

REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY PAPERS LAID	
<b>REPORT</b>	
DATE:	22 FEB 2023
TABLED BY:	HON. OWEN BAYA, MP
CLERK AT THE TABLE:	DEPUTY LEADER OF MAJORITY CHRISTINE NJIRITHY
	<b>OF</b>

**THE AUDITOR-GENERAL**

**ON**

**RANGWE TECHNICAL AND VOCATIONAL  
COLLEGE**

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





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RANGWE TECHNICAL AND VACATIONAL COLLEGE.

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE 2021**

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



RANGWE TECHNICAL AND VOCATIONAL COLLEGE  
Annual Report and Financial Statements for the year ended 30th June 2021

**RANGWE TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2021**

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## **I. Key Entity Information and Management**

### **(a) Background information**

The *institution* was established under the TVET Act/2013 in the year 2019. The entity is domiciled in Kenya and does not have any other Branch. The institute is under the Ministry of Education which provides the general policy and strategic direction on Kenya's higher Education.

The Institution has since established departments as follows:

- i. Automotive
- ii. Agriculture
- iii. ICT
- iv. Electrical
- v. Building

The 5 departments offer various programs ranging from Certificate to diploma.

### **(b) Principal Activities**

The principal activity of Rangwe technical & vocational college is to provide high quality education through teaching, research, community service in order to produce innovative graduates who meet the demands of the labour market.

#### **Vision**

To be a global leader in providing quality technical training that promotes creativity and innovation.

#### **Mission**

To provide relevant technical skills and training that enables learners to attain competency for self-reliance.

#### **Core Values**

In her commitment to realizing her vision and mission, Rangwe Technical is guided by the following core values:

- 1) Integrity
- 2) Professionalism
- 3) Innovation
- 4) Team work
- 5) Social responsibility

### **(c) Key Management**

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Rangwe Technical day to day management is under the following key organs:

- 1) Board of Management
- 2) Management Team

**(d) Fiduciary Management**

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

No.	Designation	Name
1.	Principal	<b>Mr. Ezekiel Omollo</b>
2.	Deputy principal Finance	<b>Mr. Moses Okwiri</b>
3	Deputy principal Academics	
4	Registrar (s)	-
5	Dean of students	-
6	Head of Finance	<b>Mr. Jeremiah Ochieng</b>

**(e) Fiduciary Oversight Arrangements**

- Audit and risk committee activities
- Finance and operations committee activities
- Academic committee activities
- Development partner oversight activities
- Other oversight activities)

Rangwe TVC only had two committees that is Academic, Finance and operations

Name of the Committee	Members
<b>Finance Infrastructure &amp; Resource Mobilization Committee</b>	<ol style="list-style-type: none"> <li>1. Mr. Elphas Omondi - Chairperson</li> <li>2. Ms. Immaculate Kioko - Member</li> <li>3. Ms. Roselyne Liech -Member</li> <li>4. Mr. Ezekiel Omollo - Secretary</li> </ol>
<b>Education Training and Research</b>	<ol style="list-style-type: none"> <li>1. Mr. Calleb Miyawa -Chairperson</li> <li>2. Ms. Joan Chepgeno -Member</li> <li>3. Ms. Cynthia Ochuodho -Member</li> <li>4. Mr. Ezekiel Omollo - Secretary</li> </ol>



**Key Entity Information and Management (Continued)**

**(f) Entity Headquarters**  
Rangwe Technical and Vocational College  
P.O. Box 396 - 40300  
HOMA BAY, KENYA

**(g) Entity Contacts**  
Telephone: 0718035475  
E-mail: rangwetechnical@gmail.com


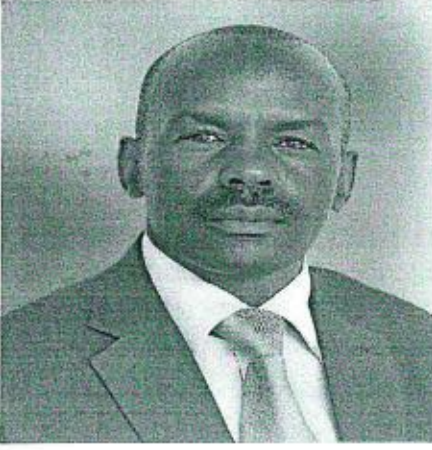
**(h) Entity Bankers**  
Kenya Commercial Bank  
P.O. Box  
HOMA BAY

**(i) Independent Auditors**  
  
Auditor-General  
Office of Auditor General  
Anniversary Towers, Institute Way  
P.O. Box 30084  
GPO 00100  
Nairobi, Kenya



**(j) Principal Legal Adviser**  
  
The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya

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**II. Board of Governors**

No.	Member	Details
1.		<p style="text-align: center;"><b>DR. BENSON ATENG</b> Chairperson</p> <p><b>Key area of speciality-</b> Holds a PhD, M.A and BED (First class honours) in Economics. He worked in the World Bank for thirty years. Currently he is a senior lecturer and Academic Team Leader of the Department of Economics at the Technical University of Kenya. Dr Ateng has also served as a Chairman of the Consolidated Bank of Kenya in addition, he is a member of the Monetary Policy Committee of the central bank of Kenya. He has also won many honours and awards.</p>
2.		<p style="text-align: center;"><b>MR. TOM OTIENO</b> <b>OLANG'O</b> Alternate member</p> <p><b>Key area of speciality-</b> Mathematics Member of Board since 2019 Mr.Olang'o was born in 1970. He works as Deputy Director of Technical and Vocational Education and Training in charge of Kisii, Nyamira, Migori and Homa Bay Counties. He is a long serving public servant with twenty-six years of experience. Previously he worked as a Graduate Teacher of mathematics by the Teachers Service Commission. He is the PS Representative in the Board of Rangwe Technical. He holds a Master of Education in curriculum Studies from Nairobi University</p>

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3.		<p style="text-align: right;"><b>MR. CALEB MIYAWA</b></p> <p style="text-align: right;">Independent member</p> <p><b>Key area of speciality-</b> Education Planning and economics          Member of Board since 2019          Mr. Miyawa was born on 1<sup>st</sup> July 1956. He works as a lecturer at Masinde Muliro University of Science and Technology. He has 37 years of experience. Previously he worked as Registrar and Deputy Principal of various learning institutions under Teachers Service Commission. He holds a Doctorate in Education Planning and economics from Kisii University.</p>
4.		<p style="text-align: right;"><b>CPA ROSELYNE A. LIECH</b></p> <p style="text-align: right;">Independent member</p> <p><b>Key area of speciality –</b> Finance          Member of Board since 2019.          Ms. Roselyne was born on 24<sup>th</sup> August 1977. She works as Senior Accounts Assistant at Rongo University. She has 17 years of experience. Previously she worked in Finance department in different learning institutions. She holds a degree in Bachelor of Commerce from KCA University</p>

