


REPUBLIC OF KENYA



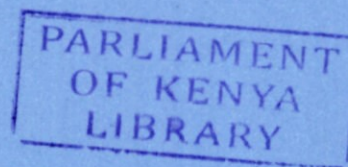
Enhancing Accountability



| | |
|--|--------------|
|  REPORT | |
| THE NATIONAL ASSEMBLY PAPERS LAID | |
| DATE: 11 JUN 2024 | DAY: Tuesday |
| TABLED BY: LOM | OF |
| CLERK-AT THE TABLE: Benson Inzofu | |

THE AUDITOR-GENERAL

ON



**LAFEY TECHNICAL AND VOCATIONAL
COLLEGE**

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



LAFEY TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

Lafey Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

Table of Contents

| | | |
|-----|--|------|
| 1. | Acronyms & Glossary of Terms..... | ii |
| 2. | Key Entity Information and Management..... | iii |
| 3. | The Council/Board of Governors..... | v |
| 4. | Key Management Team | viii |
| 5. | Chairman's Statement | ix |
| 6. | Report of the Principal | x |
| 7. | Statement of Performance against Predetermined Objectives | xi |
| 8. | Corporate Governance Statement..... | xii |
| 9. | Management Discussion and Analysis | xiii |
| 10. | Environmental and Sustainability Reporting Statement..... | xiv |
| 11. | Report of the Council/Board of Governors | xvi |
| 12. | Statement of Board of Governors Responsibilities | xvii |
| 13. | Report of the Independent Auditor Lafey Technical and Vocational College | xix |
| 14. | Statement of Financial Performance For The Year Ended 30 June 2023 | 1 |
| 15. | Statement of Financial Position As At 30th June 2023 | 2 |
| 16. | Statement of Changes in Net Asset For The Year Ended 30 June 2023..... | 3 |
| 17. | Statement of Cash Flows For The Year Ended 30 June 2023..... | 4 |
| 18. | Statement of Comparison of Budget, Actual amounts For Year Ended 30 June 2023 | 5 |
| 19. | Notes to the Financial Statements..... | 6 |
| 20. | Appendices | 24 |

1. Acronyms & Glossary of Terms

| | |
|----------------------|--|
| BOG | Board of Governors |
| ICPAK | Institute of Certified Public Accountants of Kenya |
| IPSAS | International Public Sector Accounting Standards |
| PFM | Public Finance Management |
| PSASB | Public Sector Accounting Standards Board |
| TTI | Technical Training Institute |
| TTC | Teacher Training College |
| TVC | Technical Vocational College |
| Fiduciary Management | Key management personnel who have financial responsibility in the entity |

2. Key Entity Information and Management

(a) Background information

Construction and equipping of Technical Training Institutions in the country is a government initiative aimed to increase access and equity in Technical and Vocational training. The Government of Kenya (GoK) started the initiative in February 2019. The projects are fully funded by GoK in partnership with NGCDF providing seed capital of Kshs 10 million, land, water, and electricity. The Construction is undertaken in phase: the phase of 60; the phase of 70 and the phase of 30.

Lafey Technical and Vocational College was established for institutions under phases of 30, 60, and 70 on February 2019 under the mentorship of Mandera technical Training Institute and the project is now 100% complete. The institute is located in Lafey Sub County.

(b) Principal Activities

The principal activity of is to make sure the Lafey TVC is complete and operational anytime.

Vision

To be a leader in provision of quality technical, vocational and entrepreneurial training in the region and beyond

Mission

To produce innovative and industrious graduates with relevant technical, technological and entrepreneurial knowledge and skills to fit in the labour market locally and globally

(c) Key Management

Lafey Technical and Vocational College day-to-day management is under the following key organs:

- The Board of Governors
- The Principal
- The fiduciary Management which comprises: The Principal, The Deputy Principals, and the Finance Officer

(d) Fiduciary Management

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

| No. | Designation | Name |
|------------|--------------------|------------------------------------|
| 1. | Principal | Mr. Jabir Ahmed Abdirahman |
| 2 | Deputy principal | Mr. Bosire Vincent Maroro |
| 4 | Head of Finance | Mr. Abdiaziz Hussein Hassan |

Key Entity Information and Management (Continued)

(e) Entity Headquarters

Lafey Technical and Vocational College
P.O. Box 257-70300
Mandera –Kenya
Neboi Shopping Centre, Mandera- Khalalio-Aresa- Rhamo Road
Mandera –Kenya

(f) Entity Contacts

Telephone: (254) 723 172 746
E-mail: manderatti@gmail.com

(g) Entity Bankers

Kenya Commercial Bank
Mandera
P.O. Box 275 - 70300
Mandera, Kenya




(h) Independent Auditors

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

(i) Principal Legal Adviser




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

3.The Council/Board of Governors




| SN. | Member/ Director | Details |
|-----|---|--|
| 1. |  <p>CPA Alinoor Mohamed Ali Chairman</p> | <p>Education Masters of Arts in Economic Policy Planning Bachelor of Business Administration Accounting option Kenya National Examination Council Diploma in Accountancy</p> <p>Institute of Certified Public Accountants of Kenya (ICPAK).</p> <p>Experience Former chief officer Finance – Mandera County Government</p> |
| 2. |  <p>Hussein Abdi Hassan Member</p> | <p>D.O B: 14/05/1972</p> <p>Education PhD- Education administration studies Master in Education Administration and planning Bachelor in Education Certificate in P1 Primary Teacher</p> <p>Experience Currently working with IGAD</p> |
| 3. |  <p>Fatuma Billow Salat Member</p> | <p>D.O.B: 24/12/1988</p> <p>Education Msc Disaster management and Sustainable Development Bachelor of Art in Community Development Diploma in Community Development and Social Work</p> <p>Experience Economic Recovery Manager at Danish Refugee Council - Mandera</p> |

