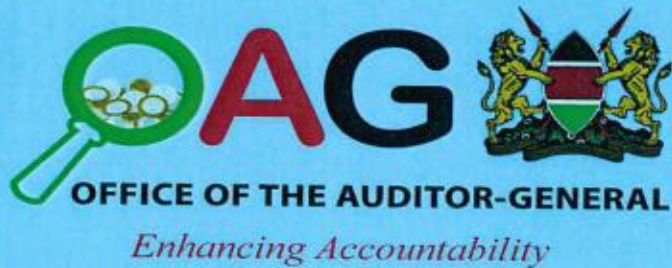


REPUBLIC OF KENYA



## REPORT

OF

**THE AUDITOR-GENERAL**

ON

**UGUNJA TECHNICAL AND  
VOCATIONAL COLLEGE**

**FOR THE YEAR ENDED  
30 JUNE, 2020**

THE NATIONAL ASSEMBLY  
PAPER LAIN

DATE: 22 FEB 2023 Wednesday

ED: Leader of the Majority Party

Mocho





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**UGUNJA TECHNICAL AND VOCATIONAL COLLEGE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**30<sup>TH</sup> JUNE 2020**

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





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## 1. KEY ENTITY INFORMATION AND MANAGEMENT

### (a) Background information

Ugunja Technical and Vocational College is a public Technical & Vocational College established under the TVET Act 2013 on 23/01/2020. The college opened its doors to the first intake of students in January 2020. It is domiciled in Kenya, under the Ministry of Education, State Department for Vocational and Technical Training. In executing its core mandate, the college is licensed to offer the following courses that are domiciled in their respective departments:

- Electrical Engineering
- Building Technology
- Plumbing Technology
- Information Communication Technology
- Mechanical Engineering (production option)
- Hair dressing and beauty therapy
- Social work and community development
- Supply chain management
- Metal work processing (Certificate )
- Food and beverages

### b) Principal Activities

The principal mandate of Ugunja Technical and Vocational College is to offer Technical and Vocational Training.

VISION: A transformative centre of excellence in technical and business areas of training

MISSION: To prepare trainers for a life time of transformative success.

CORE VALUES: Professionalism, Team Work, Equity, Social Responsibility, Ethics and Integrity, Honesty, Transparency & Accountability and Respect.

### c) Key Management

The college's day-to-day management is under the following key organs:

- Board of Governors
- Principal
- Principal's Management Committee (PMC)
- Academic Committee

### (d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2020 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	Mrs. Audrey M.A Odhiambo.
2.	D/Principal	Mrs. Mary Atieno
3.	Accountant	Mr. Simon Ochieng
4.	Supply chain clerk	Mr. Benad Owino
5.	Ag. Dean	Mr. Evans Nadecho
6.	Ag. Registrar	Mr. Geoffrey Ayoi





**e) Fiduciary Oversight Arrangements**

The college has put in place measures and structures to enforce fiduciary and oversight arrangements and ensure compliance. The Board which is the overall governance organ so far comprises of two key committees; the Administration, Finance and Infrastructure (AFI) committee and the Education, Research and training (ERT) committee.

These committees provide policy direction and oversight to the college Management while advising on various policy matters relating to its mandate. The main objective of the Administration, Finance and Infrastructure (AFI) committee is to assist the board in discharging its duties in relation to effective and efficient utilization of all the resources, operation of adequate systems, safeguarding of assets, control processes, preparation of accurate financial reporting and statements in compliance with all applicable legal requirement and accounting standards. The Education, Research and Training (ERT) committee of the Board Oversees the development and administration of policies, procedures and strategies that will promote high quality education, research and training across the Institution.

Further, the college submits its quarterly and annual financial statements and accounts to the relevant authorities for audit. In addition the college has developed financial regulations and procedures.

**(f) College main Campus**

P.O. Box 300-40606  
Along Rambula - Sigomere road  
Ugunja, Kenya

**(g) College Contacts**

Telephone :(+254)791226786  
E-mail: [ugunjatechcollege@gmail.com](mailto:ugunjatechcollege@gmail.com)/ [info@ugunjatvc.ac.ke](mailto:info@ugunjatvc.ac.ke)  
Website [www.ugunjatvc.ac.ke](http://www.ugunjatvc.ac.ke)

**(h) College's Bankers**

Kenya Commercial Bank  
Kisumu Airport Branch  
P.O. Box 2093-40100  
Kisumu, Kenya

**(i) Independent Auditors**

Auditor General  
Kenya National Audit Office  
Anniversary Towers, University Way  
P.O. Box 30084  
GPO 00100  
Nairobi, Kenya

**(j) Principal Legal Adviser**

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



## II. THE BOARD OF GOVERNORS



**Eng. Peter Oloo Okaka**  
Chairman

Engineer Okaka is the Chairman of the Board of Governors. He was born in 1945. He is a distinguished, renowned Mechanical Engineer and Education expert with over 30 years' experience having risen through the ranks to the current position. He is a holder of Master's of Science degree in Mechanical Engineering and a Bachelor of Science degree in Mechanical Engineering. He was appointed as Chairman of the College board for a term of three years with effect from 13<sup>th</sup> January 2020.

He previously served as Deputy Principal, KTTC from 1979 to 1981 after which he served as the Principal, Kenya Polytechnic from 1982-1985, where he oversaw transformation of the TVET college. Eng Okaka was later in 1986 appointed as the Senior Deputy Director of Education at the Ministry of Education where he served till 1987. In 1988 to 2002 he also served as the Director Technical Training & Applied Technology. He is also a practising educator as a lecturer from 2007 to 2008 where he was on Part-time mode but currently full time lecturer at the School of Engineering and Technology, Kenyatta University. While at the Kenyatta University from the year 2012 to date, He serves as the Chairman, Mechanical Engineering department, School of Engineering and Technology serves as the chairman where he successfully initiated and carried out Staff professional programmes, workshops which culminated into accreditation mechanical engineering.



**Audrey M.A Odhiambo**  
PRINCIPAL/BOG SECRETARY

Mrs Odhiambo is the Chief Executive Officer and was appointed as the pioneer Principal of Ugunja Technical and Vocational college with effect from 29th June 2019 hence becoming the pioneer Secretary to the Board. She was born in 1971 and holds a Master's degree in Education (Guidance and Counselling) from Maseno University and Bachelor's degree in Education (Science) from Kenyatta University.

Before Joining Ugunja TVC, she served as the Deputy Principal Siaya Institute of Technology from 2016 to 2019. Prior to this position, she served as the deputy Dean of Students in charge of Guidance and counselling department from 2015 to 2016. She also served in the same capacity previously at Migori Teachers Training College from 2010 to 2013. Prior to this, She was the head of department Biological Sciences department from 1999 to 2008 at St. Marys School, Yala, where she began her teaching career (biology /chemistry) in 1994. She has consistently produced excellent results and performance.







**Lameck Tala Mdwasi**  
BOG MEMBER

Mr. Mdwasi is a member of the Board appointed as a member of the Ugunja Technical and Vocational college with effect from 13th January 2020. He was born in 07/02/1976 and is a holder of a Bachelor's of Arts degree in Communication and Media Technology from Maseno University. He is currently pursuing a Master's degree in Education Management at UNICAF University.

He is a certified Quality Management Auditor. He is career consultant and a seasoned Placement officer with BOMA international hospitality college owned by the Kenya Red Cross Society of Kenya from October 2019 to date. He also 2017 doubles up as Youth program officer for the Diaspora of Employability and Enterprise Development Institute (DEED), from January to date. Prior to this position, he served as the Placement Officer, Zetech university from 2011 to 2016 before which he was an Instructor at Zetech university March to December 2010.



