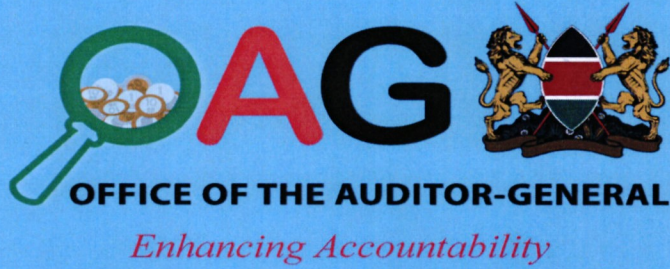


REPUBLIC OF KENYA



REPORT

PARLIAMENT
OF KENYA
LIBRARY

THE NATIONAL ASSEMBLY	
PARLIAMENT BUILDING NAIROBI	
DATE:	05 JUL 2023
	DAY: Wednesday
TABLED BY:	Hon. Kimani Ichung'wa (leader of the Majority Party)
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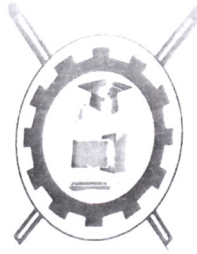
OF

THE AUDITOR-GENERAL

ON

**MANDERA TECHNICAL
TRAINING INSTITUTE**

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



TEKNOLOJIA NA UFANISI

OFFICE OF THE AUDITOR GENERAL
NORTH EASTERN REGIONAL OFFICE
05 APR 2023
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MANDERA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30TH JUNE 2022



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I. Key Entity Information and Management

(a) Background information

Mandera Technical Training Institute was established under the TVET Act 2013 on 28 January 2016. The institute is located (North West of Mandera East Sub-County) in the peripheral areas of the town of Mandera County Headquarters. It was established in 2016 as a Technical Training Institute to provide technical training for the middle level man power for both the private and public sectors of the economy. The trainees in the institute are drawn from fresh secondary school leavers, graduates from other tertiary institutions, employees on part-time release basis and the informal (Jua Kali) sector. The Institution operates under the Education Act and offers curriculum developed by the Kenya Institute of curriculum development (KICD), the National Industrial Training Authority (NITA) and Kenya Accountants and Secretaries National Examination Board (KASNEB). The institution offers courses at Artisan, Craft and Diploma levels in electrical and business department. The courses are taught either part-time, fulltime or open distance learning.

(b) Principal Activities

The principal activity of Mandera Technical Training Institute is to produce graduates with competent skills that meet the dynamic demand of the industry.

Vision

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

Mission

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

(c) Key Management

Mandera Technical Training Institute day-to-day management is under the following key organs:

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

(d) Fiduciary Management

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

No.	Designation	Name
1.	Principal	Mr. Jabir Ahmed Abdirahman
2	Deputy principal	Mr. Bosire Vincent Maroro
3	Registrar (s)	Mr. Benard Kipkoech Rop
4	Head of Finance	Mr. Abdiaziz Hussein Hassan

(e) Fiduciary Oversight Arrangements

Mandera Technical Training Institute has no key fiduciary oversight arrangements

Key Entity Information and Management (Continued)

(a) Entity Headquarters

Mandera Technical Training Institute
P.O. Box 257-70300
Mandera –Kenya
Neboi Shopping Centre, Mandera- Khalalio-Aresa- Rhamo Road
Mandera –Kenya

(b) Entity Contacts

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

(c) Entity Bankers

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

(d) Independent Auditors

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

(e) Principal Legal Adviser





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

II. Board of Governors

No.	Member/ Director	Details
1.	Alinoor Mohamed Ali	Experience Chief officer Finance –Mandera county
2.	Ugas Nuh Maalim	Bachelor of education (early childhood education) Deputy manager mandera east constituency office
3.	Halima Ali Mayow	Bachelor of commerce, Finance option from university of Nairobi Diploma in business administration and diploma in front office operations Currently assistant director, Administrative services, office of governor, mandera county government
4.	Abass Maalim Mohamed	MSc agriculture and rural development, BSc horticulture and diploma in horticulture August 2015- to date – member, Kenya Strategic Food Reserve Oversight Board October 2006- to date coordinator, consortium of cooperating partners (cocop) – the mandera county implementing partner for World Food Program (WFP) Served as district agriculture officer, wajir (2006), emergency relief operations coordinator, arid lands resource management project II (2004 – 2006), assistant field coordinator, Oxfam Quebec, mandera (2007 – 2003)
5.	Abdi Adan Abdille	Bachelor of business management (BBM) , national diploma in water engineering technology , certified technician water engineering