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5.		<p style="text-align: center;"><b>MS. CYNTHIA ADHIAMBO OCHUODHO</b></p> <p style="text-align: center;">Independent member</p> <p><b>Key area of speciality - Law</b>  Member of Board since 2019.  Ms. Cynthia was born on 29<sup>th</sup> June 1987. She works as SBC Kenya Limited (Pepsi Cola) Legal &amp; Human Resource Manager. She has 10 years of experience. Previously she worked as Legal Officer in different organizations. She is an Advocate of the High Court of Kenya and holds a degree in Bachelor of Law from Moi University.</p>
6.		<p style="text-align: center;"><b>ENG. ELPHAS ODIWUOR OMONDI</b></p> <p style="text-align: center;">Independent member</p> <p><b>Key area of speciality – Project management</b>  Member of Board since 2019.  Eng. Elphas was born in 1983. He works as B360 Inc. /USAID Projects Quality Control Engineer. He has 14 years of experience. Previously he worked in different organizations in different capacity. He holds a Master’s degree in Project Management from Atlantic International University.</p>
7.		<p style="text-align: center;"><b>MS. Immaculate Kioko</b></p> <p style="text-align: center;">Independent member</p> <p><b>Key area of speciality – Information Technology</b>  Member of Board since 2019. She holds a degree in Bachelor of Science in Information Technology</p>

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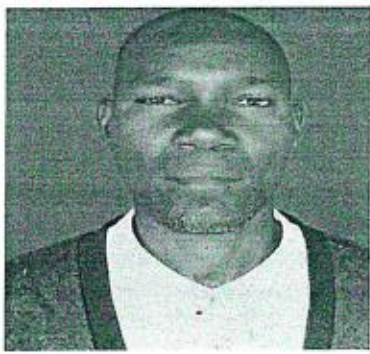
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8.	 A black and white portrait of a woman with short, styled hair, wearing a dark top with white polka dots and a white collar. She is smiling slightly.	<p><b>MS. JOAN CHEPNG'ENO</b> Independent member <b>Key area of speciality</b> – Chemical and process Engineering Member of Board since 2019. Ms. Joan was born in 1992. She works as Kenya Breweries Limited EISC Brewing and Quality Lead. She has 4 years of experience. Previously she worked in different organizations in different capacity. She holds a Bachelor's degree in Chemical and Process Engineering from Moi University</p>
9.	 A black and white portrait of a man with a shaved head, wearing a dark suit jacket, a light-colored shirt, and a patterned tie. He has a serious expression.	<p style="text-align: center;"><b>MR. EZEKIEL OMOLLO</b> The Principal <b>Key area of speciality</b> – Analytical Chemistry Mr. Ezekiel Omollo is the Principal of Rangwe Technical and Secretary to the Board. He has worked for 30 years in Technical Education He holds Bed Ed.Sc, Higher Diploma Analytical Chemistry Dip Ed sc.</p>

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**III. Management Team**

No.	Member	Details
1.		<p>Mr. Ezekiel Omollo            Bed Ed Higher Diploma Analytical            Chemistry Dip Ed Sc  <b>The Principal</b></p>
2.		<p>Mr. Sylvester Omondi Onyango            Higher Diploma in Mechanical Engineering            (Automotive option)            Diploma in Technical Education  <b>Deputy Principal.</b></p>
3.	Manager 3	
4.	Manager 4	

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**IV. Chairman's Statement**

It is my humble privilege to present to our stakeholders the Annual Reports and Financial Statements of Rangwe Technical & Vocational College for the financial year ended 30<sup>th</sup> June, 2021. This report gives a true reflection of the performance of Rangwe Technical over the period, July, 2020 to June, 2021. The report highlights key activities Rangwe Technical carried out during the year. It also illustrates the successes and challenges the institution encountered over the period. Notably, the College bought a generator and water tanks to assist in pumping water from River Awach to college and also did guttering to assist in rain harvesting. Despite the significant successes over the period, the Technical continued to face challenges including insufficient funding, inadequate infrastructure and student population. To improve its financial position, the Technical has embarked on improving on its marketing strategy. Finally, I wish to thank the Government of Kenya for the continued support as well as all the stakeholders who have contributed to the successes of the Technical this far. My utmost appreciation to the Technical Management Board, the entire staff and students of the Technical for steadfast and unrelenting effort to sustain the growth of Rangwe Technical and Vocational College. Thank you.



**DR. Benson Ateng**

**CHAIRPERSON OF RANGWE TECHNICAL AND VOCATIONAL COLLEGE.**

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**V. Report of the Principal**

It is my great pleasure to present the Annual Report and Financial Statements for the year ended 30<sup>th</sup> June, 2021. This is the second time the Technical is preparing its financial statements. This has been a year of new challenges but also a year when the College achieved significant milestones.

**Human Resource Matters**

On human resource matters, the College was able to employ Finance Officer and additional B.O.G teachers.

In the interest of employee development, the College has continued to facilitate both academic and administrative staff going for conferences, workshops, trainings.

**Security**

To enhance security, the College has been able to do fencing around the College

**Higher Education Funding**

Increasingly, College are finding themselves over budgeted and underfunded, this is not only a local trend, but a global one. While the government has continued to be the major source of funding, it is clear that the College must strategize on how to raise additional funding.

**Financial Performance Review**

In the financial year 2020/2021, Rangwe Technical started the financial year with a cash balance of Ksh. 449,332 and received Ksh. 1,500,000 from the Government as recurrent income. The college managed to collect Kshs. 2,796,450 from A-I-A. In total therefore, the college had Kshs 4,296,450, at its disposal. This enabled the college to achieve several milestones including buying of a generator and water tanks to pump water from river Awach to the College, Fencing the College, academic activities and refurbishment of its facilities.

Mr. Ezekiel Omollo  
PRINCIPAL





**VI. Statement of Performance against Predetermined Objectives**

The College has Three (3) Key Result areas and 3 objectives even though it has not yet developed any Strategic Plan. These strategic pillars are as follows:

1. Academic Excellence
2. Financial sustainability
3. Institutional Capacity

The College develops its annual work plans based on the above Three pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The College did not have any performance targets set for the FY 2020/2021 period for its 3 planned key result areas, as indicated in the table below because it didn't have Strategic plan in place and it had also not signed Performance Contract.

<b>Strategic Pillar</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
<b>Academic Excellence</b>	To produce quality and innovative graduates	No. of additional academic staff recruited and retained	Recruit and retain additional academic staff	The College recruited additional BOG Teaching staff
<b>Financial Sustainability</b>	To improve financial sustainability	Get students to join the College	Effectively market the college to increase students population	The College realized student enrolment of 90 from 72 during the year 2020-2021
<b>Institutional Capacity</b>	To engage, train and retain quality and competent Human Resource	Number of staff recruited and inducted	Ensure staff recruitment and induction	The College employed a Finance Officer and additional BOG Non-Teaching Staff.

### **Link between Key Result Areas with Performance Contracting**

The College did not have any link between Key Results Areas with Performance Contracting because it had not signed any Performance Contract during the year under review.