| | | |
|----|---|---|
| 4. |  <p>Hassan Abdi Yussuf Member</p> | <p>Education: Bachelor in Architecture Bsc Architectural Technology Certificate in Project Management Certificate in Sustainable Architecture Certificate in policy making</p> <p>Experience: Directorate of Public Work Mandera County Government</p> |
| 5. |  <p>Abdikadir M. Tache Member</p> | <p>D.O.B: 15/10/1974</p> <p>Education: Master in Business Administration Bachelor of Commerce – Finance Option CPA holder</p> <p>Experience: Working in the banking industry. Skilled in Budgeting, Financial Risk, Customer Service, Banking, and Managerial Finance Former CEO MADAWSCO Current Chief Officer Finance- Mandera County Government</p> |
| 6. |  <p>Mohamed Noor Abdi Member</p> | <p>D.O.B: 15/05/1994</p> <p>Education: Bachelor Degree in Development studies and Advance Computer Studies Institute of Advance Technology Computer</p> <p>Experience: Current CDF Chairman Mandera East Constituency</p> |
| 7. |  <p>Abdullahi Mohamed Abdi</p> | <p>Education: Hold Executive Msc Leadership and policy studies Bachelor of Education Diploma in Management</p> <p>Experience: CEO Mandera County Education Bursary Board</p> |

Lafey Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

| | Member | |
|-----|---|--|
| 8. |  <p>Ahmed Mahat Omar Member</p> | <p>D.O.B: 04/02/1953</p> <p>Education: Msc Conflict Resolution and peace building Bachelor of Art -University of South Africa Postgraduate Diploma in Education Diploma in Education Management \ Certificate in Public Administration and Management</p> <p>Experience: Retired High School Principal</p> |
| 9. |  <p>Yussuf Mohamed Kassim Regional Director</p> | <p>Education: Master of Business Administration Bachelor Education</p> <p>Experience: Regional Director TVET -Wajir and Mandera County Former High School Principal</p> |
| 10. |  <p>Jabir Ahmed Abdirahman Principal/Secretary BoG</p> | <p>D.O.B: 01/01/1993</p> <p>Education: Bachelor Education Business mathematics</p> <p>Experience: Principal Elwak TVC Principal Wajir East TVC Current Principal Mandera TTI</p> |

4. Key Management Team

| No. | Member/ Director | Details |
|-----|--|---|
| 1. |  <p>Mr. Jabir Ahmed Abdirahman</p> | <p>D.O.B: 01/01/1993</p> <p>Education: Bachelor Education Business mathematics</p> <p>Experience: Principal Elwak TVC Principal Wajir East TVC Current Principal Mandera TTI</p> |
| 2. |  <p>Mr. Bosire Vincent Maroro</p> | <p>B.O.B: 01/01/1980</p> <p>Education: Diploma in Electronic Engineering</p> <p>Experience: Mr. Vincent Bosire is the Current Deputy Principal Mandera Technical Training Institute</p> |
| 3. |  <p>Mr. Abdiaziz Hussein Hassan</p> | <p>D.O.B: 10/08/1995</p> <p>Education: Bachelor of Commerce Finance Option from University of Nairobi Diploma in Purchasing and Supply Currently Doing CPA</p> <p>Experience: Abdiaziz Hussein has experience over 4 years in both Procurement and Accounting in Public Sector</p> |

5. Chairman's Statement

It is our responsibility to provide the required leadership in designing suitable plans and strategies that will contribute to high and sustainable socio-economic development. It is our undertaking to ensure that Lafey Technical and Vocational College project work is done according to the bill of quantities and will be complete within the time line of the extension and will deliver the desired goals.


It is also our undertaking that we will perform our responsibilities diligently and to the best of our abilities to support the achievement of the agreed performance targets.

Our challenge therefore is to identify the needs of our communities and infuse training in technologies and concepts that are practical in line with industry demands.

The successful implementation of the plan requires devoted collaboration all key stakeholders including the various level Government. The plan is therefore, contain the strategies for the increased collaboration between the stakeholders in the sector in terms of the resource mobilization, funding and governance.

The Lafey Technical and Vocational College Plan essentially presents its Corporate Strategy. It provides a sufficient framework within which Annual Work Plans will be developed. In this regard, it has been aligned to the Ministerial Strategic Plan, Medium Term Plans within Kenya Vision 2030 paradigm etc. the purpose of this Plan is therefore: -

- (i) To present key milestones in the Institution's TVET programs
- (ii) To present the institute's ideology on the TVET's Strategic options identified and modalities for the national respective agenda as a foundation for Vision 2030.
- (iii) To avail a tool for engagement and negotiation between the Governments, key Stakeholders and Collaborators regarding the financing of TVET.
- (iv) To provide a basis for resource targeting.
- (v) To provide a basis for programme implementation and performance evaluation.


MR. HUSSEIN ABDI HASSAN
For **CHAIRMAN, BOARD OF GOVERNORS**

6. Report of the Principal

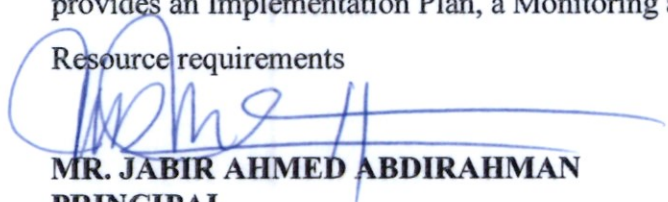
In the global arena, Science, Technology and Innovation (ST& I.) is the driver for rapid world's economic prosperity, social development and provision of tools and solutions to address global challenges. For this reason, the government through the Ministry of Education has strengthened the focus of Science, Technology and Innovation and Technical Education Policies as underlying the country's National Development efforts.

The Government's National Development Agenda is clearly outlined in various key policy documents including the Economic Recovery Strategy for Wealth and Employment Creation (ERSWEC) 2003-2007 and the National Development Plan 2002-2008. The government also recognizes that its Development Agenda can be accelerated if there is renewed focus on the integration of ST&I in all the Social-Economic sectors as outlined in the Kenya Vision 2030. The government has therefore embraced Science, Technology and Innovation and Technical Education (TE) as one of its top priorities.

