

REPUBLIC OF KENYA



Enhancing Accountability

THE NATIONAL ASSEMBLY	
DATE: 9 AUG 2023	
DAY: WED	
TABLED BY:	Hon Owen Baya, MP Deputy leader, majority party
OF THE TABLE:	Ahmed Kadhi

PARLIAMENT
OF KENYA
LIBRARY

THE AUDITOR-GENERAL

ON

KEROKA TECHNICAL TRAINING INSTITUTE

FOR THE YEAR ENDED

30 JUNE, 2022



KEROKA TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30TH JUNE 2022**

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

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1. Key Entity Information and Management

(a) Background information

Keroka Technical Training Institute (KETTI) was started in 1991 as a resource Centre offering short term courses to the Ministry of Labour officers serving as instructors in Youth Institutes. In 2008, KETTI was elevated to a Technical Training Institute under the Ministry of Education, Science and Technology offering Technical Education Programs (TEP) and other modular courses in business related courses. The entity is domiciled in Kenya and has no branches. Currently the institute is under the Ministry of Education, State Department for Vocational and Technical Training. Keroka Technical Training Institute was incorporated under the TVET Act 2013 Act. Since then, the curriculum has expanded to offer training in ten academic programs at Artisan, Craft and Diploma levels as; Building and Civil Engineering, Electrical and Electronics Engineering, Automotive Engineering, Institutional Management, Hospitality and Tourism, Mechanical Engineering, Applied and Health Science, Business and Entrepreneurship Studies, ICT and Library Studies and other short courses. Technical education activities have been recognized at KETTI since its inception as vital to the social and economic development of the nation. The institute, currently, sits on 5.6 acres of land. The first buildings to be put up were; a resource hall and one (1) hostel housing about 20 boarders. This infrastructure has since expanded to include; six workshops for each of the ten technical programs, a library block and additional lecture rooms and hostels. The Institute has a total of 114 teaching staff and 48 non-teaching staff. In the current financial year, the Institute's approved budget amounts to over KShs. 236,562,341.00. The Government of Kenya, through the Ministry of Education and students' fees are the two main sources of funds for the Institute. Annual performance contracts entered into between the Government of Kenya through the Ministry of Education, KETTI's strategic plan and annual operational plans are the key drivers of the Institute's day-to-day activities.

(b) Principal Activities

The core principal activity of KETTI is to ensure that it has achieved its prospective objectives as whole, by offering quality training: in research, technology, innovation and entrepreneurship, skills, increasing the student enrolment and facilities used upon, improving net-working systems within the institution hence creating KETTI as Centre of excellence.

KETTI's Strategic Statement and Core Mandate

The Institute's activities are anchored on a five-year strategic plan, 2021 to 2026. The strategic plan was the collective effort of the Institute's stakeholders including, Management, teaching staff, non-teaching staff, and the representatives from the neighbouring communities. The blue print strategically guides the Institute in its operations and realization of its set objectives. The following are the Institute's vision and Mission statements.

Vision: To be the Centre of Excellence in offering quality TVET training.

Mission: To be a market leader in offering quality training in Research, Technology, Innovation and Entrepreneurship Skills necessary to realize the national development goals and enhance quality of life.

Core Values: The Institute strongly upholds four (4) core values. These are: Transparency and Accountability, Effectiveness and Efficiency, Equity and Excellence.

Strategic Objectives:

The specific strategic objectives of KETTI are to;

- i. Increase student enrolment,
- ii. Increase the number of teaching and non-teaching staff,
- iii. Upgrade the skills of teaching and non-teaching staff,
- iv. Provide appropriate physical infrastructure of the Institute,
- v. Improve the Institute's civil works,
- vi. Provide and upgrade training Equipment,
- vii. Integrate ICT in management and training, and
- viii. Establish adequate sources of funding for the Institute's projects.

Mandate and Core Functions

The Institute has outlined its mandate in line with the TVET Act, TVET strategy and reforms.

The key mandate of the Institute is to;

- i. Offer competence Based Technical Training.
- ii. Prepare and guide trainees, for evaluation and certification by appropriate examining bodies.
- iii. Promote Science, Technology and Innovation in all training programs.

The core functions of the Institution include;

- a) Implementation of TVET curriculum and approved programs,
- b) Supervision, monitoring and evaluation of programs,
- c) Strengthening linkages between the Institute and Industry,
- d) Diversifying income generating activities and optimizing available resources, and
- e) Formulating, reviewing and coordinating institutional policies.

(c) Key Management

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

- Board of Governors
- Principal
- Deputy principal Administration
- Deputy principal Academics
- Registrar
- Dean of students
- Head of Finance
- Procurement Officer
- Quality Assurance
- PC Co-Ordinator
- Industrial Attachment Co-Ordinator

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	Mr. Haron Maosa
2.	Deputy principal Administration	Mr. Joseph Kawala
3	Deputy principal Academics	Mr. Kennedy Ombongi
4	Registrar (s)	Mrs. Damaris Gwako
5	Dean of students	Mr. Meshack Nyanamba
6	Head of Finance	Mr. Philip Okwoyo
7	Accountant	Mr. Joseph Nyaosi.
8	Procurement Officer	Mr. Polycarp Oriechi
9	Quality Assurance	Mr. Martin Mageto
10	PC Co-Ordinator	Mr. Rebecca Arika
11	Industrial Attachment Co-Ordinator	Mrs. Joan Nyachiro

(e) Fiduciary Oversight Arrangements

Audit and risk committee activities

The Committee shall exercise all the powers of BOG on internal Audit matters except in relation to the items, which are reserved, to BOG in their Standing Orders, on which the Committee shall advise BOG.

The role of the Committee shall be;

- i. Ensure that Keroka Technical Training Institute complies with applicable laws and regulations
- ii. Reviewing the findings of any examinations by regulatory agencies and any auditor observations and follow up actions
- iii. Considering the effectiveness of the entity's internal control system, including information technology security control
- iv. Review the report and recommendations made by the Office of the Auditor and advise the Board
- v. Discuss with management the entity's major policies with respect to risk assessment and risk management
- vi. Ensure there are no unjustified restrictions or limitations to internal audit activity
- vii. Ensure that agreed audit recommendations are implemented by management.
- viii. Review with top management annual audit plans, activities, staffing and organizational structure of the internal audit function
- ix. Review the quarterly and annual financial reports and consider whether they are complete, consistent with information known to Committee members, and reflect appropriate accounting principles.

Review other sections of the annual report and disclosures before release and consider the accuracy and completeness of the information

Finance & Operations committee activities

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

Terms of Reference

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

- i.** To monitor and facilitate the implementation of the Institute's strategy with regard to financial matters
- ii.** To receive reports from the Principal and the Finance Officer
- iii.** To monitor implementation of the strategy for the Institute
- iv.** To receive reports of the extent and condition of the Institute estate including the efficiency of space utilization, the consumption of energy and the adequacy of property insurance arrangements
- v.** To consider the adequacy of the Institute estate and proposals for its maintenance and development, including opportunities to dispose of and acquire new properties.
- vi.** To determine the fees and charges made for Institute services and facilities.
- vii.** To supervise the financial administration of the Institute and make recommendations to BOG where appropriate.
- viii.** To supervise the arrangements for safeguarding the Institute's assets
- ix.** To ensure the proper financial evaluation and control of projects
 - x.** To supervise the arrangements for investing the Institute's funds, including monitoring the performance of investments
- xi.** To make recommendations to BOG on the financing of projects

Research and academic committee

The Committee exercises all the powers of BOG on academic matters except in relation to the items, which are reserved, to BOG in their Standing Orders, on which the Committee shall advise full Board.

Their main role is;

- 1. Oversight on training and research.
- 2. Ensuring that the training is done well within the institution.
- 3. Reporting to the board of governor any matter relating to education which needs/requires urgent attention.
- 4. To ensure that training materials /structure and trainers are available and adequate.
- 5. Monitoring the progress of research and training within the institution.

6. Collaborating with sister institutions on research and training.
7. To reach to trainees/trainers through their secretary and report the same to the board.
8. Dissemination the needs of the Board of Governors, the trainers and trainees and other stakeholders.
9. Advising the management and the Board of Governors to matters concerning research and training.

Senior Management Activities

The main purpose of the Senior Management Team is to:

- i. Ensure that KETTI's BOG is able to take strategic decisions relating to KETTI's activities.
- ii. Provide leadership in communicating KETTI's mission, values, plans and achievements effectively and consistently to BOG Members, staff, Government, the voluntary and community sector, the general public and other stakeholders;
- iii. Be accountable for the development and implementation of KETTI's strategic, corporate and business plans in line with the mission and values.
- iv. Take a strategic overview of performance in all areas of KETTI's activities.
- v. Makes recommendations to the BOG on the implementation and achievement of the BOG's Strategic Framework;
- vi. Agrees KETTI's Corporate Plan, and monitor delivery through appropriate key management and performance information reporting to the Board of Governors as appropriate.
- vii. In the light of income projections and forecasts, considers the annual grants and operational expenditure and monitors such expenditure;
- viii. Develops, agrees, monitors and reviews strategies relevant to the effective and efficient operation of KETTI, making recommendations as appropriate to the Board of Governors and/or its relevant Committees.
- ix. Determines strategic issues arising from the introduction of new policies or process, including actively managing risk across the organization and regularly reviewing the corporate risk register.
- x. Oversees and monitors KETTI's joint work with the other stakeholders
- xi. Considers the impact of external factors and developments, including specific political initiatives and the response to key consultation documents and where appropriate make recommendations to the BOG and/or its relevant Committees.
- xii. Leads all senior managers in motivating and developing KETTI staff to deliver the highest standards of performance and customer service

Government oversight activities

The Government of Kenya's oversight role includes provision of Grants for both Capitation and Development as well as provision of the regulatory framework. The Office of the Auditor General undertakes the audit of the Institutional activities.

