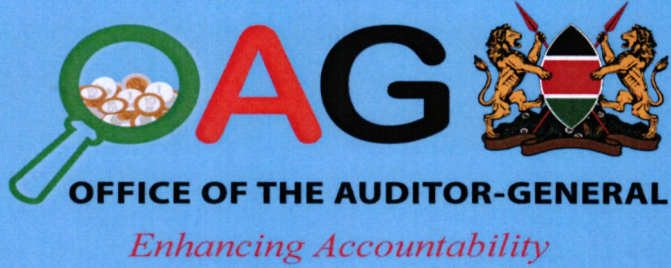


REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY	
DATE: 05 JUL 2023	DAY: Wednesday
TABLED BY: Hon. Kimani Ichung'wa (leader of the Majority Party)	
CLERK AT THE TABLE: Mado	

PARLIAMENT OF KENYA LIBRARY

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**KIPTARAGON TECHNICAL AND VOCATIONAL COLLEGE**

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



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**KIPTARAGON TECHNICAL AND VOCATIONAL COLLEGE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**30<sup>TH</sup> JUNE 2022**

ACCOUNTING REPORTING FRAMEWORK: IPSAS ACCRUAL

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**I. Key Entity Information and Management**

**(a) Background information**

The Kiptaragon Technical and vocational College was incorporated under the TVET Act 2013, section 20 (1) on 23<sup>rd</sup> September 2019. Kiptaragon Technical and vocational college is domiciled in Kenya. The college is under the Ministry of Education.

**(b) Principal Activities**

The principal activity of Kiptaragon TVC is training middle level technicians and continues to be so.

**(c) Key Management**

The Kiptaragon technical and vocational college day-to-day management is under the following key organs:

- Board of Governors
- Principal
- Registrar
- Dean of students

**(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.	Principal	<b>Mr. Daniel Maswai</b>
2.	Registrar	<b>Mr. Moses Randich</b>
3	Dean of students	<b>Mr. Hentry Toroitich</b>
4	Finance Officer	<b>Mr. Kipkorir Ngasura</b>
5	Procurement Officer	<b>Ms. Kailel Caroline</b>

**(e) Fiduciary Oversight Arrangements**

*(Here, provide a high-level description of the key fiduciary oversight arrangements covering (say):*

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

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



**(f) Entity Headquarters**

Kiptaragon Technical and Vocational College  
Telephone: off Molo- Olenguruone road  
5 km from Olenguruone.

**(g) Entity Contacts**

Telephone: (254) 790 568 732/ 0797 541 586  
e-mail: [kiptaragontvc@gmail.com](mailto:kiptaragontvc@gmail.com) or [info@kiptaragontvc.ac.ke](mailto:info@kiptaragontvc.ac.ke)  
website: <https://kiptaragontvc.ac.ke>

**(h) Entity Bankers**

- i. National bank of Kenya ltd  
P.O BOX 68-20106  
Molo
- ii. Access bank Kenya plc  
P.O box 44 - 20152  
Olenguruone

**(i) Independent Auditors**








Auditor-General  
Office of Auditor General  
Anniversary Towers, University 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 Board of Governors**

No.	Member/ Director	Details
1.	 <b>ENG. JOSEPH ROP</b>	. BSc. Civil Engineering  Board Chairman.
2.	 <b>DR. THIGA MOSES</b>	PhD Information System M.Sc. Information System Management. B.Sc. Computer Science.  Member.
3.	 <b>MS. EVERLYINE BETT</b>	Bachelor of Business Information Technology Advanced Diploma in Information Technology  Member.
4.	 <b>DR. JOSEPH MUTAI</b>	PhD Business Management- Strategic Management. Master's Degree in Corporate Leadership and Governance Bachelor of Arts- Development Studies.  Member.
5.	 <b>MR. FESTUS KORIR</b>	Master's in Business Administration (Finance Option). Bachelor of science (Double Mathematics) Certified Public Accountant CPA Part III SEC 6  Member.
6.	 <b>MRS. EDITH IMBAYI</b>	Bachelor of Education (Early Childhood Learning)  Member.
7.	 <b>DR. OTIENO DANIEL</b>	PhD Educational Administration Master of Education- Educational Administration Bachelor of Education Arts  Member.

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8.	 MR. DANIEL MASWAI	Bachelor of Education (Technical Education) Diploma Technical Education Diploma Building Construction  Board Secretary.
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**III. Management Team**

No.	Member/ Director	Details
1.	 Mr. Daniel Maswai	Bachelor of Education (Technical Education) Diploma Technical Education Diploma Building Construction
2.	 Mr. Moses Randich	Bachelor of Science in Information Technology  Registrar
3.	 Mr. Henry Toriotich	Master's degree in Agricultural Economics and Resources Management  Bachelor of Science in Agricultural Economics and Resources Management Dean of Trainees.
4.	 Caroline Kaille	Diploma in Purchase and Supplies Management  Procurement Officer.
5.	 Kipkorir Ngasura	Bachelor of Commerce – Finance Option Certified Public Accountant Part III sec 6  Finance Officer.

# **Kiptaragon Technical and Vocational College**

## **Annual report and Financial Statements**

**For the year ended 30th June 2022**

### **IV. Chairman's Statement**

The financial year began well although the effects of COVID 19 pandemic was still with us. Fees payment is still a challenge to many students despite capitation from the government of Kenya and access to HELB loans. Cash flow from the Ministry was a big issue to an extent that the institution didn't receive in excess of 4 million. The underfunding exposed the institution to a myriad of challenges ranging from being unable to pay salaries for employees of the Board and provision of services seriously constrained.

It is unfortunate that we have had a budget shortfall for the third year running. I appreciate that the situation has been aggravated by many factors. One being the fact that we are still on recovery from effects of the pandemic. Others include the newness of the institution and the effects of national elections. The board took a proactive role to ensure the available resources is used prudently. Emphasis was laid on the delivery of core mandate. I am proud to report that the institution managed to weather the financial uphill.

Going forward, the Board intends to champion marketing of the institution in response to the changing socio-economic dynamics. More resources will also be allocated to research, income generation and policy formulation. I look forward to seeing the next board building on the already laid milestones. Among them are formulation of the board manual and Quality Assurance and Academic Policies.

There are also the unfinished works of the building and civil engineering workshop and the Food and Beverage laboratory. The completion of the facilities is long overdue and therefore there is need to give priority.


Our strategic plan spanning 2020-2025 has stagnated in draft stage due to lack of funds. It has been my board's desire to have a final session with major stakeholders to deliberate and then roll it out. I am confident that the strategic plan can be launched as soon as the next board takes over because all our aspirations have been captured by the plan in detail. A bit of a review may be done on the time frame and probably inclusion of the prevailing dynamics.

Among the challenges faced is the delay in the commissioning of the agriculture value addition supplied our state department for vocational and technical training. Students have not benefitted fully from the equipment three years down the line. We hope the supplier will provide the missing parts at the soonest possible time to enable the machines run now that power issues have been resolved.

One other management aspect, we were unable to exploit fully on collaborations and sourcing for alternative funding for expansion. I am aware that we need additional classrooms, laboratories and workshops. There is need to invest more on collaboration with industry and other strategic partners. The most immediate and prospective strategic partners include the County Government, NG-CDF Kuresoi South and the tea industry. The board commits itself to work closely with college administration in expanding collaborations and writing proposals for sourcing funds from potential partners.

Strategies are underway to secure College land title deed and to make use of the 15-acre land resource. Continual expansion of income generating activities is the way to go and we are on course. The activities target both training and expansion of revenue base in order to bridge the increasing gap of dwindling funding from the national government and its agencies.

With all the aforementioned strategies in place, the future of Kiptaragon Technical and Vocational College is brilliant. The growth of the college since its inception in 2019 has been tremendous despite a few teething challenges. We appreciate the cordial partnership with our State Department for Vocational and Technical Training, and HELB in staffing and funding our trainees through capitation and loans respectively. We look forward to expanded collaborations and partnerships as we soar greater heights in the provision of training services to our esteemed customers.



**Eng. Joseph Rop**  
**Chairman- BOG**

# **Kiptaragon Technical and Vocational College**

## **Annual report and Financial Statements**

**For the year ended 30th June 2022**

### **V. Report of the Principal**

The FY 2021-2022 began when the College was still struggling to come into terms with after effects of COVID 19. We were unable to fund an ambitious budget of over 28 million in the year due to the prolonged effects of the pandemic. Among the effects was the continued low enrollment and dismal revenue collection. The situation was confounded further by the effects of the national elections. Generally, performed better than the previous financial year in many aspects.

