

REPUBLIC OF KENYA



Enhancing Accountability

PARLIAMENT
OF KENYA
LIBRARY

THE NATIONAL ASSEMBLY
PAPER TOWN

REPORT

DATE: 15 FEB 2023

DAY: Wed

TABLED BY: Deputy Majority Leader

OF: F. Muniki

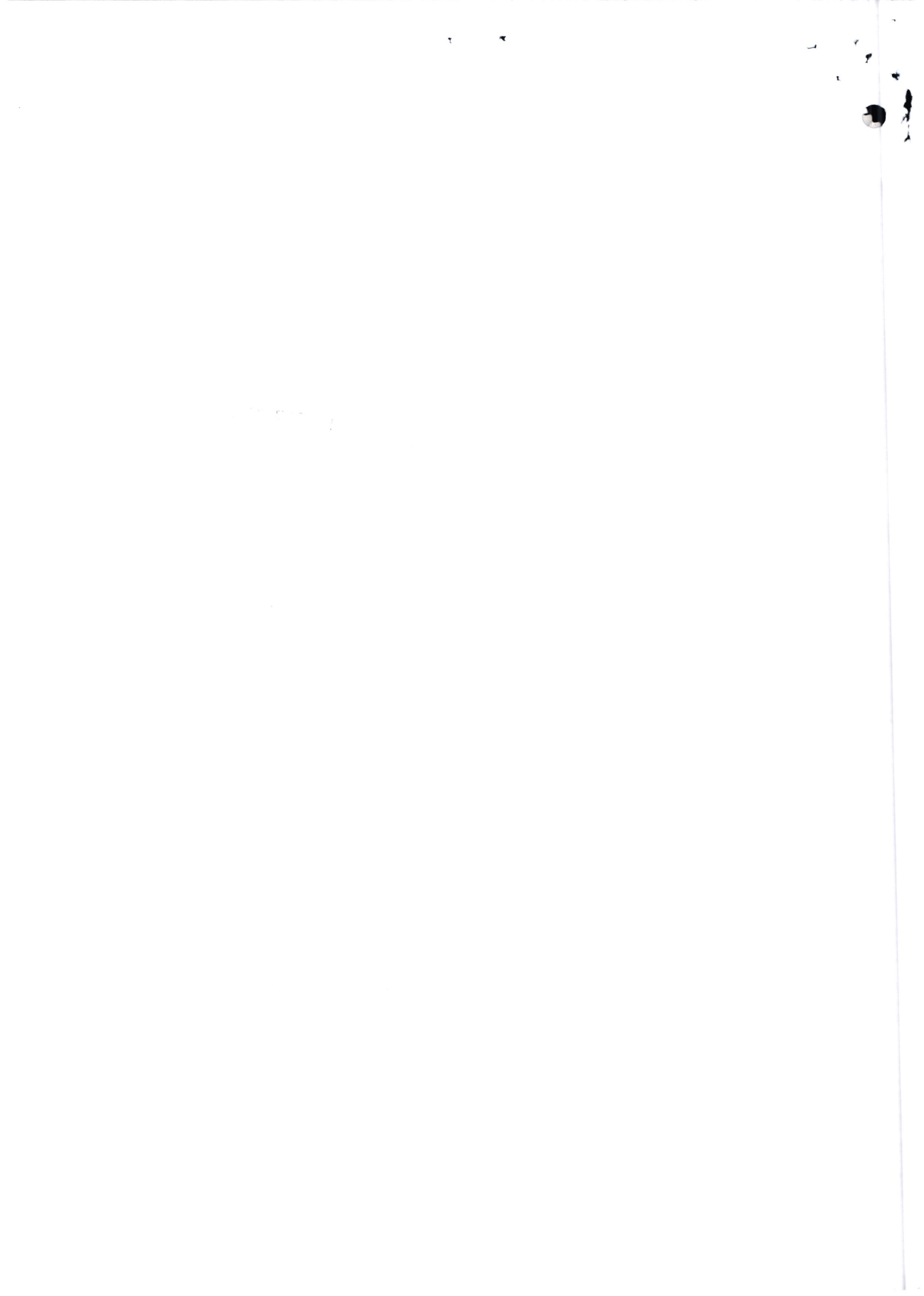
CLERK-AT-THE-TABLE:

THE AUDITOR-GENERAL

ON

**NAIROBI TECHNICAL TRAINING
INSTITUTE**

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





**NAIROBI TECHNICAL
TRAINING INSTITUTE**

Excel in Business, Science and Technology

ISO 9001 : 2015 CERTIFIED INSTITUTION

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

**NAIROBI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDING 30 JUNE, 2021**

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NAIROBI TECHNICAL TRAINING INSTITUTE

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I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background Information

Nairobi Technical Training Institute (NTTI) is under the Ministry of Education, State Department for Vocational and Technical Training. In line with Technical and Vocational Education Training (TVET) Act of 2013, whose mandate is to offer knowledge for social economic development in business, science and technology.

The Institute receives full support from the Government through grants, training equipment and personnel.

It was started as a technical school in 1952, and in 1989, was converted to a Technical Training Institution after the country adopted changes to the 8.4.4 system of education. It offers courses at three levels i.e. Artisan; Certificate and Diploma both in Technical and Business related disciplines.

The Institute continues to play a significant role in provision of skilled manpower to various sectors of the economy.

(b) Principal Activities

Training competent human resource for Social Economic Development in Business, Science and Technology.

(c) Vision

A global leader in technical training.

(d) Mission

To provide Quality and Relevant Technical Vocational Education and Training.

Core Values

- a) Excellence
- b) Integrity
- c) Professionalism
- d) Innovation
- e) Inclusion
- f) Empowerment

(e) Key Management

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

- Chief Principal
- Deputy Principal-Administration affairs
- Deputy Principal-Academic affairs
- Registrar
- Dean of Students
- Senior Finance Officer
- Heads of Departments

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KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(f) Fiduciary Management

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

No.	Designation	Name
1.	Chairman of the Board	Gordon Z. Oyomno
2.	Chief Principal	Glory K. Mutungi
3.	Finance Officer	Clement Amukhuma
4.	Deputy Principal-Administration	Simon Nyaga
5.	Deputy Principal-Academics	Purity K. Mutea
6	Registrar	Elias O. Obure
7	Dean of Students	Roselyda Oundo
8	Internal Auditor	Maxwell Mwenda

(g) Fiduciary Oversight Arrangements

Finance & General Purposes Committee Activities

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

Terms of Reference.

The role of the Committee shall be 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 shall include:

- a) To monitor and facilitate the implementation of the Institute's strategy with regard to financial matters.
- b) To receive reports from the Chief Principal and the Finance Officer.
- c) To monitor implementation of the strategy for the Institute.
- d) 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.
- e) To consider the adequacy of the Institute estate and proposals for its maintenance and development, including opportunities to dispose of and acquire new properties.
- f) To determine the fees and charges made for Institute services and facilities.
- g) To supervise the financial administration of the Institute and make recommendations to BOG where appropriate.
- h) To supervise the arrangements for safeguarding the Institute's assets.
- i) To ensure the proper financial evaluation and control of projects.
- j) To supervise the arrangements for investing the Institute's funds, including monitoring the performance of investments.
- k) To ensure the appropriate exploitation of the Institute's intellectual property.
- l) To make recommendations to BOG on the financing of projects.
- m) To supervise the effective and efficient procurement and use of resources in accordance with the objectives of the Institute.

NAIROBI TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

Audit Committee Activities

Some detailed audit committee responsibilities include:

- a) Ensuring that financial statements are understandable, transparent, and reliable.
- b) Ensuring the risk management process is comprehensive and on-going, rather than partial and periodic.
- c) Helping achieve an organization wide commitment to strong and effective internal controls, emanating from the tone at the top.
- d) Reviewing corporate policies relating to compliance with laws and regulations, ethics, conflicts of interest, and the investigation of misconduct and fraud.
- e) Reviewing current and pending corporate-governance-related litigation or regulatory proceedings to which the institution is a party.
- f) Continually communicating with senior management regarding status, progress, and new developments, as well as problematic areas.
- g) Ensuring the internal auditors' access to the audit committee, encouraging communication beyond scheduled committee meetings.
- h) Reviewing internal audit plans, reports, and significant findings.
- i) Establishing a direct reporting relationship with the external auditors.

Senior Management Activities

The main purpose of the Senior Management Team is to:

- (a) Ensure that NTTI's BOG is able to take strategic decisions relating to NTTI's activities.
- (b) Provide leadership in communicating NTTI'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;
- (c) Be accountable for the development and implementation of NTTI's strategic, corporate and business plans in line with the mission and values.
- (d) Take a strategic overview of performance in all areas of NTTI's activities.

