

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 27 JUN 2023	DAY: TUESDAY
TABLED BY: Hon. Owen Baya, MP Deputy Leader, Majority	
CLERK AT THE TABLE: Inzofu mwale	

PARLIAMENT
OF KENYA
LIBRARY

REPORT

OF

THE AUDITOR-GENERAL

ON

KIIRUA TECHNICAL TRAINING INSTITUTE

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



KIIRUA TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30TH JUNE 2022

KIIRUA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2022

KIIRUA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2022

Table of Contents

I.	KEY INSTITUTE INFORMATION AND MANAGEMENT	iii
I.	The Board of Governors	vi
II.	Management Team	vii
III.	Chairman’s Statement	viii
IV.	Report of the Principal	x
V.	Statement of Performance against Predetermined Objectives	xii
VI.	Corporate Governance Statement	xv
VII.	Management Discussion and Analysis	xxiii
	The institute’s operational and financial performance	xxiii
VIII.	Environmental and Sustainability Reporting Statement	xxvi
IX.	Report of the Board of Governors	xxix
X.	Statement of Board of Governors Responsibilities	xxx
XI.	Statement of Financial Performance for the year ended 30 June 2022	1
XII.	Statement of Financial Position as at 30th June 2022	2
XIII.	Statement of Changes in Net Asset for the year ended 30 June 2022	3
XIV.	Statement of Cash Flows for the year ended 30 June 2022	4
XV.	Statement of Comparison of Budget & Actual amounts for the year ended 30 June 2022	5
XVI.	Notes to the Financial Statements	6
XVII.	Appendices	29

I. KEY INSTITUTE INFORMATION AND MANAGEMENT

(a) Background information

Kiirua Technical Training Institute was registered in 1999 under the Ministry of Research - Technical Training and Technology and accredited in 2011 under the Ministry of Higher Education Science and Technology as a TVET Institution but currently operating under the ministry of Education Directorate of Technical Education. Kiirua Technical Training Institute is headed by a principal, who is responsible for the day running and general policy implementation in the institute. The principal is supported by the Board of Governors and Top Management team

(b) Principal Activities

The principal activity for Kiirua Technical Training Institute is to offer Technical and Vocational Education under TVETA Act 2013.

Vision

To be the Regional Leader in Technical Training Research and Innovation for Sustainable National Development and Global Competitiveness

Mission

To offer Technical Industrial Vocational and Entrepreneurial Training and undertake Research to produce Skilled, innovative and market Relevant Human Resource.

Core values

Kiirua Technical Training Institute is guided by the following and competences

- Integrity
- Teamwork
- Hard work
- Responsibility
- Innovativeness
- Self-Development
- Courtesy

(c) Key Management

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

- Board of Governors
- Accounting officer/ Principal
- Top Management
- Heads of Department
- Heads of Sections

(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(Former)	Latichia Mutiiria(to December 2022)
2	Principal(Current)	Jackson Mbae (from Jan 2022)
3	Deputy principal	Tabitha Mweti

KIIRUA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2022

No.	Designation	Name
4	Registrar	David Gituma
5	Dean of students	Gregory Murithi
6.	Guidance & Counselling	Richard Jeremiah Kavyu
7.	Head of Finance	Florence Mwimbi
8.	Head of Procurement	Agnes kajuju

(e) Fiduciary Oversight Arrangements

Kiirua Technical Training Institute is over sighted by the Development, finance and Internal committee, which approves quarter financial statements and reports before they are presented to the full board for approval and the committee is also charged with the responsibility of approving all development to be undertaken in the institute and submitting of quarterly financial reports and statements to the board of Governors and relevant government agencies such as National Treasury, Auditor General, Controller of Budgets and Commission of Revenue Allocation.

i) Finance, Development & Procurement committee:

Activities include planning and budgeting, evaluation, monitoring and implementation of planned activities.

ii) Risk and Audit committee:

Activities include checking internal control and ensuring that are implemented in the institute.

iii) Human Resource, Academic & Publicity Committee:

Activities include overseeing welfare of Students, Staff, Board Members, Institute Publicity & academic performance.

(f) Institute Headquarters

Kiirua Technical Training Institute
P.O. Box 1931-60200
Meru, Kenya

(g) Institute Contacts

Kiirua Technical Training Institute
Telephone: +254718621864
E-mail: kiiruatti@yahoo.com
Website: www.kiiruatti.ac.ke

(h) Institute Bankers

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

KIIRUA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2022

Other Commercial Banks

Co-operative Bank of Kenya
Meru Branch
Equity Bank Limited
Makutano – Meru Branch

(i) Independent Auditors











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

(j) Principal Legal Adviser

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





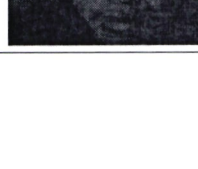
KIIRUA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2022

I. The Board of Governors

No	Name	Designation	Photos	Date of Birth & Qualification
1	Jackson Mbae	Current Principal / Board Secretary		Born: 1965 Bachelor's Degree in Education (science) and masters in theology
2	Latichia Mutiiria	Former Principal / Board Secretary		Born:28/11/1963 B. ED-Home economics
3	Mworia S. Karani	Board Chairman		Born:07/09/1956 Bachelor of Arc hitcher
4	Charles Kinyua Ikiara	Board Member		Born:14/09/1960 Masters - Banker
5	Fatuma Abdi	Board Member		Born:01/07/1973 Bachelor of education & counselling - Teacher
6	Rev. Daniel Lilah	Board Member		Born:10/08/1970 Bachelor of Education
7	Stella K. Wambeti	Board Member		Born:02/07/1978 Bachelor in computer science
8	Paul Wanyeki	Board Member		Born:31/03/1984 PHD – Mechanical Technology
9	Jennifer Murogocho	Board Member		Born:27/03/1957
8	Margaret Nduhiu	County Director TVET		Born:01/06/1964 Masters in educational Planning

KIIRUA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2022

II. Management Team

No	Name of the Staff	Responsibility	Photos	Date of birth & Qualifications
1	Jackson Mbae	Current Principal / Board Secretary		Born: 1965 Bachelor's Degree In Education (science) and masters in theology
1	Latichia Mutiiria	Former Principal		Born:28/11/1963 B.ED-Home economics
2	Tabitha Mwetii	Deputy Principal		Born:2/2/1966 M.ED Management
3	David Gituma	Registrar		Born:15/5/1968 BED - Business
4	Gregory Murithi	Dean of Students		Born:28/08/1976 MBA - Project Management
5	Jeremiah Kavyu	Guidance & Counselling		Born:09/01/1984 Higher Dip in electrical
6	Florence Mwimbi	Finance Officer		Born:1/8/1980 Certified Public Accountant

III. Chairman's Statement



I am pleased to report that Kiirua Technical Training Institute has continued to perform well in returning exemplary examination results of the Kenya National Examinations Council (KNEC). I take this opportunity to share with you my views on the key initiatives and achievements we have had over the year on economic performance, Education sector changes, financial performance, operations & risks associated with the institute, and lastly our future outlook.

Economic Focus

In order to ensure efficient and effective provision of Technical Vocational Training, we have developed necessary policies and institutional framework to direct the running of the institute in line with vision 2030, the Big 4 Agenda and Sustainable Development Goals. In the recent past, the institute has experienced tremendous growth in student enrolment from which we have projected an average of 25% annual growth for 2022, based on the current 900 in 2022 from that of 1100 students in 2021.

We thank the Government of Kenya for providing state-of-the-art training equipment, capitation and employment of trainers by the Public Service Commission that have greatly contributed toward increased student enrolment and improved quality of training thus enabling the institute align her graduates with regional and global trends and innovation.

Successes

During the year, we witnessed a positive growth in student enrolment owing to reduction in fees payable as a result of Government Capitation approach ensuring affordable technical and vocational training to every secondary school graduate on meeting required threshold to join post-secondary school training. The initiative of capitation by the government has so far been successful and the future looks quite bright indeed for the prospect of trainers.

During the year, the institute managed to complete the construction of the masonry workshop, ablution block and the roofing the walk-way from the classes to the kitchen and hostel.

The construction of the Igembe south TVC and Lakiapia West TVC is also almost 100 % complete and the ministry has posted the pioneer principal to the 2 TVCs.

In the spirit to excel, we endeavour to be a center of Excellence in scientific, technological, training and innovation so as to produce competent graduates who are capable of integrating the acquired skills in nation building in line with Vision 2030 and the Big4 Agenda (i.e., food security, affordable housing, universal health and manufacturing). To this end, Kiirua Technical Training Institute has continuously participated in regional trade fairs & exhibitions whereby trainees have exhibited their patentable innovations in all of the Big 4 Agenda that have won them many trophies.

Challenges faced

The technical training sector presents plenty of opportunities as well as risks, both of which need to be analyzed in order to deliver sustainable long-term returns, without compromising training outcomes.

During the year, the effect of Covid -19 pandemic brought about a financial challenge to the institute. However, we faced the challenge positively and addressed the issues at hand.

KIIRUA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2022

Kiirua Technical Training Institute has developed an enterprise risk management policy and framework to ensure that our activities are aligned with our strategic plan objectives. The Board of Governors regularly reviews risks identified - such as competition, information & communications technology and credit and operations; and how the risks involved can be mitigated by various risk owners.

Outlook

I am indeed deeply indebted to the members of the Board of Governors for their unwavering support, commitment and futuristic outlook towards realizing the institute's objectives in line with its strategic plan and core mandate of offering market-driven programme. The institute board is composed of members who have diverse qualifications and experience. I unreservedly assure all our stakeholders that we at Kiirua Technical Training Institute shall remain focused, committed and consistent in the delivery of opportunities and accountably availing of resources to both trainers and trainees within the Government framework of accountability, corporate governance and ethical sustainability. Going forward Kiirua Technical Training Institute is committed to working closely in collaboration with, other like-minded entities, institutes, agencies and any other bi-lateral & multi-lateral agencies involved in technical and vocational training to ensure that our trainees continue to receive Competency Based Training.

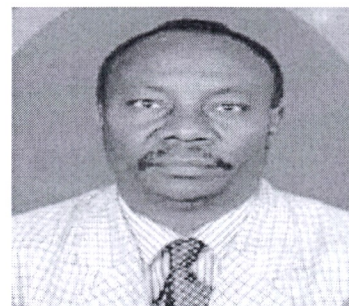
Lastly, I would like to whole-heartedly thank my fellow members of the Board of Governors, Management, team of trainers and non-trainers, Trainees - and all other stake-holders for their co-operation, collaboration, continued support and commitment during this period under review.



