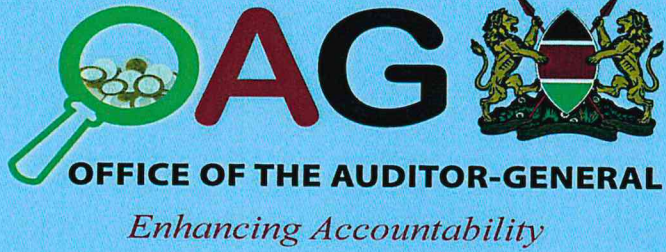


REPUBLIC OF KENYA



**REPORT**


**OF**

**THE AUDITOR-GENERAL**

**ON**

**NUU TECHNICAL AND VOCATIONAL  
COLLEGE**

**FOR THE YEAR ENDED  
30 JUNE, 2019**

 THE NATIONAL ASSEMBLY PAPERS LAID	
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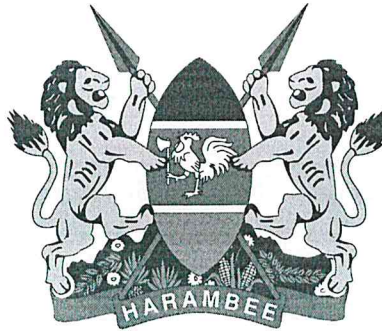




OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
MACHAKOS HUB.

27 APR 2021

**RECEIVED**



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# NUU TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED  
30 TH JUNE 2019

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

NUU TECHNICAL AND VOCATIONAL COLLEGE  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDING JUNE 30, 2019

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# NUU TECHNICAL AND VOCATIONAL COLLEGE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDING JUNE 30, 2019

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## I. KEY ENTITY INFORMATION AND MANAGEMENT

### Background information

Technical and Vocational Education and Training by constructing various Technical and Vocational colleges across the country. The government advertised the first 60 Technical and Vocational Colleges in the 2014. Nuu Technical and Vocational College was Tender No. MOEST/TVET/16/2014-2015. The BOM of Nuu Secondary School donated 5 acres of land for the construction of the college.

### Principal Activities

The core mandate of the college is providing the knowledge and skills to the people in the whole world.

### Fundamental Statements

#### Vision

To be a world class technical college in the field of technical training, science and technology

#### Mission

To provide high quality technical training in science and technology for sustainable Development

### Core values

- (1). Accountability
- (2). Honesty and Integrity
- (3). Equity
- (4). Partnerships
- (5). Quality
- (6). Health and Safety
- (7). Gender Sensitivity

### Institute Motto

Fostering talents and skills

### Objectives

- (1). Upgrade on infrastructure, facilities, and environment.
- (2). acquire and use modern ICT.
- (3). promote linkages with other institutions.
- (4). promote Research and Development.
- (5). improve Marketing of the Institute.
- (6). create conducive working environment.
- (7). strengthen the financial position of the Institute

### Key Management

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

- i. The principal
- ii. Deputy principal
- iii. Head of departments



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iv. Accountant

**II. Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2019 and who had direct fiduciary responsibility were:

s/no	Name	Designation
1	EVANS OWITI	Chairman, BOG
2	GRACE BORAH	Principal
3.	DANIEL MANTHI	Deputy Principal
3	JOSEPH MUSOMBA MWAMBU	Ass/ Accountant

**Fiduciary Oversight Arrangements**

**Finance committee of the BOG**

The Committee shall exercise all the powers of Board of Governors in financial matters except in relation to the items which are reserved to Board of Governors in these Standing Orders, on which the Committee shall advise Board of Governors.

**Terms of Reference**

The role of the Committee shall be to monitor the financial status of the Institute on behalf of Board of Governors. In addition to advising Board of Governors on those matters referred to above, the Committee's responsibilities shall include:

- a) To monitor and facilitate the implementation of the Institute's strategy with regard to financial matters.
- b) To receive reports from the Principal and the accounts Officer.
- c) To monitor implementation of the strategy for the Institute estate.
- d) To receive reports of the extent and condition of the Institute estate including the efficiency of space utilisation, the consumption of energy and the adequacy of property insurance arrangements.
- e) To consider the adequacy of the Institute estate and proposals for its maintenance and development, including opportunities to dispose of and acquire new properties.
- f) To determine the fees and charges made for Institute services and facilities.
- g) To supervise the financial administration of the Institute and make recommendations to Board of Governors where appropriate.
- h) To supervise the arrangements for safeguarding the Institute's assets.
- i) To ensure the proper financial evaluation and control of projects.
- j) To supervise the arrangements for investing the Institute's funds, including monitoring the performance of investments.
- k) To ensure the appropriate exploitation of the Institute's intellectual property.
- l) To make recommendations to Board of Governors on the financing of projects.
- m) To supervise the effective and efficient procurement and use of resources in accordance with the objectives of the Institute.
- n) To supervise the Institute's purchasing procedures and practices.
- o) To submit an annual statement on its activities to Board of Governors.
- p) To keep under review the activities of the Institute's various departments.

**NUU TECHNICAL AND VOCATIONAL COLLEGE**  
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**Academic committee activities**

The academic committee of the Board is entrusted with the following roles and functions:

- a. To satisfy itself regarding the content and academic standard of any course of study in respect of any diploma, certificate or other award and to report its findings thereon to the Board.
- b. To propose regulation for consideration by the Board regarding the eligibility of persons for admission to a course of study,
- c. To propose regulations for consideration by the Board regarding the standard of proficiency to be gained in each examination for a Diploma, certificate or other award.
- d. To approve programmes of study, regulate admission of persons to NUU TVC and determine their continuance or discontinuation in such programmes.
- e. To determine the Academic policy of NUU TVC and to advise the Board on the provision of facilities to carry out that policy,
- f. To direct and regulate the teaching and instruction within the Institute subject to the powers of the Board.

**Management Committee Activities**

The main purpose of the Senior Management Team is to:

- 1) Ensure that NUU TVC's Board of Governors is able to take strategic decisions relating to NUU TVC's activities
- 2) Provide leadership in communicating NUU TVC's mission, values, plans and achievements effectively and consistently to Board of Governors Members, staff, Government, the voluntary and community sector, the general public and other stakeholders;
- 3) Be accountable for the development and implementation of NUU TVC's strategic, corporate and business plans in line with the mission and values;
- 4) Take a strategic overview of performance in all areas of NUU TVC's activities.

