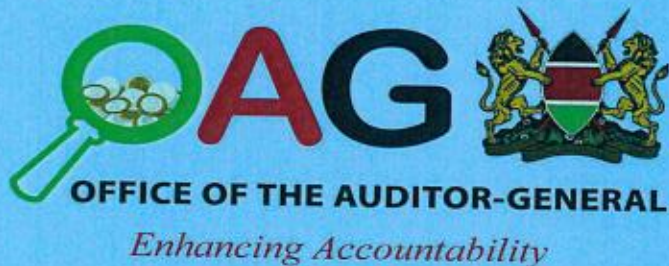
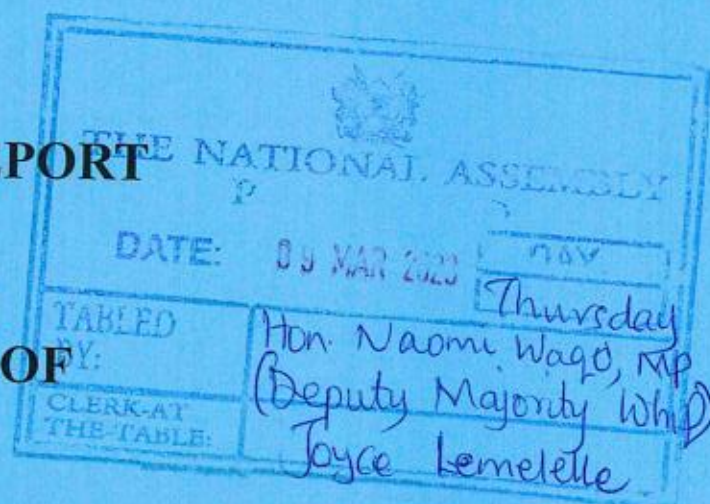


REPUBLIC OF KENYA



REPORT

OF



THE AUDITOR-GENERAL

ON

**OKAME TECHNICAL AND VOCATIONAL
COLLEGE**

**FOR THE YEAR ENDED
30 JUNE, 2021**



OKAME TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30TH JUNE 2021

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

OKAME TECHNICAL AND VOCATIONAL COLLEGE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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OKAME TECHNICAL AND VOCATIONAL COLLEGE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Okame Technical and Vocational College (OTVC) is a Public Institution established by the Government of Kenya under the TVET Act in 2017. The first batch of students were admitted in September 2018.

The College is located in Teso South Constituency, Teso South Sub-County of Busia County. It is approximately five kilometres off the Mumias –Busia road from Tangakona junction or three kilometres from the Busia-Malaba route's branch off at Adungosi market on the Adungosi-Amukura road. The College is supported by the Ministry of Education (MOE) and admits students for Artisan, Craft, Diploma and competence based education and training (CBET) courses.

(b) Principal Activities

The mandate of Okame TVC encompasses the following:- Training and developing middle level manpower for national development, advancing, transmitting and enhancing technical and entrepreneurial skills and knowledge for self-employment and the national production system, offering courses leading to the award of up to diploma certificates in TVET programmes in collaboration with other tertiary institutions and appropriate industries across the sectors. The college's vision is to be unrivalled regional leader in developing high quality and globally competitive technical skills.

(c) Key Management

The governance and management at Okame Technical and Vocational College is under the following key organs:

- Board of Governors
- Accounting officer/ Principal
- Management

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2021 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	MR. CHARLES V. MARUMBU
2.	Deputy principal Finance	MS KWEDHO CAROLYNE
3	Registrar	MR. ERICK IMBUGWAH
4	Head of Finance	MRS. ESTHER OKONGO
5	Head of Procurement	MS. MARYGORETT ADUNGO

(e) Fiduciary Oversight Arrangements

- Finance, Planning and Development Committee (FPDC)
- Human Resources and Training Committee (HRTC)

**OKAME TECHNICAL AND VOCATIONAL COLLEGE ANNUAL REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021
KEY ENTITY INFORMATION AND MANAGEMENT (Continued)**

(f) Entity Headquarters

Okame Technical and Vocational College (OTVC)
P.O. Box 116-50400.
Amukura – Adungosi Road
Busia KENYA.

(g) Okame Technical and Vocational College Contacts

Telephone: (+254757006681)
E-mail: okametechnical@gmail.com

(h) Entity Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. National Bank of Kenya
P.O. Box 264-50400
Busia Kenya
3. Kenya Commercial Bank
P.O. Box 116-50400
Busia Kenya

(i) Independent Auditors

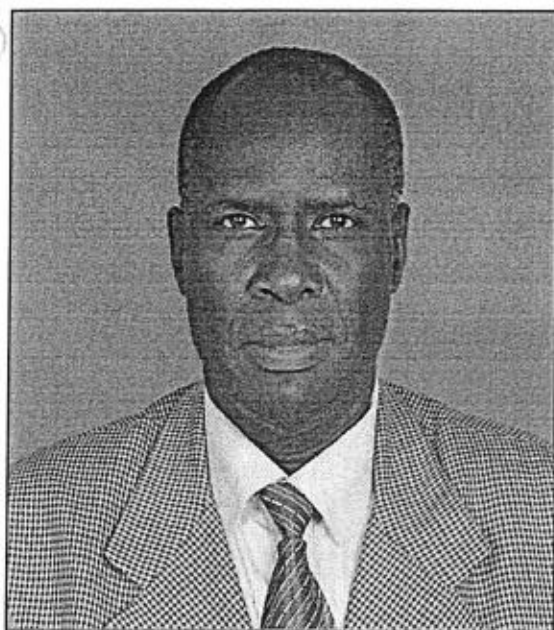
Auditor General
Office of Auditor General
Anniversary Towers, Institute Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

(j) Principal Legal Adviser

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

OKAME TECHNICAL AND VOCATIONAL COLLEGE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1. THE COUNCIL/BOARD OF GOVERNORS



MR. DAVID OJAKAA **Born: 1955**

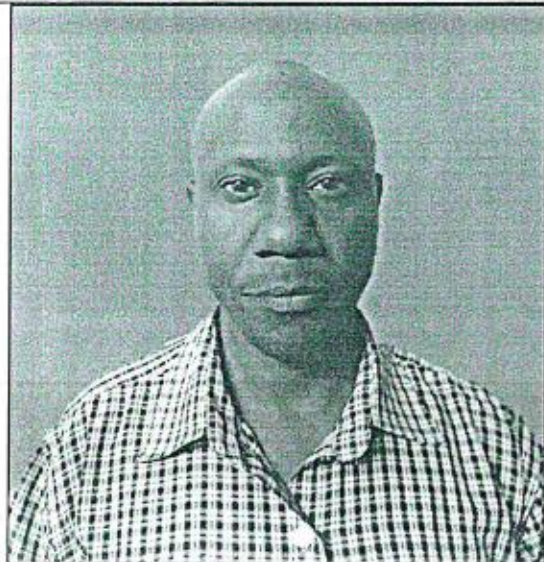
Dr. David Ojakaa was appointed on 5th October 2018 as the first Chairperson of the Board of Governors for Okame TVC. He holds PhD in Demography from the University of Montreal in Canada, Master of Science in Population Studies from the University of Nairobi and Bachelor of Education (B.Ed) Science, Mathematics and Geography. He is also the Managing Director and Consultant at BRIM RESEARCH Ltd.



