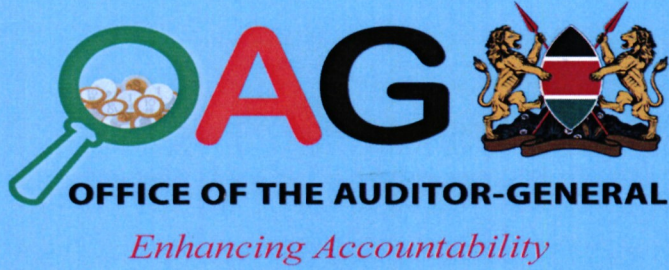


REPUBLIC OF KENYA



PARLIAMENT
OF KENYA
LIBRARY

THE NATIONAL ASSEMBLY	
REPORT	
DATE: 25 JUL 2023	DAY: TUESDAY
TABLED BY: OF	HON. NADMI WAGDAMP DEPUTY MAJORITY WHIP
CLERK AT THE TABLE:	ANNE SHUBICO

THE AUDITOR-GENERAL

ON

**KONOIN TECHNICAL TRAINING
INSTITUTE**

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



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

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

Konoin Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2022

Table of Contents

I. Key Entity Information and Management	ii
II. The of Board of Governors.....	v
III.Management Team.....	vi
IV.Chairman’s Statement.....	ix
V. Report of the Principal	xi
VI.Statement of Performance against Predetermined Objectives	xiii
VII.Corporate Governance Statement	xiii
VIII.Management Discussion and Analysis	xvi
IX. Report of the Board of Governors	xx
X.Statement of Board of Governors Responsibilities	xxii
XI. Report of the Auditor-General.....	xxiv
XII. Statement of Financial Performance for the year ended 30 June 2022.....	1
XIII. Statement of Financial Position as at 30th June 2022	2
XIV.Statement of Changes in Net Asset for the year ended 30 June 2022	4
XV.Statement of Cash Flows for the year ended 30 June 2022	5
XVI.Statement of Comparison of Budget for the year ended 30 June 2022.....	7
XVII.Notes to the Financial Statements.....	8
XVIII.Appendices.....	33

I. Key Entity Information and Management

(a) Background information

The Konoin Technical Training Institute was incorporated/ established under the Companies Act on May 2016. The Institute is domiciled in Kenya, Bomet county, Konoin sub-county and has no branches. The Institute is a centre of excellence in Agriculture and related fields. In addition.

(b) Principal Activities

The principal activity of the Konoin Technical Training Institute is to offer Technical, Vocational, Education and Training to students to acquire technical skills relevant to the main agenda of government.

Vision:

To be a centre of excellence in offering quality Technical, Vocational Education and Training.

Mission:

To provide Quality and Technical knowledge, skills and competencies to students and promotes innovation and creativity.

Core Objectives:

- i) To extend technological solutions through research in appropriate and emerging technologies.
- ii) To promote technology through linkages with institutions, communities and industries.
- iii) To expand and harness use of ICT in service delivery and ICT integration.

(C) Key Management

The Konoin Technical Training Institute day-to-day management is undertaken by the following key organs:

- Board of Governors
- Principal (Accounting officer)
- Deputy Principal-Administration.
- Deputy Principal-Academics.
- Registrar
- Dean of students
- Finance Officer
- Procurement Officer

(d) Fiduciary Management

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

No.	Designation	Name
1.	Principal	Sabulei K. Moses
2.	Deputy Principal Administration	Joseah Keino
3	Deputy principal Academics	Naomy Odira
4	Registrar	Alfred Yegon
5	Dean of students	Charles Oiro
6	Head of Finance	Janeth Chepkirui
7	Head Of Procurement	Naomy Chepngetich Ronoh

(e) Fiduciary Oversight Arrangements

Name of the Committee	Members
Finance/Technical Committee	1. Anthony Kiplangat Bor. 2. Vivian Osindi. 3. Michael Ongoyi. 4. Janeth Chepkirui. 5. Sabulei K Moses
Human Resource /Academic Committee	1. Juliana Yegon. 2. Caroline Chepngetich. 3. Michael Ongoyi. 4. Vivian Osindi. 5. Sabulei K Moses
Audit Committee	1. Sambu Zeddy Cheron 2. Benard Wafula Nalyanya 3. Sabulei K Moses

Key Entity Information and Management (Continued)

(f) Entity Headquarters

Konoin Technical Training Institute
P.O. Box 19-20403, Mogogosiek.
Technical Training Institute Building/House/Plaza
Koiwa Road

Bomet

(g) Entity Contacts

Telephone :(254) 725081344
E-mail: konointechnical@gmail.com
Website: www.konointti.ac.ke

(h) Entity Bankers

Kenya Commercial Bank
Litein branch
P.O. Box 5 -20210,
Litein, Bomet.



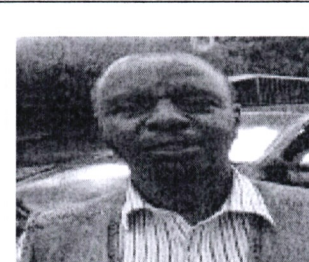


(i) Independent Auditors

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


II. The of Board of Governors

 <p>1. Sammy Kiprono Kirui</p>	<p>B.A MBA DHRM DPSM MKIM General Manager, James Finlays Kenya Date of Birth-1969 Work Experience-Over 30 years</p>
 <p>2.Sabulei K. Moses</p>	<p>Masters of Education (Curriculum and Teaching) Chief Principal-Konoin TTI Date of Birth Work Experience-Over 30 years</p>
 <p>3. Anthony Kiplangat Bor</p>	<p>PhD in Business Management (Finance Option) on-going MBA (Finance Option) Bachelor of Commerce (Accounting Option) Accountant, KTDA Date of Birth-1966 Work Experience-Over 30 years</p>
 <p>4. Ongoyi Ajwang Michael</p>	<p>Bachelor of Science (Computer Science) Instrumentation and Control superintendent-Sony sugar Date of Birth-1973 Work Experience-Over 10 years</p>
 <p>5.Caroline Chepngetich</p>	<p>Post graduate diploma in law Bachelor of law M/S Sang & Sang Advocates, LLP, Kericho (Lawyer) Date of Birth-1991 Work Experience-Over 5 years</p>