Specifically, the Senior Management Team:

- i. Makes recommendations to the BOG on the implementation and achievement of the BOG's Strategic Framework;
- ii. Agrees NTTI's Corporate Plan, and monitor delivery through appropriate key management and performance information reporting to the Board of Governors as appropriate.
- iii. In the light of income projections and forecasts, considers the annual grants and operational expenditure and monitors such expenditure;
- iv. Develops, agrees, monitors and reviews strategies relevant to the effective and efficient operation of NTTI, making recommendations as appropriate to the Board of Governors and/or its relevant Committees;

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KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

- v. 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;
- vi. Oversees and monitors NTTI's joint work with the other stakeholders
- vii. 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.
- viii. Leads all senior managers in motivating and developing NTTI staff to deliver the highest standards of performance and customer service.

(h) Government Oversight Activities

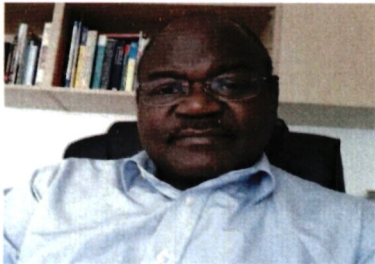



The Government of Kenya's Oversight role includes provision of grants for both capitation and Development as well as provision of the regulatory framework. The audit of the Institutional activities is undertaken by the Office of the Auditor General.

<p>(i) Entity Headquarters P.O. Box 30039-00100 Mogira road-Off Park Road Nairobi, KENYA</p>	<p>(j) Entity Contacts Telephone: 020 8034403 Cell :(254) 721233394/705590634 E-mail: nairobi.technical@gmail.com Website: www.nairobitti.ac.ke</p>	
<p>(k) Entity Bankers</p>		
<p>1. National Bank of Kenya Harambee Avenue P.O. Box 72866 City Square 00200 Nairobi, KENYA</p>	<p>2. Cooperative Bank of Kenya Cooperative House-Haile Selassie Avenue P.O Box 48231 G.P.O 00100 Nairobi, KENYA</p>	<p>3. Equity Bank Kenya Limited Upper Hill - Hospital Road, Equity Centre P.O. Box 75104- City square 00200 Nairobi.</p>
<p>4. Kenya Commercial Bank Kencom Hse. P. O. Box 48400 G.P.O 00100 Nairobi, KENYA</p>		
<p>(l) Independent Auditors Auditor General Office of the Auditor General Anniversary Towers, University Way P.O. Box 30084 GOP 00100 Nairobi, Kenya</p>	<p>(m) Principal Legal Adviser The Attorney General State Law Office Harambee Avenue P.O. Box 40112 City Square 00200 Nairobi, Kenya</p>	






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II. BOARD OF GOVERNORS

Governor	Title	Photograph	Date of birth, key qualifications and work experience	
			Date of Birth	Qualification
1. Gordon Z. Oyomno	Chairman		Date of Birth	02.09.1947
			Qualification	M.Sc. in Management and organizational development
			Experience	45 Years
2. Dr. Fr. Lawrence Njeru Murucha	Member		Date of Birth	26.12.1968
			Qualification	PHD in Educational Administration and Planning
			Experience	31 years
3. Justus Wambuturua	Member		Date of Birth	1955
			Qualification	MBA Strategic management. BSc electrical engineering
			Experience	42 years
4. Daud Hujale Ali	Member		Date of Birth	1.1.1974
			Qualification	MBA in construction Management
			Experience	23 years
5. Jerusha Wambui Kimani	Member		Date of Birth	30.7.1981
			Qualification	MSC in computer Science

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			Experience	17 years
6. Betty Kaburo	Member		Date of Birth	12.10.1960
			Qualification	BCom Business Management
			Experience	36 years
7. Eng. Kinyua Wamuguda	Member		Date of Birth	11.4.1967
			Qualification	B.Sc. Civil Engineering
			Experience	30 years
8. Maryan A Hassan	Member		Date of Birth	12.12.1977
			Qualification	B. Ed.
			Experience	21 years
9. Glory K. Mutungi	Secretary		Date of Birth	03.01.1973
			Qualification	Master in Education
			Experience	25 years

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Board Committees

Name of the Committee	Members
Finance, Infrastructure and Human Resource Committee	Eng. Kinyua Wamugunda Chairman Maryan A Hassan Member Betty Kaburo Miriti Member
Education and Research Committee	Dr.Fr. Lawrence Njeru Chairman Maryan A Hassan Member Betty Kaburo Miriti Member
Audit & Risk Committee	Daudi Hujale Ali Chairman Jerusha W. Kimani Member Justus Wambutura Member





Functions of the Board of Governors

According to the TVET act 2013, the BOG shall have the following functions.

- i. Provide oversight and strategic leadership
- ii. Approve statutes
- iii. Approve policies for the institutes
- iv. Approve budgets
- v. Make new or additional regulations, amend or revoke existing regulations
- vi. Make appointments authorised by the law
- vii. Acquire land, buildings, premises, equipment, vehicles, machinery and facilities acquired for carrying out the work/duties of the institute.
- viii. Determine the method of recruitment, appointment and promotion of all staff of the institutes as per the law.
- ix. Provide welfare for every person as per the law
- x. Provide control and regulate finances
- xi. Enter into contracts, vary carry, out or terminate contracts on behalf of the institutes
- xii. Empower committee of the BOG appointed
- xiii. Transact from time to time any other business of the institute which is covered by the law.






NAIROBI TECHNICAL TRAINING INSTITUTE
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III. MANAGEMENT TEAM

Manager	Title	Photograph	Qualification & Responsibility	
Glory K. Mutungi (Mrs)	Chief Principal		Date of Birth	03.01.1973
			Qualification	Master in Education
			Experience	25 years
Simon Nyaga	Deputy Principal-Administration		Date of Birth	1973
			Qualification	B. Ed.
			Experience	26 years
Purity K. Mutea	Deputy Principal-Academics		Date of Birth	01.05.1970
			Qualification	MA-Strategic Management
			Experience	28 years
Elias O. Obure	Registrar		Date of Birth	09.03.1970
			Qualification	BED, CPA-(K)
			Experience	24 Years

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Roselyda Oundo	Dean of Students		Date of Birth	04.09.1966
			Qualification	MED – Educational Administration
			Experience	32 Years
Clement E. Amukhuma	Finance Officer		Date of Birth	14.11.1964
			Qualification	MBA, BCom., CPA-K-17593
			Experience	32 years
Maxwell Mwenda	Internal auditor (up to March 2021)		Date of Birth	31.03.1994
			Qualification	BCom, CPAK
			Experience	4 years
Leah K. Onano	Internal Auditor From March 2021		Date of Birth	20.11.1973
			Qualification	BCOM, CPA-K-8564
			Experience	23 years
Caroline B. Ojode	Procurement officer		Date of Birth	17.03.1969
			Qualification	Dip In SCM
			Experience	27 Years

NAIROBI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

IV. CHAIRMAN'S STATEMENT

It is my pleasure to present the institute's annual report and financial statement for the year ended 30th June 2021.

The Institute's Board of Governors note with appreciation the continued support of the government and other stakeholders in the daily running of the institute.

We thank the government for the new programmes on Competency Based Education and Training (CBET) aimed at matching skills in institution with industry needs. The BOG will work with industry and other partners to strategies in order to ensure that the skills offered Nairobi meet the industry needs.

It is important to note that the total student enrolment has increased from 3763 in the year 2018 to **7500** in the year 2021.

The completion rate has also improved from 85% to 95%. This has been enabled by the great support from the staff and students. The Government has also played a great role by the provision of resources to acquire teaching and learning materials.

During the year under review, the tenure of the Board of Governors ended in March 2020 and a new board was appointed under my Chairmanship. I therefore take this opportunity to thank them for steering this institution efficiently. It under their stewardship that many development projects were undertaken. While many of those projects were completed, some were still in progress by the time their term ended. We shall endeavour to execute the developments to completion.

During the year under review the institute continued working on various projects among them:

- Extension of the New Class Rooms
- Construction of the Food and Beverage Complex
- Cabro Paving of the Bus Park
- Purchase of a Truck for the Driving School
- Equipping Institutional Management Department with modern restaurant furniture.
- Installation of a Biometric gate to enhance security
- Installation of CCTV Cameras in offices, Workshops and other areas to enhance security within the Institute.
- Purchase of Furniture for both students' and staff to cope with the growing population
- Creation of two (2) additional ICT Laboratories and equipping them with new furniture, computers and printers.
- Tiling the floor of tuition rooms for ease of maintenance.

NAIROBI TECHNICAL TRAINING INSTITUTE

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Ongoing Projects.

