REPUBLIC OF KENYA

OAG

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

KOCHOGO VOCATIONAL TRAINING CENTRE

FOR THE YEAR ENDED 30 JUNE, 2021

International Public Sector Accounting Standards (IPSAS)
Annual Financial Reporting Template for
Technical Vocational Education Training (TVET) Institutions, National Polytechnics and Teacher Training Colleges

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TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET) (KOCHOGO VTC)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2021

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

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KEY ENTITY INFORMATION AND MANAGEMENT

Background information
The Kochogo Vocational Training Centre was established under TVET Act 2013. The entity is domiciled in Kenya, Kisumu County, Nyando Sub-county, Ahero ward. The institute is under the Ministry of Education.

BACKGROUND HISTORY
Kochog VTC was started way back in 1960 by African brotherhood church (ABC). The process was sparedheaded by Mr. Obong'o Wadwa who was kind enough to donate a land a long side his counterpart Jorim Omullo, Joram Gumbo and Ogolla Kungu.

This initiative was necessitated by their quest to see youths acquire competencies and skills in technical education. The ABC church bought relevant equipment's and tools for carpentry and joinery and tailoring and dress making. The institution was vibrant and ran smoothly but unfortunately their dream was thwarted by wrangles with members of the community. The church leadership pulled out, the community declined to sell/donate land for expansion eventually it collapsed. It was then moved to Boya which is currently Ahero VTC.

In 2002 and 2012 several attempts were made to revive it by the Ahero Town Council and the former Nyando Mp Mr. Fred Outa Respectively however it didn't bear much fruit.

In 2013, a board of management was put in place to oversee the construction of the administration block and a workshop. It also began the process of registration although it was not successful.

In 2020 the county government of Kisumu took over Kochogo VTC as one of its mandates as a devolved function, and inaugurated theB.O.G in November 2020.

In January 2021, it's officially begun its operation and successfully admitted its first batch of 34 students. It is situated off Kisumu- Nairobi highway, 4 kms from Ahero town along Ahero Ombaka road.

Courses offered
Electrical & Electronics Technology
Fashion Design and Garment Making
Building Technology
Hair dressing and beauty therapy

Principal Activities

Skills training
Skills development

Vision
To become a centre of excellence in provision of relevant skills and market driven courses leading to self-reliance and economic empowerment.

Mission
To offer quality training attitude and knowledge relevant to the job market.

Motto
"Striving for excellence"

Objectives
Production of highly skilled labour for the market.
Ensure compliance with the Technical and Vocational Education and Training Act, 2013, and other relevant statutory and safety requirements.

(a) Key Management

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

- Board of Governors
- County Directorate
- Centre Management

Fiduciary Management

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

No.	Designation	Name
1.	CECM	Mr. John Obiero Awiti
2.	Chief Officer	Mrs.PeninaOnyango
3.	Director	Mrs. Paschalia Ouma
4.	Centre Manager	Mrs. Lornah Owino
5.	BOG chairman	Mr. Christopher Okiri Awinda

Fiduciary Oversight Arrangements

- County Executive
- Audit committee activities
- Development partner oversight activities

KEY ENTITY INFORMATION AND MANAGEMENT

(b) Entity Headquarters

P.O. Box 160 - 40101

AHERO
KENYA

(c) Entity Contacts
Tel; 0726839734
E-mail: kochogovtc2021@gmail.com

(d) Entity Bankers

1. Kenya Commercial Bank Ltd.
   P.O.Box 2640-40100
   Kisumu

(e) Independent Auditors

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

(f) Principal legal advisor
The attorney general
State law office
Harambee Avenue
P.O. Box 40112
City square 00200
Nairobi, Kenya.

THE BOARD OF GOVERNORS

1. Board of Governors Chairman-Mr.Christopher Okiri Awinda	Mr. Christopher Okiri Awinda was appointed the Chairperson of the Board of Governors in 14th September 2020.He holds a Diploma in business management.
2. Mr. Tom Ocharo	He is the finance Representative. Holds a diploma in business management and accounts
3. Mrs. Margaret Otieno	Industry Representative. She is a business lady.
4. Mr. David Olal	ICT Representative. Bachelor of education arts.
5. Mrs. Jennipher Ogolla	Technology Representative. Diploma In office practice.
6. Mr.Tom Lusi	Engineering Representative. Telecommunication technician.
7. Mr. Joshua O Nyanandi	Leadership and Management Representative. Diploma in education.
8. Mrs Paschalia Ouma	Director VET
9. Mr. George Amimo	Sub-County Administrator
10. Mrs. Lornah Owino	Secretary to the Board of Governors. Diploma clothing technology and Postgraduate in Education.