MR. PAUL AYOO WAINDI **Born: 1949**

Mr. Paul Waindi was appointed on 5th October 2018 as a Member to the Board of Governors for Okame TVC. He holds a Master's Degree in Education Management and a Bachelor of Technology (B.Tech.) both from the University of South Africa. Mr. Waindi is a retired trainer and served in the capacity of Deputy Principal at Mombasa Technical Training Institute. He served in various positions and rose to the rank of Senior Assistant Director of Quality Assurance and Standards in the Ministry of Education when he retired. He is currently a consultant in Education and Training and Chairperson Board of Management at Dr. Aloo Gumbi Secondary School- Kisumu East. He has been appointed as the Chairperson of HRTC at Okame TVC, implementing fiduciary oversight arrangements.

OKAME TECHNICAL AND VOCATIONAL COLLEGE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021



MR. NICHOLAS GITUMA BUNDI Born: 1982

Mr. Nicholas Bundi was appointed on 5th October 2018 as Member of the Board of Governors for Okame TVC. He holds Bachelor of Science (B.Sc.) in Applied Biology-Microbiology Major. Equally, he has an Advanced Diploma in Technical Education (PGDE) and a Certificate in Psychological Debriefing and Trauma counselling. Mr. Bundi is currently the Registrar Matric Institute of Professional Studies Thika.



MRS. JANEGORRETTI ONYAIT Born: 1972

Ms. Janegorretti Onyait was appointed on 5th October 2018 as Member of the Board of Governors for Okame TVC. She is currently the Principal Officer Planned Healthcare Ltd and a member to the Board of Management at Kotur Secondary School. She is a holder of a Post Graduate Diploma in Human Resource Management from the University of Nairobi and Certificate of Proficiency in Insurance from College of Insurance. She has been appointed as the Chairperson Finance, Planning and Development Committee (FPDC) at Okame TVC, implementing fiduciary oversight arrangements.



MS. HELLEN MUKANDA Born: 1976

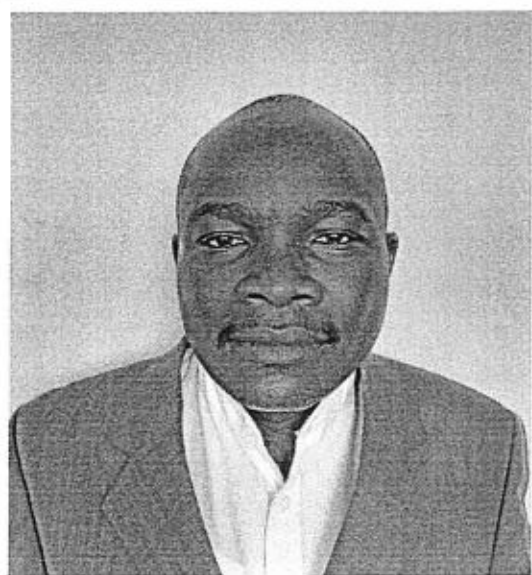
Ms. Hellen Mukanda was appointed on 5th October 2018 as a Member of the Board of Governors for Okame TVC. She is the Executive Director, GAP Kenya (Non state Organization) and holds Bachelor of Science (B.Sc.) in Environmental Health.

OKAME TECHNICAL AND VOCATIONAL COLLEGE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021



MRS. LOICE NYONGESA Born: 1992

Ms. Loice Nyongesa was appointed on 5th October 2018 as a Member of the Board of Governors for Okame TVC. She holds a Bachelor's in Law from Kenyatta University Ms. Nyongesa is currently undertaking a Post graduate Diploma at the Kenya School of Law. She is also a Sacco Administrator at the Kenya China Diaspora Sacco.



MR. CHARLES V. MARUMBU Born: 1973

Name: CHARLES MARUMBU VINCENT

D.O.B: 1973

Key Qualifications: PhD BM(HR)

Work Experience: Over 20 years in Educational administration.

Mr.Marumbu is the Secretary Board of Governor Okame TVC.



MRS. MARTHA WEKESA Born: 1966

Mrs. Martha Wekesa is the County TVET Director for Bungoma and Busia Regions. She holds a masters in Food Science and Technology, Post Graduate Diploma in Education and SLDP. She has over 25years of experience.

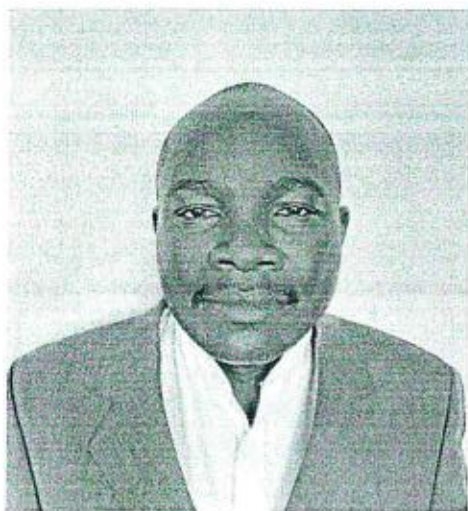
OKAME TECHNICAL AND VOCATIONAL COLLEGE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021



MR. CHRISANTUS OKWARE Born: 1968

Mr. Chrisantus Okware was appointed on 21st July 2020 as a Member of the Board of Governors for Okame TVC as the Governors appointee. He is a Public Administrator, County Government of Busia. He is a holder of Postgraduate Diploma in Education and a Bachelors in Arts – Philosophy. He has also worked as a BOM at Alupe Special School.

2. MANAGEMENT TEAM



1. MR. CHARLES V. MARUMBU

Name: CHARLES MARUMBU VINCENT

D.O.B: 1973

Key Qualifications: PhD BM(HR)

Work Experience: Over 20 years in Educational administration.

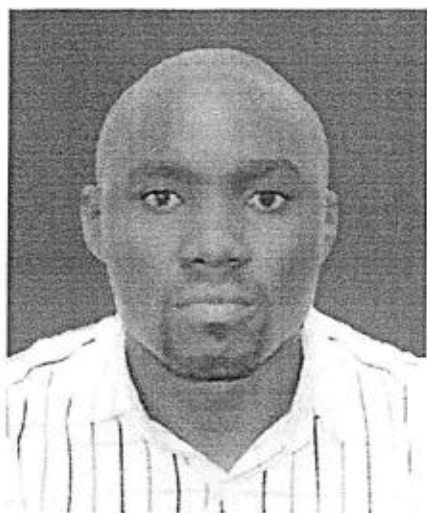
Mr.Marumbu is the principal Okame TVC.