Mworira S. Karani
Chairman: Board of Governors

IV. Report of the Principal

Kiirua Technical training Institute is well placed to providing adequate and relevant training to her graduates that will enable them to contribute towards the attainment of our country's Vision 2030 strategic objectives. In furtherance of our mandate therefore, we have committed ourselves to consistently and regularly review, improve and consolidate our academic programs in several ways that will ensure their competitiveness in terms of quality and relevance.



With the guidance of the Governing board, we worked hard in setting up structures and policies aimed at guiding the institution in the right strategic direction. Under my leadership and the overall direction of the Institute's board we were able to be in the forefront in ensuring that financial resources were utilized efficiently and effectively. Despite the many challenges brought about by economic constraints, the Institute nevertheless continued to discharge its mandate of training, research and outreach.

HIGHLIGHTS OF FY 2021/2022 PERFORMANCE

The Financial Year 2021/2022 started on a high note with the Government keen to ensure TVET Institutions absorb as many trainees as possible.

In a move to boost student enrolment, the Government emphasized on sustenance of Capitation to the tune of Ksh. 30,000/= p.a for those joining and continuing students in all TVET Institutions. Annual students fee remained capped in all TVET at Ksh. 56,420/= with the Government pledge of Ksh. 30,000/= capitation, while encouraging the needy students to apply for HELB Loans & bursaries to cater for the balance of Ksh. 26,420/=

Other notable observation includes:

Students Enrolment;

FY 2021/2022 enrolment was met with a challenge of the COVID - 19 pandemic that led to disruption of the normal academic calendar. This affected the May and September intake due to change of the KCSE exam session from November to March. This kept the May Intake students waiting till the end of the FY thus closing the year at 1100 students that was below the expected enrolment for the year.

Projects Undertaken

During the Financial Year under review, The Board managed to complete the construction of the masonry workshop, ablution block and the roofing the walk-way from the classes to the kitchen

KIIRUA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2022

and hostel through saving realised in the internally generated fund. This have seen the institute introduce new academic programmes that have boasted the student population ultimately growing the institute revenue stream

The construction of the Igembe south TVC and Lakipia West TVC is also almost 100 % complete and the ministry has posted the pioneer principal to the 2 TVCs.

Departmental Equipment:

The institute is sincerely grateful to the Government for equipping the electrical department with the state-of-the-art Training equipment. Through the institute internally generated revenue, we have managed to other departments with training equipment and materials.

Contribution to the Big 4 Agenda

The institute continues to equip its students with the relevant competency and skills, as Artisans, Craftsmen and technicians. I have confidence that our students are well equipped with the necessary skills that strategically align them with opportunities within the country, regionally and globally at the same time contributing to the realization of the Big 4 Agenda: Health, Manufacturing, Affordable Housing and Food security.

Kiirua Technical Training Institute being a tertiary institution desires to enhance its visibility, performance, and competitiveness in the tertiary education sector in the face of stiff competition. To do so, however the institute requires a lot of support from the Government and other stakeholders in terms of funding, material support and other contributions. We shall continue to appeal for such support for several years to come as the institute still growing and needs the facilities that can accommodate the raising number of trainees

On behalf of the institute Board and Management, I take this opportunity to thank the Government for its unequivocal support during the year under review.

I also appreciate the financial, material and moral support of our collaborators, partners and friends during the year. It is because of the understanding and guidance of the Chairman of the Board as well as the cooperation of the Management team, all staff and our trainees that we ended the year within an environment of peace and stability. I wish to register my sincere gratitude to them all.

I look forward to their continued support in the new financial year and the years ahead.


Jackson Mbae

Principal/Secretary of the Board

KIIRUA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2022

V. Statement of Performance against Predetermined Objectives

Kiirua Technical Training Institute has 6 strategic pillars and objectives within its Strategic Plan for the FY 2019 - 2023. These strategic pillars are as follows:

- 1) Increase the number of staff in the institute
- 2) Increased student enrolment
- 3) To strengthen the Institute in order to accommodate more students and introduce new demand driven courses
- 4) To purchase lecture chairs (200 pieces)
- 5) To create social amenities & beautify the compound
- 6) Enhance ICT equipments

Kiirua Technical Training Institute develops its annual work plan based on the above 6 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Institute achieved its performance targets set for the FY 2021/2022 period for its 9 strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	KPI	Activities	Achievements
Pillar 1	Increase the number of staff in the institute	No. of proposals submitted to P.S.C(4 per year)	Make proposal for more staff in deficit areas to the P.S.C	7 trainers employed.
		More B.O.G Staff Recruited	Recruit more B.O.G staff	4 trainers recruited. Total no. recruited from 41-52 both P.S.C and B.O.M
Pillar 2	Increased student enrolment	More trainees to be enrolled	Increase enrolment through advertising, bazaars and TVET trade fairs	Increased enrolment from 650 to 1157
Pillar 3	To strengthen the Institute in order to accommodate more students and introduce new demand driven courses	Set Up, HoDs offices and classrooms	Complete Library Complex Wing B 2 nd , 3 rd and 4 th floor Final Finishes	9 rooms available for class rooms
		New workshop Building	Construct Building & Civil Engineering Workshop.	Workshop complete
		New workshop Building	Construct Automotive/Mechanical Workshop	Workshop complete
		New workshop Building	Construct Masonry workshop shed	Workshop complete

KIIRUA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2022

		Expand the kitchen & DH & equip	Expand the kitchen and the dining hall	Kitchen expand
Pillar 4	To purchase lecture chairs (200 pieces)	Raise funds	Procure and purchase the seats	200 Lecture seats bought
Pillar 5	To create social amenities & beautify the compound	Levelling the play ground	Level playground, football field, handball, netball& purchase equipment	Levelled play ground
		Create pavements & path ways	pavements and pathways to be created to easy access from one point to another	pavements and path ways paved
		Construction of gate	Plan developed and construct the gate	Gate constructed
		Install Solar water heaters	Install water heaters on the hostels both men and female	Solar water heaters installed
		Beautification of compound	Plant trees and flowers along the Paths	200 trees planted and flowers along the paths
		Laying of cabros around the tuition area	flattening the paths	Cabro laid
		Roofing of walkways and kitchen service area.	Roofing of walkways	Roofing of walkway complete
Pillar 6	Enhance ICT equipments	purchase photocopy machine	Procurement done	Photocopy machine bought
		install offices and library LAN	Procurement, plans and budget	LAN installed
		Install CCTV system	Procurement, plans and budget	CCTV installed
		-purchase of computers, laptops, server	Procurement, plans and budget	Computers, laptops and servers bought
	Integrate ICT in Training	No. of Software(s) purchased	Procurement of MIS Software services	MIS system bought

KIIRUA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2022

	and Technical Education	Install the MIS software	install the MIS software	MIS software installed
--	----------------------------	-----------------------------	-----------------------------	---------------------------

VI. Corporate Governance Statement

Good corporate governance is key to the integrity of state corporations and is central to its sustainability. Corporate governance plays a leading role in how corporations and their boards of governors are directed, controlled and held to account. Corporate governance, therefore, encompasses the systems, practices and procedures by which the individual corporation is regulated in order to remain competitive, ethical, sustainable and fair.

Kiirua Technical Training Institute adheres to principles of openness, integrity and accountability in its stewardship of the Institute's affairs. It recognizes the developing nature of corporate governance and assesses the Institute's compliance with generally accepted corporate governance practice on a regular basis, directly and through its full board and Board committees. The role of the Board is to ensure conformance by focusing on and providing the Institute's overall strategic direction and policy-making as well as performance review through accountability and ensuring appropriate monitoring and supervision. The Board is also responsible for the overall system of internal control and for reviewing its effectiveness. The controls are designed to both safeguard the Institute's assets and ensure the reliability of financial information.

The Institute Board meets regularly to consider issues of operational and strategic importance to the Institute. Below are the key features of the existing corporate governance practices within Kiirua Technical Training Institute which are reviewed and improved on a regular basis: -

1. Institute Board

The Institute Board consists of the Chairman and eight members, who have been appointed in accordance with the TVET Act (2013). The full Institute Board meets at least four times a year and the board committee members meet as the need arises.

The Board is responsible for setting the direction of the Institute through the establishment of strategic objectives, key policies and approval of budgets. It monitors the implementation of strategies and policies through a structured approach of reporting by management and consequent accountability.

**KIIRUA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2022**

The Board is actively involved and brings strong independent judgment on its deliberations and discussions. The Institute Board members have diverse skill set, a wide range of knowledge and experience of Institute setting that is applied to the formulation of strategic objectives and decision-making. The Board meets regularly and retains full and effective control over the Institute in all strategic, financial, operational and compliance areas. During the year, the Cabinet Secretary for Ministry of Education approved list of the new board members submitted after the expiry of the term of the former Institute Board. The Institute Board held the following full Board meetings during the 2021/2022 financial year:

**KIIRUA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022**

BOG. MEETING REGISTER

Fully BoG Meeting

Name	Designation	28/7/21	31/3/22	25/11/21	13/1/22	23/6/22	ATTENDANCE
Karani S Mworira	chairman	✓	✓	✓	✓	✓	5
Charles K. Kiara	member	✓	✓	✓	✓	✓	5
Paul M. Wanyeki	member	✓	✓	✓	✓	✓	5
Fatuma Abdi	member	✓	×	×	✓	✓	3
Jennifer Murogocho	member	✓	✓	✓	✓	✓	5
Margaret N. Karogo	member	✓	✓	✓	✓	✓	5
Daniel M. Lilah	member	✓	✓	✓	✓	✓	5
Stella Wambeti	member	✓	✓	✓	✓	✓	5
Total Attendance		8	7	7	8	8	

Finance Committee

Name	Designation	16/9/21	14/10/21	21/2/22	15/12/21	16/12/21	17/12/21	7/6/22	ATTENDANCE
Paul M. Wanyeki	member	✓	✓	✓	✓	✓	✓	✓	7
Jennifer Murogocho	member	✓	✓	✓	✓	✓	✓	×	6
Daniel M. Lilah	member	✓	✓	✓	✓	✓	✓	✓	7
Total Attendance		3	3	3	3	3	3	2	

Audit & Risk Committee

Name	Designation	26/8/2021	22/3/2022	27/6/2022	ATTENDANCE
Charles K. Kiara	chairman	✓	✓	✓	3
Margaret N. Karogo	member	✓	✓	✓	3
Stella Wambeti	member	✓	✓	✓	3
Total Attendance		3	3	3	

Academic and Human resource committee

Name	Designation	12/8/2021	ATTENDANCE
Fatuma Abdi	Chairperson	✓	1
Daniel M. Lilah	member	✓	1
Paul M. Wanyeki	member	✓	1
Total Attendance		3	

Other BOG meetings

Name	Designation	purpose	10/8/21	13/8/21	30/9/21	3/2/22	6/1/22	2/6/22	13/1/22	ATTENDANCE
Karani S Mworira	chairman	Pc Negotiation	✓							1

BOARD COMMITTEES

To assist the Board in the discharge of its responsibilities, Board committees have been established. All the Board committees meet at least two times a year. The committees are as follows: -

1. FINANCE, PLANNING AND DEVELOPMENT COMMITTEE

Responsibilities:

1. To receive, consider and submit the proposed budget estimates from the various institute department for approval by the Board;
2. To receive and consider all requests for authorization of expenditure more than the approved annual estimates and make recommendations to the Board;
3. To report to the Board all matters related to finance and development;
4. To ensure that accurate records are kept on the establishments in the Institute;
5. To consider and recommend to the Board the priority development projects and receive reports, and the recommendations of Management on the progress of the physical development of the Institute;
6. To report to the Board on the progress of physical infrastructure development of the Institute;
7. To prepare Institute Development plans for an approved period and submit to the Board; and
8. To exercise such other powers as the Board may from time-to-time delegate to the Committee.