(f) Institute Headquarters

P.O Box 440 -40202
Keroka – Kilgoris Highway
Keroka, KENYA.

(g) Institute Contacts

Telephone: 254726588558/254731358155/254208065130

Email: info@kerokatechnical.ac.ke

Website: www.kerokatechnical.ac.ke

(h) Entity Bankers

Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

Other Commercial Banks

1. Kenya Commercial Bank (KCB)
Keroka Branch
P.O. Box 394 – 40202
Keroka.
2. Co-operative Bank
Keroka Branch
P.O. Box 754 – 40202
Keroka.



(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

I. The Board of Governors

Member/ Director	Details
 <p>Mr. Thomas Mocha</p>	<p>Mr. Thomas M. Mocha was born on 21st September 1953 and he is the Chairman of the Board of Governors at KETTI. Mr. Mocha Served as an advocate of high court of Kenya and commission of Oaths. HE holds of Masters of law and Bachelors of Law from, University of Nairobi, Executive MBA (Arusha TZ) and B.Ed. Hons. (Nairobi university)</p>
 <p>Mr. Haron Maosa Onguso</p>	<p>Mr. Maosa, the Principal of KETTI holds a Masters’ in Governance and Ethics, and a Bachelor’s Degree in Education (Arts). He has a wide Management experience having served as a HOD Migori TTC, Deputy Principal Keroka Technical, Principal Konoini and now Principal Keroka Technical. This is the wealth experience that he uses in his Managerial post in the institution to transform it into a better learning organization. The Institute runs a total of 10 Departments with over 98 different courses, and all credit goes to the innovative and foresighted Principal, Mr. Maosa. The Principal serves as the Chief Accounting Officer for the Institute and Secretary to the Board of Governors. His vision is to effectively and efficiently manage the Institute, both in terms of Competence Based Education and Training (CBET) as defined by TVET Act 2013 as well as the KETTI Strategic Plan.</p>



Mr. Herbert Dimo was born in 1955, he is a BOG Member and a Chair the Research and training committee. He holds Ph.D (Eng), from Tsinghua University of Beijing, M.Sc. (Mech. Eng), H.Dip. (Mech.Eng.) and also has a Diploma in Education from KTTC.

Mr. Herbert is currently a senior Lecturer at the University of Eldoret.

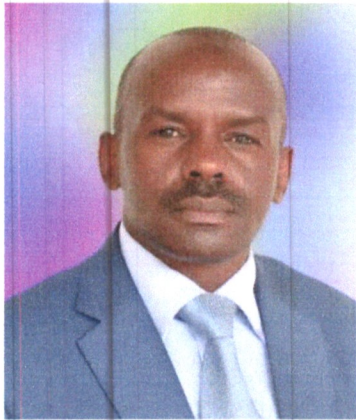
DR. Herbert Dimo



Mrs Lucy Mungatia was born 2nd October 1967. She is a BOG Member and a Chair of Audit and Risk Committee. She holds a Master's in Business Administration with a specialization in supply chain management.

Mrs. Lucy Mungatia




 <p>Mrs: Ruth Mogotu</p>	<p>Mrs. Ruth Mogotu was born in 6th February 1976, she is a BOG Member. She holds a Diploma in Business Management from Mount Kenya University and a certificate in Early Childhood Development Education. Madam Ruth is currently the Entrepreneur and Manager at Dabo Dabo Enterprises and also a Relationship Manager at Golden Touch Beauty Shop and Salon.</p>
 <p>Mr. Duncan Nyabochoa Mokamba</p>	<p>Mr. Duncan Mokamba was born in 20th October 1964, he has a Degree in Bachelors in Law from Marathda University. Mr. Duncan has over 18 years work experience with Momanyi Gichuki ad CO. Advocates.</p>
 <p>Ms. Lineth Oyugi</p>	<p>Ms. Lineth was born in 4th February 1971. Holds a MA. in Economics from the University of Nairobi, Bachelors of Arts (Economics) degree from the University of Nairobi. She currently works at the commission on Revenue Allocation. Previously she worked with Federation of Kenya Employers (FKE), Institute of Policy and Research, Ministry of Finance and Planning. She also worked in the following universities as a part-time lecturer: Kenyatta University and Africa Nazarene University.</p>



Mr. Tom Olang'o





Mr. Olang'o is the County Director of Technical Education currently serving as a Regional Director of Technical and Vocational Education and Training (TVET) in charge of Kisii, Nyamira, Migori and Homa Bay Counties. He is a long serving public servant with twenty-six years of experience. He is a holder of Master of Education in Curriculum Studies from Nairobi University and currently concluding a PhD on the same at Kenyatta University. He has been engaged in several international assignments and is currently the Ministry's Focal Point Person for Skills Initiative for Africa Project by AUDA NEPAD. He brings to the Board the latest policy information and directives from the state department in the ministry.

II. Management Team

Member/ Director	Details
 MR. HARON O. MAOSA	<p>RESPONSIBILITY. Principal/B.O.G Secretary</p> <p>QUALIFICATIONS.</p> <ul style="list-style-type: none">- Masters' in Governance & Ethics- Bachelors' Degree in Education-Arts.
 MR. JOSEPH KAWALA	<p>RESPONSIBILITY: Deputy Principal-Administration</p> <p>QUALIFICATION. Bachelor of Education. (Technology)</p>
 MR. KENNEDY OMBONGI	<p>RESPONSIBILITY. Deputy Principal-Academics.</p> <p>QUALIFICATION. Post graduate Diploma in Education. Bachelor of Commerce</p>

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 <p>MRS. DAMARIS GWAKO</p>	<p>RESPONSIBILITY. Registrar.</p> <p>QUALIFICATION.</p> <ul style="list-style-type: none">- Diploma in Technical Education (Business Secretarial)- Bachelor of Business Administration (Human Resource Management)
 <p>MR. MESHACK NYANAMBA</p>	<p>RESPONSIBILITY Dean of Students.</p> <p>QUALIFICATION</p> <ul style="list-style-type: none">- Masters of Arts – linguistics- Bachelors’ Degree in Education – English literature.
 <p>CPA PHILIP OKWOYO KERARO</p>	<p>RESPONSIBILITY Finance Officer.</p> <p>QUALIFICATIONS Bachelor of Business Administration (Accounting & Finance) Certified Public Accountant of Kenya Part III (CPA –K) ,ICAPK Member</p>
 <p>CPA. JOSEPH MAGATI</p>	<p>RESPONSIBILITY Accountant</p> <p>QUALIFICATIONS CPA-K, ICPAK Member</p>

III. Chairman's Statement

It is my pleasure to present the annual financial statements for the year ended 30 June 2022.

Keroka Technical Training Institute continues to carry out activities that will help in nurturing innovation, talent, science, technology and development. During the financial year, we aligned our policies, processes and strategies to ensure that we attain regional competitiveness and to be a centre of excellence on technical course.

Unlike last financial year, this year we are on recovering process financially from the on-going effects of the covid-19 pandemic where students were affected by lacking fees for their education from their sponsors and parents. This was brought about by the increase in number of students deferring in the year.

During this period under consideration as per the government transfer policy the institution received a new Principal. The same year saw the previous board's term come to an end, ushering the new Board into office.

We operate in an increasingly challenging and dynamic education sector. This calls for efficiency in operations to ensure delivery of quality education and service to our students and other stakeholders. In this regard, the KETTI Board of Governors will work together with the management to put in place the relevant institutional policies and procedures and improve KETTI infrastructure.

On revenue, although KETTI projected to raise **Kshs, 236,562,341.00** the Institute raised **Kshs. 170,040,054.00** this is equivalent to 72% of the budget. The drop in revenue collection was as a result of non-disbursement of fourth quarter capitation monies and non-honouring of the invoices by the National Youth Service for the year who funds most of the students.

During the year the institution continued to undertake post Covid-19 mitigation measures in conformity with the Ministry of Education and the Ministry of Health protocols.

I am indeed deeply indebted to the members of the Board of Governors for their unwavering support, commitment and futuristic outlook towards realizing the institute's objectives. This in line with its strategic plan and core mandate of training market-driven technical manpower. Our Board has members with diverse qualifications and many years of experience in managing companies in public and private sector.

I assure all our Stakeholders that the Institute shall remain focused, committed and consistent in the delivery of opportunities. Going forward Keroka Technical Training Institute is committed to working closely in collaboration with other like-minded entities to ensure that our trainees continue to receive Competency Based Training.

On behalf of the Board of governors of Keroka Technical Training Institute I would like to thank the government of Kenya, management team and the employees for their commitment and support they continue to extend to the Institute to ensure that it's a Centre of academic excellence in the region.

Thank you.



THOMAS M. MOCHA

Chairman-Board of Governors (B.O.G)

IV. Report of the Principal

The higher education sector has had significant and dynamic changes in the recent past. The number of public and private Technical Institutes has increased significantly. The expansion in the number of Government Technical Institutes has increased access to higher education but at the same time also increased competition amongst the Technical Institutes.

The most significant event in terms of enrolment for Government Technical Institutes during the year was the massive increase in the number of students that qualified to join Institutes. This increase had a positive impact in the Institute's revenue during this financial year.

