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**REPORT**

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**OF**

TABLED

THE LEADER OF THE  
MAJORITY PARTY

CLERK-AT  
THE-TABLE:

WILLIS OBIEDO

**THE AUDITOR-GENERAL**

**ON**

**SIRUTI TECHNICAL AND VOCATIONAL  
COLLEGE AWENDO**

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

**STATE DEPARTMENT FOR TECHNICAL AND  
VOCATIONAL EDUCATION AND TRAINING**



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# SIRUTI TECHNICAL AND VOCATIONAL COLLEGE AWENDO

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE 2023

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

## SIRUTI TVC AWENDO

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

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### 1. Acronyms & Glossary of Terms

|                      |  |
|----------------------|--|
| BoG                  | Board of Governors   |
| CSDC                 | Citizens Service Delivery Charter  |
| CSR                  | Corporate Social Responsibility  |
| ERP                  | Enterprise Resource Planning   |
| GoK                  | Government of Kenya  |
| ICPAK                | Institute of Certified Public Accountants of Kenya                       |
| KNEC                 | Kenya National Examinations Council                                      |
| MoU                  | Memorandum of Understanding  |
| PC                   | Performance Contract   |
| STVCA                | Siruti Technical and Vocational College Awendo                           |
| IPSAS                | International Public Sector Accounting Standards                         |
| PAYE                 | Pay as you Earn.   |
| PFM                  | Public Finance Management  |
| PSASB                | Public Sector Accounting Standards Board                                 |
| TVET                 | Technical and Vocational Education and Training                          |
| TVETA                | Technical and Vocational Education and Training Authority                |
| Fiduciary Management | Key management personnel who have financial responsibility in the entity |

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### 2. Key Entity Information and Management

#### (a) Background information

Siruti Technical and Vocational College Awendo (STVCA) is established under the TVET Act 2013. The College commenced operations on 5<sup>th</sup> February 2021. The College is domiciled in Siruti shopping centre approximately 6 km from Awendo town within Migori County- Kenya. The institution is a public institution and is under the Ministry of Education.

The College has eight departments namely, Mechanical and Automotive Engineering Department, Electrical and Electronics Department, Building and Civil Engineering Department, Agricultural Engineering Department, Hospitality Department, Computing and Informatics Department, Business Studies Department and Liberal Studies Department.

The College offers Diploma, Craft, and Artisan level courses. The trainee population as of 30<sup>th</sup> June stood at 453 trainees. The total staff at the end of the year stood at 41.

#### (b) Principal Activities

The principal activity of Siruti TVC Awendo is to provide education and training in technical and vocational skills, research, innovation, and management services.

#### Our Vision

To be a world class College in the provision of technical, vocational training and applied research.

#### Our Mission

To expand human knowledge beneficial to society through high quality training, applied research and practicability in partnership with industry.

#### Our Strategic Objectives

- To achieve financial viability and sustainability.
- To develop a strong and well-managed institution.
- To provide quality education and technical training.
- To improve corporate governance and image.
- To expand and improve the physical facilities.
- To enhance risk management, disaster preparedness and promote environmental sustainability.

#### Our Core Values

- Integrity
- Innovation
- Practicability
- Teamwork
- Environmental Sustainability

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(c) **Key Management**

The day-to-day management of the College is exercised by the following key organs:

- Principal
- Principal's Management Committee
- Heads of Department

(d) **Fiduciary Management**

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

| S/No | Designation                        | Name                 |
|------|------------------------------------|----------------------|
| 1.   | Principal                          | Wilfred Owalla       |
| 2.   | Deputy Principal                   | Jane Ochung          |
| 3.   | Dean of Students                   | Paul Danga           |
| 4.   | Registrar                          | Mercy Onguko         |
| 5.   | Head of Finance                    | Jane Ogutu           |
| 6.   | Head of Procurement                | Simon Onduru         |
| 7.   | Human Resource Manager             | Doreen Odhiambo      |
| 8.   | Ombudsman                          | Annelizabeth Wachira |
| 9.   | Internal Quality Assurance Officer | Eunice Walter        |

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**(e) Fiduciary Oversight Arrangements****Board Committees****Members**

|   |                  |             |
|---|------------------|-------------|
| <b>Finance, Infrastructure and Resource Mobilization (FIRM) Committee</b> | Bainitos Hussein | Chairperson |
|   | Carolyne Otieno  | Member      |
|   | Olympia Keino    | Member      |
|   | John Okello      | Member      |
|   | Tom Olan'go      | Member      |
|   | Wilfred Owalla   | Secretary   |

|   |                    |             |
|---|--------------------|-------------|
| <b>Education, Research and Training (ERT) Committee</b> | Dr Carolyne Kokeyo | Chairperson |
|   | Ben Odhiambo       | Member      |
|   | Olympia Keino      | Member      |
|   | John Okello        | Member      |
|   | Tom Olan'go        | Member      |
|   | Wilfred Owalla     | Secretary   |

|  |                           |             |
|--|---------------------------|-------------|
| <b>Audit Risk and Compliance (ARC) Committee</b> | CPA Simeon Obon'go        | Chairperson |
|  | Ben Odhiambo              | Member      |
|  | Dr Carolyne Kokeyo        | Member      |
|  | Calfax Nanyuki            | Secretary   |
|  | <i>(Internal Auditor)</i> |             |

**(f) Entity Headquarters**

P.O. Box 555-40405  
SARE-AWENDO  
Awendo – Migori Road  
Migori County,  
KENYA

**(g) Entity Contacts**

Telephone: (254) 0113004605 / 0786925569  
e-mail: [sirutiawendotvc@gmail.com](mailto:sirutiawendotvc@gmail.com)

**(h) Entity Bankers**

National Bank of Kenya  
Awendo Branch  
P.O. Box 200-40405

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**(i) Sure - Awendo  
Independent Auditors**

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

**(i) Principal Legal Adviser**





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

### 3.The Board of Governors

|   |   |
|---|---|
|    | <p>Charles Obiero Odindo,<br/>Chairman</p> <p>Date of Birth: 2<sup>nd</sup> June 1965</p> <p>Charles holds a BSc degree in Human Resource Management. He has a wealth of experience in strategic leadership and governance. His work experience also involves integrated research design, cartographic mapping for institutional planning as well as marketing and resource mobilization.</p> <p>He has also participated in various activities involving training of trainers, performance management, monitoring and evaluation of projects/programmes and sourcing of local and donor funds.</p> |
|   | <p>Dr Carolyn A. O. Kokeyo<br/>Member</p> <p>Date of Birth: 16<sup>th</sup> January 1974</p> <p>Dr Carolyn holds a PhD in Communication Studies in Educational Leadership.</p> <p>She is an accomplished scholar with a teaching experience of over 23 years. She has also published in various refereed journals.</p>  |
|  | <p>CPA Simeon Obongo<br/>Member</p> <p>Date of Birth: 21<sup>st</sup> December 1976</p> <p>CPA Simeon Obongo is a practising accountant. He is currently undertaking his PhD in finance. He holds a MSc in finance and BCom in Accounting. He also holds a CIFA (K) qualification.</p>  |



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|   |  |
|---|--|
|    | <p>Olympia J. Keino-Okal HSC<br/>Member</p> <p>Date of Birth: 1968</p> <p>Mrs Okal who is currently undertaking a PhD in Community Nutrition and Development, is a holder of MA in Home Science. She has over 32 years' experience in the education sector.</p> <p>Olympia is also a professional counsellor and is a member of several Boards.</p>  |
|    | <p>Bainitos O Hussein<br/>Member</p> <p>Date of Birth: April 1959</p> <p>Mr Hussein, a holder of HND in Land Surveying and Mapping is a registered member of ISK. He has a wealth of experience spanning over 40 years in the public sector.</p>   |
|   | <p>Date of Birth: 25<sup>th</sup> September 1988</p> <p>Caroline Cecilia Otieno</p> <p>Caroline holds a BA in Communication and Media. She is currently a journalist working for Nam Lolwe FM. She is also a science journalist and a member of Media for Environmental Science, Health, and Agriculture (MESHA).</p> <p>She has over eight years' experience in the communication sector.</p> |
|  | <p>Ben Calvins Odhiambo<br/>Member</p> <p>Date of Birth: 10<sup>th</sup> August 1991</p> <p>Ben holds a BSc in Information Technology. He is currently working with Rongo University as an IT professional. He also has vast experience working with UNES-USAID Health IT Project – Migori CHMT as a consultant for Migori, Kisii, Homabay and Nyamira counties.</p>                           |

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|  |  |
|--|--|
|   | <p>John Okoth Okello<br/>Member<br/>Date of Birth: 29<sup>th</sup> November 1963<br/>John holds a M. A. in Public Administration from Rongo University as well as a B.A. in Business Administration. A teacher by profession, John also had a 10-year stint in public administration having served as an administrator in Migori County and over 24 years' service with the Ministry of Education.</p> |
|  | <p>Tom Olango<br/>Regional Director TVET<br/>Date of birth:<br/>Mr Tom Olango is currently the regional TVET Director in charge of Migori, Nyamira, Kisii and Homa Bay counties</p>  |
|  | <p>CPA Wilfred Owalla<br/>Principal/Secretary to Board<br/>Date of birth: 05<sup>th</sup> July 1965<br/>CPA Wilfred is a holder of MBA in Finance.<br/>He also has several publications in referred journals and has over 34 years' experience in the TVET sector.<br/>He is a member of ICPAK No. 2793</p>  |

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**4. Key Management Team**

The key management personnel who held office during this financial year ended 30<sup>th</sup> June 2023 and who had direct fiduciary responsibility were:

| No. | Member/ Director   | Details   |
|-----|--|---|
| 1.  | <br><b>CPA Wilfred Owalla</b><br>▪ <i>MBA (Finance)</i><br>▪ <i>B. Com (Accounting)</i><br>▪ <i>ICPAK Member No. 2793</i> | Principal   |
| 2.  | <br><b>Jane Ochung</b><br>Master's in Communication and Linguistics  | Deputy Principal                                      |
| 3.  | <br><b>Mercy Onguko</b><br>Registrar<br>BSc Hospitality   | Registrar   |
| 4.  |   | Dean of Students<br>Head of Agriculture<br>Department |


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|    |   |   |
|----|---|---|
|    | <p>Paul Danga<br/>BSc in General Agriculture</p>  |   |
| 5. |  <p>M/s Jane Ogutu<br/>CPA Part 2</p>                                      | <p>Head of Finance<br/>PC Coordinator</p>                     |
| 6. |  <p>Mr Simon Onduru<br/>Dip SCM</p>  | <p>Procurement Officer</p>                                    |
| 7. |  <p>M/s Doreen Odhiambo<br/>B. Com Human Resource Management</p>         | <p>HR Officer<br/>Head of Business Studies<br/>Department</p> |
| 8. |  <p>M/s Annelizabeth Wachira<br/>Dip Tourism, Travel and Hospitality</p> | <p>Ombudsman<br/>Head of Hospitality<br/>Department</p>       |

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|    |  |                                       |
|----|--|---------------------------------------|
| 9. | <br>M/s Eunice Achieng Walter<br>B.Ed. Home Economics | Internal Quality Assurance<br>Officer |
|----|--|---------------------------------------|

## SIRUTI TVC AWENDO

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

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#### 5. Chairman's Statement

Siruti TVC Awendo has continued to discharge its mandate by working closely with the National Government through the State Department of Vocational Training under the Ministry of Education in the implementation of its mandate which is quality training.

At Siruti TVC Awendo there are many issues that we address and mitigate which include environmental, social, operational, financial, and technological issues. But with the right people and partners, we have remained on plan and on budget in FY 2022/2023. This reflects our improved confidence in the position of the institution.

On corporate governance, we are fully compliant with the Mwongozo code of governance for state corporations. The Board oversaw and provided significant input into several important developments during the year relating to equipment and policies. These initiatives were implemented to ensure that we continue to focus on the issues that will shape the future of the institution.

The College also participated in Performance Contracting for the first time and has scored well. As we move on, we expect to continue improving.

The Board therefore has continued to put in place systems, policies, procedures, and other frameworks to enable full operationalization of the College.

In FY 2022/2023, the College managed to have brought in ERP system and improved internet connectivity. There has also been a concerted effort to purchase training equipment, library books among others.

The College however continue to face a myriad of problems inter alia financial resources. Lack of capitation has been a serious hinderance to the operations of the college. It is hoped that going forward, the ministry will provide financial resources in a timely manner. There were also problems experienced due to inadequate training machinery, equipment, and furniture.

However, the future looks bright. The Board has entrusted day to day running of the institution to management headed by the Principal who together with the staff ensures that policies put in place by the Board are adhered to, the reports in all operational areas are reported to the Board to oversight whether targets set are met.

The Board intends to embark on massive resource mobilization, additional policy formulation, link the institution with key stakeholder groups, enhance sustainability and monitor achievement of targets.

The Board gives an assurance on continued support to management as they exercise their oversight role for effective performance.

Thank you.