2. AUDIT AND RISK COMMITTEE

Responsibilities:

- a) To evaluate adequacy of management procedure with regard to issues relating to risk management, control and governance;
- b) To review external audit findings and recommendations and propose corrective and preventive actions where necessary;
- c) To review the systems established to ensure sound public financial management and internal controls, as well as compliance with policies, laws, regulations, procedures, plans and ethics;
- d) To initiate special audits and or investigations on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency in consultation with the Accounting Officer; and
- e) To exercise such other powers as the Board may from time-to-time delegate to the Committee

3. Academic and Human resource committee

Responsibilities:

Human resource

- a) continually examine the College's structure, core functions, staff establishment and if necessary, make proposals for harmonization and rationalization in order to eliminate possible wastage arising from redundancy, overlaps and duplications;
- b) examine policy and procedures on employment
- c) examine the procedures for assessment of needs for employment, staff development and procedures, staff training for operational efficiency and capacity enhancement for further development and consultancy services;
- d) examine and review the terms and conditions of service;
- e) examine the adequacy of the performance and reward system;
- f) examine and review the staff welfare policy
- g) establish & review the human resource policy, college scheme of service and career progression structure make recommendations for broad guidelines; and
- h) Propose innovative ideas for transformation of the college into a world-class college of higher learning and employer

Academic

- a) Formulation and Review of the Academic Policy
- b) Quality Assurance & standards evaluations
- c) Development and Implementation of New Programmes
- d) Determination of Resources:
 - i. Human Resource
 - ii. Teaching/Learning Materials
- e) Curriculum Evaluation
- f) Establish Linkage between the College and Industry
- g) Ensure Relevance of Courses to Market Needs
- h) In Charge of Graduations and Academic Awards

3. Board Members' Remuneration

Board members are not paid remuneration but are reimbursed transport costs whenever they attend board meetings.

4. Succession Plan

A board of Governors has a succession plan of three years and a member can serve for a maximum of two terms

5. Board Charter

Kiirua TTI Board has a board charter. The Board is also guided by Mwongozo Code of Governance.

6. Appointment and removal of Board members

Board members are appointed by the Cabinet Secretary. The membership of the Board of Governors comprises of-

- (a) a chairperson
- (b) a representative of the Principal Secretary in the Ministry responsible for TVET
- (c) a representative of the county Governor of the county within which the institution is located; and
- (d) six other persons appointed on the basis of their knowledge and experience

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

7. Induction and Training

Current Kiirua TTI Board of governors was inducted within the month of December 2020/2021 year

8. Board and Board Members' Performance

The Board performance evaluation exercise was done in July, 2022.

9. Conflict of interest

In every Board meeting held by the Kiirua TTI Board, Members declare conflict of interest on matters in the agenda and register the same in the conflict of interest register book.

10. Ethics and Conduct

Kiirua TTI Board Members uphold the highest standard of ethics and conduct while executing their mandate.

11. Governance Audit

The Board has put in place a combination of processes and structures to inform, direct, manage and monitor the activities of the Institute towards the achievement of its objectives

12. Internal Controls

The Institute has implemented and maintained internal controls designed to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard and maintain accountability of the Institute's assets.

Such controls are based on Law, Government & Institute regulations, Policies and circulars and are implemented by trained personnel with appropriate segregation of duties. The effectiveness

KIIRUA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2022

of the system of internal controls is monitored regularly through operational meetings and the annual external audit.

13. Going Concern

The Institute Board confirms that Kiirua TTI has adequate resources to continue in operation for the foreseeable future and therefore, the continued use of *going* concern as a basis of preparing the financial statements.

VII. Management Discussion and Analysis
SECTION A

Kiirua Technical Training Institute being a key driver to the attainment of the BIG 4 agenda ensures that it is consistently delivering maximum value to her trainees through; Competency Based Curriculum, Innovations and Linkages to the job market strategically aligning them with opportunities nationally, regionally and globally.

The Institution has unrelenting focus on improving and maintaining excellent Technical and Vocational Training across her specialties.

The institute's operational and financial performance

During the 2021/2022 financial year, the operations of the institute both current and development were affected by delay in receipt of the capitation where the third quarter was received at the end of the fourth quarter amounting to kshs,5,047,500.00 and the quarter 4 capitation has not been released. This delayed the implementation of the fourth quarter budget.

During the 2021/2022 financial year, Government capitation contributed to (24.51%) of the total recurrent incomes while tuition, rental revenue and its other incomes contributed to 68.63% ,6.81 % and 0.06% respectively. The Institute depended on fees and capitation to execute its operations.

There was a substantial improvement in mobilization of internal and external funds in 2022/2021 financial year compared to 2020/2021 financial year in rendering of services and in grants & capitation subsidy disbursements.

Absorption of allocated fund

The total revenue and total recurrent /capital expenditure as at the end of the year was ksh. 74,944,704.62 and kshs. 74,661,595.33 Respectively this translated to 99.62% absorption of the allocated funds.

Current ratio

Total institute current asset is kshs. 87,757,813.70 Against current liabilities of kshs 21,052,030.00

Current ratio =87,757,813.70 /21,052,030. (Current asset/current liabilities

Current ratio =4.16

KIIRUA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2022

The institute current ratio is 2.845 meaning that it's in a position to meet its short-term financial obligations

Operation performance

(i) Performance contract

KTTI signed a performance contract with the government of Kenya through the Ministry of Education which is a key accountability tool that endeavors to improve the performance of public officers. The contract runs from 1st July, 2021 to 30th June, 2022.

The institute has instituted a PC committee which comprises of six members who are PC coordinator who chairs the committee and other five committee members. The committee work on behalf of the principal in developing PC, lead PC negotiation and perform both quarterly and annual reporting of PC implementation through GPCIS.

The performance contract reporting is done on quarterly bases by 30th of the following month after of the reporting period

Several achievements have been made among them

- a) Ensuring that the pending bills do not exceed 1% of the institute budget
- b) Developing citizen service delivery charter and placing strategically at the institute entrance and in various service points.
- c) Increase in the student enrolment as result of aggressive marketing through various media
- d) Management of the following projects

Automotive Workshop shed: 100 % done to date and in use.

Masonry Workshop shed. 100 % done to date and in use.

ii) Academic performance

In the FY 2021/ 2022, KTTI has committed itself to increase pass rate in technical and business Examination

2021/2022 EXAMINATION ANALYSIS

Exam series	Registered candidates	No. That passed	Percentage pass
KNEC July 2021	87	39	45%
KNEC November 2021	281	132	47%
NITA December 2021	15	15	100%
NITA April 2022	5	5	100%
Average percentage pass	388	191	49%

KIIRUA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2022

iv) Project management

Internal projects

S no	Scope of work	Budget (ksh)	Amount paid (ksh)	Status
1	Automotive workshop	3,380,704.00	3,211,668.00	100% project handed over
2	Masonry workshop	1,099,419.00	1,044,448.05	100% project handed over
3	Main gate beautification	1,310,000.00	1,244,500.00	100% project handed over
4	Automotive workshop extension KPLC relocation & extra works	1,668,857.20	1,585,414.34	100% project handed over
5	Ablution block	1,605,000.00	1,524,750.00	100% project handed over
6	Iron sheet walling	363,400.00	363,400.00	100% project handed over
7	Library complex	8,478,440.00	4,214,488.80	72%
	Kitchen renovations	177,890.00	177,890.00	100%

External projects

S no	Scope of work	Budget (ksh)	Amount paid (ksh)	Status
1	Igembe TTV	57,520,412.00	46,285,470.35	82%
2	Laikipia TTI	55,471,853.00	51,677,471.00	98%
3	Merti TTI	57,834,143.00	55,080,382.00	98%

VIII. Environmental and Sustainability Reporting Statement

Environmental performance

The Institution aims to ensure that the needs of the population are met without the risk of compromising the needs of future generations. The institution commits to reduce environmental impact through greening programme that involves planting of trees and flower during rain seasons. The institute also manages various types of waste by setting waste bins at various strategic points within the institute.

Our research, teaching and activities are guided by our commitment to environmental sustainability.

We also have a number of Technological areas for our research, teaching, community engagement and processes, allowing us to focus and measure our efforts in making a difference to society.

Employee welfare

Kiirua Technical Training Institute focuses on the importance of anyone directly or indirectly involved in the core mandate of training. We encompass the development of skills and human capacity to support the functions and sustainability of the Institution and to promote the wellbeing of communities and society.

There is a Human resource manual that guides on hiring, appraisal and training of staff. This manual also ensures that our staff are trained and well equipped to handle all emerging issues. We integrate the principles of social responsibility into our core mandate internally by exhibiting the behaviours of good corporate governance, ethical decision making, and providing our personnel with opportunities to develop and excel. We integrate the principles of social responsibility into our training activities externally by minimizing our environmental impact and seeking to enhance the amenity of residential communities.

