CECM in the department responsible for technical and vocational training;
- f) a representative of the county Governor ; and

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

- 7) Leadership and management;
- 8) Financial management;
- 9) Technology;
- 10) Industry;
- 11) Engineering;
- 12) Information communication technology.

Responsibility of the Board of Management

The board is responsible for;

- 7) The making of mission and vision of the centre;

TECHNICAL AND VOCATIONAL TRAINING CENTRE (TVET)
Annual Report and Financial Statements for the year ended 30th June 2022

- 8) Promoting the aims and objectives of the centre
- 9) Setting strategic directions for the Centre;
- 10) Monitoring performance against strategic objectives
- 11) Extending links and communication between the centre and the wider community;
- 12) Fundraising and resource mobilization;

Remuneration of the Board of Management members

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

The Board of Management meetings

The meetings of the full board are held at least three times in a financial year calendar. In order to facilitate the smooth running of its affairs, the BoM establishes such committees with the membership and with such terms of reference as it may deem fit.

Employee welfare

Our policy on employee welfare is supporting diversity and inclusion, and protecting human rights.

We are also dedicated to ensuring that we motivate our employees through giving them stipend if we get some allocations as our volunteers because they are not employed. Kandaria vtc is a new upcoming school.

Market place practices-

Kandaria vtc maintains a clear profile on best market practices by adhering to the following practices;

- a) Transparent and fair treatment of our suppliers during our procurements
- b) Conducting objective advertisement and sensitization campaigns in local communities through chief's barazas, churches, markets and youth groups in Nyakach area.

3. Community Engagements-

The management of Kandaria vtc takes care of the local community through several initiatives;

- a) Employing 80% of our staff from the local area to promote ownership and community integration.
- b) Procuring most of our consumables from our local suppliers

Corporate Social Responsibility / Community Engagements

- a) Sports are also carried out during Kisumu VTC's sports association. The institution reached at sub-county levels.
- b) KANDARIA VTC exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence even through donations to keep on operation..

IX. REPORT OF THE COUNCIL/BOARD OF GOVERNORS

The Council/Board members submit their report together with the audited financial statements for the year ended June 30, 2022, which show the state of the *Kandaria VTC's* affairs.

Principal activities

The principal activities of the *Kandaria VTC* are (continue to be)

Results

The results of the *Kandaria VTC* for the year ended June 30TH, 2022 are set out.

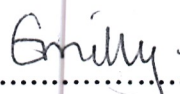
Council/Board of Governors

The members of the Board /Council who served during the year are shown on page v & v During the year 2022 1ST June 2023, Pascalia Ouma director went on leave and director Celestine Atieno was appointed on acting director.

Auditors

The Auditor General is responsible for the statutory audit of the *Kandaria VTC* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or XYZ Certified Public Accountants were nominated by the Auditor General to carry out the audit of the *Kandaria VTC* for the year/period ended June 30, 2022, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board



.....
Secretary of the Board/Council

X. STATEMENT OF BOARD OF GOVERNORS/ COUNCIL'S RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and (*section 14 of the State Corporations Act, and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013 - (entities should quote the applicable legislation under which they are regulated)*) require the council members to prepare financial statements in respect of that *Kandaria VTC*, which give a true and fair view of the state of affairs of the *Kandaria VTC* at the end of the financial year/period and the operating results of the *Kandaria VTC* for that year/period. The Council members are also required to ensure that the *Kandaria VTC* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *Kandaria VTC*. The council members are also responsible for safeguarding the assets of the *Kandaria VTC*.

The Council members are responsible for the preparation and presentation of the *Kandaria VTC's* financial statements, which give a true and fair view of the state of affairs of the *Kandaria VTC* for and as at the end of the financial year (period) ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the *Kandaria VTC*, (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 *Kandaria VTC*, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Council members accept responsibility for the *Kandaria VTC'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*) – *entities should quote applicable legislation as indicated under*. The council members are of the opinion that the *Kandaria VTC's* financial statements give a true and fair view of the state of *Kandaria VTC's* transactions during the financial year ended June 30, 2022, and of the *Kandaria VTC's* financial position as at that date. The Council members further confirm the completeness of the accounting records maintained for the *Kandaria VTC*, which have been relied upon in the preparation of the *Kandaria VTC'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 *Kandaria VTC* will not remain a going concern for at least the next twelve months from the date of this statement.