The State Department of Vocational and Technical Training in the Ministry of Education has been mandated to spearhead the integration of S.T & I. and T.E and Higher Education in National Development. It has prepared its Strategic Plan as a comprehensive statement on how it plans to pursue its mandate for the next five years. In line with the government and the Ministry's Development Agenda, Lafey Technical and Vocational College as one of the TVET institutions charged with the mandate of training middle level technical manpower, presents this Strategic Plan as its Road Map to guide its Development Agenda for the next five years.

The Strategic Plan reviews the Vision and Mission that will encompass all those involved in its execution. It also reviews the analysis of the Internal and External environment using Strengths, Weaknesses, Opportunities and Threats (SWOT) and Political, Economic, Social, Technological, Environmental and Legal (PESTEL) analysis. Subsequently, it identifies key stakeholders and their roles, outlines the Strategic issues and objectives and identifies the strategies to address them. The reviewed Plan prioritizes activities to be implemented under the strategies, and provides an Implementation Plan, a Monitoring and Evaluation system and a projection of the

Resource requirements



MR. JABIR AHMED ABDIRAHMAN
PRINCIPAL

7. Statement of Performance against Predetermined Objectives

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.

Lafey Technical and Vocational College has 2 strategic pillars and objectives within current Strategic Plan for the FY 2021- FY 2026. These strategic pillars are as follows:

Pillar 1: Physical Facilities and Infrastructure

Pillar 2: Environmental management

Lafey Technical and Vocational College 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 Lafey Technical and Vocational College achieved its performance targets set for the FY 2021/2026 period for its 2 strategic pillars, as indicated in the diagram below:

| Strategic Pillar | Objective | Key Performance Indicators | Activities | Achievements |
|--|--|---|--|---|
| Physical Facilities and Infrastructure | To improve on physical facilities and infrastructure | Collaboration Between the College and Ministry of Education State Department for TVET | <ul style="list-style-type: none"> ▪ Qualify needs ▪ Identify Implementation stages ▪ Quantify financial requirements ▪ Identify sources of funding ▪ Tender ▪ Select Contractor ▪ Certify Commission | Ministry of Education State Department for TVET Develop New Administration Block, Twin Workshop and Class rooms |
| Environmental management | To enhance environmental management and sustainable development by establishing partnerships | conduct environmental impact assessment for new project | <ul style="list-style-type: none"> • Participate in environmental conservation days • Landscape and beautify the compound | Tree planting around New Administration Block |

| | | | | |
|--|----------------------------|--|--|--|
| | with relevant stakeholders | | | |
|--|----------------------------|--|--|--|

8. Corporate Governance Statement

Lafey Technical and Vocational College is dedicated to upholding the highest standards of corporate governance to ensure transparency, accountability, and integrity in all our activities. We believe that effective governance is fundamental to building trust among our stakeholders and achieving our mission of providing quality technical and vocational education.

Governance Structure

Board of Governors: The College is governed by a Board of Governors responsible for providing strategic direction, overseeing management, and ensuring compliance with legal and regulatory requirements. The Board comprises individuals with expertise in education, business, and community leadership, who bring diverse perspectives and insights to decision-making.

Committees: The Board has established committees to support its functions, including the Academic Affairs Committee, Finance Committee, and Governance Committee. These committees are tasked with specific responsibilities to ensure effective oversight and decision-making within their respective areas.

Management: The day-to-day operations of the College are managed by the Principal and senior management team. Management is committed to implementing the strategic objectives set by the Board and upholding the College's values of excellence, innovation, and inclusivity.

Ethical Standards and Corporate Responsibility

Lafey Technical and Vocational College is committed to conducting its affairs with the highest standards of ethics, integrity, and social responsibility. We adhere to a code of conduct that guides the behaviour of all employees and stakeholders, emphasizing honesty, fairness, and respect for diversity. Additionally, the College actively engages with the local community and industry partners to promote sustainable development and contribute positively to society.

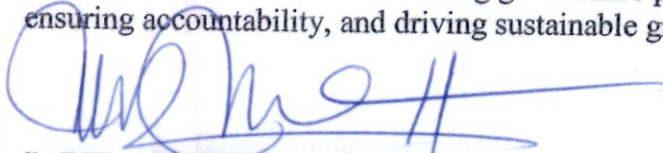
Risk Management and Internal Controls

The College recognizes the importance of effective risk management and internal controls in safeguarding its assets and achieving its objectives. We have implemented robust risk management processes and internal control mechanisms to identify, assess, and mitigate risks across all areas of operation. Regular monitoring and evaluation ensure the effectiveness of these controls in maintaining the College's financial stability and operational resilience.

Stakeholder Engagement

Lafey Technical and Vocational College is committed to fostering open and transparent communication with all its stakeholders, including students, faculty, staff, parents, government agencies, and the wider community. We actively seek feedback and input from stakeholders to inform decision-making and continuously improve our programs and services.

In conclusion, Lafey Technical and Vocational College is dedicated to maintaining the highest standards of corporate governance to fulfil our educational mission and serve the needs of our stakeholders. We believe that strong governance practices are essential for building trust, ensuring accountability, and driving sustainable growth and success.



JABIR AHMED ABDIRAHMAN
PRINCIPAL/SECRETARY TO BOARD OF GOVERNORS

9. Management Discussion and Analysis

The College's operational and financial performance

The Insecurity in our area has heavily impacted on our revenue as there was no students coming from outside this County.

- (1) The Board commits to ensure that a proper management structure is in place and to make sure that the structure functions to maintain corporate integrity, reputation and responsibility.
- (2) The Board has a commitment to monitor and evaluate the implementation of strategies, policies, and management criteria and plans of Lafey Technical and Vocational College and its mentored institutions.
- (3) The Board constantly reviews the viability and financial sustainability of the College once every year.
- (4) The Board commits to ensure that Lafey Technical and Vocational College complies with all the relevant laws, regulations, governance practices, accounting and auditing standards.