Specifically the Senior Management Team:

- 1) Makes recommendations to the Council on the implementation and achievement of the Board of Governors' Strategic Framework;
- 2) Agrees NUU TVC's Corporate Plan, and monitor delivery through appropriate key management and performance information reporting to the Board of Governors as appropriate.
- 3) In the light of income projections and forecasts, considers the annual grants and operational expenditure and monitors such expenditure;
- 4) Develops, agrees, monitors and reviews strategies relevant to the effective and efficient operation of NUU TVC, making recommendations as appropriate to the Board of Governors and/or its relevant Committees;
- 5) Determines strategic issues arising from the introduction of new policies or process, including actively managing risk across the organisation and regularly reviewing the corporate risk register;
- 6) Oversees and monitors NUU TVC's joint work with the other stakeholders
- 7) Considers the impact of external factors and developments, including specific political initiatives and the response to key consultation documents and where appropriate make recommendations to the Board of Governors and/or its relevant Committees.
- 8) Leads all senior managers in motivating and developing NUU TVC staff to deliver the highest standards of performance and customer service.



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**Audit Committee**

The activities of the Audit Committee include:

- a. **Governance initiatives:**  
Review and provide oversight on governance initiatives established by the BOG and maintained by the organization.
- b. **Risk management:**  
Review and provide oversight on the establishment, implementation, maintenance, and effectiveness of risk assessment, risk management, and risk reporting practices.
- c. **Internal control framework:**  
Review and provide oversight on the organization's internal control framework. Keep informed on all significant matters arising from work performed by any governance, risk, and control assurance providers.
- d. **Audit activity:**  
Approve and periodically review the organizational audit policy. Review and approve an internal audit plan. The audit plan should be risk-based and supported by appropriate risk assessments.
- e. **Follow up on management action plans:**  
The audit committee shall review regular reports on implementation status of approved management action plans resulting from prior internal audit recommendations.
- f. **Financial statements and public accountability reporting:**  
The audit committee shall review and provide advice to the BOG on the key financial management and performance reports and disclosures issued to the public.

**Government oversight activities**

The Government of Kenya's oversight role include provision of Grants for both Operations and Development as well as provision of the regulatory framework.

The audit of the Instructional activities is undertaken by the Office of the Auditor General.

**Entity Contacts**

NUU TECHNICAL AND VOCATIONAL COLLEGE  
P.O. Box 376-90400  
Mwingi, Kenya  
Telephone: 0700 083 255/0724 114 703  
E-mail: nuutvckitui@Gmail.Com

**Entity Bankers**

<b>1. KCB –MWINGI BRANCH A/C NO 1254590196</b>
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NUU TECHNICAL AND VOCATIONAL COLLEGE  
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**Independent Auditors**

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




**Principal Legal Adviser**

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



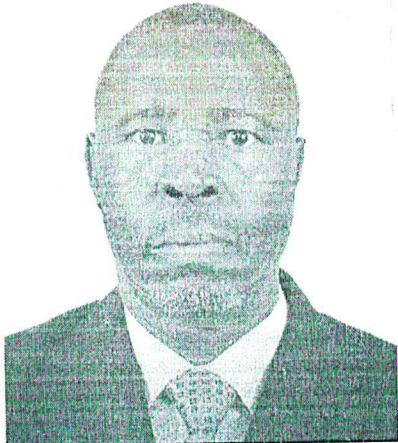


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**III. THE BOARD OF GOVERNORS**


Governor	Title	Photograph	Date of Birth, Key Qualifications and Work Experience	
			Responsibility	Date of Birth & Qualifications, Experience
I.MR. EVANS OWITI	CHAIRMAN		Overall management of the board of governors activities	Date of birth:1973 <u>QUALIFICATIONS</u> Bachelor degree in Specialization policy development and administration consultant MBA Arizon university -Businessman
MRS GRACE BORAH	Principal/ Secretary B.O.G		In Charge of the overall management of the Institute	date of birth:1965 <u>QUALIFICATIONS</u> Bachelor degree in education
MR. GIDEON MUSILI	Member		Risk and Audit committee	Date of birth :1960 <u>QUALIFICATIONS</u> Bachelor degree in business management  -Retired career public servant

**NUU TECHNICAL AND VOCATIONAL COLLEGE  
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Governor	Title	Photograph	Date of Birth, Key Qualifications and Work Experience	
			Responsibility	Date of Birth & Qualifications, Experience
MRS MALTIDA MULWA	member		Finance and resource mobilization committee	Date of birth :1978 <u>QUALIFICATIONS</u> Bachelor in B com accounting and marketing  Chief executive officer Fressy Food Company.
MRS IRENE MUNYOKI	Member		Academic committee	Date of birth:1963 <u>QUALIFICATIONS</u> PHD in development studies Consultant- Marist International.
MR. JOHN NDIRANGU	Member		Governance/ strategies/human resource committee	Date of birth:1960 <u>QUALIFICATIONS</u> Bachelor degree in business management  Businessman.

**NUU TECHNICAL AND VOCATIONAL COLLEGE**  
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Governor	Title	Photograph	Date of Birth, Key Qualifications and Work Experience	
			Responsibility	Date of Birth & Qualifications, Experience
MR.MICHAEL NDULI	Member		Governance/strategies/human resource committee	Date of birth:1974 <u>QUALIFICATIONS</u> Bachelor degree in BA bulding Bachelor degree in economics,law Managing Director-Zamaki Consultantancy Limited



**NUU TECHNICAL AND VOCATIONAL COLLEGE**  
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**IV. MANAGEMENT TEAM**

Manager	Title	Photograph	Qualifications & Responsibility	
			Responsibility	Date of Birth & Qualifications
Grace Borah	Principal /Secretary B.O.G		Overall in Charge of Institute Affairs	Date of birth: <u>QUALIFICATIONS</u>  Bachelor degree in education
Daniel Manthi	Deputy Principal Planning, Administration and Finance		Planning, Administration & Finance	Date of birth: 1963 <u>QUALIFICATIONS</u>  Master in accounting and finance/CPA K
Joseph Musomba Mwambu	Ass/Accountant		Financial management of the college	Date of birth: 1990 <u>QUALIFICATIONS</u>  Bachelor degree in mathematics and business/ Continuing with CPA



**NUU TECHNICAL AND VOCATIONAL COLLEGE  
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**V. CHAIRMAN'S STATEMENT**

**Preamble**

NUU Technical VOCATIONAL COLLEGE was established with the aim of providing knowledge and skills to the people of the larger Kitui and beyond. The mandate of the Institute is to train, impart skills, knowledge and institutionalize effective research and development geared towards production of competent graduates who will contribute to high and sustainable socio-economic development.