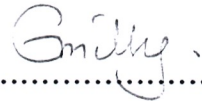
TECHNICAL AND VOCATIONAL TRAINING CENTRE (TVET)
Annual Report and Financial Statements for the year ended 30th June 2022

Approval of the financial statements

The *Kandaria VTC*'s financial statements were approved by the Board on 7/7/2021 and signed on its behalf by:



.....
Name Dickens Muga
Chairperson of the Board/Council



.....
Name Emily Auma Onyango
Accounting Officer/Principal

**XI. REPORT OF THE INDEPENDENT AUDITOR ON (THE
KANDARIA VTC**

REPUBLIC OF KENYA



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

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

REPORT OF THE AUDITOR-GENERAL ON KANDARIA VOCATIONAL TRAINING CENTRE FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kandaria Vocational Training Centre set out on pages 1 to 39, which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in

net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with 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 explanation 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 Kandaria Vocational Training Centre as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training (TVET) Act, 2013 and the Public Finance Management Act, 2012

Basis for Qualified of Opinion

1. Inaccuracies in the Financial Statements

- (i) The statement of financial performance reflects a surplus of Kshs.237,996. However, the amount was not reflected in the statement of financial position as accumulated surplus.
- (ii) The statement of financial position has only reflected total assets of Kshs.1,158,000. However, the statement does not show how the assets were financed.
- (iii) The statement of cashflows reflects net cash flow from operating activities of Kshs.237,996 but no bank balance was reflected as at 30 June, 2022.
- (iv) The financial statements do not include the statement of changes in net assets.
- (v) The statement of financial performance reflects use of goods and services of Kshs.940,000 but the supporting schedule reflects Kshs.1,062,500 resulting in unexplained variance of Kshs.122,500.
- (vi) The statement of financial position reflects inventories balance of Kshs.1,158,000 but the supporting schedules reflects Kshs.1,025,000 resulting in unexplained difference of Kshs.133,000.
- (vii) The statement of financial position reflects nil bank balance but Note 12 to the financial statements reflects a balance of Kshs.1,773,000 resulting in unexplained difference of Kshs.1,773,000.
- (viii) The statement of financial performance reflects total revenue of Kshs.1,773,000 but the statement of comparison of budget and actual amounts reflects Kshs.673,000 resulting in an unexplained difference of Kshs.1,100,000.

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

2. Variances Between Statement of Performance and Statement of Comparison of Budget and Actual Amounts

Review of the financial statements revealed inconsistencies between the 2021/2022 opening/comparative balances and the audited balances for 2020/2021 as detailed below:

Item	Statement of Financial Performance (Kshs.)	Statement of Comparison and Budget and Actual Amounts (Kshs.)	Variance (Kshs.)
Transfers from Other Government entities and Government Grants	1,650,000	650,000	1,000,000
Rendering of Services	123,000	23,000	100,000
Use of Goods and Services	940,004	339,886	600,118
Employee Costs	182,000	82,000	100,000
Repair and Maintenance	413,000	200,000	213,000

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

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparative budget and actual amounts reflects final receipt budget and actual on comparable basis of Kshs.1,773,000 and Kshs.673,000 resulting to underfunding of Kshs.1,100,000 or 62% of the budget. Similarly, the Centre expended Kshs.621,886 against approved expenditure budget of Kshs.1,534,886 resulting to an under expenditure of Kshs.913,000 or 59%of the budget.

The underfunding and underperformance affected the planned activities and may have impacted negatively on the service delivery to the public.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing 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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective

Basis of Conclusion

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 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 control, risk management and overall governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Centre's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Centre to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Centre to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

27 July, 2023


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XII. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022

Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
Revenue from Non-Exchange transactions			
Transfers from other National Government entities	6	-	
Grants from donors and development partners	7	-	
Transfers from other levels of government	8	1650000	-
Public contributions and donations	9		
		1650000	-
Revenue from Exchange transactions			
Rendering of services- fees from students	10	123000	240000
Rental revenue from facilities and equipment	12	-	
Finance income	13	-	
Revenue from Exchange transactions		123000	240000
Total Revenue		1773000	240000
Expenses			
Use of goods and services	15	940004	190050
Employee costs	16	182000	42000
Repairs and maintenance	19	413000	-
Total Expenses		1535004	232050
Net surplus for the year		237996	7950