The institute has initiated the following programmes

KIIRUA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2022

Activity	Description
Better Training	<p>Optimizing training operations to meet ongoing social and sustainability objectives.</p> <p>Providing opportunities for us to grow as an institute by becoming involved in our local community</p>
Supported Staff	<p>Promoting initiatives that support staff and their families, beyond the provision of employment.</p> <p>Promoting initiatives that recognize the contribution of the students to the community.</p>

Market place practices-

Kiirua Technical training Institute outlines its efforts to:

- (a) Responsible competition practice - Our Institution ensures there is responsible competitiveness by making sustainable development count in global and local markets. Through providing courses that suits the markets and that reward business practices that deliver improved social, environmental, and economic outcomes.
 - (b) Research on market demand has helped us offer comes that would shape business strategies and practices, and the context in which they operate, to take explicit account of their social, economic, and environmental impacts.
 - (c) Responsible Supply chain and supplier relations- In this regard the institution place its adverts for tenders on the daily's and on its website for access to all. Payment to suppliers is done within the limited period of less than Ninety days' other guidelines like President's directive on Special category tender opportunities id adhered to.
 - (d) Responsible marketing and advertisement- In order to ensure we have ethical balance; we reach out to students beyond boundaries by advertising on our website and other national media. We also get students placed to institute by KUCCPS
 - (e) Product stewardship- The Institution ensures that all the courses offered are accredited by the relevant bodies e.g., KNEC, NITA, CDACC.
- Our students are also guided on ethical practices in relation to their professional field.

Corporate Social Responsibility / Community Engagements

Kiirua Technical training Institute exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on our six pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence.

Below is a brief highlight of our achievements in each pillar

Sustainability strategy and profile -

The Institution's strategic plan communicates a desire to strengthen our efforts towards sustainability, becoming genuinely world class in how we respond as a tertiary institution. While sustainability has come a long way at the Institution in recent years, we recognize the need to coordinate and scale up our efforts. We will be bold, integrating sustainability principles and practice across all our departments and throughout all our activities: administration and governance, operations, research, teaching & learning, community engagement and outreach activities.

The Institution Strategic Plan 2019 to 2023 sets out the vision, mission, core values and strategic imperatives that guide activities at the Institution. This Strategic plan clarifies our commitment to enable a consistent, productive focus on sustainability, and to better communicate our efforts at all levels of the organization.

It reflects our commitment to see sustainability embedded as part of the core ethos at the Institution, and builds on groundwork and activities underway across the organization.

We work together, celebrate progress where staff and students are already leading the way, and challenge others to consider how sustainability connects to their work, can enhance their practices, and how they can contribute personally to our sustainability transition.

The Office of Sustainability will provide an annual update on the Institution's progress towards sustainability.

KIIRUA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2022

IX. Report of the Board of Governors

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

Principal activities

The principal activity for Kiirua Technical Training Institute is to offer Technical and Vocational Education under TVETA Act 2013.

Results

The results of the Institute for the year ended June 30, 2022 are set out on page 1 - 5

BOARD OF GOVERNORS

The members of the Board who served during the year are shown on page vi. During the year the principal Madama Latechia was transferred and replaced by Mr Jackson Mbae as the principal and secretary to the board of governor from January, 2022.

Auditors

The Auditor General is responsible for the statutory audit of Kiirua Technical Training Institute in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or appoint an auditor for the period ended June 30, 2021 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board


Principal/ BOG Secretary

Sign 

REPUBLIC OF KENYA

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



Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON KIIRUA 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 Kiirua Technical Training Institute set out on pages 1 to 31, 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

Report of the Auditor-General on Kiirua Technical Training Institute for the year ended 30 June, 2022

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

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of Kiirua 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 Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Adverse Opinion

1. Inaccuracy in the Statement of Cash Flows

The statement of cash flows reflects a closing cash and cash equivalents balance as at 30 June, 2021 of Kshs.99,435,649 which differs with the audited financial statements comparative balance of Kshs.97,216,190 resulting to an unexplained variance of Kshs.2,219,459.

In the circumstances, the accuracy of the statement of cash flows could not be confirmed.

2. Inaccuracies in the Statement of Changes in Net Assets

The statement of changes in net assets reflects unexplained restated adjustments balances brought forward from the financial year 2020/2021 of Kshs.48,752,452 and a negative balance of Kshs.21,439,928 on retained earnings and a further negative adjustment of Kshs.95,388,851 in respect of capital fund. However, the supporting documents and the explanations for the balances were not provided for audit.

Further, the statement reflects revaluation reserves balance of Kshs.197,716,604 which includes revaluation gains for valuation done in the year 2020/2021 balance of Kshs.38,739,674 in respect to motor vehicles, printers and computers and plant and equipment. However, there was no evidence under property, plant and equipment as disclosed in Note 21 to the financial statements that the costs of Kshs.1,649,800 for printers and computers and Kshs.1,193,581 for plant and equipment and their depreciated values as at 1 July, 2020 were deducted when arriving at the revaluation reserve.

In the circumstances, the accuracy of the above balances in the statement of changes in net assets could not be confirmed.

3. Inaccuracy in Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs.65,322,021. However, review of the bank reconciliation statements reflected direct credits of Kshs.158,400 which had not been receipted thereby understating the cashbook balance.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.65,322,021 could not be confirmed.

4. Inaccuracy in the Statement of Comparison of Budget and Actual Amounts

The statement of comparison of budget and actual amounts reflects actual receipts of Kshs.45,066,216 and Kshs.6,396,925 in respect to fees from students and hire of facility respectively. However, the statement of financial performance reflected Kshs.65,280,872 and Kshs.10,607,720 for fees from students and hire of facility respectively resulting to an unexplained variances of Kshs.20,214,656 and Kshs.4,210,795 respectively.

Further, the statement reflects actual capital budget expenditure totalling to Kshs.16,855,221 which differed with property, plant and equipment and intangible assets additions as disclosed in Note 21 to the financial statements of Kshs.52,185,862 and Kshs.244,000 respectively both totalling to Kshs.52,429,862 resulting to an unexplained variance of Kshs.35,574,641.

In the circumstances, the accuracy and completeness of the above mentioned balances in the statement of comparison of budget and actual amounts could not be confirmed.

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

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.76,727,989 and Kshs.73,499,742 respectively, resulting to an under-funding of Kshs.3,228,247 or 4% of the budget. Similarly, the Institute expended Kshs.78,355,013 against an approved budget of Kshs.76,727,989 resulting to an over-expenditure of Kshs.1,607,024 or 2% of the budget.

The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

2. Unresolved Prior Year Matters

In the audit report of the previous year, several paragraphs were raised. However, Management has not resolved and disclosed the status of all the prior year matters as prescribed in the reporting requirements set by the Public Sector Accounting Standards Board. Management has not provided satisfactory explanation for the delay in resolving the issues.

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 and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources 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

1. Irregular Payment of Board Allowances

The statement of financial performance and as disclosed in Note 12 to the financial statements reflects remuneration of Directors amounting to Kshs.1,740,218. However, the Management did not provide an approval by the Cabinet Secretary for the allowances paid. This is contrary to Section 17 of the Second Schedule of Technical and Vocational Education and Training Act, 2013 which states that members of a Board of Governors shall be paid in respect of their services such remuneration or allowances as the Board of Governors shall, with the approval of the Cabinet Secretary, determine.

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

2. Delay in Project Completion

Review of project implementation report revealed that two (2) projects were started between 14 February, 2012 and 6 February, 2017 and which had project durations ranging between twenty-five (25) weeks and fifty-two (52) weeks. However, physical verification of the projects done in the month of March, 2023 revealed that the projects were not complete and their contract periods had lapsed and no evidence of extension of the contract period was provided for audit.

In the circumstances, value for money invested in the projects could not be confirmed.

3. Non-Compliance with Law on Ethnic Composition

During the year under review, the total number of employees of the Institute was forty-one (41) out of which thirty-eight (38) or 93% of the total number were members of the dominant ethnic community in the county. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that, "all public offices shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public institution shall have more than one-third of its staff establishment from the same ethnic community".

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

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements 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 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

Lack of Internal Audit Function

The Institute has not established an internal audit function. This is contrary to Section 155 of the Public Finance Management Act, 2012 which provides for the establishment of the internal audit function. As such the Institute did not benefit from the assurance and advisory services from the internal audit function.

In the circumstances, the effectiveness of internal controls and governance could not be confirmed.

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 those Charged with Governance

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

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the

activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and 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 controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal 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 controls may not prevent or detect misstatements and instances of noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the 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 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 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

25 May, 2023


KIIRUA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2022

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

	Notes	2021/2022	2020/2021
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government – grants/ gifts in kind	6	23,035,791.00	20,538,291.00
Revenue from exchange transactions			
Rendering of services- Fees from students	7	65,280,872.63	19,857,343.33
Rental revenue from facilities and equipment	8	10,607,720.35	10,164,365.00
Other income	9	53,310.00	27,000.00
Revenue from exchange transactions		<u>75,941,902.98</u>	<u>30,048,708.33</u>
Total revenue		<u>98,977,693.98</u>	<u>50,586,999.00</u>
Expenses			
Use of goods and services	10	47,827,422.21	28,654,069.00
Employee costs	11	8,839,770.00	6,665,483.00
Remuneration of directors	12	1,740,218.00	1,849,767.00
Repairs and maintenance	14	1,251,953.00	956,978.00
contracted services	15	381,050.00	60,000.00
Finance cost	16	76,840.00	5,760.00
Depreciation and amortization expense	13	10,362,657.60	7,695,937.00
Total expenses		<u>70,479,910.81</u>	<u>45,887,994.00</u>
Net Surplus for the year		<u>28,497,783.17</u>	<u>4,699,005.00</u>

The notes set out on pages 6 to 35 form an integral part of the Annual Financial Statements).