**Key Activities**

During the 2018/2019 Financial Year the Institute undertook the following activities:

1. Partnership with County, National and International bodies.
2. Undertook exhibitions in TVET Fair and ball games

**Successes**

The Institute has been successful in the following areas:

- i. The increase of gross student enrolment to 134
- ii. 3 trainers have been trained in CBET.

**Challenges**

During the FY 2018/19 the Institute faced the following challenges:

- i. Inadequate water supply
- ii. Inadequate physical Infrastructure- lecture rooms, workshops, hostels, and staff houses.
- iii. In adequate Land for expansion
- iv. In adequate staff , both trainers and support
- v. In accessible buildings to people with physical disabilities
- vi. Inadequate furniture
- vii. Delayed GOK funding

**Way forward/ Future Outlook**

In order to address the above challenges, the Institute has planned to carry out the following activities during the FY 2019/2020

1. Drill a borehole
2. Purchase 3 plastic water tanks to harvest rain water
3. Construct 100m Perimeter fence
4. Purchase furniture ICT lab
5. Strengthen the Institute financial base through increasing income generating activities

The Institute also plans to increase industrial linkages and partnerships so as to enhance training. Finally it is the ambition of the Institute to increase the enrolment as the time goes by.

EVANS OWITI  
Chairman, Board of Governors

NUU TECHNICAL AND VOCATIONAL COLLEGE  
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**VI. REPORT OF THE PRINCIPAL**

**Key Activities.**

- i. The increase of gross student enrolment to 134 students .
- ii. 3 trainers out of twelve trainers went for CBET training.
- iii. Registration with various bodies e.g. KUCCPS, HELB.
- iv. Planted 50 trees

**Challenges**

During the FY 2018/19 the Institute faced the following challenges:

**i. In adequate water supply**

The Institute is located semi arid area and hence we face major water challenge due to the inadequate and unreliable water supply.

**ii. Infrastructure**

We are facing a major challenge in physical infrastructure due to the growing numbers. There is need for more classrooms, workshops offices, hostels and staff houses.

**iii. In adequate Land for expansion**

The Institute has limited land for expansion.

**iv. In adequate staff**

The institute has only 6 trainers deployed by the government in the department of electrical and bulding.the other departments such as business, hair and beauty, food and beverage have no single trainer by the government but the institute has managed to employ 4 trainers in those area under BOG.

**v. Inadequate furniture.**

Furniture for both staff and students is inadequate due to the growing college population.

**vi. Delayed GOK funding**

The delayed disbursement of development funds by the government led to delay in implementation of planned projects.

Our students come from poor background hence they are not able to meet all financial obligations.

**Way forward/ Future Outlook**

In order to address the above challenges, the Institute has planned to carry out the following activities during the FY 2019/2020

1. Drill a borehole in order to ensure the water supply is adequate and reliable.
2. Purchase 3 plastic water tanks and fit gutters to harvest rain water to supplement the water supply.
3. Construct Perimeter fence to address the problem of uncontrolled entry points and boost security.
4. Construct hostels. This will enable the enrolment to increase because we will be able to get NYS students.
5. To equip Electrical ,Building and Plumbing workshops

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6. Fence the land. The remaining land that will not be covered by the perimeter wall will be fenced with chain link.
7. Purchase furniture. More chairs, desks and tables for staff and students will be purchased.
8. Strengthen the Institute financial base through increasing income generating activities we shall seek for collaborations and partnerships with International National and County governments, Writing proposals for donor funding

**Financial Performance of the Institute**

In the FY 2018/19 the Institute targeted to raise A.I.A (Appropriation in Aid) of Kshs. **3,960,000**. By the end of the FY the Institute had had collected AIA amounting to Kshs **5,099,238**. This was caused by the increased enrolment.

The Institute also plans to increase industrial linkages and partnerships so as to enhance training. Finally it is the ambition of college to increase the enrolment,

GRACE BORAH  
Principal/ Secretary, BOG

**NUU TECHNICAL AND VOCATIONAL COLLEGE  
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**VII. CORPORATE GOVERNANCE STATEMENT**

**i. Appointment of BOG Members**

The Cabinet Secretary, MOE appoints members of the Board following proposals from the principal of the institute. The board consists of nine members. The Boards of Governors for NUU TECHNICAL VOCATIONAL COLLEGE serves for three years. The Board may set up such committees and assign such responsibilities as it may deem fit.

**ii. Role and Functions of Board of Governors**

The functions of the organs set out under section 28 (1) shall include —

- (a) Overseeing the conduct of education and training in the institutions in accordance with the provisions of this TVET Act and any other written law;
- (b) Promoting and maintaining standards, quality and relevance in education and training in the institutions in accordance with this TVET Act and any other written law;
- (c) Administering and managing the property of the institution;
- (d) Developing and implementing the institutions' strategic plan;
- (e) Preparing annual estimates of revenue and expenditure for the institution and incurring expenditure on behalf of the institutions;
- (f) Receiving, on behalf of the institution, fees, grants, subscriptions, donations, bequests or other moneys and to make disbursement to the institution or other bodies or persons;
- (g) Determining the fees payable and prescribing conditions under which fees may be remitted in part or in whole in accordance with the guidelines developed under the provisions TVET Act; 855 2013 Technical and Vocational Education and Training No. 29
- (h) Mobilizing resources for the institutions;
- (i) Developing and reviewing programmes for training and to make representations thereon to the Board;
- (j) Regulating the admission and exclusion of students from the institutions, subject to a qualifications framework and the provisions of this Act;
- (k) Approving collaboration or association with other institutions and industries in and outside Kenya
- (l) Recruiting and appointing trainers from among qualified professionals and practising trade's persons in relevant sectors of industry;
- (m) Determining suitable terms and conditions of service for support staff, trainers and instructors and remunerating the staff of the institutions, in consultation with the TVET Authority;
- (n) Making regulations governing organization, conduct and discipline of the staff and students;
- (o) Preparing comprehensive annual reports on all areas of their mandate, including education and training services and submits the same to the ministry
- (p) Providing for the welfare of the students and staff of the institutions;
- (q) Encouraging, nurturing and promoting democratic culture, dialogue and tolerance in the institutions; and (r) discharging all other functions conferred upon it by this Act or any other written law.

**iii. Board of Governors Allowances**

The institute gives sitting allowances to board members to cater for their transport.

**iv. Meetings**

- a. Full board meetings - are held once every term and
- b. board committee meetings- once every term



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VIII. MANAGEMENT DISCUSSION AND ANALYSIS

i. **Operational Performance;**

Management has worked hard to make living of the students in the college easy by working so hard to see if they can get a hostel and also borehole for adequate supply of water.