- Construction of a four (4) Storey Building comprising of workshops, offices & tuition rooms.
- Construction of a multi – purpose hall.
- Construction of a power house.
- Installation of Staff Portal, Application, Admission and Clearance Module.

Mentored Institutions

- Gilgil and Ol'Kalou Technical & Vocational College are still under construction.

Completed Projects

- Procurement Policy
- Financial Management Policy
- ICT Policy

The Institute is a public Institution which relies on Government funds, and fees paid by students. It is not a profit making entity. Due to reduction in the grants from GOK the institution is not able to meet its obligations there exists a large amount in pending bills from quarter to quarter.

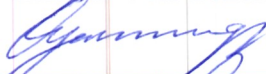
Delay in release of Capitation, we have not been able to implement the projects in the budget as anticipated.

We are pleased of the achievements so far realised despite the financial challenges faced especially due to the closure of all learning institutions by the Government in Term 1 2020 due to the COVID-19 pandemic which occasioned the closure affected the revenue flows from students in Term 2 2020. Other Challenges faced by the institute include:

- Inadequate funding by the ministry of education- on capitation/operation and development grant
- Delayed funding
- Poor fees payments
- Untimely marketing due to late funding
- Due to limited capacity, it is not possible to increase the number of students as expected.
- Reduced funds flow in Term 2 2020 through to Term 3 2020 due to the closure on the Institution in March 2020 owing to the COVID-19 Pandemic

Due to the above factors the institution is facing serious challenges in meeting its operations obligation fully resulting to pressure from creditors.

Let me lastly thank the Government of Kenya, parents, guardians, suppliers and service providers for their trust, support and continued partnership and cooperation during the Financial Year 2020/2021



GORDON Z. OYOMNO
CHAIRMAN BOARD OF GOVERNORS

V. REPORT OF THE PRINCIPAL

Let me take this opportunity to present Nairobi TTI financial statement for the FY 2020/2021 ending 30th June 2021 in accordance with the Accrual Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS).

With support of the BOG we have put in place the necessary financial, procurement and internal control measures to ensure proper utilization of funds entrusted to us.

KNEC Examination Results Analysis

The institute during the financial year 2020/2021 enrolled a total of 4,853 trainees for Kenya National Examinations. During the year, the performance improved from a percentage pass of 50.18% for the financial year 2019/2020 to 53.66% in 2020/2021. To a large extent, the performance was affected by Covid 19 which led to closure of the institution and implementation of curriculum online yet majority of the trainees did not have laptop or Smart Phone.

Students enrollment

The Institute enrolment during the F/Y 2020-2021 increased to 7,671 from 6,721 in the year 2019/2020

Promotion of the BIG 4 Agenda

To promote the BIG 4 Agenda, in F/Y 2020-2021, the enrollment increased from 6,721 to 7,671. This gave the youth an opportunity to acquire skills in Electrical and Electronics Engineering, Institutional Management, Health and Applied Sciences, Information Communication Technology and Mechanical Engineering. These are skills needed in the various sectors under the BIG 4 Agenda.

New courses in Automotive Mechatronics and Community Health were introduced with a total enrollment of 39 trainees. The enrolment in Plumbing and Solar Photovoltaic also increased to a total of 55 trainees during the year

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During the year under review the institute continued working on various projects among them:

- Construction of a tuition block with Six (6) Classrooms.
- Cabro paving of the quadrangle thus reducing dust in the Institute
- Purchase of a Sixty-Five (65) Seater Bus.
- Installation of Solar Security Lighting and Solar Water Heating System in Institutional Management Department
- Equipping Institutional Management Department with modern restaurant furniture.
- Installation of a Biometric gate to enhance security
- Installation of CCTV Cameras in offices, Workshops and other areas to enhance security within the Institute.
- Purchase of Furniture for both students' and staff to cope with the growing population
- Creation of two (2) additional ICT Laboratories and equipping them with new furniture, computers and printers.
- Purchase of additional computers for office use.

Ongoing Projects.

- Construction of a four (4) Storey Building comprising of workshops, offices & tuition rooms.
- Construction of a multi – purpose hall.
- Construction of a power house.
- Tiling the floor of tuition rooms for ease of maintenance.
- Installation of Staff Portal, Application, Admission and Clearance Module.

Mentored Institutions

- Gilgil and Ol'Kalou Technical & Vocational College are still under construction.

Completed Projects

- Procurement Policy
- Financial Management Policy
- ICT Policy

I am humbled by the support from institute's BOG, Management and all members of staff for their commitment and dedication to their work and effort that have seen Nairobi TTI move forward in attaining its vision and mission.



Glory Mutungi (Mrs)
Chief Principal/Secretary BOG

NAIROBI TECHNICAL TRAINING INSTITUTE
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VI. REVIEW OF NAIROBI TECHNICAL TRAINING INSTITUTE 'S PERFORMACE FOR FY 2020/2021

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

Nairobi Technical Training Institute (NTTI) has 7 strategic pillars and objectives within its Strategic Plan for the FY 2018/2019- 2022/2023. These strategic pillars are as follows:

Pillar 1: Teaching & Learning, Research and Innovation

Pillar 2: Student-Cantered Institute

Pillar 3: Service Delivery

Pillar 4: Partnerships and Linkages

Pillar 5: Technology Integration

Pillar 6: Human Resource

Pillar 7: Financial Management

NTTI develops its annual work plans based on the above X pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The NTTI achieved its performance targets set for the FY 2020/2021 period for its 7 strategic pillars, as indicated in the diagram below:

S/No.	Strategic Pillar	Objectives	Key Performance Indicator	Achievements
1.	Teaching & Learning, Research and Innovation	Excel in Teaching and Learning, Research and innovation	<ul style="list-style-type: none"> • Improved performance index in examinations. • Increased number of students absorbed in the market. • Number of research papers and innovations. 	<ul style="list-style-type: none"> • Competent graduates • Participated in KATTI research conferences.
2.	Student-Cantered Institute	Enhance Student satisfaction	<ul style="list-style-type: none"> • Increased customer satisfaction index • Reduced number of student complaints. • Rate of student retention. 	<ul style="list-style-type: none"> • Satisfied students • Motivated trainees

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S/No.	Strategic Pillar	Objectives	Key Performance Indicator	Achievements
			<ul style="list-style-type: none"> • Number of students enrolled. 	
3.	Service Delivery	Promote good governance and efficient Service Delivery Culture	<ul style="list-style-type: none"> • Increased customer satisfaction index • Compliance to policies • Reduction in number of legal suits. 	<ul style="list-style-type: none"> • Implementation of relevant policies and organizational structures. Established and adhered to the institute's Citizen's Service Delivery Charter
4.	Partnerships and Linkages	Establish Strategic Partnerships, Linkages and Collaborations	Number of signed MOUs and agreements.	<ul style="list-style-type: none"> • Collaborations of the Institute with strategic partners including University of Nairobi and KERIA
5.	Technology Integration	Increase access to and use of ICT	<ul style="list-style-type: none"> • Reduced paperwork. • Increased ratio of ICT equipment. • % of trainers who effectively use ICT tools • % Increase access to e-resources 	<ul style="list-style-type: none"> • Integration of ICT in service delivery. • Automation of key services such as students' admissions and clearance
6.	Human Resource	Develop Human Resource Capacity and improve Corporate Image	<ul style="list-style-type: none"> • Number of staff trained based on Training Needs Assessment. • Rate of staff retention. • Increased number of 	<ul style="list-style-type: none"> • Management trained in Senior Management • Course Competent human resource. • Positive corporate image.

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S/No.	Strategic Pillar	Objectives	Key Performance Indicator	Achievements
			linkages and collaborations.	
7.	Financial Management	Enhance financial sustainability	<ul style="list-style-type: none"> • Number of income generating activities (Appropriation in Aid). • Reduced Expenditure 	<ul style="list-style-type: none"> • Financially stable Institution • Financial obligations are met on time. • Adherence to budget.