Challenges

- In Security in the region has hindered growth in the College and this has contributed to Low enrolment in the College.
- Hardship related issues hinder capacity growth of our staff and this results to low staff moral and little or no income generating activities to generate more income to the institution
- Inadequate physical facilities in the College such as student hostels are some of the challenges relating to low enrolment.

College's compliance with statutory requirements

The College has no court cases at the moment, as at the quarter the College had complied with the statutory obligations as far as debt payment to our creditors.

Key projects and investment decisions the College is planning/implementing

Most of our projects are financed by partly by our internal generated revenue, and mostly grants from Government and Development partners. However, in the year under review, there were projects undertaken.

Major risks facing the College

Operational risks in the College include

- Loss of funds through student document forgery during payment of tuition and examination fee.
Mitigation, College intends to procure Student Biometric systems once procured will check the problem.
- Loss of funds through scrupulous suppliers and service providers providing inferior materials and services.

Mitigation, Enhanced inspection and monitoring of both works and services.

- Risk to loss of funds through downtime on internet and LAN systems.
Mitigation, Signed Maintenance service contract to upgrade the equipment.
- Loss of portable workshop tools and equipment from the workshop stores
Proposal to carry out asset registration and asset tagging to identify tools and equipment from risk of pilfer and theft.

Material areas in statutory/financial obligations

By the close of year in question, the College had some pending bills as indicated but did not have any loan default or tax default on pension obligations to the exchequer.

The College's financial probity and serious governance issues

The College has management committees and policies are in place to ensure that governance issues are well taken care of so far there has not been any conflicts of interest from among the council members.

10. Environmental and Sustainability Reporting Statement

The College affirms that good corporate governance is simply good business. The College commits to ensure that we comply with all the legal requirements as well as meeting set deadlines. We commit to provide excellent training environment for our students who are our major clients.

1. Sustainability strategy and profile -

The core mandate of the Institution is training as well as carrying out research activities. This entails imparting CBET skills, attitude and knowledge to the trainees.

2. Environmental performance

The college have planted trees especially the neem trees around the compound which provide shade for the students, staff and visitors. The trees help to filter out the dust and carbon dioxide from the environment hence improving the quality of air that we breathe inside and around the institution. Despite the Institution being in a semi-arid area, the management has ensured that there is adequate flowing water for sanitation, consumption. And watering of the trees.

3. Employee welfare

The college has qualified staff both in training and subordinate staff composed of both male and female. To ensure that there is motivation and productivity amongst its staff, the college ensures that its employees attend regular workshops and trainings organised by the Institution and other stakeholders like the National Treasury, Kenya Association Technical Training Institutions (KATTI.)

4. Market place practices-

The College is guided by the TVETA Act, the PFM Act 2015 and the Public Procurement and Disposal Act 2015 among other key legislations governing public educational learning institutions. We strive to comply all statutory requirements such as ensuring our books are submitted on time, deducting and remitting of statutory deductions like PAYE, NSSF, NHIF.

11. Report of the Council/Board of Governors

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

Principal activities

The principal activities of the Lafey Technical and Vocational College are to provide quality technical Education

Results

The results of the Lafey Technical and Vocational College for the year ended June 30 are set out on page 29

Board of Governors

The members of the Board who served during the year are shown on page v, vi, vii. During the year 2022/2023 directors retired and 7 was appointed with effect from 05/05/2023.

Auditors

The Auditor General is responsible for the statutory audit of the Lafey Technical and Vocational College in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or Institute of Certified Public Accountants were nominated by the Auditor General to carry out the audit of the Manderu Technical Training Institute for the year/period ended June 30, 2023, 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

.....

Secretary of the Board

Nairobi

Date:

12. Statement of Board of Governors Responsibilities

Section 81 of the Public Finance Management Act, 2012 and (*section 14 of the State Corporations Act, 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 Lafey Technical and Vocational College, which give a true and fair view of the state of affairs of the Lafey Technical and Vocational College at the end of the financial year/period and the operating results of the Lafey Technical and Vocational College for that year/period. The Board members are also required to ensure that the Lafey Technical and Vocational College keeps proper accounting records which disclose with reasonable accuracy the financial position of the Lafey Technical and Vocational College. The Board members are also responsible for safeguarding the assets of the Lafey Technical and Vocational College.

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

The Board members accept responsibility for the Lafey Technical and Vocational College financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the TVET Act 2013. The council members are of the opinion that the Lafey Technical and Vocational College financial statements give a true and fair view of the state of Lafey Technical and Vocational College transactions during the financial year ended June 30, 2023, and of the Lafey Technical and Vocational College financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the Lafey Technical and Vocational College, which have been relied upon in the preparation of the Lafey Technical and Vocational College financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Principal has assessed the Lafey Technical and Vocational College ability to continue as a going concern.

Lafey Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

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

Approval of the financial statements

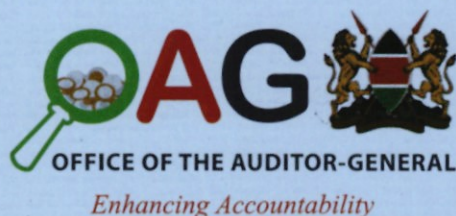
The Lafey Technical and Vocational College financial statements were approved by the Board on 05th September 2023 and signed on its behalf by:

.....
.....
Name: HOSSAIN ABDI HASSAN
Chairperson of the Board

.....
.....
Name: Jabir Ahmed
Accounting Officer/Principal

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 LAFEY TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2023

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 Lafey Technical and Vocational College set out on pages 1 to 26, which comprise of the statement of financial position as at 30 June, 2023 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

Report of the Auditor-General on Lafey Technical and Vocational College for the year ended 30 June, 2023

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 effects of the matter 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 Lafey Technical Vocational College as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Unsupported Property, Plant and Equipment

The statement of financial position and as disclosed in Note 9 to the financial statements reflects a balance of Kshs.55,430,057 in respect of property, plant and equipment. Review of documents revealed that Mandera County Government, in collaboration with the local community set aside sixty (60) acres of land for the development of Lafey Technical and Vocational College. However, land ownership documents and land valuation reports were not provided for audit. Further, the asset register reflected a Nil book value for the land which remained unfenced, thus exposing it to encroachment.