The Government's Education Sector Report for the period 2017/18 – 2019/20 recognizes inadequate funding as one of the challenges facing the higher education sector. The need to scale up expenditure in order to ensure better access, quality, equity and relevance of education and training is a key emerging issue that needs to be addressed in the light of increase in the number of students qualifying to join Institutes. However, the Government's resource allocated for education still remains constrained when measured against the overall budget making it imperative that we as Institute seriously look for alternative sources of income to supplement our budget such as embracing production units.

The Financial Year 2021/2022 started on a low note due to the ongoing effects of Covid-19 pandemic that had grounded learning. These led to low fee payments from students as anticipated. This forced our graph for revenue to go down. This was majorly because of deferments from students due lack of school fees from both their sponsors and parents who in one way or the other were severely hit by this pandemic.

Previously, in a move to boost student enrolment the Government had introduced Capitation to the tune of Kshs. 30,000/= per annum to all joining and current students in all Technical Training Institutions. The total student's fees are capped at Ksh. 56,420/= per annum with the Government subsidizing Kshs 30,000 in form of government capitation while the balance of Kshs 26,420 is paid by the parents, guardians and sponsors including The Higher Education Loans Board (HELB).

However, the government did manage to send capitation for three quarters for this financial year leaving a gap in the projected capitation to be received in the full year hence lacked to remit the fourth quarter which has negatively affected the overall operations of the institute's expenditures. Also on the same note, the National Youth Service didn't honor the invoices for FY2021/2022 leaving behind a big debt for the institution to bear.

Projects

In the FY2021/2022 the Board of Governors managed to initiate and complete various projects within the Institute to enable a conducive learning environment for the trainees. The projects included:

- Equipping workshops i.e. mechanical, Electrical and Hospitality departments
- Purchase of driving school vehicles, truck and a single cap

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- Hand washing water points
- Water harvesting projects
- Construction of sheds e.g., for college vehicles, at the driving school classes and customer care offices

Academic Programmes

I am proud of our high calibre academic and administrative staff who have ensured that our services continue to be of high standards. This has contributed to the Institute improving its ranking and made it to be among the top ranked Institutes in Kenya.

Financial Performance

The increase in the number of students qualifying to join the Institute through various sponsorship like Higher Education Loans Board, Constituency Development Fund and County Governments, has improved the institute's recurrent revenue that led to an average financial performance during the year. However, there's need for capital development funding to enable the institute increase its infrastructure to cater for the increasing number of students.

Growth prospects

The institute envisages that we still have opportunities for growth in various academic programmes. The Government's projections are for all Institutes to enrol at least 5,000 students per year in order to meet the demands of our higher education sector. Accordingly, we will leverage on the strengths of our programmes in order to increase the number of new courses.

Appreciation

On behalf of Management, I would like to express our sincere gratitude and appreciation to the Government and the Institute for the support and advice that we have unwaveringly received during the year.

I also want to thank our staff and students, development partners, collaborating institutions and other partners and stakeholders for the help and support that we continue to receive.


PRINCIPAL
KEROKA TECHNICAL TRAINING INSTITUTE
28 SEP 2022
P. O. Box 440-40202, KEROKA
MR. SHARON MWAOSA
Email: sharon@kerokatechnical.ca.ke

PRINCIPAL/ SECRETARY B.O.G

V. Statement of Performance against Predetermined Objectives

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement of the national government entity’s performance against predetermined objectives.

KETTI has 7 strategic pillars/issues/themes and objectives within current Strategic Plan for the performance targets set for the FY 2021/2022 period for its seven (7) strategic pillars, as indicated in the diagram below:



KETTI STRATEGIC ISSUES/AREAS/PILLARS

Keroka Technical Training Institutes develops its annual work plans based on the above 7 pillars. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The institute achieved its performance targets set for the FY 2021/22 period for its 7 strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Staff	To increase the number of Teaching and Non-Teaching staff	Number of teaching and non-teaching staff increased	Recruitment of more staff	Additional staff

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	To upgrade the skills of Teaching and Non-Teaching staff	Trainers' skills upgraded by attending capacity building exercise	Attending workshops , seminars and capacity building	Presence of certificates
Physical Infrastructure	To provide the required physical infrastructure in the Institute	Workshops, laboratories constructed	Building of workshops and laboratories	Presence of new workshops and laboratories
Equipment	To provide adequate training equipment	Training equipment requisitioned and procured across the departments	Procurement	Presence of presence of additional equipment
	To upgrade and improve existing training equipment	Equip workshops with modern facilities	Procurement	Presence of additional modern and upgraded equipment
ICT Integration	To integrate ICT in management and training	Installed MIS modules i.e. finance and admissions	Procurement process	Automated operations in targeted areas
Accessibility	To improve the road-network to and within the Institution	Cabros laying done within the institute	Procurement process	Improved Road network or wider coverage on cabros
Water	To provide adequate and sustainable water for the Institute	Drilled borehole to provide adequate water to the institute	Procurement process	Availability of water
Resource mobilization	To establish adequate source of funding for the Institutes projects	Increased enrolment to increase fee collection	Marketing, advertising and outreach	Increased student population

VI. Corporate Governance Statement

Corporate governance comprises rules, procedures, regulations and processes through which the Institute is directed. It involves balancing the interests of the Institute in order to achieve long-term strategic objectives of the Institute.

The roles and functions of the Board members are clearly defined and include:

- i. Giving the overall oversight of management and giving the strategic direction of the Institute.
- ii. Defining the Institute's strategies, objectives, values and ensures that procedures and practices are put in place to ensure effective control over strategic, financial, operational and compliance issues.
- iii. Developing short and long-term goals of the Institute, develops strategies to achieve those goals and monitors the performance of the Institute against the set goals.
- iv. Spearheading the preparation of financial statements and reports of the Institute, approves and reviews annual budgets and ensures that the Institute has adequate systems of internal controls together with appropriate monitoring of compliance activities to ensure business continuity.

The Board members provides oversight to the Institute's top management and has unrestricted access to timely and relevant information as well as advice and services of the Corporation Secretary to discharge its duties effectively.

Keroka Technical Training Institute Board members operates in compliance with the Mwongozo code that offers corporate governance framework for all state corporations. The members of Board have duly undergone training under this code.

The Board members prepares an annual almanac showing the schedule of meetings planned for each year. During the year, the Institute Board members held regular quarterly meetings, while special meetings were called when necessary.

The Board is headed by the Chairman and is composed of eight members inclusive of the Principal who is the only executive member. The constitution of the Board members takes into consideration requirements of the sector, diversity of skills, academic qualifications, gender, age and experience necessary to add value to the operations of the Institute. The Board members are appointed to various Board Members' Committees mandated to carry out specified functions. The Board members therefore bring their diverse experiences in deliberations during Board meetings.

The Board members' committees have well defined terms of reference. The committees are intended to facilitate efficient decision making by the Board members in them discharging their duties and responsibilities.

VII. Management Discussion and Analysis

SECTION A

The entity's operational and financial performance.

For the financial year 2021/2022:

The entity's financial statements indicate that; the entity's performance is in a good position as an entity is in a going concern state.

Cash and cash equivalent obtained from the cash flow statement, explains that, cash available in liquid form is mostly generated from operating activities.

The Board of Governors are of the opinion that, the financial statements give a true and fair view state of financial affairs of the entity.

SECTION B

Entity's compliance with statutory requirements.

In the financial year 2021/2022, the entity is fully compliant with statutory requirements, in accordance with section 83[5] of Public Finance Management, and the IPSAS applicable for the preparation of the financial statements.

The Board further accepts, responsibility for maintenance of accounting records that may be relied upon, in preparation of the financial statements as well as adequate systems of internal financial controls.

SECTION C

Key projects and investment decisions the entity has initiated and planning /implemented.

During the financial year 2021/2022 the entity initiated and implemented the following projects;

Table: Projects for the financial year 2021/2022

Projects Initiated/Planning	Projects On-going	Projects Implemented
-Construction of workshops	-Equipping work shops	-Purchase of truck and a single cap
-Purchase of driving school vehicles		-Construction of Cabros for walk ways in the institution.
-Equipping the existing workshops with modern equipment.		
-Equipping the Library.		

Table: Risks and Opportunities facing KETTI

Opportunities	Threats
Potential for collaboration & Linkages	Competition from other TVCS
High demand for technical skills	Rapid Technological changes
Centralized placement of new students by KUCCPS	Rapid changes of policy
Positive perception of TVET by the Public	Rigid KICD Curriculum
Demand for short term courses	High cost of training in practical skills
Access to student loans & bursaries from H.E.L.B, county & NGCDF	Unpredictable job market
Government support	Formal employment culture in the society
Enabling legal & policy framework	Unfavorable economic changes
	Cybercrime
	Political interference
	HIV/ AIDS drugs and substance abuse

Other institutes' major risks are mainly related to its core business, which is training, and human resource development. Some of the identified risks include;

- i. Low student enrolment.
- ii. Student turnover
- iii. Inadequate student accommodation and support facilities
- iv. Delayed disbursement of capitation and NYS sponsorship
- v. Staff turnover due to inability to retain them

Keroka Technical Training Institute compliance with statutory requirements

Keroka Technical Training institute complies with deduction and remittance of statutory deductions such as NHIF, NSSF and PAYE.

The entity's financial probity and governance.

During the year-end reporting, the entity did not report any financial improbity due to improved financial system in place.

VIII. Environmental and Sustainability Reporting Statement

Keroka Technical Training Institute exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on our pillars: 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 organisation's strategic objectives.