## **VII. Corporate Governance Statement**

This section provides information on the appointment, composition, meetings, remuneration and renewal of contracts of Board.

### **VII.1 Appointment and Removal of Board Members**

The appointment and removal of Board Members is guided by the provisions of the TVET Act, 2013. Currently, Rangwe Technical has a total of 9 board members comprising the Chairperson of Board, a representative of the Principal Secretary in the Ministry responsible for technical and vocational training and six other persons appointed on the basis of their knowledge and experience in leadership and management, Financial management, technology, industry, engineering, information communication technology, as well as the Principal of the institution who shall be the Secretary. The independent Board members and the Chairperson are appointed by the Cabinet Secretary, Ministry of Education, while the representative is seconded to the Board by his/her respective Principal Secretaries.

A member of a Board of Governors may at any time resign by giving notice in writing to the Cabinet Secretary.

The appointment of a member to a Board of Governors or to its committees shall be revoked and the member shall vacate office if the member-

- Is sentenced by a court of law to imprisonment for a term of six months or more
- Is incapacitated by physical or mental illness
- Has been absent from three consecutive meetings of the Board of Governors without leave
- Where the member is a representative, has his appointment revoked by the nominating body

Where the office of a member of a Board of Governor becomes vacant by reason other than the expiry of the period of that office, the Cabinet Secretary may, in accordance with the provisions of this Act appoint another person to replace the member.

### **VII.2 Composition, Board Meetings, and Conflict of Interest**

The Board brings together Members from different professional backgrounds with diverse skills, competencies and complies broadly with the constitutional gender balance requirements. Conflict of Interest was declared and recorded during all the meetings, with a conflict of interest register signed by all members

### **VII.3 Role of the Chairperson of the Board**

The Chairperson provides leadership and governance of the Board and creates conditions for overall Board effectiveness by ensuring that all key and appropriate issues are discussed by the Board in a timely manner. He ensures that the Board plays a full and constructive part in the development and determination of the College's strategies and policies. He also ensures that the Board is supplied with timely and sufficient information to enable it discharge its duties effectively. In furtherance of the above, the Chairperson ensures adherence to good corporate governance practices and procedures, and continuously promotes the highest standards of integrity, morality and corporate governance.

### **VII.4 Role of the Board**

The Board is committed to ensuring that ethics and integrity remain at the core of the College's operations. It recognizes that ethical management is key to the College's sustainability and is therefore, continuously putting in place practices, systems and processes to integrate ethics in all its operations.

The Board is responsible for overall strategic direction and operational guidance of the College. In this regard, the responsibilities of the Board include:

- i. Determining the College mission, vision, purpose and core values;
- ii. Reviewing, evaluating and approving, on a regular basis, long-term plans for the College;
- iii. Reviewing, evaluating and approving the College budget and financial forecasts;
- iv. Reviewing, evaluating and approving major resource allocations and capital investments;
- v. Reviewing, evaluating and approving the operating and financial results of the College;
- vi. Ensuring effective, accurate, timely and transparent disclosure of relevant information on the College operations and performance;
- vii. Ensuring that effective processes and systems of risk management and internal controls are in place;
- viii. Enhancing the College public image and ensuring engagement with stakeholders through effective communication;
- ix. Monitoring compliance with the Constitution, all applicable laws, regulations and standard; and
- x. Reviewing, monitoring and ensuring that the College is effectively and consistently delivering on its mandate.

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**VII.5 Board's Key achievements during the FY 2020/2021**

- i) Approved and continually monitored the implementation of the College's Annual Operating Procurement Plans and Budget;

**VII.6 Board Membership and Attendance**

Rangwe Technical BOM normally holds Full Board and Committee meetings. The Board has a total of two Board Committees. During the year under consideration, the Board held a total of 7 meetings; being 3 meetings of the full Board, and 4 Committee Meeting during which sufficient quorum was attained for all meetings. The attendance of each member to these meetings was above 95%. Conflict of interest was declared and recorded in all Committee and Full Board meetings, the declaration of which is embedded into the agenda items. A conflict of interest register is kept and signed by each Board member declaring any existing conflict or lack of the same at all meetings. Members receive adequate notice and board papers in advance to enable them review and prepare for the meeting.

The following table shows the number of Board meeting held during the financial year 2020/2021 plus the attendance of individual Board members.

		COMMITTEE	FULL BOARD	TOTAL
	BOARD MEMBERS	MEETINGS	MEETINGS	ATTENDANCE
1.	Dr. Benson Ateng		3	3
2.	Mr. Ezekiel Omollo	4	3	7
3.	Mr. Tom Otieno Olang'o	4	3	7
4.	Mr. Caleb Miyawa	2	3	5
5.	CPA Roselyne A. Liech	2	3	5
6.	MS. Cynthia A. Ochuodho	2	2	5
7.	Eng. Elphas O. Omondi	2	2	5
8.	Ms. Immaculate Kioko	2	3	5
9.	Ms. Joan Chepng'eno	2	3	5

**VII.7 Board Induction and Capacity Building**

The current Board members were inducted into office in July, 2020 during which officers from Directorate of Technical Education provided the new members with an effective induction program to familiarize them with their duties and responsibilities as Board members. The Board is adequately inducted and trained on matters corporate governance, Finance and Audit, Procurement, Human Resource, Ethics and Integrity matters.

#### **VII.8 Board Remuneration**

The Board members, except for the Principal, are not paid salary. However, their remuneration includes sitting allowances whenever they attend Board meetings at the agreed rates

#### **VII.9 Corruption Prevention**

The College has a zero tolerance on corruption

#### **VII.10 Risk Management**

Risk management is a strategic function of the College's business and is applied in the day to day operations across all departments. This ensures that all risks are managed optimally and comply with the approved policies and doctrines of good corporate governance. In the year under review, the College continued to implement the various mitigation strategies to ensure that the risk levels are minimized.

### **VIII. Management Discussion and Analysis**

#### **VIII.1 General Statistics**

##### **VIII.1.1 Student Enrolment**

Rangwe Technical has a student population of 90 students this is due to poor infrastructure and corona virus pandemic that has affected the country since last year but we hope that with Kenya Power installing a transformer which led to availability of electricity student population will increase.

##### **VIII.1.2 Employee Statistics**

###### **a) Employee Distribution**

The college has a total staff population of 25 comprising of 9 Public Service Commission, 7 BOM Teaching staff and 9 support staff.

###### **b) Employee Cost**

The College wage bill as at 30<sup>th</sup> June, 2021 was Ksh 1,241,860.

#### **VIII.2 Key Project that the college is implementing**

##### **VIII.2.1. Water project**

The college has been able to buy a generator and water tanks to use in pumping water from river Awach

#### **VIII.3 Compliance with Statutory Requirements**

The college complied with statutory deductions.

The college contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The college's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs.500 per employee per month.