		<p>Currently Ag. Deputy director, water and natural resources, mandera county government</p> <p>Served as sub county water officer, (2013-2014) resident water engineer (2011 – 2015)</p>
6.	Adala Enos Otieno	<p>Bachelor of business management (BBM) supplies and procurement, higher diploma in community development and project management and diploma in community development and project management</p>
7.	Abdi Mohamed Ali	<p>Chief officer Education mandera county</p> <p>Bachelor of business management (BBM)</p>
8.	Hassan Sharif Hassan	<p>MBA- masters of business administration human resource</p> <p>BSc health systems management, Kenya registered community health nurse</p> <p>Current county coordinator, Kenya Red Cross society and United Nation Funds Population Assistance (UNFPA) from September 2015 to date.</p> <p>Secretary, mandera county Kenya red cross society</p>
9.	Yussuf Mohamed Kassim	<p>MBA- masters of business administration human resource</p> <p>Current work experience- County Director- Mander county</p>
10.	Jabir Ahmed Abdirahman	<p>Bachelor of Education</p> <p>Principal Mander TTI</p>

III. Management Team

No.	Member/ Director	Details
1.	 Mr. Jabir Ahmed Abdirahman	Principal
2.	 Mr. Bosire Vincent Maroro	Deputy Principal
3.	 Mr. Benard Kipkoech Rop	Registrar
4.	 Mr. Abdiaziz Hussein Hassan	Ag. Finance Officer

IV. Chairman's Statement

It is our responsibility to provide the required leadership in designing suitable plans and strategies that will contribute to high and sustainable socio-economic development. It is our undertaking to ensure that Manderla TTI has a credible Strategic Plan and Performance Contract that will deliver the desired goals.

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

The Strategic Plan of Manderla Technical Training Institute (MTTI) has been developed through an all-inclusive participatory process. It articulates the Institute's Vision for Kenya's TVET System and identifies the strategic imperatives to be implemented during the next five years. It goes on to prioritize specific resources upon which the college will be focused.

The Strategic Plan is developed in the context of increasing global competitiveness and the needs of Kenyan within Kenya Vision 2030. The underpinning values are inclusion, participation and relevance. In line with this, the Institute's priorities include tackling the various existing challenges especially given the fact that our college is in the Arid and Semi - arid Areas (ASAL).

Through Strategic Planning the Institute seeks to provide relevant knowledge and skills that addresses the needs of the domestic and global economy.

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

The college is committed to gradually introduce Competency Based Education and Training (CBET) with a major focus on infusing industry expectations in our training methodologies. In this regard, the Plan proposes a systematic facet of issues from which pertinent objectives are realized and addressed through derived strategies.


To provide appropriate evidence to Kenya's decision makers, MTTI should complement the efforts of the Government's Poverty Reduction Strategy; and its development objectives as articulated in various official policy documents. Strategic Planning of MTTI is expected to lead to the realization of a wide range of other important benefits including, increasing entrepreneurship, economic growth, enhanced productivity across sectors and increased income per capita. The Government recognizes that MTTI holds a vital key to implementation of the "Big four" initiatives and other national priorities in order to improve the quality of life of Kenyans and making Kenya globally

competitive. The "Big Four" prioritizes on affordable housing, manufacturing, food security and affordable universal health care.

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

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

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


MR. ABDI ADAN ABDILLE
For **CHAIRMAN, BOARD OF GOVERNORS**

V. Report of the Principal

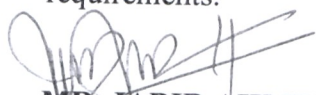
In the global arena, Science, Technology and Innovation (ST& I.) is the driver for rapid world's economic prosperity, social development and provision of tools and solutions to address global challenges. For this reason, the government through the Ministry of Education has strengthened the focus of Science,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

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

The government has therefore embraced Science, Technology and Innovation and Technical Education (TE) as one of its top priorities.