We managed to achieve a higher revenue collection by a margin of over 3 million. This was achieved despite not receiving Kshs. 4,695,000 in capitation from the State Department for Vocational and Technical Training. It would have been possible to raise revenue to over 50% of the annual budget estimates if it were not for the unpaid arrears from the state department. Revenue collection in student capitation dropped 37% from 5,753,000 in FY 2020-2021 to 3,630,000 this year. The difference in received capitation adversely affected delivery of services as well as limiting marketing which also impacted negatively on enrollment.

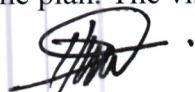
There was marginal reduction in fees collection from Kshs. 6,823,790 to Kshs. 4,365,995. Its encouraging that more students benefitted from HELB to a tune of 1.4 million. We are working on putting more effort on uptake of HELB loans sensitization. Already HELB officials visited the institution during the year on a collaborative sensitization program.

In the FY 2021-2022 quality assurance rating of the college continued to improve drastically because 5 trainers managed to complete their pedagogical course at Kenya Technical Trainers' College and 4 have enrolled for the in-service program. This has helped to improve on quality of training and management.

In addition, we managed to present over 120 trainees in two KNEC examination series and the performance attained was over 70% pass rate. This is a payback on the additional resources invested in training as core mandate.

There is good progress on putting into use the equipment supplied to the institution by the state department for VTT. Laboratories are in use and large power that was required for the machines is now connected. What is lacking is a pump seal yet to be supplied and installed by the supplier.

The strategic plan for Kiptaragon Technical and Vocational College has been in the draft stage for three years now. Lack of funds has hindered its completion and subsequent roll out. Nonetheless, it has remained the road map for the institution's service charter and the outgoing board was committed to complete and launch the plan. The vision and aspirations of the board of governors are all captured in the draft strategic plan.



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

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**VI. Statement Of Performance Against Predetermined Objectives**

Kiptaragon Technical and Vocational College has 8 strategic pillars and objectives within its Strategic plan for the FY 2020/2021 – 2024/2025. These strategic pillars are as follows: **Pillar**

**1: Governance and Management**

**Pillar 2: Finance**

**Pillar 3: Academic Programs**

**Pillar 4: Infrastructure**

**Pillar 5: Students' Welfare**

**Pillar 6: Information/Communication Technology**

**Pillar 7: Human Resource**

**Pillar 8: Business Enterprises**

Kiptaragon TVC develops its annual work plans based on the above 8 pillars. Assessment of the Board's performance against its annual work plan was not done in FY 2021/2022 because the Strategic Plan had not been finalized.

Strategic Pillar	Objective	Key Performance	Activities	Achievement
<b>Pillar 1: Governance &amp; Management</b>	College management and governance team of Kiptaragon TVC	Set up the Board of Governors as per TVET ACT 2013 mandate. Establish the Organizational structure	Establish the BOG	BoG established
			Setting up the Organization Structure	Done
		Propagate a performance-oriented culture	Institute a performance management framework	Training done
			Introduce the implementation of the Service charter	Done
		Setting up of committees	<ul style="list-style-type: none"> <li>Strategic plan implementation committee</li> <li>College Master plan committee</li> </ul>	SP implantation committee appointed

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Strategic Pillar	Objective	Key Performance	Activities	Achievement
		Develop initiatives for funding Kiptaragon TVC developments	Capacity building of Finance and human resource committee	BoG induction done
			Capacity building of risk and audit committee	BoG induction done
		Promote national values and principles of sound financial management	<ul style="list-style-type: none"> <li>• Capacity building to enhance national values and principles of governance (patriotism, equity, anti-corruption, ethics, whistle blowing)</li> <li>• Create suggestion boxes</li> <li>• Capacity building on risk assessment and mitigation plan</li> <li>• Rewarding celebrated staff who are exemplary in values and careers</li> <li>• Develop policies on gender, ethnicity and people with disabilities on recruitment and promotion of staff and student admission.</li> <li>• Review customer service delivery charter (when need arise)</li> </ul>	<ul style="list-style-type: none"> <li>• Continually done</li> <li>• Suggestion box fixed</li> </ul>

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Strategic Pillar	Objective	Key Performance	Activities	Achievement
			<ul style="list-style-type: none"> <li>Capacity building on personal financial management and retirement plan</li> </ul>	
		Corporate identity	<ul style="list-style-type: none"> <li>Capacity building on corporate identity</li> <li>Adherence to Corporate color (s)</li> <li>Introduce branding activities</li> <li>Conduct corporate identity activities</li> </ul>	<ul style="list-style-type: none"> <li>Corporate colors in use</li> </ul>
		Security and safety measures	<ul style="list-style-type: none"> <li>Capacity building for students and staff</li> <li>Installation of security equipment</li> <li>Security of information (ISMS)</li> </ul>	<ul style="list-style-type: none"> <li>4 trainers in KTTC</li> </ul>
		Big Four Agenda	<p><b>Food security</b></p> <ul style="list-style-type: none"> <li>Value addition to agricultural products</li> <li>Dairy farming</li> <li>Bee keeping</li> <li>Poultry farming</li> <li>Introducing course on food technology and preservation</li> <li>Minimize wastage through food preservation, storage and post-harvest technology</li> </ul>	<ul style="list-style-type: none"> <li>Course introduced</li> </ul>
			<b>Universal Health Care</b>	

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Strategic Pillar	Objective	Key Performance	Activities	Achievement
			<ul style="list-style-type: none"> <li>• Sensitization— on COVID19, HIV-AIDS pandemic and non-communicable diseases.</li> <li>• Collaborations with other local health center to provide health service and free medical camps and campaigns to the students, local community and its environs</li> <li>• Sensitization of NHIF to the students and the local community</li> <li>• Deduction of NHIF dues from the staff</li> </ul>	<p>-</p> <p>-</p> <p>-</p> <ul style="list-style-type: none"> <li>• Deduction of NHIF dues done monthly</li> </ul>
			<p><b>Manufacturing</b></p> <ul style="list-style-type: none"> <li>• Milk and beef products value addition</li> <li>• Introduce Baking unit and courses</li> <li>• Commercialize carpentry and masonry</li> </ul>	<p>-</p> <p>-</p> <p>-</p>
			<p><b>Affordable housing</b></p> <ul style="list-style-type: none"> <li>• Provide students' accommodation through Public /Private Partnership</li> </ul>	

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Strategic Pillar	Objective	Key Performance	Activities	Achievement
			<ul style="list-style-type: none"> <li>• Increase Courses in building and construction technology</li> <li>• Review the building and construction courses to incorporate new technologies</li> <li>• Offer short courses to the local artisans including women and youth on latest building technologies (construction management)</li> </ul>	<ul style="list-style-type: none"> <li>• Dip civil engineering introduced</li> </ul>
<b>Pillar 2: Finance</b>	To achieve the Financial Sustainability of Kiptaragon TVC to carry out its mandate and functions	Set up publicity/ marketing strategies	<ul style="list-style-type: none"> <li>• Introduce income generating activities</li> <li>• Establish vibrant marketing team</li> </ul>	<ul style="list-style-type: none"> <li>• Potato farming introduced</li> <li>• Began dairy farming</li> <li>• Team created under Registrar's office</li> </ul>
		Improve on liquidity	Initiate debt recovery policy	-
			Constitute disposal and machine replacement committee	-

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Strategic Pillar	Objective	Key Performance	Activities	Achievement
			Debt analysis- Identify bad debts and seek approval of write offs	-
	To strength Kiptaragon TVC financial management system	Promote prudent financial management	Form a budget planning, controlling and monitoring committee	-
			Training of users on compliance to financial framework	-
			Interface Finance department with the bank	-
			Automation of procurement & finance department	-
		Asset management	Institute machine replacement policy	-
			Form a disposal committee	Committee formed
<b>Pillar 3: Academic Programmes And Quality Assurance</b>	Increase students' enrolment from 254 to 2500 by year 2024/25	Improve on corporate communication	Develop corporate communication strategies	-
			Develop student training, assessment and monitoring of trainer's tools	Done regularly
	To develop high quality market driven training and research programmes to produce creative, skilled, innovative	To develop high quality market driven academic and research progress. (CBET oriented)	Create linkage and collaboration with industry	ILO established
			Develop competence- based training	-
			Introduce courses that are CBET oriented and market driven	-
			Register for NITA and CDACC examinations	-
			Carry out market research	-

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	and globally competent graduates.	Improve students' performance and enhance the quality of teaching and learning	students pass rate in exams should be 80%	-
			Improve monitoring of student training, assessment/monitoring and lesson attendance	Monitoring tools developed and in use
			Develop & implement a performance management system for trainers	-
			Improve educational portals /blogs and create more awareness through training	-
			Purchase more reference materials, textbooks and manuals	-
			Digitize assessment of trainers and trainees and supervisory model for students on attachment	-
		Encourage creativity and innovation	Establish research fund	-
			Innovation and knowledge management fund	-
<b>Pillar 4: Infrastructure</b>	To provide adequate teaching, learning, facilities	Provide modern facilities, and equipment for teaching, learning and operations	Construction and completion of a ultra- modern library	-
			Construction and completion of Multipurpose Hall	-
			Construction of lecture halls	-
			Construct and equip drawing labs	Drawing lab equipped