**Institute's compliance with statutory requirements**

The institute complies with making statutory payments before the relevant deadlines .the institute workers *pay* P.A. Y.E Tax as generated on the i-tax portal.

**Major risks facing the entity**

**Financial litigation** – due to limited finances, the institute has not been able to start any projects.

**Poor enrolment** –due to acute water shortage in the area and Hostels.

**Material arrears in statutory /financial obligations**

At end of the financial year no single project for the institution had been constructed.

**NUU TECHNICAL AND VOCATIONAL COLLEGE  
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**IX. REPORT OF THE BOARD OF GOVERNORS**

The Board members submit their report together with the audited financial statements for the year ended June 30, 2019 which show the state of the *entity's* affairs.

**Principal activities**

The core mandate of the Institute is providing knowledge and skills to the people of the larger KITUI County and beyond.

The Mandate of NUU TECHNICAL VOCATIONAL COLLEGE is to train, impart skills, knowledge and institutionalize effective research and development geared towards production of competent graduates who will contribute to high and sustainable social-economic development.

**Results**

The results of the entity for the year ended June 30 are set out on Page 1

**BOARD OF GOVERNORS**

The members of the Board /Council who served during the year are shown on pages (viii) to (viii). During the year that ended 30 June 2019, none of members retired/ resigned.

**Auditors**

The Auditor General is responsible for the statutory audit of the **NUU TECHNICAL VOCATIONAL COLLEGE**

NUU TECHNICAL AND VOCATIONAL COLLEGE  
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**X. STATEMENT OF BOARD OF GOVERNORS RESPONSIBILITIES**

The BOG members are responsible for the preparation and presentation of NUU TVC financial statements, which give a true and fair view of the state of affairs of the institute for and as at the end of the financial year (period) ended on June 30, 2019. The BOG 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 institute;
- (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) Safe guarding the assets of the *Institute*;
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

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

Nothing has come to the attention of the Board members to indicate that the *institute* 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 NUU technical VOCATIONAL COLLEGE's financial statements were approved by the Board on 23/04/2021 and signed on its behalf by:

Evans Owiti

Grace Borah



Board Chairman



Principal/Secretary BOG





# 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 NUU TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2019

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### REPORT ON THE FINANCIAL STATEMENTS

#### Adverse Opinion

I have audited the accompanying financial statements of Nuu Technical and Vocational College set out on Pages 1 to 26, which comprise the statement of financial position as at 30 June, 2019, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, in all material respects, the financial position of Nuu Technical and Vocational College as at 30 June, 2019 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and do not comply with the Technical Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

#### Basis for Adverse Opinion

##### 1.0 Errors/Omissions of Presentation and Disclosures in the Financial Statements

A review of the financial statements for the year ended 30 June, 2019 presented by the Management for audit revealed the following anomalies in presentation and disclosures:

- i. Under the report on Key Entity Information and Management, background information does not include details of when the college was established.
- ii. Under the Corporate Governance Statement, the number of board /council meetings held and the attendance to those meetings by members, succession plan, existence of a board charter, board and member performance, conflict of interest, ethics and conduct as well as governance audit were not included.



- iii. The Management Discussion and Analysis on page xvi does not give a detailed report on the operational and financial performance of the College during the year and tables, graphs, pie charts and other descriptive tools has not been used to make the information more understandable. Further, the information given is not detailed enough as it is only half a page instead of two or three pages as prescribed.
- iv. Report of the Principal on page xiv has not been signed.
- v. Report of the Board of Governors on page xvii shows that the members of the Board/Council who served during the year are shown on Pages (viii) to (viii) instead of Pages (viii) to (x). Further, the report has not been signed.
- vi. In the report on Fiduciary Management, under entity bankers, only one Kenya Commercial Bank (KCB) account is disclosed but the College operates two bank accounts with KCB.
- vii. The statement of changes in net assets is presented on the same page with the statement of cash flows on page 3 but the two should be on separate pages.

In view of the foregoing, the financial statements as presented do not fully comply with the financial reporting template as prescribed by the Public Sector Accounting Standards Board (PSASB).

## **2.0 Misstatements in the Financial Statements**

Review of the financial statements revealed the following misstatements:

- i. The financial statements do not give an indication as to whether the reported period is exactly one year (twelve months) or if the operations are for a longer or shorter period given that this is the first time of reporting.
- ii. Statement of changes in net assets indicates nil balances in the total's column.
- iii. Statement of comparison of budget and actual amounts does not include explanation for variances of over or under 10%.

The statement further contains casting errors in the performance difference column for all components under the revenue heading and most of the components under the expenditure heading. Consequently, the performance difference total under the revenues from exchange transactions should have been Kshs.(2,287,738) and not Kshs.(2,278,486) reported. Further, the performance difference total under the total expenditure should have been Kshs.2,352,437 and not the Kshs.1,508,611 reported.

- iv. A casting error of Kshs.192 was noted under Note 7 to the financial statements. The correct total should be Kshs.5,099,046 instead of the reflected amount of Kshs.5,099,238.

In view of the foregoing, the fair statement of the financial statements for the year ended 30 June, 2019 could not be confirmed.

### **3.0 Unsupported Use of Goods Expenditure**

The statement of financial performance reflects an expenditure of Kshs.107,665 in respect of use of goods . However, the relevant supporting documents were not provided for audit such as expenditure schedules and payments vouchers.

In the absence of the supporting documents, the accuracy and completeness of the expenditure of Kshs.107,665 for the year ended 30 June, 2019 could not be confirmed.

### **4.0 Unexplained Variance in the Revenue from Exchange Transactions**

The statement of financial performance reflects Kshs.5,099,238 in respect of revenue from exchange transactions . However, the ledgers provided in support of the revenue had an amount totaling Kshs.4,232,225 resulting in an unexplained understatement of Kshs.867,013. In addition, management did not provide a students' attendance register and students fees account register for the audit.

Consequently, it has not been possible to confirm the accuracy and completeness of revenue from exchange transactions amount of Kshs.5,099,238 as reported for the year ended 30 June, 2019.

### **5.0 Property, Plant and Equipment**

The statement of financial position reflects a nil balance on property, plant and equipment as at 30 June, 2019. However, a physical verification which was done during the time of audit revealed that the college had several non-current assets such as, land on which the college is built, buildings, furniture, office equipment, teaching equipment and ICT equipment whose values ought to have been disclosed in the financial statements.