Charles Obiero Odindo  
CHAIRMAN

## **6. Report of the Principal**

### **Introduction**

Siruti TVC Awendo entered its third year of operations since inception with evidence of continual and sustained growth. The number of trainees at the end of the financial year stood at 453 trainees up from 329 the previous year, representing a growth rate of 83%.

The Board also recruited 27 trainers who engaged in the training. The trainees sat for their first KNEC exam in July 2022 exam in the history of the College attained 34%. However, in November 2022 the pass rate attained increased to 68% and March 2023 the examination pass rate stood at 73%. This was a commendable improvement in examination performance.

It is worth noting that the College went through its 1<sup>st</sup> cycle of Performance Contracting in its 1<sup>st</sup> year of operations and posted a composite score of 3.5258. The College is currently undergoing its 2<sup>nd</sup> cycle of Performance Contracting with a hope of posting better performance. In the PSC national values evaluation, the College was ranked as medium achiever which was also quite commendable.

The management under the direction of the BoG has continued to develop various policies and operating procedures manuals to guide its operations. 11 policies and 7 operating procedures have been developed in this financial year.

### **Operational Results**

At the close of the financial year, the College had received Kes 12,284,554 against Kes 12,161,912 received the previous year. GoK capitation and grants totalled Kes 4,871,000 compared to Kes 5,577,500 for the previous year.

Financial resources have continued to be a big challenge in the just ended financial year. The government only sent Kes 13,000 per trainee against the expected Kes 30,000. This seriously hampered our operations.

The College had a total income of Kes 12,284,554 against total expenditure of Kes 13,416,774 giving a surplus of Kes (1,133,220). Employee costs stood at Kes 2,958,656. This was well within the benchmark 30% of total income received.

The trainee population as mentioned earlier closed at 453 trainees. Fee collection remains a challenge for both for the non-sponsored CDF students and sponsored CDF students.

Our asset base currently stands at Kes 56,841,113, with liabilities standing at Kes 120,000. This comprises Kes 120,000 remaining out of the Kes 300,000 borrowed from Mawego TTI in FY 2020/2021.

### **Governance**

**SIRUTI TVC AWENDO**

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

**7. Statement of Performance against Predetermined Objectives**

| Strategic Pillar                                  | Objective   | Key Performance Indicators                                    | Activities   | Achievements  |
|---|---|---|--|---|
| To achieve Financial Viability and Sustainability | Absorb 100% of funds allocated to the institution.  | 100% absorption of allocated funds                            | To monitor absorption of funds allocated to the institution on activities for which they were planned for. | All funds received during the year absorbed   |
|   | Oversee collection of Kes 23,390,920 from trainees in form of fees  | Generation of Kes 23,390,920                                  | To initiate A-in-A within the college  | A-in-A projects initiated including fish farming, crop farming and brick making                     |
|   | Ensure Pending Bills Ratio maintained at less than or equal to 1% of approved budget.   | Pending bills to be less than or equal to 1% of annual budget | To ensure pending bills will not exceed Kes 233,910 by paying suppliers within the prescribed period       | Pending bills at less than 1% of annual budget  |
|   | Ensure compliance with Budgetary Estimates  | Improved monitoring of finances                               | To ensure strict adherence to approved Annual Budget   | Quarterly reports submitted before the Board every quarter.   |
|   | Submission of reports   | improved monitoring of finances                               | To ensure timely submission of reports to Ministry, Treasury, relevant agencies, etc                       | Statutory reports submitted as required by the relevant Acts of Parliament                          |
| To develop a strong and well managed institution  | Ensure development of 10 policies for the College.  | 10 approved policies  | To develop 10 policies for the College   | 11 policies approved by the Board   |
|   | Ensure Operating 6 Procedure Manuals developed document relevant workflows  | 6 Operating Procedure Manuals developed                       | To develop 6 Operating Procedure Manuals   | 6 operating procedures developed  |
|   | Ensure an adequate asset management structures and systems in place and ensure prudent management of public assets and submit quarterly reports | Updated Asset Register Quarterly Reports                      | To maintain an updated Inventory of Facilities and Equipment maintained and updated                        | An up-to-date Asset Register maintained and submitted to The National Treasury on a quarterly basis |
|   | Increase in trainee enrolment from  | Quarterly enrolment reports,                                  | To cause increase in trainee enrolment increased   | Trainee enrolment at 453 at close of financial year   |

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|   |   |  |  |   |
|---|---|--|--|---|
|   | 329 trainees to 450 trainees  | Management Reports   |  |   |
|   | Appointment of trainees into at least 5 committees in the management structure of the College   | Appointment letters, List of Committee membership Minutes of Committee meetings  | To Appoint trainees into management committees   | Trainees appointed to over 5 management committees                        |
|   | Develop office to handle all complaints   | Complaints Committee Reports<br>Complaints capturing forms                       | To resolve public complaints within 7 days of being raised   | Office of Ombudsman set up and complaints resolved to the extent possible |
|   | Capacity building for at least 20 trainers  | Staff Training Reports<br>Management Reports                                     | To ensure capacity building for at least 20 trainers   | Capacity building for all 31 trainers done                                |
| To provide quality education and technical training | Trainees to be engaged in making 1,000 affordable bricks, making 20 engineering tables and engaging trainees in production of maize, beans, and carrots | 5,000 bricks, 50 engineering tables, maize, beans, and carrots grown             | To cause trainees to be engaged in making 1,000 affordable bricks, making 20 engineering tables and engaging trainees in production of maize, beans, and carrots | 6,000 bricks made, 480 kg of maize 26 kg of beans                         |
|   | Allocation of office to career services, appoint committee and development of an action plan  | OCS Action Plan Implementation Report<br>Management Reports<br>Quarterly Reports | To effect allocation of office to career services, appoint committee, develop action plan  | Office of Career Services established and operationalized                 |
|   | Attain an average 60% pass rate in external examinations  | Analysed examination results report, Management Reports, Quarterly Reports       | To attain an average 60% pass rate in external examinations  | Pass rate of 73% achieved in KNEC March 2023 series                       |
|   | Provide insurance cover to trainees on attachment   | Insurance covers collection list<br>Management Reports<br>Quarterly Reports      | To provide insurance cover to trainees on attachment   | Insurance cover provided to over 100 trainees                             |
|   | Conduct benchmarking trips by trainees to jua kali industry, and sign 2 MoUs with industry  | -Benchmarking trip reports<br>2 MoUs<br>Management Reports<br>Quarterly Reports  | To conduct benchmarking trips by trainees to jua kali industry, and sign 2 MoUs with industry  | Benchmarking trips carried out by all departments and 2 MoUs signed       |
|   | To monitor 100% syllabus coverage and undertaking   | Syllabus Coverage Forms, Student Feedback Forms,                                 | To monitor 100% syllabus coverage and undertaking of skills  | Syllabus coverage monitored twice a term                                  |

SIRUTI TVC AWENDO

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

|  |   |   |  |  |
|--|---|---|--|--|
|  | of skills assessment with industry to align trainee skills with industry enhanced   | Schemes of Work Forms, Records of Work Forms, Course Outlines, Management Reports Quarterly Reports | assessment with industry to align trainee skills with industry enhanced  | through Syllabus Coverage Forms  |
|  | Appoint a quality assurance officer and committee and train members of the committee  | Appointment letters Minutes of meetings Annual Work Plan Management Reports Quarterly Reports       | To appoint a quality assurance officer and committee and train members of the committee  | Office of Internal Quality Assurance Officer established and operationalised   |
| To improve corporate governance and image  | Prominently display the CSDC, sensitize staff, cascade charter, customize charter to the unique needs and ensure conformity with commitments and standards in the charter | Displayed charter. Departmental service charters evidence of conformity with commitments of charter | To prominently display the CSDC, sensitize staff, cascade charter, customize charter to the unique needs and ensure conformity with commitments and standards in the charter | CSDC prominently displayed and cascaded to departmental service charters all of which are adequately monitored and reported on |
|  | To support undertaking of 2 CSR activities within the community   | Management Reports, Quarterly Reports   | To support undertaking of 2 CSR activities within the community  | Road repair and tree planting undertaken within the community  |
| To expand and improve physical facilities  | Acquire furniture and storage equipment for various offices and create more office space  | Furniture and storage equipment acquired Management Reports, Quarterly Reports                      | To acquire furniture and storage equipment for various offices and create more office space  | Office furniture acquired for Principals office and filing cabinets for all offices  |
|  | Acquisition of training equipment for at least 6 departments  | Training equipment acquired, Management Reports, Quarterly Reports                                  | To support acquisition of training equipment for at least 6 departments  | Training equipment acquired for all 6 engineering departments  |
|  | Rehabilitate the well within the college.   | Well rehabilitated and operational  | To rehabilitate the well within the college.   | Well rehabilitated and currently supplying water to the College  |
|  | Procure 5 computers and establish online learning   | 5 computers, Management Reports, Quarterly Reports  | To procure 5 computers and establish online learning   | ERP solution acquired  |
| To enhance risk management, disaster preparedness and promote environmental sustainability | Undertake bribery and corruption risk assessment, develop a plan to mitigate these risks, implement measures  | Bribery and Corruption Risk assessment Plan Management Reports Quarterly Reports                    | To undertake bribery and corruption risk assessment, develop a plan to mitigate these risks, implement measures identified, monitor, evaluate and                            | Bribery and Corruption Risk Assessment Plan approved by the Board and quarterly reports submitted                              |

|  |  |   |   |  |
|--|--|---|---|--|
|  | identified, monitor, evaluate and review measures put in place and submit quarterly reports  |   | review measures put in place and submit quarterly reports   |  |
|  | Establish disaster management committee, and sensitize staff in various disaster issues  | -Appointment letters, Sensitization Reports, -Quarterly Reports                                 | To establish disaster management committee, and sensitize staff in various disaster issues  | Disaster Management Committee established and operationalised  |
|  | Appoint environmental management committee, sensitize staff and trainees on environmental issues and plant trees within the College compound and neighbouring institutions and donate trees to community members | -Sensitization Reports, -Trees planted, -Trees donated, -Management Reports, -Quarterly Reports | To appoint environmental management committee, sensitize staff and trainees on environmental issues and plant trees within the College compound and neighbouring institutions and donate trees to community members | Environmental Management Committee established and operationalised. Trees planted within the College and others donated to the local community |

## 8. Corporate Governance Statement

### Introduction

We believe in good corporate governance as an institution. The Board provides leadership through oversight, review and guidance whilst setting the strategic direction.

The Board which has an appropriate mix of skills, knowledge, and experience to perform its role effectively was inaugurated on Monday 8<sup>th</sup> March 2021.

Board meetings are held quarterly and as and when the need arises. The College ensures that it provides the necessary resources and expertise to the Board to assist it in their decision-making. The Ministry of Education is also regularly consulted on key policy matters.

The Board has developed its charter to help it in performing its role of governance.

### General Responsibilities

The Board has a duty to the people of Kenya to ensure that Siruti Technical and Vocational College Awendo achieves its objectives efficiently and effectively and in compliance with PFM Act, 2012, TVET Act 2013, all relevant Acts of Parliament and all Ministry directives and guidelines issued from time to time.

The statutory functions of the Board include:

Overseeing the conduct of education and training in the institution in accordance with the provisions of TVET Act 2013.

- Promoting and maintaining standards, quality and relevance in education and training in the institution in accordance with TVET Act 2013 and any other written law.
- Administering and managing the property of the institution.
- Developing and implementing Siruti TVCA Strategic Plan
- Preparing annual estimates of revenue and expenditure for the institution and incurring expenditure on behalf of the institution.
- Receiving, on behalf of the institution, fees, grants, subscriptions, donations, bequests or other moneys and to make disbursement to the institution or other bodies or persons.
- Determining the fees payable and prescribing conditions under which fees may be remitted in part or in whole in accordance with the guidelines developed under the provisions of the TVET Act 2013.
- Mobilizing resources for the institution.
- Developing and reviewing programmes for training and to make representations thereon to TVETA Board.
- Regulating the admission and exclusion of students from the institution, subject to a qualification's framework and the provisions of TVET Act 2013.
- Approving collaboration or association with other institutions and industries in and outside Kenya subject to prior approval by TVETA Board.

- Recruiting and appointing trainers from among qualified professionals and practising trades persons in relevant sectors of industry.
- Determining suitable terms and conditions of service for support staff, trainers and instructors and remunerating the staff of the institution in consultation with TVETA Board.
- Making regulations governing organization and conduct and discipline of staff and trainees.
- Preparing comprehensive annual reports on all areas of their mandate, including education and training services and submit the same to the TVET Board.
- Providing for the welfare of the students and staff of the institution.
- Encouraging, nurturing, and promoting democratic culture, dialogue, and tolerance in the institution; and
- Discharging all other functions conferred upon it by the TVET Act 2013 or any other written law.

#### **Risk Management and Internal Controls**

The Board has overall responsibility for the establishment and oversight of the institution's risk management frameworks. The Risk Management Policies are established to identify and analyse the risks faced by the institution and to set appropriate risk limits and controls, and to monitor adherence to these limits. Risk management policies and systems are reviewed regularly to reflect changes in operating conditions, legislation and services offered. Subsequently, the institution identifies and manages risk through in-house risk review enhanced by compliance, internal and external audits.