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			Constructi on of workshops	Two workshops under construction
			Construct and Equip computer labs	-
			Completion and Equipping of Applied sciences laboratory	Equipping is ongoing
			Equip hospitality, Food and Beverage lab	Construction & equipping ongoing
			Purchase of building and civil engineering equipment	First batch purchased
			Installation of Solar Panels	-
			Purchase: <ul style="list-style-type: none"> <li>• Motor van- Double cabin 2500cc</li> <li>• Motor van- Saloon 1800 cc - driving school</li> <li>• Bus (62- Seater)</li> <li>• 2 Motor cycles- driving school</li> </ul>	- - - -
		Maintaince of Kiptaragon TVC facilities	Construction parking facilities, laying of- Gabro Blocks on the front of the college	
			General repair and	

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			maintenance of all machines and equipment	-
		Provide facilities for extra-curriculum activities	Construct, develop and maintain the sporting facilities; <ul style="list-style-type: none"> <li>• Track and field</li> <li>• Indoor games</li> </ul>	-
<b>Pillar 5: Student Welfare</b>	To enhance well-being of the students inKTVC	Improve health services	Introduce sporting activities and societies	1 active society
		Develop co-curriculum activities and societies	Partnering with local community landlords for accommodation and enlisting them in Kiptaragon TVC website	Partnering established
			Use motivation-speakers	-
			Training peer-counsellors	-
	To develop high moral values and sound life skills among students	Strengthen Guidance and counselling	Training staff in all departments on guiding and counselling	-
			Establish a counselling department	Established
			Introduction of students' constitution	Draft stage
		Establish student's union/ leadership	Provide continuous training on students' leadership	-
<b>Pillar 6: ICT</b>	To integrate ICT in teaching of all programs	Set up the necessary infrastructure for E-learning	Set up an E-learning platform	- Working
			Install and configure E-learning server	-Shared regionally

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	, learning and administration.		Train and teaching on E- learning administration	-Ongoing
			Digitize e- learning content	-Ongoing
			Procure more presentation devices	
			Increase internet connectivity and bandwidth	5Mbps in use
			Procure additional ICT devices - Laptops, tablets among others	5 Laptops Procured
		Integrate communication networks	Set up a VOIP network at all officers and operationalize (CISCO)	In use in main offices
			Redesign website to be more interactive	Ongoing
		Secure Kiptaragon TVC information resources	Installation of firewalls and anti-viruses	-
			Design the LAN to Worldbest standards	-
			Create awareness on cyber security issues (ISMS)	-
Develop ICT manual with all the requisite policies	-			
Enforcement of the ISMS and other ICT policies	-			
			Specialized training for key personnel	-
			Develop a standard server room	-

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			Using more technology in data backups like cloud technology	-
		Ensure adequate access to ICT facilities	Develop and equip labs for all academic departments	-
		Enhance ICT literacy among the Kiptaragon TVC staff	Industry attachment	-
			Develop short courses for technician/trainers and staff	-
			Offer periodic trainings	-
			Train staff on technological culture change	-
<b>Pillar 7: Human Resource</b>	To recruit, develop and retain highly skilled human resource	Equip trainers with current technology through periodic training	Industry attachment	-
			Short courses for technicians/lecturers/workshop and seminars	- external seminars attended -2 internal seminars done
		Enhance availability of professional PSC staff	Recruit more PSC staff	- 5 PSC staff recruited
		Strengthen the retention of competent staff	Establish good terms and conditions as per regulations (after 3 years)	-
			Establish good job description	-
			Attractive remuneration and incentives package and recruitment (on control per annum)	-
		Increase staff	Merit based promotions	-

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		performance and productivity	Conduct staff performance appraisals	-
		Equip staff with relevant	Establish staff training policy	-
		skills and competencies	Establish staff educational Fund	-
		Develop a staff welfare scheme	Provide workman compensation insurance cover	-
			Conduct sensitization meetings on health issues	-
			Team building	-
<b>Pillar 8: Business Enterprise</b>	Generate income to supplement government capitation and tuition fees for college sustainability.	To generate income for the college's sustainability.	Formation of a business enterprise unit	-
			Preparation of Business plans	-
			Patent Kiptaragon TVC inventions and innovations	-
			Build a college kitchen and Restaurant and provide catering services	Mini unit construction ongoing
			Build a college Cafeteria	-
			Purchase milk from local framers for value addition.	-
			Purchase meat from local framers for value addition	-
			Construct a cow shade	-
			Construct poultry cages to accommodate	-

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			500 birds	
			Venture in to consultancy services – ICT, construction and agro- business	-
			Training farmers	-
			Commercialize the carpentry unit	-
			Strengthen part-time, weekend and school based professional courses to our students and the community.	-
			Offer short-term courses.	-
			Purchase a truck to be used for offering driving instructions.	-
			Acquire 2 motor cycles Enter into an MOU with the sub-county health center for medical services to the trainees	MOU draft ready
		Offer driving courses at competitive rate	Enter into an MOU with the sub-county health center for medical services to the trainees	MOU draft ready

## **VII. Corporate Governance Statement**

The statement outlines the key aspects of the Institute's corporate governance framework. Corporate governance is the process by which the College is directed, controlled and held to account. It provides the structure through which the strategic objectives of the College are set, and the means of attaining of them as well as monitoring performance. Corporate Governance dictates the engagement between the College Board of Governors, Management, Regulators and all Stakeholders.

The College in its decision-making processes observes the highest ethical standards and benchmarks on global best practices in compliance with the applicable legal principles, its vision, and mission and core values for sustainability of the College.

### **(i) The Board charter/Mwongozo**

The Board is guided by the Mwongozo which defines the governance procedures within which the Board exists and operate and clearly states the respective roles, responsibilities and the authorities of the Board and its Committees.

### **(ii) Board Appointment and Composition.**

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

The membership of the Board of Governors comprises of;

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

### **Some of the roles of the board of governors include:**

- a) Approve the policies of the College
- b) Employ staff
- c) Approve the Annual Budget
- d) Cause the Accounts to be kept and financial statement to be prepared and presented for audit.
- (e) Undertake other functions set out in the TVET Act, 2013.

### **(iii) Board Diversity**

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

### **(iv) Separation of Powers**

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

- (v) Board's Effectiveness

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

**(vi) Board Evaluation**

The Board has put in place evaluation system to ensure that the Board achieves its objective. The Board evaluation is scheduled to take place in the year 2023/2024.

**(vii) Sitting Allowances of the Board**

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

**(viii) Conflict Of Interest**

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

**(ix) Committees of the Board:**

The College has a total of four committees which are;

- (i) Finance and Human Resource Committee
- (ii) Education and Research Committee
- (iii) Risk and Audit Committee
- (iv) Development and Infrastructure committee

**VIII. Management Discussion and Analysis**

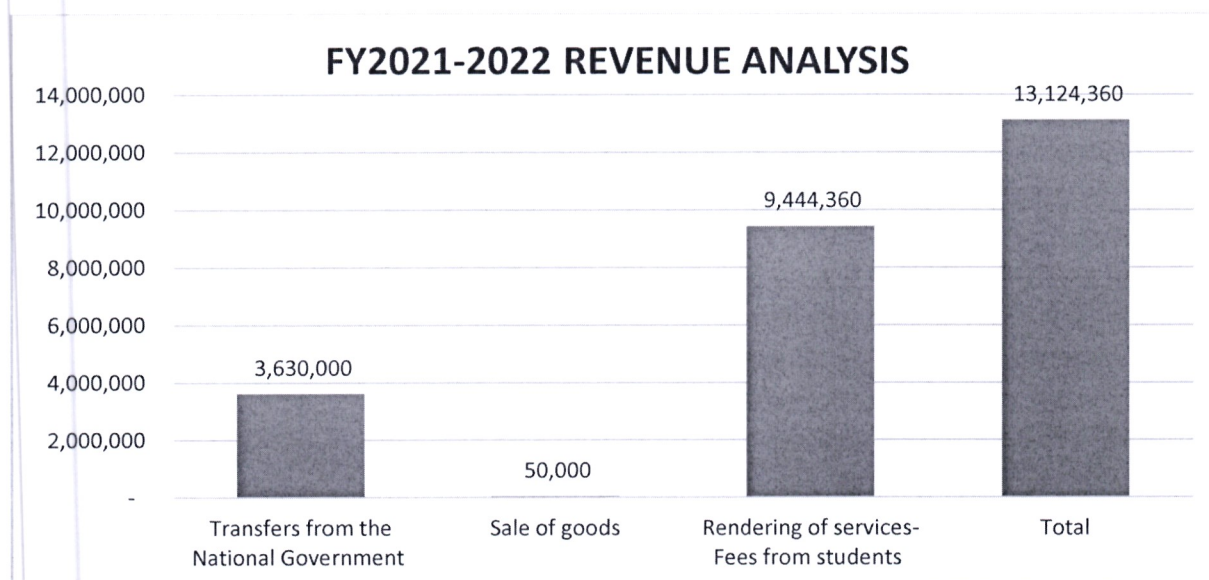
**(a) The College's Performance**

**Revenue**

The College's sources of funds during the year under review includes;