1. MRS. CAROLYNE AOR KWEDHO

Ms Carolyn Kwedho was posted to Okame TVC in April 2018. She was later internally appointed as D/Principal in July 2018. In June 2019 she was appointed Deputy Principal and retained in the same institution. Ms Kwedho holds a Bachelors Degree in Education (Home Economics) from Kenyatta University and a Master of Education degree in Educational Administration from Maseno University. She also attended Senior Management Course at Kenya School of Government- Kabete.

OKAME TECHNICAL AND VOCATIONAL COLLEGE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021



2. MR. ERICK IMBUGWAH

Mr. Imbugwah Erick was deployed to Okame Technical and Vocational College in June 2019 as a mechatronic trainer and internally appointed as the registrar, he holds a bachelor of education in mechanical technology from Moi University. He also worked in Bumbe TTI as a deputy ILO Among other duties



3. MS. ESTHER OKONGO

Ms. Esther Ochomo Okongo was employed to Okame Technical and Vocational College as Accountant, she is CPA finalist an ICPAK member.



4. MS. MARYGORET ADUNGO

Ms Adungo Marygorety was employed to Okame Technical And Vocational College as the procurement officer, she holds a bachelor degree in procurement and contract management from Jomo Kenyatta university of agriculture and technology. She is also a registerd member of KISM.

OKAME TECHNICAL AND VOCATIONAL COLLEGE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

II. CHAIRMAN'S STATEMENT

Main Board/Strategic activities



From the board governance and strategic perspective, a number of core activities continued during the 2020/2021 financial year. Key among these was the taking up of appointment of the representative of the County Government of Busia in the Board of Governors' meetings. This greatly solidified board composition. Secondly, remaining with board matters, during the financial year 2020/2021, the Board constituted and fully activated the Audit and Risk Committee. Together with the Human Resource and Training Committee (HRTC), and the Finance, Planning and Development Committee (FPDC) the three formed the Board governance structure at committee level. Like the Full Board, the committees met during the year as required. Thirdly, in terms of the core mandate of the college, training and learning continued during the year albeit for the shorter periods of September-December 2020, and January-February 2021. Fourth, the critical human resource positions of Finance

Officer (FO), Procurement Officer (PO), and Driver were filled during the year. So were the 30 part-time trainer positions as well as deployment of four additional full-time trainers from the Ministry, to make a total of 24 full-time trainers. Lastly, 2020/2021 marked the beginning of the first year of the implementation of the College's five-year Strategic Plan (2020/21-2024/25). The focus of the ensuing annual workplan was the three strategic objectives of programme implementation, institutional development, and resource development and management.

Successes

During the financial year 2020/2021, training and learning continued for around 336 students. Out of these, 24 of the students sat for national technical and business examinations.

Challenges

The reduction in student enrolment from a rising number of over 426 the previous financial year to just around 336 was a strategic challenge encountered during the year. This had to do with the COVID-19 restrictions and related ensuing difficulties. Resource mobilization remained a constraint as the needs of the college exceed the available financial resources, which for the most part consist of capitation from Government.

Future outlook

Given the growing pool of secondary school leavers on the one hand, and the improving perceptions towards technical and vocational education and training (TVET), coupled with a vigorous student recruitment effort, the future for student enrolment at Okame TVC looks bright. In addition to exploring additional sources of funding, the Board of Governors will exert their oversight role in the coming year to ensure continued financial and management discipline.

Signature

A handwritten signature in dark ink, appearing to read 'O. Ojelsaa', written over a dotted line.

OKAME TECHNICAL AND VOCATIONAL COLLEGE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

III. REPORT OF THE PRINCIPAL

Okame Technical and Vocational College is situated in Akadai village, Okame Location, Teso South Sub-county and Busia County. It is a public institution with registration No TVETA/Public/RC/056/2017. The college was mentored by Bumbe Technical Training Institute. The (5) five acre college land Registration No: South Teso /chakol /818 and South Teso /chakol /2543 was purchased by NG-CDF Teso South constituency. The one storey building that was constructed by GOK houses two workshops for Mechatronics Engineering, 8 classrooms, staffroom, computer laboratory, library space and administration offices. The college opened its doors to students in September 2018 with the first intake.



The college has engaged consultants in developing of a five (5) years Strategic plan and a vibrant and interactive Website. Okame TVC is in the second (3rd) circle of the Performance Contracting for the financial year 2021/2021.

The college is COVID 19 Protocols compliant based on the report issued by the Public Health Office Teso South Sub County, Busia County in the month of October 2020 after inspection by the Public Health Officer was done. A number of activities were recommended to be put in place for complete compliance to be attained.

HUMAN RESOURCE

The college is managed by a Board of Governors. Currently there are fifty four (53) Trainers in the college, 23 (17 male and 6 female) deployed by the Ministry and thirty (15 male and 15 female) on Board employment. The college has 13 support staffs employed by the Board but plans for increasing the number for efficiency to be enhanced are underway .

COURSES AND ENROLMENT

The college is a Centre of excellence in Mechatronics Engineering. Other courses include ICT, Plumbing, Welding, Secretarial Studies, Hair Dressing and Beauty Therapy, Business Management, Supply Chain Management, Human Resource Management, Accounting Technician Diploma and Electrical & Electronics at different levels. The college is currently offering courses examined by KNEC and TVET CDACC, and KASNEB.

The total enrolment as at June 2021 was 336 trainees spread across the courses.

Okame TVC has embraced the Open Distance and e Learning (ODEL) method of engaging our students amidst the COVID 19 pandemic going forward.

OKAME TECHNICAL AND VOCATIONAL COLLEGE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

PROJECTS UNDERTAKEN

With the support of the CDF-NG Teso South, the college has undertaken various projects namely planting 2500 assorted fruit trees, Construction of a 6-door Ventilated Improved Pit (VIP) latrine and acquisition of a 33-seater bus.

The college also has a solar-powered borehole which was constructed by the National Government through The Lake Victoria North Water Services Board that will also provide water to the community as Corporate Social Responsibility (CSR).