NAIROBI TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

VII. CORPORATE GOVERNANCE STATEMENT

1. Corporate Governance Statement

- a) Good corporate governance is the key to integrity and corporations and central to the institute stability
- b) Corporate governance their fore encompasses the system practices and procedures by which the individual corporation regulates itself to remain stable, competitive, sustainably and fair.
- c) The BOG follows principles of transparency and accountability in its stewarding institute's affairs'
- d) The role of the BOG is to ensure conformity by focusing and providing the institutes strategic direction and policy making as well as performance review through accountability, monitoring, supervision and internal control to safeguard the assets and ensure the reliability of financial information
- e) Management team comprising of the principal, deputy principal, head of departments and staff meet regularly to consider issues of operational and strategic importance.
- f) Below are key features of the existing governance practices within the institutes which are revised and improved from time to time

2. Institutes BOG

- a) The BOG constitutes of chairman BOG and eight members who have been appointed in accordance to the TVET Act 2013, which meets formally at least three times a year and or any other time when need arises
- b) BOG Is responsible for setting the direction of the institute through establishment of strategic information, policies and approval of budgets. It monitors implementation of the above through structured approach of reporting by the management and accountability.
- c) The BOG is actively involved and bring strong independent judgement on its deliberations and discussions
- d) The BOG members have diverse skill set, wide range of knowledge and experience of the institute in objectives and decision making.
- e) The BOG meets regularly and retains full and effective control over the institutes in all strategic financial operation and compliance areas

3. Related Party Disclosure

Related parties for the purposes of this report include:

- a) The Government
- b) The Board of Governors
- c) The Management

4. There were four board meetings during the Year

30.07.2020

29.10.2020

14.01.2021

22.04.2021

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VIII. MANAGEMENT DISCUSSION AND ANALYSIS

SECTION A: Operational and Financial Performance

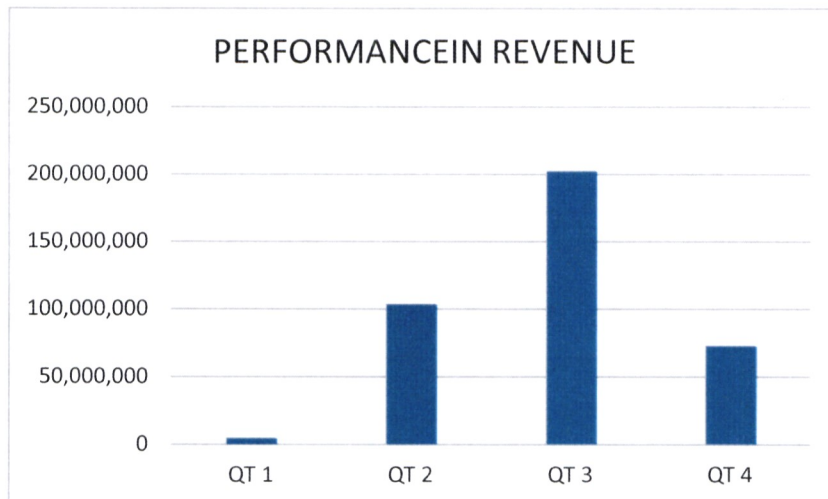
Nairobi Technical Training Institute operational and financial performance

The Institute is a public Institution which relies on Government funds, and fees paid by students. It is not a profit making entity. Due to reduction in the grants from GOK the institution is not able to meet its obligations there exists a large amount in pending bills from quarter to quarter. Delay in release of Capitation, we have not been able to implement the projects in the budget as anticipated.

The institute has developed three policies namely Finance, Procurement and ICT.

The revenue collected in revenue over the year is as shown below:

PERFORMANCE IN REVENUE			
QT 1	QT 2	QT 3	QT 4
5,138,122	104,059,714	202,779,995	73,326,496

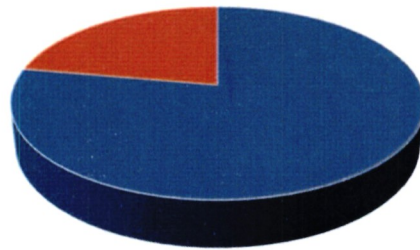


NAIROBI TECHNICAL TRAINING INSTITUTE

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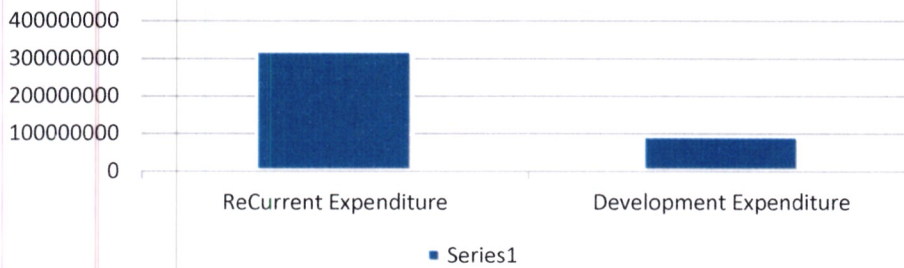
Recurrent Expenditure	318,910,274
Development Expenditure	90,969,477

Ratio of Development to Recurrent Expenditure



■ ReCurrent Expenditure ■ Development Expenditure

Ratio of Development to Recurrent Expenditure



■ Series1

SECTION B: Compliance with Statutory Requirements

Nairobi Technical Training Institute compliance with statutory requirements

Nairobi Technical Training Institute complies to deduction and remittance of statutory deductions such as NHIF, NSSF, PAYE and other mandatory obligations such as HELB

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SECTION C: Key Projects and Investment Decisions

Key projects and investment decisions Nairobi Technical Training Institute is planning/implementing

PROJECT NAME

FUNDING

- | | |
|--|---------------------------|
| 1. Gilgil Technical & Vocational College | Government financed (MOE) |
| 2. Ol Kalau Technical & Vocational College | Government financed (MOE) |
| 3. Extension Six (6) Class rooms | BOG FINANCED |
- The above Projects are funded through recommendation by the director of TVET
 - The viability and sustainability of the above projects will depend on Government funding.

SECTION D: Financial and Management Risks

Major risks facing the entity

- Inadequate funding by the ministry of education- on capitation/operation and development grant
- Delayed funding
- Poor fees payments
- Untimely marketing due to late funding
- Due to limited capacity, it is not possible to increase the number of students as expected.
- Reduced funds flow in Term 2 2020 through to Term 3 2020 due to the closure on the Institution in March 2020 owing to the COVID-19 Pandemic

Due to the above factors the institution is facing serious challenges in meeting its operations obligation fully resulting to pressure from creditors.

SECTION E: Material arrears in Statutory and Financial Obligations

Material arrears in statutory/financial obligations

1. Pending bills for the financial year 2020/2021
2. Deficit on budget financial year 2020/2021

SECTION F: Governance

The entity's financial probity and serious governance issues

There were no serious governance issues reported during the year under review.

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X. CORPORATE SOCIAL RESPONSIBILITY / SUSTAINABILITY REPORTING

Nairobi TTI being a public entity embraces the policy of the corporate social responsibility (CSR) through engaging itself with the following social responsibility:

- i. Financial support to needy students through coordinating bursary, HELB loans, support sustainability and sponsorship to students where possible as well work study programme.
- ii. Offering both social and economic support to external community through provision of casual labour opportunity and suppliers when opportunities arises
- iii. Offering careers advices to students.
- iv. Offering internship and industrial attachment to youth from surrounding community institutions in Kenya.
- v. Environmental activities like, planting of trees

Below are some of the pictures depicting how the exercise was conducted.



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1. Sustainability strategy and profile -

a. Organisational Sustainability

This strategy focuses on achieving financial, environmental organisational and institutional sustainability within the institute

b. Financial sustainability

The institute has diversified the sources of revenue which include; school fees, rentals and production unit program.

c. Environmental sustainability

The institute embraces the use of environmentally friendly methods in waste disposal. The strategies are targeted at protecting and improving the environment.

d. Organisational and institutional sustainability

Organisational and institutional sustainability aims at achieving and maintaining sustainability. This is addressed from various viewpoints that include community engagement, having in place a risk management framework and implementation of strategies to mitigate the defined risks.

2. Environmental performance

a. Greening TVET

- ✓ greening the institution
- ✓ greening the curriculum
- ✓ greening research
- ✓ greening the culture
- ✓ greening the community

b. Solid Waste management

- ✓ disposal of wastes
- ✓ policies on re-cycling

c. Emission control

- ✓ control on gases emitted to the environment

d. Adoption of Environmental sustainability guidelines issued by NEMA and adherence to environmentally friendly operational practices within the institute.

3. Employee welfare

The Institute with the support of the Board Members has developed the following policies to guide its operations: -

- Scheme of service for BOG Staff.
- Career progression guidelines for BOG Staff.
- Motivation Policy for both Staff and Students.
- Production Unit Policy.
- ICT policy
- Gender Mainstreaming and Youth Empowerment Policy.