Konoin Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2022

 6. Benard Wafula Nalyanya	Bachelor of Technology: Electrical Communications Engineering Date of Birth-1966 Electrical engineer Kenya Tea Dev Agency Work Experience-Over 30 years
 7. Vivian N. Osindi	Bachelor of Science (Computer Science Technology) Direct Sales Representative & Credit Collector KCB Nairobi. Date of Birth -1986 Work Experience-Over 10 years
 8. Sambu Zeddy Cheronoh	M. A Development Communication MBA (Finance Option) B. A Communication and Media Technology Date of Birth -1981 Work Experience-Over 10 years


III. Management Team

Name	Main area of responsibility
1. Sabulei K. Moses  Academic qualification: - Masters of Education (Curriculum and Teaching) - Bachelor of Education.	Principal (Accounting Officer)

**Konoin Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2022**

<p>2. Joseah Keino</p>  <p>Academic qualification: Diploma in Building and Civic engineering</p>	<p>Deputy Principal Administration</p>
<p>3. Naomy Odira</p>  <p>Academic qualification: -M. ED Educational psychology</p>	<p>Deputy Principal Academics</p>
<p>4. Alfred Yegon</p>  <p>Academic qualification: BSC. Information Technology</p>	<p>Registrar</p>
<p>5. Charles Oiro</p>  <p>Academic qualification: -BA Economics/Sociology PGD</p>	<p>Dean Of Students</p>
<p>6. Janeth Chepkirui:</p>  <p>Academic qualification: -Bachelor of Commerce (Finance option)</p>	<p>Head of Finance</p>

Konoin Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2022

Professional qualification: -CPA(K)	
1. Naomi Chepngetich Ronoh  Academic qualification: -Bachelor's Degree in Business Management (Purchasing and Supplies option) Professional Qualification -KISEB Student	Head of Procurement

IV.Chairman's Statement

I am pleased to report that Konoin Technical Training Institute (KTTI) 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 and operations and risks associated with the Institution, and 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 Institution in line with vision 2030, the Big 4 Agenda and Sustainable Development Goals. In the past, the institute experienced tremendous growth in student enrolment but in the last two years the enrolment though growing has been unsteady due to the effects of Covid 19. As at the end of year 2020/2021, the Institute had 1308 students.

Review of the Sector and Changes

Though the year was faced with unusual challenge of Covid 19, the government capitation has continued to boost the growth in student enrolment due to reduction in fees payable to ensure affordable technical vocational training to every high school graduate who has not met the required threshold to join university education. This initiative of transition by the government has so far been successful, and the future looks quite bright indeed.

Risk Management

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

Operation and Management

In the spirit to excel, we endeavour to be a centre 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).

Key Challenges

As mentioned above, in the last two years the education calendar has been affected by the outbreak of Covid 19 resulting to low rate of enrolment as well as crashing of programs. Again, complying with Ministry of Health Covid - 19 Protocols continue to limit the Institute realize its full potential in terms of revenue collection and coursing delays or

Konoin Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2022

postponement of projects implementation process. The institute had to go beyond the budget, to meet the Ministry of Health Covid 19 Protocols. The Institute also has got no boarding facilities forcing students to seek accommodation outside the school facilities.

I am indeed deeply indebted to the members of the Board of Governors for their unwavering support, commitment and futuristic outlook towards realising the institute's objectives in line with its strategic plan and core mandate of training and producing technical manpower. Noteworthy is the Board's diverse qualifications and experiences. I unreservedly assure all our Stakeholders we at KTTI, shall remain focused, committed and consistent in the delivery of opportunities and accountably availing of the same to both trainers and trainees within the Government framework of accountability, transparency, governance and ethical sustainability. Going forward Konoin Technical Training Institute is committed to working closely in collaboration with other like-minded institutions, agencies and any other bi-lateral & multi-lateral agencies to enhance technical and vocational training to ensure that our trainees continue to receive quality Competency Based Training.

Lastly, I would like to whole-heartedly thank my fellow members of the Board of Governors, Management, Trainers, Trainees – and all other stakeholders for their cooperation, collaboration, continued support and commitment during this period of review.

SAMMY KIPRONO KIRUI
CHAIRPERSON OF THE GOVERNING BOARD

V. Report of the Principal

Konoin 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 also to be in the forefront in ensuring that financial resources were utilized efficiently and effectively for optimum output. Despite the many challenges brought about by economic constraints, the Institute nevertheless continued to discharge its mandate of training, research and outreach.

Konoin Technical Training Institute currently offers 45 programmes/courses accredited by Technical and Vocational Educational Training Authority. The Institute has been registered by Kenya National Examination Council as an examination Centre for both Business and Technical Examinations. Candidates have sat for examinations in November 2021 and March 2022. There are also many candidates who have registered for November 2022 series.

The Institute has partnered with the County Government of Bomet, NG-CDF Konoin Constituency, KUCCPS, HELB, Imarisha Sacco society ltd and we look forward to more partnerships in future.

The Institute has a potential to admit more students but this will be made possible only if the infrastructure is improved. We are in the process of constructing two Hostels with partnership from Finlays (K) Ltd and NG-CDF Konoin to accommodate about 300 students so as to assist students who are placed by KUCCPS.

Konoin Technical Training Institute has a very bright future in the TVET Sub-sector.

- Our serious challenge is lack of adequate government trainers, enough classrooms and workshops.