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


.....
Dickens Otieno Muga
Chairman of Council/Board


.....
Celline Auma Obuya
Finance Officer


.....
Emilly Auma Onyango
Centre Manager

Date 5/5/23


Date 5/5/23

Date 5/5/23


**TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
Annual Report and Financial Statements for the year ended 30th June 2022**

XIII. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2022

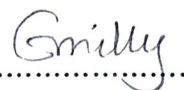
Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	26	-	-
Current portion of receivables from exchange transactions	27(a)	-	-
Receivables from non-exchange transactions	28	-	-
Inventories	29	1158000	188000
Investments	30	-	-
Non-Current Assets			
Long term receivables from exchange transactions	27(b)	-	-
Investments	30	-	-
Property, plant, and equipment	31		
Intangible assets	32	-	-
Investment property	33	-	-
Total Assets		1158000	188000
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	34	-	-


.....
Dickens Otieno Muga
Chairman of Council/Board

Date 5/8/23


.....
Celline Auma Obuya
Finance Officer

ICPAK NO.
Date 5/8/23


.....
Emily Auma Onyango
Centre Manager


Date 5/5/23


**TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
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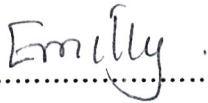
XIV. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

Description	Note	2021-2022 Kshs	2020-2021 Kshs
Cashflows from operating activities			
Receipts			
Transfers from other government entities/govt. Grants		1650000	-
Public contributions and donations		-	
Rendering of services- fees from students		123000	240000
Sale of goods		-	
Rental revenue from facilities and equipment		-	
Finance income		-	
Other income		-	
Total Receipts		1773000	240000
Payments			
Compensation of employees		182000	42000
Use of goods and services		940004	110050
Finance cost		-	
Rent paid		-	
Taxation paid		-	
repair and maintenance		413000	80000
Grants and subsidies paid		-	
Total Payments		1535004	232050
Net Cash Flows from operating activities	43	237996	7950
Cash and Cash equivalents at 30 JUNE	26		

((IPSAS 2 allows an Kandaria VTC to present the cash flow statement using the direct or indirect method but encourages the direct method. PSASB also recommends the use of direct method of cash flow preparation)).


.....
Chairman of Council/Board


.....
Finance Officer
ICPAK No -


.....
Principal

Date 5/5/23

Date 5/5/23

Date 5/5/23

TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
Annual Report and Financial Statements the year ended 30th June 2022

XV. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

Description	Original budget		Adjustments		Final budget		Actuation comparable basis		Performance difference		Utilization Difference	
	2021-2022	Kshs	2021-2022	Kshs	2021-2022	Kshs	2021-2022	Kshs	2021-2022	Kshs	2021-2022	%
Revenue	1500000		150000		1650000		650000		(1000000)		90%	
Transfers from other govt entities and govt grants	-		-		-		-		-		-	
Public contributions and donations	750000		(627000)		123000		23000		(100000)		83.6%	
Rending of services- fees from students												
Sale of goods												
Finance income												
Other income												
Gains on disposal, rental income and agency fees												
Total Income	2250000		(477000)		1773000		673000		(1100000)		21.2%	
Expenses												
Compensation of employees	200000		(18000)		182000		82000		(100000)		09%	
Use of goods and services	1720000		(780114)		939886		339886		(60000)		45.4%	
Rent paid												
Repair and maintenance	330000				413000		200000		(213000)			
Remuneration of directors												
Grants and subsidies paid												
Total Expenditure	2250000		(715114)		1534886		621886		(373000)		31.78%	
Surplus For the Period	-		-		-		-		-		-	

(Budget notes)

1. Provide explanation of differences between actual and budgeted amounts (10% over/ under) IPSAS 24.14
2. Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)
3. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.

**TECHNICAL AND VACATIONAL EDUCATION TRAINING (TVET)
Annual Report and Financial Statements for the year ended 30th June 2022**

XVI. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Kandaria VTC is established by and derives its authority and accountability from 2015 Act. The Kandaria VTC is wholly owned by the Government of Kenya and is domiciled in Kenya. The Kandaria VTC's principal activity.

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 *Kandaria VTC's* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note.