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4. Market place practices-

(A) RESPONSIBLE COMPETITION PRACTICE

- (i) Anti -corruption
 - a. Student fees: The institute charges the students fees as per the guidelines from the Ministry of Education. The fees charged is Ksh. 56,420 as capped by the Ministry of Education.
 - b. The admission process is transparent and the institute has introduced online admission to ensure effectiveness and transparency. This helps to ensure that there is integrity in the admission process.
- (ii) Political involvement
 - a. The institute liaises with the area leadership for community service where cleaning the area around the institute is done Participation in trade fairs/robotics: The institute participates in trade fairs where the students show case their talents and this enhances responsible competition within the students.
 - b. During the graduation ceremonies, the institute invites the local leadership to interact with the graduands and the NTTI community.
- (iii) Fair competition
 - a. The institute acquires the curriculum and syllabus from Kenya Institute of curriculum development (KICD) and CDACC to ensure that what is offered at NTTI is similar to what is offered in other institutions.
 - b. Entry criteria for the program and the entry requirements for the students are clearly defined. i.e. Mean grade c- for Diploma students, D+ for Certificate students and KCSE for artisan. This allows the institute to have a fair competition with the universities who require students to have a mean grade of c to access university education.
 - c. The institute participates in trade fairs which are organized by KATTI for all TVET Institutions. The students are encouraged to compete with other students from other institutions. This encourages the students to solve diverse issues in the industry.
- (iv) Respect for competitors
 - a. Mutual beneficial relationships: - The institute undertakes benchmarking with other institutions so as to offer quality service to the trainees and to assist one another to better improve.
 - b. The students are placed by KUCCPS and the institute ensures that when student seek for transfers from other institutions to NTTI, there is correspondence from the institution that the student wishes to leave so as to ensure that there is mutual understanding.

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(C) RESPONSIBLE MARKETING AND ADVERTISEMENT

- (i) Efforts to maintain ethical marketing practices
 - a. The institute openly advertises in the print and electronic media for all the courses offered in the institution so as to ensure transparency and integrity in the admission process.
 - c. The institution only advertises for the courses that are being offered during the intake to ensure that students do not apply for courses that are not available in the institute.
 - d. The institute ensures that information given during the advertisement is current and not misleading to the prospective students so that they are able to make informed choices on the courses that they want to undertake.
 - e. Brochures with well explained courses and their requirements are issued to prospective students before the intakes to give adequate time for the parents/guardians and students to prepare for the admission.

(D) PRODUCT STEWARDSHIP

- (I) Efforts to safeguard consumer rights and interests
 - a. The institute has a complaints procedure and complaints registers at various offices.
 - b. A complaints line has been established in the institute (0717764444)
 - c. There is proactive disclosure of information by ensuring that information is given through the institutes website, brochures, print and electronic advertisement
 - d. Requests by customers for information on admission and courses is done through e – mail, telephone call and letters. The institute has ensured an active e-mail address info@nairobi.ac.ke and the telephone line 0721233394.
 - e. There is a service charter that is prominently displayed at the institute's entrance and at various points and offices within the institute. Where the customers are encouraged to report to the CAJ and EACC in case their rights and interests are not met by the institution.

5. Community Engagements-

The Institute has continuously engaged the community in matters of corporate social responsibility (CSR).

Further, in the Institute engaged Rescue Dada Centre, a home for the less fortunate female adults in providing food, clothes as well as internship for some of the victims.

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The Mogira Road Cleaning Exercise



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XI. REPORT OF THE BOARD OF GOVERNORS

The Board members submit their report together with the audited financial statements for the year ended 30 June, 2021 which show the state of the Institute's affairs.

Principal Activities

The principal activities of the institution are to train competent Human Resource for social economic development at TVET level.

Results

The results of the entity for the year ended 30 June, 2021 are set out on page 1


BOARD OF GOVERNORS

The members of the Board members who served during the year are shown on page vii.

Auditors

The Auditor General is responsible for the statutory audit of **Nairobi Technical Training Institute (NTTI)** in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act for the year ended June 30, 2021 in accordance to section 23 of the Public Audit Act, 2015.

By Order of the Board


.....
Glory K. Mutungi (MRS)
Chief Principal/Secretary BOG

Date: 30/9/2021.....

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XII. STATEMENT OF BOARD OF GOVERNORS MEMBERS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and (section 14 of the State Corporations Act, and section 29 of schedule 2 of the Technical and Vocational Education and Training Act,2013) require the Board members to prepare financial statements in respect of that Nairobi Technical Training Institute (NTTI), which give a true and fair view of the state of affairs of the institute at the end of the financial year/period and the operating results of the institute for that year/period. The Board members 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 members are also responsible for safeguarding the assets of the institute.

The Board members 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 (period) ended on June 30, 2021.

This responsibility includes:

- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the institute;
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) 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 members 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

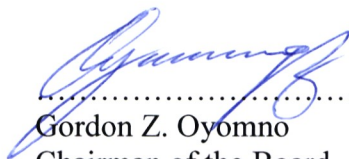
NAIROBI TECHNICAL TRAINING INSTITUTE
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the TVET Act). The Board members are of the opinion that the institute's financial statements give a true and fair view of the state of institute's transactions during the financial year ended June 30, 2021, and of the institute's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the institute, which have been relied upon in the preparation of the institute's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

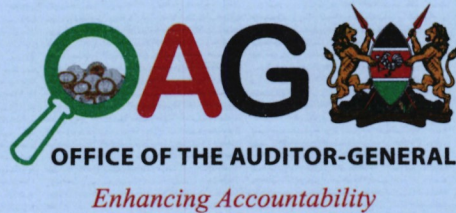
The institute's financial statements were approved by the Board on **22.09.2021** and signed on its behalf by:


.....
Gordon Z. Oyomno
Chairman of the Board


.....
Glory K. Mutungi (MRS)
Accounting officer/Principal

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON NAIROBI TECHNICAL TRAINING INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Nairobi Technical Training Institute set out on pages 1 to 23, which comprise of the statement of financial position as at 30 June, 2021, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Nairobi Technical Training Institute as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

The statement of changes in net assets reflects a total balance of Kshs.3,527,593,140 which differs with the total capital reserves balance of Kshs.3,507,593,140 reflected in the statement of financial position resulting to unexplained and unreconciled variance of Kshs.20,000,000.

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

2. Unvalued Property, Plant and Equipment

The statement of financial position and as disclosed in Note 20 to the financial statements reflects property, plant and equipment balance of Kshs.3,244,150,811. However, various assets of an undetermined quantity and value, procured by the Ministry of Education in the financial year 2019-2020 were excluded from the balance.

In the circumstances, the accuracy, completeness and ownership of property, plant and equipment balance of Kshs.3,244,777,269 as at 30 June, 2021 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Nairobi 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

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects Kshs.566,305,334 and Kshs.389,179,562 in respect to budgeted and actual revenue respectively, resulting to unrealized revenue of Kshs.177,125,762 or 31 %.

Further, the statement reflects total payments budget amounting to Kshs.381,679,800 and actual payments of Kshs.375,880,545 resulting to under absorption of Kshs.5,799,255 or 4 % erroneously shown as Kshs 27,573,493 in the statement.

The under absorption of the budget may have negatively impacted on the service delivery to the Institute's stakeholders.

In addition, the Institute had an over expenditure on use of goods and services balance of Kshs.37,152,54. The over-expenditure was not approved contrary to Regulation 44(2) of the Public Finance Management (National Government) Regulations, 2015 which states that National Government entities shall execute their approved budgets based on the annual appropriation legislation, and the approved annual cash flow plan with the exception of unforeseen and unavoidable spending dealt with through the contingencies fund, or supplementary estimates.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Lack of an Approved Budget and Procurement Plan

The Institute did not provide an approved budget and procurement plan for audit. This is contrary to Section 53 (2) of the Public Procurement and Asset Disposal Act, 2015 which provides that an accounting officer shall prepare an annual procurement plan which is realistic in a format set out in the Regulations within the approved budget prior to commencement of each financial year as part of the annual budget preparation process.

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that

govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on 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. Weak Information Technology Environment

Review of Information Technology (IT) controls and IT environment of the Institute revealed that the ICT Support Department lacked essential set-ups to mitigate various possible risks related to the Institute ICT structure as shown below.

- a) The remote hosting of the Ultimate ERP System was done at the vendor servers thereby posing a risk of unauthorized access to sensitive data.
- b) There was minimal space in the server room with no proper ventilation and temperature regulation thereby posing a risk of system failure.

The Institution did not have a licensed and genuine anti-virus thereby posing a risk of malicious software propagation throughout the network which could be harmful.

In the circumstances, the Institution was exposed to the possibility of loss of data, resources and disruption of operations in case of unauthorized access, disaster or calamity.

2. Establishment and Functioning of the Internal Audit Function

The Institute had only one internal auditor in place. This is contrary to Regulation 162 (2)a of the Public Finance Management (National Government) Regulations, 2015 which provides that an accounting officer shall ensure that the organizational structure of the internal audit facilitates the entity to accomplish its internal audit responsibilities.

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

3. Lack of a Board Charter

The institute did not have a Board Charter contrary to Section 1.11 of the Code of Governance for State Corporations, which provides that the Board should develop and adopt a Board Charter.