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 Form 4 leavers as possible.

Previously, in a move to boost student enrolment the Government had introduced Capitation to the tune of Kshs.30,000/= p.a to all joining and current students in all Technical Training Institutions. Annual students fee nationally is capped at Kshs.56,420/= with the Government pledging the above Kshs.30,000/= capitation, while encouraging the needy students to apply through HELB for the balance of Kshs.26,420/=

Konoin Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2022

During the year under review, the totals of government receipts were Kshs. 60,037,234 from rendering of services was in the tunes of Kshs. 54,037,234 compared to Kshs. 54,037,234 received during FY 2020/2021. The increase was due to increased receipts from HELM.

Students Enrolment;

During the year 2021/2022, the enrolment was not immense as in the previous year due to change of Academic calendar.

Activities Undertaken

During the Financial Year under review the institutions undertook the following activities:

- Payment of school bus 62-seater KCT 311Y to a tune of Kshs.3,300,000.
- Planting of trees and beautification of the compound.

I have confidence that the trainees are well equipped with the necessary skills that aligns 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.

Technical Training Institute being a Tertiary institution desires to enhance its 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 this crucial transitional stage to a National Institute in terms of financial support and other contributions. We shall continue to appeal for such support for success to come.

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.

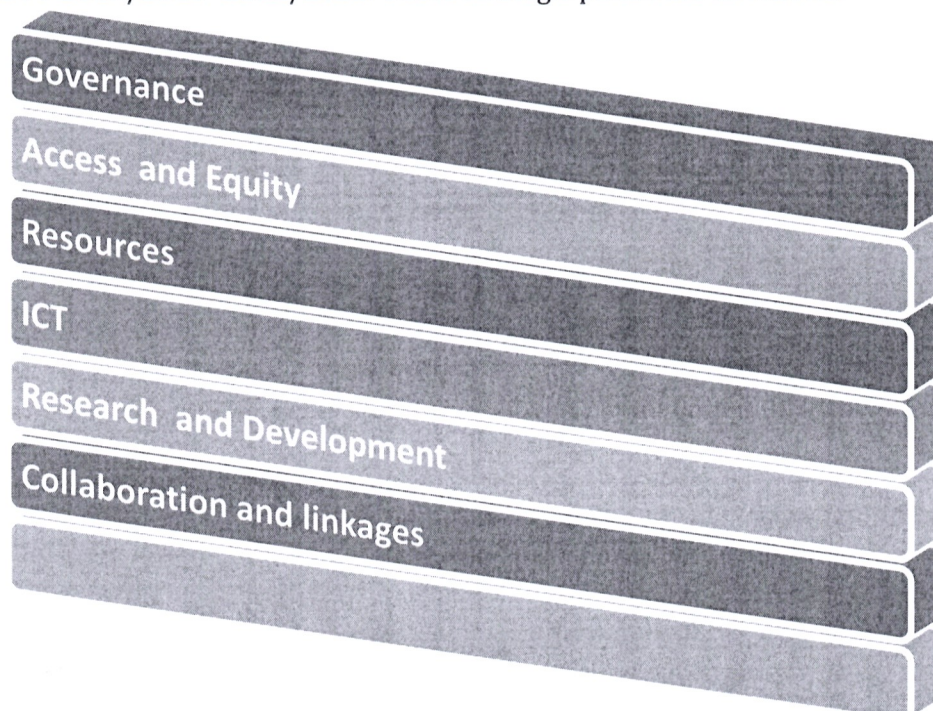
I also appreciate the financial, material and moral support of our collaborators, staff and friends during the year. It is because of the understanding and guidance of the Chairperson of the Board as well as the cooperation of the Management team, all staff and our students that we ended the year within 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.


SABULEI K.M
CHIEF PRINCIPAL/SECRETARY TO THE BOARD OF GOVERNORS

VI.Statement of Performance against Predetermined Objectives

Konoin Technical Training Institute has six strategic pillars and objectives within its Strategic Plan for the FY 2018/2019- 2022/2023. These strategic pillars are as follows:



Konoin Technical Training Institute develops its annual work plans based on the above six 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 2020/2021 period for its 1 strategic pillar, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: Access and Equity	Expand the physical infrastructure	Completion agricultural value addition block	Construction agricultural value addition block	To be started
	Enhance security in the Institute	Completion of school fence	Completion of school fencing project	completed
	To improve students’ academic performance	Acquire addition 62 seater bus	62 seater bus acquired	Project closed

VII. Corporate Governance Statement

Konoin Technical Training Institute is committed to good corporate governance, which promotes the long-term interests of the Government of Kenya and any other stakeholder, strengthens Board and management accountability and helps build public trust in the Institute. The Board is appointed by the Government of Kenya through the Cabinet Secretary, Ministry of Education, science and technology to oversee their interest in the long-term health and the overall success of

Konoin Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2022

the business and its financial strength in order to discharge its mandate in training. The Board serves as the ultimate decision making body of the Institute, except for those matters that are reserved or shared with the Government of Kenya. The Board selects and oversees the members of the management, who are charged by the Board with conducting the business of the Institute in accordance with the Technical, Vocational, Education & Training Act of 2013 and the constitution of the Republic of Kenya.

The Board have established Corporate Governance Guidelines which provide a framework for the effective governance of the Institute. The guidelines address matters such as the Board's Vision and mission, overall strategy, members' responsibilities, Board structure, recommendation of the Chief Executive Officer, Over-sighting the performance and evaluation of management. The Board regularly reviews developments in corporate governance and updates the Corporate Governance Guidelines and other governance material as necessary and appropriate. The Institute's corporate governance materials, including the Corporate Governance Guidelines, the Institute's legal order, the terms and reference of the Board committee, the Institute's Codes of Business Conduct, information about human resource concerns about the Institute and the Institute's public policy engagement and contributions policy.