Sustainability strategy and profile

Key Institute staff attended career days and workshops for head teachers in order to motivate and mentorship to students in high schools. These motivational talks are a permanent feature in our calendar of events every year and they ensure that the Institute maintains a strong link with students who are aspiring to join Institutes

Environmental performance

Environmental degradation has severe negative effects in the world. It is therefore important for constant efforts to be made to conserve the environment around us. During the year due to the previous Impact of Covid-19 the institute has put in place water points for future use.

Employee welfare

The Institute has developed a Human resource policy to help in the recruitment of its staff. The policy is also gender sensitive as it has contributed to the third gender rule as per government directives. Employees hold capacity trainings every year to motivate them. This has improved the morale the employees in the place of work and thus improved service delivery. The Institute is in the process of putting in place a safety policy in order to be in compliance with the Occupational Safety and Health Act of 2007, (OSHA).

There is a reward and appraisal system in place for all the employees of Keroka Technical Training Institute.

Corporate Social Responsibility

Keroka Technical Training Institute as a responsible corporate institution established to achieve public good, recognizes the link between sustainable growth and development of the institution and the need to invest in the society, the local community and protection of the environment.

This is important to ensure that social, economic and environmental benefits accrue to the society and other stakeholders as the Institute conducts its business. During the year the Institute contributed to various community initiatives and noble projects, despite the prevailing resource constraints

IX. Report of the Board of Governors

The Board members submit their report together with the audited financial statements for the year ended June 30, 2022 which show the state of the institute's affairs.

Principal activities

The principal activities of the institute are to: offer competence Based Technical Training, prepare and guide trainees, for evaluation and certification by appropriate examining bodies and promote Science, Technology and Innovation in all training programs.

Results

The results of the institute for the year ended 30 June 2022 are set out on page 1 of these financial statements.

Board of Governors

The members of the Board who served during the year are shown on page vi-viii. During the year 2021/2022 the entire board was in office as per the requirements.

Auditors

The Auditor General is responsible for the statutory audit of Keroka Technical Training Institute in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the institute for the year ended June 30, 2022 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board


PRINCIPAL
KEROKA TECHNICAL TRAINING INSTITUTE
.....
28 SEP 2022
Board of Governors-Secretary
P. O. Box 440-40202, KEROKA
Keroka Technical Training Institute
Date..... 28.09.2022

X. Statement of Board of Governors

Section 83 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act, and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013, require the Board of Governors to prepare financial statements in respect of the institute, which give a true and fair view of the state of affairs of the institute at the end of the financial year and the operating results of the institute for that year. The Board of Governors are also required to ensure that the institute keeps proper accounting records which disclose with reasonable accuracy the financial position of the institute. The Board of Governors are also responsible for safeguarding the assets of the institute.

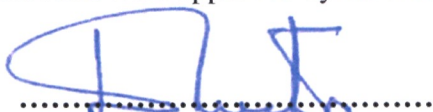
The Board of Governors are responsible for the preparation and presentation of the institute's financial statements, which give a true and fair view of the state of affairs of the institute for and as at the end of the financial year 2021/2022 ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the institute; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Board of Governors accept responsibility for the institute's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act, and the TVET Act. The Board of Governors are of the opinion that the institute's financial statements give a true and fair view of the state of institute's transactions during the financial year ended June 30, 2022, and of the institute's financial position as at that date. The Board of Governors further confirm the completeness of the accounting records maintained for the institute, which have been relied upon in the preparation of the institute's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

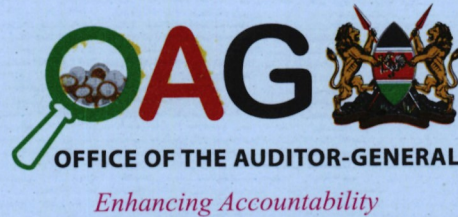
The institute's financial statements have been prepared in accordance with Section 83 of the PFM Act and were approved by the Board on 26 Sept 2022 and signed on its behalf by:


.....
Name THOMAS MOCHA
Chairperson of the Board


Name HARON MBOHA
Principal 28 SEP 2022
P. O. Box 440-40202, KEROKA
Email: info@kerokatechnical.ca.ke

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: 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 KEROKA TECHNICAL TRAINING INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by Board of Governors 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 Keroka Technical Training Institute set out on pages 1 to 37, which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and

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

In my opinion, except for the effect of the matters discussed in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Keroka Technical Training Institute as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Technical and Vocational Education and Training Act, 2013.

Basis for Qualified Opinion

1. Unconfirmed Rendering of Services Revenue Amount

The statement of financial performance reflects rendering of services—fees from student balance of Kshs.85,598,863 as disclosed in Note 6 to the financial statements.

Review of the student fee collection system revealed that the Institute maintained an operational account held in a local bank for collection of students' fees and major expenditures of the Institute operations. However, the student fee deposits in the bank were made without reference to specific student registration numbers, making it difficult to reconcile the fee receipts and invoices raised per student. Further, the Institute did not maintain a cash book for student fees collected.

In addition, review of the fees' payment schedule revealed that student fees receipts amounting to Kshs.28,140,370 were issued in bulk, and not to specific individual students.

In the circumstances, the accuracy and completeness of the rendering of services-fees from students balance of Kshs.85,598,863 could not be confirmed.

2. Unsupported Remuneration of Board of Governors Expenditure

The statement of financial performance reflects remuneration of Board of Governors amount of Kshs.3,055,400. However, the ledger provided for the balance did not categorize the payments under expenditure sub-items of Board sitting allowances, transport allowance, telephone allowance and other Board expenses as outlined in Note 11 to the financial statements.

Further, the amount of Kshs.3,055,400 includes payments totaling to Kshs.1,258,000 whose respective payment vouchers do not reflect the payees by names of the respective Board members.

In the circumstances, the accuracy and completeness of the expenditure of Kshs.3,055,400 could not be confirmed.

3. Property, Plant and Equipment

3.1 Lack of Land Ownership Documents

As disclosed in Note 21 to the financial statements, the statement of financial position reflects property, plant and equipment balance of Kshs.418,173,383 which includes land with a net book value of Kshs.10,000,000. As previously reported, the Institute does not have title documents to confirm ownership of the land on which it is situated. Review of information provided revealed that the Institute is located on a ten (10) acres' piece of land that was donated by ten (10) community members. However, a valuation report dated August, 2020 indicates that the Institute occupies un-surveyed land measuring 4.53 acres.

Further, minutes of the meeting of the Board of Governors (BOG), held on 29 June, 2017, indicates that there was a claim for compensation by the (10) ten members of the community that was rejected by the County Land Management Board. Management did not provide an explanation on the status of the ten (10) acres that were donated by the Community.

In the circumstances, the accuracy, completeness, valuation and ownership of the land balance of Kshs.10,000,000 could not be confirmed.

3.2 Overstatement of Computers Balance

Further, the property, plant and equipment balance of Kshs.418,173,383 includes an amount of Kshs.4,186,222 in respect of computers. The latter amount further includes a balance of Kshs.1,282,500 in relation to the value of nineteen (19) computers that were reportedly stolen from the Institute's store in April, 2021. However, there was no evidence that the matter was reported to the police for investigations.

In the circumstances, the accuracy and completeness of computers balance of Kshs.4,282,500 could not be confirmed.

3.3 Understatement of Additions to Furniture and Fittings

In addition, the property, plant and equipment balance includes an amount of Kshs.5,602,926 in respect of furniture and fittings which further includes a balance of Kshs.269,117 in respect of additions to furniture. The addition costs include the labour costs of furniture that were fabricated within the Institute by hired labour. However, the cost of materials used to make the furniture was excluded and therefore the amount of Kshs.5,602,926 may have been understated.

In the circumstances, the accuracy of the furniture and fittings balance of Kshs.5,602,926 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Keroka Technical Training Institute 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 Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects budgeted revenue and actual revenue on comparable basis amounts of Kshs.263,616,445 and Kshs.172,619,945, resulting to under-collection of revenue of Kshs.90,996,500 or 40% of the budget. Similarly, the statement reflects budgeted expenditure and actual on comparable basis amounts of Kshs.263,616,445 and Kshs.192,431,301 respectively, resulting to under-expenditure of Kshs.71,185,144 or 36% of the budget.

The under-collection of revenue and the under-expenditure affected the Institute's planned activities and may have impacted negatively on service delivery to the various stakeholders.

2. Unresolved Prior Year Audit Matters

The audit report for the previous year included various audit issues which remained unresolved as at 30 June, 2022. Although Management has disclosed that some of the issues were resolved under the Appendix to the financial statements (progress on follow up of auditor recommendations), no evidence was provided to show how the issues were resolved.

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 sections 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

Non-compliance with the Law on Ethnic Diversity in Employment

During the year under review, the total number of employees in the Institute was fifty two (52) out of which forty-six (46) staff or 88% were from the same ethnic community. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008,

which require all public establishments to seek to represent the diversity of the people of Kenya in the employment of staff and that no public establishment should have more than one third of its staff from the same ethnic community.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Debtors Policy

The statement of financial position reflects receivables from exchange transactions balance of Kshs.47,482,155 which represents student fee arrears as disclosed under Note 18 to the financial statements. However, during the year under review, the Institute operated without a debtor's policy. As a result, debtors collection periods were not clear and there was no provision for bad and doubtful debts.

In the circumstances, the effectiveness of internal controls and risk management over debtors could not be confirmed.