STRENGTHS

The college has the following strengths:

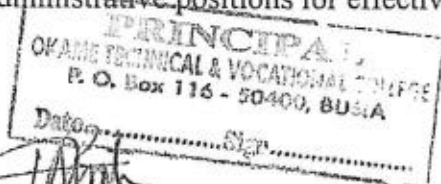
1. Citing of the college is strategic since it is the only one of its kind in the area.
2. The college is close to Busia town hence an opportunity to begin Town campus
3. There is good will from the community
4. Substantive Board of Governors in place.
5. The college has state of the art equipment in Mechatronics Technology
6. The college has highly skilled manpower who are frequently used in developing documents used at a National and International levels
7. The college has land for expansion

CHALLENGES

The college is in dire need for:

1. Public Service Commission trainees to ease the burden on the BOG.
2. Power back up to address blackouts.
3. Hostels to attract students and clients from all over the country.
4. Development of the fields for co-curricular activities.
5. Workshops for Electrical and Electronics Engineering (Power), Mechanical Engineering (Production), Plumbing, Welding and Fabrication, Hair dressing and Beauty Therapy and Food and Beverage (Sales and Service)
6. Equipment and tools for technical courses i.e Electrical and Electronics Engineering (Power), Mechanical Engineering (Production), Plumbing, Welding and Fabrication, Hair dressing and Beauty Therapy, Food and Beverage (Sales and Service), Driving Course and Technical Drawing for hands on training.
7. Transportation: Double Cabin (4 x 4) and a bigger Bus for mobility and training.
8. E- library: Computers, chairs, tables, shelves for research and innovation needs.
9. Fill administrative positions for effective operations of the college.

SIGN.....



OKAME TECHNICAL AND VOCATIONAL COLLEGE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

IV. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

Okame Technical and Vocational College is in progress to develop its Strategic Plan that runs from FY2020/2021- FY2025/2026.

V. CORPORATE GOVERNANCE STATEMENT

Okame Technical and Vocational College is driven by its mission to be a leading TVC in provision of quality Technical and Vocational Education and Training to ensure production of competent human personnel with the requisite skills. The college shall be governed by the Board of Governors appointed by the Cabinet Secretary in the Ministry of Education.

The functions of the board of Governors as set out under section 28 (1) of TVET Act shall include:-

- (a) Overseeing the conduct of education and training in the institution in accordance with the provisions of this Act and any other written law;
- (b) Promoting and maintaining standards, quality and relevance in education and training in the institutions in accordance with this Act and any other written law;
- (c) Administering and managing the property of the institutions;
- (d) Developing and implementing the institutions' strategic plan;
- (e) Preparing annual estimates of revenue and expenditure for the institution and incurring expenditure on behalf of the institutions;
- (f) 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;
- (g) 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 this Act;
- (h) Mobilizing resources for the institutions;
- (i) Developing and reviewing programmes for training and to make representations thereon to the Board;
- (j) Regulating the admission and exclusion of students from the institutions, subject to a qualifications framework and the provisions of this Act;
- (k) Approving collaboration or association with other institutions and industries in and outside Kenya subject to prior approval by the Board;
- (l) Recruiting and appointing trainers from among qualified professionals and practising trades persons in relevant sectors of industry;
- (m) Determining suitable terms and conditions of service for support staff, trainers and instructors and remunerating the staff of the institution
- (n) Making regulations governing organization, conduct and discipline of the staff and students;
- (o) Preparing comprehensive annual reports on all areas of their mandate, including education and training services and submit the same to the Board;
- (p) Providing for the welfare of the students and staff of the institutions;
- (q) Encouraging, nurturing and promoting democratic culture, dialogue and tolerance in the institutions; and
- (r) Discharging all other functions conferred upon it by this Act or any other written law

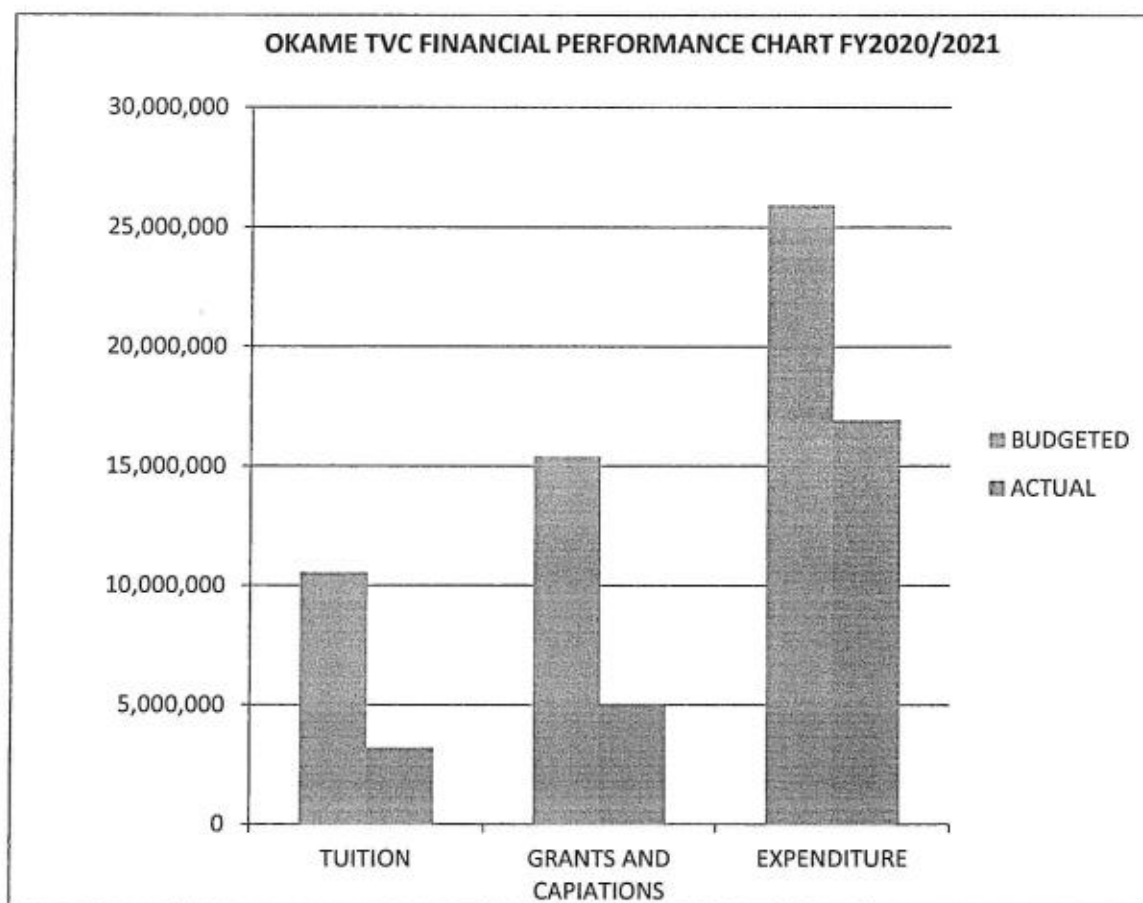
The second schedule of the TVET Act allows the CS to appoint members of the Board of Governors consisting of not less than seven and not more than nine members. The Cabinet Secretary Ministry of Education appointed the following to be the Chairperson and members with effect from 5th February

OKAME TECHNICAL AND VOCATIONAL COLLEGE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

2019. Chairperson-Dr. David I. Ojakaa, Members- Ms Hellen Ajiambo Mukanda, Ms Janegorrett Onyait, Ms Nyongesa Loise, Mr. Bundi Nicholas Gituma, Mr. Paul Waindi Ayoo. Other members of the Board include the Regional County Director TVET, Mr. Chrisantus Okware the Governors appointee and the Principal who is the Secretary to the Board. The Board was inaugurated on 5th February 2019.