The Institution has in place a system of internal controls with defined operating procedures, financial and operational controls to ensure that resources are safeguarded; transactions authorised, validated, and reported in line with International Public-Sector Accounting Standards.

#### **Conflicts of interest**

All Board members are under a duty to avoid any conflicts of interest. This entails not engaging, directly or indirectly in any business that competes or conflicts with the institution's business.

The Board has established robust process requiring members to disclose outside business interests that would conflict with institutions interests.

#### **Compliance**

The Board confirms that it is satisfied that the though the institution currently has inadequate resources it can continue operating for the foreseeable future. For this reason, it continues to adopt the going concern basis when preparing the financial statements.

The Board is satisfied that the institution as to the best of their knowledge complied with all relevant laws and conducted its business affairs in accordance with the law in particular to.

- The Constitution of Kenya, 2010
- TVET Act, 2013
- PFM Act, 2012

**SIRUTI TVC AWENDO****Annual Report and Financial Statements for the year ended 30th June 2023**

- Procurement and Assets Disposal Act, 2015
- IPSAS standards.
- Mwongozo – The code of governance for state corporations
- All other relevant laws in its operation (regular circulars from Treasury and Ministry of Education)

Sirutu TVC Awendo also has internal policies it uses in its operation. These policies are in line with all the relevant laws stated above and only direct the specific operations on how tasks are handled.

These policies are inter alia; Financial Management Policy, Procurement Policy, and Academic Policy.

**BOARD AND BOARD COMMITTEE MEETINGS ATTENDANCE FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2023**
**FULL BOARD**

| No | NAME                  | 13 <sup>th</sup> July 2022 | 11 <sup>th</sup> October 2022 | 18 <sup>th</sup> Jan 2023 | 19 <sup>th</sup> April 2023 |
|----|-----------------------|----------------------------|-------------------------------|---------------------------|-----------------------------|
| 1  | Charles Obiero Odindo | ✓                          | ✓                             | ✓                         | ✓                           |
| 2  | Olympia Okal          | ✓                          | ✓                             | ✓                         | ✓                           |
| 3  | Simeon Obon'go        | ✓                          | ✓                             | ✓                         | ✓                           |
| 4  | Dr Carolyne Kokeyo    | ✓                          | ✓                             | ✓                         | ✓                           |
| 5  | Bainitos Hussein      | ✓                          | x                             | ✓                         | ✓                           |
| 6  | Ben Odhiambo          | ✓                          | ✓                             | ✓                         | ✓                           |
| 7  | Caroline Otieno       | ✓                          | ✓                             | ✓                         | ✓                           |
| 8  | John Okello           | ✓                          | ✓                             | ✓                         | ✓                           |
| 9  | Tom Olan'go           | ✓                          | x                             | x                         | ✓                           |
| 10 | Wilfred Owalla        | ✓                          | ✓                             | ✓                         | ✓                           |

**EDUCATION, RESEARCH AND TRAINING (ERT) COMMITTEE MEETINGS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2023**

| No. | NAME               | 12 <sup>th</sup> July 2022 | 6 <sup>th</sup> October 2022 | 10 <sup>th</sup> Jan 2023 | 17 <sup>th</sup> April 2023 |
|-----|--------------------|----------------------------|------------------------------|---------------------------|-----------------------------|
| 1   | Dr Carolyne Kokeyo | ✓                          | ✓                            | ✓                         | ✓                           |
| 2   | Ben Odhiambo       | ✓                          | x                            | ✓                         | ✓                           |
| 3   | Olympia Keino      | ✓                          | x                            | ✓                         | ✓                           |
| 4   | Tom Olan'go        | ✓                          | ✓                            | ✓                         | ✓                           |
| 5   | John Okello        | ✓                          | ✓                            | x                         | x                           |

SIRUTI TVC AWENDO

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

|   |                |   |   |   |   |
|---|----------------|---|---|---|---|
| 6 | Wilfred Owalla | ✓ | ✓ | ✓ | ✓ |
|---|----------------|---|---|---|---|

FINANCE, INFRASTRUCTURE AND RESOURCE MOBILIZATION (FIRM)

COMMITTEE MEETINGS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2023

| No | NAME             | 12 <sup>th</sup> July 2022 | 28 <sup>th</sup> Sept 2022 | 5 <sup>th</sup> October 2022 | 11 <sup>th</sup> Jan 2023 | 12 <sup>th</sup> April 2023 |
|----|------------------|----------------------------|----------------------------|------------------------------|---------------------------|-----------------------------|
| 1  | Bainitos Hussein | ✓                          | ✓                          | ✓                            | ✓                         | ✓                           |
| 2  | Caroline Otieno  | ✓                          | ✓                          | ✓                            | ✓                         | ✓                           |
| 3  | Olympia Okal     | ✓                          | ✓                          | x                            | ✓                         | ✓                           |
| 4  | John Okello      | x                          | x                          | ✓                            | ✓                         | x                           |
| 5  | Tom Olan'go      | x                          | ✓                          | x                            | ✓                         | ✓                           |
| 6  | Wilfred Owalla   | ✓                          | ✓                          | ✓                            | ✓                         | ✓                           |

AUDIT RISK AND COMPLIANCE (ARC) COMMITTEE MEETINGS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2023

| No | NAME               | 5 <sup>th</sup> October 2022 | 12 <sup>th</sup> Jan 2023 |
|----|--------------------|------------------------------|---------------------------|
| 1  | Simeon Obon'go     | ✓                            | ✓                         |
| 2  | Dr Carolyne Kokeyo | ✓                            | ✓                         |
| 3  | Ben Odhiambo       | ✓                            | ✓                         |
| 4  | Calfax Nanyuki     | ✓                            | ✓                         |

All other activities of the Board are as governed and directed by the TVET Act 2013, other relevant acts of Parliament and government directives and guidelines issued from time to time.

9. Management Discussion and Analysis

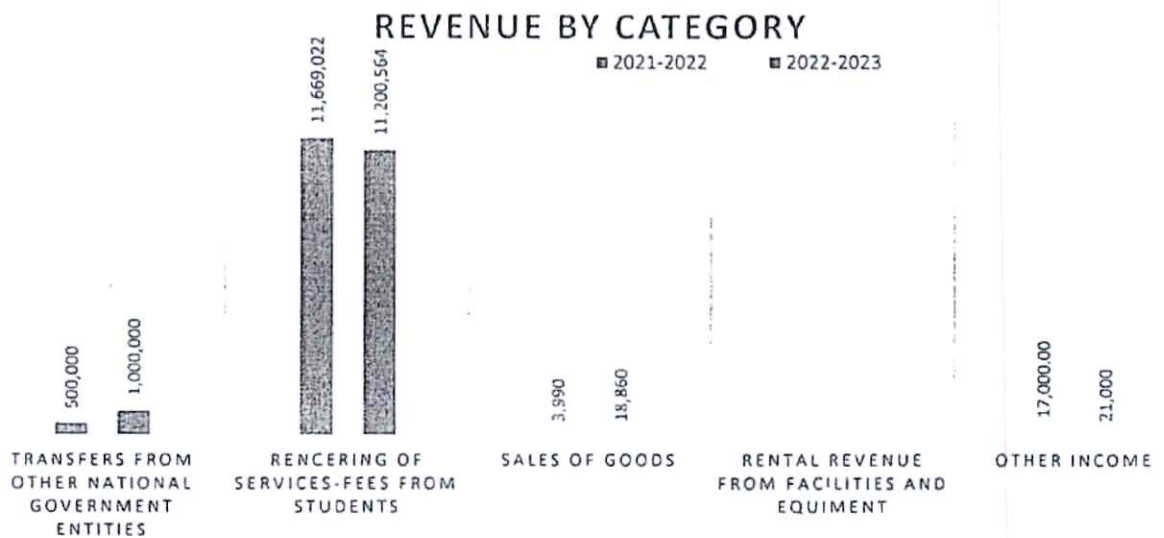
**Introduction**

This discussion and analysis provide an overview of the results of activities and financial position of Siruti Technical and Vocational College Awendo. This overview has been prepared by management and should be read in conjunction with the financial statements and the notes that follow.

**FINANCIAL HIGHLIGHTS**

**Revenue**

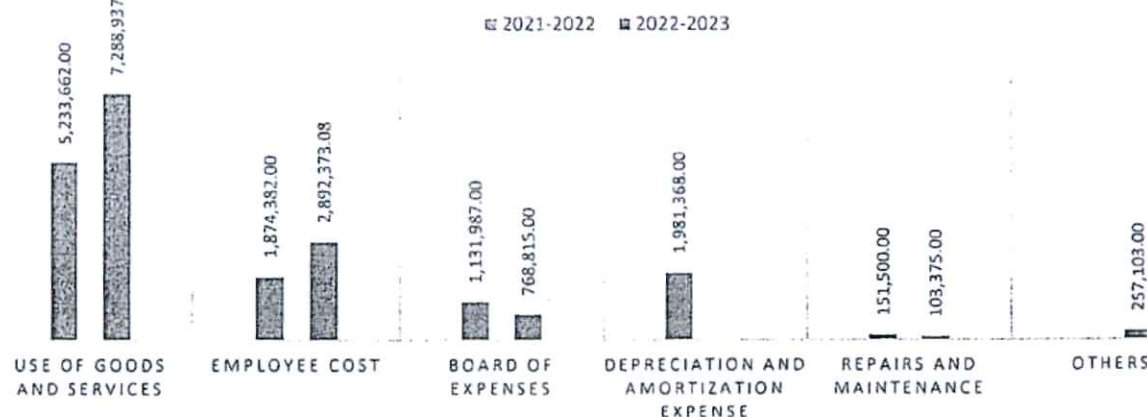
Siruti TVCA's revenue stood at Kes 12,284,554. The trainee population at the close of the financial year stood at 453 trainees. The breakdown is as shown below:



It is hoped that in FY 2023/2024, income of the institution will increase as a result of increased registration of trainees.

Total expenditure stood at Kes 13,416,774.6

### EXPENSES BY CATEGORY



It should be noted that employee costs stand at 25.6% of total costs which is an increase of 7.5% from 18.1% from the previous year. This is below the recommended ceiling of 30%. The increase is attributed to the increased number of trainers recruited during the financial year. The Board continues to recruit as funds become available.

Board expenses stand at 6.8% of total expenditure. This is above the recommended 5%. There is therefore needed to generate more income to lower this %age.

Use of goods and services is at 64.5% of total expenditure up from 50.5% the previous year. There was increased expenditure for practical lessons which had been a major concern in the previous year.

#### Compliance with Statutory Requirements

The College is operating under legal frame works necessary under public sector requirement such as.

- The Constitution of Kenya, 2010
- TVET Act, 2013
- PFM Act, 2012
- Procurement and Assets Disposal act, 2015
- IPSAS standards.
- All other relevant laws in its operation (regular circulars from treasury and ministry of education)

The College also has internal policies it uses in its operation. These policies are in line with all the relevant laws stated above and only direct the specific operations on how tasks are handled. The Board has already approved the Academic Policy, Financial Management Policy, Procurement Policy, Human Resource Policy, Risk Management Policy, ICT Policy, Work Study Policy, Whistle Blowing Policy, Sexual Harassment Policy, Child Protection Policy, Gender and Development Policy, Gender Based Violence Policy, Alcohol and Drug Abuse Policy, Public Complaints Policy, Road Safety Policy, OSHA Policy, HIV Policy, and Research Policy.

### **Risk Analysis**

#### **Operational Risks**

The Board has overall responsibility for the oversight of the College risk management framework. The College has a risk management policy used to identify and analyse the risks faced by the College, set appropriate risk limits and controls and monitor risks and adherence to limits. These risk management policies and systems will be reviewed regularly to reflect the changes in economic conditions and the College activities. The Principal will then oversee how management monitors compliance with the College risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the College.

The College faces a high level of competing interests for resources. There is a high level of competition for trainees in the College catchment area from other public and private TVET Colleges within the region.

The College financial assets comprise of receivables, cash and short-term deposits which arise directly from its operations. The financial liabilities comprise of payables including a loan taken from the mentor institution. The College is therefore exposed to both liquidity risks and credit risks.

#### **Liquidity Risk**

This is the risk that the College will not meet its financial obligations as they fall due. There is therefore needed to increase the number of trainees to cover the fixed costs. The College's approach managing liquidity is to ensure as far as possible, that there is always sufficient liquidity to meet liabilities as and when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damaging the College's reputation. Typically, the College ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 30 days including the servicing of financial obligations. This however does not include the potential impact of extreme circumstances that cannot be reasonably predicted such as political violence. All liquidity policies and procedures are subject to review and approval by the Board. It is very important to note that the College faces a liquidity risk of non-receipt of capitation grants from GoK which may prevent it from meeting its financial obligations as and when they fall due.