2. Lack of Information Technology Policy and Data Recovery Strategy

During the year under review, the Institute operated without a Data Recovery Strategy or Information Technology Policy. There were no measures in place to mitigate against risks related to data. The Institute was therefore exposed to threats in terms of loss of strategic data and information regarding its operations, exposure to cyber-attacks, poor response to fire outbreaks and unsafe storage of information technology resources.

In the circumstances, the security and integrity of the Institute's information database could not be confirmed. .

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standard requires that I plan and perform the audit to obtain assurance about whether processes

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

Responsibilities of Management and Board of Governors

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Institute to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

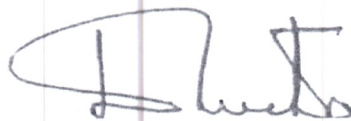
Nairobi

18 July, 2023

XII. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022

Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from National Government	5	78,872,500	75,795,500
		78,872,500	75,795,500
Revenue from Exchange transactions			
Rendering of services- Fees from students	6	85,598,863	59,275,155
Sale of goods	7	1,095,225	277,830
Other income	8	7,053,357	1,114,262
Revenue from Exchange transactions		93,747,445	60,667,247
Total Revenue		172,619,945	136,462,747
Expenses			
Use of goods and services (General expenses)	9	99,861,564	73,403,809
Employee costs	10	31,072,236	18,091,183
Remuneration of Board of Governors	11	3,055,400	2,995,000
Depreciation and amortization expense	12	39,630,080	38,214,210
Repairs and maintenance	13	12,315,502	13,743,555
Contracted services	14	0	445,000
Grants and subsidies	15	6,496,519	8,559,995
Total expenses		192,431,301	155,452,752
Deficit for the year		19,811,356	18,990,005
Deficit for the year		19,811,356	18,990,005

The Financial Statements set out on pages 1 to 4 were signed by:



Chairman of Council/Board

Date 28/09/2022

FINANCE OFFICER
 KEROKA TECHNICAL TRAINING INSTITUTE
 28 SEP 2022
 Finance Officer
 P. O. Box 440-40202, KEROKA
 Email: technicalkeroka@yahoo.com
 Date 28.09.2022

PRINCIPAL
 KEROKA TECHNICAL TRAINING INSTITUTE
 28 SEP 2022
 Principal
 P. O. Box 440-40202, KEROKA
 Email: info@kerokatechnical.co.ke
 Date 28.09.2022

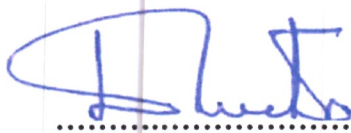
KEROKA TECHNICAL TRAINING INSTITUTE

Annual Report and Financial Statements for The Year ended 30th June 2022

XIII. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2022

Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	16	32,530,113	69,273,605
Receivables from exchange transactions	18	47,482,155	18,007,275
Receivable from non-exchange transactions	19	0	8,580,000
Inventories	20	9,524,338	6,925,624
Total Current Assets		89,536,606	102,818,775
Non-Current Assets			
Property ,plant and equipment	21	418,173,383	448,896,811
Intangible assets	22	2,412,280	3,538,496
Total non-current assets		420,585,663	452,403,037
Total Assets		510,122,269	555,221,812
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	23	20,799,127	45,189,563
Total current liabilities		20,799,127	45,189,563
Total liabilities		20,799,127	45,189,563
Net assets			
Reserves			
Accumulated surpluses	XV	70,704,794	90,131,400
Capital reserves		421,183,349	419,900,849
Total net assets		491,888,143	510,032,249
Total net assets and liabilities		510,122,269	555,221,812

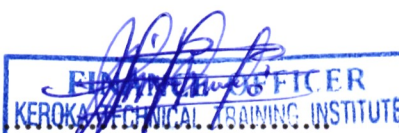
The Financial Statements set out on pages 1 to 4 were signed by:



Chairman of Council/Board

Date

28/9/2022



Finance Officer

ICPAK No. 22732
 Email: technicalkeroka@yahoo.com

Date

26 SEP 2022



Principal

Date

28 SEP 2022

P. O. Box 440-40202, KEROKA
 Email: info@kerokatechnical.ca.ke

KEROKA TECHNICAL TRAINING INSTITUTE
Annual Report and Financial Statements for The Year Ended 30th June 2022

XIV. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2022

Description	Revenue reserves	Capital Reserves	Total
As at 01 July 2020	109,121,405	419,900,849	529,022,254
Adjustments	-		-
Total comprehensive income	-18,990,005	-	-18,990,005
As at 30 June 2021	90,131,400	419,900,849	510,032,249
As at 01 July 2021	90,131,400	419,900,849	510,032,249
Pre- year adjustments	384750	1,282,500	1,667,250
Total comprehensive income	-19,811,356	0	-19,811,356
As at 30 June 2022	70,704,794	421,183,349	491,888,143

XV. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

Description	Note	2021-2022	2020-2021
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other Government entities/Govt. grants	5	78,872,500	75,795,500
Rendering of services	6	85,598,863	60,667,247
Sale of goods	7	1,095,225	0
Other incomes.	8	7,053,357	
		172,619,945	136,462,747
Payments			
Compensation of employees	10	31,072,236	18,091,183
Use of goods and services	9	99,861,564	73,403,809
Other payments	11,13,14	15,370,902	17,183,555
Grants and subsidies paid	15	6,496,519	8,559,995
TOTAL		152,801,221	117,238,542
		19,818,724	19,224,205
Decrease/Increase of receivables	18,19	(20,894,880)	8,442,717
Decrease/Increase of payables	23	(24,390,435)	-11,956,012
Decrease/Increase of inventories	20	(2,598,714)	-6,062,523
Net cash flows from operating activities	24	(28,065,305)	-9,575,818
Cash flows used in investing activities			
Purchase of property, plant, equipment and intangible	21,22	(8,678,187)	-52,265,788
Net cash flows used in investing activities		(8,678,187)	-52,265,788
cash flows from financing activities		0	0
Net cash flows from financing activities		0	
Net increase/(decrease) in cash and cash equivalents		(36,743,492)	-42,617,401
Cash and cash equivalents at 1 JULY	16	69,273,605	111,891,006
Cash and cash equivalents at 30 JUNE	16	32,530,113	69,273,605



Chairman of Council/Board

Date 28.09.2022

FINANCE OFFICER
KEROKA TECHNICAL TRAINING INSTITUTE
26 SEP 2022
Finance Officer
ICPAK No 22733
P. O. Box 440-40202, KEROKA
Email: technicalkeroka@yahoo.com

Date 28.09.2022

PRINCIPAL
KEROKA TECHNICAL TRAINING INSTITUTE
28 SEP 2022
Principal
P. O. Box 440-40202, KEROKA
Email: info@kerokatechnical.ca.ke

Date 28.09.2022

KEROKA TECHNICAL TRAINING INSTITUTE
Annual Report And Financial Statements For The Year Ended 30th June 2022
XVI. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization Difference
	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022
	Kshs	Kshs	Kshs	Kshs	Kshs	%
Revenue						
Government capitation	65,040,000	39,198,000	104,238,000	74,295,000	29,943,000	28% (a)
NYS Sponsored Students	36,354,000	11,765,417	48,119,417	0	48,119,417	0% (b)
Rendering of services- fees from students	67,494,992	9,052,200	76,547,192	72,276,450	4,270,742	40% (c)
Sale of goods- BES/Catering	9,947,089	4,800,500	14,747,589	10,942,513	3,805,076	-10% (d)
Housekeeping and accommodation production unit	4,257,000	5,000,000	9,257,000	2,379,900	6,877,100	44% (e)
Other income	219,060	1,510,998	1,730,058	1,095,225	634,833	37% (f)
	0	3,977,189	3,977,189	7,053,357	-3,076,168	-77% (g)
Development Grants	5,000,000	0	5,000,000	0	5,000,000	0% (h)
Mentorship, Monitoring & evaluation grants	0	0	0	4,577,500	-4,577,500	0% (i)
Total Income	188,312,141	75,304,304	263,616,445	172,619,945	90,996,500	40%
Expenses						
Compensation of employees	34,316,909	600,000	34,916,909	31,072,236	3,844,673	11%
Use of goods and services	137,965,624	69,854,304	207,819,928	99,861,564	107,958,364	25% (g)
Remuneration to Board of Governors	3,040,420	0	3,040,420	3,055,400	-14,980	5%
Repairs and maintenance	7,989,188	4,850,000	12,839,188	12,315,502	523,686	-3%
Development Grants	5,000,000	0	5,000,000	0	5,000,000	0% (h)
Grants and subsidies/Mentorship	0	0	0	6,496,519	-6,496,519	0% (i)
Depreciation and Amortization	0	0	0	39,630,080	0	0% (j)
Total Expenditure	188,312,141	75,304,304	263,616,445	192,431,301	71,185,144	36%
Deficit				19,811,356		

KEROKA TECHNICAL TRAINING INSTITUTE
Annual Report and Financial Statements for The Year Ended 30th June 2022

Explanatory notes to statement of comparison of budget and actual amounts

- a. The difference was brought about the non-disbursement of the fourth quarter capitation by the Government
- b. the change was due to lack of payments by the NYS for the fees for there sponsored students during the year.
- c. The change is brought about the non-payment of fees by students since they dependent on Helb which the had applied for which was still not forthcoming.
- d. The change is due to non-payment of NYS since most of the accommodation were highly occupied by the NYS sponsored students.
- e. The change is due to activeness of the production units in the institution.
- f. The difference is due to non-disbursement of funds for development funds in the year under consideration.
- g. The difference is due do less funds disbursed during the year for purchases on tuition materials and other operations.
- h. The change is due to lack of funds for development from the government during the current financial year
- i. During the year under review the management made a supplementary budget from the following sources of funds:-
- j). The value of depreciation and amortization expense charged for the year.