VI. MANAGEMENT DISCUSSION AND ANALYSIS

Okame Technical and Vocational College received total revenues amounting to **Ksh. 14,112,835**, Ksh 5,165,335 being collection from trainees/Sponsors/Parents as college fees and **Ksh 8,947,500** Ministry of education as Government grants and capitation. Resources expended amounted to Ksh **11,540,158** this relates to 35% of the budget for the fiscal year 2020/2021



VII. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

1. COLLEGE SOCIAL RESPONSIBILITY STATEMENT

Okame Technical and Vocational College seeks to contribute to the attainment of Kenya Vision 2030 Medium Plan Two (MTP II) by, among other things, enhancing corporate social responsibility through focussing on programmes and initiatives that feed back into the community. In this regard, the college organized for the drilling of a solar-powered borehole which was constructed by the National Government through the Lake Victoria North Water Services Board. This will also provide water to the community as Corporate Social Responsibility (CSR). The college bus shall also be used by the community in any case of public transport during social activities like weddings and burial ceremonies. The board and management of the College will continue to initiate and adapt to practices which ensure that quality services are extended to the community, and enhance conservation of the environment.

OKAME TECHNICAL AND VOCATIONAL COLLEGE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

VIII. REPORT OF THE COUNCIL/BOARD OF GOVERNORS

The Board of Governors submits its report for the year ended June 30, 2020 which show the state of Okame Technical and Vocational College's affairs.

Principal activities

The principal activities of the College are -: Training and developing middle level manpower for national development, advancing, transmitting and enhancing technical and entrepreneurial skills and knowledge for self-employment and the national production system, offering courses leading to the award of up to diploma certificates in TVET programmes in collaboration with other tertiary institutions and appropriate industries across the board, as provided for in the TVET Act.

Results

The results of the entity for the year ended 30 June 2021 are set out on page 1 to page 6

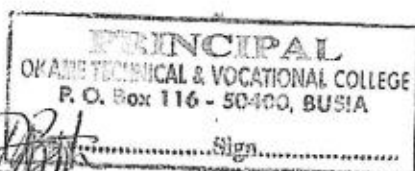
COUNCIL/BOARD OF GOVERNORS

The members of the Board who served during the year are shown on page Iv-Vi. Okame Technical and Vocational College got its first Board of Governors with effect from February 2019.

Auditors

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

By Order of the Board



Principal and BOG Secretary

Date: 04/10/2022

OKAME TECHNICAL AND VOCATIONAL COLLEGE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

IX. STATEMENT OF BOARD OF GOVERNORS/ COUNCIL MEMBERS' 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 of Governors of Okame Technical and Vocational College to prepare financial statements which give a true and fair view of the state of affairs of Okame Technical and Vocational College at the end of the financial year and the operating results for that year. The Board members are also required to ensure that *the College* keeps proper accounting records which disclose with reasonable accuracy the financial position of Okame Technical and Vocational College. The Board members are also responsible for safeguarding the assets of the *College*.

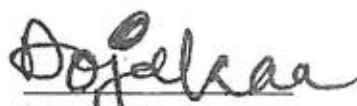
The Board members are responsible for the preparation and presentation of financial statements, which give a true and fair view of the state of affairs of Okame Technical and Vocational for and as at the end of the financial year ended on June 30, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the *College* (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Board members accept responsibility for Okame Technical and Vocational *College's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and section 29 of schedule 2 of the *Technical and Vocational Education and Training Act, 2013*. The Board members are of the opinion that *Okame Technical and Vocational College's* financial statements give a true and fair view of the state of the *College's* transactions during the financial year ended June 30, 2021, and of the *College's* financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for Okame Technical and Vocational College, which have been relied upon in the preparation of the 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 *Okame Technical and Vocational College* will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

Okame Technical and Vocational College financial statements were approved by the Board on 26th September 2021 and signed on its behalf by:


BOG Chairman


Principal/ Secretary BOG

PRINCIPAL
OKAME TECHNICAL & VOCATIONAL COLLEGE
P. O. Box 116 - 50400, BUSIA

Date.....
Sign.....

REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON OKAME TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Okame Technical and Vocational College set out on pages 1 to 24, which comprise the statement of financial position as at 30 June, 2021, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget

and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Okame Technical and Vocational College as at 30 June, 2021, and its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Technical and Vocational Education and Training Act, 2013.

Basis for Qualified Opinion

1. Inaccuracies in Cash and Cash Equivalents Balance

The statement of financial position reflects cash and cash equivalents balance of Kshs.1,525,404. However, Note 14 to the financial statements, reflects a balance of Kshs.1,525,384 being the total of three bank account balances of Kshs.1,035,200, Kshs.104,335 and Kshs.192,713 and cash in hand balance of Kshs.193,136. Several unsatisfactory matters on the cash and cash equivalents were noted as indicated below:

- i. The Bank statements, cashbook and bank reconciliation statement for development bank account were not provided for audit review.
- ii. The operation and tuition cashbooks presented for audit were not updated and bank reconciliation statements for the two accounts were not provided.
- iii. Bank statement balances were used to calculate the cash and cash equivalents balances instead of reconciled cash book balances.

In the circumstances, accuracy and completeness of the cash and cash equivalents balance of Kshs.1,525,404 as at 30 June, 2021, could not be confirmed.

2. Inaccuracies in Comparative Balances

The financial statements for the year ended 30 June, 2021, reflects comparative balances which are at variance with closing balances reflected in the audited financial statements for the year ended 30 June, 2020 as shown below:

Component	Comparative Balance 2020/2021 (Kshs.)	Audited Balances 2019/ 2020 (Kshs.)	Variance (Kshs.)
Retained Earnings	2,983,476	6,303,111	3,319,635
Total Funds	3,778,476	6,303,111	2,524,635

The adjustments have not been supported by notes indicating details of the changes. In the circumstances the accuracy of the reported balances could therefore not be confirmed.

3. Un-Reconciled Employee Costs

The statement of financial performance and Note 9 to the financial statements reflects employee costs balance of Kshs.2,483,642. However, the payroll reflects an amount of Kshs.3,074,704 resulting in an unreconciled variance of Kshs.591,062.

In the circumstances, the accuracy of employee costs of Kshs.2,483,642 could not be confirmed.