I. MANAGEMENT TEAM

1. Centre Manager	Overall in charge of the centre
2. Deputy Centre manager	In charge of training
3. Heads of Department	In charge of respective departments

BOG'CHAIRMAN'S STATEMENT

On my behalf and members of the board of Kochogo VTC, I feel extremely privileged to be given a chance to give back to the community. Technical education is key in the realisation of vision 2030 and VTCs play an important role a long side other technical institution in spearheading this dream.

For a Long time VTCs has been neglected and branded institutions for failures. This has adversely affected the enrolment. However with the capitation from both the county and national government VTC have been given a new life line. The narrative has changed and graduates from VTCs have proven competent and qualified to the job market as compared to the counter parts from other higher learning institutions.

I therefore wish to appeal to relevant authorities provide modern workshops and equipment as well as to address the under staffing issues to make our institution competitive. I am confident that with the necessary support we are going to make Kochogo a centre of excellence. Finally I am glad that the Kochogo VTC is picking up and gradually getting to its feet.

CHALLENGES

Our most pressing challenges are;

- Inadequate infrastructural development.
- Inadequate staffing.
- Untimely disbursement of funds from the National and County governments, which greatly disrupt our training programs.
- Inadequate modern tools and equipment.

Future expectations

With a Strategic plan, we look forward to improving physical infrastructure of the centre and putting up key facilities for quality training

In conclusion, I take this opportunity to thank my colleagues in the Board for supporting me in providing leadership. I also commend the management and staff for working tirelessly to achieve the objectives of the centre despite the limited resources. I am confident that we will continually spare no effort to attain and surpass the targets set for the new financial year. I also appreciate the County Government of Kisumu, the community at large and all other stakeholders for supporting this newly started Vocational Training Centre.

christopher Awinda
....
CHRISTOPHER AWINDA
CHAIRPERSON

REPORT OF THE CENTRE MANAGER

I am delighted to see our institution come to the end of its first financial year since its inception. The financial year 2020/2021 had its own unique challenges including Covid 19 pandemic among others which rendered the institution closed thus interfering with operations of the institution

Staff establishment
Kochogo VTC has 1 County Government-employed instructor and 3 BOG-employed instructors

	Name	Position/trade	Employer
1.	Lorna Owino	Manager/Fashion instructor	CGK
2.	Margaret Achieng	Hair dressing	BOG
3	Abed Ouma	Electrical Installation instructor	BOG
4	David Otieno	Security	BOG

There is need to have at least 2 instructors per trade for efficient delivery

Challenges

- Inadequate infrastructural development.
  Lack of theory classrooms and modern workshops for training
- Inadequate staffing.
  This has affected the delivery of quality training
- Untimely disbursement of funds from the National and County governments, which greatly disrupt our training programs.
  This has affected the timely procurement of goods and services as well as honouring supplier commitments.
- Inadequate modern tools and equipment.
  This has compromised the quality and quantity of training.
- Lack of electricity power.
  This has affected production of services such as computer related services and provision of security electricity being a key component.

I take this opportunity to thank the board of governors, all stake holders and friends of the Institution for their unwavering support in helping us to achieve our great mission of skills development.

LOwino
....
LORNAH OWINO
CENTRE MANAGER

1 REVIEW OF KOCHOGO VTC PERFOMANCE FOR FY 2020/2021

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the Accounting officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives.
KOCHOGO VTC has *2* strategic pillars and objectives within its Strategic Plan for the FY 2020/2021-2024/2025. These strategic pillars are as follows:

- Pillar 1: To enrolment trainees in the institution
- Pillar 2: initiate registration process of the institution by TVET

KOCHOGO VTC develops its annual work plans based on the above 2 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Institution achieved its performance targets set for the FY 2020/2021 period for its 2 strategic pillars, as indicated in the diagram below:

Strategic Pillar		Objective	Key Performance Indicators	Activities	Achievements
Pillar 1:		To enrol at least 25 trainees	34 trainees enrolled	Community Sensitization	Trainees increased by 36%
Pillar2:		To initiate institution registration process by TVET	- Registration form - Public health report - Search certificate - Staff testimonials	- Institution inspection - Land search - Staff recruitment	Process 70% complete