In the circumstances, the Management was in breach of the Code of Governance guidelines.

4. Lack of Risk Management Policy

The Institute did provide evidence of an enterprise wide risk management policy. This is contrary to Regulation 165(1) the Public Finance Management (National Government) Regulations, 2015 which provides that the Accounting Officer shall ensure that the government entity develops risk management strategies, which include fraud Prevention mechanism; and a system of risk management and internal control that builds robust business operations.

In the circumstances, it was not possible to confirm whether the internal controls built within the financial and operational systems were functioning as intended during the year under review.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the Board of Governors

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

In preparing the financial statements, Management is responsible for assessing the 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 cease operations.

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

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

The Board of Governors is responsible for overseeing the financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems

are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

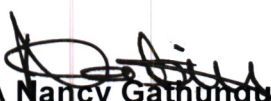
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

22 July, 2022

NAIROBI TECHNICAL TRAINING INSTITUTE

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XIV. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

		2021	2020
		Kshs	Kshs
REVENUE	Note		
Revenue from non-exchange transactions			
Transfers from the National Government - Grants/gifts in kind	6	183,192,081	189,445,000
		183,192,081	189,445,000
Revenue from exchange transactions			
Rendering of Services - Fees from students	7	203,878,747	158,282,408
Rental revenue from facilities and equipment	8	790,204	296,350
Other Income	9	1,318,540	2,161,149
		205,987,491	160,739,907
Total revenue		389,179,572	350,184,907
EXPENSES			
Use of Goods and Services	10	191,777,132	141,697,195
Employee Costs	11	49,449,195	48,094,676
Remuneration of Board Members	12	9,520,930	5,810,697
Depreciation and Amortization Expense	20	40,716,749	48,221,615
Repairs and Maintenance	13	26,234,256	7,427,425
Contracted Services	14	605,960	523,917
Finance Costs	15	606,052	714,144
Mentoring Institutions Expenses	16	7,344,001	88,539,223
Total Expenses		326,254,275	341,028,892
Net Surplus / (Loss) for the Year		62,925,297	9,156,015
Attributable to:			
Surplus/(deficit) attributable to minority interest		-	
Surplus attributable to owners of the controlling Interest		62,925,297	9,156,015

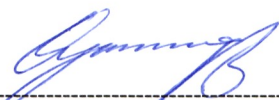
The notes set out on pages 6 to 26 form an integral part of the Financial Statements

NAIROBI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

XV. STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021


	Note	2021 Kshs	2020 Kshs
Assets			
Current assets			
Cash and cash equivalents	17	195,970,570	247,570,630
Current portion of Receivables from exchange transactions	18	147,035,906	51,749,254
Inventories	19	1,954,873	3,153,185
Total Current Assets		344,961,349	302,473,069
Non-current assets			
Property, plant and equipment	20	3,244,150,811	3,305,573,747
Total Non-Current Assets		3,244,150,811	3,305,573,747
Total Assets		3,589,112,160	3,608,046,816
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	21	81,519,020	71,795,154
Total liabilities		81,519,020	71,795,154
Net Assets		3,507,593,140	3,536,251,662
Capital Reserves & Surpluses			
Accumulated Surpluses	23	251,873,234	188,947,937
Accumulated Fund	24	3,255,719,906	3,347,303,725
Total Capital Reserves & Surpluses		3,507,593,140	3,536,251,662
Total Reserves and liabilities		3,589,112,160	3,608,046,816

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Governors by:




 Gordon Z. Oyomno
 Chairman of Board of Governors

Date.....30/9/2021.....



 Clement Amukhuma
 Senior Finance Officer
 ICPAK No. 17593

Date30/9/2021.....



 Glory K. Mutungi
 Chief Principal

Date.....30/9/2021.....

NAIROBI TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

XVI. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2021

Reserves	Revenue Reserves	Capital Reserves	Deferred Income	Total
	Kshs	Kshs		Kshs
Balance as at 1 July 2019	179,791,922	3,347,303,725	75,672,754	3,602,768,401
Revaluation				
Fair value adjustment on Capital	-	-		-
Total Comprehensive income	9,156,015			9,156,015
Capital/Development Grants received during the Year		20,000,000		20,000,000
Increase/(Decrease) in Deferred income for the year			40,245,033	40,245,033
Transfer of Depreciation/Amortization from Capital to retained earnings				-
Balance as at 30 JUNE 2020	188,947,937	3,367,303,725	115,917,787	3,672,169,449
Balance as at 1 July 2020	188,947,937	3,367,303,725	115,917,787	3,672,169,449
Revaluation				
Fair value adjustment on Capital	-	(98,517,153)		(98,517,153)
Total Comprehensive income	62,925,297			62,925,297
Capital/Development Grants received during the Year		6,933,334		6,933,334
Increase/(Decrease) in Deferred income for the year			(115,917,787)	(115,917,787)
Transfer of Depreciation/Amortization from Capital to retained earnings				-
Balance as at 30 JUNE 2021	251,873,234	3,275,719,906	-	3,527,593,140

NAIROBI TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

XVII. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Note	Current Year	Previous Year
		2020/2021	2019/2020
			Audited
Cash flows from operating activities			
Receipts			
Transfer from other Government entities/Gov. grants	6	176,258,747	189,445,000
Rendering of Services - Fees from Students	7	203,878,747	158,282,408
Rental revenue from facilities and equipment	8	790,204	296,350
Other income	9	1,318,540	2,161,149
Total Receipts		382,246,238	350,184,907
Payments			
Use of Goods and Services	10	191,777,132	139,409,695
Compensation to Employees	11	49,449,195	48,094,676
Bog Members Expenses	12	9,520,930	5,810,697
Repairs and Maintenance	13	26,234,256	7,427,425
Contracted Services	14	605,960	523,917
Finance Costs	15	606,052	714,144
Mentoring Institutions	16	7,344,001	88,539,223
Total Payments		285,537,526	290,519,777
Net cash flows from operating activities	40	96,708,712	59,665,130
CASH FLOWS FROM INVESTING ACTIVITIES			
(Purchase) of plant and equipment & Intangible Assets		(67,195,490)	(49,312,419)
Sale of Property, Plant, Equipment & Intangible Assets			1,500,000
(Increase)/Decrease in Work in Progress for the Year		(23,147,529)	(13,093,152)
Net cash flows from investing activities		(90,343,019)	(60,905,571)
CASH FLOWS FROM FINANCING ACTIVITIES			
Grants for Development	20	6,933,334	
Net cash flows used in financing activities		6,933,334	
Adjust for Working Capital Changes			
(Increase)/Decrease in Inventories	19	(1,198,312)	3,153,185
Increase/(Decrease) in Payables	21	9,723,866	53,569,099
Decrease (Increase) in Receivables	18	(100,301,739)	48,662,669
Increase (Decrease) in Depreciation	20	(7,504,865)	
Increase (Decrease) in Provision for Doubtful Debts	10	5,015,087	
Increase/(Decrease) in Reserves		29,366,876	
Net Movement on working Capital		(64,899,087)	101,430,921
Net increase/(decrease) in cash and cash equivalents		(51,600,060)	100,190,480
Cash and cash equivalents at the beginning of the Year		247,570,630	147,380,151
Cash and cash equivalents at end of the year		195,970,570	247,570,630

NAIROBI TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

XVIII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Chan
	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021	
REVENUE						
Transfers from National Government Ministries	234,933,334		234,933,334	183,192,081	51,741,253	
Grants from Donors and Development Partners	-		-		-	
Transfers from other levels of Government	-		-		-	
Public Contributions and Donations	-		-		-	
Revenue from Rendering of Services	331,372,000		331,372,000	203,878,747	127,493,253	
Rental Revenue from Facilities & Equipment	-		-	790,204	-	790,204
Finance Income	-		-	-	-	
Other Income	-		-	1,318,540	-	1,318,540
Total revenue	566,305,334	-	566,305,334	389,179,572	177,125,762	
EXPENSES						
Use of Goods and Services	191,299,795	(36,675,206)	154,624,589	191,777,132	(37,152,543)	
Employees Costs	57,669,186	(7,000,000)	50,669,186	49,449,195	1,219,991	
BOG Members Expenses	10,400,000	-	10,400,000	9,520,930	879,070	
Repairs and Maintenance	23,037,885	1,000,000	24,037,885	26,234,256	(2,196,371)	
Contracted Professional Services	3,240,000	(1,000,000)	2,240,000	605,960	1,634,040	
Finance Costs				606,052	(606,052)	
Mentoring Institutions				7,344,001		
Total Operational Payments				285,537,526		
Depreciation and Amortization	-	-	-	40,716,749	(40,716,749)	
Total Operational Expenses				326,254,275		
WIP Mentoring Institutions				23,147,529	(23,147,529)	
PPE - Development Expenses	139,708,140		139,708,140	67,195,490	72,512,650	
				90,343,019		
Total Expenditure	425,355,006	(43,675,206)	381,679,800	375,880,545	(27,573,493)	

NAIROBI TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

XIX. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value where applicable. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the college's accounting policies.