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**VIII.4. Major potential risks facing the college**

- a) Insufficient funding due to inadequate allocation and low revenue collection.
- b) Competition from colleges that offer similar programs, hence affecting attraction of students.
- c) Political risks
- d) Economic risks such as inflation

**IX.Environmental and Sustainability Reporting Statement**

The College exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a highlight of strategies and activities that promote the College's strategic objectives).

**Sustainability strategy and profile**

In pursuit of its commitment to environmental sustainability, the college in 2020/2021 organized for a tree planting day.

**Environmental performance**

**Sewerage and waste water disposal system at the institution;**

The College disposes sewage and waste water using septic tanks

**Solid waste disposal**

There are several portable and fixed dust bins distributed in various offices and at strategic external points within the College. The dustbins are emptied daily to the nearby compost heaps and burned.

**Employee welfare**

The college has put in place policies that guide the hiring process of B.O.G employees. In the interest of employee development, the College has continued to facilitate both academic and administrative staff going for conferences, workshops, trainings whenever possible to improve on their skills.

The college has put in place policy on safety and compliance with Occupational Safety and Health Act of 2007 to improve on working condition of employees.

**Market place practices-**

The College did not do anything on Market place practices because it had not employed Procurement Officer and put in place Tender Committee.

**Corporate Social Responsibility / Community Engagements**

Rangwe Technical and Vocational College Corporate Social Responsibility (CSR) programs reflect the College commitment to operate in an environmentally sustainable and socially responsible manner. The programs support the College strategic vision and reassures that its activities are carried out ethically, sustainably and for the public good. The College aim to make a significant contribution to the communities and society through research, education and a wide range of activities undertaken by staff and students.

In the FY 2020/2021, the following Corporate Social Responsibilities were undertaken:

The College enrolled all B.O.G employees' staff to NHIF medical Scheme.

Also, the college partnered with MoH to conduct 6 health outreach services in the surrounding Market and offered reproductive and HIV prevention services to over 50 community members.

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**X. Report of the Board of Governors**

The Board members submit their report for the year ended June 30, 2021, which show the state of the College's affairs. The Board members do not have an Audited report to submit because the College has not been audited by the Kenya National Audit team.

**Principal activities**

The principal activity of Rangwe Technical and Vocational College continues to be provision of Technical education

**Results**

The results of the entity for the year ended June 30 are set out on page 1 to 7

**Board of Governors**

The members of the Board who served during the year are shown on page 5 to 8.

**Auditors**

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

By Order of the Board



**XI. Statement of Board of Governors Responsibilities**

Section 81 of the Public Finance Management Act, 2012 and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013 require Board to prepare financial statements in respect of Rangwe Technical, which give a true and fair view of the state of affairs of the College at the end of the financial year and the operating results of the college for the year ended 30<sup>th</sup> June, 2021. The Board is also required to ensure that the College keeps proper accounting records which disclose with reasonable accuracy the financial position of the College. The Board is also responsible for safeguarding the assets of Rangwe Technical.

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

The Board accepts responsibility for Rangwe Technical financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Technical and vocational education and training Act No.29 of 2013. The Board are of the opinion that Rangwe Technical financial statements give a true and fair view of the state of Rangwe Technical transactions during the financial year ended June 30, 2021, and of the Rangwe Technical financial position as at that date. The Board further confirms the completeness of the accounting records maintained for the Rangwe Technical, which have been relied upon in the preparation of Rangwe financial statements as well as the adequacy of the systems of internal financial control.

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

**Approval of the financial statements**


Rangwe Technical and Vocational Education Training financial statements were approved by Board on 24/09/2021 and signed on its behalf by:

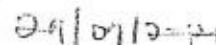
Dr. Benson Ateng

Signature.....

Chairperson of the Board

Mr. Ezekiel Omollo

Signature .....

Principal 





# REPUBLIC OF KENYA

Telephone: +254-(20) 3214000  
E-mail: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



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

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

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### **PREAMBLE**

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

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

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

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

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

#### **Qualified Opinion**

I have audited the accompanying financial statements of Rangwe Technical and Vocational College set out on pages 1 to 29, which comprise the statement of financial position as at 30 June, 2021, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting

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

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

### **Basis for Qualified Opinion**

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

The statement of financial position reflects property, plant and equipment balance totalling Kshs.56,964,684, as further disclosed in Note 17 to the financial statements. However, examination of the assets register and physical verification of the listed assets indicated that the College owned land of undetermined value that was not included in the assets register or disclosed in the financial statements.

As a result, the accuracy, completeness of the property, plant and equipment balance totalling Kshs.56,964,684 as at 30 June, 2021 could not be confirmed.

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

#### **Key Audit Matters**

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

#### **Other Matters**

#### **Budget Control and Performance**

The statement of comparison of budget and actual amounts for the year under review reflects budgeted and actual receipts totalling Kshs.22,512,440 and Kshs.2,935,830 resulting to a shortfall of revenue totalling Kshs.19,576,610 or 87% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis totalling Kshs.14,796,770 and Kshs.3,854,157, respectively resulting in an under-expenditure of Ksh.10,942,6123 or 74% of the budget.

The shortfall of revenue and under-expenditure constrained implementation of planned activities and delivery of services to the students, staff and other stakeholders of the College.

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

### Conclusion

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

### Basis for Conclusion

#### 1. Lack of Ethnic Diversity in Staffing

Audit review of employees records indicated that out of the thirty-six (36) employees of the College comprised of twenty-four (24) teaching staff and twelve (12) non-teaching staff, 33, or 92% of the establishment were from one community. This was contrary to Section 7(1) and Section 7(2) of the National Cohesion and Integration Act, 2008 which requires every public establishment to seek to represent the diversity of the people of Kenya in the employment of staff, and not have more than one-third of its staff from the same ethnic community.

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

#### 2. Failure to Deduct and Remit Income Tax on Remuneration of Board of Governors

The statement of financial performance reflects expenditure on remuneration of Board of Governors totalling Kshs.690,500 as disclosed in Note 11 to the financial statements. However, examination of records on the expenditure indicated that contrary to Section 5(2) (a) of the Income Tax Act, sitting allowances totalling Kshs.568,000 paid to Board members were not subjected to Income Tax.

In the circumstance, Management acted in breach of the Income Tax laws. Further, the College could incur wasteful expenditure in penalties and interest prescribed for unremitted taxes in Section 37(2) of the Income Tax Act.

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

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Lack of Human Resource Manual**

Audit review of human resource records indicated that the College did not have a manual to guide management of its human resource including selection, training and development, among other areas.

In the circumstance, the human resource may not be managed in an objective and effective way.

#### **2. Lack of Internal Audit function**

Review of the internal control system indicated that contrary to Section 73(1) Public Finance Management Act, 2012, the College had no internal audit function to provide assurance on the state of its internal control system. The law requires every National Government entity to have appropriate arrangements in place for conducting internal audit in accordance with guidelines issued by the Public Sector Accounting Standards Board.