XVII. Notes to the Financial Statements

1. General Information

Keroka Technical Training Institute is established by and derives its authority and accountability from Public Finance Management Act. The institute is wholly owned by the Government of Kenya and is domiciled in Kenya. The institute's principal activity is to offer vocational and technical training.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the institute's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in the notes of these financial statements.

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

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

Notes to the Financial Statements (Continued)

Standard	Effective date and impact:
<p>IPSAS 34: Separate Financial Statements</p>	<p>(Effective for annual periods beginning on or January 1, 2017) In January 2015, the IPSASB published IPSAS 34, Separate Financial Statements. IPSAS 34 prescribes the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an Institute prepares separate financial statements. The Institute does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply</p>
<p>IPSAS 35: Consolidated Financial Statements</p>	<p>Effective for annual periods beginning on or January 1, 2017) In January 2015, the IPSASB published IPSAS 35, Consolidated Financial Statements. IPSAS 35 establishes principles for the preparation and disclosure of consolidated financial statements when an Institute controls one or more entities. It requires an institution that controls one or more other entities to assess control over those entities based on the following:</p> <ul style="list-style-type: none"> - Its power over the other Institute - Its exposure or rights to variable benefits from involvement with the other Institute - Its ability to control the nature, timing and amount of benefits from the other Institute. <p>Once control is assessed the controlling Institute is supposed to prepare consolidated financial statements unless it meets all the criteria under section 5 of IPSAS 35. The Institute does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply.</p>
<p>IPSAS 36: Investments in Associates and Joint Ventures</p>	<p>(Effective for annual periods beginning on or January 1, 2017) In January 2015, the IPSASB published IPSAS 36, Investments in Associates and Joint Ventures. The Standard prescribes for the accounting for investments in associates and joint ventures and to set out requirements for the application of the equity method when accounting for investments in associates and joint ventures. The standard shall be applied by all entities with significant influence over, or joint control of, an investee where the investment leads to the holding of a quantifiable ownership interest. The Institute does not have investments in associates or joint ventures</p>
<p>IPSAS 37: Joint Arrangements</p>	<p>(Effective for annual periods beginning on or January 1, 2017) In January 2015, the IPSASB published IPSAS 37, Joint Arrangements. IPSAS 37 establishes principles for financial reporting by entities that have an interest in arrangements that are controlled jointly.</p>

	The Institute does not have an interest in a joint arrangement and therefore the standard does not apply
IPSAS 38: Disclosure of Interests in Other Entities	(Effective for annual periods beginning on or January 1, 2017) In January 2015, the IPSASB published IPSAS 38, Disclosure of Interests in Other Entities. IPSAS 38 requires an Institute to disclose information that enables users of its financial statements to evaluate the nature of and risks associated with, its interests in controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and the effects of those interests on its financial position, financial performance and cash flows. The Institute does not have interests in other entities and therefore the standard does not apply.
IPSAS 34: Separate Financial Statements	(Effective for annual periods beginning on or January 1, 2017) In January 2015, the IPSASB published IPSAS 34, Separate Financial Statements. IPSAS 34 prescribes the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an Institute prepares separate financial statements. The Institute does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply

Standard	Effective date and impact:
IPSAS 33: First time adoption of Accrual Basis IPSAS	(Effective for annual periods beginning on or January 1, 2017) In January 2015, the IPSASB published IPSAS 33, First-time Adoption of Accrual Basis IPSASs. IPSAS 33 grants transitional exemptions to entities adopting accrual basis IPSASs for the first time, providing a major tool to help entities along their journey to implement IPSASs. It allows first-time adopters three Quarters to recognize specified assets and liabilities. This provision allows sufficient time to develop reliable models for recognizing and measuring assets and liabilities during the transition period. The Institute adopted IPSAS in the year ended 30 June 2018 and therefore provisions of first time adoption of accrual basis does apply to the Institute.

3. Summary of Significant Accounting Policies

a) Revenue recognition

Revenue is recognized to the extent that it is probable that future economic benefits will flow to the Institute and the revenue can be reliably measured. Revenue is recognized at the fair value of consideration received or expected to be received in the ordinary course of the Institute's activities,

3 Summary of Significant Accounting Policies (Continued)

net of value added tax (VAT), where applicable, and when specific criteria have been met for each of the Institute's activities as described below:

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

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

Sale of goods

The Institute recognizes revenues from sale of goods and services in the year in which the Institute delivers products or services to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured. 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 revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Institute and the fair value of the asset can be measured reliably.

b) Budget information

The board of governors approved the original budget for FY 2021-2022 on 21st June 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the institute upon receiving the respective approvals in order to conclude the final budget.

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

Notes to the Financial Statements (Continued)

3 Summary of Significant Accounting Policies (Continued)

the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

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

c) Taxes

Current income tax

The institute is exempt from corporate tax since it is a Semi- Autonomous Government Agency established to carry out the mandate of the Government from whom its receives funds to carry out this mandate.

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except when the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable

When receivables and payables are stated with the amount of sales tax included

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

d) Property, plant and equipment

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

Land and buildings are not depreciated.

Depreciation on property, plant and equipment is recognized in the income statement on a straight-line basis over the estimated useful lives of the assets. The annual rates in use are:

Table: Depreciation rates.

Item	Rate
Land	Nil
Buildings	Nil
Computers, Computer Accessories and Infrastructure	30 %
Motor Vehicles	25%
Furniture, Fittings and equipment	12.5%

3 Summary of Significant Accounting Policies (Continued)

A full year's depreciation charge is recognized both in the year of asset purchase and in the year of asset disposal.

e) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The institution amortizes its intangible assets at a rate of 20%.

The useful life of the intangible assets is assessed as either finite or indefinite.

f) Inventories

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

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

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

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

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Institute.

g) Provisions

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

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

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

3 Summary of Significant Accounting Policies (Continued)

Contingent liabilities

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

h) Nature and purpose of reserves

The Institute creates and maintains reserves in terms of specific requirements.

i) Changes in accounting policies and estimates

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

j) Foreign currency transactions

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

k) Borrowing costs

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

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

l) Related parties

The Institute 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 Institute, or vice versa. Members of key management are regarded as related parties and comprise the B O G members, the Principal and senior managers.

Notes to the Financial Statements (Continued)

3 Summary of Significant Accounting Policies (Continued)

m) Service concession arrangements

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

n) 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 various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

o) Comparative figures

The cost of payables have been amended and paid this year under consideration to reflect the actuals money outflows paid in this year that benefit were already enjoyed in the previous year to reflect the actual payments made.

p) Subsequent events

The recent turn of events arising from COVID-19 pandemic has had a significant negative impact on the operations of the institution for the FY 2021/2022.

4. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may

4 Significant Judgments and Sources of Estimation Uncertainty (Continued)

change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

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

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

Provisions

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

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

(Include provisions applicable for your organisation e.g. provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).

KEROKA TECHNICAL TRAINING INSTITUTE**Annual Report And Financial Statements For The Year Ended 30th June 2022****Notes to the Financial Statements (Continued)****5. Transfers from other National Government entities**

Description	2021-2022	2020-2021
	Kshs	Kshs
Unconditional grants		
Capitation grants	74,295,000	68,425,500
Other grants – mentorship grants	1,577,500	7,370,000
Cdf grants – mentorship grants	1,500,000	
	77,372,500	75,795,500
Conditional grants		
Monitoring and evaluation	1,500,000	0
Library grant	0	0
Total Government Grants and Subsidies	78,872,500	75,795,500

6. Rendering of Services

Description	2021-2022	2020-2021
	Kshs	Kshs
Tuition fees	19,040,856	12,632,361
Activity fees	8,720,299	3,719,484.00
Industrial attachment and insurance	6,788,330	3,187,715
Registration fees	1,409,620	187,080
Personal emoluments	19,554,529	12,268,270
E W C	5,944,195	3,679,830
L T & T	4,290,622	3,313,630
R M I	3,527,999	1,852,704
Other (BES/Accommodation)	16,322,413	18,434,081
Total revenue from the rendering of services	85,598,863	59,275,155

7. Sale of Goods

Description	2021-2022	2020-2021
	Kshs	Kshs
Sale of goods		
Production units	1,095,225	277,830
Total revenue from the sale of goods	1,095,225	277,830

Notes to the Financial Statements (Continued)

8. Other Income

Description	2021-2022	2020-2021
	Kshs	Kshs
Student Union	372,390	183,584
Sale of Item	1,000	456,648
Lost Items	4,640	950
Centre Fees	597,000	473,080
KNEC Exams	4,214,842	-
Internal Exams	8,100	-
Identity Card	567,620	-
Training Workshops	1,203,275	-
Imprest Refunds	81,000	-
Library Fines	3,490	-
Total Other Income	7,053,357	1,114,262

KEROKA TECHNICAL TRAINING INSTITUTE
Annual Report And Financial Statements For The Year Ended 30th June 2022

Notes to The Financial Statements (Continued)