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

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



MR. JABIR AHMED ABDIRAHMAN
PRINCIPAL

VI. Report of the Board of Governors

The Board members submit their report together with the financial statements for the year ended June 30, 2022 which show the state of the *Mandera Technical Training Institute* affairs.

Principal activities

The principal activities of the entity are to provide quality technical Education

Results

The results of the entity for the year ended June 30 are set out on page 57 There was no report to that effect.

Board of Governors

The members of the Board who served during the year are shown on page vi. During the year no director retired/ resigned and no was appointed.

Auditors

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

By Order of the Board

.....

Secretary of the Board

Nairobi

Date:

VII. Statement of Board of Governors Responsibilities

Section 81 of the Public Finance Management Act, 2012 and (section 14 of the State Corporations Act, and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013) require the Board members to prepare financial statements in respect of that Manderu TTI, which give a true and fair view of the state of affairs of the Manderu TTI at the end of the financial year/period and the operating results of the Manderu TTI for that year/period. The Council members are also required to ensure that the Manderu TTI keeps proper accounting records which disclose with reasonable accuracy the financial position of the Manderu TTI. The council members are also responsible for safeguarding the assets of the Manderu TTI.


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

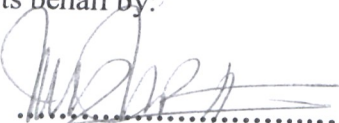
The Council members accept responsibility for the Manderu TTI financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner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

Nothing has come to the attention of the Council members to indicate that the Manderu TTI 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 Manderu Technical Training Institute financial statements were approved by the Board of Governors on 27th February 2023 and signed on its behalf by:


Name: ABDI ADAN ABDILLAHI


Name: Abdi Ahmed

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON MANDERA TECHNICAL TRAINING INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

Adverse Opinion

I have audited the accompanying financial statements of Manderu Technical Training Institute set out on pages 11 to 36, which comprise the statement of financial position as

at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information, in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, because of significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of the Manderu Technical Training Institute as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis), and do not comply with the Public Finance Management Act, 2012 and the Technical and Vocational Education and Training Act, 2013.

Basis for Adverse Opinion

1. Non-Submission of the Financial Statements for Prior Years

Review of strategic plan and other organizational establishment records revealed that the Institute was established on 28 January, 2016 and started full operations in the financial year 2018/2019. However, the Board of the Institute did not submit annual financial statements for the financial years 2018/2019, 2019/2020 and 2020/2021 to the Office of the Auditor-General for audit, contrary to Section 47(1) of the Public Audit Act, 2015, which states that the financial statements required under the Constitution, the Public Finance Management Act, 2012 and any other legislation, shall be submitted to the Auditor-General within three months after the end of the fiscal year to which the accounts relate.

In the circumstances, the accuracy and validity of opening balances disclosed in the financial statements could not be confirmed.

2. Presentation and Disclosure of the Financial Statements

Review of the financial statements revealed that the Management did not comply with the Public Sector Accounting Standards Board Reporting Template (Revised 2022) for Technical and Vocational Education and Training (TVETs) prescribed by the Accounting Standards Board to the extent outlined below:

- i. Under Section II on Board of Governors, passport size photographs for members of the Board of Governors were not inserted as required.
- ii. The report of the Board of Governors is not signed by the Secretary of the Board.
- iii. The ICPAK membership number of the acting Finance Officer who signed the financial statements is not indicated.
- iv. The statement of comparison of budget and actual amounts reflects differences between budget and actual amounts of more than 10% (10% over/under) whose explanatory notes are not provided as required.

Therefore, Management contravened Section 81(3) of the Public Finance Management Act, 2012, which requires Accounting Officers to prepare the financial statements in a form that complies with the relevant accounting standards prescribed and published by the Accounting Standards Board from time to time.