#### **3. Lack of a Risk Management Policy and Framework**

Similarly, the College did not have a documented risk management policy and framework and a risk register. As a result, Management may have lacked objective means for detecting, measuring and mitigating operational and other risks faced by the College.

#### **5. Lack of Information and Communication Technology Function and Policy**

Review of the use of Information communication technology (ICT) indicated that the College did not have an ICT function and policy in place during the year under review. As a result, Management may have lacked guidance for effective investment in and use of ICT.

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 governance.

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

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

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

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

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

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

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

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

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

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

07 October, 2022



**RANGWE TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2021**

**XIII. Statement of Financial Performance for the year ended 30 June 2021**

Description	Notes	2020-2021	2019-2020
		Kshs	Kshs
<b>Revenue from Non-Exchange transactions</b>			
Transfers from other National Government entities	6	2,000,000.00	1,000,000
		<b>2,000,000.00</b>	<b>1,000,000</b>
<b>Revenue from Exchange transactions</b>			
Rendering of services- fees from students	7	5,339,360.00	2,652,140
Sale of goods	8	47,000.00	00
<b>Revenue from Exchange transactions</b>		<b>5,442,780.00</b>	<b>2,652,140</b>
<b>Total Revenue</b>		<b>7,386,360.00</b>	<b>3,652,140</b>
<b>Expenses</b>			
Use of goods and services	9	1,610,943.80	265,340
Employee costs	10	1,241,860.00	91,600
Board Expenses	11	690,500.00	00
Depreciation and amortization expense	12	131,246.00	00
Repairs and maintenance	13	310,854.00	00
<b>Total Expenses</b>		<b>3,985,403.80</b>	<b>356,940</b>
<b>Net surplus for the year</b>		<b>3,400,956.20</b>	<b>3,295,200</b>

*(The notes set out on pages 6 to 29 form an integral part of the Annual Financial Statements).*

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

.....  
**Chairman of Council/Board**

.....  
**Finance Officer**  
 ICPAK No 27059

.....  
**Principal**

**Date** 29/09/2021

**Date** 29/09/2021

**Date** 29/09/2021

PRINCIPAL  
 RANGWE T.V.C.  
 P.O. BOX 396 - 40300, HOMABAY  
 DATE.....SIGN.....



**RANGWE TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2021**

**XIV. Statement of Financial Position as at 30th June 2021**

Description	Notes	2020-2021	2019-2020
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	14	354,454.20	448,932
Current portion of receivables from exchange transactions	15(a)	4,515,850.00	1,871,340
Receivables from non-exchange transactions	16	1,500,000.00	1,000,000
		<b>6,370,304.20</b>	<b>3,320,272</b>
<b>Non-Current Assets</b>			
Property, plant, and equipment	17	56,964,684.00	1,250,680
		<b>56,964,684.00</b>	<b>1,250,680</b>
<b>Total Assets</b>		<b>63,334,988.20</b>	<b>4,570,952</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables from exchange transactions	18	1,435,052.00	1,274,752
Refundable deposits from customers	19	12,000.00	1,000
		<b>1,447,052.00</b>	<b>1,275,752</b>
<b>Total Liabilities</b>		<b>1,447,052.00</b>	<b>1,275,752</b>
<b>Net Assets</b>		<b>00</b>	<b>00</b>
Accumulated Surplus		6,696,156.20	3,295,200
Capital Fund		55,191,780.00	00
<b>Total Net Assets and Liabilities</b>		<b>63,334,988.20</b>	<b>4,570,952</b>

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

..... *R.H.* ..... *C.H.* ..... *K.M.S.* .....

Chairman of Council/Board      Finance Officer      Principal

ICPAK No 27257

Date 29/09/2021      Date 29/09/2021      Date 29/09/2021

PRINCIPAL  
RANGWE T.V.C.  
P.O. BOX 396 - 40300, HOMABAY  
DATE.....SIGN.....

XV. Statement of Changes in Net Asset for the year ended 30 June 2021

Description	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/Development Grants/Fund	Total
<b>At Jan 1, 2020</b>	00	00	00	00	00
Revaluation gain	00	-	-	-	00
Fair value adjustment on quoted investments	-	00	-	-	00
Total comprehensive income	-	-	3,295,200.00	-	3,295,200.00
Capital/development grants received during the year	-	-	-	00	00
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-	00	(00)	-
<b>At June 30, 2020</b>	00	00	3,295,200.00	00	3,295,200.00
<b>At July 1, 2020</b>	00	00	3,295,200.00	00	3,295,200.00
Revaluation gain	00	-	-	-	00
Fair value adjustment on Tuition Block	-	00	-	55,191,780	55,191,780
Total comprehensive income	-	-	3,400,956.20	-	3,400,956.20
Capital/development grants received during the year	-	-	-	00	00
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-	00	(00)	-
<b>At June 30, 2021</b>	00	00	6,696,156.20	55,191,780	61,887,936.20

(Note:

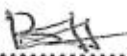
1. For items that are not common in the financial statements, the entity should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.
2. Prior year adjustments should have an elaborate note describing what the amounts relate to. In such instances a restatement of the opening balances needs to be done).


**RANGWE TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2021**

**XVI. Statement of Cash Flows for the year ended 30 June 2021**

Description	Note	2020-2021	2019-2020
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other government entities/govt. Grants	16	1,500,000.00	00
Rendering of services- fees from students	7	2,792,950.00	780,800
<b>Total Receipts</b>		<b>4,292,950.00</b>	<b>780,800</b>
<b>Payments</b>			
Employees costs	10	1,132,660.00	41,600
Use of goods and services	9	1,610,943.80	265,340
B.O.G Expenses	11	690,500.00	00
Repair, Maintenance & Improvement	13	310,854.00	00
<b>Total Payments</b>		<b>3,744,957.80</b>	<b>306,940</b>
<b>Net Cash Flows from operating activities</b>	20	<b>547,992.20</b>	<b>473,860</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets	17	(653,470.00)	(1,250,680)
<b>Net cash flows used in investing activities</b>		<b>(653,470.00)</b>	<b>(1,250,680)</b>
<b>Cash flows from financing activities</b>			
Proceeds From Borrowing		00	1,224,752
Deposits receipts	19	11,000.00	1,000
<b>Net cash flows used in financing activities</b>		<b>00</b>	<b>1,224,752</b>
<b>Net Increase/(Decrease) in Cash and Cash equivalents</b>		<b>(94,477.80)</b>	<b>00</b>
Cash and Cash equivalents at 1 JULY 2020	14	<b>448,932.00</b>	00
<b>Cash and Cash equivalents at 30 JUNE 2021</b>	14	<b>354,454.20</b>	<b>448,932</b>