**CPA(K) Sospeter Ogada Omondi**  
BOG MEMBER

Mr. Sospeter Ogada Omondi is a professional certified Public Accountant CPA (K). He was born in 15/08/1978. He was appointed as a member of the board of Ugunja TVC with effect from 13th January 2020. He is a holder of Certified Public Accounting - CPA (K), Master's Degree in in Business Administration (finance option) at Jomo Kenyatta University of Agriculture and Technology JKUAT, Bachelor's degree in Business Administration from Moi University. He is currently pursuing Senior management Course At Kenya School of Government.

He has under gone extensive training on financial accounting and management and has gained immense skills in the course of his career. He is an accountant at the Kenya Medical Training College, Nakuru Campus form 2009 to date. Previously, he served as an accountant from 2007 to 2008 at the Regional institute of Business Management (Kenya-branch), Kisumu. Prior to that He was at Mildmay International as an Assistant Account from 2006 to 2007. From the year 2001 to 2003 he worked at Mardson Insurance brokers as an office assistant.







**CHAIRMAN,  
EDUCATION RESEARCH AND TRAINING  
COMMITTEE  
Felix Okoth Otieno**

Mr. Felix Otieno okoth is the a disinguished software developer. He was born in 7/10/1979. He was appointed as a member of the Board of Ugunja Technical and Vocational College with Effect from 13th January 2020. He is a holder of Master's Degree in Computer Science and is Currently pursuing PhD in Computer Science.

He is an ICT lecturer at Technical University of Kenya from 2016 to date in the School of Computing and he is also involved in start-ups – MTEK. He also previously lectured at the Jaramogi Oginga Odinga University of Science and Technology in the school of Computing and Informatics. MR. Felix has gained wide experience in Information Communication Technology having served in various positions and fields. Currently, he is a member of the Industrial Advisory Committee, Sigalagala National Polytechnic from 2021 to date. Prior to this he was a lead developer in software engineering at Mansoft limited, Nairobi from 2012 to 2018. He was also a lead developer in Microsoft corporation Vancouver B.C, Canada from 2011 to 2012. From 2007 to 2011 he worked at the Redmond W.A, USA as a Software Engineer. Earlier in 2006, he worked as a Software Engineer in charge of Administration and company web services, PowerShell remoting, and API testing at Microsoft corporation.



**Rozilla Adhiambo  
BOG MEMBER**

Dr. Rozilla Adhiambo is the programme Manager with Africa Council for Religious leaders - Religions for peace. She was born in 20/08/1964. She was appointed as a member of the Board of Ugunja Technical and Vocational College with Effect from 13th January 2020.

She is a distinguished, seasoned program manager and has gained wide experience in Project Management having served in various positions and fields. She is a holder of PhD in Strategic Management, Master's degree in Strategic Management, Bachelor's degree in human resource management and Diploma in Education. Currently, she lectures in Several Universities in Kenya and has publications in revered journals.

She served as a centre coordinator at the Ugunja campus of Jaramogi Oginga Odinga University of science and Technology 2014 to 2017. Prior to this, in 2015-2016 she served as a Program Manager with CDTF/DANIDA.

In 2011 she served as a Grants Officer at Pathfinder international in 2011. She also served as Programme manager & Officer from 2006 to 2011 at the Rangala Family Dev Programme. From 1999 to 2006 she served as the Education Project coordinator at Africa Network for prevention and protection against child abuse and Neglect. She began her career as a teacher in the early years of 1989 to 1999.





**BOG MEMBER**  
*Vincent Ochieng Oyieng*

Eng. Vincent Ochieng Oyieng is a member of the Administration Finance and Infrastructure BoG committee. He was born on 1956. He is a holder of Bachelor of Education, (B. Ed) degree. He has been a member of the board since 13<sup>th</sup> January 2020 and he was appointed, for three years.

He is a holder of Bachelors of Science Agricultural Engineering degree in Civil and Structural Engineering.

He has served as a County Director of Irrigation from 2014 to date prior to which he served as a District Irrigation Officer, Rachuonyo North District from 2010 to 2014. From the year 2009 to 2010 he served as a Provincial irrigation engineer in Nyanza. In the year 2004 he served as a District Irrigation Officer in Rachuonyo district until the year 2007. He also served as a District soil and water conservation officer, Suba district in 1994 to 2004. Previously, from 1985 to 1996 he served as a District irrigation officer in Kwale district.



**COUNTY DIRECTOR TVET**  
**Representative of the Principal Secretary**  
**Joseph Sunguti**

Mr Joseph Sunguti is the Principal Secretary's representative in the Board. He was born in 1961. He is a holder of Master's degree in Education and a Bachelor's degree holder in Education.




He has a wealth of experience and has risen up the ranks from 1985 as a secondary school teacher to becoming a Teacher Trainer in 1989. He served as a curriculum developer in 2005 for three years. He would later join the Ministry Of Education as a policy Implementation Officer to from 2008 to 2013. From the this, He as tertiary  
He has served as a county director TVET in various regions from 2014 to date.








### III. MANAGEMENT TEAM (PMC)

The following members of staff served in the Principal's Management committee during the financial year ended 30th June 2020.

PMC	Responsibility
	<p>Audrey M.A Odhiambo Principal/BOG Secretary M. Ed, B Ed (Sc)</p> <p>Chief Executive Officer/Principal is responsible for the day to day operations at the college</p>
	<p>Mary Atieno The Deputy Principal, Higher National Diploma (HRM) B ED (Home Economics)</p> <ul style="list-style-type: none"> <li>a) The Principal assistant to the Principal and takes charge of all institutions' administration in the absence of the principal</li> <li>b) Maintains trainees' discipline</li> <li>c) Supervises and maintain proper inventories (Equipment and supplies)</li> <li>d) In-charge of curriculum implementation</li> </ul>
	<p>MR Geoffrey Ayoyi The Ag Registrar B Sc. Mathematics and Computer Science</p> <ul style="list-style-type: none"> <li>a) Responsible for management of trainees' information on enrolment, registration, attendance, academic results, assessment and graduation.</li> <li>b) Advising trainees on available career and sponsorship options</li> <li>c) Coordinates institutions learning and marketing programs.</li> </ul>





<p>The Ag. Dean of students</p>  <p>B Sc. In agricultural engineering. Evans N Nadecho</p>	<ul style="list-style-type: none"> <li>a) In charge of administration and enforcement of college policies relating to trainees' affairs and discipline, addressing questions and concerns by managing their budget for their activities, coordinating their housing, health and extra-curricular services.</li> <li>b) Updating all relevant students' resources &amp; coordinating all non-academic student related programs.</li> </ul>
<p>4. Accounts clerk – Degree in Business Management, Accounting Option</p>  <p>Simon Ochieng</p>	<p>In charge of</p> <ul style="list-style-type: none"> <li>a) Reconciliation of trainee's fees records and issuing of fee statements to trainees</li> <li>b) Filing of accounting documents</li> <li>c) Receiving college revenues and issuing receipts</li> <li>d) Processing of payment vouchers</li> <li>e) Bank reconciliations and maintenance of cash book</li> <li>f) Preparation of final accounts and reports/statements</li> <li>g) Payroll processing and payment of statutory deductions</li> </ul>
<p>5. Procurement clerk Diploma .IN SUPPLY CHAIN MNGT Registered as A Practitioner with Kenya Institute of Supplies Management</p>  <p>PETER WAUDO</p>	<ul style="list-style-type: none"> <li>a. Preparation of purchase orders</li> <li>b. Schedule deliveries for supplies, goods and services.</li> <li>c. Provision of support in drafting tender inquiries/ documents</li> <li>d. Keep procurement records and reports on supply costs</li> <li>e. Update the supplier register to quick procurement of goods and services</li> <li>f. Attend to purchase enquiries across the departments to ensure they are well informed of procurement progress</li> <li>g. Collect data on prices for goods, services to enhance cost management</li> <li>h. Develop and implement the institution procurement plan to ensure availability of required goods and services at all time according to the institution requirement and strategies.</li> </ul>