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

3. Unsupported Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions balance of Kshs.21,738,590 which, as disclosed in Note 15 to the financial statements, relates to student debtors. The supporting schedule provided indicated students with huge outstanding fee balances. However, individual student schedule of accumulated fee balances indicating the period of non-payment, amount charged per semester, amount paid, amount outstanding, Institute's fees payment policy and fees' structure documents in support of the balance were not provided for audit.

In the circumstances, the accuracy and completeness of receivables from exchange transactions balance of Kshs.21,738,590 could not be confirmed.

4. Unsupported Trade and Other Payables from Exchange Transactions

The statement of financial position reflects trade and other payables from exchange transactions balance of Kshs.3,174,618 whose supporting schedule analyzing invoice numbers, dates, amounts, nature of goods and services supplied or provided to the Institute, name of suppliers and local purchase orders or local service orders, was not provided for audit. In addition, aging analysis was not prepared.

In the circumstances, the accuracy and completeness of trade and other payables from exchange transactions balance of Kshs.3,174,618 could not be confirmed.

5. Non-Disclosure of Institutes' Property, Plant and Equipment

The financial statements do not disclose property, plant and equipment, contrary to the requirements of Paragraph 89 of IPSAS 17 which states that when an entity adopts the accrual basis of accounting, as defined by International Public Sector Accounting Standards, for financial reporting purposes, subsequent to this effective date, this Standard applies to the entity's annual financial statements covering periods beginning on or after the date of adoption.

In addition, the Institute Management did not maintain a fixed asset register in a format prescribed by The National Treasury Circular No.5/2020 of 25 February, 2020 on preparation of fixed asset and liability registers for public entities.

In the circumstances, it was not possible to establish the types and values of property, plant and equipment held by the institute.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Manderu 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 adverse 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 revenue budget and actual on comparable basis amounts of Kshs.26,322,000 and Kshs.17,741,630 respectively, resulting to an underfunding of Kshs.8,580,370 (or 33% of the budget). Similarly, the Institute spent Kshs.18,509,741 against approved budget of Kshs.26,322,000, resulting to an under-expenditure of Kshs.7,812,259 (or 30% of the budget).

The underfunding and under-expenditure affected planned activities and may have adversely impacted on service delivery to students, workers and other stakeholders.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Non-Compliance with the Budget - Formulation and Implementation Process

Review of the budget documents for the year ended 30 June, 2022 revealed that the budget estimates of revenue and expenditure did not differentiate between recurrent and development expenditure, contrary to Regulation 31(1) which states that the Accounting Officer shall ensure that the draft estimates relating to her or his department are prepared in conformity with the Constitution, the Act and these Regulations.

Further, the budget estimates of revenue and expenditure recommended by the Board of the Institute totalling Kshs.26,322,000 was incurred without a vote book contrary to Regulation 38(2) of the Public Finance Management (National Government)

Regulations, 2015, which states that the Accounting Officers shall make necessary entries in their books in respect of the amount of the vote on account approved.

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

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements 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, because of the significance of the matters discussed in the Basis for Adverse Opinion, Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources and Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, based on the audit procedures performed, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Lack of Human Resource Policy and Approved Staff Establishment

During the year under review, the Institute did not have a documented Human Resource policy and operated without approved staff establishment that indicates the optimal number of staffs for each category, the number in post and the variance.

In the absence of an approved staff establishment, it was not possible to know whether the Institute was operating within optimal levels of staff establishment.

2. Lack of Key Policy Documents

Review of strategic plan and other organizational establishment records provided for audit revealed that the Institute was established on 28 January, 2016 and started full operations in the financial year 2018/2019. However, the Institute lacked important documents that were critical for the conduct of the day-to-day transactions such as accounting registers, ICT policy manual, code of ethics manual, finance policy manual, strategic plan and imprest registers.

In the circumstances, it was not possible to establish how strategic objectives of the Institute were achieved.

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

Responsibilities of Management and 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 governance.