Attendance of board meetings

During FY 2021/2022, there was 99% eligible attendance at all meetings of the Board and its Committees.

The following table shows the number of meetings held during 2021/2022, the attendance of each Member;

	HUMAN	HUMAN R	FINANCE	HUMAN R	SPECIAL	FULL BOA	SPECIAL	FIN
NAME	18/07/20	7/8/2021	9/8/2021	17/08/202	27/10/2021	18/02/20	25/02/20	11/
CAROLINE	PRESENT	PRESENT		PRESENT	PRESENT	PRESENT		PRE
HARON MA	PRESENT	PRESENT	PRESENT	PRESENT	PRESENT	PRESENT		PRE
VIVIAN OS	PRESENT		PRESENT	PRESENT	PRESENT			
ANTHONY J.K BOR			PRESENT		PRESENT	PRESENT		PRE
JULIANA YE	PRESENT							
MICHAEL O	PRESENT					PRESENT		
SAMMY KIRUI					PRESENT	PRESENT		
ZEDDY SAMBU						PRESENT	PRESENT	
SABULEI K MOSES						PRESENT	PRESENT	PRE
WAFULA BENARD						PRESENT	PRESENT	
PETER CHERUIYOT							PRESENT	

Note:

- 1) There were 1 full board meeting, 3 finance committee meetings, 1 special board meeting and 3 human resource committee meeting held during the year.
- 2) No board charter exists at the moment.
- 3) Succession took place.
- 4) No board remuneration.

Konoin Technical Training Institute

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

Prior to the beginning of each year, Board meetings are scheduled in line with the key financial reporting dates. A more detailed agenda, together with the Board papers, is distributed in a timely manner before each Board meeting. All Members receive sufficient relevant information on financial, Academics and development issues to enable informed decisions to be taken by them at the Board meetings. Any specific actions arising during meetings are agreed by the Board and a follow-up procedure monitors their completion. Monthly financial and operational reviews are distributed to the Board, irrespective of whether a scheduled meeting is to take place. This assists the Board to keep informed of developments on a regular basis.

Time is allocated at all meetings to discuss any other business, which all Members are invited by the Chair to raise. All Members participate in strategy development and decisions required to implement actions to progress towards meeting the objectives of the Company.

The Board Chairperson's primary role is to ensure the effective running of the Board and that the Board as a whole plays a full and constructive part in the development and determination of the Group's strategy and overall commercial objectives.

The principal's primary role is to deal with the running of the Institute and executive management of all the staff. He advises the Board and reports directly to the Chair on Institute Governance matters. He also advises the Board on legal and governance matters, helping to ensure that Board procedures and applicable rules and regulations are observed.

The Members are also able to take independent professional advice in the furtherance of their duties as necessary.

The Role and Functioning of the Board

The Board is comprised of a BOG Chairperson, Principal (Secretary to Board) and five board Members. The Members have a balance and depth of skills and experience, together with knowledge of the Institute's operations, which enables them to discharge their respective duties and responsibilities effectively. The Board is collectively responsible for the long-term success of the Institute. There is a formal schedule of matters reserved for consideration by the Board, which include responsibility for the following:

- i) Approval of overall Institute strategy and objectives.
- ii) Approval of the annual budget and monitoring progress towards its achievement.
- iii) Review and approval of the annual financial statements.
- iv) Approval of Institute's financing arrangements from donors and other government agencies.
- v) Approval of major unbudgeted expenditure.

These reserved matters are reviewed by the Board, at least annually, to ensure they remain appropriate and complete. The board Members are non-executive.

Konoin Technical Training Institute

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

Board performance

Performance evaluations identify and record achievements, training requirements and areas for improvement in relation to annual objectives and performance of their respective roles. The Board is required to consider effectiveness. Objectives for the forthcoming year are defined along with the methods of how achievements will be met, target dates and details of resource constraints or risks. The Board ensure that actions are planned and taken as a result of the evaluation process. We strive to provide the highest quality of training to our students by;

- i) Being courteous, fair, ethical and professional.
- ii) Being positive and helpful and provide reasons for any decisions we make.
- iii) Providing assistance when required.
- iv) Answering enquiries or requests accurately and in a timely manner
- v) Treating our staff, Contractors and Suppliers honestly and with respect.
- vi) Keeping the Institute clean, tidy and free from any damage.

VIII. Management Discussion and Analysis

Konoin Technical Training Institute operational and financial performance

During the year ended June 2022, the Institution had 903 students. The reduced gross capitation was due to non-receipt of 4th Quarter capitation. During 2021/2022 Revenue services increased from KES 16,654,449 in year 2020/2021 to KES 54,077,234 due to increased student debtors and increased number of students undertaking examination. This was due to increased receipts of HELB.

The Institution is experiencing tremendous growth and the management will have to pursue additional funding and technical support from the Government and other development partners. At the Institution level, activity-based costing method will be used both as a tool for activity planning and financial control. This will serve the role of activity-based costing as the Institution allocates resources based on planned and prioritized activity. This method of costing cost of each activity will be traced to the product or service as per the Institution plan. To further enhance service delivery through effective financial management, the Institution will concentrate on eliminating wastages.

In this regard, the Institution will lobby and mobilize financial resources for Technical Innovation and Research on Technical fields from the following sources;

i. Government Funding

With regard to Government funding, the Institution will prepare, present and justify proposals on a basis for resource bidding within the Government's budgetary processes. In this regard, the Institution will coordinate with the MoE to ensure that the respective annual budget can accommodate the needs of this plan.

ii. Constituency Development Fund (CDF)

With regard to CDF, the Institution will prepare, present and justify proposals on projects within the plan. The proposals will be presented to the Konoin CDF Committee for consideration.

iii. National Science Technology & Innovation Fund

The Institution through the Ministry of Education (MoE) will seek for funding from the National Science Technology and Innovation Fund on initiatives in the Institution based. This will be in line with the objective of the foundation which is to secure local and international funding in support of national Science Technology

competitiveness in Kenya.