#### IV. CHAIRMAN'S STATEMENT

It gives me pleasure to present – for the first time Annual report and accounts of the Ugunja Technical and Vocational College, having been appointed Chairman in the course of the Financial year that was troubled by the Covid 19<sup>st</sup> Pandemic. The college was inaugurated on 30/08/2019 under the Mentorship of Bondo Technical Training Institute College and was registered on 23/01/2020. The Board of Governors (BOG) were duly appointed on 13<sup>th</sup> January 2020 and inaugurated on 12<sup>th</sup> February, 2020 in line with the TVET ACT NO. 29 of 2013. Board of Governors comprised ten members including the Principal and the County Director TVET: who is the representative of the Principal Secretary in the Board. I am pleased to note that the Board is committed to the pursuit of the Vision of Ensuring that Ugunja TVC becomes and remains a trend Setter in provision of Transformative Training, Research and innovation while involving all its stake holders.

During the period under review, the Board of Ugunja TVC had the heavy task of initializing operationalization of the institution amidst the Pandemic. Due to this, most of the planned activities of the board such as Board induction were curtailed. However the board continued virtually to execute its mandate of oversight of Conduct of education and training, promote and maintain standards, quality and relevance; Administer and manage college property; Develop and implement the strategic plan; Prepare annual estimates of revenue and expenditure and incur expenditure on behalf of the institution; on behalf of the institution receive fees, grant, subscriptions, donations, bequests or other monies and make disbursements to the college or other bodies or persons determine the fees payable prescribing the condition under which fees may be remitted in part or in whole in accordance with the guidelines developed under the provisions of the TVET ACT No 29 of 2013. The Board established the required committees with clear terms of reference. During the financial year 2019/2020 the Board ensured compliance with all of the relevant statutory and regulatory bodies as one of the initial steps of operationalizing the institution.

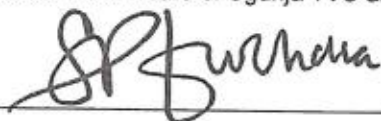
The Ministry of Education equipped the college with State-of-the-Art Mechanical Engineering Equipment, 20 computers and a few furniture. This enabled the college to begin training though their insufficiency was addressed accordingly. A total of 8 door pit latrines were constructed for trainees. We are also in the process of securing the key rooms and compound using internally generated funds. A key highlight of the financial year is the successful enrolment of the first cohort of 175 trainees who were enrolled in the January – March term majorly for technical courses. It is worth noting that the term was never concluded as planned due to COVID 19 pandemic and as such the second cohort (business courses) planned for May –July was never actualized.

During the Financial year 2019/2020, the college had only 10 Public Service Commission (PSC) trainers who served in only three departments; Administration, ICT, and Mechanical Engineering. Other trainers had to be recruited on BOG terms to cater the deficit. Three (3) trainers were interviewed in May, 2020 through the Public Service Board (PSC) 3<sup>rd</sup> batch recruitment and had not been posted by the by the end of the 2019/20 financial Year. Further, compliance with Ministerial directives on recruitment of qualified critical staff is on course and had been factored in the 2020/21 FY budget.

It is also worth noting that during the period under review the major challenge that the institution faced was lack of adequate funds to operationalise it at a time when a lot of establishment work was to be on course. This was due to late disbursement of insufficient operational grant having been reduced from KSH 2,000,000.00 to KSH.1, 000,000.00, and poor fees payment by parents and sponsors. As a result, the college could not meet its budgetary obligations forcing the board to prioritize and only finance the mandatory core training activities. Given the financial status of the institution and the directive to comply with the COVID 19 health protocols, the BOG appeals to the Government agencies to release sufficient funds in good time to enhance quality service delivery. The BOG will continue to execute its mandate to ensure that the college has established structures, systems and infrastructure on a solid foundation and further, ensure that it produces transformative graduates with adaptive and innovative skills to face a lifetime of global challenges.

Finally, I would like to thank the Cabinet Secretary, Ministry of Education Prof. George Magoha for giving us a chance to serve as a Chairman in the Board of Ugunja TVC and all the board members for their dedication.

Sign



Date

18/9/2020





## V. REPORT OF THE PRINCIPAL

I am delighted to present the highlights of the Ugunja Technical and Vocational College for the year ended June 30, 2019. Being our base year of operation, this a new public Technical and Vocational institution and was inaugurated in August 30 2019 while still under the mentor Bondo Technical Training Institute and registered on 23/01/2020. The Board of Governors (BOG) were nominated and duly appointed on January 13, 2020 and inaugurated on 12th February, 2020 in line with the TVET ACT NO. 29 of 2013. Board of Governors comprise of ten members including the Principal and the County Director TVET: who is the representative of the Principal Secretary.

### Registration and Accreditation

The institution successfully complied with all the necessary statutory and regulatory requirement for actualization of registration process. The management established initial its structures, systems and processes to achieve prudent resource management. This would anchor it on a solid foundation and entrench it on key values and attitudes relevant to training graduates who can competently manipulate every opportunity.

### Career guidance and marketing programmes

The college opened its doors to the first 175 trainees in January 2020. They were enrolled for technical courses while the Business courses were programmed for May- July admission- which never was – due to the "COVID 19" pandemic. The college is yet to enrol candidates for the first KNEC examinations

### Financial Performance

The first, second, third and fourth quarters reports were not made available because the institution was being operationalized and structures, procedures and processes were being established. However the consolidated annual report is hereby presented as per the provisions of the TVET Act no.29 of 2013.

The Ministry of Education equipped the college with State-of -the -Art Mechanical Engineering training equipment, 21 desktop computers, office furniture and 80 trainee chairs. This enabled the college to begin training though they were in insufficient. In order to cater for the gap, the college managed to procure student chairs and drawing tables, construct students four door pit latrine in December 2019/January 2020. The college also received another 4 door pit latrine constructed by the National Government –CDF Ugunja. We are also in the process of securing the key rooms and compound to enhance security using internally generated funds. With this equipment, we intend to implement Competency Based Education and Training (CBET) so as to conform to global skills requirement and meet the local market demand for man power and product.

### Strengthening Institutional capacity

The college had a lean non-teaching support staff (5), two cleaner, one office assistant, procurement clerk and accounts clerk. We are in the process of complying with the Ministerial directive on recruitment of qualified critical staff. The process of recruiting a competent procurement clerk and secretary was completed in August 2020. The secretary and the procurement clerk were replaced during the recruitment while the accountant position was re-advertised and is yet to be filled.

Government through the Public Service Commission posted ten trainers who served only in Administration, (2) ICT department (2) and Mechanical Engineering Department. (5) and Electrical Engineering Department (1). Three more are yet to be posted. Six more have been posted in reported, assumed duties. Given the new intakes, the college had to rely on the trainers engaged on Board of Governors' terms in Electrical Engineering Department (2), Building Department (2), Food and Beverage Department (1), Liberal Studies Department (1) and Hair Dressing and Beauty Therapy Department to take care of the deficit; Further, the had a challenge of valuation of its assets due to the unavailability of required details from the Ministry of education details.