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

  
 .....  
 Chairman of Council/Board

  
 .....  
 Finance Officer

  
 .....  
 Principal

Date 29/09/2021

Date 29/09/2021

Date 29/09/2021

**PRINCIPAL**  
 RANGWE T.V.C.  
 P.O. BOX 396 - 40300, HOMABAY  
 DATE.....SIGN.....

## Annual Report and Financial Statements for the year ended 30th June 2021

## XVII. Statement of Comparison of Budget &amp; Actual amounts for the year ended 30 June 2021

Description	Original budget		Adjustments		Final budget		Actual on comparable basis		Performance difference		Utilization Difference	
	2020-2021	Kshs	2020-2021	Kshs	2020-2021	Kshs	2020-2021	Kshs	2020-2021	Kshs	2020-2021	%
<b>Revenue</b>												
Transfers from other govt entities and govt grants	2,000,000		(00)		2,000,000		500,000		(1,500,000)		75%	
Rendering of services- fees from students	20,512,440		(00)		20,512,440		2,435,830		(18,076,610)		88%	
<b>Total Income</b>	<b>22,512,440</b>		<b>(00)</b>		<b>22,512,440</b>		<b>2,935,830</b>		<b>(19,576,610)</b>		<b>87%</b>	
<b>Expenses</b>												
Compensation of employees	2,322,000		-		2,322,000		1,241,860		(1,080,140)		47%	
Use of goods and services	9,449,770		(00)		9,449,770		1,610,943		(7,838,827)		82%	
Repair, Maintenance and Improvement	1,525,000		(00)		1,525,000		310,854		(1,214,146)		79%	
Remuneration of BOG Member	1,500,000		(00)		1,500,000		690,500		(809,500)		54%	
<b>Total Expenditure</b>	<b>14,796,770</b>		<b>(00)</b>		<b>14,796,770</b>		<b>3,854,157</b>		<b>(10,942,613)</b>		<b>74%</b>	
<b>Surplus For the Period</b>	<b>7,715,670</b>		<b>00</b>		<b>7,715,670</b>		<b>(918,327)</b>		<b>(30,519,223)</b>			

(Budget notes)

**BUDGET EXPLANATORY NOTES**

Generally the budget that was prepared for the financial year 2020-2021 was not realistic because the institution was preparing the budget for the first time



**XVIII. Notes to the Financial Statements**

**1. General Information**

Rangwe Technical is established by The Technical and Vocational Education and Training Act, 2013 No. 29 of 2013 and derives its authority and accountability from the TVET Act 2013. The institution is wholly owned by the Government of Kenya and is domiciled in Kenya. The institution's principal activity is to provide high quality education through teaching, research, community service and nurture innovative graduates.

**2. Statement of Compliance and Basis of Preparation**

The College's financial statements have been prepared in accordance with and comply with the PFM Act, International Public Sector Accounting Standards (IPSAS) and the TVET Act. The financial statements are presented in Kenya shillings (Ksh.), which is the functional and reporting currency of the institution. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise in the accounting policies below. The cash flow statement is prepared using the direct method. The financial statements have been prepared on accrual basis.

**3. ADOPTION OF NEW AND REVISED STANDARDS**

**Relevant new standards and amendments to published standards effective for the year ended 30 June 2020**

Standard	Impact
IPSAS 40: 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.

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

Notes to the Financial Statements (Continued)

ADOPTION OF NEW AND REVISED STANDARDS (Continued)

Standard	Effective date and impact:
<p><b>IPSAS 41:</b> Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2022:</b></p> <p>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:</p> <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>
<p><b>IPSAS 42:</b> Social Benefits</p>	<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> <ol style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the entity;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</li> </ol>

**RANGWE TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2021**  
**Notes to the Financial Statements (Continued)**

**ADOPTION OF NEW AND REVISED STANDARDS (Continued)**

<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1st January 2022:</b></p> <ul style="list-style-type: none"> <li>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> <li>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</li> <li>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</li> </ul>
<p>Other Improvements to IPSAS</p>	<p><b>Applicable: 1<sup>st</sup> January 2021:</b></p> <ul style="list-style-type: none"> <li>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks</li> <li>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved</li> <li>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</li> <li>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</li> </ul>

**Early adoption of standards**

Rangwe Technical did not early – adopt any new or amended standards in year 2020.

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions - IPSAS 23**

**Exchequer allocations**

The College recognizes Revenue from exchequer allocation when the monies are received and asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Institution and fair value of the asset can be measured reliably.

**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 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 - IPSAS 9**

**Fees**

The College recognizes revenue from rendering of services to students (fees) by reference to the stage registration when the outcome of the transaction can be estimated reliably. Fee is therefore accrued per semester as per the approved Calendar and fee structures.

**b) Budget Information - IPSAS 24**

Generally the budget that was prepared for the financial year 2020-2021 was not realistic because the institution was preparing the budget for the first time

**c) Property, plant and equipment**

The Board members agreed that the college should start depreciating property, plant and equipment that it bought after its inception and leave out donation from the Government because the initial values have not been availed but the Principal had written to them requesting for their values. The value of the Building is Ksh. 55,191,780 but no depreciation has been done on it because the Board was waiting for the official handing over from its mentor (Mawego TVC). The value of land has also not been taken into consideration because the College does not have the title deed. The remaining 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 College recognizes such parts

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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 asset 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. It is the policy of the College to charge full depreciation on all its non-current assets in the year of purchase and no depreciation in the year of disposal. Increase in the carrying amount arising on revaluation of land and buildings are credited to comprehensive income and shown as revaluation reserve in the statement of net assets. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against the revaluation reserve; all other decreases are charged to the income statement. Each year, the difference between depreciation based on the revalued carrying amount of the asset (Depreciation charged to the income statement), and depreciation based on the assets original cost is transferred from the revaluation reserve to accumulated surplus. Fixed assets have been depreciated on reducing balance method to write off the costs of the assets over their useful lives at the following rates:

Land	NIL
Building	2.5%
Plant and Equipment	12.5%
Furniture and Fittings	12.5%

The assets residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period.

**Notes to the Financial Statements (Continued)**

**4 Summary of Significant Accounting Policies (Continued)**

**d) 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.

After initial recognition, inventory is measured at the lower of cost and net realizable value. 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.

Cost is determined by the first-in, first –out (FIFO) method. Net realizable value represents the cost the entity would incur to acquire the asset on the reporting date.

Inventories are stated at the lower of cost and net realizable value. Cost is determined by the first-in, first –out (FIFO) method. Net realizable value represents the cost the Institution would incur to acquire the asset on the reporting date. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Institution.

**e) Provisions**

This is where in 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.

**Contingent liabilities**

Contingent liabilities are possible obligations that arose from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within control of the College; or a present obligation that arises from past events but is not recognised because: i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or ii) the amount of the obligation cannot be measured with sufficient reliability.

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

**Contingent assets**

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

**4 Summary of Significant Accounting Policies (Continued)**

**f) Nature and purpose of reserves**

The College was just at its inception so it had not created any reserves.

**g) Changes in accounting policies and estimates- IPSAS 3**

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.