- (i) Government Grants – Capitation
- (ii) Internally generated funds – Tuition and other related charges

The College's revenue decreased by 7% from Kes. 14,106,550 to Kes.13,124,360. The decrease was attributed to capitation that was not received from the Ministry of Education for the fourth quarter

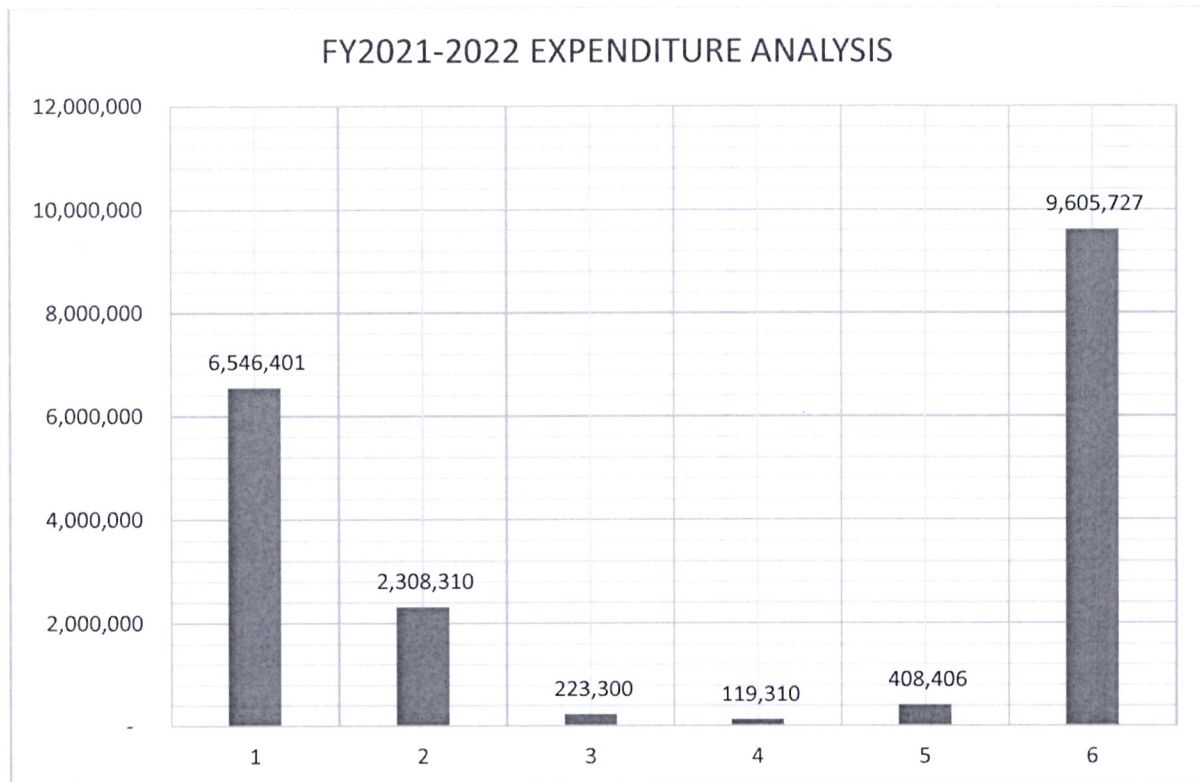


**Fig. 1. The College's Revenue source for FY2021/2022**

**Expenditure**

The college's expenditure comprises of the use of goods and services, employee costs, repairs and maintenance, the board of governor's costs, and general expenses.

The overall expenditure for the year ended increased by 55.7% from Ksh 5,972,259 to Ksh. 9,299,423.



**Fig. 2. The College’s Expenditure Analysis for FY2021/2022**

**(b) The College’s Compliance with Statutory Requirements**

The College complies with statutory requirements and has remitted payroll statutory deductions over the years.

**(c) Material Arrears in Statutory/Financial Obligations.**

The College does not have any loan default, pending bills, tax default, outstanding staff and pension obligation/actuarial deficit.

**(d) Key Projects and Investment Decisions the College is Planning/Implementing.**

During the year under review the College undertook the following projects some of which are works in progress

**(e) The proposed projects are provided in the table below:**

Projects proposed	Projects initiated
Valuation of fixed assets	-Construction Plumbing and masonry workshop
	-Construction Food and beverage workshop

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**(f) Major Challenges and Risks Facing the College**

The following are the major challenges facing the College.

No.	Challenge	Mitigation
1	Interruption of the College's academic program by the COVID-19 pandemic	Offering online learning.
2	Delayed disbursement of capitation funds from the Government	Making formal follow-ups including, writing letters and visiting the Ministry of Education Offices

**(g) The Entity's Financial Probity and serious Governance Issues**

There are were no financial probity and serious governance issues during the year under review.

**IX. Environmental and Sustainability Reporting Statement**

Kiptaragon 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, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a highlight of strategies and activities that promote the organisation’s strategic objectives.

**Sustainability strategy and profile**

The triple Bottom Line concepts analyses the sustainability of an organization based on three concepts: Profits, people (social) and Planet (environment).

**Profit:** The college has adopted a transformation strategy aimed at ensuring that she remains financially sound in the face of dwindling funding from the central government. The institutions have expanded it capacity for internally generated income like production of sanitizers and masks.

**Social:** the college has developed a succession management policy to address the welfare of employees in the future and ensure that the organization is sustainable in the future

**Environment:** The board of governance has plans to undertake an environmental sustainability audit and developed an environmental policy to address the issues of environmental sustainability that will be identified during the audit.

**Environmental performance**

Use of softcopy material has been encouraged and thereby reduced on the use of paper. Training sessions are conducted with the use of white boards instead of chalk board thereby reducing dust and related effects.

**Employee welfare**

The College values her employees and the many stakeholders, including the wider community where the training of our students has the potential to bring positive social and environmental change. We value the contribution that individuals and external entities make to our College through community consultation process. Capacity building trainings were conducted during the year to improve on the staff competency and planning for retirement.

We integrate the principles of social responsibility into our core mandate internally by exhibiting the behaviors of good corporate governance, ethical decision making, and providing our personnel with opportunities to develop and excel. We integrate the principles of social responsibility into our training activities externally by minimizing our environmental impact and seeking to enhance the amenity of residential communities.

Activity	Description
<b>Better training</b>	<ul style="list-style-type: none"> <li>• Optimizing training operations to meet ongoing social and sustainability objectives.</li> <li>• Providing opportunities for growth as the College by becoming involved in our local community.</li> </ul>

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<b>Enhanced community</b>	<ul style="list-style-type: none"> <li>• Focusing on good urban design and empowered members for healthy, happy and resilient community.</li> </ul>
<b>Supported Staff</b>	<ul style="list-style-type: none"> <li>• Promoting initiatives that support staff and their families, beyond the provision of employment.</li> <li>• Promoting initiatives that recognize the contribution of the students to the community.</li> </ul>

**Policies Guiding the College's Hiring Process**

<b>S/no</b>	<b>Title</b>	<b>Review Period</b>	<b>Remarks</b>
1	Career Progression	Regularly	Vacant positions are filled competitively both internally and externally. Financial resources are considered before effecting the strategy
2	Human Resource Manual	Regularly	Terms and conditions of service governing employees are applied across the board without discrimination
3	Internship Policy and guidelines	Regularly	Intern positions are filled competitively and without discrimination
5	Gender Mainstreaming	Regularly	The College observes equal employment opportunities during staff recruitment across all genders
6	Disability Mainstreaming	Regularly	The college offers equal employment opportunities to officers living with disability. The college also offers rights and privileges as provided in the PWDs Act and Board employment policies

**Market place practices-**

**Responsible Supply Chain and Supplier relations**

The college has maintained good business practice by complying with the government policy and Section 227 of The Constitution of Kenya.

All procurement activities have continuously been carried out where Supply Chain ensured that there are sufficient funds to meet the obligations of the resulting contract and are reflected in the approved budget estimates. Knowledge of available funds acts as a guide in knowing what to procure and when to procure.