In an effort to comply with increasing forest cover in the region and curb soil erosion, the college hosted the short rains tree planting launch where 500 trees were planted within the compound and 500 planted by households in the immediate neighbourhood as guided by the Kenya Forest Service staff.

The college is marked as a Centre of Excellence in Mechanical Engineering, and the management working on linking academia with industry at local, Regional, National and International levels as our corporate social responsibility. This would assure us of relevance as we seek to address the National Manufacturing development agenda. Further, as part of our Corporate Social Responsibility the college shares its drilled borehole water resource with the immediate community for domestic consumption. This reliable water resource was erected courtesy NG-CDF Ugunja.

The following are some of the major challenges that the institution faced:

1. Lack of adequate funds to meet the initial establishment cost of required for infrastructure;
2. The Mechanical Engineering machines could not serve their purpose of training and production because of the low power rating, an aspect that required funding for upgrading of the switch gear: Five of the twenty-one computers had failed within a short while;
3. We had to recruit 7 additional trainers on BOG terms to cater for the trainer deficit that we were experiencing in five departments which increased our expenses;
4. Valuation of its assets due to the unavailability of required details from the Ministry of Education details.

This low funding state was in form reduction in operational grant, poor fees payment by parents and sponsors, COVID-19 pandemic that created a prolonged break that saw students out of school and no submission of capitation fees for FY 2019/20 by the Government. As a result, the college could not meet its budgetary obligations forcing the board to only finance the mandatory core training activities.

To address this the, the college has come up with various marketing strategies to ensure that college admits as many students as possible during the 2020.2021 financial year.

I would like to thank the Government for its support, guidance and staff for their matchless dedication.

Sign M. M. M. M.

Date 18/09/2020





## VI. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FY 2019/2020

Ugunja TVC had a plan in its initial year of establishment to operationalise it by putting structures in place and prioritizing development of the critical policy documents and a strategic plan. This plan was interrupted by the COVID 19 PANDEMIC thus the following were planned but not achieved:

- Board Induction to capacity build the Board Members to be able to take up their roles
- Insufficient and delayed operational grant funding which paralysed its initial operationalization
- Inability of the Board to physically meet in order to prioritize and prepare the road map Strategic plan to give the institution clear direction.

However, the following achievements were realised:

- The initial enrolment was 175 trainees as opposed to the expected 100 in the budget,
- The college managed to construct two 4-door ablution facilities for the male and for the female trainees: one from internally generated funds and another one courtesy of the NG-CDF Ugunja.
- The college participated in the trainer recruitment process by Public Service Commission who were to be posted to the institution once the process was completed.

STRATEGY	Objective	Key performance indicators	Activities	Achievements
Operationalise the institution	To Establish a governance structure	<ul style="list-style-type: none"> <li>✓ Notice of meeting</li> <li>✓ Minutes of meeting for nomination Board of Governors</li> <li>✓ Letters of appointment</li> </ul>	Meetings	The nomination was successfully done in 2019 (Appendix B1)
	To plan, prepare and implement a budgetary estimates	Availability of Application and Registration/approval and accreditation	Application	The BoG members were appointed in January 2020 (appendix B2)
	To build the capacity of the board	Certificates/ documents with relevant statutory and regulatory bodies: KATTI, TVETA, KNEC, Public Health, documents		Registered the institution with the relevant bodies (Appendix B3)
		Approved budget and fees structure.		
	To Institute Governance	Availability of logo, Vision, Mission, core values and Rules.	BoG Inauguration Induction –(Capacity building)	BoG inauguration took place in February 2020 (Appendix B4) Induction plan disrupted by Covid
	To establish curriculum implementation	Availability of courses, syllabi, academic committee, qualified trainers	Marketing and admission	Rolled out 12 courses Appendix B5
	To Secure institution	Survey reports, Grilled ICT lab and key offices and established beacons	Fabrication works and Survey works	Clearly marked Marked boundaries Secured main offices and ICT Lab





## VII. CORPORATE GOVERNANCE STATEMENT

The College Board of Governors is constituted of eight members who were recommended to the Cabinet Secretary for appointment by the nomination panel. They were duly appointed taking into account ethnic and gender balance, and inclusion of persons with disabilities, minorities and the marginalized, and ensure balanced competencies among the members. They are representative of chairperson, a representative of the Principal Secretary in the Ministry of Education State Department for vocational and Technical Training; a representative of the county Governor of the county within which the institution is located; six other persons appointed on the basis of their knowledge and experience in leadership and management; financial management; technology; industry; engineering and information communication technology.

### Process of Appointment and Removal

In appointing and reappointing members of Boards of Governors, the commencement dates of some members shall be staggered by the cabinet secretary to maintain a proportion of new membership that ensures continuity in the affairs of the Boards of Governors.

The appointment of a member to a Board of Governors or to its committees shall be revoked and the member shall vacate office if the member — resigns; becomes insolvent or has conveyed or assigned his property or has made a proposition or arrangement for the benefit of his creditors; is sentenced by a court of law to imprisonment for a term of six months ; is incapacitated by physical or mental illness; has been absent from three consecutive meetings of the Board of Governors without leave; where the member is a representative, has his appointment revoked by the nominating body; or is otherwise unable or unfit to discharge his functions as a member of the Board of Governors .

Where the office of a member of a Board of Governor becomes vacant by reason other than the expiry of the period of that office, the Cabinet Secretary, in accordance with the provisions of this TVET Act no. 29 of 2013 appoint another person to replace the member.

A member of a Board of Governors may at any time resign by giving notice in writing to the cabinet Secretary and shall cease to be a member of the Board from the date specified in the notice or, if no date is specified, from the date of the receipt by the Cabinet Secretary or the Secretary to the Board

### Roles and functions of the BoG

1. Oversee the development and administration of policies, procedures and strategies that will promote prudent financial management, high quality infrastructural development and acceptable resource mobilization practices including recruitment, reward, retention, motivation and development of the Institution's staff;
2. Oversee the Institution's compliance with legal, statutory and regulatory requirements relating to finance, infrastructure and resource mobilization matters as well as compliance with ethical and quality standards adopted by the Institution.
3. Receive and consider proposals and reports on matters relating to finance, development projects and resource mobilization in the Institution and its campuses.
4. Oversee the development of policies and procedures to enhance effective and efficient utilization of all the resources of the Institution.
5. To Oversee the development and administration of policies, procedures and strategies that will promote high quality education, research and training across the Institution;
6. To guide the Institution to meet its strategic aims and objectives in relation to education, research and training activities;





7. To develop high quality education courses and other activities to promote good practice within the relevant fields
8. Obtain assurance from management that all financial and non-financial internal control and risk management functions are operating effectively and reliably.
9. Oversee the implementation of developed policies, procedures and strategies that will promote effective and efficient management systems within the Ugunja Technical and Vocational College
10. Provide an independent review of the Institutions' reporting functions to ensure the integrity of the financial reports.
11. Ensure the Institution effectively monitors compliance with legislative and regulatory requirements and promotes a culture committed to lawful and ethical behaviour.
12. Provide oversight of the implementation of accepted audit recommendations and consider reports on matters relating to audit.
13. Provide strong and effective oversight of the institution's internal audit function. ;

**Succession Plan and Term of office:** Unless the appointment of the chairperson or a member of a Board of Governors is earlier terminated under this Act, a person appointed as chairperson or as a member shall hold office for a term of three years from the date of appointment and shall be eligible for re-appointment for one further term of a period not exceeding three years.