In the absence of the valuation and disclosure, the financial statements do not reflect the correct position of the property, plant and equipment owned by the College as at 30 June, 2019.

### **6.0 Unsupported Trade and Other Payables from Exchange Transactions**

The statement of financial position and reflects trade and other payables from exchange transactions balance of Kshs.244,000 which was however not supported with an ageing analysis and the creditors' ledger.

In the circumstances, it has not been possible to confirm the accuracy and completeness of the trade and other payables from exchange transactions balance of Kshs.244,000 as at 30 June, 2019.

## **7.0 Unsupported Receivables from Exchange Transactions**

Statement of financial position reflects a balance of Kshs.477,376 in respect of receivables from exchange transactions . However, Management did not provide relevant supporting documents such as debtors' ledger and ageing analysis of the debts. In addition, the policy on provision for bad and doubtful was not provided for the audit. Further, Management did not demonstrate tangible efforts towards recovery of the outstanding debts.

In the circumstances, the accuracy, completeness, validity and recoverability of the balance of Kshs.477,376 in respect of receivables from exchange transactions as at 30 June, 2019 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Nuu 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. I have determined that there are no key audit matters to communicate in my report.

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

### **Conclusion**

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

### **Basis of Conclusion**

#### **1.0 Irregular Recruitment of Part-Time Lecturers**

During the audit of recruitment procedures for different cadres of staff it was noted that, during the year under audit, the College contracted part time instructors to offer different courses. However, no documents were provided for audit to show; how the gaps in the existing teaching staff were identified, the process of recruitment of the part-time lecturers and their terms of engagement. This is contrary to sections B.10 and B.20 of the Human Resource Policies and Procedures Manual for the Public



Service of May, 2016 on letters of appointment and appointment on contract terms respectively.

In addition, the academic timetables and proof that the teaching actually took place was not provided for audit.

In the circumstances, the regularity and value for money in the recruitment of part-time lecturers could not be ascertained.

## **2.0 Lack of Accountability Over Tuition Expenses**

Note 14 to the financial statements reflects the expenditure of Kshs.565,560 which was incurred on tuition expenses. Review of the payment vouchers provided in support of the expenditure revealed that out of this amount, Kshs.362,000 was spent on subsistence allowances. However, it was noted that the College did not maintain an imprest register to manage the issuance and surrender of imprests advanced as subsistence allowances. This is contrary to Section 93(4)(c) of the Public Finance Management (National Government) Regulations, 2015 which states that before issuing temporary imprests under paragraph (2), the Accounting Officer shall ensure that - the applicant has been recorded in the imprest register including the amount applied for.

In addition, payment vouchers presented for audit were not adequately supported as they lacked the approval letters for payment of the subsistence allowances and accountability over the same.

In the circumstances, it has not been possible to ascertain the validity and value for money from the Kshs.362,000 which was paid as subsistence allowances.

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 OVERALL GOVERNANCE**

### **Conclusion**

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

## **Basis of Conclusion**

### **1.0 Lack of Approved Human Resource Policy Documents**

Audit revealed that the College did not have in place policy documents for Management of human resource functions such as; Human Resource Policies and Procedures Manual, Career Guidelines, Scheme of Service and approved Staff Establishment to guide on staff recruitment, remuneration, development and discipline. This is contrary to the provisions of the Human Resource Policy and Procedures Manual for the Public Service of May, 2016.

Consequently, the College is in breach of the Law.

### **2.0 Lack of an Internal Audit Function**

During the year under review, the College did not have in place an internal audit function to perform risk assessment processes and evaluate operational effectiveness through reviews of the internal controls. Further, the Audit Committee required to provide oversight over management activities was not in place. This is contrary to the provisions of Section 73 of the Public Finance Management Act, 2012 which requires every National Government entity to have arrangement in place an internal audit function and an audit committee for the purpose of carrying out in depth reviews of management operations and internal controls.

In the circumstances, there is lack of oversight over the Management activities which exposes the College to loss of funds through fraud or wastage.

### **3.0 Lack of Risk Management Policy and Disaster Recovery and Business Continuity Plan**

The College did not have an approved Risk Management Policy and a Disaster Recovery and Business Continuity Plan in place. This is contrary to the provisions of Section 165(1)(a) and (b) of the Public Finance Management (National Government) Regulations 2015, which requires the Accounting Officer to ensure that the National Government entity develops risk management strategies which include fraud prevention mechanisms and develop a system of risk management and internal control that builds robust business operations.

Consequently, the College lacks a blue print for identifying and mitigating against risks and is exposed to loss and interruption of operations in case of a disaster.

### **3.1 Lack of Information Communication Technology Policy**

Review of Information Communication Technology (ICT) environment revealed that the College does not have an approved ICT Policy in place. Further, the College has not automated key operational areas such as Finance, Human Resource Management and Procurement.

Lack of an ICT Policy and failure to automate key processes implies that the College has not leveraged on ICT to ensure accuracy, speed and efficiency in processing of its data and information as well data confidentiality, reliability, integrity and availability.

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

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

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

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

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

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

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

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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in

compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of 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 College's policies and procedures may deteriorate.

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

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



- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the College's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the College to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the College to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi.

14 January, 2022



**NUU TECHNICAL AND VOCATIONAL COLLEGE**  
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**XII. STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	Note	2019 Kshs
<b>REVENUE</b>		
Revenue from non-exchange transactions	6	1,000,000
Revenue from exchange transactions	7	5,099,238
Revenue from Facilities & Equipment	8A	-
Other Income	8B	-
<b>Total revenue</b>		<b>6,099,238</b>
<b>EXPENSES</b>		
Use of goods	9	107,665
Staff Costs	10	2,217,357
BOG Members Expenses	11	-
Provision for Depreciation	12	-
Repairs and Maintenance	13	133,800
Operating Expenses	14	772,041
Administrative Expenses	15	799,400
<b>Total Expenses</b>		<b>4,030,263</b>
<b>Surplus (Deficit) for the Period</b>		<b>2,068,975</b>

The notes set out on pages 7 to 25 form an integral part of the Annual Financial Statements.