CORPORATE GOVERNANCE STATEMENT

Appointment of Board of Governors members

The current Bog members were appointed in accordance with First schedule Section 28(1) (a) and the Second Schedule section 1 & 2 of TVET Act No 29 of 2013 on 14th September, 2020
Membership of the Board of Governors is as follows:

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

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

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

Responsibility of the Board of Governors

The board is responsible for;

1) The making of mission and vision of the centre;
2) Promoting the aims and objectives of the centre
3) Setting strategic directions for the Centre;
4) Monitoring performance against strategic objectives

5) Extending links and communication between the centre and the wider community;
6) Fundraising and resource mobilization;

Remuneration of the Board of Governors members
The BOG members are paid a sitting allowance for every meeting attended. The sitting allowance paid to the members is disclosed in the financial statements.

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

MANAGEMENT DISCUSSION AND ANALYSIS

The four existing departments (Electrical, Building, Fashion design and Hair dressing) were established during the financial year with the aim of offering a variety of trade areas for choice to our potential trainees, this has helped boost trainee enrolment. The departments will be housed in the same building with the engineering departments (Electrical & Building) carrying out their projects in the makeshift structures.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING
KOCHOGO VTC exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on 2 pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

1. **Environmental performance**
   Tree seedlings have been planted within the compound
2. **Employee welfare**
   The staff are motivated by providing conducive environment
3. **Community Engagements-**
   KOCHOGO VTC engages the community members as casual labourers

REPORT OF THE BOARD OF GOVERNORS
The Board members submit their report together with the audited financial statements for the year ended June 30, 2021 which show the state of the Kochogo affairs.

Principal activities

The principal activity of Kochogo VTC is training

Results

The results of Kochogo VTC for the year ended June 30, 2021 are set out on page ix

BOARD OF GOVERNORS

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

Auditors

The Auditor General is responsible for the statutory audit of the Kochogo *VTC* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the entity for the year/period ended June 30, 2021 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

Corporate Secretary
Nairobi
Date………………..

STATEMENT OF BOARD OF GOVERNORS

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 council members to prepare financial statements in respect of that Kochogo vtc, which give a true and fair view of the state of affairs of Withur at the end of the financial year/period and the operating results of the institution for that year/period. The council members are also required to ensure that Withur keeps proper accounting records which disclose with reasonable accuracy the financial position of the Institution. The council members are also responsible for safeguarding the assets of the institution.

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

The council members accept responsibility for the Kochogo's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the TVET Act of 2013. The council members are of the opinion that the entity's financial statements give a true and fair view of the state of Kochogo's transactions during the financial year ended June 30, 2019, and of the Kochogo's financial position as at that date. The council members further confirm the completeness of the accounting records maintained for Kochogo, which have been relied upon in the preparation of the Kochogo's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

Kochogo's financial statements were approved by the Board on 21st September 2021 and signed on its behalf by:

Christopher Awuda ....

Chairperson of the Board   Manager

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON KOCHOGO VOCATIONAL TRAINING CENTRE FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.

B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.

C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kochogo Vocational Training Centre set out on pages 1 to 34, which comprise of the statement of financial position as at 30 June, 2021 and the statement of financial performance, statement of changes in net assets, statement of cash flows and 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 Kochogo Vocational Training Centre as at 30 June, 2021, 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 Public Finance Management Act, 2012 and the Technical and Vocational Education and Training (TVET) Act, 2013.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

Review of the financial statements revealed the following anomalies:

(i) The statement of financial performance reflects total expenses of Kshs.525,000 without disclosing the related expenditure component(s). Further, the bank statement provided for review indicate that the Centre did not incur any expenditure during the year under review. It is therefore not clear how the amount of Kshs.525,000 was arrived at.

(ii) The statement of financial position reflects a nil balance for cash and cash equivalents while the statement of cash flows reflects a cash and cash equivalents balance of Kshs.525,000 as at 30 June, 2021. The variance between the two statements was not explained.

(iii) The statement of cash flows is incorrectly casted and is not presented in the prescribed format.

(iv) The statement of comparison of budget and actual amounts is also incomplete and do not reflect the actual receipts and expenditures amounts.

(v) The Centre did not provide a trial balance for the financial year ended 30 June, 2021. It is therefore not clear how the final balances in the financial statements were derived.