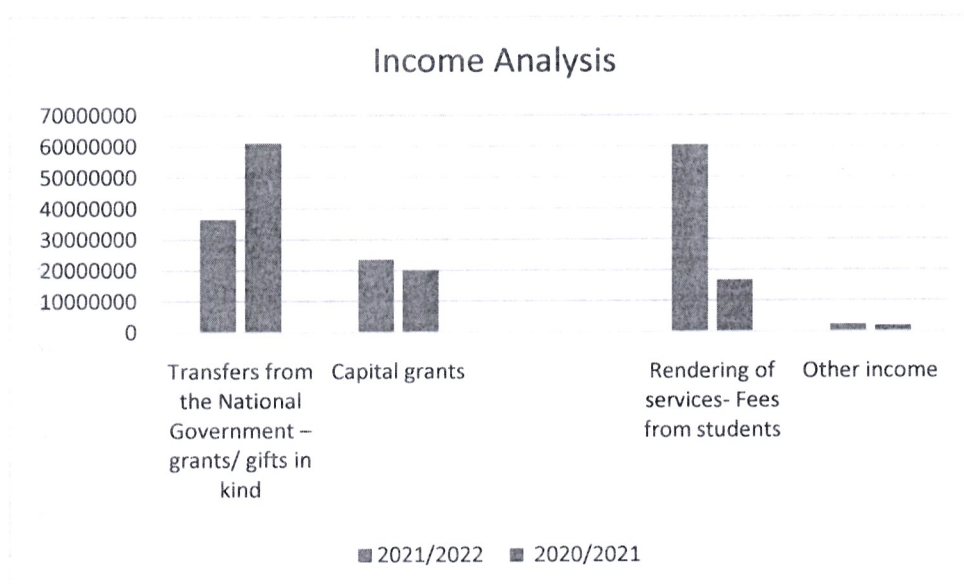
iv. Donors (Development Partners)

The Institute currently has a working relationship with development partners across the country and will continuously seek collaborations with like-minded institutions within and outside the country. The Institution as part of its national linkages will engage the support of development partners to fill in the resource gap between the resources allocated by the government through recurrent and development allocations as well as grants.

v. County Government of Bomet

Konoin Technical Training Institute is within Bomet County. The institution can benefit from the County Government through County bursaries to students and also through partnerships and collaborations.

Below is analysis of revenues and expenses for year 2021/2022 and 2020/2021.

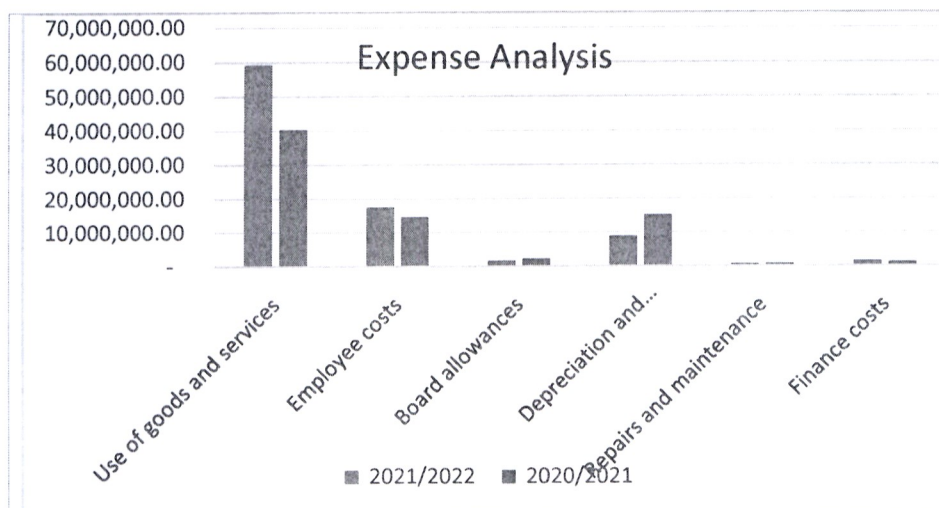


Transfers from the government were lower in 2021/2022 as compared to 2020/2021 due to reduced number of students and also non-receipt of 4th Quarter capitation.

Incomes from rendering of services increased due to increased student debtors and also increase in students undertaking examination.

Other income increased in year 2021/2022 due to the increased payment of boarding fee. The expense for the financial year 2021/2022 increased due to increase purchase of practical materials and equipment for students.

Konoin Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2022



Konoin Technical Training Institute compliance with statutory requirements

Konoin Technical Training institute complies to deduction and remittance of statutory deductions such as NHIF, NSSF and PAYE

Key projects and investment decisions

The Institution constructed the institution gate and completed fencing.

vii. Corporate Social Responsibility / Community Engagements

Konoin Technical Training Institute exists to transform lives. This is our purpose; the heart behind everything we do. It's what guides us to deliver our strategy: putting the customer first, delivering relevant goods and services, and improving operational excellence. This is a brief highlight of our achievements in each pillar

1. Sustainability strategy and profile -

The triple Bottom Line concepts analyses the sustainability of an organization based on three concepts: Profits, people (social) and Planet (environment).

Profit: The institute has adopted a transformation strategy aimed at ensuring that it remains financially sound in the face of dwindling funding from the central government. They have expanded its capacity for internally generated income like production of sanitizers.

Social: The institute has developed a succession management policy to address the needs of employees in the future and ensure that the organization is sustainable in the future.

Environment: The board of governance has plans to undertake an environmental audit and developed an environmental policy to address the issues of environmental sustainability that will be identified during the audit.