**Credit Risk**

Credit risk is the risk of financial loss to the College if a customer or counter party to a financial instrument fails to meet its current obligations. The receipt of fees from students minimizes the credit risk exposure. The College has a policy on fee payment which defines how and when fees are supposed to be paid. This minimizes the credit risk exposure. Currently 60.6% of the College's receivables are performing.

It important to note that the College now under performance contracting and it is envisaged that this will greatly improve its operational efficiency.

## 10. Environmental And Sustainability Reporting Statement

Siruti TVC Awendo exists to transform lives. This is our purpose; the driving force behind everything we do. This is what guides us to deliver our strategy of putting the customer first, delivering relevant goods and services and improve operational excellence.

### **Sustainability Strategy and Profile**

The College's approach to sustainability is based on the College mission to expand human knowledge beneficial to society through high quality training, applied research and practicability in partnership with industry players.

The institution recognises the importance of sustainable growth and has initiated programmes to generate income to cushion its operations. It also is establishing policies and programmes that are needed to promote sustainable development especially at local and regional level. The College will also sign an MoUs with industry players to among others enhance its capability to generate income in collaboration with industry.

Sustainability is also incorporated into trainee learning through both curricular and co-curricular programs by introducing practicability into the programmes as well as incorporating on job practical training. Programmes have also been planned aimed at increasing the capacity and capability of the trainers through development workshops and trainings.

Research and innovation are an important component of sustainability. In the FY 2023/2024 budget estimates, a total amount of Kes 1,215,000 representing 5.2% of Siruti TVCA annual budget, has been allocated for research and innovation activities.

In the FY 2023/2024, the College in its approved annual work plan, under the performance contract guidelines, has committed to developing partnerships and linkages with industry to provide learning opportunities for trainees, applied research opportunities for trainers and benefit to community.

In addition, a lot of importance is given to income generating activities. With the economic challenges that the country is facing, it is important that the College also to focus on income generating activities in order to boost its income base.

Our physical facilities include halls and grounds serve the community. Sports facilities especially the fields are open for use by the community on arrangement but free of any charges.

We will continue to engage with key stakeholders to achieve sustainability strategies in line with international best practice.

### **Environmental Performance**

Siruti TVCA strives to be a responsible business representing the highest standards of ethics and professionalism. We have reviewed the global best practice guidelines and standards including IPSAS, to help inform relevant policy areas. It is therefore important that STVCA is aware of

current environmental issues and informs, educates, and stand with the local community to improve the environment.

Our institution's social responsibilities are defined by both compliance and proactiveness. STVCA, compliance refers to our commitment to upholding all legal requirements, and our willingness to observe, acknowledge, and respect community values and laws.

Our proactiveness is manifested by emphasizing and recognizing human rights locally and globally, and actively engaging with our communities through volunteering, community service, pro-bono service, and philanthropy, while always protecting and respecting our natural environment through our actions and policies. This can be seen in the way the College engaged in tree planting within the compound to improve the environment.

As an institution, we implement policies and act to drive diversity and inclusion by providing an inclusive environment where all are empowered to share their diverse perspectives and experiences so we can ultimately be better together. Our policies, practices, programs, activities, and decisions regarding employment, hiring, assignment, promotion, compensation, volunteerism, and internships are not based on a person's ethnicity, colour, sex, age, religion, national origin, mental or physical disability, ancestry, sexual orientation, gender identity or expression, marital status, source of income, parental status, housing status, or other protected status. We strongly encourage women, youth, persons with disabilities, and members of the community to join the institution and live our shared values.

Siruti TVCA will always:

- Respect and uphold applicable local, county, and national laws to the best of our abilities.
- Honour and review all internal policies for complete and responsible implementation.
- Ensure that all transactions and relationships are legitimate, free of influence and bribery.
- Keep all partnerships and collaborations transparent and open.
- Recognize that privacy is a fundamental right, and we will comply with all privacy laws and expectations. In addition, we will work whenever possible to ensure that we respect the ability for all to manage their personal data.

Siruti TVCA values our natural environment and the need to protect it. Keeping our environment unpolluted and clean is paramount to the success of our communities and business. We will always follow best practices in disposal of garbage, compost, and seek out working facilities that strive to minimize their carbon footprint through National Environmental Management Authority (NEMA) certification and other environmentally sustainable best practices.

### Employee Welfare

We recognize the value of human relationships and put people at the heart of our business. We seek to treat all staff fairly and consistently, to create a workplace and business environment that is open, transparent, and trusted. Aligned with this approach, all members of the STVCA are required to conduct their activities in accordance with our approved codes and policies, as they are implemented and updated from time to time.

STVCA respects all employees and strive to make their experience a positive one in all aspects of their relationship with the institution. Our success is closely tied to staff happiness, growth, development, and teamwork, and we work to assess, measure, and always support the personal and professional growth of our employees, recognizing that the success of STVCA is led first by the success and happiness of our people.

We require our staff to act according to the highest standards of honesty and integrity as well as comply with all legal and regulatory requirements, which extend to the protection of human rights.

As an institution, we will always ensure that we do not risk the health and safety of our employees and community, we avoid harming the lives or safety of local and indigenous people, and we respect the basic human rights of all people, involved in our business. STVCA is dedicated to protecting human rights. We practice and commit to equal opportunity employment and will always abide by fair labour practices. Additionally, STVCA will ensure that our activities do not directly or indirectly violate human rights in any way.

### Market Place Practices

Diversity and inclusion are deeply ingrained in all aspects of our mission. These are core values to our institution because they are aligned to our institution's ethics. These policies also have the added value of improving training performance. Studies show that more diverse teams perform better, and institutions that have more inclusive environments also experience less turnover, have higher internal morale, and higher productivity rates from their employees. This commitment extends beyond the employee base to the highest levels of ownership and the administrative team.

We believe successfully inclusive workplaces begin with thoughtful hiring and recruiting processes that reduce subconscious bias in candidate selection and increase the overall diversity of our workforce. We employ industry-leading methodologies, processes, and technology to attract diverse talent pools, counteract bias, and match the best talent to the needs of our clients. Our methodology includes publishing gender neutral job descriptions. Our policies, practices, programs, activities, and decisions regarding employment, hiring, assignment, promotion, compensation, volunteerism, and internships are not based on a person's ethnicity, colour, sex, age, religion, national origin, disability status, sexual orientation, source of income, parental status,

housing status, or other protected status. And to help foster the most inclusive climate possible, we will provide ongoing diversity and inclusion training to all employees, not just our management teams. We believe this is the only way to truly shape a more safe, open, and productive work environment at all levels of our training.

It is a commitment to continual learning, improvement, and action to do our part in stewarding a future of work that is beneficial and equitable for all.

STVCA has qualified procurement manager who participates appropriately according to procurement standards thus ensuring that the procurement process has a smooth flow. The supplier and supply chain relation are perfectly respectable by having prompt communication to avoid misunderstanding between them thus supply of quality goods. Product stewardship is enhanced by safeguarding consumer rights and interests.

As part of our procurement policy, we expect all our suppliers to abide by the same principles and codes of conduct that we have in place. Accordingly, our suppliers must either agree to adhere to our policies and codes or confirm their adherence to their own codes of business conduct that comprise the same principles. We will be implementing a "right to audit" clause in our standard terms or conditions to allow for oversight of compliance with these provisions.

We believe that our commitment to sustainability and ethics extends beyond our own work capabilities and should include the decisions we make as a company about the partners we align with, and the products and services we buy. Our purchasing policy takes sustainability and ethical sourcing into consideration throughout all stages of the buying cycle, and we encourage our teams to support local and small businesses and support local economies. We encourage our purchasing teams to consider ethical sourcing and sustainability across all purchases. STVCA expects our suppliers to treat workers and employees with respect and fairness, to have suitable procedures in place, and to act in accordance with applicable laws.

### **Community Engagements**

As noted in our mission statement, STVCA recognizes an expectation to have a positive impact on our community, and we promote this expectation through philanthropy, pro-bono service work, volunteering, and community service.

2,000 tree seedlings were planted. In addition, the staff also planted approximately 200 seedlings at Siruti Dispensary and donated another 300 seedlings to the local community.

Staff and trainees of the College participated in a venture to repair a damaged section of the road approximate 100m leading to Siruti centre which had been rendered almost impassable. The community were very grateful for this gesture.

## 11. Report of the Board of Governors

The Board members submit their report together with the audited financial statements for the year ended 30 June 2023 which show the state of Siruti Technical and Vocational College Awendo.

### Principal activities

The principal activities of Siruti TVC Awendo are to provide training in technical and vocational skills, research, innovation, and management services. In addition, the College participates in technological innovation beneficial to the society as well as contributing to industrial and technological development of Kenya in partnership with industry.

### Results

The results of Siruti TVC Awendo for the year ended 30 June 2023 are set out on pages 1 to 26.

### Board of Governors

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

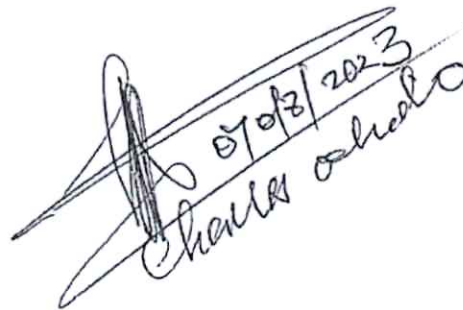
### Auditors

The Auditor General is responsible for the statutory audit of Siruti TVC Awendo in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015. However, being the first year of operation there were no previous financial statements to be audited.

By Order of the Board

.....  
Secretary of the Board

Date:



A handwritten signature in black ink, appearing to read 'Charles Ochieng', is written over a date '07/03/2023'. The signature is written in a cursive style and is positioned to the right of the Secretary of the Board's name.

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

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

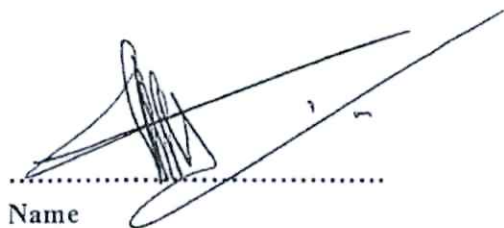
The Board members are responsible for the preparation and presentation of Siruti TVCA's financial statements, which give a true and fair view of the state of affairs of Siruti TVCA for and as at the end of the financial year ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of Siruti TVCA; (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 Siruti TVCA; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Board members accept responsibility for Siruti TVCA's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the TVET Act. The Board members are of the opinion that Siruti TVCA's financial statements give a true and fair view of the state of *entity's* transactions during the financial year ended June 30, 2023, and of Siruti TVCA's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for Siruti TVCA, which have been relied upon in the preparation of Siruti TVCA'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 Siruti TVCA will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The *Siruti TVCA* financial statements were approved by the Board on 13/07/2023 and signed on its behalf by:



.....  
Name

Chairperson of the Board/Council



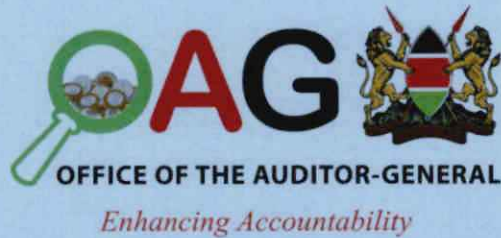
.....

Name

Accounting Officer/Principal

# REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



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

## **REPORT OF THE AUDITOR-GENERAL ON SIRUTI TECHNICAL AND VOCATIONAL COLLEGE AWENDO FOR THE YEAR ENDED 30 JUNE, 2023 – STATE DEPARTMENT FOR TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING**

### **PREAMBLE**

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

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

An Adverse Opinion is issued when the Auditor-General determines that the financial statements are materially misstated and are not fairly presented in accordance with the applicable financial reporting framework. The Report on the Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Adverse Opinion**

I have audited the accompanying financial statements of Siruti Technical and Vocational College Awendo set out on pages 1 to 20 which comprise of the statement of financial

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*Report of the Auditor-General on Siruti Technical and Vocational College Awendo for the year ended 30 June, 2023 – State Department for Technical and Vocational Education and Training*

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

In my opinion, because of the significance of the matter(s) discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, in all material respects, the financial position of Siruti Technical and Vocational College Awendo as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and do not comply with the Technical and vocational Education and Training Act 2013 and the Public Finance Management Act, 2012.

### **Basis for Adverse Opinion**

#### **1. Inaccuracies in the Statement of Financial Position and Statement of Changes in Net Assets**

The statement of financial position reflects a balance of Kshs.2,414,381 in respect of accumulated surplus. However, the statement of changes in net assets reflects accumulated surplus balance of Ksh.1,265,510 resulting to unreconciled and unexplained variance of Kshs.1,148,871. Further, the statement of financial position reflects a negative capital fund balance of Kshs.1,132,220. However, the statement of changes in net assets reflects capital fund balance of Kshs.434,110 resulting to unreconciled and unexplained variance of Kshs.(698,110).

In the circumstances, the accuracy and completeness of the statement of financial position and statement of changes in net assets could not be confirmed.