**h) Employee benefits Obligations – IPSAS 39**

The College contributes to the Statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act 2013. The College's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Ksh.400 per employee per month.

**i) Foreign currency transactions IPSAS 4**

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.

**j) Related parties IPSAS 20**

The college regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the Board, the Principal and Deputy Principal.

**k) 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 College Kenya commercial bank 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 authorized staff which were not surrendered or accounted for at the end of the financial year.

**l) Comparative figures**

There are no Comparative figures because the College is preparing its Financial Statements for the first time.

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

m) 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, 2020.

5 Significant Judgments and Sources of Estimation Uncertainty

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

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The College based its assumptions and estimates on parameters available when the 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 Institution. 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 Institution
- 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



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**Provisions**

Provisions were raised and management determined an estimate based on the information available.

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.

**i. Provision for bad debt**

Provisions for bad debts shall be recognized when The College has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Bad debts should only be written off on the authority of the Board. Other bad debts below this amount will only be written off by Rangwe Technical Management Board after steps have been taken to recover the debt and Rangwe Technical Management Board is satisfied that

1. All legal and other measures have been exhausted , but there is still a balance of the debt remaining and;
2. Recovery of the debt would be uneconomical on its part.

**ii. Provision for doubtful debt**

Management shall review provisions at each reporting date to establish and adjust where necessary changes to reflect the current best estimate. Currently the College has not made any provisions.

**Notes to the Financial Statements (Continued)**

**6 Transfers from other National Government entities**

Description	2020-2021	2019-2020
	Kshs	Kshs
<b>Unconditional Grants</b>		
Capitation Grants	00	00
Operational Grant	500,000	00
Operational Grant Accrued	1,500,000	1,000,000
	<b>2,000,000</b>	<b>1,000,000</b>
<b>Total Government Grants and Subsidies</b>	<b>2,000,000</b>	<b>1,000,000</b>

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**Notes to the Financial Statements (Continued)**

**7 Rendering of Services**

Description	2020-2021	2019--2020
	Kshs	Kshs
Tuition Fees	00	244,800.00
Activity Fees	21,000.00	5,400.00
Administration cost	00	165,000.00
Local Transport & Travelling	00	125,500.00
Practical	37,700.00	22,100.00
Electricity, Water & Conservancy	295,800.00	26,600.00
Repair, Maintenance & Improvement	216,300.00	4,000.00
Personal Emolument	125,110.00	187,000.00
Student ID	5,400.00	400.00
Student Organization	5,900.00	
Medical fee	10,450.00	
Attachment	14,000.00	
Internet (Computer fee)	300.00	
KNEC	87,900.00	
Admission fee	3,650.00	
Accrued fee	4,515,850.00	1,871,340.00
<b>Total Revenue from The Rendering Of Services</b>	<b>5,339,360.00</b>	<b>2,652,140.00</b>

**8 Sale of Goods**

Description	2020-2021	2019--2020
	Kshs	Kshs
Boarding fees	47,000.00	00
<b>Total Revenue from Sale of Goods</b>	<b>47,000.00</b>	<b>00</b>

*There is no any other revenue received a part from fee from students*

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**Notes to The Financial Statements (Continued)**

**9 Use of Goods and Services**

Description	2020-2021	2019-2020
	Kshs	Kshs
Administration cost	462,945.80	50,340.00
Local Transport & Travelling	437,150.00	215,000.00
Tuition (S.E.S)	292,943.00	
Examination	123,780.00	
Activity	8,600.00	
Recurrent Grant (Practical)	86,790.00	
Electricity, Water & Conservancy	198,735.00	
<b>Total good and services</b>	<b>1,610,943.80</b>	<b>265,340.00</b>

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**Notes to the Financial Statements (Continued)**

**10 Employee Costs**

Description	2020-2021	2019-2020
	Kshs	Kshs
Salaries and wages	1,082,660.00	41,600.00
Salaries and wages Accrued	159,200.00	50,000.00
<b>Employee Costs</b>	<b>1,241,860.00</b>	<b>91,600.00</b>

**11 Board Expenses**

Description	2020-2021	2019-2020
	Kshs	Kshs
Other Allowances	681,010.00	00
Other Board Expenses	9,490.00	00
<b>Total</b>	<b>690,500.00</b>	<b>00</b>

**12 Depreciation and Amortization expense**

Description	2020-2021	2019-2020
	Kshs	Kshs
Property, plant and equipment	131,246.00	00
<b>Total depreciation and amortization</b>	<b>131,246.00</b>	<b>00</b>

**13 Repairs and Maintenance**

Description	2020-2021	2019-2020
	Kshs	Kshs
<b>Total Repairs and Maintenance</b>	<b>310,854.00</b>	<b>00</b>

**14 Cash and Cash Equivalents**

Description	2020-2021	2019-2020
	Kshs	Kshs
Current Account	329,155.20	430,282.00
Cash in Hand	25,299.00	18,650.00
<b>Total Cash and Cash Equivalents</b>	<b>354,454.20</b>	<b>448,932.00</b>

*(The amount should agree with the closing and opening balances as included in the statement of cash flows)*

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**Notes to The Financial Statements (Continued)**

**14 (a). Detailed Analysis of Cash and Cash equivalents**

Financial Institution	Account number	2020-2021 Kshs	2019-2020 Kshs
<b>a) Current Account</b>			
Kenya Commercial Bank	1265847177	329,155.20	430,282.00
<b>Sub- Total</b>		<b>329,155.20</b>	<b>430,282.00</b>
Cash in Hand		25,299.00	18,650.00
<b>Grand Total</b>		<b>354,454.20</b>	<b>448,932.00</b>

**15 Receivables from Exchange transactions**

**15 (a) Current Receivables from Exchange transactions**

Description	2020-2021 Kshs	2019-2020 Kshs
<b>Current Receivables</b>		
Student Debtors	4,515,850.00	1,871,340.00
<b>Total Current Receivables</b>	<b>4,515,850.00</b>	<b>1,871,340.00</b>

**16 Receivables from Non-Exchange transactions**

Description	2020-2021 Kshs	2019-2020 Kshs
<b>Current Receivables</b>		
Recurrent Grants*	1,500,000.00	1,000,000.00
<b>Total Current Receivables</b>	<b>1,500,000.00</b>	<b>1,000,000.00</b>

(\*Receivables on capitation grants are recognised for monies received after year end but relating to the year under review).