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

2. Unsupported Cash and Cash Equivalents Balance in the Statement of Cash Flows

The statement of cash flows reflects cash and cash equivalents balance of Kshs.525,000 as at 30 June, 2021. However, this balance differs with the nil balance indicated in the statement of financial position and Note 7 to the financial statements. Further, records such as cashbooks, bank reconciliation statements and board of survey reports as at 30 June, 2021 were not provided for audit review.

In the circumstances, the accuracy and completeness of the cash and cash equivalents of Kshs.525,000 could not be confirmed.

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Inadequacies in the Presentation of the Financial Statements

Review of the financial statements revealed the following unsatisfactory matters;

(i) Report of the Board of Governors on page x is not signed.

(ii) The statement of financial performance, statement of financial position, statement of changes in net assets, statement of cash flow and the statement of comparison of budget and actual amounts for the reported period have not been signed by the responsible parties.

(iii) The statement of financial performance, statement of financial position and statement of cash flow does not have explanatory Note numbers indicated against the reported balances.

(iv) There were various inconsistencies in descriptions between the items in the financial statements and the Notes to the financial statements.

(v) The numbering of the Notes to the financial statements is not sequential.

The statement of changes in net asset is not presented in the prescribed format.

In the circumstances, the financial statements have not been presented in accordance with the Public Sector Accounting Standards Board guidelines.

2. Lack of Approved Budget

The Centre did not have an approved budget for its operations and hence operating without an approved budget. This was contrary to Section 29(e) of the Technical and Vocational Education and Training (TVET) Act, 2013 which requires the Board of Governors for vocational training institutions to prepare annual estimates of revenue and expenditure on behalf of the institutions.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Non-Effectiveness of Internal Controls System, and Risk Management and ICT Policies

Review of the Centre's internal controls and risk management revealed that the entity lacks internal controls that are necessary in enabling the Centre to operate effectively and efficiently. The following were noted;

(i) Lack of proper accounting systems in recording of transactions.

(ii) Lack of an internal audit function and audit committee to evaluate on the internal controls and conduct risk assessments.

(iii) There was no human resources policy, approved scheme of service and staff establishment to assist in optimal human resources.

(iv) There was no risk management policy in place to effectively assist in managing a robust business operation.

In the circumstances, the effectiveness of the internal control system in place 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 control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and Board of Governors

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Centre's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Centre to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Centre to express an opinion on the financial statements.

- Perform such other procedures as I consider necessary in the circumstances.

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

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

CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

20 July, 2023

I. STATEMENT OF FINANCIAL PERFORMANC FOR THE YEAR ENDED 30 JUNE 2021

	Notes	NG 2020/2021 Kshs	CG 2020/2021
Revenue from non-exchange transactions			
Transfers from the National Government–grants/ gifts in kind	-	-	-
Transfers from county government			525,000
Transfers from other levels of government	-	-	-
TOTAL			**525,000**
Expenses	-	-	
Use of goods and services	-	-	-
Employee costs	-	-	-
Repairs and maintenance	-	-	-
Total expenses	-	-	**525,000**
Net Surplus for the year	-	-	-

The notes set out on pages 1 to 7 form an integral part of the Annual Financial Statements.

II. STATEMENT OF FINANCIAL POSITIONAS AT 30TH JUNE 2021

	Notes	2020-2021 Kshs
Assets		
Current assets	-	-
Cash and cash equivalents	-	-
Inventories	-	-
TOTAL	-	-
Non-current assets	-	-
Property ,plant and equipment	-	-
Total assets	-	-
Liabilities	-	-
	-	-
Total liabilities	-	-
Net assets	-	-
Reserves	-	-
Accumulated surplus	-	-

The Financial Statements set out on pages 1 to 4 were signed on behalf of the Institute Council/ Board of Governors by:

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Chairman of Council/Board of Governors **Finance Officer**
Principal

Date 30/6/2021 ICPAK No
Date 30/6/2021 Date

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

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/ Development Grants/Fund	Total
At July 1, 2021	**xxx**	**Xxx**	**xxx**	**xxx**	**xxx**
Revaluation gain	xxx	-	-	-	xxx
Fair value adjustment on quoted investments	-	Xxx	-	-	xxx
Total comprehensive income	-	-	xxx	-	xxx
Capital/Development grants received during the year	-	-	-	xxx	xxx
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	xxx	(xxx)	-
At June 30, 2021	**xxx**	**xxx**	**xxx**	**xxx**	**xxx**
At July 1, 2021	**xxx**	**Xxx**	**xxx**	**xxx**	**xxx**
Revaluation gain	xxx	-	-	-	xxx
Fair value adjustment on quoted investments	-	Xxx	-	-	xxx
Total comprehensive income	-	-	xxx	-	xxx
Capital/Development grants received during the year	-	-	-	xxx	xxx
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	xxx	(xxx)	-
At June 30, 2021	**xxx**	**Xxx**	**xxx**	**xxx**	**xxx**