In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.55,430,057 could not be confirmed.

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

Key Audit Matters

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

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. Late Submission of the Financial Statements

The financial statements for the College for the period ending 30 June, 2023 were submitted and received in the Office of the Auditor-General on 3 October, 2023 after the date prescribed in Section 47 of the Public Audit Act, 2015. No explanation was provided for the late submission of the financial statements. In addition, the financial statements for the prior years ending 30 June, 2020 and 30 June, 2021 were submitted for audit on 18 March, 2024 after the conclusion of the audit exercise and thus were not audited since the audit for 2021/2022 financial year had already been done and Certificate issued.

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

2. Failure to Prepare Estimates of Income and Expenditure

The College failed to prepare estimates of revenue and expenditure and submit the same for approval to the Cabinet Secretary for Education in the manner and format issued by the Cabinet Secretary contrary to provisions of Section 22(1) and (2) on the preparation of annual estimates of the TVETs.

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

3. Non-Compliance with the Public Sector Accounting Standards Board Reporting Template

The financial statements were prepared and signed by an officer who was not a member of the Institute of Certified Public Accountants of Kenya while they were signed on behalf of the Chairman. This was in contravention of the Public Sector Accounting Standards Board Reporting Template (Revised 2023) for Technical and Vocational Education and Training (TVETs).

In the circumstances, Management did not comply with the format required by the Public Sector Accounting Standards Board reporting template.

4. Unutilized Twin Workshop, Classroom and Office Block

Review of documents revealed that the College constructed a twin workshop, a classroom and an office block at a cost of Kshs.53,601,927 as per the certificate of practical completion dated 27 February, 2023 and the handover reports. However, the buildings remain unutilized since the Management has failed to ensure optimum utilization of the institution through implementation of short/tailor made trainings to residents.

In the circumstances, the value for money on the Kshs.53,601,927 incurred in the implementation of the project could not be confirmed.

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, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

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 governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the College's ability to continue 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 financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the College's financial reporting process, reviewing the effectiveness of how 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 overall 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 noncompliance. 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 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 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 communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi



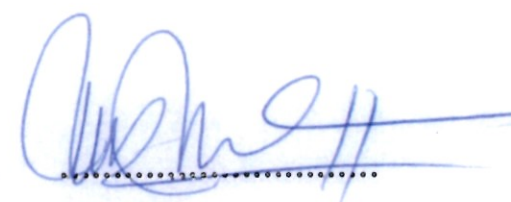
25 April, 2024

Lafey Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

14. Statement of Financial Performance For The Year Ended 30 June 2023

| | Notes | FY 2022/2023 | FY: 2021/2022 |
|---|-------|--------------|---------------|
| | | Kshs | Kshs |
| Revenue from Non-Exchange transactions | | | |
| Transfers from other National Government entities | 6 | - | 25,735,260 |
| | | - | 25,735,260 |
| Revenue from Exchange transactions | | | |
| Revenue from Exchange transactions | | | |
| Total Revenue | | - | 25,735,260 |
| Expenses | | | |
| Use of goods and services | 7 | 51,616 | 3,717 |
| Total Expenses | | 51,616 | 3,717 |
| Net surplus/(deficit) for the year | | (51,616) | 25,731,543 |

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



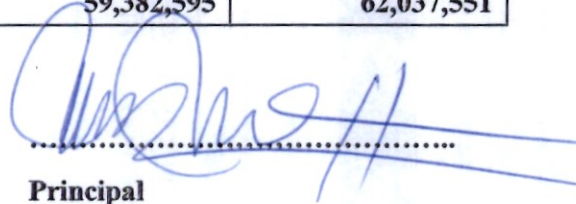
| | | |
|--|---|--|
|  Chairman of Board |  Finance Officer ICPAK No |  Principal |
| Date 18/03/2024 | Date 18/03/2024 | Date 18/03/2024 |

Lafey Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

15. Statement of Financial Position As At 30th June 2023

| Description | Notes | Insert Current FY: 2022/2023 | Insert Comparative FY: 2021/2022 |
|---|-------|---------------------------------|--|
| | | Kshs | Kshs |
| Assets | | | |
| Current Assets | | | |
| Cash and cash equivalents | 8 | 3,952,538 | 11,192,477 |
| Total Current Assets | | 3,952,538 | 11,192,477 |
| | | | |
| Non-Current Assets | | | |
| Property, plant, and equipment | 9 | 55,430,057 | 50,845,074 |
| Total Non-Current Assets | | 55,430,057 | 50,845,074 |
| Total Assets | | 59,382,595 | 62,037,551 |
| | | | |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and other payables from exchange transactions | 10 | 2,603,340 | 9,203,959 |
| Total Current Liabilities | | 2,603,340 | 9,203,959 |
| Non-Current Liabilities | | | |
| | | | |
| Total Liabilities | | 2,603,340 | 9,203,959 |
| | | | |
| Net Assets | | 56,779,255 | 52,833,592 |
| Finance Reserves | | 56,830,871 | 27,102,049 |
| Accumulated Surplus | | (51,616) | 25,731,543 |
| Total Net Assets and Liabilities | | 59,382,595 | 62,037,551 |

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

| | | |
|---|---|--|
|  Chairman of Council/Board |  Finance Officer ICPAK No |  Principal |
| Date 18/03/2024 | Date 18/03/2024 | Date 18/03/2024 |