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**Notes to the Financial Statements (Continued)**

**17 Property, Plant and Equipment**

Cost	Land and Buildings	Motor vehicles	Furniture and fittings	Computers	Other Assets (Specify)	Plant and equipment	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 1 January 2020	00	00	00	00	00	00	00	00
Additions	00	00	405,000	00	00	00	845,680	1,250,680
At 30 <sup>th</sup> June 2020	00	00	405,000	00	00	00	845,680	1,250,680
Additions	55,191,780	00	9,200	-	00	635,770	8,500	55,845,250
At 30 <sup>th</sup> June 2021	55,191,780	00	414,200	00	00	635,770	854,180	57,095,930
Depreciation And Impairment								
At 1 July 2020	(00)	(00)	(00)	(00)	(00)	-	(00)	(00)
Depreciation	(00)	(00)	(51,775)	(00)	(00)	(79,471)	(00)	(131,246)
At 30 June 2021	(00)	(00)	(51,775)	(00)	(00)	(79,471)	(00)	(131,246)
At 30 <sup>th</sup> June 2021	55,191,780	00	362,425	00	00	556,299	854,180	56,964,684

Work in Progress was the Temporary Hostel that was under construction

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**Notes to the Financial Statements (Continued)**

**Valuation**

As per National Treasury guidelines, Land and buildings were to be identified and valued as per the National Liabilities and Management Policy and guidelines (Issued June 2020), but the value of land has not been given because the College does not have the title deed to the land and building has also not been handed over officially by the mentor College (Mawengo TVC).

**17 (b) Property, Plant and Equipment at Cost**

The values of freehold land have not been given because the College does not have the title deed, the value of the building has been given even though it has not been handed over officially and other assets because they were donation from the Government and the College is waiting for the communication from the Government the Principal having written to them requesting for their cost. The only cost that is available is addition to Furniture and fittings and Plant and Equipment that were purchased after the College started its operation. If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	00	00	00
Buildings	55,191,780	00	55,191,780
Plant And Machinery	635,770	79,471	556,299
Office Equipment, Furniture, And Fittings	414,200	51,775	362,425
<b>Total</b>	<b>405,000</b>	<b>131,246</b>	<b>56,110,504</b>

Notes to the Financial Statements (Continued)

18 Trade and Other Payables from Exchange transactions

Description	2020-2021	2019-2020
	Kshs	Kshs
Fees paid in advance	51,100	00
Salary deductions	159,200	50,000
Other Payables	1,224,752	1,224,752
<b>Total Trade and Other Payables</b>	<b>1,435,052</b>	<b>1,274,752</b>

19 Refundable Deposits from Students

Description	2020-2021	2019-2020
	Kshs	Kshs
Caution money	12,000	1,000
<b>Total Deposits</b>	<b>12,000</b>	<b>1,000</b>

Notes to the Financial Statements (Continued)

20 Cash generated from operations

	2020-2021	2019-2020
	Kshs	Kshs
<b>Surplus for the year before tax</b>	<b>3,400,956.20</b>	<b>3,295,200</b>
<b>Adjusted for:</b>		
Depreciation	131,246.00	00
<b>Working Capital Adjustments</b>		
Increase in Receivables	(3,144,510.00)	(2,871,340)
Increase in Payables	160,300.00	50,000
<b>Net Cash Flow from Operating Activities</b>	<b>547,992.20</b>	<b>473,860</b>

*(The total of this statement should tie to the cash flow section on net cash flows from/ used in operations)*



**21 Financial Risk Management**

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

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

**(i) Credit risk**

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

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 Board.

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
<b>At 30 June 2020</b>				
Receivables from exchange transactions	1,871,340	1,871,340	00	00
Receivables from non-exchange transactions	1,000,000	1,000,000	00	00
Bank balances	430,282	430,282	00	00
<b>Total</b>	<b>3,301,622</b>	<b>3,301,622</b>	<b>00</b>	<b>00</b>
<b>At 30 June 2021</b>				
Receivables from exchange transactions	4,515,850.00	4,515,850.00	00	00
Receivables from non-exchange transactions	1,500,000.00	1,500,000.00	00	00
Bank balances	329,155.20	329,155.20	00	00
<b>Total</b>	<b>6,345,005.20</b>	<b>6,345,005.20</b>	<b>00</b>	<b>00</b>

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

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**22. Financial Risk Management (Continued)**

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

The students under the fully performing category are paying their debts as they continue learning. The credit risk associated with these receivables is minimal  
 The College has significant concentration of credit risk on amounts due from students.

**Notes to the Financial Statements (Continued)**

The Board sets the College 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 College's Board of Management, who have built an appropriate liquidity risk management framework for the management of the College's short, medium and long-term funding and liquidity management requirements. The College manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the College 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.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	
<b>At 30 June 2020</b>				
Trade Payables	50,000	00	00	50,000
Current Portion Of Borrowings	00	1,224,752	00	1,224,752
<b>Total</b>	<b>50,000</b>	<b>1,224,752</b>	<b>00</b>	<b>1,274,752</b>
<b>At 30 June 2021</b>				
Trade Payables	159,200	00	00	159,200
Current Portion Of Borrowings	00	00	1,224,752	1,224,752
<b>Total</b>	<b>159,200</b>	<b>00</b>	<b>1,224,752</b>	<b>1,383,952</b>

**Notes to The Financial Statements (Continued)**

**iv)Capital Risk Management**

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

Description	2020-2021	2019-2020
	Kshs	Kshs
Retained Earnings	3,238,780	3,238,780
Capital Reserve	55,191,780	00
<b>Total Funds</b>	<b>58,430,560</b>	<b>00</b>

**23 Related Party Balances**

**Nature of related party relationships**

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

**Government of Kenya**

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

- i) The National Government;
- ii) The Parent Ministry;
- iii) Key management;
- iv) Board of Governors;

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**XIX. Appendices  
Appendix 1: Implementation Status of Auditor-General Recommendations**

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

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

**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.

.....

**Name**  
**Accounting Officer**  
**(Enter title of Head of entity)**

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Date

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, i.e. 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 Confirmation Letter**

*[Insert your Letterhead]*

*[Insert name of beneficiary Entity]  
[Insert Address]*

The *[insert SC/SAGA/Fund name here]* wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2021 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by <i>[Insert name of beneficiary Entity]</i> as at 30 <sup>th</sup> June 2021							
Reference Number	Date Disbursed	Amounts Disbursed by <i>[SC/SAGA/Fund]</i> (Kshs) as at 30th June 2021			Total (D)=(A+B+C)	Amount Received by <i>[beneficiary Entity]</i> (KShs) as at 30 <sup>th</sup> June 2021 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)			
<b>Total</b>							

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

**Head of Accountants department of beneficiary Entity:**

Name ..... Sign ..... Date .....

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**Appendix IV: Reporting of Climate Relevant Expenditures**

Name of the Organization  
 Telephone Number  
 Email Address  
 Name of CEO/MD/Head

Name and contact details of contact person (in case of any clarifications) .....

Project Name	Project Description	Project Objectives	Project Activities	Source Of Funds				Implementing Partners
				Q1	Q2	Q3	Q4	

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**Appendix V: Disaster Expenditure Reporting Template**

Date:						
Entity						
Period to which this report refers (FY)	Year	Quarter				
Name of Reporting Officer						
Contact details of the reporting officer:	Email	Telephone				
Column I Programme	Column II Sub-programme	Column III Disaster Type	Column IV Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Column V Expenditure item	Column VI Amount (Kshs.)	Column VII Comments