In preparing the financial statements, Management is responsible for assessing the Institute's ability to continue to sustain its service, 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 Institute's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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

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


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

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

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal 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

30 May, 2023

IX. Statement of Financial Performance for the year ended 30 June 2022

Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from other National Government entities	6	50,336,945	13,053,334
		50,336,945	13,053,334
Revenue from exchange transactions			
Rendering of services	7	6,014,130	2,966,920
Total revenue		56,351,075	16,020,254
Expenses			
Use of Goods and Services	8	8,420,533	4,947,477
Employee costs	9	7,791,528	5,779,004
Remuneration of Directors	10	268,000	220,000
Repairs and maintenance	11	2,029,680	371,290
Transfer to Lafey and Eldas TVCs	12	38,609,445	6,933,334
Total expenses		57,119,186	18,251,104
Other gains/(losses)		-	-
Surplus/deficit before Tax		(768,111)	(2,230,850)
Surplus/deficit for the period		(768,111)	(2,230,850)

The Financial Statements set out on pages 8 to 12 were signed by:

.....
Chairman of Board

Chairman of Board

Date 04/04/2023

.....
Ag. Finance Officer

Ag. Finance Officer

ICPAK No

Date 4/4/2023

.....
Principal

Principal


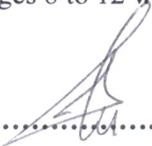

04/04/2023

Date

X. Statement of Financial Position as at 30th June 2022

Description	Notes	2021-2022 Kshs	2020-2021 kshs
Assets			
Current assets			
Cash and cash equivalents	13	678,163	1,552,423
Receivables from exchange transactions	15	21,738,590	12,467,450
Receivables from non-exchange transactions	16	4,117,500	-
Total Current Assets		26,534,253	14,019,873
Non-current assets		-	-
Total assets		26,534,253	14,019,873
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	17	3,174,618	2,740,532
Total current liabilities		3,174,618	2,740,532
Non-current liabilities		-	-
Total liabilities		3,174,618	2,740,532
Net assets		23,359,635	11,279,341
Finance by; Capital Grant	18	24,127,746	13,510,191
Accumulated surplus/deficit		(768,111)	(2,230,850)
Total Capital Grants and Reserves		23,359,635	11,279,341
Total net assets and liabilities		26,534,253	14,019,873

The Financial Statements set out on pages 8 to 12 were signed by:

		
Chairman of Council/Board	Ag. Finance Officer	Principal
	ICPAK No	04/04/2023
Date 04/04/2023	Date 4/4/23	Date

MANDERA TECHNICAL TRAINING INSTITUTE
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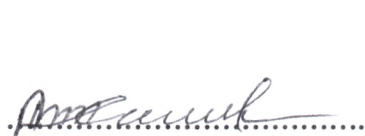
XI. Statement of Changes in Net Asset for the year ended 30 June 2022

Description	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/Development Grants/Expend	Total
	Ksh.	Ksh.	Ksh.	Ksh.	Ksh.
Balance b/f at July 1, 2020					
Revaluation gain	-	-	-	-	-
Fair value adjustment on quoted investments	-	-	-	-	-
Total comprehensive income	-	-	-	-	-
Capital/Development grants received during the year	-	-	330,802	-	330,802
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	-	-
Balance c/d as at June 30, 2021					
Balance b/f as at July 1, 2021	Ksh.	Ksh.	330,802	-	-
Revaluation gain	-	-	330,802	-	330,802
Fair value adjustment on quoted investments	-	-	-	-	-
Total comprehensive income	-	-	-	-	-
Capital/ Development grants received during the year	-	-	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	23,359,635	23,359,635
Balance c/d as at June 30, 2022	-	-	330,802	23,359,635	23,690,437

XII. Statement of Cash Flows for the year ended 30 June 2022

Description	Notes	2021-2022 Kshs	2020-2021 Kshs
Cash flows from operating activities			
Receipts			
Government grants and subsidies	6	50,336,945	13,053,334
Rendering of services	7	6,014,130	2,966,920
		56,351,075	16,020,254
Payments			
Employees Costs	9	7,791,528	5,779,004
Use of Goods and services	8	8,420,533	4,947,477
Board Expenses	10	268,000	-
Other payments- Repair and maintenance	11	2,029,680	-
Transfer to Lafey TVC	12	25,735,260	3,466,667
Transfer to Eldas TVC	12	12,874,185	3,466,667
Total payments		(57,119,186)	(17,659,814)
Net cash flows from operating activities		(768,111)	(1,639,560)
Cash flows from investing activities		-	-
Cash flows from financing activities		-	-
Net Increase/(Decrease) in Cash and Cash equivalents		(768,111)	(1,639,560)
Cash and Cash equivalents at 1 JULY		1,552,423	1,221,621
Cash and Cash equivalents at 30 JUNE		784,312	330,802