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

Key Audit Matters

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

Other Matter

1. Budgetary Control and Performance

The statement of comparative budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.39,060,625 and Kshs.14,112,835 respectively resulting to under-funding of Kshs.24,947,790 or 64% of the budget. The College expenditure was limited to the amount realised. Further, the College incurred an expenditure of Kshs.11,540,158 against the final approved budget of Kshs.39,060,625 resulting to an under-expenditure of Kshs.27,520,467 or 70% of the budget.

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

2. Unresolved Prior Year Matters

Various prior year audit issues remained unresolved as at 30 June, 2020. Management has not provided reasons for the delay in resolving the prior year audit issues. Further, the unresolved prior year issues are not disclosed under the progress on follow up of auditor's recommendations section of the financial statements as required by the Public Sector Accounting Standards Board.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and

Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Failure to Deduct and Remit Statutory Dues to NSSF and NHIF

The statement of financial performance and Note 9 to the financial statements reflects employee costs balance of Kshs.2,483,642. Review of the payroll and personnel records revealed that the Management did not deduct and remit contributions to the National Social Security Fund and the National Hospital Insurance Fund for the months of July to December, 2020, and January and February, 2021. This contravenes the provisions of Section 20(1) of the NSSF Act, 2013, and Section 16(1) of the NHIF Act, 1998 (Revised 2012) which require the employer to deduct and remit NSSF and NHIF contributions to the two organizations.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Audit and Risk Committee

Review of records and operations of the entity revealed that the Audit and Risk Committee did not have an Audit Charter to spell out the scope and responsibilities of the Committee. The Committee did not also have an annual work plan.

In the circumstance, the effectiveness of the Committee could not be confirmed.

2. Lack of Approved Human Resource Policy Documents

Review of personnel records and documents revealed that the College does not have a Human Resource Department and an officer trained and experienced in human resources management. Further, there were no human resource policy documents to guide in the Staff establishment, job descriptions, key competences, qualifications required, terms of

service, career progression, training and development contrary to Section C.2 (1) of the Human Resource Policies and Procedures Manual for the Public Service, 2016.

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

Responsibilities of Management and 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 control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the College's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit

report. However, future events or conditions may cause the College to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the College to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

01 September, 2022

OKAME TECHNICAL AND VOCATIONAL COLLEGE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

XI. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2020/2021	2019/2020
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government – grants/ gifts in kind	7a	8,947,500	4,075,000
		8,947,500	4,075,000
Revenue from exchange transactions			
Rendering of services- Fees from students	8	4,897,960	3,647,390
Other Income	18	267,475	
Revenue from exchange transactions		5,165,335	3,647,390
Total Revenue		14,112,835	7,722,390
Expenses			
Employee costs	9	2,483,642	1,622,000
Remuneration of directors	10	1,176,355	718,000
Depreciation and amortization expense	11	201,402	105,623
Repairs and maintenance	12	838,495	249,090
General expenses	13	6,840,264	2044201
Total expenses		11,540,158	4,738,914
Net Surplus/Deficit for the year		2,572,677	2,983,476
Attributable to:			
Surplus/(deficit) attributable to minority interest		0	0
Surplus attributable to owners of the controlling entity		0	0
		0	0

The notes set out on pages 6 to 25 form an integral part of the Annual Financial Statements.

OKAME TECHNICAL AND VOCATIONAL COLLEGE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

XII. STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2021

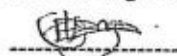
	Notes	2020-2021	2019/2020
			Kshs
Assets			
Current assets			
Cash and cash equivalents	14	1,525,404	2,955,884
Receivables from exchange transactions	15	5,238,490	3,462,620
		6,763,894	6,418,504
Non-current assets			
Property, plant and equipment	16	2,595,048	689,377
Intangible Assets	19	752,555	
Total assets		10,111,497	7,107,881
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	16	1,491,419	545,225
Refundable deposits from customers	17	267,475	180,795
Payments received in advance			78,750
		1,758,894	804,770
Non-current liabilities			
Total liabilities			804,770
Reserves		2,796,450	795,000
Accumulated surplus		5,556,153	5,508,111
Total capital and Reserves		8,352,603	6,303,111
Total Liabilities and Capital & Reserves		10,111,497	7,107,881

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



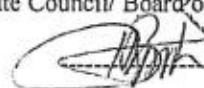
Chairman of Board of Governors

Date: 04/10/2022



Finance Officer
ICPAK No. ASSOC/4054

Date: 04/10/22



Principal

Date: 04/10/2022



XIII. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2021

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/Development Grants/Fund	Total
At July 1, 2019	795,000	0	0	0	795,000
Total comprehensive income	0	0	2,983,476	0	2,983,476
Capital/Development grants received during the year	0	0	0	0	0
Transfer of depreciation/amortisation from capital fund to retained earnings	0	0	0	0	0
At June 30, 2020	795,000	0.00	2,983,476	0	3,778,476
At July 1, 2020	795,000	0.00	2,983,476	0	3,778,476
Total comprehensive income	0	0	2,572,677	0	2,572,677
Capital/Development grants received during the year	0	0	0	0	0
Transfer of depreciation/amortisation from capital fund to retained earnings	0	0	0	0	0
At June 30, 2021	2,796,450	0.00	5,556,153	0	8,352,603

OKAME TECHNICAL AND VOCATIONAL COLLEGE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

XIV. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

		2020/2021	2019/2020
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other Government entities/Govt. grants	7	8,947,500	4,075,000
Public contributions and donations			
Rendering of services- Fees from students	8	4,897,860	3,647,390
Total Receipts		13,845,360	7,722,390
Payments			
Compensation of employees	9	2,483,642	1,622,000
Remuneration to directors	10	1,176,355	718,000
Repairs and maintenance	12	838,495	249,090
General and other Expenses	13	6,840,264	2,044,201
Total Payments		11,338,756	4,633,291
Net cash flows from operating activities		2,506,604	3,089,099
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	16	-2,001,450	-375,000
Increase in Non-current receivables	15	-1,775,870	-1,709,305
Increase in payables	17	-246,444	210,899
		-3,936,884	-1,873,406
Net cash flows used in investing activities		-3,936,884	-1,873,406
Cash flows from financing activities			
Proceeds from borrowings			0
Repayment of borrowings			0
Increase in deposits	18	86,680	62,795
Net cash flows used in financing activities		86,680	62,795
Net increase/(decrease) in cash and cash equivalents		-1,430,480	1,278,488
Cash and cash equivalents at 1 JULY 2020		2,955,884	1,677,396
Cash and cash equivalents as at 30 June 2021	13	1,525,404	2,955,884

XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021

	Original budget 2020-2021 Kshs	Adjustments 2020-2021 Kshs	Final budget 2020-2021 Kshs	Actual on comparable basis 2020-2021 Kshs	Performance difference 2020-2021 Kshs	Utilisation Difference
Revenue						
Transfers from other Govt entities Govt grants	21,125,000	-1,000,000	20,125,000	8,947,500	(11,177,500)	A
Public contributions and donations			0			
Rendering of services- Fees from students	18,119,375	206,250	18,325,625	5,165,335	(13,160,290)	B
Sale of goods			0	0		
Finance Income			0	0		
Production Unit	720,000	-110,000	610,000	0	(610,000)	C
Total income	39,964,375		39,060,625	14,112,835	(24,947,790)	
Expenses						
Compensation of employees	4,768,200	0	4,768,200	2,483,642	(2,284,558)	D
Administration expenses	8,409,059	-895,827	7,513,232	3,754,387	(3,758,845)	E
Tuition expenses	6,910,410	-494,173	6,416,237	1,085,990	(5,330,247)	C
Electricity, water and Conservancy	880,000	-360,000	520,000	114,900	(405,100)	
Remuneration of directors	3,150,000	-350,000	2,800,000	1,176,355	(1,623,645)	F
Advertisement and publicity	1,559,800	-156,000	1,403,800	305,670	(1,098,130)	
Transport and fuel	1,311,000	-297,000	1,014,000	220,600	(793,400)	
Activity fees	3,430,000	-1,350,000	2,080,000	104,300	(1,975,700)	
Repairs and maintenance	1,550,000	-35,000	1,515,000	838,495	(676,505)	
Other expenses	2,400,906	631,250	3,032,156	1,455,819	(1,576,337)	
Furniture and Equipment	5,595,000	0	5,595,000	0	(5,595,000)	A
Infrastructure Development	0	2,403,000	2,403,000	0	(2,403,000)	A
Total expenditure	39,964,375		39,060,625	11,540,158	(27,520,467)	
Surplus for the period				2,572,677		

Budget notes

- A) Delayed / no grants and capitations transferred by Government
 B) Tuition programme interrupted by COVID-19
 C) Tuition programme interrupted by COVID-19
 D) Understaffing and no well- placed remuneration policy- Staff under contracts.
 E) Non-compliance to all administrative duties/ less administrative officers deployed.
 F) B.O.G programmes and meetings interrupted by Covid-19 during the financial year

OKAME TECHNICAL AND VOCATIONAL COLLEGE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

XVI. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

2. Okame Technical and Vocational College entity is established by and derives its authority and accountability from TVET Act 2012. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to train trainees from artisan, craft and diploma levels as per the TVET Act and examined Kenya National Examination Council, TVET-CDACC, KASNEB and NITA

3. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

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

**OKAME TECHNICAL AND VOCATIONAL COLLEGE ANNUAL REPORT AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. ADOPTION OF NEW AND REVISED STANDARDS

Standard	Impact
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019 The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations. The entity has no plans for combination

i. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2022: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.

**OKAME TECHNICAL AND VOCATIONAL COLLEGE ANNUAL REPORT AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

Standard	Effective date and impact:
IPSAS 42: Social Benefits	Applicable: 1st January 2022 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess: (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows. NOT ADOPTED
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	Applicable: 1st January 2022: a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.
Other Improvements to IPSAS	Applicable: 1st January 2021: a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets. d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.

**OKAME TECHNICAL AND VOCATIONAL COLLEGE ANNUAL REPORT AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

ii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2020.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5. (a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

ii) Revenue from exchange transactions

Rendering of services

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

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

Sale of goods

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

(b) Budget information

The original budget for FY 2020/2021 was approved by the Board on 30th June 2020.

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

OKAME TECHNICAL AND VOCATIONAL COLLEGE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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

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

(c) Taxes

Current income tax

Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities.

Current income tax relating to items recognised directly in net assets is recognized in net asset and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretations and establishes provisions where appropriate.

Sales tax/ Value Added Tax

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

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

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

(d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period as per the college policy.

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

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

(e) Property, plant and equipment

OKAME TECHNICAL AND VOCATIONAL COLLEGE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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

(g) Research and development costs

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

(h) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

OKAME TECHNICAL AND VOCATIONAL COLLEGE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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

Held-to-maturity

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

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

OKAME TECHNICAL AND VOCATIONAL COLLEGE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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

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 are accounted for, as follows:

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

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

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

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

j) Provisions

Provisions are recognized when the college has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the college expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

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

Contingent assets

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

**OKAME TECHNICAL AND VOCATIONAL COLLEGE ANNUAL REPORT AND
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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) Changes in accounting policies and estimates

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

l) Employee benefits

Retirement benefit plans

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

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

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.

**OKAME TECHNICAL AND VOCATIONAL COLLEGE ANNUAL REPORT AND
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

o) Related parties

The college 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 the college, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO/principal and senior managers.

p) Cash and cash equivalents

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

q) Comparative figures

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

r) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2021.

**6. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION
UNCERTAINTY**

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

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

OKAME TECHNICAL AND VOCATIONAL COLLEGE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

- The condition of the asset based on the assessment of experts employed by the college.
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

Provisions

Provisions were not raised and management is making arrangements in determining an estimate based on the information available. Provisions will be measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

7. (a) TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2020-2021	2019-2020
	KShs	KShs
Unconditional grants		
Operational grant		1,000,000.00
Other grants- Capitation	8,947,500.00	3,075,000.00
Total government grants and subsidies	8,947,500.00	4,075,000.00

8. RENDERING OF SERVICES

Description	2020-2021	2019-2020
	KShs	KShs
Tuition	136,780	80,390
Personal Emoluments	2,255,895	1,215,630
Electricity, Water & Conservancy	629,730	380,550
Repairs, Maintenance & Improvement	280,965	206,005
Transport (LT&T)	549,750	318,380
Medical	81,770	54,335
Activity	558,810	415,900
Caution Money	0	62,795
Insurance	87,000	39,645
Student ID	57,270	18,195
Student Council	32,200	89,080
Prepayment	0	356,785
Attachment	184,860	165,455
Production units-PU	0	19,000
Examination	42,830	225,240
Total revenue from the rendering of services	4,897,860	3,647,390

**OKAME TECHNICAL AND VOCATIONAL COLLEGE ANNUAL REPORT AND
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9. EMPLOYEE COSTS

	2020-2021	2019-2020
	KShs	KShs
Salaries and wages	2,483,642	1,622,000
Employee costs	2,483,642	1,622,000

10. REMUNERATION OF DIRECTORS

Description	2020-2021	2019-2020
	KShs	KShs
Directors emoluments	1,176,355	718,000
Total director emoluments	1,176,355	718,000

11. DEPRECIATION AND AMORTIZATION EXPENSE

Description	2020-2021	2019-2020
	KShs	KShs
Property, plant and equipment	201,402	105,623

12. REPAIRS AND MAINTENANCE

Description	2020-2021	2019-2020
	KShs	KShs
Property	838,495	249,090
Total repairs and maintenance	838,495	249,090