9. Use of Goods and Services

Description	2021-2022	2020-2021
	Kshs	Kshs
Administrative expenses	8,720,881	4,584,628
Tuition expenses	24,561,855	21,218,409
Research and Innovation expenses	3,498,420	336,932
Related parties -Orogare Technical Training Institute	0	2,240,538
Related parties- Chepalungu Technical Training Institute	0	2,817,173
Related parties- Riatirimba Technical Training Institute	0	2,045,614
Electricity expenses	1,815,272	849,063
Fuel, oil and lubricants	4,764,269	2,047,645
Attachment, insurance & training expenses	3,387,840	554,839
Transport allowances	1,212,700	315,700
Boarding expenses	14,395,241	8,011,475
Water expenses	0	120,000
Out of office allowances	6,885,100	3,843,100
Hospitality supplies and services	871,155	1,520,331
Housekeeping and accommodation expenses	1,626,883	3,554,353
Security costs	1,449,000	1,428,000
Administration allowances	4,587,890	2,017,250
Telephone allowances	929,100	691,800
Sports Activities expenses	5,524,830	2,553,370
Telecommunication	2,944,380	1,445,391
COVID-19 expenses	1,481,500	3,758,794
Other operating expenses	11,205,248	7,436,404
Total good and services	99,861,564	73,403,809

KEROKA TECHNICAL TRAINING INSTITUTE
Annual Report And Financial Statements For The Year Ended 30th June 2022
Notes to the Financial Statements (Continued)

10. Employee Costs

Description	2021-2022	2020-2021
	Kshs	Kshs
Personal emoluments	25,539,252	15,520,933
Employee related costs: N.S.S.F	2,297,006	1,451,45
N.H.I.F	828,850	453,200
P.A.Y.E	1,530,405	515,804
HELB	590,743	149,790
NITA	48,650	0.00
Gratuity	237,330	0.00
Employee costs	31,072,236.00	18,091,183.00

11. Remuneration of Board of Governors

Description	2021-2022	2020-2021
	Kshs	Kshs
Chairman's Honoraria	0.00	-
Board sitting allowances	2,113,000	2,725,000
Transport allowance	550,000	245,000
Telephone allowance	30,000	25,000
Other Board Expenses	362,400	-
Total director emoluments	3,055,400	2,995,000

12. Depreciation and Amortization expense

Description	2021-2022	2020-2021
	Kshs	Kshs
Property, plant and equipment	38,503,864	37,087,994
Intangible assets	1,126,216	1,126,216
Total depreciation and amortization	39,630,080	38,214,210

13. Repairs and Maintenance

Description	2021-2022	2020-2021
	Kshs	Kshs
Repairs and maintenance routine maintenance- others assets	7,476,850	12,804,808
Repairs and maintenance -motor vehicles	2,552,979	0.00
Insurance - other assets	1,071,060	0.00
Motor vehicles insurance	1,214,613	938,747
Total director emoluments	12,315,502	13,743,555

KEROKA TECHNICAL TRAINING INSTITUTE**Annual Report And Financial Statements For The Year Ended 30th June 2022****Notes to the Financial Statements (Continued)****14. Contracted Services**

Description	2021-2022	2020-2021
	Kshs	Kshs
Consultancy services	0.00	445,000.00
Total contracted services	0.00	445,000.00

15. Grants and Subsidies

Description	2021-2022	2020-2021
	Kshs	Kshs
Institutional mentorship grants	6,495,519	445,000.00
Total Grants and Subsidies	6,495,519	445,000.00

16. Cash and Cash Equivalents

Description	2021-2022	2020-2021
	Kshs	Kshs
Current account		
Kenya Commercial bank-KETTI-Operational	25,993,229	63,797,285.00
Co-operative Savings A/C	2,881,805	1,580,460.00
Library A/C	3,341,955	3,344,211.00
Chepalungu Technical Training Institute A/C	0	389.00
Gratuity A/C	309,624	551,260.00
Cash in hand	3,500	0.00
Sub-total	32,530,113	69,273,605.00
Grand Total	32,530,113	69,273,605.00

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

Notes To The Financial Statements (Continued)**17. Detailed Analysis of Cash and Cash equivalents**

		2021-2022	2020-2021
Financial Institution	Account number	Kshs	Kshs
a) Current Account			
Kenya Commercial bank- KETTI-Operational	1106814134	25,993,229	63,797,285
Co-operative Savings A/C	01139363277200	2,881,805	1,580,460
Library A/C	1130738140	3,341,955	3,344,211
Chepalungu Technical Training Institute A/C	1176511963	0.00	389
Gratuity A/C	1114190462	309,624	551,260
Cash in hand		3,500	0
Sub-total		32,530,113	69,273,605
Grand Total		32,530,113	69,273,605

Notes to the Financial Statements (Continued)**18. Receivables from Exchange transactions**

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Receivables		
Other debtors-Fees arrears	21,112,155	18,007,275
From Non- Exchange -Fees Arrears	26,370,000	0
Total Current Receivables	47,482,155	18,007,275

19. Receivables from Non-Exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Receivables		
Capitation grants	26,370,000	8,580,000
Receivables to exchange transactions	(26,370,000)	0.00
Total current receivables	00	8,580,000

Receivables on capitation grants is recognised for monies received after year end but relating to the year under review the institute was given direction by the ministry to recover the fees arrears of fourth quarter from students fee amounting to **Kshs 26,370,000**

20. Inventories

Description	2021-2022	2020-2021
	Kshs	Kshs
Training exam materials	4,832,390	3,849,295
Expendables	527,510	444,217
Boarding materials	3,373,243	2,126,570
Catering stores	791,195	505,542
Total Inventories at lower of Cost and Net Realizable Value	9,524,338	6,925,624

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Notes to the Financial Statements (Continued)

21. Property, Plant and Equipment

FY 2020/21	Land	Buildings	Other Assets (Borehole)	Motor vehicles	Furniture and fittings	Computers	Plant and Equipment	Capital In Progress	Total
COST	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 1 July 2020	10,000,000	197,252,229	4,117,050	20,528,700	4,226,840	8,328,752	201,315,469	23,267,806	469,036,846
Additions	-	36,783,447	-	5,439,201	1,659,180	7,137,820	446,900	-	51,466,548
At 30 June 2021	10,000,000	234,035,676	4,117,050	25,967,901	5,886,020	15,466,572	201,762,369	23,267,806	520,503,394
ACCUMULATED DEPRECIATION									
At 1 July 2020	-	-	-	6,327,175	538,355	2,498,626	25,164,434	-	34,518,589
Depreciation	-	-	-	6,491,975	735,751	4,639,972	25,220,296	-	37,087,994
At 30 June 2021	-	-	-	12,819,150	1,274,106	7,138,598	50,384,730	-	71,606,583
Net book values									
At 30 June 2021	10,000,000	234,035,676	4,117,050	14,730,545	4,687,957	9,077,562	154,523,193	23,267,806	448,896,811
At 30 June 2020	-	192,563,620	-	16,819,700	4,104,340	3,791,700	193,513,705	17,791,174	428,584,239
FY 2021/22	Land	Buildings	Other Assets (Borehole)	Motor vehicles	Furniture and fittings	Computers	Plant and Equipment	Capital In Progress	Total
PROPERTY, PLANT AND EQUIPMENT									
COST	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 1 July 2021	10,000,000	234,035,676	4,117,050	25,967,901	5,886,020	15,466,572	201,762,369	23,267,806	520,503,394
Additions	-	-	-	3,704,320	1,962,017	1,444,600	1,567,250	-	8,678,187
Reclassification	0	23,267,806	-	-	0	-1,282,500	-	-23,267,806	-1,282,500
At 30 June 2022	10,000,000	257,303,482	4,117,050	29,672,221	7,848,037	15,628,672	203,329,619	0	527,899,081
ACCUMULATED DEPRECIATION									
At 1 July 2021	-	-	-	12,819,150	1,264,106	7,138,598	50,384,730	-	71,606,584
Depreciation reclassification	-	-	-	7,418,055	981,005	4,688,602	25,416,202	-	38,503,864
At 30 June 2022	-	-	-	20,237,205	2,245,111	11,442,450	75,800,932	-	109,725,698
Net book values									
At 30 June 2022	10,000,000	257,926,473	4,117,050	9,435,016	5,602,926	4,186,222	127,528,687	0	418,173,383
At 30 June 2021	10,000,000	234,035,676	4,117,050	14,730,545	4,687,957	9,077,562	448,896,811	448,896,811	448,896,811

Notes to the Financial Statements (Continued)**22. Intangible Assets**

Description	2021-2022	2020-2021
	Kshs	Kshs
Cost		
At beginning of the year	5,631,080	7,419,360
Pre-adjustment of cost	0	(2,587,520)
Additions	0	799,240
At end of the year	5,631,080	5,631,080
Amortization and impairment		
At beginning of the year	2,092,584	1,483,872
Adjustments of prior year value	0	(517,504)
	2,092,584	966,368
Amortization	1,126,216	1,126,216
At end of the year	2,412,280	3,538,496

The institutions intangible asset comprises of the system(ERP).

23. Trade and Other Payables from Exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Trade Payables	1,375,511	765,341
Student Fee (Chepalungu TTI)	460,400	527,100
Fees paid in advance	18,963,216	-
Other Payables	-	43,897,122
Total Trade and Other Payables	20,799,127	45,189,563

Notes to the Financial Statements (Continued)

24. Cash generated from operations

Description	2021-2022	2020-2021
	Kshs	Kshs
Surplus for the year before tax	(19,811,356)	-
Adjusted for:		
Depreciation	39,630,080	38,214,210
Working Capital adjustments		
Increase in inventory	(2,598,714)	(6,030,253)
Decrease in receivables	(20,894,880)	8,442,717
Decrease in payables	(24,390,435)	(14,061,183)
Net cash flow from operating activities	(28,065,305)	26,500,951

25. Financial Risk Management

The institute's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The institute'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 institute's financial risk management objectives and policies are detailed below:

(i) Credit risk

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

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

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

Notes to the Financial Statements (Continued)

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2021				
Receivables from exchange transactions	18,007,275	18,007,275	-	-
Receivables from non-exchange transactions	8,580,000	8,580,000	-	-
Bank balances	69,273,605	111,891,006	-	-
Total	138,478,281	138,478,281	-	-
At 30 June 2022				
Receivables from exchange transactions	21,112,155	21,112,155	-	-
Receivables from non-exchange transactions	26,370,000	26,370,000	-	-
Bank balances	32,530,113	32,530,113	-	-
Total	80,012,268	80,012,268	-	-

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

The institute has no significant concentration of credit risk on amounts due from student debtors.