2. Employee welfare

At Konoin Technical Training Institute, we value our employees and our many stakeholders, including the wider community where the training of our students has the potential to bring about positive social and environmental change. We value the contribution that individuals and entities make to our Institute through community consultation process.

Konoin Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2022

We integrate the principles of social responsibility into our core mandate internally by exhibiting the behaviors 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.

Activity	Description
Better training	Optimizing training operations to meet ongoing social and sustainability objectives. Providing opportunities for us to grow as Institute by becoming involved in our local community.
Enhanced community	Focusing on good urban design and empowered members for healthy, happy and resilient community.
Supported Staff	Promoting initiatives that support staff and their families, beyond the provision of employment. Promoting initiatives that recognize the contribution of the students to the community.

a) Policies guiding hiring process

The following are the Konoin Technical Training Institute Board policies that guide hiring process;

S/no	Title	Review Period	Remarks
1	Career Progression	Regularly	Vacant positions are filled competitively both internally and externally. This largely depends on availability of funds
2	Human Resource Manual	Regularly	Terms and conditions of service governing employees are applied across the board without discrimination
3	Internship Policy and guidelines	Regularly	Intern positions are filled competitively and without discrimination
5	Gender Mainstreaming	Regularly	Konoin Technical Training Institute observes equal employment opportunities during staff recruitment across all genders
6	Disability Mainstreaming	Regularly	The institute offers equal employment opportunities to officers living with disability. The institute also offers rights and privileges as provided in the PWDs Act and Board employment policies

**1. Market place practices-
Responsible Supply Chain and Supplier relations**

The institute has maintained good business practice by complying with the government policy and Section 227 of The Constitution of Kenya.

All procurement activities have continuously been carried out where Supply Chain ensured that there are sufficient funds to meet the obligations of the resulting contract and are reflected in the

approved budget estimates. Knowledge of available funds acts as a guide in know when to procure and when to procure.

The organization has maintained and continuously updated list of registered contractors and consultants in various specific categories of goods, works or services to meet its procurement needs.

Konoin Technical Training Institute has at all-time ensured responsible treatment of suppliers in various ways as featured below;

- i) Ensuring proper communication channels e.g. Telephone lines and emails are used to make sure information is passed across efficiently and effectively between the procurement department and the suppliers.
- ii) Providing customer support when and where required. This entails listening to the suppliers, contractors and consultants and responding appropriately.
- iii) When doing procurement planning the institute has complied with procurement reservation requirements.
- iv) Supply Chain function has ensured timely submission of the suppliers' invoice and payment process by the finance department after delivery of goods, services are completed. This helps in making sure that the payment process is not delayed. Payment of suppliers helps in maintaining a good relationship with the suppliers and avoiding of penalties that may arise from delayed payment.
- v) Supply Chain also makes follow ups of invoices issued to finance for payment to ensure timely payments of suppliers.

2. Community Engagements-

During the year under review, the institute carried out various CSR activities to benefit the society.

Such activities include tree planting, cleaning the environment and sponsoring students amongst others.

IX. Report of the Board of Governors

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

Principal activities

The principal activity of the Konoin Technical Training Institute is to offer quality Vocational, Education and Training to students to acquire technical skills relevant to the agenda of government.

Results

The results of the entity for the year ended June 30 are set out on page 1 to 32.

Board of Governors

The members of the Board who served during the year are shown on page v-vi.

Auditors

The Auditor General is responsible for the statutory audit of the Konoin Technical Training Institute in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or XYZ Certified Public Accountants were nominated by the Auditor General to carry out the audit of the Konoin Technical Training Institute for the year/period ended June 30, 2022, in accordance to section 23 of the Public Audit Act 2015 which empowers the Auditor General to appoint an auditor to audit on his/her behalf.

Konoin Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2022

By Order of the Board

Sabulei K.M
Secretary of the Board/Council
Nairobi
Date:



X.Statement of Board of Governors Responsibilities

Section 81 of the Public Finance Management Act, 2012 and the TVET Act No. 29 of 2013 require the Board of Governors to prepare financial statements which give a true and fair view of affairs of the Konoin Technical Training Institute at the end of the financial year 2021/2022 and the operating results of the Konoin Technical Training Institute for FY 2020/2021. The Board of Governors are also required to ensure that the Konoin Technical Training Institute maintains accurate accounting records which disclose with reasonable accuracy the financial position of the Konoin Technical Training Institute. The Board of Governors are also responsible for safeguarding the assets of the Konoin Technical Training Institute.

The Board of Governors are responsible for the preparation and presentation of the Konoin Technical Training Institute financial statements, which give a true and fair view of the affairs of the Konoin Technical Training Institute for the financial year ended June 30, 2022. The Board of Governors' responsibility includes:

- (i) Maintaining adequate financial management arrangements and ensuring that they are effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy the financial position of Konoin TTI;
- (iii) designing, implementing and maintaining internal controls relevant to the preparation of a true and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) Safeguarding the assets of the Konoin TTI;
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Board of Governors accept responsibility for the Konoin Technical Training Institute financial statements, which have been prepared using appropriate accounting policies and prudent judgements and estimates, in conformity with International Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and No. 29 of 2013. The Board of Governors are of the opinion that the Konoin Technical Training Institute financial statements give a true and fair view of the state of Konoin Technical Training Institute transactions during the financial year ended June 30, 2022, and of the Konoin Technical Training Institute financial position as at that date. The Board of Governors further confirm the completeness of the accounting records maintained for the Konoin Technical Training Institute which have been relied upon in the preparation of the Konoin Technical Training Institute financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Board of Governors to indicate that Konoin Technical Training Institute will not remain a going concern for at least the next twelve months of this statement.