The organization has maintained and continuously updated list of registered suppliers, contractors and consultants in various specific categories of goods, works or services according to its procurement needs.

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Kiptaragon Technical Training College has at all-time ensured responsible treatment of the suppliers in various ways as featured below;

- i) Ensuring proper communication channels e.g. Telephone lines and emails are open so as to make sure information is passed across efficiently and effectively between the procurement department and the suppliers.
- ii) Providing customer support when and where required. This entails listening keenly to suppliers, contractors and consultants and responding appropriately.
- iii) When doing procurement planning the college has complied with preference and reservation requirements.
- iv) Supply Chain function has ensured timely submission of the suppliers' invoices to facilitate payment process by the finance department after delivery of goods, services or works is completed. This helps in making sure that the payment process is not delayed. Timely payment of suppliers helps in maintaining a good relationship with the supplier and also avoiding of penalties that may arise from delayed payment.
- v) Supply Chain also makes follow ups of invoices issued to finance for payment process to ensure timely payments of suppliers.

**Corporate Social Responsibility / Community Engagements**

During the year under review, the college carried out various CSR activities to impact the society such as cleaning Olenguruone Town and providing water to the community during difficult situations.

**Employee welfare**

The College values employees and all stakeholders, including the wider community where the training of our students has the potential to bring positive social and environmental change. We value the contribution that individuals and external entities make to our College through community consultation process. Capacity building trainings were conducted during the year to improve on the staff competency and social welfare.

We integrate the principles of social responsibility into our core mandate internally by exhibiting the behaviors of good corporate governance, ethical decision making, and providing our personnel with opportunities to develop and excel. We integrate the principles of social responsibility into our training activities externally by minimizing our environmental impact and seeking to enhance the amenity of residential communities.

<b>Activity</b>	<b>Description</b>
<b>Better training</b>	<ul style="list-style-type: none"> <li>• Optimizing training operations to meet ongoing social and sustainability objectives.</li> <li>• Providing opportunities for growth as the College by becoming involved in our local community.</li> </ul>
<b>Enhanced community</b>	<ul style="list-style-type: none"> <li>• Focusing on good rural design and empowered members for healthy, happy and resilient community.</li> </ul>

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**Supported Staff**

- Promoting initiatives that support staff and their families, beyond the provision of employment.
- Promoting initiatives that recognize the contribution of the students to the community.

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**X. Report of the Board of Governors**

The Board members submit their report together with the audited financial statements for the year ended June 30, 2022, which show the state of Kiptaragon Technical and vocational college's affairs.

**Principal activities**

The principal activities of Kiptaragon Technical and vocational college is training middle level technicians and continues to be so.

**Results**

The results of Kiptaragon Technical and vocational college for the year ended June 30 are set out on page ....

**Board of Governors**

The members of the Board who served during the year are shown on page iv

**Auditors**

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

By Order of the Board



.....  
**Secretary to the Board**  
**Kiptaragon Technical and vocational college.**  
**Date: 29<sup>th</sup> September 2022**

## **XI. Statement of Board of Governors' Responsibilities**

Section 81 of the Public Finance Management Act, 2012 and (Technical and Vocational Education and Training Act, 2013 require the board members to prepare financial statements in respect of the college, which give a true and fair view of the state of affairs of the college at the end of the financial year/period and the operating results of the college for that year. The board members are also required to ensure that the college keeps proper accounting records which disclose with reasonable accuracy the financial position of the college. The board members are also responsible for safeguarding the assets of the college.

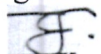
The board members are responsible for the preparation and presentation of Kiptaragon Technical and Vocational College financial statements, which give a true and fair view of the state of affairs of Kiptaragon Technical & Vocational College as at the end of the financial year ended on June 30, 2022. This responsibility in Kiptaragon Technical and Vocational College includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the college; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Kiptaragon Technical and Vocational College (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The board members accept responsibility for the Kiptaragon Technical and Vocational College 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 TVET Act, 2013. The board members are of the opinion that the Kiptaragon Technical and Vocational College's financial statements give a true and fair view of the state of Kiptaragon Technical & Vocational College's transactions during the financial year ended June 30, 2022, and of the Kiptaragon Technical and Vocational College's financial position as at that date. The board members further confirm the completeness of the accounting records maintained for the Kiptaragon Technical and Vocational College, which have been relied upon in the preparation of the Kiptaragon 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 board members to indicate that the Kiptaragon 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**

Kiptaragon TVC financial statements were approved by the Board on 29<sup>th</sup> September 2022 and signed on its behalf by:



**Eng. Joseph Rop**  
**Chairperson of the Board**



**Mr. Daniel Masai**  
**Accounting Officer/Principal**

# REPUBLIC OF KENYA

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*Enhancing Accountability*

**HEADQUARTERS**  
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NAIROBI

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

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### **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 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 Kiptaragon Technical and Vocational College set out on pages 1 to 36 which comprise 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 statement of comparison of budget and actual amounts for the period 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 Kiptaragon Technical and Vocational College as at 30 June, 2022 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013, and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Unconfirmed Rendering of Services-Fees from Students**

The statement of financial performance reflects an amount of Kshs.9,444,360 in respect of revenue from exchange transactions as disclosed in Note 8 to the financial statements which is fees from students. Review of the fees register indicated that the receipt numbers, dates when the fees were paid, courses and the terms were omitted making it difficult to verify the fees paid, outstanding or overpayment. Further, capitation paid or payable by the Government was not indicated in the fees register as part of the students' fees. In addition, the schedules provided did not indicate admission numbers for thirty (30) students. In addition, the College does not have a Financial Management Information System in place and uses excel spread sheet in maintaining books of account which may be prone to manipulation.

In the circumstances, the accuracy and completeness of the revenue from exchange transactions amounting to Kshs.9,444,360 could not be confirmed.

#### **2. Inaccuracies in the Employee Costs**

The statement of financial performance reflects employee cost amount of Kshs.2,308,310 as disclosed in Note 10 to the financial statements. However, the amount differs with gross payroll amount of Kshs.2,120,000 resulting to an unreconciled amount of Kshs.188,310. Further, employees' gratuities amounting to Kshs.636,120 computed on 31% of the basic salaries remained unpaid due to lack of defined contract periods.

In the circumstances, the accuracy and completeness of employee costs amounting to Kshs.2,308,310 could not be confirmed.

#### **3. Unsupported Board of Governors Expenses**

The statement of financial performance reflects Board of Governors expenses amount of Kshs.223,300 as disclosed in Note 11 to the financial statements. However, detailed schedule indicating name of payee, approved rate, Board minutes, attendance list and payment vouchers were not provided for audit. Further, the payments were not subjected to taxation.

In the circumstances, the accuracy, validity and completeness of Board of Governors' expenses of Kshs.223,300 could not be confirmed.

#### **4. Unsupported Receivables from Exchange Transactions**

The statement of financial position reflects receivables from exchange transactions balance of Kshs.14,196,181 as disclosed in Note 15 to the financial statements. However, the students' debtors schedule provided reflects a balance of Kshs.4,301,880 resulting to an unexplained and unreconciled variance of Kshs.9,894,301.

In the circumstances, the accuracy, existence and completeness of receivables from exchange transactions balance of Kshs.14,196,181 could not be confirmed.

#### **5. Inaccuracies in the Property, Plant and Equipment Balance**

As reported in the previous year, the statement of financial position reflects property, plant and equipment balance of Kshs.3,057,765. Review of the fixed asset register revealed that the College owns a two-storey building comprising the administration block and classrooms valued at Kshs.50,000,000 which has been omitted from the financial statements. Further, several assets of undetermined value, had not been disclosed in the financial statements including laboratory of analysis and testing of food products, laboratory of processing of livestock products, milk product-processing plant, two dairy cows and two calves and parcel of land measuring 11.8 hectares on which the College is built.

In the circumstances, the existence, accuracy and completeness of property, plant and equipment balance of Kshs.3,057,765 could not be confirmed.

#### **6. Unsupported Trade and Other Payables**

The statement of financial position reflects trade and other payables from exchange transactions balance of Kshs.2,984,325 as disclosed in Note 18 to the financial statements. The balance includes trade payables, advance fee payment and Loan amounting to Kshs.1,514,695, Kshs.869,630 and Kshs.600,000, respectively. However, the students list supporting advance fees payments, and loan agreement document were not provided for audit.

In the circumstances, the accuracy, existence and completeness of trade and other payables from exchange transactions balance of Kshs.1,469,630 could not be confirmed.

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

## **Key Audit Matters**

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

## **Other Matter**

### **1. Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis amount of Kshs.28,197,000 and Kshs.13,124,360, respectively resulting to underfunding of Kshs.15,072,640 or 53% of the budget. Similarly, the College expended Kshs.9,197,321 against an approved budget of Kshs.28,197,000 resulting to an under-expenditure of Kshs.18,999,679 or 67% of the budget.