Note:

1. *For items that are not common in the financial statements, the entity should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.*

II. *Prior year adjustments should have an elaborate note describing what the amounts relate to. In such instances a restatement of the opening balances needs to be done.*

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

	Note	2020-2021 Kshs	2019-2020 Kshs
Cash flows from operating activities	-	-	-
Receipts	-	-	-
Transfers from other Government entities/Govt. grants	-	-	-
Transfer from county government of Kisumu	-	525,000	-
Total Receipts	-	-	-
Payments	-	-	-
Use of goods and services	-	-	-
Repair and maintenance	-	-	-
Total Payments	-	525,000	-
Net cash flows from operating activities	-	-	-
Net cash flows used in investing activities	-	-	-
Cash flows from financing activities	-	-	-
Net cash flows used in financing activities	-	-	-
Net increase /(decrease) in cash and cash equivalents	-		-
Cashandcashequivalentsat1JULY	-	-	-
Cash and cash equivalents at 30 JUNE 2021	-	525,000	-

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

V. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTSFOR THE YEAR ENDED 30 JUNE 2019

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021
Revenue	**Kshs**	**Kshs**	**Kshs**	**Ksh**	**Kshs**
Transfers from other Govt entities- Govt grants	-	-	-	-	-
County gvt of Kisumu	525,000	-	-	-	-
Total income	-	(-)	-	-	(-)
Expenses					
Use of Goods and services	-	(-)	-	-	(-)
Employees costs	-	(-)	-	-	(-)
Repair and maintenance	-	(-)	-	-	-
Remuneration of BOG	-	(-)	-	-	-
Total expenditure	**525,000**	**(XXX)**	-	-	**(XXX)**
Surplus for the period	**XXX**	**XXX**	**XXX**	-	**XXX**

Budget notes

1. Provide explanation of differences between actual and budgeted amounts (10% over/ under) IPSAS 24.14

2. Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)

3. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis(budget is cash basis, statement of financial performance is accrual) provide a reconciliation.

VI. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

KOCHOGO VTC is established by and derives its authority and accountability from TVET Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is vocational 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 *entity's* accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note xx

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

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

3. ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2021

Standard	Impact
IPSAS 40: Public Sector Combinations	**Applicable: 1st January 2021** The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3(applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 ADOPTION OF NEW AND REVISED STANDARDS (Continued)

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	**Applicable: 1st January 2022:** The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	**Applicable: 1st January 2022** The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess: (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from	**Applicable: 1st January 2022:** a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently

IPSAS 41, Financial Instruments	omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.
Other Improvements to IPSAS	**Applicable: 1st January 2021:** a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets. d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs).Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.

iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2019.

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

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

Sale of goods

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

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) **Revenue recognition (Continued)**

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

Rental income

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

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 2020/2021 was approved by the Board of Governors on ---- Subsequent revisions or additional appropriations were made to the approved budget in

b) **Budget information**

accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations on the FY 2020/2021 budget following the Council/ Board's approval.

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

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

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

c) Taxes

Current income tax

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Taxes (continued)

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 **xxx** 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Leases

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity 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 Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.
All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Inventories (Continued)

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

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

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

j) Provisions

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

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

Contingent liabilities

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

Contingent assets

The Entity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. withur vtc reserves a piece of land for expansion of buildings.

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

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

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

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.**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Related parties

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

q) Service concession arrangements

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity 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 Entity 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, 2021.