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



.....
Chairman of Board

Date 8/5/2023



.....
Finance Officer

ICPAK No 25435

Date 8/5/2023



.....
Principal

Date 8/5/2023

KIIRUA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2022

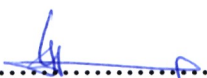
XII. Statement of Financial Position as at 30th June 2022

	Notes	2021/2022	2020/2021
		kshs	kshs
Assets			
Current assets			
Cash and cash equivalents	17	65,322,021.00	99,435,649.00
Current portion of receivables from exchange transactions	18	21,491,852.70	12,011,359.00
Current portion of receivables from non-exchange transactions	19	0.00	3,055,015.00
Inventories	20	943,940.00	500,849.00
Total Current assets		<u>87,757,813.70</u>	<u>115,002,872.00</u>
Non-current assets			
Property, plant and equipment	21	416,579,811.63	215,552,521.17
Intangible assets	22	1,590,094.00	1,573,250.00
Total Non-current assets		<u>418,169,905.63</u>	<u>217,125,771.17</u>
Total assets		<u>505,927,719.00</u>	<u>332,128,643.00</u>
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	23	2,868,959.00	16,074,236.00
Refundable deposits from customers	24	18,183,071.00	14,539,580.00
Total Current liabilities		<u>21,052,030.00</u>	<u>30,613,816.00</u>
Reserves			
Accumulated surplus		153,035,433.17	97,225,126.00
Capital Fund		134,123,652.00	229,512,503.00
Revaluation		197,716,603.70	0.00
Total retained earnings and capital		<u>484,875,688.87</u>	<u>326,737,629.00</u>
Total net assets and liabilities		<u>505,927,719.00</u>	<u>357,351,445.00</u>

The Financial Statements set out on pages 6 to 35 were signed by:



.....
Chairman of Board



.....
Finance Officer

ICPAK No 25435



.....
Principal

**KIIRUA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022**

XIII. Statement of Changes in Net Asset for the year ended 30 June 2022

	Revaluation reserve	Retained earnings	Capital/		Total
			Development Grants/Fund		
At July 1, 2019		67,334,170.00	229,512,503.00		296,846,673.00
Revaluation gain					
Fair value adjustment on quoted investments					
Total comprehensive income		25,609,551.00	0		25,609,551.00
Capital/Development grants received during the year					
Transfer of depreciation/amortisation from capital fund to retained earnings					
At June 30, 2020		92,943,721.00	229,512,503.00		322,456,224.00
At July 1, 2020		92,943,721.00	229,512,503.00		322,456,224.00
Revaluation gain					
Prior year adjustment on the surplus		-417,600.00			-417,600.00
Fair value adjustment on quoted investments					
Total comprehensive income		4,699,005.00			4,699,005.00
(less) overstated capital fund Bal B/F as at 1/7/2019			-95,388,851.00		
(add) understated comprehensive income Bal B/F for year 2018- 2019		48,752,452.00			
(less) overstated comprehensive income Bal B/F for year 2019- 2020		-21,439,928.00			
At June 30, 2021		97,225,126.00	229,512,503.00		326,737,629.00
At June 30, 2021 - Restated		124,537,650.00	134,123,652.00		258,661,302.00
At July 1st, 2021		97,225,126.00	229,512,503.00		326,737,629.00
At July 1st, 2021 - Restated		124,537,650.00	134,123,521.00		258,661,302.00
Revaluation gains for valuation done in the 2020/2021 FY	38,739,674.00				38,739,674.00
Revaluation gains for valuation done in the 2021/2022 FY	158,976,929.70				158,976,929.70
Fair value adjustment on quoted investments					
Total comprehensive income		28,497,783.17			28,497,783.17
At June 30, 2022	197,716,603.70	153,035,433.17	134,123,652.00		484,875,688.87

KIIRUA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2022

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

	Notes	2021/2022	2020/2021
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other Government entities/Govt. grants	6	23,035,791.00	20,538,291.00
Rendering of services- Fees from students	7	65,280,872.63	19,857,343.00
Rental revenue from facilities and equipment	8	10,607,720.35	10,164,365.00
Other income	9	53,310.00	27,000.00
Total Receipts		<u>98,977,693.98</u>	<u>50,586,999.00</u>
Payments			
Use of goods and services	10	47,827,422.21	28,654,069.00
Employee costs	11	8,839,770.00	6,665,483.00
Remuneration of directors	12	1,740,218.00	1,849,767.00
Repairs and maintenance	14	1,251,953.00	956,978.00
contracted services	15	381,050.00	60,000.00
Finance cost	16	76,840.00	5,760.00
Depreciation and amortization expense	13		7,695,937.00
Total payments		<u>60,117,253.21</u>	<u>45,887,994.00</u>
Net cash flow before working capital changes		<u>38,860,441.00</u>	<u>4,699,005.00</u>
Changes in working capital	26	<u>(20,544,198.00)</u>	<u>13,196,169.00</u>
Net Cash Flows from operating activities	25	<u>18,316,243.00</u>	<u>17,895,174.00</u>
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(52,429,862.11)	-28,610,318.00
Net cash flows used in investing activities		<u>(52,429,862.11)</u>	<u>-28,610,318.00</u>
Cash flows from financing activities		0.00	0.00
Proceeds from borrowings		0.00	0.00
Net cash flows used in financing activities		<u>0.00</u>	<u>0.00</u>
Net increase/(decrease) in cash and cash equivalents		<u>-34,113,619.50</u>	<u>-10,715,144.00</u>
Cash and cash equivalents at 1 JULY	17	99,435,649.00	107,931,334.00
Cash and cash equivalents at 30 JUNE	17	<u>65,322,029.50</u>	<u>99,435,649.00</u>

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



.....
 Chairman of Board

Date 8/5/2023



.....
 Finance Officer

ICPAK No 25435

Date 8/5/2023



.....
 Principal

Date 8/5/2023

**KIRUA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022**

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

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization Difference
Transfers from other govt entities and govt grants	10,000,000.00		10,000,000.00	21,983,291.00	(11,983,291.00)	(120)
Rendering of services- fees from students	57,155,989.00		57,155,989.00	45,066,216.32	12,089,772.68	21
Other income	100,000.00		100,000.00	53,310.00	46,690.00	47
Hire of facility	9,472,000.00		9,472,000.00	6,396,925.00	3,075,075.00	32
Total income	76,727,989.00		76,727,989.00	73,499,742.32	3,228,246.68	4
Expenses						
Compensation of employees	9,889,920.00		9,889,920.00	8,872,470.00	1,017,450.00	10
Use of goods and services	42,151,438.00		42,151,438.00	48,636,190.11	(6,484,752.11)	(15)
Finance costs				68,800.00	(68,800.00)	100
Contracted services	409,000.00		409,000.00	381,050.00	27,950.00	7
Repair and maintenance	2,304,500.00		2,304,500.00	1,781,063.00	523,437.00	23
Remuneration of directors	2,438,725.00		2,438,725.00	1,740,218.00	698,507.00	29
Capital budget	19,534,406.00		19,534,406.00	16,855,221.92	2,679,184.08	14
Total Expenditure	76,727,989.00		76,727,989.00	78,335,013.03	(1,607,024.03)	(2)
Surplus For the Period				(4,835,270.71)		

(Budget notes)

1. the revenue from non-exchange transaction includes grants for mentoring institute received at the close 2021 financial year
2. The 4th quarter capitation was not disbursed and was factored as a source of revenue in rendering of services
3. The projected other source of income activities has not fully picked
4. Budget funding shortfall affected the implementation of the use of goods & services, repairs and maintenance director allowances expenditure components. The projected activities have been postponed to the next year financial year.
5. The statement is prepared in cash bases while the statement of financial performance is on accrual bases. See note 26

KIRIUA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2022

XVI. Notes to the Financial Statements

1. General Information

Kiriua Technical Training Institute is established by and derives its authority and accountability from TVET Act. The institute is wholly owned by the Government of Kenya and is domiciled in Kenya. The principal activity is to offer Technical and Vocational Education under TVETA Act 2013

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 at fair value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the institute's accounting policies.

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

The financial statements have been prepared in accordance with the PFM Act the TVET Act and International Public Sector Accounting Standards (IPSSAS). 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.

IPSSASB 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.

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:
IPSAS 41: Financial Instruments	Applicable: 1 st January 2023: 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 Institute's future cash flows.
IPSAS 42: Social Benefits	Applicable: 1 st January 2023

KIIRUA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2022

Standard	Effective date and impact:
	The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Institute provides in its financial statements about social benefits
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</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. <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>
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <p>IPSAS 29: Financial instruments: Recognition and Measurement 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>
IPSAS 43	<p>Applicable 1st January 2025</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 Institute.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non-Current Assets Held for Sale and	<p>Applicable 1st January 2025</p> <p>The Standard requires, 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>

**KIIRUA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2022**

Standard	Effective date and impact:
Discontinued Operations	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.

iii. Early adoption of standards

Kiiru Technical training institute did not early-adopt any new or amended standards in year 2022.

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 Institute and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

ii) Revenue from exchange transactions

Rendering of services

The Institute 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.

b) Budget information

The original budget for FY 2021/2022 was approved by the Board on 15/4/2021. There no subsequent revisions or additional appropriations made to the approved budget

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

KIIRUA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2022

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.

c) Taxes

Current income tax

the institute is exempted from paying taxes as per first schedule of the income tax act cap 470

d) Property, plant and equipment

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

Depreciation of assets has been provided at cost of asset regardless of when the asset was bought at the following rates

- a) Land and buildings 2.5%
- b) Motor vehicles 25%
- c) Furniture and fittings 12.5%
- d) Computers and printers 33.3%
- e) Plant and equipments 12.5%
- f) Other assets 12.5%

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. Amortization of intangible assets is been provided at 12.5% at cost of asset regardless of when the asset was bought at the following rates

KHIRUA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2022

f) Inventories

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

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

g) Provisions

Provisions are recognized when the Institute has a present obligation 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.

Contingent liabilities

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

Contingent assets

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

h) Nature and purpose of reserves

The Institute doesn't create and maintains reserves

i) Changes in accounting policies and estimates

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

j) Employee benefits

Retirement benefit plans

The Institute does not provide provides retirement benefits for its employees but are paid gratuity on retirement or in on termination of services.

k) Related parties

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

KIIRUA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2022

l) Service concession arrangements

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

m) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank. Bank account balances include amounts held at various commercial banks at the end of the financial year.

n) Comparative figures

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

o) 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.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Institute'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 Institute 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:

- a) The condition of the asset based on the assessment of experts employed by the institute.

KIIRUA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2022

- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- c) The nature of the processes in which the asset is deployed
- d) Availability of funding to replace the asset
- e) 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 13 on depreciation

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.