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**XIII. STATEMENT OF FINANCIAL POSITION**  
**AT 30<sup>th</sup> JUNE 20 19**

	<b>Note</b>	<b>2019 Kshs</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	16	1,835,599
Receivables from exchange transactions	17	477,376
<b>Total Current Assets</b>		<b>2,312,975</b>
<b>Non-current assets</b>		
Property, plant and equipment	18	-
Work in Progress	19	-
Inventories	20	-
<b>Total Non-Current Assets</b>		<b>-</b>
<b>Total Assets</b>		<b>2,312,975</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables from exchange transactions	22	244,000
Retentions	23	-
Deferred Income	24	-
<b>Total liabilities</b>		<b>244,000</b>
<b>Capital Reserves &amp; Surpluses</b>		
Revenue Reserves	25	2,068,975
Capital Reserves	26	-
<b>Total Capital Reserves &amp; Surpluses</b>		<b>2,068,975</b>
<b>Total Reserves and liabilities</b>		<b>2,312,975</b>

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

Mr Evans Owiti  
 Board of Governors

  
 Date: 23/04/2021

Mr Shadrack Maleve  
 Assist Accountant

  
 Date: 23/04/2021

Ms Grace Mbora  
 Principal

  
 Date: 23/04/2021



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**XIV. STATEMENT OF CHANGES IN NET ASSET  
FOR THE YEAR ENDED 30 JUNE 2019**

<b>Reserves</b>	<b>Revenue Reserves</b>	<b>Capital Reserves</b>	<b>Deferred Income</b>	<b>To Ks</b>
	<b>Kshs</b>	<b>Kshs</b>		
Balance as at 1 July 2018				
Additions for the Year				
Surplus (Loss) for the Year	<b>2,068,975</b>			
Valuations During the Year				
Development Funds				
Increase in the Year				
Transfers to accumulated Fund				
Deferred Income (reductions in Year)				
Balance as at 30 JUNE 2019	<b>2,068,975</b>			

**XV. STATEMENT OF CASHFLOWS  
FOR THE YEAR ENDED 30 JUNE 2019**

	<b>Note</b>	<b>Current Year</b>
		2018/2019
<b>Cash flows from operating activities</b>		
<b>Receipts</b>		
Government grants and subsidies	6	1,000,000
Cash flows from Exchange Transactions	7	5,099,238
		<b>6,099,238</b>
<b>Payments</b>		
Use of goods and services	9	107,665
Employee Costs	10	2,217,357
BOG Members Expenses	11	-
Repairs and Maintenance	13	133,800
Operating Expenses	14	772,041
Administrative Expenses	15	799,400
		<b>4,030,263</b>

<b>Net cash flows from operating activities</b>		<b>2,068,975</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant, equipment and intangible assets	18	-
Construction of Buildings (Work in Progress)	19	-
Operations of Mentorship Projects	21	-
Proceeds from sale of property, plant and Equipment		-
Decrease/(Increase) in investments		-
<b>Net cash flows used in investing activities</b>		<b>-</b>
<b>Cash flows from financing activities</b>		
Grants for development		-
Repayment of borrowings		-
Increase/ (Decrease) in Other Payables	22	244,000
(Increase)/ Decrease in Receivables	17	(477,376)
Increase in Deferred Income	24	-
<b>Net cash flows used in financing activities</b>		<b>(233,376)</b>
<b>Net Increase/Decrease in Cash and cash equivalents</b>		<b>1,835,599</b>
<b>Cash and cash equivalents at the beginning of the Year</b>		<b>-</b>
<b>Cash and cash equivalents at end of the year</b>		<b>1,835,599</b>

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**XVI. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	Original budget	Adjust.	Final budget	Actual on comparable basis	Performance difference	% Change
	2018-2019	2018-2019	2018-2019	2018-2019	2018-2019	
<b>REVENUE</b>						
Revenue from Exchange Transactions						
Tuition Fees	1,524,000		1,524,000	1,258,620	1,652,280	108
Repairs, Maintenance & Improvement	82,250		82,250	265,192	133,750	163
Personal Emoluments	576,000		576,000	400,792	246,040	43
Electricity, Water & Conservancy	163,000		163,000	134,496	22,500	14
Caution Fees	150,000		150,000	34,589.2	(146,500)	(98)
Local Travel & Transport	149,250		149,250	194,592	384,716	258
Helb			-	2,700,800	2,200	
Activity	167,000		167,000	110,156.8	(16,500)	(10)
<b>Revenue from Exchange Transactions</b>	<b>2,811,500</b>	<b>-</b>	<b>2,811,500</b>	<b>5,099,238</b>	<b>2,278,486</b>	
<b>Grants for Operations</b>	<b>2,000,000</b>		<b>2,000,000</b>	<b>1,000,000</b>	<b>(1,000,000)</b>	
<b>Total Conditional Grants</b>	<b>2,000,000</b>	<b>-</b>	<b>2,000,000</b>	<b>-</b>	<b>(1,000,000)</b>	
<b>Revenue from Non-Ex. Trans.</b>	<b>2,000,000</b>	<b>-</b>	<b>2,000,000</b>	<b>1,000,000</b>		

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	(1,000,000)
<b>TOTALS INCOME</b>	<b>4,811,500</b>
<b>EXPENDITURE</b>	<b>6,099,238</b>
<b>Use of Goods</b>	<b>4,811,500</b>
Electricity, Water, Fuel and	315,000
Conservancy	107,665
	<b>1,278,486</b>
<b>Total Use of Goods</b>	<b>107,665</b>
<b>Staff Costs</b>	<b>2,217,357</b>
Personal Emoluments	(945,084)
<b>Total Staff Costs</b>	<b>(945,084)</b>
<b>Bog meetings &amp; committees</b>	<b>400,000</b>
<b>Total Bog Meetings</b>	<b>400,000</b>
<b>Operating Expenses</b>	<b>2,415,000</b>
Tuition Expenses	565,560
Student Activities	142,700
Examination Fees	8,500
Contingencies	49,900
Bank Charge	5381
<b>Total Operating Expenses</b>	<b>772,041</b>
<b>Administration Expenses</b>	<b>143,000</b>
Administration Expenses	(83,800)



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Katti Expenses	0	0	160,000
Local Transport		208,950	396,400
Audit Fees	208,950	0	100,000
<b>Total administration Expenses</b>	0		<b>799,400</b>
Repairs ,Maintenance & Improvement	115,150	115,150	133,800
<b>Total Repairs and Maintenance</b>	115,150	115,150	133,800
Development	1,362,000	1,362,000	1,362,000
			(83,800)
			100
			1,362,000
<b>Construction of Buildings (WIP)</b>	<b>1,362,000</b>	<b>-</b>	<b>1,362,000</b>
<b>TOTAL EXPENDITURE</b>	<b>4,612,000</b>	<b>-</b>	<b>4,030,263</b>
			<b>1,508,611</b>

**Budget notes**

1. Provide explanation of differences between actual and budgeted amounts (10% over/ under) IPSAS 24.14
2. Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)
3. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis(budget is cash basis, statement of financial performance is accrual) provide a reconciliation.