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

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

**TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
Annual Report and Financial Statements for the year ended 30th June 2022**

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

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

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

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

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Kandaria VTC's future cash flows.</p> <p>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;

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Standard	Effective date and impact:
	<ul style="list-style-type: none"> • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Kandaria VTC's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p><i>(State the impact of the standard to the Kandaria VTC if relevant)</i></p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Kandaria VTC 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> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Kandaria VTC; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Kandaria VTC's

**TECHNICAL AND VACATIONAL EDUCATION TRAINING (TVEI)
Annual Report and Financial Statements for the year ended 30th June 2022**

Standard	Effective date and impact:
	financial performance, financial position and cash flows. <i>(State the impact of the standard to the Kaadaria VTC if relevant)</i>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p><i>(State the impact of the standard to the Kaadaria VTC if relevant)</i></p>
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i>

**TECHNICAL AND VACATIONAL EDUCATION TRAINING (TVET)
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Standard	Effective date and impact:
	<p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023. <p><i>State the impact of the standard to the Kandaria VTC if relevant</i></p>
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lesser provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Kandaria VTC.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>State the impact of the standard to the Kandaria VTC if relevant</i></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p>

**TECHNICAL AND VACATIONAL EDUCATION TRAINING (TVET)
Annual Report and Financial Statements for the year ended 30th June 2022**

Standard	Effective date and impact:
Operations	Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
	<i>State the impact of the standard to the Kandaria VTC if relevant</i>

iii. Early adoption of standards

(The Kandaria VTC) did not early-adopt any new or amended standards in year 2022.

**TECHNICAL AND VACATIONAL EDUCATION TRAINING (TVET)
Annual Report and Financial Statements for the year ended 30th June 2022**

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Kandaria VTC 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 Kandaria VTC 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 Kandaria VTC.

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.

**TECHNICAL AND VACATIONAL EDUCATION TRAINING (TVET)
Annual Report and Financial Statements for the year ended 30th June 2022**

4 Summary of Significant Accounting Policies (Continued)

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions (continued)

Rental income

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

b) Budget information

The original budget for FY 2021/2022 was approved by the Council or Board on xxx. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Kandaria VTC upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Kandaria VTC recorded additional appropriations on the FY 2021/2022 budget following the Council/ Board's approval.

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

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

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

Notes to the Financial Statements (Continued)

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

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

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

d) 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

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

e) 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 Kandaria VTC determines the classification of its financial assets at initial recognition.

Loans and receivables

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

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Kandaria VTC 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

**TECHNICAL AND VACATIONAL EDUCATION TRAINING (TVET)
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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.

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Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

i) Financial instruments (Continued)

Financial assets (Continued)

Financial liabilities

f) 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 to the institution but the institution does not have the store so they are being controlled by each departmental heads.

- 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

**TECHNICAL AND VACATIONAL EDUCATION TRAINING (TVET)
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Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

Inventories (Continued)

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

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

g) Provisions

Provisions are recognized when the Kandaria VTC 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 Kandaria VTC 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 Kandaria VTC 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 Kandaria VTC 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 Kandaria VTC 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.

**TECHNICAL AND VACATIONAL EDUCATION TRAINING (TVET)
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Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

h) Nature and purpose of reserves

The Kandaria VTC creates and maintains reserves in terms of specific requirements. *(Kandaria VTC to state the reserves maintained and appropriate policies adopted).*

i) Changes in accounting policies and estimates

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

j) Employee benefits

Retirement benefit plans

The Kandaria VTC will start providing retirement benefits for its employees and directors and Define contribution plans that post-employment benefit plans under which an Kandaria VTC pays fixed contributions into a separate Kandaria VTC (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods coming.

The above obligation was not done in the financial year 2021/2022 because didn't budget for them because they were community volunteered for the workforce as a new upcoming school as per the time they have in their schedules. Only one employee was employed by the county government of Kisumu. The BOG members decided to give the a token or stipend as a motivation wage. The institution will budget for the same for the contracted according to the wage bill budgeted for in the next financial year to concurred by rules and regulations.

**TECHNICAL AND VACATIONAL EDUCATION TRAINING (TVET)
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Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

k) Related parties

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

l) Service concession arrangements

The Kandaria VTC 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 Kandaria VTC 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 Kandaria VTC also recognizes a 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 imprests 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, 2022.

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Notes to the Financial Statements (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Kandaria VTC 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 Kandaria VTC. 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 Kandaria VTC
- 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 xxx.

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.

(Include provisions applicable for your organisation e.g. provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).