The underfunding and underutilization of funds may have impacted negatively on the delivery of services to the public.

### **2. 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 has not resolved and disclosed the status of all the prior year matters as prescribed in the reporting requirements set by the Public Sector Accounting Standards Board. Management has not provided explanation for the delay in resolving the issues.

In the circumstances, the issues remain unresolved.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Unsupported Procurement of Supplies**

The statement of financial performance reflects use of goods and services amount of Kshs.6,546,401 out of which procurement amounting to Kshs.2,669,587 was not supported by procedures applied to identify the suppliers. Further, the annual procurement plan, quotations or tender records and opening, evaluation and award

minutes were not provided for audit. This is contrary to Regulations 68 to 79 of the Public Procurement and Asset Disposal Regulations, 2020 on basic procurement rules.

In addition, airtime amounting to Kshs.209,500 was issued to employees without a policy framework. In the circumstances, Management was in breach of the law.

## **2. Non-Compliance with the One-Third of Basic Salary Rule**

During the year ended 30 June, 2022, five (5) employees earned a net salary of less than a third (1/3) of the basic salary contrary to Section C.1(3) of the Public Service Commission (PSC) Human Resource Policies, 2016. The Management has not given an explanation for the failure to comply with the policy as this may expose the staff to pecuniary embarrassment.

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

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 complying, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Lack of Documented Institution's Policies and Procedures**

The Management has not developed policies and procedures to guide on key financial processes and controls for the management of revenue, expenditure, personnel expenditure, inventory, liabilities and assets.

In the circumstances, it was not possible to confirm whether the internal controls were effective and functioning as intended during the year under review.

#### **2. Lack of a Risk Management Policy and a Risk Register**

During the period under audit review, the Management did not have in place a Risk Management Policy and Risk Register. Therefore, there were no approved processes and guidelines on how to mitigate operational, legal and financial risks.

In the circumstances, the Management may not be able to evaluate, rank and prioritize critical risks and channel resources towards mitigating identified risks.

### **3. Unfilled Vacant Positions**

During the year under review, the positions of Internal Auditor, Human Resource Officer, Supply Chain Management Officer, Accountant and Information Technology Officer were vacant. The holders of these positions provide technical skills in the governance of the organisation.

In the circumstances, the governance structure was not properly constituted thereby negatively affecting checks and balances.

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 control, 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 the Board of Governors**

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

In preparing the financial statements, Management is responsible for assessing the College'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 College or to cease its 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 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**

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

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


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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

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

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

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

  
 CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

13 June, 2023

**Kiptaragon Technical and Vocational College**  
**annual report and financial statements for the year ended 30th June 2022**

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

	Notes	Year ended 30 June 2022	Year ended 30 June 2021
		KSHS	KSHS
<b>Revenue from non-exchange transactions</b>			
Transfers from the National Government	6	3,630,000	5,737,500
<b>Total Revenue from non-exchange transactions</b>		<b>3,630,000</b>	<b>5,737,500</b>
<b>Revenue from exchange transactions</b>			
Sale of goods	7	50,000	30,300
Rendering of services- Fees from students	8	9,444,360	8,338,750
<b>Revenue from exchange transactions</b>		<b>9,494,360</b>	<b>8,369,050</b>
<b>Total revenue</b>		<b>13,124,360</b>	<b>14,106,550</b>
<b>Expenses</b>			
Use of goods and services	9	6,546,401	3,382,233
Employee costs	10	2,308,310	1,541,400
BOG expenses	11	223,300	373,300
Repairs and maintenance	12	119,310	32,300
Depreciation	13	408,406	643,026
<b>Total expenses</b>		<b>9,605,727</b>	<b>5,972,259</b>
<b>Surplus for the year</b>		<b>3,518,633</b>	<b>8,134,291</b>

*(The notes set out on pages 6 to 56 form an integral part of the Annual Financial Statements).*

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



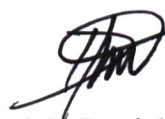
Mr. Joseph Rop  
Chairman of the Board

Date 29<sup>th</sup> September 2022



Kipkorir Ngasura  
Finance officer  
ICPAK MN 30723

Date 29<sup>th</sup> September 2022



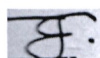
Mr. Daniel Maswai  
Principal.

Date 29<sup>th</sup> September 2022

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

	Notes	30-Jun-22	30-Jun-21
		KSHS	KSHS
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	14	655,393	1,515,040
Receivables from exchange transactions	15	14,196,181	9,830,560
Inventories	16	30,958	-
<b>Total Current Assets</b>		<b>14,882,532</b>	<b>11,345,600</b>
<b>Non-current assets</b>			
Property, plant and equipment	17	3,057,765	2,946,141
<b>Total Non-current Assets</b>		<b>3,057,765</b>	<b>2,946,141</b>
<b>Total assets</b>		<b>17,940,297</b>	<b>14,291,741</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	18	2,984,325	2,926,502
Refundable deposits from customers	19	287,000	214,900
<b>Total Current Liabilities</b>		<b>3,271,325</b>	<b>3,141,402</b>
<b>Total liabilities</b>		<b>3,271,325</b>	<b>3,141,402</b>
<b>Capital and Reserves</b>			
Reserves		-	-
Accumulated surplus		14,668,971	11,150,339
<b>Total Reserves</b>		<b>14,668,972</b>	<b>11,150,339</b>
<b>Total Liabilities and Reserves</b>		<b>17,940,297</b>	<b>14,291,741</b>

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



**Mr. Joseph Rop**  
Chairman of the Board

Date 29th September 2022



**Kipkorir Ngasura**  
Finance officer  
ICPAK MN 30723

Date 29th September 2022



**Mr. Daniel Maswai**  
Principal.

Date 29th September 2022

Kiptaragon Technical and Vocational College  
annual report and financial statements for the year ended 30th June 2022


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

Description	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/Development Grants/Fund	Total
<b>At July 1, 2020</b>			<b>3,016,048</b>		<b>3,016,048</b>
Revaluation gain		-	-	-	
Fair value adjustment on quoted investments	-		-	-	
Total comprehensive income	-	-	8,134,291	-	8,134,291
Capital/development grants received during the year	-	-	-		
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-	-		-
<b>At June 30, 2021</b>			<b>11,150,339</b>		<b>11,150,339</b>
<b>At July 1, 2021</b>			<b>11,150,339</b>		<b>11,150,339</b>
Revaluation gain		-	-	-	
Fair value adjustment on quoted investments	-		-	-	
Total comprehensive income	-	-	3,518,633	-	3,518,633
Capital/development grants received during the year	-	-	-		-
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-	-		-
<b>At June 30, 2022</b>			<b>14,668,972</b>		<b>14,668,972</b>

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

Cash flows from operating activities	Notes	30-Jun-22	30-Jun-21
<b>Receipts</b>			
Transfers from National Government	6	3,630,000	5,737,500
Other incomes IGA	7	50,000	30,300
Rendering of services- Fees from students	8	9,444,360	2,809,429
<b>Total Receipts</b>		<b>13,124,360</b>	<b>8,577,229</b>
<b>Payments</b>			
Use of goods and services	9	6,546,401	3,445,404
Compensation of employees	10	2,308,310	1,577,229
BOG remuneration	11	223,300	373,300
Repairs and maintenance	12	119,310	32,300
<b>Total Payments</b>		<b>9,197,321</b>	<b>5,428,233</b>
<b>Net cash flows from operating activities</b>		<b>3,927,039</b>	<b>3,148,996</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets	17	(520,030)	915,815
Decrease in receivables	15	(4,365,621)	1,666,085
Increase in payables	18 & 19	129,923	-
Decrease in inventories	16	(30,958)	-
<b>Net cash flows used in investing activities</b>		<b>(4,786,686)</b>	<b>1,666,085</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(859,648)</b>	<b>1,383,925</b>
Cash and cash equivalents at 1 July	14	1,515,040	190,379
<b>Cash and cash equivalents at 30 June</b>	<b>14</b>	<b>655,393</b>	<b>1,515,040</b>

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



Mr. Joseph Rop  
Chairman of the Board

Date 29th September 2022



Kipkorir Ngasura  
Finance officer  
ICPAK MN 30723

Date 29th September 2022

Mr. Daniel Maswai  
Principal.