The institute makes provision of bad & doubtful debts at the following rates

Period Outstanding Percentage Provision

- o Up to 4 years 0%
- o Up to 5 year(4-5yrs) 5%
- o Up to 6-year (5- 6yrs)20 %
- o Up to 7 years (6- 7 yrs.) 50%
- o Up to 8 years (7- 8yrs)75%
- o Up to 9 years (8- 9yrs)100%

KIIRUA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2022

6. Transfers from other National Government entities

Description	2021-2022	2020-2021
	KShs	KShs
Unconditional grants		
Capitation grants	15,945,000.00	11,947,500.00
Total Unconditional grants	15,945,000.00	11,947,500.00
Conditional grants		
Other organizational grants		
Merti TVC Grants	2,000,000.00	3,500,000.00
Development grants – Merti TVC	5,090,791.00	5,090,791.00
Totals Conditional grants	7,090,791.00	8,590,791.00
Total government grants and subsidies	23,035,791.00	20,538,291.00

(a) Transfers from other Government entities (Categorized)

Name of the Institute	Amount recognized to Statement of Comprehensive Income	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	2020-2021
sending the grant	KShs	KShs	KShs	KShs	KShs
Ministry Of Education	23,035,791.00			23,035,791.00	20,538,291.00
Total	23,035,791.00			23,035,791.00	20,538,291.00

7. Rendering of Services

Description	2021-2022	2020-2021
	KShs	KShs
Tuition fees	33,098,874.71	2,768,666.67
Activity fees	1,461,022.00	998,516.67
Examination Fees	3,887,408.00	2,161,350.00
Exam Practical Materials	1,603,494.00	76,000.00
Personal Emolument	4,781,952.70	3,260,160.00
Administration cost	1,938,127.00	1,327,033.33
ICT Fund	1,509,642.95	849,000.00
Bog Teacher levy	1,836,277.00	1,273,500.00
Registration fees	90,261.00	141,866.67
Student Welfare	1,483,853.65	938,333.33
Local Transport & Travel	3,172,419.00	1,698,000.00
Repair maintenance & Improvement	1,534,003.00	902,533.33
Electricity Water & Conservancy	1,548,961.00	902,200.00
Development	0.00	255,000.00
Industrial Attachment & Insurance	659,168.62	775,183.33
Ujuzi Manyattani	5,850,000.00	1,530,000.00
Merti Fees Equity Account	5,000.00	0.00
Merti Tuition Acc	655,400.00	0.00
Merti Recoveries	165,008.00	0.00
Total revenue from the rendering of services	65,280,872.63	19,857,343.33

(The revenue is the fees from institute trainees and Ujuzi Manyattani sponsored by NRT)

KIIRUA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2022

8. Rental revenue from facilities and equipment

Description	2021-2022	2020-2021
	KShs	KShs
Bus hire	115,000.00	256,655.00
Hostel rent	4,210,795.35	1,963,000.00
Pay As you Eat	6,274,925.00	7,944,710.00
Hire of Facility	7,000.00	0.00
Total	10,607,720.35	10,164,365.00

(This is revenue from hire of the institute bus, income from sale of the foodstuffs at the college kitchen)

9. Other Income

Description	2021-2022	2020-2021
	KShs	KShs
Income from sale of tender	33,000.00	27,000.00
Library charges	8,710.00	0.00
Disposal of items	11,600.00	0.00
Total other income	53,310.00	27,000.00

10. Use Of Goods and Services

Description	2021-2022	2020-2021
	KShs	KShs
Water & Electricity	1,145,647.00	823,120.00
Administration cost	3,940,061.11	3,082,501.00
Local Travel & transport	4,005,491.60	2,694,743.75
KATTI, CAPA &ICPAK Membership subscriptions	1,415,038.00	358,740.00
ISO, PC, surveys & Policies	1,182,527.00	1,391,845.00
Advertising	1,067,826.00	565,701.00
Examination fees	7,362,757.00	5,207,094.00
Registration	97,000.00	22,000.00
ICT Fund	88,480.00	38,705.00
Student welfare	1,203,100.00	283,057.00
Research and innovation	983,400.00	0.00
Bus expenses	0.00	635,849.00
Student Insurance	44,992.00	0.00
Activity	2,294,486.00	520,680.00
Tuition	1,903,941.00	322,596.00
Attachment	502,763.00	116,000.00
Laikipia West TTI	67,613.00	452,838.00
Igembe South TTI	31,000.00	89,400.00
Pay As You Eat	5,742,909.00	4,591,759.00
Hostel rent	2,256,000.00	1,064,811.00
HELB	52,800.00	0.00
Timau campus	55,850.00	4,081.00
Ujuzi manyattani	2,622,520.00	1,742,488.00
Solar panels and batteries	0.00	38,700.00
Merti TVC	5,595,780.00	3,055,005.00
Live fences and flowers	0.00	10,000.00
COVID -19	15,600.00	1,306,763.00
Provision of bad & doubtful debts	3,519,020.50	96,393.00
Provision for 2020/2021 audit fees	139,200.00	139,200.00

KHIRUA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2022

Prepayments	31,950.00	0.00
NITA Levy	429,750.00	0.00
Tender	10,920.00	0.00
Tools & equipment	19,000.00	0.00
Total good and services	47,827,422.21	28,654,069.75

11. Employee Costs

Description	2021-2022	2020-2021
	KShs	KShs
Salaries and wages	8,839,770.00	6,665,483.00
Employee costs	8,839,770.00	6,665,483.00

12. Board Expenses

Description	2021-2022	2020-2021
	KShs	KShs
Directors' emoluments	1,740,218.00	1,849,767.00
Total director emoluments	1,740,218.00	1,849,767.00

13. Depreciation and Amortization expense

Description	2021-2022	2020-2021
	KShs	KShs
Property, plant and equipment	10,135,501.35	7,471,187.00
Intangible assets	227,156.25	224,750.00
Total depreciation and amortization	10,362,657.60	7,695,937.00

14. Repairs and Maintenance

Description	2021-2022	2020-2021
	KShs	KShs
Repairs on motor vehicles	210,300.00	17,000.00
Repairs on building	177,898.00	801,766.00
Repairs on computers & printers	0.00	55,552.00
Repairs on equipment	752,387.00	68,660.00
Repairs on machines	0.00	14,000.00
Work benches for BCE workshop	4,088.00	0.00
Mast floodlight	107,280.00	0.00
Total repairs and maintenance	1,251,953.00	956,978.00

15. Contracted Services

Description	2021-2022	2020-2021
	KShs	KShs
Property valuations	44,400.00	60,000.00
Master plan	336,650.00	0.00
Total contracted services	381,050.00	60,000.00

16. Finance Costs

Description	2021-2022	2020-2021
	KShs	KShs
Bank charges	76,840.00	5,760.00
Total finance costs	76,840.00	5,760.00

KIIRUA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2022

17. Cash and Cash Equivalents

Description	2021-2022	2020-2021
	KShs	KShs
Current account	65,197,113.28	99,279,903.04
cash at hand	124,908.00	155,746.00
Total cash and cash equivalents	65,322,021.28	99,435,649.04

17 (a). Detailed Analysis of Cash and Cash equivalents

		2021-2022	2020-2021
Financial institution		KShs	KShs
a) Current account			
Equity Bank – Institute fund	1040298395060	37,277,621.57	30,964,393.24
Co-operative Bank - Operations	01139020668101	2,134,795.21	13,189,016.25
Cooperative-Development	01139020688100	3,311,833.25	51,495,021.80
cooperative Merti TVC-Development	01141437222600	7,620,382.75	3,631,311.75
Equity Bank – Laikipia west T.T. I	1040273638568	160.00	160.00
Co-operative bank - Mentee Dev Account	01139020688103	4,400,315.36	0.00
Equity Bank – Merti TVC fee collection	0410281754093	655,400.00	0.00
Retention	1040280984084	9,796,605.14	0.00
Sub- total		65,197,113.28	99,279,903.04
b) Others(specify)			
cash in hand		61,468.00	155,746.00
Cash in hand (Merti)		63,440.00	0.00
Mobile Money account		0.00	0.00
Sub- total		124,908.00	155,746.00
Grand total		65,322,021.28	99,435,649.04

18. Receivables from Exchange transactions

18(a) Current Receivables from Exchange transactions

Description	2021-2022	2020-2021
	KShs	KShs
Current receivables		
Student debtors	21,361,452.70	11,833,359.00
Employees Advances	130,400.00	178,000.00
Total current receivables	21,491,852.70	12,011,359.00

18(b) Provision of bad debts on student debtors

Ageing bracket	Rate (%)	Amount	Impairment	Net Debt
o Up to 4 years 0%	0	19,345,244.20	0	19,345,244.20
o Up to 5 year(4-5yrs) 5%	5	709,228.00	35,461.40	673,766.60
o Up to 6-year (5- 6yrs)20 %	20	568,468.00	113,693.60	454,774.40
o Up to 7 years (6- 7 yrs.) 50%	50	1,310,110.00	655,055.00	655,055.00
o Up to 8 years (7- 8yrs)75%	75	930,450.00	697,837.50	232,612.50
o Up to 9 years (8- 9yrs)100%	100	2,016,973.00	2,016,973.00	0.00
		24,880,473.20	3,519,020.50	21,361,452.70

KIIRUA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2022

19. Receivables from Non-Exchange transactions

Description	2020-2021	2020-2021
	KShs	KShs
Merti TVC	0.00	3,055,015.00
Total current receivables non-Exchange transactions	<u>0.00</u>	<u>3,055,015.00</u>

20. Inventories

Description	2020-2021	2020-2021
	KShs	KShs
Consumable stores	943,939.40	500,849.00
Total inventories at the lower of cost and net realizable value	<u>943,939.40</u>	<u>500,849.00</u>