16. Statement of Changes in Net Asset For The Year Ended 30 June 2023

| Description | Revaluation reserve | Accumulated Fund | Capital Grants/Fund | Total |
|--|---------------------|-------------------|---------------------|-------------------|
| At July 1, 2021 | 0 | 0 | 0 | 0 |
| Revaluation gain | 1,366,789 | - | - | 1,366,789 |
| Surplus/(deficit) for the year | - | 25,731,543 | | 25,731,543 |
| Capital grants received during the year | - | - | 25,735,260 | 25,735,260 |
| Transfer of depreciation/amortisation from capital fund to Retained earnings | - | - | - | - |
| At June 30, 2022 | 1,366,789 | 25,731,543 | 25,735,260 | 52,833,592 |
| At July 1, 2022 | 1,366,789 | 25,731,543 | 25,735,260 | 52,833,592 |
| Revaluation gain | 3,997,279 | - | - | 3,997,279 |
| Surplus/(deficit) for the year | - | (51,616) | - | (51,616) |
| Capital grants received during the year | - | - | - | - |
| Transfer of depreciation/amortisation from capital fund to Retained earnings | - | - | - | - |
| At June 30, 2023 | 5,364,068 | 25,679,927 | 25,735,260 | 56,779,255 |

Lafey Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

17. Statement of Cash Flows For The Year Ended 30 June 2023

| Description | Note | FY:2022/2023 | FY: 2021/2022 |
|--|------|--------------------|--------------------|
| | | Kshs | Kshs |
| Cash flows from operating activities | | | |
| Receipts | | | |
| Transfers from other government entities/govt. Grants | 6 | | 25,735,260 |
| Total Receipts | | - | 25,735,260 |
| Payments | | | |
| Use of goods and services | 7 | 51,616 | 3,717 |
| Total Payments | | 51,616 | 3,717 |
| Net Cash Flows from operating activities | | (51,616) | 3,717 |
| Cash flows from investing activities | | | |
| Purchase of property, plant, equipment and intangible assets | 9 | (7,188,323) | -19,504,272 |
| Net cash flows used in investing activities | | (7,188,323) | -19,504,272 |
| Cash flows from financing activities | | | |
| Net Increase/(Decrease) in Cash and Cash equivalents | | (7,239,939) | 6,227,271 |
| Cash and Cash equivalents at 1 JULY | | 11,192,477 | 4,965,206 |
| Cash and Cash equivalents at 30 JUNE | | 3,952,538 | 11,192,477 |

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

H. Odhiambo
[Signature]
[Signature]

[Signature]
[Signature]
[Signature]

Chairman of Council/Board **Finance Officer** **Principal**
ICPAK No
Date 18/03/2024 **Date 18/03/2024** **Date**

18. Statement of Comparison of Budget, Actual amounts For Year Ended 30 June 2023

| Description | Original budget | Adjustments | Final budget | Actual on comparable basis | Performance difference | Utilization Difference | |
|---|-------------------|-------------|-------------------|----------------------------|------------------------|------------------------|-----------|
| Revenue | Kshs | Kshs | Kshs | Kshs | Kshs | % | |
| Transfers from other National Government entities | 45,000,000 | - | 45,000,000 | 0 | 45,000,000 | 100% | a) |
| Total Income | 45,000,000 | - | 45,000,000 | 0 | 45,000,000 | 100% | b) |
| Expenses | | | | | | | |
| Use of goods and services | 100,000 | - | 100,000 | 51,616 | 48,384 | 48% | |
| Development – Fence and water connection | 44,900,000 | - | 44,900,000 | 0 | 44,900,000 | 100% | c) |
| Total Expenditure | 45,000,000 | - | 45,000,000 | 51,616 | 44,948,384 | 100% | d) |
| Surplus For the Period | | | | (51,616) | | | |

Budget notes

- a) Movement is due to No Development Fund Received from Ministry of education state department for TVET. Development Fund from the government has not been realized in time.
- b) Movement is due to realization of Development funds from the government. This has resulted to a utilization of only the Development funds from the opening balance of FY: 2022-2023.
- c) Movement is due to No Expenditure was made on fence and water in the prudence use of the available funds to meet the target goals.
- d) Movement is due to cost cutting measures in the prudence use of the available funds to meet the target goals.

19. Notes to the Financial Statements

1. General Information

Lafey Technical and Vocational College is established by and derives its authority and accountability from PFM Act. The Lafey Technical and Vocational College is wholly owned by the Government of Kenya and is domiciled in Kenya. The Lafey Technical and Vocational College principal activity is providing Technical Education

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 Lafey Technical and Vocational College 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 Lafey Technical and Vocational College. The values are rounded off to the nearest shilling. 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.

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2023.

| Standard | Effective date and impact: |
|---|---|
| <p>IPSAS 41: Financial Instruments</p> | <p>Applicable: 1st January 2023: 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 a Lafey Technical and Vocational College future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • 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 Lafey Technical and Vocational College risk management strategy and the accounting treatment for instruments held as part of the risk management strategy. <p>Significance to the financial statements The standard had no impact in preparation of financial statements</p> |
| <p>IPSAS 42: Social Benefits</p> | <p>Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Lafey Technical and Vocational College.</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Lafey Technical and Vocational College financial performance, financial position and cash flows.</p> <p>Significance to the financial statements The standard had no impact in preparation of financial statements</p> |

Lafey Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

| Standard | Effective date and impact: |
|--|---|
| Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments | <p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>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.</p> |
| Other improvements to IPSAS | <p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement. Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023. |

ii. **New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.**

| Standard | Effective date and impact: |
|---|---|
| IPSAS 43 | <p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires Lafey Technical and Vocational College to recognise, measure and present information on right of use assets and lease liabilities.</p> |
| IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations | <p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> |

iii. Early adoption of standards

Lafey Technical and Vocational College did not early-adopt any new or amended standards in year 2023.

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 Lafey Technical and Vocational College 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 Lafey Technical and Vocational College and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

The Lafey Technical and Vocational 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 Lafey Technical and Vocational College.