The Financial Statements set out on pages 8 to 12 were signed by:



Chairman of Council/Board

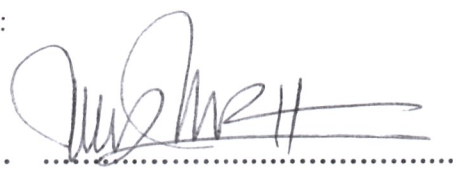
Date 04/04/2023



Ag. Finance Officer

ICPAK No

Date 4/4/2023



Principal

Date 04/04/2023

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VIII. Statement of Comparison of Budget & Actual amounts for the year ended 30 June 2022

Description	Original Budget		Adjustments		Final Budget		Actual on comparable base		Performance Difference		Utilization Difference	
	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	%
Revenue												
Transfers from other govt entities and govt grants - SD-TVET	9,144,000	-	-	9,144,000	11,727,500	-2,583,100	-28%					
Rendering of services- fees from students	17,178,000	-	-	17,178,000	6,014,130	11,163,870	65%					
Total Income	26,322,000	-	-	26,322,000	17,741,630	8,580,370	33%					
Expenses												
Compensation of employees	9,792,180	-	-	9,792,180	7,791,528	2,000,652	20%					
Use of goods and services	12,009,820	-	-	12,009,820	8,420,533	3,589,287	30%					
Repairs and maintenance	520,000	-	-	520,000	2,029,680	1,509,680	-290%					
Remuneration of directors library - development	1,000,000	-	-	1,000,000	268,000	732,000	73%					
	3,000,000	-	-	3,000,000	-	3,000,000	100%					
Total Expenditure	26,322,000	-	-	26,322,000	18,509,741	7,812,259	30%					
Surplus For the Period (Budget notes)												
	-	-	-	-	-768,111	768,111						

1. Movement of Repair and maintenance is due to pending bill of Repair FY: 2020-2021

XIV. Notes to the Financial Statements

1. General Information

Mandera TTI is established by and derives its authority and accountability from PFM Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is providing technical education.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *Mandera TTI* accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 8,11 and 12.

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

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

3. Adoption of New and Revised Standards

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2022.

IPSASB deferred the application date of standards from 1st January 2022 owing to covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

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ii. **New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.**

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Mandera TTI future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Mandera TTI risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p>Significance to the financial statements The standard had no impact in preparation of financial statements</p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Mandera TTI 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

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Standard	Effective date and impact:
	<p>(c) The impact of such social benefits provided on the Mandera TTI financial performance, financial position and cash flows.</p> <p>Significance to the financial statements The standard had no impact in preparation of financial statements</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Significance to the financial statements The standard had no impact in preparation of financial statements</p>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p> <p>Significance to the financial statements</p>

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Standard	Effective date and impact:
	The standard had no impact in preparation of financial statements
	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p>Significance to the financial statements</p> <p>The standard had no impact in preparation of financial statements</p>
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p>Significance to the financial statements</p> <p>The standard had no impact in preparation of financial statements</p>

iii. Early adoption of standards

Mandera TTI did not early-adopt any new or amended standards in year 2022.

iv. 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

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

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

Sale of goods

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

Interest income

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

Dividends

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

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

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 2021/2022 was approved by the Board on *07th July 2021*. 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. Accordingly, the Mander TTI has no recorded additional appropriations of *budget* on the FY 2021/2022 budget.

The Mander TTI 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.

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 ~~xxx~~ of these financial statements.

c) Taxes

Current income tax

Mander Technical Training Institute is exempted from income tax under Income Tax Act cap 470 Section 13(1), Part I of the First schedule (10)

Sales tax/ Value Added Tax

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

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

Notes to the Financial Statements (Continued)

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

d) Investment property

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

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

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

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

e) Property, plant and equipment

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

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

f) Leases

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

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

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

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

g) Intangible assets

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

h) Research and development costs

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

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

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

During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

i) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

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

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

i) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

j) Inventories

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

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

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

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

Inventories (Continued)

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

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

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

k) Provisions

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

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

Contingent liabilities

The Mandera TTI 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 Mandera TTI 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.