5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

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

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

1. TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2020-2021 KShs	2019-2020 KShs
	-	
Repairs maintenance and improvement of tools and equipment	-	-
Text books, exercise books and stationary	-	-
Tools, equipment and instructional/ assessment/examination materials	-	-
Electricity Water and bank charges-utilities	-	-
Skills , competitions and exhibitions	-	-
Co-curricular activities	-	-
Exercise books	-	-
Local travel and transport	-	-
Total government grants and subsidies	-	-

2. TRANSFERS FROM OTHER LEVELS OF GOVERNMENT

Description	2020-2021 KShs	2019- 2020
		-
Transfer from Kisumu County	525,000	-
CDF bursary	-	-
Total Transfers	**525,000**	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. USE OF GOODS AND SERVICES

Description	NG 2020-2021 KShs	CG 2020-2021	
Repair maintenance and improvement	-	-	
Text books, exercise books and stationary	-	-	
Skills competition	-	-	
Tools, equipment and instructional/ assessment/examination materials	-	-	
Electricity Water and bank charges-utilities	-	-	
Co-curricular activities	-	-	
Local travel and transport	-	-	
Exercise books	-	-	
Total good and services	-	-	

4. EMPLOYEE COSTS

	2020-2021 KShs	2019-2020 KShs
Salaries and wages	-	-
Employee related costs-contributions to pensions and medical aids	-	-
Travel ,motor car, accommodation, subsistence and other allowances	-	-
Employee costs	-	-

5. REMUNERATION OF DIRECTORS

Description	2019-2020 KShs	
Other allowances	-	
Total director emoluments	-	

6. REPAIRS AND MAINTENANCE

Description	2019-2020 KShs	
General repair maintenance & improvement of tools and equipment.	-	
Other	-	
Total repairs and maintenance	-	

6 NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. CASH AND CASH EQUIVALENTS

Description	2019-2020 KShs	
Current account	-	
Total cash and cash equivalents	-	

28(a). DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

2020/2021

Financial institution	Account number	2019-2020 KShs	[illegible] KShs
a) Current account	-	-	-
Kenya Commercial bank	1282689266	-	-
Kenya Commercial bank	-	-	-
Sub- total	-	-	-
	-	-	-
Grand total	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 INVENTORIES

Description	2019-2020 KShs	2018-2019 KShs
Consumable stores	xxx	Xxx
Maintenance stores	xxx	Xxx
Health Unit stores	xxx	Xxx
Electrical stores	xxx	Xxx
Cleaning materials stores	xxx	Xxx
Catering stores	xxx	Xxx
Total inventories a t the lower of cost and net realizable value	**xxx**	**Xxx**

THE FINANCIAL STATEMENTS (Continued)

ERTY, PLANT AND EQUIPMENT

Cost	Land and Buildings Shs	Motor vehicles Shs	Furniture and fittings Shs	Computers Shs	Other Assets (specify) Shs	Plant and equipment Shs	Capital Work in progress Shs	Total Shs
At 1July xxx	**XXX**	**XXX**	**XXX**	**XXX**	**XXX**	**XXX**	**XXX**	**XXX**
Additions	XXX	XXX	XXX	-	**XXX**	-	**XXX**	**XXX**
Disposals	(XXX)	(XXX)	-	-	(XXX)	-	(XXX)	**(XXX)**
Transfers/adjustments	XXX	(XXX)	**XXX**	(XXX)	(XXX)	-	**XXX**	**(XXX)**
At 30th June xxx	**XXX**	**XXX**	**XXX**	**XXX**	**XXX**	**XXX**	**XXX**	**XXX**
Additions	XXX	XXX	XXX	-	XXX	XXX	XXX	**XXX**
Disposals	(XXX)	-	-	-	(XXX)	-	(XXX)	**(XXX)**
Transfer/adjustments	(XXX)	XXX	XXX	(XXX)	(XXX)	-	XXX	**(XXX)**
At 30th June xxx	**XXX**	**XXX**	**XXX**	**XXX**	**XXX**	**XXX**	**XXX**	**XXX**
Depreciation and impairment								
At 1July xxx	(XXX)	(XXX)	(XXX)	(XXX)	(XXX)	-	(XXX)	**(XXX)**
Depreciation	(XXX)	(XXX)	(XXX)	(XXX)	(XXX)	-	(XXX)	**(XXX)**
Impairment	(XXX)	-	-	-	(XXX)	-	-	**(XXX)**
At30 June xxx	**XXX**	**XXX**	**XXX**	**XXX**	**XXX**	**XXX**	**XXX**	**XXX**
Depreciation	(XXX)	(XXX)	(XXX)	-	(XXX)	(XXX)	(XXX)	**(XXX)**
Disposals	XXX	-	-	-	XXX	-	XXX	**XXX**
Impairment	(XXX)	(XXX)	-	-	(XXX)	-	-	**(XXX)**
Transfer/adjustment	XXX	(XXX)	(XXX)	XXX	(XXX)	-	(XXX)	**XXX**
At 30th June xxx	**XXX**	**XXX**	**XXX**	**XXX**	**XXX**	**XXX**	**XXX**	**XXX**
Net book values								
At 30th June xxx	**XXX**	**XXX**	**XXX**	**XXX**	**XXX**	**XXX**	**XXX**	**XXX**
At 30th June xxx	**XXX**	**XXX**	**XXX**	**XXX**	**XXX**	**XXX**	**XXX**	**XXX**
[Include brief description of WIP as a footer]								