The BOG proposed its terms of reference for the board committees for operations.

Present

1. Peter Oloo Okaka	Chairperson
2. Audery M A Odhiambo	Secretary
3. Lucas Ocharo	County Director TVet
4. Sospeter Omondi	Member
5. Jane Pauline Maeri Mito	Member
6. Felix O.Okoth	Member

**Apology**

Dr. Rozilla Adhiambo	Member
Mr. Lameck Tala Mdwasi	Member
Eng. Vincent Oyieng	Member

This was the first meeting held and members did not meet a quorum to form committees. The Board then was scheduled to be inducted in April but was interrupted by COVID 19 pandemic. In May, two board members were engaged in the shortlisting and subsequent interview of 3rd batch trainers recruited by the Public Service Commission (PSC) and thereafter followed by two special virtual Full BOG meetings held on 21st May and on 30th May 2020 for the discussion, adoption and approval of shortlisting and interview results respectively. All the members were present on these two virtual meetings.

The BOG allowances were discussed and agreed on given the institution's financial base:

The sitting allowance of 10,000/= for all members while 12,000/= for the Chairman.

Transport be flat rate of 3000/= for all except the County Director TVET and the Secretary since they were officers on duty.



The first Administration Finance and Infrastructure meeting was held on 29th June 2020 to discuss the FY 2020/2021 Budget where all members attended.

A special full BOG meeting was held on 30th June 2020 to discuss, adopt and approve the Fy 2020 /2021 Budget and all the members attended.

	Name	Board Position	Board attendance %
1.	Eng .Peter Oloo Okaka	CHAIRMAN	100%
2.	Mrs. Audrey Odhiambo	Secretary	100%
3.	Eng .Vincent Oyieng Ochieng	Member	75%
4.	Eng Jane Pauline Maeri Mito	Member	100%
5.	Dr. Rozilla Adhiambo	Member	75%
6.	Mr. Tala Mdwasi	Member	75%
7.	Mr. Sospeter Ogada Omondi	Member	100%
8.	Mr. Felix Otieno Okoth	Member	100%
9.	Mr. Karilus Ben Umija	Member	100%
10	Mr Joseph Sunguti	Member	100%

#### **Board Performance**

The board was appointed in January 2020 and inaugurated on 12<sup>th</sup> February 2020. During the year under review the board held a total of 5 meetings: 4 full Board meetings and 1 administration finance and infrastructure committee meeting. The attendance to the respective meetings is summarised below:

The board performance was exemplary given the circumstances surrounding the new college status and the COVID 19 pandemic as it delivered on all the critical requirement within the limits of fund.





## VIII. MANAGEMENT DISCUSSION AND ANALYSIS

The college commenced its operations by admitting students in January -March 2020 term. During the term, the college managed to register 175 students. Of these students, one hundred and twenty-six (126) managed to register with Kenya Universities and Colleges Central Placement Services with a hope of getting government capitation fees. Because of the economic status of the community around the college, there has been poor fees trend by the students forcing them to depend on the HELB and CDF bursary to help bridge the fees of Kshs. 26,420.00. The projection for the Fiscal year 2019/2020 was ksh 30,618,000.00 while the actual collection was Kshs. 4,234,148.00. This was caused by reduction in grant from Ksh. 27,000,000.00 to ksh 2,000,000.00 of which only 1,000,000.00 was disbursed in the 4th Quarter and the students fees areas not yet received by the end of June 2020. This posed a major challenge to college forcing the management to only consider core training activities and critical operations and to shelve others in execution of the budget.

On infrastructure, the college managed to construct the students 4 door pit latrine from internally generated funding. Also, we managed to construct another 4 door pit latrine and through NG-CDF Ugunja. Due to COVID 19 outbreak that left the college deserted there was need to secure the ICT lab and essential administrative offices through installation of window grill. In line with this the institution to initiate the process of securing its boundaries by doing survey for fencing works.

In compliance with the statutory requirements, the college submitted the monthly statutory payments i.e. National Social Security Fund, National Hospital Insurance Fund including annual regulatory requirements. Due to the delay in release of institutions Registration certificate, several processes i.e. PAYE submission, KPLC account registration and institution's proprietary Email address could not be obtained.

The college also had challenge on trainers, in Building and civil engineering, food and beverage, hair dressing and beauty therapy, social works and supply chain management, but that is currently being addressed by the Parent Ministry of Education and Public Service Commission. If the inadequacy of trainers is addressed fully we shall reduce on the Cost of hiring BOG trainers. The funds would be ploughed into other areas that need improvement like the Library which is yet to be operationalized. We have also put in place an elaborate procurement plan for the financial year 2020/2021. This will regularize our expenditure and improve on the institution's financial stewardship



## IX. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/ SUSTAINABILITY REPORTING

It's worth noting that during the financial year ending 30th June 2020, the college carried out a number of outreach programmes to the community around the college as follows:

- 1) Water – Due to water shortage in the area, the college allows the surrounding household to draw water from its drilled borehole at during specified times of the day.
- 2) Environmental conservation – The College planted a total of 500 trees in the college compound as first step to restore forest cover and the indigenous trees brought down during the construction of the college building. This was also intended to reduce the soil erosion and increase water catchment for the community as the college is situated a gentle slope. The community also benefited from trees that were donated by the Kenya Forest Service during the same period.





## **X. REPORT OF THE BOARD OF GOVERNORS**

The BOG submit their financial report together with the audited report this being our base year of reporting.

### **Principal activities**

The principal activity of the college continue to be training and research in Technical Vocational Education & Training.

### **Examination results**

The results of the college for the year ended June 30, 2020 is not available as the college is yet to have first candidates sitting for the National Examination.

### **BOARD OF GOVERNORS**

The members of the Board who served during the year 2019/2020 are shown on page (v-ix) and all were duly appointed by the Cabinet Secretary. They were all appointed with effect from 13th January 2020.

### **Auditors**

The Auditor General is responsible for the statutory audit of the college in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015. Certified Public Accountants were nominated by the Auditor General to carry out the audit of the Ugunja Technical and Vocational College for the year ended 30th June 2020 in accordance to section 23 of the Public Audit Act 20 15 which empowers the auditor \general to appoint an auditor to audit on his behalf.

By Order of the Board

**Corporate Secretary**  
**Nairobi**

**Date: .....**



## XI. STATEMENT OF BOARD OF GOVERNORS RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013 require the Board members to prepare financial statements in respect to Ugunja Technical and Vocational College, to give a true and fair view of the state of affairs of the College at the end of the financial period and the operating results of the College for that period.

Therefore, the Board members are responsible for the preparation and presentation of the college's financial statements, which give a true and fair view of the state of affairs of the college for the year ended on June 30, 2020.

These responsibilities include:

- 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 the 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 the college's financial statements give a true and fair view of the state of college's transactions during the financial year ended June 30, 2020, and of the college's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the college, which have been relied upon in the preparation of the college's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Board members to indicate that the college will not remain a going concern for at least the next twelve months from the date of this statement.

### Approval of the financial statements

The College's financial statements were approved by the Board on \_18<sup>th</sup> September 2020 and signed on its behalf by:

  
PRINCIPAL/BOG SEC.