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

l) Nature and purpose of reserves

The Mandera TTI creates and maintains reserves in terms of specific requirements. (*Mandera TTI to state the reserves maintained and appropriate policies adopted*).

m) Changes in accounting policies and estimates

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

n) Employee benefits

Retirement benefit plans

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

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

o) Foreign currency transactions

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

p) Borrowing costs

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

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

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

q) Related parties

The Mandera TTI 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 Mandera TTI, or vice versa. Members of key management are regarded as related parties and comprise the directors, the Principal and senior managers.

r) Service concession arrangements

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

s) Cash and cash equivalents

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

t) Comparative figures

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

u) 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, 2022.

Notes to the Financial Statements (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Mandera TTI 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 Mandera TTI 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 Mandera TTI. 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 Mandera TTI
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

Provisions

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

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

MANDERA TECHNICAL TRAINING INSTITUTE
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Notes to the Financial Statements (Continued)

6. Transfers from other National Government entities (State Department of TVET)

Description	2021-2022	2020-2021
	Kshs	Kshs
Unconditional grants		
Operation grants	500,000	-
Capitation grants	11,227,500	6,120,000
Total unconditional grants	11,727,500	6,120,000
Conditional grants		
Learning facilities and Administration block- Lafey TVC	25,735,260	3,466,667
Learning facilities and Administration block- Eldas TVC	12,874,185	3,466,667
Total Conditional grants	38,609,445	6,933,334
Total government grants and subsidies	50,336,945	13,053,334

7. Rendering of Services

Description	2021-2022	2020-2021
	Kshs	Kshs
Tuition fees	1,685,000	983,000
Activity fees	-	-
Industrial attachment fees	17,000	18,000
Examination fees	2,531,630	588,520
Advance payment	20,000	-
Facilities and materials	1,760,500	587,600
Local Transport & Travelling	-	768,800
Others (Specify) - Medical	-	21,000
Total revenue from the rendering of services	6,014,130	2,966,920

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Notes to the Financial Statements (Continued)

8. Use of Goods and Services

Description	2021-2022	2020-2021
	Kshs	Kshs
Teaching and learning materials	837,950	367,180
Industrial attachment costs	-	-
Electricity	331,484	247,368
Water	544,900	609,000
Security	-	1,550
Professional and Consultancy services	23,000	2,000
Subscriptions	70,000	60,000
Advertising	118,036	99,000
Examination fees	2,155,410	971,200
Traveling and accommodation	884,100	758,650
Fuel and oil	431,000	15,060
Insurance	4,000	5,500
Firewood supplies	414,500	210,000
Foodstuff supplies	1,300,610	766,200
Postage	9,450	9,450
Printing and stationery	236,188	-
Hire charges	952,605	587,125
Telephone expenses	40,000	75,000
Internet expenses	30,000	21,000
Training expenses	-	-
Medical Expenses	1,850	40,700

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Bank charges	31,100	16,016
Other (Specify) - Hill view hotel HoDs meeting	4,350	85,478
Total good and services	8,420,533	4,947,477

9. Employee Costs

Description	2021-2022	2020-2021
	Kshs	kshs
Salaries and wages	7,243,422	5,235,054
Employee related costs - contributions to pensions and medical aids	123,350	131,950
Travel, motor car, accommodation, subsistence and other allowances	-	-
Housing benefits and allowances	-	-
Overtime payments	-	70,000
Performance and other bonuses	86,500	18,000
Social Contributions	338,256	324,000
Employee costs	7,791,528	5,779,004

10. Board Expenses

Description	2021-2022	2020-2021
	Kshs	Kshs
Chairman's Honoraria	-	-
Directors emoluments	-	-
Sitting allowances	268,000	150,000
Other allowances	-	70,000
Total director emoluments	268,000	220,000