#### **2. Inaccuracies in the Statement of Cash Flows**

The statement of financial performance reflects an amount of Kshs.2,958,656 under employee cost. However, the statement of cash flows reflects an amount of Kshs.2,911,256 resulting to unreconciled variance of Kshs.47,400. Further the statement of financial performance reflects board expenses amounting to Kshs.805,673 while the statement of cash flow reflects an amount of Kshs.768,815 resulting to unreconciled variance of Ksh.36,858.

In the circumstances, the accuracy and completeness of the statement of cash flows could not be confirmed.

### **3. Unsupported Account Balances in the Statement of Financial Position**

The statement of financial position reflects balances in respect of receivables from exchange transactions of Kshs.2,350,276, inventories of Kshs.106,576, property, plant and equipment of Kshs.56,841,113 trade and other payables of Kshs.84,258, deferred income of Kshs.2,506,452 and borrowings Ksh 120,000. However, these balances were not supported with general ledgers and schedules.

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

### **4. Revenue from Exchange and Non - Exchange Transactions**

#### **4.1. Lack of Disbursement Letters**

The statement of financial performance reflects an amount of Kshs.4,871,000 in respect of revenue from non-exchange transactions and as disclosed in Note 6 to the financial statements. However, a review of the supporting ledgers and schedules revealed that there were no disbursement letters from the Ministry of Education to support the revenue.

In the circumstances, the completeness and occurrences of the revenue from non-exchange transactions could not be confirmed.

#### **4.2. Lack of Supporting Schedules under Rendering of Services**

The statement of financial performance reflects an amount of Kshs.7,373,694 in respect of rendering of services and as disclosed in Note 7 to the financial statements. However, there were no supporting schedules for the following vote heads; industrial attachment fees of Ksh.560,401; local transport of Ksh 781,612, examination fees of Ksh.746,000, tuition of Ksh.2,064,634, student union of Ksh.361,311, medical fees of Ksh.475,861, development of Ksh.140,100, EW&C of Ksh.457,169, RMI of Ksh.280,200 and personal emoluments Ksh.1,290,396.

In the circumstances, the accuracy and completeness of the rendering balances amounting to Kshs.7,373,694 could not be confirmed.

#### **4.3. Duplicate Student Receipt Numbers**

The statement of financial performance reflects an amount of Kshs.7,373,694 in respect of rendering of services and as disclosed in Note 7 to the financial statements. However, review of the supporting ledgers revealed duplication of receipt numbers between receipt numbers 2410 to 2434, which appear in the months October and November 2022 for twenty-five (25) students with different names.

In the circumstances, the accuracy and completeness of the rendering balances amounting to Kshs.7,373,694 could not be confirmed.

#### **4.4. Un-recognized Revenue for Caution Fee and Student ID**

The statement of financial performance reflects an amount of Kshs.7,373,694 in respect of rendering of services and as disclosed in Note 7 to the financial statements. However, the College did not report on revenue collected from caution fees and student ID, which form part of the approved fee structure. Management did not provide any explanation for this omission.

In the circumstances, the accuracy and completeness of the rendering balances amounting to Kshs.7,373,694 could not be confirmed.

#### **4.5. Failure to Adhere to the Approved Fee Structure**

The statement of financial performance reflects an amount of Kshs.7,373,694 in respect of rendering of services and as disclosed in Note 7 to the financial statements. However, this amount includes advertising fees of Kshs.216,010, which is not part of the approved fee structure. In the circumstances, Management has not complied with the approved fee structure.

In the circumstances, the accuracy and completeness of the rendering balances amounting to Kshs.7,373,694 could not be confirmed.

#### **4.6. Unsupported Sale of Goods and Other Income**

Note 10 and 11 to the financial statements reflects an amount of Kshs.18,860 and Kshs.21,000 in respect of sale of goods and other incomes (tender sales) respectively. However, Management did not provide supporting schedules to these balances.

In the circumstances, the accuracy and completeness of the sale of goods and other incomes (tender sales) totaling to Kshs.39,860 could not be confirmed.

#### **4.7. Variance between Ledger and Financial Statement Balances**

Review of the supporting schedules provided for audit revealed unexplained variances between the ledger and financial statement balances as tabulated below;

- i. The statement of financial performance reflects an amount of Kshs.805,673, while the supporting ledger reflected an amount of Kshs.768,815 resulting to unreconciled variance of Kshs.38,858.
- ii. The statement of financial performance reflects an amount of Kshs.2,958,656, while the ledger reflected an amount of Kshs.2,911,256 resulting to unreconciled variance of Kshs.47,400.
- iii. In addition, the statement of financial performance reflects an amount of Kshs.7,412,641 relating to use of goods and services, which as disclosed in Note 12 to the financial statements includes an amount of Kshs.2,706,898 in

respect of teaching and learning materials. The amount on learning materials deferred with the amount of Kshs.1,880,968 reflected in the ledgers by an amount of Kshs.825,930 which has not been reconciled.

- iv. The bank charges of Kshs.7,050 reflected included in the use of goods and services amount of Kshs.7,412,641 had not been recorded in the ledgers.

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

#### **5. Unsupported Payments - Use of Goods and Services**

The statement of financial performance reflect an amount of Kshs.7,412,641 in respect of use of goods and services, which includes an amount of Kshs.1,185,520 relating to travel and accommodation as indicated in Note 12 to the financial statements. However, review of the payment records and vouchers together with the supporting documentation revealed that the payments amounting to Kshs.853,300 were not supported with evidence of travel, authority to travel, signed attendance sheets, training needs assessment, and invitation letters.

In the circumstances, the completeness and regularity of the transactions amount of Kshs.853,300 could not be confirmed.

#### **6. Unsupported Property Plant and Equipment**

The statement of financial position reflect a balance of Kshs.56,841,113 in respect of property plant and equipment and as disclosed in Note 19 to the financial statements. However, these balances are not supported by an asset register. Further, Note 19 to the financial statements shows asset movement schedule, however, no impairment has been recognized on intangible assets. In addition, during the year under review, the College acquired additional property, plant and equipment amounting to Kshs.2,340,052 as shown in the asset movement schedule under Note 19 which have not been supported by payment records.

In the circumstances, valuation and completeness of property, plant and equipment balance of Kshs.56,841,113 could not be confirmed.

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

## **Emphasis of Matter**

### **Budgetary Control and Performance**

The statement of comparison of budget and actual amount reflects final receipts budget of Kshs.23,390,920 and actual on comparable basis amount of Kshs.12,284,554 resulting in under absorption of Kshs.11,106,366 or 47% of the budget. Similarly, the College expended Kshs.11,286,487 against the approved budget of Kshs.23,390,920, resulting to an under expenditure of Kshs.12,104,433 or 52 % of the total approved budget. The under absorption and underfunding may have negatively impacted on service delivery

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matter(s) described in the Basis for Adverse Opinion/Material Uncertainty Related to Going Concern section, I have determined that there are no other key audit matters to communicate in my report.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit section of the report, including in relation to these matters. Accordingly, the audit included the performance of procedures designed to respond to the assessment of the risks of material misstatement of the financial statements. The results of the audit procedures, including the procedures performed to address the matters above, provide the basis for my audit opinion on the accompanying financial statements.

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

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, because of the significance of the matter(s) discussed in the Basis for Adverse Opinion and the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources sections of my report, I confirm that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **1. Irregular Payments to Kenya Association of Technical Training Institution (KATTI)**

Note 12 to the financial statements reflects an amount of Kshs.7,412,641 in respect of use of goods and services. However, review of payment records revealed that

Kshs.358,500 was irregularly paid to Kenya Association of Technical Training. This is contrary to Regulation 23(2)c of the Public Finance Management (National Government) Regulations, 2015 which require that an Accounting Officer shall, before transferring any funds to an entity within or outside Government, ensure that there is a written assurance from the entity that it shall implement effective, efficient and transparent financial management and internal control systems, or, if such written assurance is not or cannot be given, render the transfer of the funds subject to conditions and remedial measures requiring the entity to establish and implement effective, efficient and transparent financial management and internal control systems.

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

## **2. Lack of Board Work Plan**

Review of board records and documents revealed that Management did not provide a detailed work plan for audit review.

In the absence of the work plan, it was not possible to identify the activities that the board had lined up to undertake in the year and assess the level of achievement.

## **3. Irregular Payment of Allowances to Board of Governance**

The statement of financial performance reflects an amount of Kshs.805,673 in respect of board allowances. However, included in the board allowances is the chairman's monthly honoraria paid amounting to Kshs.227,000 exceeding the authorized amount by Kshs.107,000 contrary to circular number MOE/VT/10/17 Vol.1.(60) on board allowances which stipulates that Kshs.10,000 as the monthly honoraria or Kshs.120,000 annually payable to the board chair. Further, Management have not provided evidence of deducting pay as you earn (PAYE) from sitting allowances paid to board members and remittance of the same to Kenya Revenue Authority.

In the circumstances, Management was in breach of the Ministry's circular as well as the law on withholding PAYE.

## **4. Failure to Maintain a Cash Book for Development Account**

During the year under review, the College did not maintain a cash book for National Bank of Kenya -Development account contrary to Section 100 of the Public Finance Management (National Government) Regulations, 2015 which requires that Accounting Officers shall keep in all offices concerned with receiving cash or making payments a cash book showing the receipts and payments.

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

## **5. Poor Cash Book Management**

Review of the College cash book revealed the following anomalies;

- (i) There were numerous overwriting on several pages and cancelations that were not counter signed by the officer making the correction contrary to Section 16 (2) and (3) of the Public Finance Management (National Government) Regulations, 2015 which require that an entry in a financial record or document shall not be obliterated, erased or altered by being written over and payment in connection with any document bearing an alteration, obliteration or erasure shall be refused by the relevant public officer or any other person unless countersigned, but this shall not apply to a cheque or official receipt.
- (ii) Balance brought forward are not documented on each page on the receipt side of the cash book. This negligence compromises the reliability of financial information, hindering effective decision-making and regulatory compliance.
- (iii) There appears to be a lack of adequate controls and oversight over cash book management. For example, segregation of duties is not consistently enforced, with the same individual responsible for recording transactions, authorizing payments, and reconciling accounts.
- (iv) Cashbooks were not confirmed by senior officers on a monthly basis.

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

## **6. Exclusion of Disadvantaged Groups in Annual Procurement Plan**

Review of the annual procurement plan that was in use by the College during the year under review revealed that Management failed to allocate at least thirty percent (30%) of its annual procurement budget for the purposes of procuring goods, works and services from enterprises owned by youth, women and persons with disability.

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

## **7. Failure to Maintain Imprest Register**

Review of the payment vouchers revealed that Management was issuing imprest with warrants. However, no imprest register was maintained as a control to monitor whether the imprests were surrendered or not.

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

## **8. Non-Implementation of Audit Recommendations**

During the year under review no response or action plan was availed for the implementation of the recommendations made in the audit reports. Further, no implementation status report for recommendations made in the audit reports for

2021/2022 were availed for audit verification. It is therefore not clear if there was any action plan or whether the audit reports were acted upon. This was contrary to Section 172(1) of the Public Finance Management (National Government) Regulations, 2015 which require that the accounting officer of the concerned entity shall be responsible for the implementation of the recommendations made in the audit reports and shall develop response and action plan which he or she shall submit to the Chairperson of the audit committee within fourteen days.

In the absence of the status reports on implementation of audit recommendations, the College lacks measures on improvement of governance structures and internal controls within its management structures.

## **9. Failure to Adhere to the Prescribed Financial Reporting Format**

Audit of the financial statement for the period ended 30 June, 2023 revealed the following anomalies.

- i) Chairman statement and report of the principal not signed.
- ii) The notes numbering do not correspond to the notes to the financial statement.
- iii) Prior year audit issues not captured under appendix 1.
- iv) No payables and receivables ageing analysis.
- v) The financial statements discloses Notes 8 and 9 to the financial statements, however there is no corresponding Notes to support them.
- vi) One missing photo for Board of Governors.

This was contrary to Section 81(3) of the Public Finance Management Act, 2012 which require that the accounting officer shall prepare the financial statements in a form that complies with the relevant accounting standards prescribed by the Public Sector Account Standards Board.

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

## **10. Failure to File Annual Self-Evaluation Report**

Review of statutory documents of the institute revealed that the institute did not file its annual self-evaluation report as required by the law contrary to Section 41(1) ,(2) and (3) of the Technical, Vocation Education and Training Act 2013 which states that on Filing of annual report every institution accredited under this Act shall file its annual self-evaluation report in the prescribed manner with the Board and the annual self-evaluation report shall give details of development made in the institution's physical infrastructure and training and any institution that fails to comply with the provisions of this section commits an offence under this Act.

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

## **11. Lack of Internal Audit Unit and Review**

Review of the College's operations indicated that no internal audit reviews were performed on the internal processes and no risk assessment was carried out to identify and address key areas of concern and document specific controls in response to identified risks, contrary to Regulation 160(1)(a) and (b) of the Public Financial Management (National Government) Regulations, 2015 which require that Internal auditors shall review and evaluate budgetary performance, financial management, transparency and accountability mechanisms and processes in national government entities. The function has a duty to give reasonable assurance through the audit committee on the state of risk management, control and governance within the organization.