  
CHAIRMAN

  
BOG MEMBER







# REPUBLIC OF KENYA

Telephone: +254-(20) 3214000  
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 UGUNJA TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2020**

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

#### **Qualified Opinion**

I have audited the accompanying financial statements of Ugunja Technical and Vocational College set out on pages 1 to 18, which comprise of the statement of financial position as at 30 June, 2020 and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with 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 the Ugunja Technical and Vocational College as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical Training Education and Training Act, 2013 and the Public Finance Management Act, 2012.

#### **Basis for Qualified Opinion**

##### **1. Unsupported Revenue from Exchange Transaction**

The statement of financial performance reflects revenue from exchange transactions amount of Kshs.4,165,648, which differs with the amount disclosed in Note 2 to the financial statements of Kshs.4,234,168 resulting in a variance of Kshs.68,500. Further, the College did not provide supporting schedules and fees register for audit review.

In the circumstances, the accuracy and completeness of revenue from exchange transactions of Kshs.4,234,148 could not be confirmed.

##### **2. Unreconciled Employee Costs**

The statement of financial performance and as disclosed in Note 5 to the financial statements reflects employees' costs balance of Kshs.592,000. However, the supporting



schedule provided to support the expenditure reflected an amount of Kshs.494,349 leading to an unreconciled variance of Kshs.97,652.

In the circumstances, the accuracy of the employees' costs expenditure of Kshs.592,000 could not be confirmed.

### **3. Property, Plant and Equipment**

The statement of financial position and as disclosed under Note 13 to the financial statements reflects property, plant and equipment balance of Kshs.66,109,703, which is net of depreciation charge for the year of Kshs.1,890,340. However, no valuation report was provided for audit review to determine the value of the assets, when they were acquired. Further, the balance excludes unknown value of assets received from the Ministry of Education.

In the circumstances, the accuracy and completeness of the property, plant and equipment totalling Kshs.66,109,703 could not be ascertained.

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

The statement of financial position reflects receivables from exchange transactions balance of Kshs.593,400. However, Note 12 to the financial statements in support of the fees balance reflects a balance of Kshs.661,900 resulting to an unreconciled variance of Kshs.68,500. Further, the current portion of receivables from exchange and receivables from non-exchange transactions have been reported as combined contrary to format prescribed by the Public Sector Accounting Standard Board.

In the circumstances, the accuracy and completeness of receivables from exchange transactions could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Ugunja 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 during the year under review.

### **Other Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts for the year ended 30 June, 2020 reflects a final receipts budget and actual on comparable basis of



Kshs.30,618,100 and Kshs.5,169,148 respectively resulting to an under funding of Kshs.24,448,952 or 83%. Further, the statement reflects an expenditure budget and actual on comparable basis of Kshs.30,618,100 and Kshs.8,080,294 resulting to under expenditure of Kshs.22,537,806 representing 74% of the approved budget.

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

## **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**

#### **Board of Governors Appointments**

Review of the Board and Chief Executive Officers' terms of service and entitlements revealed that appointment of the Members of the Board was not done by notice in the official Gazette contrary to Section 8(13) of the Technical and Vocational Education and Training Act, 2013 which states that all appointments under this section shall be by notice in the Gazette. Failure to give notice of Board appointments in the Gazette may result in Board members serving in multiple Boards which is contrary to Board regulations.

In the circumstances, Management was in breach of 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 matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, based on the audit procedures performed, I confirm that nothing else has come to

my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

#### **1. Failure to Maintain Separate Cash Books**

The College opened and maintained two bank accounts with the Kenya Commercial Bank. However, receipts and payments were recorded and accounted for in one cash book instead of operating separate cash books. These has resulted to comingling of funds and may eventually lead to loss of funds.

In the circumstances, the existence of an effective mechanism to safeguard public resources could not be established.

#### **2. Lack of an Internal Audit Function and Audit Committee**

Review of records revealed that the College did not have in place a functional internal audit unit to appraise the management activities and operations. Further, the College did not have an Audit Committee in place to provide oversight over financial operations and accountability.

In the circumstances, the existence of an oversight alternative plan to ensure proper monitoring could not be confirmed.

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

### **Responsibilities of Management and the Board of Governors**

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

In preparing the financial statements, Management is responsible for assessing the College's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the College or to cease 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 College's financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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

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

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

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

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

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

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

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

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

07 October, 2022



### XIII. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020

Details		2019/2020
	Note	Amount (KShs)
<b>Revenue from non-exchange transactions</b>		
Operational Grant	1	1,000,000.00
<b>Revenue from exchange transactions</b>		
Rendering of Services-Fees	2	4,165,648.00
Other incomes - Production unit	3	3,500.00
<b>Total revenue</b>		<b>5,169,148.00</b>
<b>Expenses</b>		
Use of goods and services	4	3,538,546.00
Employee Costs	5	592,000.00
Board Of Governors costs	6	513,000.00
Repair Maintenance and Improvements	7	352,408.00
Contracted services	8	1,194,000.00
Depreciation charge on PPE	13	1,890,340.00
<b>Total expenses</b>		<b>8,080,294.00</b>
<b>Surplus/deficit for the period</b>		<b>(2,911,146.00)</b>

The notes set out on pages 6 to 16 form an integral part of the Annual Financial Statements.





**XIV. STATEMENT OF FINANCIAL POSITION AS AT 30<sup>TH</sup> JUNE, 2020**

Details		2019/2020
Assets	Note	Amount(Kshs)
<b>Current assets</b>		
Cash and cash equivalents	9	4,075,977.00
Receivables from exchange transactions	11	593,400.00
Inventories	12	168,666.00
<b>Total Current Assets</b>		<b>4,838,043.00</b>
<b>Non-Current Assets</b>		
Property, Plant & Equipment	13	66,109,703.00
<b>Total Assets</b>		<b>70,947,746.00</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and Other Payables from Exchange Transactions	14	2,068,549.00
Payments Received in Advance	15	3,790,300.00
<b>Revenue Reserve</b>		<b>(2,911,146.00)</b>
Capital Fund		68,000,043.00
<b>Total Equity</b>		<b>70,947,746.00</b>

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

Chairman of Board of Governors

Finance Officer

Principal

Date 18/9/2020

ICPAK NO 29233

Date 28/9/2020

Date 18/09/2020





XV. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2020

<b>Details</b>	<b>Capital Reserve</b>	<b>Revenue Reserve</b>	<b>Total</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>Balance 1<sup>st</sup> July 2019</b>	-	-	-
Deficit for the year	-	-2,911,146.00	<b>2,911,146.00</b>
Capital Fund	68,000,043.00	-	68,000,043.00
<b>Total</b>		<b>-2,911,146.00</b>	<b>70,947,746.00</b>





**XVI. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2020**

	<b>Notes</b>	<b>2019/2020</b>
<b>Cash flows from operating activities</b>		
Government operation Grant		1,000,000.00
Rendering of service-fee from students	2	4,165,648.00
Other income-production unit	3	3,500.00
<b>Total receipt</b>		<b>5,169,148.00</b>
<b>Payments</b>		
Use of goods and service	4	3,538,546.00
Employee cost	5	592,000.00
Board of governors cost	6	513,000.00
Repair Maintenance And Improvement	7	352,408.00
Contracted service	8	1,194,000.00
<b>Total payment</b>		<b>6,189,954.00</b>
<b>Net cash flow from operating activities</b>		<b>(1,020,806.00)</b>
<b>Cash flow from investing activities</b>		
(Increase)/Decrease in Inventory		( 168,666.00)
(Increase)/Decrease in Receivables	11	(593,400.00)
Increase /(Decrease) in Payables		2,068,549.00
Increase /(Decrease) in Payables(Prepaid)	15	3,790,300.00
<b>Net increase /decrease in cash and cash equivalent</b>		<b>5,097,283.00</b>
<b>Cash And Cash Equivalent at 30<sup>th</sup> June 2020</b>		<b>4,075,977.00</b>