KIRUA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

21. Property, Plant and Equipment

	Land	Buildings	Motor Vehicles	Furniture and fittings	Printers & Computers	Other Assets	Plant and equipment	Capital Work in progress	Total
Cost		Shs	Shs	Shs	Shs		Shs	Shs	Shs
19-Jul	0.00	0.00	0.00	547,500.00	1,401,600.00	581,500.00		145,927,578.00	148,458,178.00
Additions	0.00	0.00	0.00	0.00	248,200.00	1,280,750.00	1,193,581.00	4,493,008.00	7,215,539.00
At 30th June 2020	0.00	0.00	0.00	547,500.00	1,649,800.00	1,862,250.00	1,193,581.00	150,420,586.00	155,673,717.00
At 1 July 2020	0.00	0.00	0.00	547,500.00	1,649,800.00	1,862,250.00	1,193,581.00	150,420,586.00	155,673,717.00
Valuation	0.00	0.00	6,000,000.00		1,845,400.00		30,894,274.00		38,739,674.00
Additions	0.00	6,177,508.00	0.00	378,195.00	722,797.00	10,000.00	411,457.00	20,910,361.00	28,610,318.00
Disposal									
Transfer/Adjustments									
At 30th June 2021	0.00	6,177,508.00	6,000,000.00	925,695.00	4,217,997.00	1,872,250.00	32,499,312.00	171,330,947.00	223,023,709.00
At 1st July 2021	0.00	6,177,508.00	6,000,000.00	925,695.00	4,217,997.00	1,872,250.00	32,499,312.00	171,330,947.00	223,023,709.00
Additions	0.00	8,771,985.66	0.00	737,500.00	710,740.00	0.00	188,983.00	41,776,653.45	52,185,862.11
Valuation	20,000,000.00	145,000,000.00	0.00	0.00	0.00	0.00	0.00	-648,556.00	165,000,000.00
Transfer/Adjustments	0.00	648,556.00	0.00	0.00	0.00	0.00	0.00		0.00
At 30th June 2022	20,000,000.00	154,420,541.66	6,000,000.00	1,663,195.00	4,928,737.00	1,872,250.00	32,688,295.00	212,459,044.45	434,032,063.11
Depreciation & Impairments									
At 30 June 2020									
At July 2020									
Depreciation	0.00	154,437.70	1,500,000.00	115,711.88	1,404,593.00	234,031.25	4,062,414.00	0.00	7,471,187.83
Impairment	0.00								
At 30th June, 2021	0.00	154,437.70	1,500,000.00	115,711.88	1,404,593.00	234,031.25	4,062,414.00	0.00	7,471,187.83
At 1st July, 2021	0.00	154,437.70	1,500,000.00	115,711.88	1,404,593.00	234,031.25	4,062,414.00	0.00	7,471,187.83
Depreciation	0.00	3,860,513.54	1,125,000.00	193,435.39	1,173,539.95	204,777.34	3,578,235.13	0.00	10,135,501.35
Depreciation Rate	0	0.025	0.25	0.125	0.333	0.125	0.125		
At 1st July, 2022	0.00	3,860,513.54	2,625,000.00	309,147.27	2,578,132.95	438,808.59	7,640,649.13	0.00	17,452,251.48

**KIRUA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022**

Net Book Value										
At 30 June 2021	0.00	6,023,070.30	4,500,000.00	809,983.13	2,813,404.00	1,638,218.75	28,436,898.00	171,330,947.00	215,552,521.17	
At 30 th June 2022	<u>20,000,000.00</u>	<u>150,560,028.12</u>	<u>3,375,000.00</u>	<u>1,354,047.73</u>	<u>2,350,604.05</u>	<u>1,433,441.41</u>	<u>25,047,645.88</u>	<u>212,459,044.45</u>	<u>416,579,811.63</u>	

KIRUA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE 2022

Valuation

As per National Treasury guidelines, Land and buildings were identified and valued as per the National Liabilities and Management Policy and guidelines (issued June 2020). These amounts were adopted in the financial statements on 27th July, 2022

21 (b) Property, Plant and Equipment at Cost

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

Assets	Cost	Accumulated Depreciation	NBV
Land	20,000,000.00		20,000,000.00
Buildings	154,420,541.66	3,860,513.54	150,560,028.12
Plant and machinery	32,688,295.00	7,640,649.13	25,047,645.88
Motor vehicles, including motorcycles	6,000,000.00	2,625,000.00	3,375,000.00
Computers and related equipment	4,928,737.00	2,578,132.95	2,350,604.05
Office equipment, furniture, and fittings	1,663,195.00	309,147.27	1,354,047.73
other assets	1,872,250.00	438,808.59	1,433,441.41
Work In Progress	212,459,044.45		212,459,044.45
Total	434,032,063.11	17,452,251.48	416,579,811.64

22. Intangible Assets

Description	2021-2022	2020-2021
Cost	KShs	KShs
At beginning of the year	1,573,250.00	0.00
Additions	244,000.00	1,798,000.00
At end of the year	1,817,250.00	1,798,000.00
Amortization and impairment		
At beginning of the year	0.00	0.00
Amortization (12.5)	227,156.25	224,750.00
At end of the year	1,590,093.75	224,750.00
Impairment loss		
At end of the year	0.00	224,750.00
NBV	1,590,093.75	1,573,250.00

KIIRUA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE 2022

23. Trade and Other Payables from Exchange transactions

Description	2021-2022	2020-2021
	KShs	KShs
Trade and other payables	1,074,862.00	4,540,729 .00
Fees paid in advance	1,794,097.00	9,669,057.00
Hostel income paid in advance		1,864,450.00
Total trade and other payables	<u>2,868,959.00</u>	<u>16,074,236.00</u>

24. Refundable Deposits from Customers/Students

Description	2021-2022	2020-2021
	KShs	KShs
Refundable deposits to students: Caution Money	117,333.00	117,333.00
Refundable deposits from mentor institutions & construction projects	18,065,728.14	14,422,247.00
Total refundable deposits from customers	<u>18,183,061.14</u>	<u>14,539,580.00</u>

24(b) Refundable deposits from mentor institutions & construction projects

Description	2021-2022	2020-2021
	KShs	KShs
Retentions for construction projects		
Laikipia West TTI	5,167,745.89	3,104,780.00
Igembe South TTI	4,630,659.25	2,918,268.00
Merti TVC	5,508,038.00	5,508,038.00
(Library complex) Corban construction	2,759,285.00	2,759,285.00
BCE workshop (Nkingo construction co.)	0.00	131,876.00
Total deposits	<u>18,065,728.14</u>	<u>14,422,247.00</u>

Retirement benefit Asset/ Liability

The institute does not operate a defined benefit scheme for all full-time employees.

The institute also remits to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The institute's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. 400.00 per employee per month

25. Cash generated from operations

Description	2021-2022	2020-2021
	KShs	KShs
Net Surplus for the year	38,860,441.00	4,699,005.00
Adjusted for:	0.00	0.00
(add)Provision on Depreciation of assets	0.00	7,695,937.00
(add)provision on bad & doubtful debts	0.00	96,393.00
Working Capital adjustments	0.00	0.00
Increase Decrease / in inventory	-443,090.00	-282,306.00
Increase/ Decrease in receivables	-6,425,479.00	4,135,440.00
Decrease/Increase in payables	-13,675,628.00	1,550,705.00
Net cash flow from operating activities	<u>18,316,243.00</u>	<u>17,895,174.00</u>

KIIRUA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE 2022

26. Change in working capital

	2021-2022	2020-2021
Description	KShs	KShs
(add)Provision on Depreciation of assets		7,695,937.00
(add)provision on bad & doubtful debts		96,393.00
Working Capital adjustments		
Increase Decrease / in inventory	(443,090.00)	(282,306.00)
Increase/ Decrease in receivables	(6,425,479.00)	4,135,440.00
Decrease/Increase in payables	(13,675,628.00)	1,550,705.00
Total Change in working capital	<u>(20,544,198.00)</u>	<u>13,196,169.00</u>

KIIRUA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

27. Reconciliation schedule of the comparison of the budget and actual with the statement of financial performance

Revenue

Description	Statement of financial performance	Rev for other accounts	2021/22 fees receivables	prepaid fees 2020/21	prepaid fees 2021/22	2020/2021 other receivables	Actual on comparable basis
Transfers from other govt entities and govt grants	23,035,791.00	(1,052,500.00)					21,983,291.00
Rendering of services- fees from students	65,280,872.63	(670,400.00)	(13,302,427.00)	(1,864,450.00)	(6,906,788.46)	3,135,315.00	40,845,420.97
Hire of facility	10,607,720.35						10,607,720.35
Other income	53,310.00						53,310.00
Total income	98,977,693.98	(1,722,900.00)	(13,302,427.00)	(1,864,450.00)	(6,906,788.46)	3,135,315.00	73,489,742.32

Expenditures

Description	Statement Of Financial Performance	2021/22 Provisions	2021/2022 Capital Expenses	2020/2021 Payables	Expenditure For Other Institute	2021/2022 Inventory	2021/022 Inventory	2021/2022 Payable	Receivables	Actual On Comparable Basis
Compensation of employees	8,839,770.00									
Use of goods and services	47,827,422.21	(139,200.00)		1,399,397.00	(5,595,780.00)	(500,779.00)	943,939.40	(370,580.00)	8,590,791.00	48,636,190.11
Finance costs	76,840.00				(8,040.00)					68,800.00
Contracted services	381,050.00									381,050.00
Repair and maintenance	1,251,953.00			537,462.00	(8,352.00)					1,781,063.00
Remuneration of directors	1,740,218.00									1,740,218.00
Capital budget			16,855,221.92							16,855,221.92

**KIIRUA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022**

Depreciation and amortization expense	10,362,657.60	(10,362,657.00)								
Total Expenditure	70,479,910.81	(10,505,154.48)	16,855,221.92	1,936,859.00	(5,612,172.00)	(500,779.00)	943,939.40	(370,580.00)	8,590,791.00	78,335,013.03
Surplus For the Period	28,497,783.17									4,835,270.71

KIIRUA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE 2022

28. Financial Risk Management

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

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

(i) Credit risk

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

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

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

	Total amount	Fully performing	Past due	Impaired
At 30 June 2021				
Receivables from exchange transactions	12,011,359.00	10,129,089.00	1,836,464.00	45,806.00
Receivables from non-exchange transactions	3,055,015.00	0	3,055,015.00	0
Bank balances	99,435,649.04	99,435,649.04	0	0
Total	114,502,023.04	109,564,738.00	4,891,479.00	45,806.00
At 30 June 2022				
Receivables from exchange transactions	21,491,852.70	21,491,852.70		
Receivables from non-exchange transactions				
Bank balances	65,332,021.28	65,332,021.28		
Total	86,823,873.98	86,823,873.98		

(i) Credit risk (continued)

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

The Institute has significant concentration of credit risk on amounts invoiced on termly bases

KIIRUA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE 2022

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

(ii) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 3 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2021				
Trade and other payables	3,673,628.75	6,453,881.00	20,486,306.25	30,613,816.00
Employee benefit obligation	0.00	0.00	0.00	0.00
Total	3,673,628.75	6,453,881.00	20,486,306.25	30,613,816.00
At 30 June 2022				
Trade and other payables	1,794,097.00	1,074,862.00	18,183,061.14	21,052,020.14
Employee benefit obligation				
Total	1,794,097.00	1,074,862.00	18,183,061.14	21,052,020.14

(iii) Market risk

The institute out sources external auditor from sister TVET institute to assist it in assessing the risk faced by the institute on an on-going basis evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate which will affect the institute's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Board Committee.