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Notes to the Financial Statements (Continued)

11. Repairs and Maintenance

Description	2021-2022	2020-2021
	Kshs	Kshs
Property	1,817,680	371,290
Computers and accessories	212,000	-
Total repairs and maintenance	2,029,680	371,290

12. Transfer to mentor account

Description	2021-2022	2020-2021
	Kshs	Kshs
Lafey TVC	25,735,260	3,466,667
Eldas TVC	12,874,185	3,466,667
Total Transfer	38,609,445	6,933,334

13. Cash and Cash Equivalents

Description	2021-2022	2020-2021
	Kshs	Kshs
Current account	678,163	1,552,423
Total cash and cash equivalents	678,163	1,552,423

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

Description	2021-2022	2020/2021
	Kshs	Kshs
a) Current account		
Kenya Commercial bank (117776346)- Grant Account	654,393	1,492,884
Kenya Commercial bank (117775870)- Collection Account	23,610	59,539
Sub- total	678,003	1,552,423
cash in hand	160	-
Sub- total	160	-
Grand total	678,163	1,552,423

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Annual Report and Financial Statements for the year ended 30th June 2022

Notes to the Financial Statements (Continued)

15. Receivables from Exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Current receivables		
Student debtors	21,738,590	12,467,450
Total current receivables	21,738,590	12,467,450

16. Receivables from Non-Exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Receivables		
Capitation Grants	4,117,500	0

17. Trade and Other Payables from Exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Trade payables	3,174,618	2,740,532
Total Trade and Other Payables	3,174,618	2,740,532

18. Capital Grants

Description	2021-2022	2020-2021
	Kshs	Kshs
Unconditional Grants(National Government)		
Conditional Grants(National Government)		
Other- Capital Grant	23,359,635	
Total Capital Grants	23,359,635	

19. Related party balances

Description	2021-2022	2020-2021
	Kshs	Kshs
Lafey TVC	25,735,260	3,466,667
Eldas TVC	12,874,185	3,466,667
Total Related party balance	38,609,445	6,933,334

20. Property, Plant and Equipment

There is no actual value for Property, Plant and Equipment.

21. Events After the Reporting Period

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

22. Ultimate and Holding Entity

The Manderu TTI is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Education. Its ultimate parent is the Government of Kenya.

23. Currency

The financial statements are presented in Kenya Shillings (Kshs).

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XV. Appendices

Appendix I: Implementation Status of Auditor-General Recommendations

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

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

Guidance Notes:

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

.....

Name Jabir Ahmed A'
 Accounting Officer
 (Enter title of Head of entity)
 Date 04/04/2023

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Appendix III- Inter-Entity Confirmation Letter

[Insert your Letterhead]
MANDERA TECHNICAL TRAINING INSTITUTE
P O BOX 257-70300

The *CAPITATION* wishes to confirm the amounts disbursed to you as at 30th June 2022 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Reference Number	Date Disbursed	Amounts Disbursed by SD-TVET (Kshs) as at 30th June 2022				Amount Received by Mandera TTI (KShs) as at 30 th June 2021 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
	05/07/2021	500,000	26,232,660	-	26,732,660		
	18/11/2021	3,555,000	-	-	3,555,000		
	02/03/2022	3,555,000	12,376,785	-	15,931,785		
	03/06/2022	4,117,500	-	-	4,117,500		
Total		<u>11,727,500</u>	<u>38,609,445</u>		<u>50,336,945</u>	<u>13,053,334</u>	<u>37,283,611</u>

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

Head of Accountants department of beneficiary Entity:

Name Jabir Ahmad Al-Nabhan Sign [Signature] Date 04/04/2022

MANDERA TECHNICAL TRAINING INSTITUTE
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Appendix IV: Reporting of Climate Relevant Expenditures

Name of the Organization: MANDERA TECHNICAL TRAINING INSTITUTE
Telephone Number: 0723 172 746
Email Address: 257-70300
Name of Principal: Jabir Ahmed Abdirahman

There is no climate relevant Expenditures in the FY: 2021-2022

Appendix V: Disaster Expenditure Reporting Template

There is no disaster Expenditure in the FY: 2021-2022