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

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

NAIROBI TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. ADOPTION OF NEW AND REVISED STANDARDS

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

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

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

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2022: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: <ul style="list-style-type: none">• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Standard	Effective date and impact:
	<ul style="list-style-type: none"> • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p style="color: red;">Nairobi Technical Training Institute (NTTI) did not apply this standard in the preparation of the accounts under review.</p>
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2022</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows. <p style="color: red;">Nairobi Technical Training Institute (NTTI) did not apply this standard in the preparation of the accounts under review.</p>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2022:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual

NAIROBI TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Standard	Effective date and impact:
	<p>Basis International Public Sector Accounting Standards (IPSASs) was approved</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</p>

iii. Early adoption of standards

The Nairobi Technical Training Institute did not early – adopt any new or amended standards in year 2021.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

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

NAIROBI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(Continued)

Sale of goods

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

Interest income

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

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions (continued)

Rental income

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

b) Budget information

The original budget for FY 2019/2021 was approved by the Council or Board June 2020

Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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

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

NAIROBI TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

c) Taxes

Current income tax

The entity is exempt from paying taxes as per First schedule **section 10 subsection (a) and (b)** of the **Income Tax Act 2010**.

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 entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

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

f) Research and development costs

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

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

NAIROBI TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

i) 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 Entity.

j) Provisions

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

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

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

NAIROBI TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contingent liabilities

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

Contingent assets

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

k) Nature and purpose of reserves

Nairobi Technical Training Institute has not created or maintained any reserves during the year under review.

l) Changes in accounting policies and estimates

The Entity does not recognize the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

m) Related parties

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

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

NAIROBI TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) Comparative figures

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

p) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2021.

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

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

Useful lives and residual values

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

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

NAIROBI TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

Provisions

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

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

		2021 KSH	2021 KSH
6	A) TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES		
	Unconditional Grants		
	NNTI Operational Grant		
	Narok Operations	2,000,000	
	Wajir TVC Operations	2,000,000	1,000,000
	Kamukunji TVC Operations	2,055,000	1,000,000
	Capitation	170,203,747	167,445,000
		176,258,747	169,445,000
	Conditional Grants		
	Narok South TVC		
	Gilgil Technical & Vocational College	3,466,667	10,000,000
	Oi Kalau Technical & Vocational College	3,466,667	10,000,000
		6,933,334	20,000,000
	Total Grants and Subsidies	183,192,081	189,445,000
7	RENDERING OF SERVICES		
	Tuition Fees	77,489,592	76,832,281
	Electricity, Water & Conservancy (EWC)	9,341,439	9,233,313
	Personal Emoluments (PE)	31,583,463	25,359,078
	Local Transport & Travel (L.T.& T)	9,096,086	7,828,678
	Repairs, Maintenance & Improvement (RMI)	5,478,053	5,379,892
	Activity Fees	10,438,625	10,134,241
	Students Registration	2,233,000	973,436
	Students Levy	1,743,655	1,150,706
	Caution Money	4,466,000	1,852,400

NAIROBI TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

		2021 KSH	2021 KSH
	Students ID Cards	893,200	389,855
	KUCCPS Registration	7,032,350	2,509,156
	HELB Smart Cards	2,477,695	1,184,316
	Development Fund	250,000	15,455,056
	KNEC Exams	41,355,589	
	Total revenue from Rendering of Services	203,878,747	158,282,408
8	RENTAL REVENUE FROM FACILITIES AND EQUIPMENT		
	Institute Overheads	-	
	Contingent Rentals	790,204	296,350
		-	
	Total Rentals	790,204	296,350
9	OTHER INCOME		
	Insurance Recoveries	138,120	
	Disposal of Assets	79,510	
	Graduation Fees	280,130	1,058,800
	Application Fees	820,780	1,102,349
	Total Other Income	1,318,540	2,161,149
10	USE OF GOODS AND SERVICES		
	Attachment Expenses	1,206,826	
	Covid - 19 Preparedness Expenses	7,551,804	
	Electricity Expenses	2,816,047	2,156,120
	Food Items (Training)	7,937,997	
	General Cleaning Services	3,190,475	
	ICT Expenses	6,538,917	
	Increase in provision for Bad Debts	7,738,732	2,723,645
	Insurance	1,519,294	
	International Trips and CAPA	100,000	
	ISO 9001:2015 Quality Management System	2,026,172	2,243,650
	Library Expenses	1,283,940	3,165,500
	Local, Transport & Travel (L.T.& T)	4,363,537	
	Advertising and Publicity	1,024,564	8,339,357
	Newspapers	429,060	3,068,870

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 KSH	2021 KSH
KNEC Examination	41,355,589	
Performance Contract	5,203,253	1,916,023
School Equipment & Stores (SES)	19,317,327	4,367,316
Security Services	2,854,500	22,218,789
Servicing & Maintenance of Generator	330,914	2,382,000
Staff Development	8,757,641	1,425,934
Stationery Expenses	13,703,373	10,068,456
Students Activity	3,580,236	24,064,138
Students Id Cards	1,523,590	5,551,560
Students Levy	904,900	480,255
Subsistence Allowances	10,451,118	1,535,560
Telephone Expenses	580,000	
Tender Expenditure	230,000	
Tuition Expenses related Expenses	31,486,486	31,850,241
Research Innovation & Incubation	2,288,500	4,372,384
Water, Fuel And Conservancy	1,482,340	1,742,159
Audit Fees		500,000
HELB Smart Cards		325,000
Graduation	-	4,912,738
Loss on disposal of Bus		2,287,500
	191,777,132	141,697,195
11 EMPLOYEE COSTS		
Salaries and Wages - Non-Training Staff	49,449,195	30,432,586
Salaries and Wages - BOG-Training Staff	-	17,662,090
Travel, Motor Car, Accommodation, Subsistence and other Allowances		
Housing benefits and allowances		
Overtime payments		
Performance and other bonuses		
Social Contributions		
Total Staff Costs	49,449,195	48,094,676
12 BOG MEMBERS EXPENSES		
Sitting Allowances	7,845,430	1,630,825

NAIROBI TECHNICAL TRAINING INSTITUTE

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		2021 KSH	2021 KSH
	Transport	366,000	80,000
	Accommodation	1,309,500	1,286,502
	Training Expenses	0	2,813
	Total Staff Costs	9,520,930	5,810,697
13	REPAIRS AND MAINTENANCE		
	Maintenance of Buildings	14,696,705	7,427,425
	Equipment and Machinery	6,246,989	
	Maintenance of Plant & Equipment	4,774,024	
	Maintenance of Water Supplies	516,538	
	Total Repairs and Maintenance	26,234,256	7,427,425
14	CONTRACTED SERVICES		
	Other Services	605,960	523,917
	Total Contracted Services	605,960	523,917
15	FINANCE COSTS		
	Bank Charges (current Accounts)	606,052	714,144
	Total Finance Costs	606,052	714,144
16	Mentoring Institutions		
a	Construction		
	Kamukunji TVC Operations		
	Oi Kalau TVC	12,147,529	25,100,670
	Narok TVC		15,673,228
	Gilgil TVC	11,000,000	25,099,474
		23,147,529	65,873,372
b	Supervision of Projects		

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		2021 KSH	2021 KSH
	Narok TVC	360,000	269,200
	Olkalau TVC	1,036,900	290,580
	Gilgil TVC	561,000	317,000
	NTTI	1,132,204	
		3,090,104	876,780
c	Operations		
	Wajir TVC	1,550,000	2,041,780
	Kamukunji TVC	2,380,024	420,691
	Narok TVC	323,873	
		4,253,897	2,462,471
	Total Supervision	7,344,001	3,339,251
d	Purchase of Furniture for TTI's		19,326,600
	Total Mentoring of Projects	30,491,530	88,539,223
17	CASH AND CASH EQUIVALENTS		
	Current Account	168,597,729	183,718,675
	Savings Accounts	21,809,159	63,768,060
	On - Call Deposits	-	
	Fixed Deposits Account	-	
	Others (Specify)	5,563,681	83,895
	Total Cash and Cash Equivalents	195,970,570	247,570,630
17	(a) DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS		
	(a) Current Account		
	Kenya Commercial Bank - : 1107678412	57,655,542	52,290,992
	National Bank - Main Account I : 01003002837301	89,310,378	109,933,022
	- Fund Account II : 01003002837300	2,469,748	2,959,062
	Equity Bank Limited : 0910263423332	865,934	641,426
	Cooperative Bank of Kenya Limited : 01129070020700	16,224,585	235,814