**XVII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS AS AT 30<sup>TH</sup> JUNE, 2020**

Details	Final budget	Actual on comparable basis	Performance difference
	KShs	KShs	KShs
<b>Revenue</b>			
Government Operational Grants	27,000,000.00	1,000,000.00	(26,000,000.00)
Rendering of Services	3,618,100.00	4,165,648.00	616,048.00
Other Incomes - Production Unit	00	3,500.00	3,500.00
<b>Total Income</b>	<b>30,618,100.00</b>	<b>5,169,148.00</b>	<b>(24,638,931.00)</b>
<b>Expenses</b>			
Use of Goods and Services	28,594,100.00	3,538,546.00	25,055,554.00
Employee costs	1,302,000.00	592,000.00	752,848.00
Board Of Governor Costs	150,000.00	513,000.00	(363,000.00)
Repair, Maintenance & Improvements	572,000.00	352,408.00	219,592.00
Contracted services	-	1,194,000.00	(1,194,000.00)
Depreciation on PPE	-	1,890,340.00	(1,890,340.00)
<b>Total expenditure</b>	<b>30,618,100.00</b>	<b>8,080,294.00</b>	
<b>Deficit for the period</b>		<b>(2,911,146.00)</b>	<b>(4,244,987.00)</b>

The notes of the above statement of comparison of budget and actual amounts are given below;

The college received the fourth quarter disbursement through the mentor institution (Bondo Technical Training Institute). The money received was used to support the daily operations of the college in accordance with the generic budget provisions. The variation has been caused by reduction in government funding of colleges operation grants caused by introduction of capitation fees.

1. There is a variation in the projected revenue and the actual revenue received during the year because of by the increase in the number of students from 100 projected to 175 students that joined the college for the January – March term
2. During the preparation of the budget, the college had not envisaged the possibility of having other sources of internally generated revenue and therefore their estimates were never included in the budget.
3. In the budget, there was a provision of 150,000.00 for meetings including B.O.G meetings. The B.O.G Members had five meetings in the financial year 2019/2020 since they came into office and public service recruitment meetings in Kisumu making the expenditure on B.O.G costs be 513,000.00.
4. The contracted security services had been taken care of by mentor institution (Bondo TTI) from June, 2018 to April, 2020 leaving only the month of May and June, 2020 to be taken care of by the college from the personal emoluments vote head.
5. The budget projection could not be accomplished therefore most activities were shelved to only fund core training activities.
6. Under RMI, the budgeted amount was 572,000.00 out of which 352,000.00 was to finance office furniture. Out of urgency, instead, we used the amount to a tune of 304,000.00 to purchase students lecture chairs and tables.
7. In the budget, there was a provision of 40,000.00 for securing the ICT lab. However, due to COVID-19 outbreak that left the college deserted, there was need to secure the ICT lab and essential administrative offices to a tune of 92,500.00 by installing window grills on them. In line with that, the institution decided to initiate the process of securing its boundaries.





## XVIII. NOTES TO THE FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

Ugunja Technical and Vocational College is established by and derives its authority and accountability from TVET Act 2015. The College is wholly owned by the Government of Kenya and is domiciled in Kenya. The College's principal activity is Training.

### 2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

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

### 3. ADOPTION OF NEW AND REVISED STANDARDS

#### i. Relevant new standards and amendments to published standards effective for the year ended 2020

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 IFRS 3 (applicable to acquisitions only). Business combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations.

#### ii. New and amended standards and interpretations were in issue but not yet effective in the year ended 30th June 2020

#### iii. Early adoption of standards.

The college did not early –adopt any new or amend standards

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a) Revenue recognition

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

##### Transfers from other government entities

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

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

### **Sale of goods**

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

### **Interest income**

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

### **Dividends**

Dividends or similar distributions must be recognized when the shareholder's or the entity's right to receive payments is established.

### **Rental income**

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

## **b) Budget information**

The original budget for FY 2019/2020 was approved by the Board on 2/9/2019. Subsequent revisions or additional appropriations were not made to the approved budget in accordance with specific approvals from the appropriate authorities. There were no additional appropriations added to the original budget by the College in order to conclude the final budget.

The College's budget is prepared on the same 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 as well as the budget is prepared on accrual basis. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, was then presented in the statement of comparison of budget and actual amounts.



**c) Taxes**

***Current income tax***

The college is exempted for paying taxes as per the schedule chapter 501 C 3 internal revenue code 501 of income Tax Act, 2012.

**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 of years.

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

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

**e) Property, plant and equipment**

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

ASSET	RATE OF DEPRECIATION
BULDING	5%
BULDING (TEMPORARY ERECTIONS)	40%
FURNITURE AND FITTINGS	10%
PLANT AND MACHINERY	15%
COMPUTERS AND COMPUTERS ACCESSORIES	40%

The depreciation is based on reducing balance on the value of asset.





## **f) Leases**

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

## **g) Intangible assets**

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

## **h) Research and development costs**

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

The technical feasibility of completing the asset so that the asset will be available for use or sale.

Its intention to complete and its ability to use or sell the asset

How the asset will generate future economic benefits or service potential

The availability of resources to complete the asset

The ability to measure reliably the expenditure during development.

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

## **i) Financial Instruments**

### **Financial assets**

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

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and



receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The college determines the classification of its financial assets at initial recognition.

#### **Loans and receivables**

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

#### **Held-to-maturity**

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

#### **Impairment of financial assets**

The college assesses at each reporting date whether there is objective evidence that a financial asset or college 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 college determines the classification of its financial liabilities at initial recognition.

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

#### **Loans and borrowing**

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

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





**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 college.

**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 college in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

**k) Nature and purpose of reserves**

The college has not created and maintained reserves in terms of specific requirements.



**l) 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.

**m) Employee benefits**

**Retirement benefit plans**

The college remits a social contribution for its employees as required, to National Social Security Fund (NSSF) 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.

**n) 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.

**o) 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.

**p) 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 Board of Governors, the principal and senior managers.

**q) Service concession arrangements**

The college analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the college recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the college also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**r) 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.

**s) Comparative figures**

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

**t) 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, 2019.

**5. . 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 college based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the college. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

**Useful lives and residual values**

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

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

**Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in note 16.





Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material. The college has provided for cost of assets a waiting valuation by the Government experts. This provision was based on the prevailing market rates.

#### 1. TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2019/2020
	KShs
<b>Unconditional grants</b>	
Transfers From National Government (Ministries Education)	1,000,000.00
<b>Total government grants and subsidies</b>	<b>1,000,000.00</b>

The college received the fourth quarter disbursement through Bondo Technical Training Institute. The money received has been used to support the daily operations of the college in accordance with the generic budget provisions.

#### 2. RENDERING OF SERVICES

Description	2019/2020
	KShs
Tuition/S.E.S. and other related charges Actual receipts	2,828,600.00
Tuition/S.E.S. and other related charges Receivables	661,900.00
Mentor institution(Bondo and Siaya institutes of technology)	743,648.00
<b>Total</b>	<b>4,234,148.00</b>

The table above shows the receipts during the year based on the accrued basis of Accounting. There is accumulation of fees arrears since the college had not received the capitation fees. A total of 145 students who applied for the HELB loan received their disbursement in the financial year 2019/2020.