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 INTANGIBLE ASSETS-SOFTWARE

Description	2019-2020 KShs	2018-2019 KShs
Cost		
At beginning of the year	xxx	xxx
Additions	xxx	xxx
At end of the year	xxx	xxx
Additions–internal development	xxx	xxx
At end of the year	xxx	xxx
Amortization and impairment		
At beginning of the year	xxx	xxx
Amortization	xxx	xxx
At end of the year	xxx	xxx
Impairment loss	xxx	xxx
At end of the year	xxx	xxx
NBV	xxx	xxx

10 EMPLOYEE BENEFIT OBLIGATIONS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	KShs	KShs	KShs	KShs	KShs
Current benefit obligation	xxx	xxx	xxx	xxx	xxx
Non-current benefit obligation	xxx	xxx	xxx	xxx	xxx
Total employee benefits obligation	xxx	xxx	xxx	xxx	xxx

The entity operates a defined benefit scheme for all full-time employees from July 1, 20XX. The scheme is based on xxx percentage of salary of an employee at the time of retirement. During the year, XXX actuarial valuers were engaged to value the scheme. The liability at the end of the year is as follows:

[illegible]	[illegible]	[illegible]
Valuation at the beginning of the year	XXX	XXX
Changes in valuation during the year	XXX	XXX
Valuation at end of the year	XXX	XXX

The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs.XXX per employee per month.

11 FINANCIAL RISK MANAGEMENT

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

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

(i) Credit risk

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

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

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

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Receivables from exchange transactions	xxx	xxx	xxx	Xxx
Receivables from non-exchange transactions	xxx	xxx	xxx	Xxx
Bank balances	xxx	xxx	xxx	Xxx
Total	xxx	xxx	xxx	Xxx
At 30 June 20xx				
Receivables from exchange transactions	xxx	xxx	xxx	Xxx
Receivables from non-exchange transactions	xxx	xxx	xxx	Xxx
Bank balances	xxx	xxx	xxx	Xxx
Total	xxx	xxx	xxx	Xxx

(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

46. FINANCIAL RISK MANAGEMENT (Continued)

(i) Credit risk (continued)

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

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

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

(ii) Liquidity risk management

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

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

	Less than 1 month Kshs	Between 1-3 months Kshs	Over 5 months Kshs	Kshs
At 30 June 20xx				
Trade payables	xxx	xxx	xxx	xxx
Current portion of borrowings	xxx	xxx	xxx	xxx
Provisions	xxx	xxx	xxx	xxx
Deferred income	*xxx*	*xxx*	*xxx*	*xxx*
Employee benefit obligation	xxx	xxx	xxx	xxx
Total	**xxx**	**xxx**	**xxx**	**xxx**
At 30 June 20xx				
Trade payables	xxx	xxx	xxx	xxx
Current portion of borrowings	xxx	xxx	xxx	xxx
Provisions	xxx	xxx	xxx	xxx
Deferred income	xxx	xxx	xxx	xxx
Employee benefit obligation	xxx	xxx	xxx	xxx
Total	**xxx**	**xxx**	**xxx**	**xxx**

46. FINANCIAL RISK MANAGEMENT (Continued)

(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 company'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 entity's exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

[illegible]	[illegible]	[illegible]	[illegible]
At 30 June 20xx			
Financial assets(investments, cash ,debtors)	xxx	xxx	Xxx
Liabilities			
Trade and other payables	xxx	xxx	Xxx
Borrowings	xxx	xxx	Xxx
Net foreign currency asset/(liability)	xxx	xxx	Xxx

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

46. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk (Continued)

a) Foreign currency risk (Continued)

	[illegible] Kshs	Other currencies Kshs	[illegible] Kshs
At 30 June 201xx			
Financial assets(investments, cash ,debtors)	xxx	xxx	Xxx
Liabilities			
Trade and other payables	xxx	xxx	Xxx
Borrowings	xxx	xxx	Xxx
Net foreign currency asset/(liability)	xxx	xxx	Xxx