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		2021 KSH	2021 KSH
	Olkalau Techn. & Voc. College : 1260303470	400	7,379,595
	Narok Tech, Voac. College : 1260306356	1,176,127	1,848,750
	Gilgil Tech. & Voc. College : 1260304280	895,016	8,430,014
	Sub-Total	168,597,729	183,718,675
	(b) Savings Accounts		
	National Bank - Rental Savings : 01241003414500	5,461,300	3,948,654
	01241003414700 - NTTI AC Fund :	4,778,606	351,472
	01242003387600 - Caution Money A/C :	9,254,823	8,256,273
	01241003414800 - NTTI Exams AC :	2,314,431	51,211,661
	Sub - Total	21,809,159	63,768,060
	Cash in Hand		83,895
	M-pesa	5,563,681	
	Sub - total	5,563,681	83,895
	Grand Total	195,970,570	247,570,630
18	RECEIVABLES FROM EXCHANGE TRANSACTIONS		
	27(a) Current Receivables		
	Student Debtors	154,764,638	54,472,899
	Staff Advance (Ephrahim Wesonga)	10,000	
	Sub - Total	154,774,638	54,472,899
	Less Impairment Allowance (5%)	7,738,732	2,723,645
		147,035,906	51,749,254
19	INVENTORIES		
	Consumable Stores	1,954,873	3,153,185
	Total Inventories at Lower of Cost and net realizable Value	1,954,873	3,153,185
20	(a) Property Plant and Equipment (As per schedule)		

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	2021 KSH	2021 KSH
Land	2,600,000,000	2,600,000,000
Buildings	452,640,061	447,708,342
Plant Machinery & Equipment	144,430,688	215,328,488
Motor Vehicles	11,250,897	20,730,000
Computers	6,587,313	2,593,339
Furniture	6,094,323	2,415,367
Intangible Assets	0	3,705,060
Work in Progress	23,147,529	13,093,152
	3,244,150,811	3,305,573,748
(b) Depreciation and Amortization		
Buildings	9,258,266	9,320,578
Property, plant and equipment	21,893,325	26,800,780
Motor Vehicles	6,309,844	7,860,000
Computers	2,832,270	1,754,931
Furniture	229,634	294,905
Intangible Assets	193,410	2,190,420
	40,716,749	48,221,614
NB Appendix V		
21 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
Fees Paid in Advance	66,500,250	62,530,911
Health & Appl. Sc./Admin. Complex Retention	7,378,258	1,309,315
Six Class Rooms Retention		486,163
Olkalau TVC Retention	3,383,347	2,510,067
Gilgil TVC Retention	3,257,165	2,509,948
Provision for Audit Fees	1,000,000	1,000,000
Narok TVC Retention		1,448,750
Total Trade and Other Payables	81,519,020	71,795,154
22 CASH GENERATED FROM OPERATIONS		
Surplus for the Year before Tax	62,925,297	9,156,015
Adjusted for:		

NAIROBI TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

		2021 KSH	2021 KSH
	Depreciation	40,716,749	48,221,615
	Non-Cash Grants Received	-	
	Contributed Assets		
	Impairment	-	
	Gains and losses on disposal of assets		2,287,500
	Contribution to provisions		
	Contribution to impairment allowance		
	Finance Income	-	
	Finance Cost		
	Working Capital Adjustments		
	(Increase)/Decrease in Inventory		(800,847)
	Increase/(Decrease) in Receivables		53,569,099
	Increase/(Decrease) in Payables		48,662,669
	Increase in Payments Received in Advance	-	
	Net Cash flow from operating Activities	103,642,046	161,096,051
23	Revenue Reserves		
	Reserves brought forward	188,947,937	179,791,922
	(Deficit) /Surplus for the Year	62,925,297	9,156,015
	Reserves carried forward	251,873,234	188,947,937
24	Accumulated Reserves		
	Reserves brought forward	3,347,303,725	3,347,303,725
	Conditional Grants Received	6,933,334	
	Transfers during the Year	-98,517,153	
	Reserves Carried forward	3,255,719,906	3,347,303,725


NAIROBI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021
APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

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)
	Property, plant and equipment- Balance unsupported	Management has invited the ministry of public works to value the assets	Principal	Unresolved	

Guidance Notes:

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



GLORY K. MUTUNGI (MRS)
CHIEF PRINCIPAL/SECRETARY BOG

Date.....30/09/2021.....

NAIROBI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

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

	Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements
1	Construction of Health & Applied Science Tuition Block		GOK/BOG	52 WEEKS			YES
3	Construction of Gilgil TVC		GOK	52			YES
4	Construction of Olkalou TVC		GOK	52			YES

Status of Projects completion

		Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	OLKALAU TVC	52,340,940.00	34,769,599.00	80%	33,466,667.00	18,874,273.00	GOK
3	GILGIL TVC	60,342,783.00	32,571,651.00	85%	33,466,667.00	26,876,116.00	GOK
4	HEALTH & APPLIED SCIENCES TUITION BLOCK	42,548,591.30	35,170,333.11	80%	42,548,591.30	7,378,258.19	BOG/GOK

NAIROBI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

APPENDIX III: INTER-ENTITY TRANSFERS

Break down of Transfers from the State Department of Vocational Training				
FY 20/21				
		<u>Bank Statement Date</u>	<u>Amount(Kshs)</u>	<u>Indicate the FY to which the amounts relate</u>
a	Recurrent Grants			
	A in A capitation	06.11.2020	44,122,500.00	
	Operation Wajir	06.11.2020	500,000.00	
	Operation Kamukunji	06.11.2020	500,000.00	
	Operation Narok	09.11.2020	500,000.00	
	A in A capitation	12.02.2021	44,122,500.00	
	Operation Wajir	22.02.2021	500,000.00	
	Operation Kamukunji	22.02.2021	500,000.00	
	Operation Narok	22.02.2021	500,000.00	
	Operation Kamukunji	30.03.2021	500,000.00	
	Operation Wajir	30.03.2021	500,000.00	
	Operation Narok	30.03.2021	500,000.00	
	A in A capitation	30.03.2021	31,102,500.00	
	A in A capitation(kttc students)	30.06.2021	11,002,500.00	
	Operation Wajir	30.06.2021	500,000.00	
	Operation Narok	30.06.2021	500,000.00	
	A in A capitation(Kamukunji)	30.06.2021	555,000.00	
	A in A capitation	30.06.2021	35,602,500.00	
			172,007,500.00	
b	Development Grants			
	Narok south tvc	24.6.2021	4,251,247.00	
	Gilgil TVC	30.9.2021	3,466,667.00	
	Olkalau TVC	30.9.2021	3,466,667.00	
			11,184,581.00	
	Gross		183,192,081.00	

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

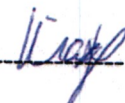
 Finance Officer
 Nairobi Technical Training Institute

 Head of Accounting Unit
 State Department for Technical
 And Vocational Training.
 Ministry of Education

Sign _____



Sign _____



NAIROBI TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

6 B) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES						
Name of the Entity Sending the Grant	Amount Recognized to Statement of Comprehensive Income	Amount Deferred under deferred Income	Amount Recognized in Capital Fund	Total Grant Income During the Year	Prior Year 2019/2020	

APPENDIX V: FIXED ASSETS SCHEDULE

Property, Plant and Equipment	Land	Buildings	Plant, Machinery and Equipment	Motor Vehicles	Computers	Furniture	Intangible Assets	Work in Progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh
		2.00%	10.00%	25%	30%	10%	10.00%		
COST									
Cost as at 1st July 2020	2,600,000,000	432,180,000	215,208,826	24,283,125	5,862,850	2,296,336	1,934,102		3,281,765,239
Additions									
for the Year		48,038,905	3,794,501	3,987,616	6,813,164	4,561,304		23,147,529	90,343,019
Valuations for the Year									
Disposals in the Year									
Gain(Loss on Disposal									
Cost as at 30 June 2021	2,600,000,000	480,218,905	219,003,327	28,270,741	12,676,014	6,857,640	1,934,102	23,147,529	3,372,108,258
Depreciation As at 1st July 2020									
Charge for the year		18,320,578	52,679,314	10,710,000	3,256,431	533,683	3,596,340		89,096,346
Disposal During the Year									
Depreciation as at 30 June 2021		27,578,844	74,572,639	17,019,844	6,088,701	763,317	1,934,102		127,957,447
Book Value as at 30th June 2021									
Net Book Value as at 30 June 2021	2,600,000,000	452,640,061	144,430,688	11,250,897	6,587,313	6,094,323	-	23,147,529	3,244,150,811