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Notes to the Financial Statements (Continued)

6. Transfers from other National Government entities

(a) Transfers from other Government entities (County of Kisumu)

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Notes to the Financial Statements (Continued)**

7. Transfers from Other Levels of Government

Description	2021-2022 Kshs	2020-2021 Kshs
Transfer from County Kisumu	1650000	240000
Transfer from XX University	-	-
Transfer from XX Institute	-	-
Total Transfers	1650000	240000

Notes to the Financial Statements (Continued)

8. Rendering of Services

Description	2021-2022 Kshs	2020-2021 Kshs
Personal emoluments	182000	42000
Instructional materials	745000	108000
Co curriculum activities	40000	-
Local travel and transport	20000	-
Repair and maintenance	413000	80000
E W & C	52000	-
Skills and exhibition	37500	-
Administration cost	45000	-
Bank charges	504	2050
Total Revenue from The Rendering of Services	1535004	232050

(Provide brief explanation for this revenue)

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Notes To The Financial Statements (Continued)

9. Use Of Goods And Services

Description	2021-2022 Kshs	2020-2021 Kshs
Teaching and learning materials	569000	108000
Industrial attachment costs	-	-
Electricity	20000	-
Water	32000	-
Security	-	-
Professional and consultancy services	182000	-
Subscriptions	-	-
Advertising	5000	-
Examination fees	33000	-
Audit fees	-	-
Catering, conferences, and delegations	5000	-
Travelling and accommodation	20000	-
Fuel and oil	-	-
Insurance	-	-
Legal expenses	-	-
Licenses and permits	10000	-
Postage	-	-
Printing and stationery	10000	-
Hire charges	-	-
Rent expenses	-	-
Skills development levies	52500	-
Telephone expenses	1000	-

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Internet expenses	-	-
Training expenses	-	-
Other (<i>specify</i>)	504	2050
Total good and services	940004	110050

**TECHNICAL AND VACATIONAL EDUCATION TRAINING (TVET)
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Notes to the Financial Statements (Continued)

10. Employee Costs

Description	2021-2022	2020-2021
	Kshs	Kshs
Salaries and wages	182000	42000
Employer related costs- contribution stop pensions and medical aids	-	-
Travel, motor car, accommodation, subsistence and other allowances	-	-
Housing benefits and allowances	-	-
Overtime payments	-	-
Performance and other bonuses	-	-
Social contributions	-	-
Employee Costs	182000	42000

11. Repairs and Maintenance

Description	2021-2022	2020-2021
	Kshs	Kshs
Property (renovation/finishing staff room)	318000	40000
Investment property-earning rentals	-	-
Equipment and machinery	60000	30000
Vehicles	-	-
Furniture and fittings	35000	10000
Computers and accessories	-	-
Total Repairs and Maintenance	413000	80000

**TECHNICAL AND VACATIONAL EDUCATION TRAINING (TVET)
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Notes to the Financial Statements (Continued)

12. Cash and Cash Equivalents

Description	2021-2022 KShs	2020-2021 KShs
Current Account	1773000-	240000-
On - Call Deposits	-	-
Fixed Deposits Account	-	-
Staff Car Loan/ Mortgage	-	-
Others (Specify)	-	-
TotalCashandCashEquivalents	-	-

(The amount should agree with the closing and opening balances as included in the statement of cash flows)

**TECHNICAL AND VACATIONAL EDUCATION TRAINING (TVET)
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Notes To The Financial Statements (Continued)

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

Financial Institution	Account Number	2021-2022 Kshs	2020-2021 Kshs
a) Current Account			
Kenya Commercial Bank	1282706799	1773000	240000
Equity Bank, etc.		-	-
Sub- Total		-	-
b) On - Call Deposits			
Kenya Commercial Bank		-	-
Equity Bank – etc.		-	-
Sub- Total		-	-
c) Fixed Deposits Account			
Kenya Commercial Bank		-	-
Bank B		-	-
Sub- Total		-	-
d) Staff Car Loan/ Mortgage			
Kenya Commercial Bank		-	-
Bank B		-	-
Sub- Total		-	-
e) Others(Specify)			
Cash in Transit		-	-
Cash in Hand		-	-
Mobile Money account		-	-
Sub- Total		-	-

**TECHNICAL AND VACATIONAL EDUCATION TRAINING (TVET)
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Grand Total			1773000	240000
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**TECHNICAL AND VACATIONAL EDUCATION TRAINING (TVET)
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Notes to the Financial Statements (Continued)