Interest income

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

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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

b) Budget information

The original budget for FY 2022/2023 was approved by the Council or Board on 05th September 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals to conclude the final budget. Accordingly, the Lafey Technical and Vocational College 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 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 on page 1 under section 5 of these financial statements.

c) Taxes

Current income tax

The Lafey Technical and Vocational College is exempt from paying taxes under Income Tax Act cap 470 Section 13(1), Part I of the First schedule (10)

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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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 an 2023-year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit.(entity to amend appropriately).* 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 or construction of the item of property appropriately according to the acronyms you use in your financial statements plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus, or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

f) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Lafey Technical and Vocational College. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Lafey Technical and Vocational College also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability 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 Lafey Technical and Vocational College will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the

Lafey Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

Lafey Technical and Vocational College. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

Summary of Significant Accounting Policies (Continued)

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. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

h) Research and development costs

The Lafey Technical and Vocational College expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Lafey Technical and Vocational College can demonstrate:

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

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. 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

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The Lafey Technical and Vocational College does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the College's financial statements.* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the Lafey Technical and Vocational College measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Financial assets

Classification

The Lafey Technical and Vocational College classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless Lafey Technical and Vocational College has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the Lafey Technical and Vocational College classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Impairment

The Lafey Technical and Vocational College assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *the Notes to the financial statements*.

Financial liabilities

Classification

The Lafey Technical and Vocational College classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

j) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

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

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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Inventories (Continued)

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 Lafey Technical and Vocational College.

k) Provisions

Provisions are recognized when the Lafey Technical and Vocational College has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Lafey Technical and Vocational College expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

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

l) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

m) Nature and purpose of reserves

The Lafey Technical and Vocational College creates and maintains reserves in terms of specific requirements.

n) Changes in accounting policies and estimates

The Lafey Technical and Vocational 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.

o) Employee benefits

Retirement benefit plans

The Lafey Technical and Vocational College 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.

p) 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.

q) 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.

r) Related parties

The *Lafey Technical and Vocational 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 Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the Principal and senior managers.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

s) Service concession arrangements

The Lafey Technical and Vocational 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 Lafey Technical and Vocational College recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Lafey Technical and Vocational College also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

t) 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.

u) Comparative figures

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

v) 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, 2023.

Notes to the Financial Statements (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

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

Useful lives and residual values

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

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

Provisions

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

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

Notes to the Financial Statements (Continued)

6. Transfers from other National Government entities

| Description | FY: 2022/2023 | FY:2021/2022 |
|---|---------------|-------------------|
| | Kshs | Kshs |
| Unconditional Grants | | |
| Total unconditional Grants | - | - |
| Conditional Grants amortised/ recognised in revenue | | |
| Learning facilities and Administration block- lafey TVC | - | 25,735,260 |
| Total Government Grants and Subsidies | - | 25,735,260 |

7. Use of Goods and Services

| Description | FY: 2022/2023 | FY: 2021/2022 |
|--------------------------------|---------------|---------------|
| | Kshs | Kshs |
| Travelling and accommodation | 45,400 | |
| Bank charges | 6,216 | 3,717 |
| Total good and services | 51,616 | 3,717 |

8. Cash and Cash Equivalents

| Description | FY: 2022/2023 | FY: 2021/2022 |
|--|---------------------|-------------------|
| | Kshs | Kshs |
| Current Account | 3,952,538.00 | 11,192,477 |
| Total Cash and Cash Equivalents | 3,952,538.00 | 11,192,477 |

8 (a). Detailed Analysis of Cash and Cash equivalents

| Financial Institution | Account number | FY: 2022/2023 | FY: 2021/2022 |
|---------------------------|----------------|------------------|-------------------|
| | | Kshs | Kshs |
| a) Current Account | | | |
| Kenya Commercial Bank- | 1259679551 | 3,952,538 | 11,192,477 |
| Sub- Total | | 3,952,538 | 11,192,477 |
| Cash in Hand | | - | - |
| Sub- Total | | - | - |
| Grand Total | | 3,952,538 | 11,192,477 |

Lafey Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

Notes to the Financial Statements (Continued)

9. Property, Plant and Equipment

| Cost | Building | Land | Motor vehicles | Furniture and fittings | Computers | Plant and equipment | Capital Work in progress | Total |
|------------------------------------|------------|------|----------------|------------------------|-----------|---------------------|--------------------------|------------|
| | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs |
| At 1 July 2021 | 28,737,462 | - | - | - | - | - | - | 28,737,462 |
| Additions | 19,504,272 | - | - | - | - | - | - | 19,504,272 |
| Disposals | - | - | - | - | - | - | - | - |
| Transfers/Adjustments | - | - | - | - | - | - | - | - |
| At 30 th June 2022 | 48,241,734 | - | - | - | - | - | - | 48,241,734 |
| Additions | 7,188,323 | - | - | - | - | - | - | 7,188,323 |
| Disposals | - | - | - | - | - | - | - | - |
| Transfer/Adjustments | - | - | - | - | - | - | - | - |
| At 30 th June 2023 | 55,430,057 | - | - | - | - | - | - | 55,430,057 |
| Depreciation and Impairment | | | | | | | | |
| At 1 Jun 2021 | - | - | - | - | - | - | - | - |
| Depreciation | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - | - |
| Impairment | - | - | - | - | - | - | - | - |
| At 30 Jun 2022 | | | | | | | | |
| Depreciation | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - | - |
| Impairment | - | - | - | - | - | - | - | - |
| Transfer/Adjustment | - | - | - | - | - | - | - | - |
| At 30 th Jun 2023 | - | - | - | - | - | - | - | - |
| Net Book Values | | | | | | | | |

Lafey Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

| Cost | Building | Land | Motor vehicles | Furniture and fittings | Computers | Plant and equipment | Capital Work in progress | Total |
|-------------------------------|------------|------|----------------|------------------------|-----------|---------------------|--------------------------|------------|
| | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs |
| At 30 th June 2022 | 48,241,734 | - | - | - | - | - | - | 48,241,734 |
| At 30th June 2023 | 55,430,057 | - | - | - | - | - | - | 55,430,057 |

Lafey Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

Notes to the Financial Statements (Continued)

9 (b) Property, Plant and Equipment at Cost

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

| Description | Cost | Accumulated Depreciation | NBV |
|--------------|-------------------|--------------------------|-------------------|
| | Kshs | Kshs | Kshs |
| Buildings | 55,430,057 | 0 | 55,430,057 |
| Total | 55,430,057 | 0 | 55,430,057 |

10. Trade and Other Payables

| Description | FY:2022/2023 | FY:2021/2022 |
|---------------------------------------|------------------|------------------|
| | Kshs | Kshs |
| Trade payables | 2,603,340 | 9,203,959 |
| Total Trade and Other Payables | 2,603,340 | 9,203,959 |

11. Segment Information

Lafey Technical and Vocational College Has only one area of operation

12. Contingent Assets and Contingent Liabilities

Lafey Technical and Vocational College did not have any contingent nor Liability

13. Capital Commitments

Lafey Technical and Vocational College did not have capital commitments in financial year 2022/2023

14. Events After the Reporting Period

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

15. Ultimate and Holding Entity

The Lafey Technical and Vocational College is a State Corporation/ or a Semi-Autonomous Government Agency under the Ministry of Education. Its ultimate parent is the Government of Kenya.