Foreign currency sensitivity analysis

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

	Change in currency rate Kshs	Effect on Profit before tax Kshs	Effect on equity Kshs
20xx			
Euro	10%	xxx	Xxx
USD	10%	xxx	Xxx
20xx			
Euro	10%	xxx	Xxx
USD	10%	xxx	Xxx

b) Interest rate risk

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

Management of interest rate risk

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

46 FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk (Continued)

b) Interest rate risk(continued)

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs xxx (2016: KShs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs xxx (2012 – KShs xxx)

iv) Capital Risk Management

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

[illegible]	[illegible]	[illegible]
Revaluation reserve	xxx	Xxx
Retained earnings	xxx	Xxx
Capital reserve	xxx	Xxx
Total funds	**xxx**	**Xxx**
Total borrowings	xxx	Xxx
Less: cash and bank balances	(xxx)	(xxx)
Net debt/(excess cash and cash equivalents)	xxx	Xxx
Gearing	xx%	xx%

12 RELATED PARTY BALANCES

Nature of related party relationships

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

Government of Kenya

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

	2019-2020	2020-2021
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Sales of goods to xxx	xxx	xxx
Sales of services xxx	xxx	xxx
Total	**xxx**	**xxx**
b) Grants from the Government	**XXX**	**XXX**
Grants from National Govt	xxx	xxx
Grants from County Government	XXX	525,000
Donations in kind	xxx	xxx
Total	**xxx**	**525,000**
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees	xxx	xxx
Payments for goods and services for xxx	xxx	xxx
Total	**xxx**	**xxx**
d) Key management compensation		
Directors' emoluments	xxx	xxx
Compensation to the CEO	xxx	xxx
Compensation to key management	xxx	xxx
Total	**xxx**	**525,000**

13 SEGMENT INFORMATION

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

14 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent liabilities	20xx-20xx	20xx-20xx
	Kshs	Kshs
Court case xxx against the company	xxx	Xxx
Bank guarantees in favour of subsidiary	xxx	Xxx
Total	xxx	Xxx

(Give details)

15 CAPITAL COMMITMENTS

Capital commitments	**20xx-20xx**	**20xx-20xx**
	Kshs	**Kshs**
Authorised for	xxx	Xxx
Authorised and contracted for	xxx	Xxx
Total	xxx	Xxx

(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have been authorised by the board but at the end of the year had not been contracted or those already contracted for and ongoing)

16 EVENTS AFTER THE REPORTING PERIOD

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

17 ULTIMATE AND HOLDING ENTITY

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

18 Currency

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

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

[illegible]	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

Guidance Notes:

(i) Use the same reference numbers as contained in the external audit report;

(ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;

(iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;

(iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

Director General/C.E.O/M.D (enter title of head of entity)
Chairman of the Board

Date.......................................

APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

Projects implemented by the State Corporation/ SAGA Funded by development partners

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1						
2						

Status of Projects completion

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

	Project	Total project Cost	Total expended to date	Completion % to date	[illegible]	[illegible]	[illegible]
1							
2							
3							

APPENDIX III: INTER-ENTITY TRANSFERS

	ENTITY NAME:			
	Break down of Transfers from the State Department of XXX			
	FY xx/xx			
a.	Recurrent Grants			
		Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
			Xx	
			Xx	
			Xx	
		Total	**XXX**	
b.	Development Grants			
		Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
			Xx	
			Xx	
			Xx	
		Total	**XXX**	
c.	Direct Payments			
		Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
			Xx	
			Xx	
			Xx	
		Total	**XXX**	
d.	Donor Receipts			
		Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
			Xx	
			Xx	
			Xx	
		Total	**XXX**	

The above amounts have been communicated to and reconciled with the parent Ministry

Finance Manager
XXX entity

Sign ---------------

Head of Accounting Unit
xxx Ministry

Sign---------------

APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Education	Xxx	Recurrent	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Ministry of Education	Xxx	Development	xxx	xxx	xxx	xxx	xxx	xxx	Xxx
USAID	Xxx	Donor Fund	xxx	xxx	xxx	xxx	xxx	xxx	Xxx
Ministry of Education	Xxx	Direct Payment	xxx	xxx	xxx	xxx	xxx	xxx	Xxx
			xxx	xxx	xxx	xxx	xxx	xxx	Xxx
Total			xxx	xxx	xxx	xxx	xxx	xxx	Xxx