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

## **12. Lack of Ethnic Diversity in Staff Composition**

Review of the staff bio data provided revealed that the College had forty – eight (48) employees as at 30 June, 2023. Out of the number, thirty-nine (39) or 81% were from the same community. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008. In the circumstance management was in breach of the law.

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

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

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

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, because of the significance of the matters discussed in the Basis for Adverse Opinion and the Basis for Conclusion on effectiveness of internal controls, risk management and governance sections of my report, I confirm that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

#### **Weaknesses in IT Controls- Failure to Provide ERP Contract Agreement and Service Level Agreement**

Review of payment records show that Kshs.243,600 was paid to a firm for supply, installation and commissioning of an ERP system which included the design,

development, Implementation and support of Integrated (ERP) system. However, Management did not provide the service level agreement and contract agreement between the College and the vendor to establish the scope of works and terms of reference.

In the absence of the contract agreement and service level agreement, it was not possible to confirm and verify the terms of reference in the contract agreement, scope of work, deliverables, or whether value for money was achieved in the procurement of the ERP system.

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### **Conclusion**

The TVET act 2013 requires that I report on the legal or regulatory requirements, or on performance information disclosed. These matters require expressing a separate opinion as to the College's compliance with laws and regulations. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of the Management and those Charged with Governance**

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

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

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

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

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

### **Auditor-General's Responsibilities for the Audit**

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

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

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

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

  
FCPA Nancy Sathungu, CBS  
**AUDITOR-GENERAL**

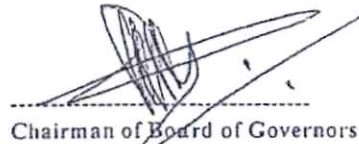
**Nairobi**

**30 April, 2025**

## 14. Statement of Financial Performance for the year ended 30 June 2023

| Description  | Notes | 2022-2023          | 2021-2022         |
|--|-------|--------------------|-------------------|
|  |       | Kes                | Kes               |
| <b>Revenue from Non-Exchange Transactions</b>              |       |                    |                   |
| Transfers from other National Government entities          | 6     | 3,871,000          | 5,077,500         |
| Transfers from the National Government – Capitation Grants | 6     | 1,000,000          | 500,000           |
|  |       | <b>4,871,000</b>   | <b>5,577,500</b>  |
| <b>Revenue from Exchange Transactions</b>                  |       |                    |                   |
| Rendering of Services- Fees from trainees                  | 7     | 7,373,694          | 6,563,422         |
| Sale of Goods  | 8     | 18,860             | 3,990             |
| Other Income-tender sales                                  | 9     | 21,000             | 17,000            |
| <b>Revenue from Exchange Transactions</b>                  |       | <b>7,413,554</b>   | <b>6,584,412</b>  |
|  |       |                    |                   |
| <b>Total Revenue</b>                                       |       | <b>12,284,554</b>  | <b>12,161,912</b> |
| <b>Expenses</b>  |       |                    |                   |
| Use of Goods and Services                                  | 10    | 7,412,641          | 5,233,662         |
| Employee Costs   | 11    | 2,958,656          | 1,874,382         |
| Board Expenses   | 12    | 805,673            | 1,131,987         |
| Depreciation Expense                                       | 13    | 2,136,429          | 1,981,371         |
| Repairs and Maintenance                                    | 14    | 103,375            | 151,500           |
| <b>Total Expenses</b>                                      |       | <b>13,416,774</b>  | <b>10,372,902</b> |
| <b>Net Surplus for the year</b>                            |       | <b>(1,132,220)</b> | <b>1,789,010</b>  |

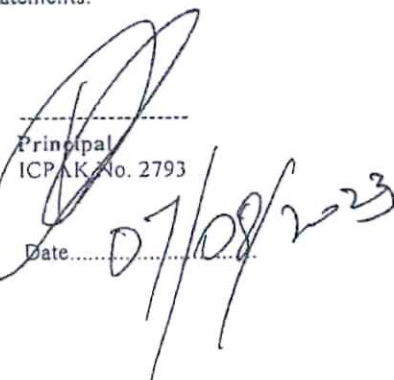
The notes set out on pages 6 to 23 form an integral part of the Annual Financial Statements.

  
Chairman of Board of Governors

Date: 07/08/2023

  
Finance Officer

Date: 7/8/2023

  
Principal  
ICPAK No. 2793

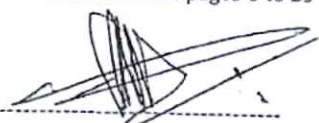
Date: 07/08/2023

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

15. Statement of Financial Position as at 30th June 2023

| Description   | Notes | 2022-2023         | 2021-2022         |
|---|-------|-------------------|-------------------|
|   |       | Kes               | Kes               |
| <b>Assets</b>                                       |       |                   |                   |
| <b>Current Assets</b>                               |       |                   |                   |
| Cash and Cash equivalents                           | 15    | 694,906           | 2,149,008         |
| Receivables from Exchange transactions              | 16    | 2,350,276         | 1,314,853         |
| Receivables from Exchange transactions(advance)     | 17    |                   | 18,500            |
| Inventories   | 18    | 106,576           | 114,500           |
| <b>Total Current Assets</b>                         |       | <b>3,151,758</b>  | <b>3,596,861</b>  |
| <b>Non-Current Assets</b>                           |       |                   |                   |
| Property, Plant, and Equipment                      | 19    | 56,841,113        | 56,637,490        |
| <b>Total Non-Current Assets</b>                     |       | <b>56,841,113</b> | <b>56,637,490</b> |
| <b>Total Assets</b>                                 |       | <b>59,992,871</b> | <b>60,234,351</b> |
| <b>Liabilities</b>                                  |       |                   |                   |
| <b>Current Liabilities</b>                          |       |                   |                   |
| Trade and other payables from exchange transactions | 20    | 84,258            | 95,941            |
| Deferred income                                     | 21    | 2,506,452         | 1,186,571         |
| <b>Total Current Liabilities</b>                    |       | <b>2,590,710</b>  | <b>1,282,512</b>  |
| <b>Non-current Liabilities</b>                      |       |                   |                   |
| Borrowings  | 22    | 120,000           | 120,000           |
| <b>Total Non-current Liabilities</b>                |       | <b>2,710,710</b>  | <b>120,000</b>    |
| <b>Net Assets</b>                                   |       | <b>57,282,161</b> | <b>58,831,839</b> |
| Revaluation Reserve                                 |       | 56,000,000        | 56,000,000        |
| Accumulated Surplus                                 |       | 2,414,381         | 2,397,729         |
| Capital Fund  |       | (1,132,220)       | 434,110           |
| <b>Total Net Assets and Liabilities</b>             |       | <b>57,282,161</b> | <b>58,831,839</b> |

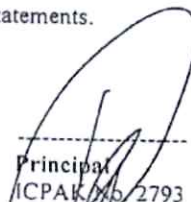
The notes set out on pages 6 to 23 form an integral part of the Annual Financial Statements.

  
Chairman of Board of Governors

Date: 07/07/2023

  
Finance Officer

Date: 7/8/2023

  
Principal  
ICPAK No. 2793

Date: 07/08/2023


16. Statement of Changes in Net Asset for the year ended 30 June 2023

| Description                             | Revaluation Reserve | Accumulated Surplus | Capital Fund | Total      |
|---|---------------------|---------------------|--------------|------------|
| 1 <sup>st</sup> July 2020               | 56,000,000          | -                   | -            | 56,000,000 |
| Total Comprehensive Income              | -                   | 608,720             | 434,110      | 1,042,830  |
| 30 <sup>th</sup> June 2021              | 56,000,000          | 608,720             | 434,110      | 57,042,830 |
| Balance as at 1 <sup>st</sup> July 2021 | 56,000,000          | 608,720             | 434,110      | 57,042,830 |
| Total Comprehensive Income              | 0                   | 1,789,010           | -            | 1,789,010  |
| 30 <sup>th</sup> June, 2022             | 56,000,000          | 2,397,730           | 434,110      | 58,831,840 |
| Balance as at 1 <sup>st</sup> July 2022 | 56,000,000          | 2,397,730           | 434,110      | 58,831,840 |
| Total Comprehensive Income              | 0                   | -1,132,220          | 0            | -1,132,220 |
| 30 <sup>th</sup> June, 2023             | 56,000,000          | 1,265,510           | 434,110      | 57,692,252 |

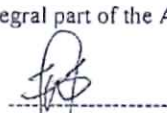
## 17. Statement of Cash Flows for the year ended 30 June 2023

| Description  | Notes | 2022-2023          | 2021-2022          |
|--|-------|--------------------|--------------------|
|  |       | Kes                | Kes                |
| <b>Cash Flows from Operating Activities</b>                  |       |                    |                    |
| <b>Receipts</b>  |       |                    |                    |
| Transfers from other government entities/Gok Grants          | 6     | 4,871,000          | 5,577,500          |
| Rendering of Services - Fees from trainees                   | 7     | 7,373,694          | 5,376,851          |
| Sale of Goods  | 8     | 18,860             | 3,990              |
| Other Income   | 9     | 21,000             | 17,000             |
| <b>Total Receipts</b>  |       | <b>12,284,554</b>  | <b>10,975,341</b>  |
| <b>Payments</b>  |       |                    |                    |
| Use of goods and services                                    | 10    | 7,412,641          | 5,233,662          |
| Compensation of employees                                    | 11    | 2,911,256          | 1,874,382          |
| Board Expenses   | 12    | 768,815            | 1,131,987          |
| Repairs and Maintenance                                      | 13    | 103,375            | 151,500            |
| <b>Total Payments</b>  |       | <b>11,196,087</b>  | <b>8,391,531</b>   |
| Deferred Income  |       | -                  | 1,186,571          |
| <b>Cash Flows from Operating Activities</b>                  |       | <b>1,088,467</b>   | <b>3,770,381</b>   |
| <b>Adjustments for:</b>                                      |       |                    |                    |
| Inventories  | 17    | (106,576)          | (114,500)          |
| <b>Net Cash Flows from Operating Activities</b>              |       | <b>981,891</b>     | <b>3,655,881</b>   |
| <b>Cash Flows from Investing Activities</b>                  |       |                    |                    |
| Purchase of Property, Plant and Equipment                    | 18    | (2,340,052)        | (3,440,107)        |
| <b>Net Cash Flows used in Investing Activities</b>           |       | <b>(2,340,052)</b> | <b>(3,440,107)</b> |
| <b>Cash Flows from Financing Activities</b>                  |       |                    |                    |
| Repayment of non-exchange transactions                       | 20    | (95,941)           |                    |
| Repayment of borrowings                                      | 22    |                    | (180,000)          |
| Increase in Capital Funds                                    |       |                    |                    |
| <b>Net Cash Flows used in Financing Activities</b>           |       |                    | <b>(180,000)</b>   |
| <b>Net Increase/(Decrease) in Cash and Cash equivalents</b>  |       | <b>(1,454,102)</b> | <b>35,774</b>      |
| Cash and Cash equivalents at 30 June 2022                    |       | 2,149,008          | 2,113,234          |
| <b>Cash and Cash equivalents at 1<sup>st</sup> July 2023</b> |       | <b>694,906</b>     | <b>2,149,008</b>   |

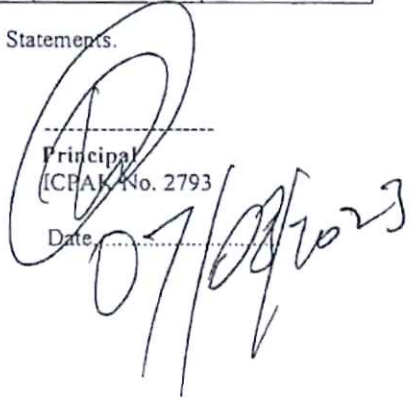
The notes set out on pages 6 to 23 form an integral part of the Annual Financial Statements.