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

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the institute's directors, who have built an appropriate liquidity risk management framework for the management of the institute's short, medium and long-term funding and liquidity management requirements.

The institute manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

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

	Less than 1 month	Between 1- 3 months	Over months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2021				
Trade payables	-		-	45,189,563
1 Total	-		-	45,189,563
At 30 June 2022				
Trade payables	6,564,716	41,885	14,192,526	20,799,127
Total	6,564,714	41,885	14,192,526	20,799,127

(iii) Market risk

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

risk rests with the Audit and Risk Management Committee.

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

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

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

a) Foreign currency risk

The institute does not have transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

(iii) Market risk (Continued)

a) Foreign currency risk (Continued)

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2022			
Financial assets(investments, cash ,debtors)	-	-	-
Liabilities	-	-	-
Trade and other payables			
Borrowings	-	-	-

Foreign currency sensitivity analysis

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

	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
2020			
Euro	-	-	-
USD	-	-	-
2021			
Euro	-	-	-
USD	-	-	-

b) Interest rate risk

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FINANCIAL RISK MANAGEMENT (Continued)

flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the company's deposits.

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

(iii) Market risk (Continued)

b) Interest rate risk(continued)

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs 000 (2021: KShs 000). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs 000 (2021 – KShs 000)

iv) **Capital Risk Management**

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

Description	2021-2022	2020-2021
	Kshs	Kshs
Revaluation reserve	000	000
Retained earnings	000	000
Capital reserve	000	000
Total funds	000	000
Total borrowings	000	000
Less: cash and bank balances	(000)	(000)
Net debt/(excess cash and cash equivalents)	000	000
Gearing	00%	00%

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APPENDIX: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	<p>Property, plant and equipment</p> <p>1.1. Lack of Land Ownership Document</p> <p>2. As disclosed in Note 21 to the financial statements, the statement of financial position reflects property, plant and equipment balance of Kshs. 448,896,811 which includes land with a net book value of Kshs. 10,000,000 as at 30 June, 2021. As reported in the previous year, the institute does not have a title deed to confirm ownership of the land where it is situated. Information available indicates that the Institute is located on a ten acres' piece of land that was donated by ten community members. However, a valuation report dated August 2020 indicate that the Institute occupies un-surveyed land measuring 4.53 acres.</p> <p>Further, minutes of the meeting of the Board of Governors (BOG), which was held on 29 June, 2017, indicate that there was a claim</p>	<p>Noted, the management is in progress for the acquisition of the college title deed attached are the evidences for the current status. See appendix.</p>	Principal	Not resolved	12 months

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>for the compensation by the above mentioned ten members of the community that was rejected by the County Land.</p> <ul style="list-style-type: none"> - Management Board. Management has not provided explanation on the status of the ten acres that were donated by the community. - Consequently, the accuracy, completeness and ownership of the land with a net book value of Kshs. 10,000,000 as at 30 June, 2021 could not be confirmed. <p>1.2. Plant and Equipment</p> <ul style="list-style-type: none"> - Disclosed also in Note 21 to the financial statement is a balance of Kshs. 154,523,193 in respect of plant and equipment which includes an amount of Kshs. 32,536,091 incurred towards construction of mechanical workshop at Riirimba. Although the workshop is currently managed independently, the management did not provide information on the transfer and handing over the facility to the Institute. <p>Consequently, the accuracy and completeness of the plant and equipment balance of Kshs.</p>	<p>institution for an appreciation, attached are</p> <p>the consent forms signed. See appendix.</p> <p>Noted, the community members under concern accepted and a survey was conducted concerning the institute acreage of land as attached. See appendix.</p>	<p>Noted, the Board of Governors together with the management have initiated the process of handing over Riirimba TVC and transferring its Equipment's, once the process is over, the assets of the Institution are going to be re-aligned. Attached find the evidence of</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2.1.	<p>Receivables from Exchange Transactions</p> <ul style="list-style-type: none"> - The statement of financial position as at 30 June, 2021 reflects a balance of Kshs. 26, 587,275 in respect of receivables from exchange transactions while the corresponding note 17 to the financial statements reflects a balance of Kshs. 18,007,275 resulting in an unexplained variance of Kshs. 8,580,000 - Consequently, the accuracy and completeness of the receivable from exchange transaction balance of KShs. 26,587,275 could not be confirmed. 	Noted, we have amended the financial statements, now they have been corrected.	Finance Officer	Resolved	3 months

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
3. 2.	<p>Receivable from Non-Exchange Transactions.</p> <ul style="list-style-type: none"> The statement of financial position as at 30 June,2021 reflects a nil balance in respect of receivables from non-exchange transactions. However, the corresponding Note 18 to the financial statement reflects a balance of Kshs. 8,580,000. Consequently, the accuracy and completeness of the receivable from non-exchange transaction nil balance could not be confirmed. 	<p>Noted, we have made the adjustments in the financial statements and they are fine.</p>	<p>Finance Officer</p>	<p>Resolved</p>	<p>3 months</p>
4.3.	<p>Statement of cash flow</p> <ul style="list-style-type: none"> The statement of cash flow reflects a nil decrease in receivables while a computation of movement in receivables from the balances reflected in the statement of financial position indicates a net increase of Kshs. 8,442,717. The statement of cash flow for the year ended 30 June 2021 reflects a decrease of Kshs. 9,575,818 from financing activities. 	<p>Noted, we have amended the financial statements as advised and now they are correct.</p>	<p>Finance Officer</p>	<p>Resolved</p>	<p>3 months</p>

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Statement of cash flow</p> <ul style="list-style-type: none"> However, there is no illustration and reference in the notes to the financial statements on how the of Kshs. 9,575,818 was arrived at. <p>As a result, the accuracy and completeness of the decrease of Kshs. 9,575,818 from the financing activities could not confirmed.</p>	<p>Noted, we have amended the financial statements as advised and now they are correct.</p>	<p>Finance Officer</p>	<p>Resolved</p>	<p>3 months</p>
5.	<p>Staff Ethnic Composition</p> <ul style="list-style-type: none"> Examination of human resource record revealed that out of 94 employees comprising of teaching and support staff, 75, translating to 80% were from one dominant community. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff and no public establishment shall have more than one third of its staff from the same ethnic community. Consequently, the Institute is in breach of the law. 	<p>Noted, the management has initiated the process going forward of embracing staff ethnic composition attached is the evidence of new appointments in institute. See appendix.</p>	<p>Principal</p>	<p>Not resolved</p>	<p>12 months</p>

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
6.	<p>Ineffective Internal Audit Unit</p> <ul style="list-style-type: none"> - Although the Institute has an internal audit unit, it did not prepare any internal audit report highlighting risk existing, weaknesses in the system of internal control and the recommendations thereon during the year under review. 	<p>Noted, in the FY 2021/2022 office of the internal audit is in place and active attached are the evidences for work done during the current financial year. See appendix.</p>	Principal	Resolved	3 months
7.	<p>Inactive Audit Committee</p> <ul style="list-style-type: none"> - Review of the operations of Internal Audit Unit revealed that audit committee of the Institute was dormant and did not execute its mandate effectively. There was no evidence that the audit committee had held meetings during the year under review to deliberate on any audit reports. In addition, there was no Internal Audit Charter to guide the operations of the audit committee for the year under review. 	<p>Noted. Currently in the FY2021/2022 the audit committee has been active in its operations and holding meetings evenly as required. Attached is the evidence for the progress. See appendix.</p>	BOG	Resolved	12 Months

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
8.	<p>Management of imprest</p> <ul style="list-style-type: none"> - The Institute did not maintain imprest register to record imprest issues and surrenders to officers while on official duties or performing official duties contrary to Regulation 100 of the Public Finance Management (National Government) Regulations, 2015 which requires an accounting officer among others to maintain such other books and registers as may be necessary for the proper maintenance and production of the accounts of the Vote for which he or she is responsible. - As a result, the Institute lacked a proper record for accountability in the management of imprest. 	<p>Noted, the management has adopted and maintained imprest register as advised by your team(OAG). see the attached appendix</p>	Finance officer	Resolved	1 month

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
9.	<p>Management of Mentee Institutions</p> <p>- Review of records and interviews with management revealed that Keroka Technical Training Institute finalized mentoring Chepalungu Technical Training Institute, Orogare Technical and Vocational College and Ritagia Technical and Vocational College and handed over the institutions to the respective board of management during the year under review. However, the management did not provide for audit review handing over notes and minutes in respect of the institutions.</p>	<p>Noted, the management is in the process of handing over the mentored institution as advised by your team (OAG). Attached is the evidence for the process initiated. See appendix</p>	BOG	Not resolved	12 Months

Principal  **PRINCIPAL**
 KEROKA TECHNICAL TRAINING INSTITUTE

Sign  **21 SEP 2022**

Date  **Box 440-40202, KEROKA**
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