#### 3. OTHER INCOME/PU

Description	2019/2020
	KShs
Tender	3,500.00
<b>Total</b>	<b>3,500.00</b>

During the financial year 2019/2020 the college realised kshs.3, 500.00 from the sale of tender. This was due to inadequate knowledge by the public on the existence of the college. We project better sales on tenders in future.

#### 4. USE OF GOODS AND SERVICES

Description	2019/2020
	KShs
Training Materials and other related costs	1,370,807.00
Local Transport & Travel	134,880.00
Utilities (Electricity, Water and Conservancy)	78,556.00
Administrative Expenses	1,724,833.00
Development	229,470.00
<b>Total</b>	<b>3,538,546.00</b>



## 5. EMPLOYEE COSTS

Description	2019/2020
	KShs
Salaries and wages	566,000.00
Employee related costs-contributions NSSF	26,000.00
<b>Total</b>	<b>592,000.00</b>

## 6. BOARD OF GOVERNORS COSTS

Description	2019/2020
	KShs
Sitting Allowance	477,000.00
Transport Allowance	36,000.00
<b>Total</b>	<b>513,000.00</b>

## 7. REPAIRS, MAINTENANCE& IMPROVEMENTS

Description	2019/2020
	KShs
Cleaning Materials	59,980.00
Window grills	107,500.00
Electrical/Plumbing Materials	149,280.00
Landscaping	35,648.00
<b>Total</b>	<b>352,408.00</b>

## 8. CONTRACTED SERVICES

Description	2019/2020
	KShs
Security Guards	1,194,000.00
<b>Total contracted services</b>	<b>1,194,000.00</b>

## 9. CASH AND CASH EQUIVALENTS

Description	2019/2020
	KShs
Current account	4,038,349.00
Cash at hand	37,628.00
<b>Total Cash and Cash Equivalents</b>	<b>4,075,977.00</b>

## 10. DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

Financial institution	Account number	2019/2020
		KShs
<b>a) Current account</b>		
Kenya Commercial bank – Fees account	1263416225	3,040,399.00
Kenya Commercial bank – operational a/c	1263709354	997,950.00
<b>Sub- total</b>		<b>4,038,349.00</b>
<b>b) Others</b>		
Cash in hand		37,628.00
<b>Sub- total</b>		<b>37,628.00</b>
<b>Grand total</b>		<b>4,075,977.00</b>





### 11. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2019/2020
	KShs
<b>Current Receivables</b>	
Student debtors	661,900.00
<b>Total</b>	<b>661,900.00</b>

### 12. INVENTORIES

Description	2019/2020
	KShs
Stationery	135,040.00
Cleaning materials	12,480.00
Practical materials	21,146.00
<b>Total</b>	<b>168,666.00</b>

### 13. PROPERTY, PLANT AND EQUIPMENT SCHEDULE OF FIXED ASSET

	Land	Buildings	Plant & Equipment	Catering Equipment & Cutlery	Computer s & Comp. accessories	Furniture & Fittings	Total
<b>Cost</b>							
At 1st July 2019	-	-	-	-	-	-	-
Additions	3,000,000.00	54,386,080.00	8,293,628.00	18,865.00	31,890.00	2,269,580.00	68,000,043.00
Disposals	-	-	-	-	-	-	-
Transfers/ adjustments	-	-	-	-	-	-	-
<b>At 30 June 2020</b>	<b>3,000,000.00</b>	<b>54,386,080.00</b>	<b>8,293,628.00</b>	<b>18,865.00</b>	<b>31,890.00</b>	<b>2,269,580.00</b>	<b>68,000,043.00</b>
<b>Depreciation</b>							
At 1 July 2019	-	-	-	-	-	-	-
Charge for the Year	-	1,359,652.00	414,677.00	940.00	1,594.00	113,477.00	1,890,340.00
<b>At 30 June 2020</b>	<b>-</b>	<b>1,359,652.00</b>	<b>414,677.00</b>	<b>940.00</b>	<b>1,594.00</b>	<b>113,477.00</b>	<b>1,890,340.00</b>
<b>Net Book Value At 30 June 2020</b>	<b>3,000,000.00</b>	<b>53,026,428.00</b>	<b>7,878,951.00</b>	<b>17,925.00</b>	<b>30,296.00</b>	<b>2,156,103.00</b>	<b>66,109,703.00</b>
At 30 June 2019	-	-	-	-	-	-	-

### 14. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2019/2020
	KShs
Trade Creditors	2,068,549.00
<b>Total</b>	<b>2,068,549.00</b>

### 15. REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS

Description	2019/2020
	KShs
Prepaid Fees	3,790,300.00
<b>Total</b>	<b>3,790,300.00</b>



## 16. FINANCIAL RISK MANAGEMENT

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

The college financial risk management objectives and policies are detailed below:

### i) **Credit risk**

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

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

### ii) **Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the College Board of Governors, who has built an appropriate liquidity risk management framework for the management of the college's short, medium and long-term funding and liquidity management requirements. The college manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

### (iii) **Market risk**

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

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

There has been no change to the college's exposure to market risks or the manner in which it manages and measures the risk.

### iii) **Interest rate risk**

Interest rate risk is the risk that the college's financial condition may be adversely affected as a result of changes in interest rate levels. The college's interest rate risk arises from bank deposits. This



exposes the college to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the college's deposits.

**iv) Management of interest rate risk**

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

**17. EVENTS AFTER THE REPORTING PERIOD**

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

**18. ULTIMATE AND HOLDING ENTITY**

The college is a State Corporation under the Ministry of Education. Its ultimate parent the Government of Kenya.

**19. CURRENCY**

The financial statements are presented in Kenya Shillings (Kshs)





# **APPENDIX 1**

## **INVENTORY FORM**

### **LIST OF EQUIPMENT FROM THE MINISTRY OF EDUCATION**

S/NO	NAME OF ITEM/ FACILITY	NO.
1	LATHE MACHINE – SNO/ C6241/C6246H	8
2	BENCH GRINDER	3
3	BENCH DRILLING MACHINE – Z4016	2
4	BENCH DRILLING MACHINE – Z4113	2
5	CYLINDRICAL GRINDING MACHINE	1
6	CNC LATHE MACHINE – CK 6141	2
7	UNIVERSAL MILLING MACHINE OF LIFT TABLE – X6132	1
8	VERTICAL MILLING MACHINE OF LIFT TABLE – 5032	1
9	UNIVERSAL CYLINDRICAL GRINDING MACHINE - M1432B	1
10	BENCH DRILLING MACHINE - ZQ4113	2
11	MATERIAL TESTING DEVICE-WDW-100E	1
12	VERTICAL MACHINE CENTRE- VMCL850L	1
13	COMPUTERS	21
14	COMPUTER DESK	20
15	TEACHERS DESK	1
16	UPS	1
17	PROJECTOR	1
18	CAD	21
19	AIR COMPRESSOR	1
20	GAUGE BLOCK 83	2
21	DRAWING DESK	10
22	DRAWING TOOLS	10
23	FILTER TRAINING TABLE	20
24	FILTER OPERATION TOOL KIT	20
25	TABLE VICE	20
26	GAUGE BLOCK 38	2
27	BUBBLE INCLINOMETER	5
28	BAND SAWING MACHINE	1
29	SANDER	2
30	WORKING TABLE	8
31	ELECTRIC SOLDERING IRON	4
32	LIFTING BELT	2
34	HANDLING SMALL TANK	4
35	JACK	2
36	TOOL CABINET	15
37	FILE CABINET	8
38	COMMODITY SHELVES	10