13. GENERAL EXPENSES

Description	2019-2020	2019-2020
	KShs	KShs
Tuition	1,085,990	211,610
Electricity, Water & Conservancy	114,900	80,000
Transport (LT&T)	220,600	50,960
Medical	1,000	920
Activity	104,300	80,451
Insurance	201,905	158,200
Student Council	55,775	8,000
Attachment	50,378	23,750
Administration Costs	3,754,387	1,140,200
Advertisement & Publicity	305,670	40,500
Sewerage and Sanitation	187,299	40,960
Refunds	0	23,000
Examinations	545,660	185,650
Motor Vehicle repairs	52,400	0
Income Tax	160,000	0

**OKAME TECHNICAL AND VOCATIONAL COLLEGE ANNUAL REPORT AND
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Total general expenses	6,840,264	2,044,201
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14. a) CASH AND CASH EQUIVALENTS

Description	2020-2021	2019-2020
	KShs	KShs
Current account	1,332,268	2,896,191
Cash at Hand	193,136	59,693
Total cash and cash equivalents	1,525,404	2,955,884

14 (b). DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

Financial institution	Account number	2020-2021	2019-2020
		KShs	KShs
a) Current account			
Kenya Commercial bank	1159427666	1,035,200	2,008,501
Kenya Commercial bank	1252776799	104,335	64,851
Kenya Commercial bank	1252776632	192,713	822,839
cash in hand		193,136	59,693
Grand total		1,525,404	2,955,884

15. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2020-2021	2019-2020
	KShs	KShs
Current receivables		
Student debtors	5,238,490	3,462,620
Total current receivables	5,238,490	3,462,620

**OKAME TECHNICAL AND VOCATIONAL COLLEGE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2021**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. PROPERTY, PLANT AND EQUIPMENT

Cost	Land/Biological assets	Buildings	Motor vehicles	Furniture and fittings	Computers	Other Assets TOOLS	Plant and equipment	Capital Work in progress	Total
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 1 July 2019									
Additions				770,000	0	0	25,000		795,000
Disposals									0
Transfers/adjustments									0
At 30 th June 2020	0	0	0	770,000	0	0	25,000	0	795,000
At 1 st July 2020	0	0	0	770,000	0	0	25,000	0	795,000
Additions	0	0	0	1,508,800	202,500	0	290,150	0	2,001,450
Disposals									0
Transfer/adjustments									
At 30 th June 2021	0	0	0	2,278,800	202,500	0	315,150	0	2,796,450
Depreciation and impairment									-
At 1 July 2019					0	0	0	0	0
Depreciation				103,540	0	0	2083	0	105,623
Impairment					0	0	0	0	-
At 30 June 2019	0	0	0	103,540	0	0	2083	0	105,623
Depreciation		0	0	65,423	26,793	0	3,563	0	95,779
Disposals					0	0	0	0	-
Impairment					0	0	0	0	-
Transfer/adjustment					0	0	0	0	-
At 30 th June 2020	0	00	0	168,963	26,793	0	5,646	0	201,402
Net book values					0	0	0	0	-
At 30 th June 2021	0	0	0	2,109,837	175,707	0	309,504	0	2,595,048
At 30 th June 2020	0	0	0	666,460	0	0	22,917	0	689,377

**OKAME TECHNICAL AND VOCATIONAL COLLEGE ANNUAL REPORT AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021
NOTES TO THE FINANCIAL STATEMENTS (Continued)**

17. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2020-2021	2019-2020
	KShs	KShs
Trade payables	1,491,419	545,225
Total trade and other payables	1,491,419	545,225

18. REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS

Description	2020-2021	2019-2020
	KShs	KShs
Consumer deposits		0
Caution money	267,475	180,795
Other refundable deposits		0
Total deposits	267,475	180,795

19. INTANGIBLE ASSETS

Description	2020-2021	2019-2020
	KShs	KShs
Cost		
At beginning of the year	940,694	
Cost end of the year	940,694	-
Amortization and impairment		
At beginning of the year	-	-
Amortization	188,139	
Amortization at end of the year	188,139	-
Less :Impairment loss		
At end of the year	-	-
NBV	752,555	-

20. FINANCIAL RISK MANAGEMENT

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

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

**OKAME TECHNICAL AND VOCATIONAL COLLEGE ANNUAL REPORT AND
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(i) Credit risk

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

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

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

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

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

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the entity's directors, who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity 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
	Kshs	Kshs	Kshs	Kshs
At 30 June 2020				
Trade payables	81,725	300,000	133,500	515,225
Total	81,725	300,000	133,500	515,225
At 30 June 2021				
Trade payables	1,006,027	0	485,392	1,491,419
Total	1,006,027		485,392	1,491,419

**OKAME TECHNICAL AND VOCATIONAL COLLEGE ANNUAL REPORT AND
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iii) Capital Risk Management

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

	2020-2021	2019-2020
	Kshs	Kshs
Revaluation reserve	2,796,450	
Retained earnings	5,556,153	3,642,347
Capital reserve		
Total funds	8,352,603	3,642,347
Total borrowings	0	0
Less: cash and bank balances	(1,525,404)	(2,955,884)
Net debt/(excess cash and cash equivalents)	6,827,199	686,503
Gearing	82%	23%

21. RELATED PARTY BALANCES

Nature of related party relationships

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

Government of Kenya

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

- i) The National Government;
- ii) The Parent Ministry;
- iii) Teso South NG-CDF
- iv) Board of Governors
- v) Key management;
- vi) HELB
- vii) BUMBE TTI

	2020-2021	2019-2020
	Kshs	Kshs
Transactions with related parties		
a) Expenses incurred on behalf of related party		
Payments of salaries and wages for Okame TVC employees	2,483,642	1,622,000
Total	2,483,642	1,622,000

**OKAME TECHNICAL AND VOCATIONAL COLLEGE ANNUAL REPORT AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

b) Key management compensation		
Directors' emoluments	1,176,355	718,000
Compensation to key management		
Total	1,176,355	718,000

22. EVENTS AFTER THE REPORTING PERIOD

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

23. ULTIMATE AND HOLDING ENTITY

The college is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Education, Science and Technology Its ultimate parent is the Government of Kenya.

24. Currency

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

25. EVENTS AFTER THE REPORTING PERIOD

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

26. ULTIMATE AND HOLDING ENTITY

The entity is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of xxx. Its ultimate parent is the Government of Kenya.

27. CURRENCY

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

**OKAME TECHNICAL AND VOCATIONAL COLLEGE ANNUAL REPORT AND
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APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

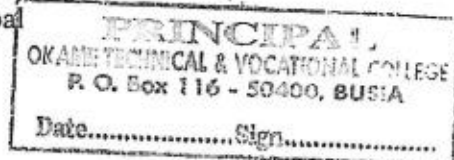
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

Guidance Notes:

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



Principal



Date.....

04/10/2022