Date 29th September 2022

Kiptaragon Technical and Vocational College  
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XVII. Statement of Comparison of Budget & Actual amounts for the year ended 30 June 2022

Revenue	Original annual Budget Kshs	Adjustments Kshs	Final Annual Budget Kshs	Actual Cumulative to date Kshs	Performance	% of Utilization Kshs	Explanation
Transfers from National Government- capitation	14,000,000	-	14,000,000	3,630,000	10,370,000	74%	(a)
Rendering of services- Fees from students	13,997,000	-	13,997,000	9,444,360	4,552,640	33%	(b)
Sale of goods	200,000	-	200,000	50,000	150,000	75%	(c)
<b>Total Receipts</b>	<b>28,197,000</b>	<b>-</b>	<b>28,197,000</b>	<b>13,124,360</b>			
<b>Payments</b>							
<b>Compensation of employees</b>	5,337,000	-	5,337,000	2,308,310	3,028,690	57%	(d)
Use of goods and services	16,590,000	-	16,590,000	6,546,401	10,043,599	61%	(e)
<b>BOG remuneration</b>	520,000		520,000	223,300	296,700	57%	(f)
Repairs and maintenance	5,750,000	-	5,750,000	119,310	5,630,690	98%	(g)
<b>Total expenditure</b>	<b>28,197,000</b>	<b>-</b>	<b>28,197,000</b>	<b>9,197,321</b>			
<b>Surplus for the period</b>				<b>3,927,039</b>			

(Budget notes)

1. On Government grants Kiptaragon TVC only received 26 percent grants which adversely affected the operations during financial year.
2. Total fees charged during FY21/22 was 99 percent invoiced.
3. Sale of goods had a variance of 150,000 this is adverse.
4. Only 28 percent of total projected expenses was incurred this affected service delivery.

**XVIII. Notes to the Financial Statements**

**1. General Information**

Kiptaragon Technical and vocational college is established by and derives its authority and accountability from Act. Kiptaragon Technical and vocational college is wholly owned by the Government of Kenya and is domiciled in Kenya. Kiptaragon Technical and vocational college's principal activity is training middle level technicians

**2. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared on IPSAS Accrual 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 is in conformity with International Public Sector Accounting Standards (IPSAS) that allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying Kiptaragon Technical and vocational college's accounting policies.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency for Kiptaragon Technical and vocational college.

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

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

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

**i. Relevant new standards and amendments to published standards effective for the year ended 30 June 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:
<p><b>IPSAS 41:</b> Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity’s future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>

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Standard	Effective date and impact:
<p><b>IPSAS 42:</b> Social Benefits</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided Kiptaragon Technical and vocational college;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided Kiptaragon Technical and vocational college’s financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1st January 2023:</b></p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <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>Other improvements to IPSAS</p>	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul>

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

**iii. Early adoption of standards**

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

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

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

**Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow Kiptaragon 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 entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

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

**Sale of goods**

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow Kiptaragon 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 Kiptaragon Technical and vocational college's right to receive payments is established.

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

**a) Revenue recognition (Continued)**

**ii) Revenue from exchange transactions (continued)**

**Rental income**

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

**b) Budget information**

The original budget for FY 2021/2022 was approved by the Board on June 2021. Subsequent no 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 for Kiptaragon Technical and vocational college upon receiving the respective approvals in order to conclude the final budget. Accordingly, Kiptaragon Technical and vocational college recorded no additional appropriations on the FY 2021/2022 budget following the Board's approval.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on 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 of these financial statements.

**c) Taxes**

***Current income tax***

The entity is exempt from paying taxes as per schedule *of the Act*.

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

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

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

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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. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of *years*.

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

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

**e) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, Kiptaragon 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.

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

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

**f) Leases**

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item Kiptaragon 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. Kiptaragon 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 Kiptaragon 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 Kiptaragon 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 Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when Kiptaragon 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.

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

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

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

**i) Financial instruments**

*Financial assets*

*Initial recognition and measurement*

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

*Held-to-maturity*

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when Kiptaragon 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 Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or an entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or Kiptaragon Technical and vocational college of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

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

##### **i) Financial instruments (Continued)**

###### *Financial assets (Continued)*

###### *Impairment of financial assets (Continued)*

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

###### *Financial liabilities*

###### *Initial recognition and measurement*

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. Kiptaragon 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

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

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

**Inventories (Continued)**

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

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

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

**k) Provisions**

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

***Contingent assets***

The Entity does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control Kiptaragon 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.

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

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

**l) Nature and purpose of reserves**

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

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

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

**n) Employee benefits**

**Retirement benefit plans**

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

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

**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

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construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

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

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

**q) Related parties**

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

**r) Service concession arrangements**

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, Kiptaragon 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, Kiptaragon Technical and vocational college also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**s) 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.

**t) Comparative figures**

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

**u) 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.

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

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

### **Estimates and assumptions**

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

*(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)**

<b>6</b>	<b>Transfers from National Government Ministries</b>	<b>30-Jun-22</b>	<b>30-Jun-21</b>
	<b>Unconditional grants</b>		
	Capitation	2,130,000	5,737,500
	Operational grants	1,500,000	-
	<b>Total Government grants and subsidies</b>	<b>3,630,000</b>	<b>5,737,500</b>

**(6a) Transfers from other Government entities (Categorized)**

<b>Name Of Kiptaragon Technical and vocational college Sending The Grant</b>	<b>Amount recognized to Statement of Comprehensive Income Kshs</b>	<b>Amount deferred under deferred income Kshs</b>	<b>Amount recognised in capital fund. Kshs</b>	<b>Total grant income during the year Kshs</b>	<b>2020-2021 Kshs</b>
Ministry of Education State TVET Department for	3,630,000			3,630,000	5,737,500
<b>Total</b>	<b>3,630,000</b>			<b>3,630,000</b>	<b>5,737,500</b>

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<b>7</b>	<b>Sale of goods</b>		
	Sale of goods	50,000	30,300
	<b>Total Other Incomes</b>	<b>50,000</b>	<b>30,300</b>
	<b>Relates to the sale of farm produce.</b>		
<b>8</b>	<b>Rendering of Services</b>		
	Tuition	157,200	4,217,689
	Personal emoluments	3,772,800	1,622,188
	Electricity water and conservancy	1,067,650	486,656
	Local transport and travel	977,588	405,547
	Development	-	243,328
	Repairs Maintenance and Improvement	597,688	243,328
	Activity	1,097,125	486,656
	Student union	-	324,438
	Attachment/Medical	982,500	81,109
	Registration fees	51,500	-
	Student ID	61,800	-
	Library fees	30,900	-
	T-shirts	103,000	-
	Examination	544,610	227,810
	<b>Total Rendering services</b>	<b>9,444,360</b>	<b>8,338,749</b>

Total invoiced active student during financial year 2021/2022 are 360. 55 students were invoiced for 3 quarters at rate of 19,815 making a total of kshs 1,089,825 whereas 280 students were charged for the whole year at the rate of 26,420 amounting to 7,397,600 and finally 25 students charged 6,605 per quarter totalling 165,125 as per accrual basis method of accounting

<b>9</b>	<b>Use of goods</b>		
	Teaching and learning materials	961,035	614,991
	Printing and stationery	328,750	96,300
	Travel and accommodation	1,176,280	592,350
	Postage Telephone and internet expenses	281,099	-
	Student activities	230,500	11,200
	Catering, conferences and delegations	97,305	111,390
	Electricity water and conservancy	120,000	153,500
	Training and development	82,000	229,640
	Examination expenses	1,169,100	213,510
	General administration expenses	728,642	1,241,102
	Marketing	35,250	-
	Farm expenses	127,650	118,250
	General cleaning	93,710	-
	KATTI	1,115,080	-
		<b>6,546,401</b>	<b>3,382,233</b>
<b>10</b>	<b>Employment Cost</b>		
	Salaries and wages	2,075,300	1,467,350
	NHIF	86,850	44,450
	NSSF	146,160	29,600
	<b>Total Employee costs</b>	<b>2,308,310</b>	<b>1,541,400</b>

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<b>11</b>	<b>BOG Expenses</b>		
	Board allowances	223,300	373,300
	<b>Total BOG Expenses</b>	<b>223,300</b>	<b>373,300</b>
<b>12</b>	<b>Property repairs and maintenance and improvement</b>		
	Repair, maintenance and improvement	119,310	33,200
	<b>Total repair, maintenance and improvement</b>	<b>119,310</b>	<b>33,200</b>
<b>13</b>	<b>Depreciation</b>		
	Property and equipment	408,406	643,026
	<b>Total depreciation</b>	<b>408,406</b>	<b>643,026</b>
<b>14</b>	<b>Cash and Cash Equivalents</b>		
	Operational Account- Access Bank	141,998	54,370
	Main Account-National Bank	513,395	1,460,670
	<b>Total cash and cash equivalents</b>	<b>655,393</b>	<b>1,515,040</b>

<b>14a</b>	<b>Financial Institution</b>	<b>Account no</b>	<b>30-Jun-22</b>	<b>30-June-21</b>
	<b>a) Current Account</b>			
	<b>Access Bank</b>	<b>90100000154</b>	141,998	54,370
	<b>National Bank</b>	<b>1022221620100</b>	513,395	1,460,670
	<b>Sub-total</b>		<b>655,393</b>	<b>1,515,040</b>