13. Inventories

Description	2021-2022 Kshs	2020-2021 Kshs
Consumable stores	745000	108000
Maintenance stores	413000	80000
Health Unit stores	-	-
Electrical stores	-	-
Cleaning Materials stores	-	0
Catering stores	-	-
Total Inventories at lower of Cost and Net Realizable Value	1158000	188000

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Notes to the Financial Statements (Continued)

14. Property, Plant and Equipment

Cost	Land and Buildings Kshs	Motor Vehicles Kshs	Furniture and fittings Kshs	Computers Kshs	Other Assets (Specify) Kshs	Plant and equipment Kshs	Capital Work in progress Kshs	Total Kshs
At 1 July 2021	-	-	0	-	-	80000	-	80000
Additions	-	-	60000	-	40000	10000	-	50000
Disposals	-	-	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-	-	-
At 30 th June 2022	-	-	60000	-	40000	90000	-	190000
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	-	-
At 30 th June 2022	-	-	-	-	40000	-	-	40000
Depreciation And Impairment								
At 1 July Xxx	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
At 30 June 2022	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-

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	Land and Buildings Kshs	Motor Vehicles Kshs	Furniture and fittings Kshs	Computers Kshs	Other Assets (Specify) Kshs	Plant and equipment Kshs	Capital Work in progress Kshs	Total Kshs
Cost								
Transfer/Adjustment	-	-	-	-	-	-		
At 30 th June 2022		-					-	
Net Book Values							-	
At 30 th June 2022		-					-	

[Include Brief Description Of WIP As A Footer]

The land which the institution operates, there is big land dispute between the family owners. The land parcel has not been officially given to school. The community were the one who decided to buy the land for the kandaria VTC. ALL ARE IN VAIN BECAUSE THE DISPUTE IS STILL ON. The management faculty are also insecure due to the land dispute. We are limited to value other assets due to the problem of ownership.

**TECHNICAL AND VACATIONAL EDUCATION TRAINING (TVET)
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Notes to the Financial Statements (Continued)

Valuation

As per National Treasury guidelines, Land and buildings were identified and valued as per the National Liabilities and Management Policy and guidelines (Issued June 2020). These amounts were adopted in the financial statements on xxx.

31 (b) Property, Plant and Equipment at Cost

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	400000	220000	140000
Buildings	7500000	0	0
Plant And Machinery	-	-	-
Motor Vehicles including Motorcycles	-	-	-
Computers and Related Equipment	-	-	-
Office Equipment, Furniture, And Fittings	-	-	-
Total	7900000	220000	140000

n/b land have not been fully paid because of family land dispute of ownership. The situation is still going on.

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Notes to the Financial Statements (Continued)

Notes To The Financial Statements (Continued)

16. Related Party Balances

Nature of related party relationships

Entities and other parties related to the Kandaria VTC 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.

Notes to the Financial Statements (Continued)

TECHNICAL AND VACATIONAL EDUCATION TRAINING (TVET)
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Notes to the Financial Statements (Continued)

17. Events After The Reporting Period

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

18. Currency

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

**TECHNICAL AND VACATIONAL EDUCATION TRAINING (VET)
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**XVII. Appendices
Appendix 1: Implementation Status of Auditor-General Recommendations**

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

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

Guidance Notes:

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

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Emily Auma Onyango
Accounting Officer
(CENTRE MANAGER)
Date

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Appendix III- Inter-Kandaria VTC Confirmation Letter

[Insert your Letterhead]

[Insert name of beneficiary Kandaria VTC]

[Insert Address]

The *[insert SC/SAGA/Fund name here]* wishes to confirm the amounts disbursed to you as at 30th June 2022 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by <i>[insert name of beneficiary Kandaria VTC]</i> as at 30 th June 2022						
Reference Number	Date Disbursed	Amounts Disbursed by <i>[SC/SAGA/Fu..d]</i> (Kshs) as at 30th June 2022			Amount Received by beneficiary Kandaria VTC (KShs) as at 30 th June 2021 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)		
Kisumu County grant	6/7/2021	525000	0	0	525000	0
Kisumu county grant	7/1/22	562500	0	0	562500	0
Kisumu county grant	28/3/2022	123000	0	0	123000	0
Fee payment	7/3/2022	5625000	0	0	562500	0
Total		<u>1773000</u>	<u>0</u>	<u>0</u>	<u>1773000</u>	<u>0</u>

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

Head of Accountants department of beneficiary Kandaria VTC:

Name *E. M. W. Auma* Sign *E. M. W. Auma* Date *5/5/22*

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