  
Chairman of Board of Governors

Date: 07/08/2023

  
Finance Officer

Date: 7/8/2023

  
Principal  
ICPAK No. 2793

Date: 07/08/2023

18. Statement of Comparison of Budget and Actual amounts for year Ended 30 June 2023

|  | Original Budget   | Adjustments | Final Budget      | Actual on Comparable Basis | Performance Difference | Utilization Difference |
|--|-------------------|-------------|-------------------|----------------------------|------------------------|------------------------|
|  | 2022-2023         | 2022-2023   | 2022-2023         | 2022-2023                  | 2022-2023              | 2022-2023              |
| Revenue  | Kes               | Kes         | Kes               | Kes                        | Kes                    | %                      |
| Transfers from other Govt entities Govt grants | 0                 | 0           | 0                 | 1,000,000                  | 1,000,000              | 100%                   |
| Capitation                                     | 12,600,000        | 0           | 12,600,000        | 3,871,000                  | 8,729,000              | 69.2%                  |
| Rendering of services- Fees from students      | 9,890,920         | 0           | 9,890,920         | 7,373,694                  | 2,517,226              | 25.4%                  |
| Sale of goods                                  | 0                 | 0           | 0                 | 18,860                     | 18,860                 | 100%                   |
| Other Income                                   | 900,000           | 0           | 900,000           | 21,000                     | 879,000                | -97.6%                 |
| <b>Total income</b>                            | <b>23,390,920</b> | <b>0</b>    | <b>23,390,920</b> | <b>12,284,554</b>          | <b>13,144,086</b>      | <b>56.19%</b>          |
| <b>Expenses</b>                                |                   |             |                   |                            |                        |                        |
| Compensation of employees                      | 3,970,863         | 0           | 3,970,863         | 2,958,656.08               | 1,012,206.92           | 27.2%                  |
| Use of goods and services                      | 15,394,096        | 0           | 15,394,096        | 7,412,641.32               | 7,981,454.68           | 50.9%                  |
| Board Expenses                                 | 2,160,000         | 0           | 2,160,000         | 805,815                    | 1,354,185              | 64.4%                  |
| Repairs and Maintenance                        | 618,764           | 0           | 618,764           | 103,375                    | 515,389                | 83.3%                  |
| <b>Total expenditure</b>                       | <b>23,390,920</b> | <b>0</b>    | <b>23,390,920</b> | <b>11,286,487</b>          | <b>10,863,236</b>      | <b>46.3%</b>           |
| <b>Surplus for the period</b>                  |                   |             |                   | <b>1,004,067</b>           | <b>2,280,850</b>       |                        |

The deficit in income was caused by non-receipt of capitation and Q3 and Q4 grants. This also resulted in reduces expenditure in the various vote heads.

19. Notes to the Financial Statements

1. General Information

Siruti TVC Awendo is established by and derives its authority and accountability from TVET Act. Siruti Technical and Vocational College Awendo is wholly owned by the Government of Kenya and is domiciled in Kenya.

The mandate of Siruti TVC Awendo is provision of education, and training in technical and vocational skills, research, innovation, and management services.

2. Statement of Compliance and

The financial statements have been prepared on a historical cost basis modified by revaluation of the land and buildings. The preparation of financial statements is in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying Siruti TVC Awendo accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed.

The financial statements have been prepared and presented in Kenya Shillings (Kes), which is the functional and reporting currency of Siruti TVC Awendo.

3 Basis of Preparation

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

4 Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

**Transfers from other Government Entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services, and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to Siruti TVC Awendo and can be measured reliably. Recurrent grants are recognized in the Statement of Financial Performance. Capital grants are recognized in the Statement of Financial Position and realised in the Statement of Financial Performance over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

**Rendering of Services**

Siruti TVC Awendo recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably.

**Sale of Goods**

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to Siruti TVC Awendo.

**Interest Income**

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

**Rental Income**

Siruti TVC Awendo currently does not earn any rental income.

**b) Budget Information**

Siruti TVC Awendo 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 not been presented as this is the first year of operation.

**c) Taxes**

*Current Income Tax*

In FY 2022/2023 there was income tax paid.

*Value Added Tax*

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

**SIRUTI TVC AWENDO**

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- When the VAT tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT 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 VAT tax included.

The net amount of VAT 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**

Siruti TVCA currently does not have any investment properties.

**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, Siruti TVCA 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.

**f) Depreciation Policy**

Depreciation is charged annually on a reducing balance basis on the balance at year end. The depreciation rates for the Non-Current assets of the STVCA are outlined below:

| Category                        | Estimated Useful Life | Depreciation rate |
|---------------------------------|-----------------------|-------------------|
| Buildings and other Civil works | 40 years              | 2.5%              |
| Plant, Machinery & Equipment    | 5 years               | 20%               |
| Office Equipment                | 5 years               | 12.5%             |
| Motor Vehicles                  | 4 years               | 25%               |
| Computer and related Equipment  | 3 years               | 33.3%             |
| Furniture and Fittings          | 8 years               | 12.5%             |

**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.

**i) 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.

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

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

**j) Provisions**

Provisions are recognized when Siruti TVCA has a present obligation (legal or constructive) because 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 Siruti TVCA expects some or all 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**

Siruti TVCA 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**

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

**k) Nature and Purpose of Reserves**

Siruti TVC Awendo creates and maintains reserves in terms of specific requirements. Currently there are no specific reserves.

**l) Changes in Accounting Policies and Estimates**

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

**m) 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.

**n) Borrowing Costs**

Borrowing costs are capitalized against qualifying assets as part of Property, Plant and Equipment.

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

**o) Related Parties**

Siruti TVC Awendo 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 Siruti TVCA, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO/Principal and senior managers.

**p) Service Concession Arrangements**

Siruti Technical and Vocational College Awendo analyses all aspects of service concession arrangements that it enters in determining the appropriate accounting treatment and disclosure requirements. Where a private party contributes an asset to the arrangement, Siruti TVCA 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, Siruti TVCA also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**q) Cash and Cash Equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank. Bank account balances include amounts held at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprest and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**r) Comparative Figures**

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

s) Subsequent Events

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

5 Significant Judgments and Sources of Estimation Uncertainty

The preparation of Siruti TVC Awendo 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. Siruti Technical and Vocational College Awendo 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 Siruti Technical and Vocational College Awendo.

**Useful lives and residual values**

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by Siruti TVCA
- 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

6. Transfers from National Government Ministries

| Description                                  | 2022-2023        | 2021-2022        |
|--|------------------|------------------|
|  | Kes              | Kes              |
| <b>Unconditional grants</b>                  |                  |                  |
| Operational grant                            | 1,000,000        | 500,000          |
| Capitation grants                            | 3,871,000        | 5,077,500        |
| <b>Total government grants and subsidies</b> | <b>4,871,000</b> | <b>5,577,500</b> |

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## 6a) Transfers from Ministries, Departments and Agencies

| Name of entity sending the grant | Amount recognized to Statement of Performance<br>Kes | Amount deferred under deferred income.<br>Kes | Total comparative grant for previous 2021/2022<br>Kes |
|----------------------------------|--|---|---|
| Ministry of Education            |  | 4,871,000                                     | 5,577,500   |
| <b>Total</b>                     |  | <b>4,871,100</b>                              | <b>5,577,500</b>                                      |

## 7. Rendering of Services

| Description   | 2022-2023        | 2021-2022        |
|---|------------------|------------------|
|   | Kes              | Kes              |
| Industrial attachment costs                         | 560,401          | 454,030          |
| Local transport                                     | 781,612          | 1,048,582        |
| Advertising   | 216,010          | -                |
| Examination fees                                    | 746,000          | 759,600          |
| Postage   | -                | 15,504           |
| Printing and stationery                             | -                | 8,004            |
| Tuition   | 2,064,634        | 2,218,725        |
| Cleaning  | -                | -                |
| Student Union                                       | 361,311          | 161,395          |
| Internet Expenses                                   | -                | 230,565          |
| Library Expenses                                    | -                | 7,500            |
| Medical Expenses                                    | 475,861          | 92,226           |
| Development   | 140,100          | 353,686          |
| Others  | 0                | 15,130           |
| EW&C  | 457,169          | 286,361          |
| RMI   | 280,200          | 215,578          |
| Personal Emolument                                  | 1,290,396        | 696,536          |
| <b>Total revenue from the rendering of services</b> | <b>7,373,694</b> | <b>6,563,422</b> |

## 10. Sale of Goods

| Description                    | 2022-2023     | 2021-2022    |
|--------------------------------|---------------|--------------|
|                                | Kes           | Kes          |
| Sales of vegetables            | 18,860        | 3,990        |
| <b>Total of sales of goods</b> | <b>18,860</b> | <b>3,990</b> |

## 11. OTHER INCOMES- Tender sales

| Description              | 2022-2023     | 2021-2022     |
|--------------------------|---------------|---------------|
|                          | Kes           | Kes           |
| Sale of tender documents | 21,000        | 17,000        |
| <b>Total</b>             | <b>21,000</b> | <b>17,000</b> |

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12. Use of Goods and Services

| Description                     | 2022-2023        | 2021-2022        |
|---------------------------------|------------------|------------------|
|                                 | Kes              | Kes              |
| Teaching and learning materials | 2,706,898        | 1,621,624        |
| Industrial Attachment costs     | 136,018          | 99,439           |
| Electricity                     | 66,824           | 178,538          |
| Water                           | 0                | 45,000           |
| Subscriptions                   | 398,500          | 600,620          |
| Advertising                     | 211,500          | 79,950           |
| Examination fees                | 1,018,090        | 759,600          |
| Travelling and Accommodation    | 1,185,520        | 1,213,950        |
| Postage                         | 1,350            | 16,450           |
| Printing and Stationery         | -                | 137,788          |
| Contingencies                   | -                | 65,954           |
| Activity                        | 1,113,600        | 118,470          |
| Cleaning                        | 5,500            | 3,500            |
| Trainee Union                   | 230,945          | 133,794          |
| Internet Expenses               | 76,006           | 17,697           |
| Bank charges                    | 7,050            |                  |
| Library Expenses                | 8,500            | 7,500            |
| Medical Expenses                | 5,120            | 8,870            |
| Others (IGA, Rent)              | 238,220          | 60,631           |
| PAYE                            | -                | 64,287           |
| Advance                         | 3,000            |                  |
| <b>Total Goods and Services</b> | <b>7,412,641</b> | <b>5,233,662</b> |

13. Employee Costs

| Description                  | 2022-2023        | 2021-2022        |
|------------------------------|------------------|------------------|
|                              | Kes              | Kes              |
| Salaries and Wages           | 2,958,656        | 1,874,382        |
| <b>Total Employment cost</b> | <b>2,958,656</b> | <b>1,874,382</b> |

This includes NSSF, NHIF and HELB deductions.

14. Board Allowances

| Description            | 2022-2023      | 2021-2022        |
|------------------------|----------------|------------------|
|                        | Kes            | Kes              |
| Chairman's Honoraria   | 227,000        | 276,257          |
| Member's Emoluments    | 378,500        | 654,000          |
| Board related Expenses | 200,173        | 201,730          |
|                        | <b>805,673</b> | <b>1,131,987</b> |

This includes PAYE paid on allowances.

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15. Depreciation and Amortization Expense

| Description                                | 2022-2023        | 2021-2022        |
|--|------------------|------------------|
|  | Kes              | Kes              |
| Property, Plant and Equipment              | 2,136,429        | 1,981,371        |
| <b>Total Depreciation and Amortization</b> | <b>2,136,429</b> | <b>1,981,371</b> |

14 Repair and Maintenance

| Description                          | 2022-2023      | 2021-2022      |
|--------------------------------------|----------------|----------------|
|                                      | Kes            | Kes            |
| General repairs on facility          | 103,375        | 151,500        |
| <b>Total Repairs and Maintenance</b> | <b>103,375</b> | <b>151,500</b> |

15. Details / Analysis of Cash and Cash Equivalents

| Description                   | Account number | 2022-2023      | 2021-2022        |
|-------------------------------|----------------|----------------|------------------|
|                               |                | Kes            | Kes              |
| <b>a) Current Account</b>     |                |                |                  |
| National Bank of Kenya:       |                |                |                  |
| Current account – Operational | 1022234864700  | 691,151        | 1,121,185        |
| Current account – Development | 1022234864701  | 1995           | 975,675          |
| <b>Sub- total</b>             |                | <b>693,146</b> | <b>2,096,860</b> |
| <b>Others</b>                 |                |                |                  |
| Cash in hand                  |                | 1760           | 52,148           |
| <b>Sub- total</b>             |                | <b>1760</b>    | <b>52,148</b>    |
| <b>Grand total</b>            |                | <b>694,906</b> | <b>2,149,008</b> |

16 Receivables from Exchange Transactions

| Description                      | 2022-2023        | 2021-2022        |
|----------------------------------|------------------|------------------|
|                                  | Kes              | Kes              |
| <b>Current Receivables</b>       |                  |                  |
| Trainee Debtors                  | 2,350,276        | 1,314,853        |
| <b>Total Current Receivables</b> | <b>2,350,276</b> | <b>1,314,853</b> |

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 ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2023  
 NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. Receivables from Non-Exchange Transactions

| Description                      | 2022-2023 | 2021-2022     |
|----------------------------------|-----------|---------------|
|                                  | Kes       | Kes           |
| Advance Repayment                | -         | 18,500        |
| <b>Total Current Receivables</b> | <b>-</b>  | <b>18,500</b> |

18 Inventories

| Description              | 2022-2023      | 2021-2022      |
|--------------------------|----------------|----------------|
|                          | Kes            | Kes            |
| Consumable stores        | 106,576        | 114,500        |
| <b>Total Inventories</b> | <b>106,576</b> | <b>114,500</b> |