16. Currency

The financial statements are presented in Kenya Shillings (Kshs) and the values are rounded off to the nearest shilling.

Lafey Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

20. Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

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

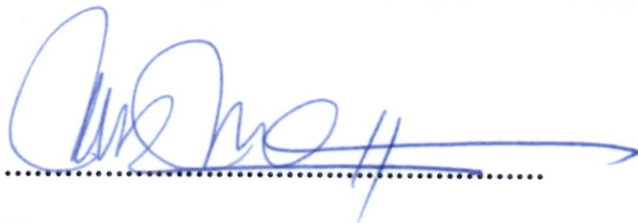
| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|---|--|---|--|---|
| MDR/LAFEY/TVET/AUD/VOL 1 (2) | Non- Compliance with Reporting framework | Financial statement and reporting template have been amended as per the new IPSAS reporting template and copy is ready to be submitted to Office of Auditor General. | Resolved | |
| MDR/LAFEY/TVET/AUD/VOL 1 (2) | Late Submission of Annual Reports and Financial Statements | Submission delay is caused by non – submission of the previous 2 financial year statement, we apologies for late submission and in future we make sure submission of financial statement to the Office of the Auditor General is in time. | Resolved | |
| MDR/LAFEY/TVET/AUD/VOL 1 (2) | Non-submission of Prior Years' Financial Statements | The issues of non – submission of financial statement for FY: 2018/2019, 2019/2020 and 2020/2021 for Lafey Technical and Vocational College is ready and to be submitted to OAG by the end of next week. | Not Resolved | By date 22 th March 2024 |

Lafey Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|---|--|---|--|---|
| MDR/LAFEY/TVET/AUD/VOL 1 (2) | Failure to Prepare Estimates of Income and Expenditure | Issue on Lafey Technical and Vocational College estimate of income and expenditure for Financial Year 2021-2022 is ready and amended in the financial statement. | Resolved | |
| MDR/LAFEY/TVET/AUD/VOL 1 (2) | Payables | Queries on payables that were previously omitted in the financial statement are amended in the financial statement and ready to be submitted to the office of auditor general. Lafey TVC balance as at 30th June 2022 kshs. 11,192,477 out this kshs. 5,297,755.11 is retention, payables of extra work- septic tank kshs. 4,431,470 and kshs. 1,168,530 is balance that remain from budget of extra work of septic tank | Resolved | |
| MDR/LAFEY/TVET/AUD/VOL 1 (2) | Development Expenditure | Queries on variation septic tank for proposed erection and completion of twin workshop, classroom and office block for lafey TVC was previously omitted in the Bill of Quantity and Source of Fund for extra work is from | Resolved | |

Lafey Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|-----------------------------------|---|--------------------------------------|---|
| | | Ministry of education – state department of TVET. Lafey TVC as at 27 th February 2023 is 100% complete. | | |



Name
Accounting Officer
Jabir Ahmed Abdirahman
Date

Lafey Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

Appendix II: Projects Implemented by Lafey Technical and Vocational College

Projects

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

| Project title | Project Number | Donor | Period/ duration | Donor commitment | Separate donor reporting required as per the donor agreement (Yes/No) | Consolidated in these financial statements (Yes/No) |
|---------------|--------------------------|-------|------------------|------------------|---|---|
| 1 | MOE-VTT/TVET/6/2018-2019 | | 1 YEAR | | | YES |
| 2 | | | | | | |

Status of Projects completion

| | Project | Total project Cost | Total expended to date | Completion % to date | Budget | Actual | Sources of funds |
|---|---|--------------------|------------------------|----------------------|------------|------------|---|
| 1 | Lafey TVC proposed erection and completion of twin workshop, classrooms and offices | 58,033,397 | 58,033,397 | 100 | 58,033,397 | 58,033,397 | Ministry of Education state department for TVET |

Appendix III- Inter-Entity Confirmation Letter

Lafey Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023



MANDERA TECHNICAL TRAINING INSTITUTE

P.O. BOX 257, 70300
 Mandera, Kenya
 Phone: +254 723 172 746
 E-mail: manderatti@gmail.com



Lafey Technical and Vocational College
 P O Box 257-70300

The *State Department for Technical and Vocational Training* wishes to confirm the amounts disbursed to you as at 30th June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

| Confirmation of amounts received by Mandera Technical Training Institute as at 30 th June 2023 | | | | | | | |
|---|----------------|---|-----------------|-----------------------|-------------------|--|------------------------------|
| Reference Number | Date Disbursed | Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30th June 2023 | | | | Amount Received by Mandera TTI (Kshs) as at 30 th June 2022 (E) | Differences (Kshs) (F)=(D-E) |
| | | Recurrent (A) | Development (B) | Inter-Ministerial (C) | Total (D)=(A+B+C) | | |
| | | | | | - | | |
| Total | | | | | = | 25,735,260 | 25,735,260 |

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

Head of Accountants department of Mandera Technical Training Institute:

Name *Jabir Ahmad* Sign *[Signature]* Date *18/03/2024*

Appendix IV: Reporting of Climate Relevant Expenditures

There was no expenditure related to Climate in the FY 2022/2023

Appendix V: Reporting on Disaster Management Expenditure

There was no expenditure related to Disaster Management in the FY 2022/2023