NUU TECHNICAL AND VOCATIONAL COLLEGE  
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**XVII. NOTES TO THE FINANCIAL STATEMENTS**

**1. GENERAL INFORMATION**

NUU Technical Vocational College is under the Ministry of Education, State department of Technical and Vocational Training. In line with Technical and Vocational Education Training (TVET) Act of 2013 the institute has continually imparted its trainees with the necessary knowledge and skills for social economic development in business, science and technology.

The mandate of the institution is to train competent Human Resource for social economic development at TVET level. The institute's strategic obligations revolve around promoting Technical Training through access to quality training.

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

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value where applicable. 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 Institute's accounting policies.

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

The financial statements have been prepared in accordance with the PFM Act No. 18 of 24<sup>th</sup> July 2012, the State Corporations Act, the TVET Act 2013, and International Public Sector Accounting Standards (IPSAS). The Institution adopted IPSAS in the year 2019 following elevation into a SAGA. The accounting policies adopted have been consistently applied to all the years presented.

**NUU TECHNICAL AND VOCATIONAL COLLEGE**  
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**3. ADOPTION OF NEW AND REVISED STANDARDS**

**i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2019**

Standard	Impact
<b>IPSAS 40:</b> Public Sector Combinations	<b>Applicable: 1<sup>st</sup> January 2019</b> The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non exchange transactions are covered purely under Public Sector combinations as amalgamations.  <i>NUU Technical Vocational College did not apply this standard in the preparation of the accounts under review.</i>

**ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2019**

Standard	Effective date and impact:
<b>IPSAS 41:</b> Financial Instruments	<b>Applicable: 1<sup>st</sup> January 2022:</b> The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: <ul style="list-style-type: none"> <li>• 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;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>

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Standard	Effective date and impact:
	<i>NUU Technical Vocational College did not apply this standard in the preparation of the accounts under review.</i>
<b>IPSAS 42:</b> Social Benefits	<p><b>Applicable: 1<sup>st</sup> January 2022</b></p> <p>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 entity;</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 entity's financial performance, financial position and cash flows.</p> <p><i>NUU Technical Vocational College did not apply this standard in the preparation of the accounts under review.</i></p>

iii. **Early adoption of standards**

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

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

a) **Revenue recognition**

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

**Transfers from other government entities**

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

ii) **Revenue from exchange transactions**

**Rendering of services**

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



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

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

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Sale of goods**

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

**Interest income**

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

**Dividends**

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

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

**Rental income**

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

**b) Budget information**

The original budget for FY 2018/2019 was approved by the Board on 23. 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 in order to conclude the final 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 actual as per the statement of financial performance has been presented under section *VIII* of these financial statements.

**c) Taxes**

***Current income tax***

The entity is exempt from paying taxes as per First Schedule Section 10 subsection (a) and (b) of the *2010 income tax Act*.

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

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**c) Taxes (continued)**

*Sales tax/ Value Added Tax*

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

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

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

**d) Investment property**

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of **50** years.

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

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

**e) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

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

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**n) Leases**

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

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

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

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

**o) Intangible assets**

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

**h) Research and development costs**

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

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

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



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impairment annually with any impairment losses recognized immediately in surplus or deficit.

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

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**i) Financial instruments**

***Financial assets***

***Initial recognition and measurement***

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

***Loans and receivables***

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

***Held-to-maturity***

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

***Impairment of financial assets***

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



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

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**i) Financial instruments (Continued)**

*Financial assets (Continued)*

*Impairment of financial assets (Continued)*

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

*Financial liabilities*

*Initial recognition and measurement*

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

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

*Loans and borrowing*

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

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

**i) Inventories**

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

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

- Raw materials: purchase cost using the weighted average cost method

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

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

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**i) Inventories (Continued)**

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

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

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

**j) Provisions**

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

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

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

***Contingent liabilities***

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

***Contingent assets***

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

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

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**k) Nature and purpose of reserves**

The Entity creates and maintains reserves in terms of specific requirements. NUU TVC does not maintain any reserves during the year under review.

**l) Changes in accounting policies and estimates**

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

**m) Employee benefits**

**Retirement benefit plans**

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

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

**n) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

**o) Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

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



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

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**p) Related parties**

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

**q) Service concession arrangements**

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

**r) Cash and cash equivalents**

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

**s) Comparative figures**

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

Since this is the first year of adoption, KTTI has not stated comparative figures for the accounts.

**t) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2019.



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**4 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

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

**Estimates and assumptions**

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

**Useful lives and residual values**

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

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

**Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 15. 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.

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

**5 FINANCIAL RISK MANAGEMENT**

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

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

**(i) Credit risk**

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

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

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

	<b>Total amount Kshs</b>	<b>Fully performing Kshs</b>	<b>Past due Kshs</b>	<b>Impaired Kshs</b>
<b>At 30 June 2019</b>				
Receivables from exchange transactions	477,376	477,376	0.00	0.00
Receivables from non-exchange transactions	0.00	0.00	0.00	0.00
Bank balances	0.00	0.00	0.00	0.00
<b>Total</b>	<b>477,376</b>	<b>477,376</b>	<b>0.00</b>	<b>0.00</b>
<b>At 30 June 2018</b>				
Receivables from exchange transactions	0.00	0.00	0.00	0.00
Receivables from non-exchange transactions	0.00	0.00	0.00	0.00
Bank balances	0.00	0.00	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

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

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

**FINANCIAL RISK MANAGEMENT (Continued)**

**(i) Credit risk (continued)**

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

The entity has significant concentration of credit risk on amounts due from 0.00x

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

**(ii) Liquidity risk management**

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2018</b>				
Trade payables	244,000	0.00	0.00	244,000
Current portion of borrowings	0.00	0.00	0.00	0.00
Provisions	0.00	0.00	0.00	0.00
Deferred income	0	0.00	0.00	0
Employee benefit obligation	0.00	0.00	0.00	0.00
<b>Total</b>	<b>244,000</b>	<b>0.00</b>	<b>0.00</b>	<b>244,000</b>
<b>At 30 June 2019</b>				
Trade payables	0.00	0.00	0.00	0.00
Current portion of borrowings	0.00	0.00	0.00	0.00
Provisions	0.00	0.00	0.00	0.00
Deferred income	0	0.00	0.00	0
Employee benefit obligation	0.00	0.00	0.00	0.00



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<b>Total</b>	<b>0.0</b>	<b>0.00</b>	<b>0.00</b>	<b>0.0</b>
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**FINANCIAL RISK MANAGEMENT (Continued)**