<b>15</b>	<b>Receivables from Exchange Transactions</b>		
	<b>Current receivables</b>		
	Student debtors	14,196,181	9,830,560
	<b>Total Receivables from Exchange Transactions</b>	<b>14,196,181</b>	<b>9,830,560</b>
<b>16</b>	<b>Inventories</b>		
	Consumables	30,958	-
	Maintenance stores	-	-
	Health unit stores	-	-
	Electrical stores	-	-
	Cleaning materials stores	-	-
	Catering stores	-	-
	<b>Total inventories at the lower of cost and net realizable value</b>	<b>30,958</b>	<b>-</b>

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Notes to the Financial Statements (Continued)

17. (a) Property, Plant and Equipment

	Land	Buildings	Motor Vehicles	Furniture and fittings	Computers	Plant, Machinery and Equipment	Capital works in Progress	TOTAL
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
<b>COST</b>								
At July 2021	-	-	-	36,000	1,276,020	134,000	1,500,121	2,946,141
Additions	-	-	-	34,800	-	-	485,230	520,030
At 30 June 2022	-	-	-	70,800	1,276,020	134,000	1,985,351	3,466,171
<b>ACCUMULATED DEPRECIATION</b>								
At July 2021	-	-	-	-	-	-	-	-
Depreciation	-	-	-	8,850	382,806	16,750	-	408,406
At 30 June 2022	-	-	-	8,850	382,806	16,750	-	408,406
<b>Net book values</b>								
At 30 June 2022	-	-	-	61,950	893,214	117,250	1,985,351	3,057,765
At 30 June 2022	-	-	-	36,000	1,276,020	134,000	1,245,400	2,946,141

Depreciation rates applied on straight line basis.

1. Building 0.025 percent
2. Furniture 0.125 percent
3. Computers 0.333 percent
4. Equipment 0.125 percent

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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.

**17 (b) Property, Plant and Equipment at Cost**

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land			
Buildings	1,985,351		1,985,351
Plant And Machinery	134,000	16,750	117,250
Motor Vehicles including Motorcycles			
Computers and Related Equipment	1,276,020	382,806	893,214
Office Equipment, Furniture, And Fittings	70,800	8,850	61,950
<b>Total</b>	<b>3,466,171</b>	<b>408,406</b>	<b>3,057,765</b>

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

<b>18</b>	<b>Trade and other Payables from Exchange Transactions</b>		
	Trade payables	1,514,695	1,031,482
	Advance fees	869,630	1,295,020
	Other payables -Ollessos TTI	600,000	600,000
	<b>Total trade and other payables</b>	<b>2,984,325</b>	<b>2,926,502</b>
<b>19</b>	<b>Refundable deposits from customers/students</b>		
	Caution money	287,000	214,900
	<b>Balance at end of year</b>	<b>287,000</b>	<b>214,900</b>

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**20. Cash generated from operations**

	2021-2022	2020-2021
Surplus for the year before tax	Kshs	Kshs
<b>Adjusted for:</b>		
Depreciation		
Non-Cash grants received	0	0
Contributed assets	0	0
Impairment		
Gains and Losses on Disposal of Assets	0	0
Contribution to provisions		
Contribution to impairment allowance		
Finance Income	0	0
Finance Cost		
<b>Working Capital Adjustments</b>		
Increase in Inventory	0	0
Increase in Receivables	0	0
Increase in Deferred Income		
Increase in Payables		
Increase in Payments received in advance		
<b>Net Cash Flow from Operating Activities</b>		

*(The total of this statement should tie to the cash flow section on net cash flows from/ used in operations)*

**21. Financial Risk Management**

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The college'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 college does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

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

**(i) Credit risk**

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

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the board members. The amounts

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presented in the statement of financial position are net of allowances for doubtful receivables, estimated by

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

the college'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 Kiptaragon Technical and vocational college's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
<b>At 30 June 2021</b>				
Receivables from exchange transactions				
Receivables from non-exchange transactions				
Bank balances				
<b>Total</b>				
<b>At 30 June 2022</b>				
Receivables from exchange transactions				
Receivables from non-exchange transactions				
Bank balances				
<b>Total</b>				

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

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

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

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

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**

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Ultimate responsibility for liquidity risk management rests with Kiptaragon Technical and vocational college's directors, who have built an appropriate liquidity risk management framework for the management of Kiptaragon Technical and vocational college's short, medium and long-term funding and liquidity management requirements. Kiptaragon 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 college under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2021</b>				
Trade Payables	2,926,502			
Current Portion Of Borrowings				
Provisions				
Deferred Income				
Employee Benefit Obligation				
<b>Total</b>	<b>2,926,502</b>			
<b>At 30 June 2022</b>				
Trade Payables	2,984,325			
Current Portion Of Borrowings				
Provisions				
Deferred Income				
Employee Benefit Obligation				
<b>Total</b>	<b>2,984,325</b>			

**(iii) Market risk**

The entity has put in place an internal audit function to assist it in assessing the risk faced Kiptaragon 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 Kiptaragon 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.

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

There has been no change to Kiptaragon 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 entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The carrying amount of Kiptaragon Technical and vocational college's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

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

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

(iii) Market risk (Continued)

a) Foreign currency risk (Continued)

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

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**a) Foreign currency sensitivity analysis**

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

	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
<b>20xx</b>			
Euro	10%		
Usd	10%		
<b>20xx</b>			
Euro	10%		
Usd	10%		

**b) Interest rate risk**

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

***Management of interest rate risk***

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

***Sensitivity analysis***

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs (2022: Kshs ). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs (2022 – Kshs )

**iv)Capital Risk Management**

The objective of Kiptaragon Technical and vocational college's capital risk management is to safeguard Kiptaragon Technical and vocational college's ability to continue as a going

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concern. Kiptaragon Technical and vocational college capital structure comprises of the following funds:

Description	2021-2022	2020-2021
	Kshs	Kshs
Revaluation Reserve		
Retained Earnings		
Capital Reserve		
<b>Total Funds</b>		
Total Borrowings		
Less: Cash and Bank Balances	()	()
Net Debt/(Excess Cash and Cash Equivalents)		
<b>Gearing</b>	xx%	xx%

**22. Related Party Balances**

**Nature of related party relationships**

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

**Government of Kenya**

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

- i) The National Government
- ii) Ministry of Education
- iii) TVETA
- iv) KATTI
- v) Board of Governors

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

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

**23. Segment Information**

*(Where an organisation operates in different geographical regions or in departments, IPSAS 18 on segmental reporting requires an entity to present segmental information of each geographic region or department to enable users understand Kiptaragon Technical and vocational college's performance and allocation of resources to different segments)*

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

**24. Events After the Reporting Period**

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

**25. Ultimate and Holding Entity**

Kiptaragon technical is an entity under the Ministry of Education and Its ultimate parent is the Government of Kenya.

**26. Currency**

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

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

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

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

**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 entity 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.



**MR. Daniel Maswai**  
Accounting Officer  
(Principal)  
29<sup>th</sup> September 2022

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**Appendix II: Projects Implemented by (Kiptaragon 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						
2						

**Status of Projects completion**

*(Summarise the status of project completion at the end of each quarter, i.e. total costs incurred, stage which the project is etc)*

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

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

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*[Insert your Letterhead]*

*[Insert name of beneficiary Entity]*

*[Insert Address]*

The *[insert SC/SAGA/Fund name here]* wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> 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 [Insert name of beneficiary Entity] as at 30 <sup>th</sup> June 2022						
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30 <sup>th</sup> June 2022	Inter-Ministerial (C)	Total (D)=(A+B+C)	Amount Received by [beneficiary Entity] (KShs) as at 30 <sup>th</sup> June 2021 (E)	Differences (KShs) (F)=(D-E)
	Recurrent (A)	Development (B)				
Total						

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

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

**Name** ..... **Sign** ..... **Date** .....

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

Name of the Organization  
 Telephone Number  
 Email Address  
 Name of CEO/MD/Head

Name and contact details of contact person (in case of any clarifications) .....

Project Name	Project Description	Project Objectives	Project Activities	Project Expenditures				Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

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**Appendix V: Disaster Expenditure Reporting Template**

Date:						
Entity						
<b>Period to which this report refers (FY)</b>	<b>Year</b>	<b>Quarter</b>				
<b>Name of Reporting Officer</b>						
<b>Contact details of the reporting officer:</b>	<b>Email</b>	<b>Telephone</b>				
<b>Column I</b>	<b>Column II</b>	<b>Column III</b>	<b>Column IV</b>	<b>Column V</b>	<b>Column VI</b>	<b>Column VII</b>
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (K.shs.)	Comments