The institute's Finance Department is responsible for the development of detailed risk management policies and for the day-to-day implementation of those policies.

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

a) Foreign currency risk

The Institute has no transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency.

**KIIRUA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE 2022**

b) Interest rate risk

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

IV) Capital Risk Management

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

	2021-2022	2020-2021
	Kshs	Kshs
Revaluation reserve	153,035,433.17	97,225,126.00
Retained earnings	134,123,652.00	229,512,503.00
Capital reserve	197,716,603.70	0.00
	<u>484,875,688.87</u>	<u>326,737,629.00</u>
Total funds		
Less: cash and bank balances	65,322,021.00	99,435,649.04
Net debt/ (excess cash and cash equivalents)	<u>65,322,021.00</u>	<u>99,435,649.04</u>

29. Related Party Balances

Nature of related party relationships

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

Government of Kenya

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

- i) The National Government;
- ii) The Parent Ministry;
- iii) Institute Top Management;
- iv) Board Of Governors;
- v) Sponsors Of Institute Programme (Nrt- Ujuzi Manyattani)
- vi) Parents/Guardians

**KIIRUA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE 2022**

	2021-2022	2020-2021
	Kshs	Kshs
Transactions with related parties		
a) Grants /Transfers from the Government		
Grants from National Govt: Capitation	15,945,000.00	11,947,500.00
Merti TVC Grants	2,000,000.00	3,500,000.00
Development grants – Merti TVC	5,090,791.00	5,090,791.00
b) Sponsors Of Institute Programme (NRT- Ujuzi Manyattani)	5,850,000.00	1,530,000.00
c) Parents/Guardians	53,778,763.43	18,327,343.00
Total	82,664,554.43	40,395,634.00
c) Expenses incurred on behalf of related party		
Payments of operations expenses of behalf mentee institutions		
Laikipia West TTI	826,253.00	452,838.00
Igembe South TTI meetings	326,000.00	89,400.00
Merti TVC	5,778,772.00	3,055,005.00
Total	6,931,025.00	3,597,243.00
d) Key management compensation		
Directors’ emoluments	1,740,218.00	1,849,767.00
BoG employees’ costs	8,872,470.00	6,665,483.00
Total	10,612,688.00	8,515,250.00

30. Segment Information

The institute does not operate in segments

31. Events After the Reporting Period

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

32. Ultimate And Holding Institute

The institute is TVET institute under the Ministry of education. Its ultimate parent is the Government of Kenya.

33. Currency

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

**KIIRUA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022**

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

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

Re	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
Basis of adverse opinion				
1	Inaccuracies in the financial statement	The inaccuracies reported in the 2020- 2021 financial statements were amended and necessary adjustments and restatement made in the 2021- 2022 financial year.	Closed	2021 - 2022
2	Unsupported receivables from exchange transactions	The 2020- 2021 receivables schedules of kshs. 11,833,359.00 were provided during the 2021- 2022 audit for confirmation.	Closed	2021 - 2022
3	Unsupported receivables from non-exchange transactions of kshs.3,055,015.00	The 2020- 2021 receivables schedules of kshs. 3,055,015 from non-exchange transactions were recovered in the year and the schedule of the same provided during the 2021- 2022 audit for confirmation.	Closed	2021 - 2022
4	Unsupported fees paid in advance	The prepaid fees and hostel income of kshs. 16,074,236 schedules relating to 2020 – 2021 financial year were provided during the 2021- 2022 audit for confirmation. The same amount was accounted for during the year and disclose as revenue in the 2021- 2022 financial year.	Closed	2021 - 2022
5	Unsupported property, plant and equipment Lack of land ownership document	The process of acquiring the institute land title deed is ongoing and The ministry of education through the ministry of lands and public works has started the process of	Ongoing	2022- 2023

**KIIRUA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022**

		titling all the TVET institution's land by mapping and surveying.		
6	Unsupported remuneration of directors	The programme for training and travel supporting documents were provided during the 2021 - 2022 audit.	Closed	2021 - 2022
Key audit matters. Other matters				
7	Budgetary control and performance	<p>The underfunding of the institute budget at 72 % was as result of failure by the government to release the capitation in full with the quarters and also the funding didn't match with number of trainees</p> <p>The over expenditure was as result of expenditure incurred in the process of mentoring other institution whose budget was factored in the Kiirua Main Budget.</p>	Closed	2021 - 2022
Report on lawfulness and effectiveness in use of public resources				
8	Delay in complementation of the project.	The construction of the library complex has ongoing case in court which has affected the completion of the project. However, the institute started completion of the said project in phases.	Ongoing	2022- 2023
9	Delay in implementation of the MIS	The MIS provider upgrade the system and also trained the employee on all modules of the system. The MIS is now implemented in full.	Closed	2021 - 2022
10	Non compliance with law on ethnic composition	The strive to achieve ethnic balance through all means by publicising available vacancies through the media however, all the locals apply for those positions.	Ongoing	

KIIRUA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

Appendix II: Projects Implemented by Kiirua Technical Training Institute

Projects

Projects implemented by the Institute Funded by development partners

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1)	Automotive workshop	AIA		3,380,704.00	NO	3,211,668.00
2)	Masonry workshop	AIA		1,099,419.00	NO	1,044,448.05
3)	Main gate beautification	AIA		1,310,000.00	NO	1,244,500.00
4)	Automotive workshop extension KPLC relocation & extra works	AIA		1,668,857.20	NO	1,585,414.34
5)	Ablution block	AIA		1,605,000.00	NO	1,524,750.00
6)	Iron sheet walling	AIA		363,400.00	NO	363,400.00
7)	Library complex	AIA		8,478,440.00	NO	4,214,488.80

**KIRUA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022**

11	Use of goods & services	The institute mentors 3 institution including Meri TVC. The institute is operated independently by the principal who has been appointed by PSC. However, their books of accounts and reports are included in Kirua TTI.	Ongoing	2022- 2023
12	Lack internal audit functions	Due to financial constraints the management has not been able to employ an internal auditor. However, the management has been outsourcing the services of internal auditor from sister institution	Ongoing	2022- 2023

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 Institute 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: Jackson Mbae
 Accounting Officer

Date 8/5/2023

**KIIRUA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022**

8)	Kitchen renovations	AIA		177,890.00	NO	177,890.00
9)	Igembe TVC	GOK/NG CDF		57,520,412.00	NO	46,285,470.35
10)	Laikipia TTI	GOK/NG CDF		55,471,853.00	NO	51,677,471.00
11)	Merti TTI	GOK/NG CDF		57,834,143.00	NO	55,080,382.00

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1)	Automotive workshop	3,380,704.00	3,211,668.00	100% project handed over	3,380,704.00	3,211,668.00	AIA
2)	Masonry workshop	1,099,419.00	1,044,448.05	100% project handed over	1,099,419.00	1,044,448.05	AIA
3)	Main gate beautification	1,310,000.00	1,244,500.00	100% project handed over	1,310,000.00	1,244,500.00	AIA
4) 1	Automotive workshop extension KPLC	1,668,857.20	1,585,414.34	100% project handed over	1,668,857.20	1,585,414.34	AIA

**KIIRUA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022**

	relocation & extra works									
5) 2	Ablution block	1,605,000.00	1,524,750.00	100% handed over	project handed over	1,605,000.00	1,524,750.00		AIA	
6) 3	Iron sheet walling	363,400.00		100% handed over	project handed over	363,400.00			AIA	
7)	Library complex	8,478,440.00	4,214,488.80	72%		8,478,440.00	4,214,488.80		AIA	
8)	Kitchen renovations	177,890.00	177,890.00	100%^		177,890.00	177,890.00		AIA	
9)	Igembe TTV	57,520,412.00	46,285,470.35	.82%		57,520,412.00	46,285,470.35		GOK/NG CDF	
10)	Laikipia TTI	55,471,853.00	51,677,471.00	98%		55,471,853.00	51,677,471.00		GOK/NG CDF	
11)	Merti TTI	57,834,143.00	55,080,382.00	98%		57,834,143.00	55,080,382.00		GOK/NG CDF	

**KIIRUA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022**

Appendix III- Inter-Institute Confirmation Letter



**KIIRUA TECHNICAL TR
P.O BOX 1931-60200 MERU
Cell: 0718621864
E-Mail: kiiruatti@yahoo.com
Website: www.kiiruatti.ac.ke**



**KIIRUA TECHNICAL TRAINING INSTITUTE
P.O BOX 1931-60200 MERU-KENYA
Cell: 0718621864
E-Mail: kiiruatti@yahoo.com**

Kiiru Technical Training Institute 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.

Confirmation of amounts received by Kirua Technical Training Institute as at 30th June 2022

Ref NO	Date Disbursed	Amounts Disbursed by MoE (Kshs) as at 30th June 2022			Total (D)=(A+B+C)	Amount Received by kiirua T T I (KShs) as at 30 th June 2022 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter- Ministerial (C)			
		KIIRUA TTI: CAPITATION					
	30/6/2021	3,300,000.00			3,300,000.00		
	6/6/2022	5,047,500.00			5,047,500.00		
	3/3/2022	3,772,500.00			3,772,500.00		
	18/11/2021	3,772,500.00			3,772,500.00		
		15,892,500.00			15,892,500.00		

**KIIRUA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022**

	MERTI	MERTI_DEV			
29/6/2021		5,090,791.00	5,090,791.00		5,090,791.00
6/6/2022			52,500.00		52,500.00
19/11/2021			500,000.00		500,000.00
19/11/2021			500,000.00		500,000.00
05/7/2021			500,000.00		500,000.00
10/05/2021			500,000.00		500,000.00
	2,000,000.00		2,000,000.00		2,000,000.00
Total	17,945,000.00	5,090,791.00	23,035,791.00		23,035,791.00

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

Head of Accountants department of beneficiary Institute:

Name Dr. J. Mbari Sign [Signature] Date 8/5/2022

KIRUA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

Appendix IV: Reporting of Climate Relevant Expenditures

KIRUA TECHNICAL TRAINING INSTITUTE
P.O BOX 1931-60200 MERU-KENYA
Cell: 0718621864
E-Mail: kiiruatti@yahoo.com

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

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

**KIIRUA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022**

Appendix V: Disaster Expenditure Reporting Template

Date: 21/7/2022

Institute **KIIRUA TECHNICAL TRAINING INSTITUTE**

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