SIRUTI TVC AWENDO

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2023

19 PROPERTY, PLANT AND EQUIPMENT

|   | Land      | Buildings  | Intangible Asset | Furniture and fittings | Computers | Office equipment | Plant and Equipment | Library Books | Capital Work in progress | Total      |
|---|-----------|------------|------------------|------------------------|-----------|------------------|---------------------|---------------|--------------------------|------------|
| Cost                                    |           |            |                  | Kes                    | Kes       | Kes              | Kes                 |               | Kes                      | Kes        |
| At 1 <sup>st</sup> July 2020            |           | 2.5%       |                  | 12.5%                  | 33.3%     | 12.5%            | 20%                 | 12.5%         | 0                        | -          |
| Additions/Transfers/Adjustments         | 4,500,000 | 50,300,000 |                  | 412,360                | -         | 86,216           | -                   | -             | 1,200,000                | 56,498,576 |
| At 30 <sup>th</sup> June 2021           | 4,500,000 | 50,300,000 |                  | 412,360                | -         | 86,216           | -                   | -             | 1,200,000                | 56,498,576 |
| At 1 <sup>st</sup> July 2021            | 4,500,000 | 50,300,000 |                  | 412,360                | 0         | 86,216           | 0                   | -             | 1,200,000                | 56,498,576 |
| Additions                               |           |            |                  | 576,236                | 1,321,198 | 48,259           | 835,001             | 126,043       | 533,370                  | 3,440,107  |
| At 30 <sup>th</sup> June 2022           | 4,500,000 | 50,300,000 |                  | 988,596                | 1,321,198 | 134,475          | 835,001             | 126,043       | 1,733,370                | 59,938,683 |
| <b>Depreciation &amp; Impairment</b>    |           |            |                  |                        |           |                  |                     |               |                          |            |
| Accumulated Depreciation At 1 July 2021 | 0         | 1,257,500  |                  | 51,545                 | 0         | 10,777           | 0                   | -             | 0                        | 1,319,822  |
| Charge for the Year                     |           | 1,226,063  |                  | 117,131                | 439,959   | 15,462           | 167,000             | 15,755        | -                        | 1,981,371  |
| As at 30 June 2022                      |           | 2,483,563  |                  | 168,676                | 439,959   | 26,239           | 167,000             | 15,755        | -                        | 3,301,193  |
| <b>Net Book Value</b>                   |           |            |                  |                        |           |                  |                     |               |                          |            |
| As at 30 June 2022                      | 4,500,000 | 47,816,438 |                  | 819,920                | 881,239   | 108,236          | 668,001             | 110,288       | 1,733,370                | 56,637,490 |
| As at 30 June 2021                      | 4,500,000 | 49,042,500 |                  | 360,815                | -         | 75,439           | -                   | -             | 1,200,000                | 55,178,754 |
| Additions                               |           |            | 243,600          | 180,192                | 108,600   | 480,795          | 1,326,865           |               |                          | 2,340,052  |
|   | 4,500,000 | 47,816,437 | 243,600          | 1,000,112              | 989,839   | 589,031          | 1,994,866           | 110,288       | 1,733,370                | 58,977,542 |
| Depreciation                            | 0         | 1,195,411  | 0                | 125,014                | 329,616   | 73,629           | 398,973             | 13,786        |                          | 2,136,429  |
| As at 30 June 2023                      | 4,500,000 | 46,621,026 | 243,600          | 875,098                | 660,223   | 515,402          | 1,595,893           | 96,502        | 1,733,370                | 56,841,113 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20 Trade and Other Payables from Exchange Transactions

| Description                           | 2022-2023     | 2021-2022     |
|---------------------------------------|---------------|---------------|
|                                       | Kes           | Kes           |
| Trade payables                        | 84,258        | 95,491        |
| Other payables                        |               |               |
| <b>Total trade and other payables</b> | <b>84,258</b> | <b>95,491</b> |

It includes NSSF, NHIF & P.A.Y.E

21 DEFERRED INCOME

| Description                  | 2022-2023        | 2021-2022        |
|------------------------------|------------------|------------------|
|                              | Kes              | Kes              |
| Fees paid in advance         | 2,506,452        | 1,186,571        |
| <b>Total Deferred Income</b> | <b>2,506,452</b> | <b>1,186,571</b> |

22. BORROWINGS

| Description                                       | 2022-2023      | 2021-2022      |
|---|----------------|----------------|
|   | Kes            | Kes            |
| Balance at the beginning of the year              | 120,000        | -              |
| Domestic borrowings during the year               | -              | 300,000        |
| Repayments of domestic borrowings during the year | -              | (180,000)      |
| <b>Balance at end of the period</b>               | <b>120,000</b> | <b>120,000</b> |

22a). Analysis of External and Domestic Borrowings

| Description                             | 2022-2023      | 2021-2022      |
|---|----------------|----------------|
|   | Kes            | Kes            |
| External Borrowings                     | -              | -              |
| Domestic Borrowings                     | -              | -              |
| Kenya Shilling loan from Mawego TTI     | 120,000        | 300,000        |
| <b>Total balance at end of the year</b> | <b>120,000</b> | <b>300,000</b> |

22b). Breakdown of Long- and Short-Term Borrowings

| Description                             | 2022-2023      | 2021-2022      |
|---|----------------|----------------|
|   | Kes            | Kes            |
| Short term borrowings (current portion) | -              | -              |
| Long term borrowings                    | 120,000        | 120,000        |
| <b>Total</b>                            | <b>120,000</b> | <b>120,000</b> |

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23. Cash Generated from Operations

| Description                             | 2022-2023   | 2021-2022   |
|---|-------------|-------------|
|   | Kes         | Kes         |
| Surplus for the year                    | (1,132,220) | 1,789,010   |
| Adjusted for:                           |             |             |
| Depreciation                            | 2,136,429   | 1,981,371   |
| Non-cash grants received                |             |             |
| Working Capital adjustments             |             |             |
| Increase in receivables                 | (2,350,276) | (1,314,853) |
| Increase in deferred income             | 2,506,432   | 1,186,571   |
| Increase in payables                    | 84,258      | 95,491      |
| Net cash flow from operating activities | 1,076,107   | 3,737,590   |

24. Financial Risk Management

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

Siruti TVC Awendo financial risk management objectives and policies are detailed below:

(i) Credit risk

Siruti TVCA 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 student, considering 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. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

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

|  | Total amount<br>Kes | Fully performing<br>Kes | Past due<br>Kes | Impaired<br>Kes |
|--|---------------------|-------------------------|-----------------|-----------------|
| <b>At 30 June 2020</b>                     |                     |                         |                 |                 |
| Receivables from exchange transactions     | -                   | -                       | -               | -               |
| Receivables from non-exchange transactions | -                   | -                       | -               | -               |
| Bank balances                              | -                   | -                       | -               | -               |
| <b>Total</b>                               | -                   | -                       | -               | -               |

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| At 30 June 2022                            |                    |                    |   |   |
|--|--------------------|--------------------|---|---|
| Receivables from exchange transactions     | 2,350,276          | 2,350,276          | - | - |
| Receivables from non-exchange transactions | -                  | -                  | - | - |
| Bank balances                              | 694,905.6          | 694,905.6          | - | - |
| <b>Total</b>                               | <b>3,045,181.6</b> | <b>3,045,181.6</b> | - | - |

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 board of directors sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with Siruti TVCA's directors, who have built an appropriate liquidity risk management framework for the management of Siruti TVCA's short, medium, and long-term funding and liquidity management requirements. Siruti TVCA manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

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

|                               | Less than 1 month | Between 1-3 months | Over 5 months | Total |
|-------------------------------|-------------------|--------------------|---------------|-------|
|                               | Kes               | Kes                | Kes           | Kes   |
| <b>At 30 June 2020</b>        |                   |                    |               |       |
| Trade payables                | -                 | -                  | -             | -     |
| Current portion of borrowings | -                 | -                  | -             | -     |
| Provisions                    | -                 | -                  | -             | -     |
| Deferred income               | -                 | -                  | -             | -     |
| Employee benefit obligation   | -                 | -                  | -             | -     |
| <b>Total</b>                  | -                 | -                  | -             | -     |
| <b>At 30 June 2022</b>        |                   |                    |               |       |
| Trade payables                | -                 | -                  | -             | -     |
| Current portion of borrowings | -                 | 120,000            | -             | -     |
| Provisions                    | -                 | -                  | -             | -     |
| Deferred income               | -                 | 2,506,432          | -             | -     |
| Employee benefit obligation   | -                 | -                  | -             | -     |
| <b>Total</b>                  | -                 | <b>2,626,432</b>   | -             | -     |

25. Events after the Reporting Period

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

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**26. Ultimate and Holding Entity**

Siruti Technical and Vocational College Awendo is an institution under the Ministry of Education. Its ultimate parent is the Government of Kenya.

**27. Currency**

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

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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: | Timeframe: |
|--|---|---|---------|------------|
| Transfers from The National Government     | The statement of financial performance and as disclosed in Note 6 to the financial statements reflects transfers from the Ministry of Education totalling Kes.1,136,786. However, the financial statements of Mawego Technical Training Institute (mentor institution) reflect Kes.2,437,500 in respect of conditional grants from the Ministry of Education for the College, resulting to an unexplained and unreconciled variance of Kes.1,300,714. In the circumstances, the accuracy and completeness of the transfers from the Ministry of Education amount of Kes.1,136,786 could not be confirmed. | With respect to the discrepancy of Kes 1,136,786 noted with Mawego TTI, two letters have been written to the Principal Mawego TTI. Three physical follow ups have also been made. However, to date Mawego TTI has not made a written explanation on the discrepancy | Ongoing |            |
| Budget Control and Performance             | The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kes.4,523,520 and Kes.3,884,042 respectively resulting to an underfunding of Kes.639,478 or 14% of budget. Similarly, the College had a total expenditure of Kes.1,955,500 against an   | The college didn't receive Q4 of the grant. Capitation received was only Kes 13,000 per trainee instead of Kes 30,000 per trainee   | Done    |            |

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| Reference No. on the external audit Report                                  | Issue / Observations from Auditor  | Management comments  | Status: | Timeframe: |
|---|--|--|---------|------------|
|   | <p>unapproved budget of Kes.3,942,123 resulting to an under-expenditure of Kes.1,986,623 or 50% of the budget.</p> <p>The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public</p>   |  |         |            |
| <p><b>Unauthorised Payment of Sitting Allowances to Board Governors</b></p> | <p>The statement of financial performance reflects remuneration of Board of Governors amount of Kes.318,129. The amount includes sitting allowances of Kes.241,000 paid at the rates of Kes.15,000 and Kes.12,000 after tax to the chairman and other board members, respectively. However, the rates were not approved by the Cabinet Secretary in charge of Education as required under Section 17 of the Second Schedule of the Technical and Vocational Educational and Training Act of, 2013.</p> <p>The expenditure also includes allowances paid to the Board Nomination Panel amounting to Kes.44,500 for which, no supporting circular or authority was provided for audit. Further, Management did not remit the taxes arising</p> | <p>-The college has already had a TVET number and also in a position to get KRA PIN . In the FY 2021/2022 all the board allowances were remitted to KRA</p> <p>-Sitting allowances to Board members communicated to the PS office on 7/6/2022 via <a href="mailto:pssvt2018@gmail.com">pssvt2018@gmail.com</a> subsequently on 15/7/2022 the same information for approval was send to Director TVET via <a href="mailto:dte.government@gmail.com">dte.government@gmail.com</a> no reply has been received from 3 offices but the institution followed the SRC guidelines for the board allowances</p> |         |            |

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| Reference No. on the external audit Report             | Issue / Observations from Auditor   | Management comments   | Status: | Timeframe: |
|--|---|---|---------|------------|
|  | <p>from the payment of sitting allowances as required under Section 3(1) of the Income Tax Act.</p> <p>In addition, the Board of Governors operated without an annual work plan for the year under review.</p> <p>In the circumstances, Management was in breach of the law</p>   |   |         |            |
| Unbalanced Budget                                      | <p>The Management prepared a budget which reflects the final budgeted receipts of Kes.4,523,520 against budgeted expenditure of Kes.3,942,123 resulting to a variance of Kes.581,397. This is contrary to Regulation 33(c) of the Public Finance Management (National Government) Regulations, 2015 which provides that the budget shall be balanced.</p> <p>In the circumstances, Management was in breach of the law.</p> | <p>The difference was partly abused by the fact that money was kept a side for utilization in July during the KNEC July 2022 Practical exams series. This was our first exam and the amount utilised to buy equipment</p> |         |            |
| Lack of an Internal Audit Function and Audit Committee | <p>The College had not established an internal audit function and an Audit Committee of the Board. This is contrary to Section 73 of the Public Finance Management Act, 2012 which requires every national Government entity to have appropriate</p>  | <p>The college has already established the Audit committee of the Board and outsources internal audit function from Kisii National Polytechnic</p>  | Done    |            |

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| Reference No.<br>on the<br>external audit<br>Report | Issue / Observations<br>from Auditor   | Management comments | Status: | Timeframe: |
|---|--|---------------------|---------|------------|
|   | <p>arrangements in place for conducting internal audit and establish an audit committee.</p> <p>In the circumstances, the College did not benefit from the assurance and advisory services from the internal audit function as well as oversight from the Audit Committee.</p> |                     |         |            |