Konoin Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2022


Approval of the financial statements

The Konoin Technical Training Institute financial statements were approved by the Board on date 11TH OCTOBER 2022 and signed on its behalf by:

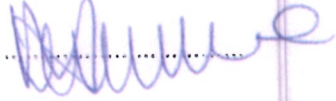
Sammy Kiprono Kirui



Kipkoech Kirui



Sabulei K.M



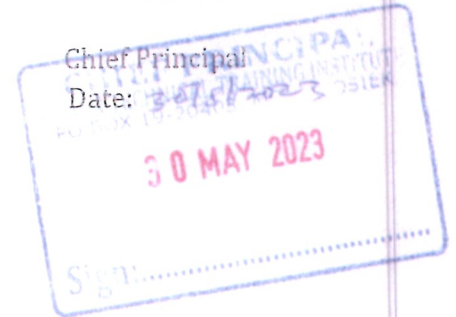
Chairperson of the Board

Date: 30/5/2023

ICPAK No.11389

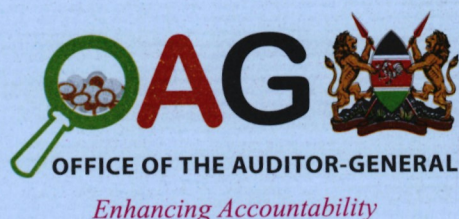
Finance Officer

Date: 30/5/2023



REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KONOIN 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 overall governance systems are properly designed and were working effectively in the financial year under review.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Konoin Technical Training Institute set out on pages 1 to 44, which comprise of the statement of financial position

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

as at 30 June, 2022, and the statement of financial performance, statement of net assets, statement of cash flows and statement of comparison of budget amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 227 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have reviewed the information and explanations which, to the best of my knowledge and belief, are necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Konoin 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 the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Income From Rendering of Services - Fees from Students

The statement of financial performance reflects rendering of services - fees from students amounting to Kshs.54,077,234 as disclosed in Note 7 to the financial statements. The amount includes tuition fees totaling to Kshs.15,033,450 received from the High Education Loans Board (HELB) and National Government Constituencies Development Fund (NGCDF) bursary. However, the amount was not supported with schedules indicating the name of student, amount for each student, and student registration number. Further, the amount had not been credited to the individual student account.

In the circumstances, the accuracy and completeness of income from rendering of services - fees from students could not be confirmed.

2. Inaccuracy of Expenditure on Salaries and Wages

The statement of financial performance and as disclosed in Note 10 to the financial statements reflects employee costs amounting to Kshs.17,568,864 which includes salaries and wages amount of Kshs.14,387,613. However, the payroll reflected an amount of Kshs.12,805,410 resulting to an unexplained variance of Kshs.1,582,203.

In the circumstances, the accuracy and completeness of the salaries and wages could not be confirmed.

3. Unsupported Expenditure on Board Allowances

The statement of financial performance reflects expenditure on board allowances amounting to Kshs.1,592,350 as disclosed in Note 11 to the financial statements. However, the supporting schedule reflected a total amount of Kshs.1,829,250 resulting to an amount of Kshs.236,900 not supported. Further, Review of documents revealed that the amount was not supported.

the Institute has seven Board Members. However, a gazette notice on the appointment of the board members was not provided for audit.

In the circumstances, the accuracy and propriety of board allowances amounting to Kshs.1,592,350 could not be confirmed.

4. Unsupported Receivables from Exchange Transactions Balance

Statement of financial position and as disclosed in Note 17 to the financial statements reflects receivables from exchange transactions balance of Kshs.42,274,494 in respect to student debtors. However, the student ledgers, fees register and aging analysis in support of the amount were not provided for audit.

In the circumstances, the accuracy and existence of receivables from exchange transactions balance of Kshs.42,274,494 could not be confirmed.

5. Unsupported Property, Plant and Equipment Balance

The statement of financial position and as disclosed in Note 19 to the financial statements reflects property, plant and equipment balance of Kshs.177,437,647. However, an updated assets register was not provided for audit . Further, the amount did not include the value of land measuring 0.80 hectares.

In the circumstances, the accuracy, completeness and valuation of the property, plant and equipment balance of Kshs.177,437,647 could not be confirmed.

6. Inaccuracy in Students Fees Prepayments Balance

The statement of financial position and as disclosed in Note 21 to financial statements reflects trade and other payables from exchange transactions amounting to Kshs.17,992,259 which includes students' fees prepayments of Kshs.6,399,685. However, the supporting schedules reflected prepayments amount of Kshs.39,834,685 resulting to an unexplained variance of Kshs.33,435,000.

In the circumstances, the accuracy and completeness of students' fees prepayments amount of Kshs.6,399,685 could not be confirmed.

7. Unsupported Investments Balance

The statement of financial position reflects investments amounting to Kshs.4,000,000. Review of records revealed that the investment was made in Savings and Credit Co-operative Society Limited (SACCO). However, no documents were provided to indicate the date of investment, ownership of investment and the closing balance. Further, the income from the investments has not been disclosed in the financial statements.

In the circumstances, the accuracy and completeness of investments balance of Kshs.4,000,000 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final received and actual on a comparable basis of Kshs.181,866,500 and Kshs.116,371,614 respectively resulting to an under-funding of Kshs.65,494,886 or 36%. of the budget. Similarly, the Institute expended Kshs.126,053,489 against an approved budget of Kshs.181,866,500 resulting to an under-expenditure of Kshs.55,813,011 or 31% of the budget.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Irregular Recruitment of Employees

Review of human resource records revealed that sixteen (16) employees were recruited on contract basis during the year. However, the recruitment was not supported by advertisement, list of applicants, shortlist of the applicants, interview minutes and approval from the Board to hire the sixteen new employees. This is contrary to B4 (1) of Human Resource Policies and Procedures Manual for the Public Service Commission.

which provides for the advertisement of all vacant posts in a manner that reaches the widest pool of potential applicants and allow for at least twenty-one (21) days before closing the advert. Further, the Institute did not have approved human resource plans and policy that could be used in the recruitment, selection, appointment and deployment process. The institute has also not developed and implemented staff establishment. This is Contrary to Section B2(1) of Human Resource Policies and Procedures Manual for the Public Service, 2016 that requires a public entity to prepare Human Resource Plans to support achievement of goals and objectives in their Strategic plan.