**(iii) Market risk**

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

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

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

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

a) Foreign currency risk

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

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

The Institute does not maintain any foreign exchange

(iii) Market risk (Continued)

a) Foreign currency risk (Continued)

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
<b>At 30 June 2019</b>			
Financial assets(investments, cash ,debtors)	1,835,599	477,376	2,312,975
Liabilities			
Trade and other payables	244,000	0.00	244,000
Borrowings	0.00	0.00	0.00
Net foreign currency asset/(liability)	<b>1,591,599</b>	<b>477,376</b>	<b>2,068,975</b>



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

**FINANCIAL RISK MANAGEMENT (Continued)**

b) Interest rate risk

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

*Management of interest rate risk*

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

(iii) Market risk (Continued)

b) Interest rate risk(continued)

*Sensitivity analysis*

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

**iv) Capital Risk Management**

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

	2018-2019	2017-2018
	KShs	KShs
Revaluation reserve	0.00	0.00
Retained earnings	2,068,975	0.00
Capital reserve	0	0.00
	0	
<b>Total funds</b>	<b>0.0</b>	<b>0.00</b>
Total borrowings	0.00	0.00
Less: cash and bank balances	1,835,599	(0.00)
Net debt/(excess cash and cash equivalents)	233,376	0.00
<b>Gearing</b>	<b>11.23%</b>	<b>xx%</b>

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**NOTES TO THE STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2019**

	<b>2019</b> KSH
<b>6 (a) Revenue from Non-Exchange transactions</b>	
<b>Transfers from Ministries, Departments and Agencies</b>	
Operational Grants	1,000,000
	-
	-
	<b>1,000,000</b>
<b>7 Revenue From Exchange Transactions</b>	<b>2019</b> KShs
Tuition Fees	1,258,620
Repairs, Maintenance & Improvement	265,000
Personal Emolument	400,792
Electricity, Water and Conservancy	134,496
Caution Fees	34,589.2
Local Travel and Transport	194,592
Helb	2,700,800
Activity	110,156.8
	-
	-
	<b>5,099,238</b>
<b>8 Revenue from Facilities and Equipment</b>	-
<b>9 Use of Goods</b>	
Electricity Expenses	107,665
	-
	<b>107,665</b>
<b>10 Staff Costs</b>	<b>2019</b> KShs
Personal Emolument	2,217,357
	-
	<b>2,217,357</b>
<b>11 BOG Members Expenses</b>	<b>2019</b> KShs
Sitting Allowance	-
<b>Total Bog Members' Remuneration</b>	-
<b>12 Depreciation and Amortization</b>	-

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<b>13</b>	<b>Repairs and Maintenance</b>	<b>133,800</b>
	<b>Total Repairs and Maintenance</b>	<u><u>133,800</u></u>
<b>14</b>	<b>Operating Expenses</b>	
	Tuition Expenses	565,560
	Bank Charges	5,381
	Contingies	49,900
	Examination	8,500
	Students Activities	142,700
	<b>Total Operating Expenses</b>	<u><u>772,041</u></u>
<b>15</b>	<b>Administrative Expenses</b>	
	Local Travel & Transport	396,400
	KATTI expenses	160,000
	Administration Expenses	143,000
	Audit Fees	100,000
	<b>Total Administrative Expenses</b>	<u><u>799,400</u></u>
<b>16</b>	<b>Cash and cash equivalents</b>	
	Operations Account - Cash	
	- Bank Account	1,835,599
	<b>Total Cash and Cash Equivalents</b>	<u><u>1,835,599</u></u>
<b>17</b>	<b>Current receivables</b>	
	Trade Receivables (Fees Debtors)	477,376
	<b>Other Receivables</b>	
	KNEC Exams from NYS students	
	<b>Total Receivables</b>	<u><u>477,376</u></u>
	<b>Net Receivables from Exchange transactions</b>	<u><u>477,376</u></u>
<b>18</b>	<b>Property Plant and Equipment (As per schedule)</b>	
		<u><u>0</u></u>
<b>19</b>	<b>Work in progress (As per Schedule)</b>	
		<u><u>0</u></u>
<b>20</b>	<b>Inventories</b>	

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			0
<b>21</b>	<b>Finance Costs</b>		0
<b>22</b>	<b>Trade &amp; Other Payables</b>		
	Trade Payables (Sundry Creditors)		
	Medical/Insurance	72,000	
	Caution Fees	72,000	
	Audit Fees	100,000	
			<b>244,000</b>
<b>23</b>	<b>Retentions</b>		
	<b>Total Retentions</b>		<b>0</b>
<b>24</b>	<b>Deferred Income</b>		<b>0</b>
<b>25</b>	<b>Revenue Reserves</b>		
	Reserves brought forward	0	
	(Deficit) /Surplus for the Year	2,068,975	
	<b>Reserves carried forward</b>		<b>2,068,975</b>
<b>26</b>	<b>Capital Reserves</b>		
	Reserves brought forward	0	
	Valuation of Assets During the Year		
	Conditional Grants Received	0	
	Transfers during the Year	-	
	<b>Reserves Carried forward</b>		<b>-</b>
<b>27</b>	Workings to the Statement of Cash flows		
<b>A</b>	<b><u>Receivables</u></b>		
	Opening Balance	0	
	Movement During the Year	477,376	
	Closing Balance	477,376	
<b>B</b>	<b><u>Payables</u></b>		
	Opening Balance as at 01.07.2018	0	
	Movement During the Year	244,000	
	Closing Balance as at 30.June 2019	244,000	



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**APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

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


<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Focal Point person to resolve the issue (Name and designation)</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>

**Guidance Notes:**

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

This is the first audit for the Institute.

NUU Technical Vocational College  
Chairman of the Board



Date: 23/04/2021

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**APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY**

**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						
2						

**Status of Projects completion**

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

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1							
2							
3							

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**APPENDIX III: INTER-ENTITY TRANSFERS**

ENTITY NAME:				
<b>Break down of Transfers from the State Department of 0.00</b>				
<b>FY 2018/2019</b>				
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			1,000,000.00	
			Xx	
			Xx	
		<b>Total</b>	<b>1,000,000.00</b>	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		<b>Total</b>		
c.	Direct Payments			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			Xx	
			Xx	
			Xx	
		<b>Total</b>	<b>0.00</b>	
d.	Donor Receipts			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			Xx	
			Xx	
			Xx	
		<b>Total</b>	<b>0.00</b>	

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

Finance Officer



Sign -----