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

2. Non-Compliance with Law on Ethnic Composition

During the year under review, the total number of employees of the Institute was sixty six (66) out of which forty-six (57) or 86% of the total number of employees were members of the dominant ethnic community. This is contrary to Section 7 (2) of National Cohesion and Integration Act ,2008 which states that no public establishment shall have more than one third of its staff from the same ethnic community.

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

3. Irregular Expenditure on Finance Costs

Review of loans records revealed that Management signed a memorandum of understanding with a Savings and Credit Co-operative Society Limited on 28 day of May, 2019 for a loan of Kshs.13,000,000 repayable within a period of sixty (60) months at an interest rate of fourteen percent (14%) per annum on a reducing balance method. However, a monthly interest of Kshs.94,900 was paid totaling to Kshs.1,138,800 for the year under review. This is contrary to the loan agreement which required payment of interest at an interest rate of fourteen percent (14%) per annum on a reducing balance method .

In the circumstances, the Management was in breach of the loan agreement.

4. Unapproved Investments

The statement of financial position reflects investments balance of Kshs.4,000,000 as disclosed in Note 18 to the financial statements. Review of records revealed that the investment was made in Savings and Credit Co-operative Society Limited (SACCO). However, the investment was not approved by the Board of Governors and the National Treasury. This is contrary to Section 15 of the Technical and Vocational Education and Training Act, 2013 which states that the Board may invest any of its funds in securities in which for the time being trustees may by law invest in trust funds or any other securities which the Treasury may from time approve for that purpose. The funds to be invested may, subject to the approvals of Treasury, be placed as deposits with such bank or banks as Board may determine, including any monies not immediately required for that purpose.

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

5. Delay in Installation of Integrated School Management System

Review of contract documents revealed that the Management awarded a contract on 14 January, 2021 for installation of Integrated School Management System at a sum of Kshs.1,750,000. The system was to have a student portal module Kshs.350,000, exam module Kshs.350,000, stores and procurement module Kshs.350,000, library module Kshs.350,000 and general information module Kshs.350,000. However, verification of the system on 12 April, 2023 revealed that the modules were not functional.

In the circumstances, the value for money invested in the project could not be ascertained.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Internal Audit Function

During the year under audit the Institute did not have an internal audit function 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 receive assurance and advisory services from the internal audit function.

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

2. Lack of Risk Management Policy

During the year under audit Management did not have a risk management policy, strategies, and risk register to mitigate against risk. This is in contravention of Section 165 of the Public Finance Management (National Government) Regulations, 2012.

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

states that the Accounting Officer shall ensure that the National Government entity develops risk management strategies, which include fraud prevention mechanism and system of risk management and internal controls that builds robust business operations.

In the circumstances, existence of an effective risk management measures 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 the Board of Governors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal 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.

The Board of Governors is responsible for overseeing the Institute's financial reporting process, reviewing the effectiveness of how the entity 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 error or fraud 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 also performed to express a conclusion about whether, in all material respects, the financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are being used 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 in assessing compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal control system that might be material weaknesses under the ISSAIs. A material weakness is a deficiency 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, of amounts that would be material in relation to the financial statements being audited, will occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

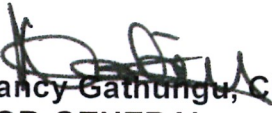
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 as a going concern or to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Institute to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

21 June, 2023

XII. 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	35,037,500	61,065,000
Conditional grants; Capital grants for West Mugirango TVC Construction	6	23,500,000	20,000,000
Conditional grants; Other Receipts Monitoring and Evaluation	6	1,500,000	
Total Revenue from non-exchange transactions		60,037,500	81,065,000
Revenue from exchange transactions			
Rendering of services- Fees from students	7	54,077,234	16,654,449
Other income	8	2,256,880	1,830,215
Revenue from exchange transactions		56,334,114	18,484,664
Total revenue		116,371,614	99,549,664
Expenses			
Use of goods and services	9	59,156,898	40,314,206
Employee costs	10	17,568,864	14,560,996
Board allowances	11	1,592,350	2,141,478
Depreciation and Amortization Expense	12	8,871,337	15,184,104
Repairs and maintenance	13	569,966	656,587
Finance costs	14	1,423,500	1,138,800
Development grants for West Mugirango TVC Expensed	15	23,500,000	20,000,000
Loss on Asset Revaluation	23	13,370,573	
Total expenses		126,053,489	93,996,171
Net Deficit for the year		9,681,875	5,553,493

(The notes set out on pages 1 to 34 form an integral part of the Annual Financial Statements).

The Financial Statements set out on pages 1 to 7 were signed by:

.....

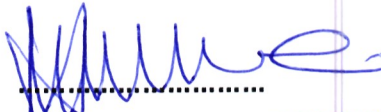

Chairman of Council/Board

.....


Finance Officer
ICPAK No.11389

Date: 30/5/2022

Date: 30/5/2023

.....


Principal
CHIEF PRINCIPAL.
KONOIN TECHNICAL TRAINING INSTITUTE
PO BOX 19-20403, MOCOCOSIEK

Date: 30 MAY 2023

Sign:.....


Konoin Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2022

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

Description	Notes	2021/2022
Assets		
Current Assets		
Cash and cash equivalents	16	4,488,201
Receivables from exchange transactions	17	42,274,494
Investments	18	4,000,000
Work-In-Progress		-
Total Current Assets		50,762,695
Non-Current Assets		
Property, plant and equipment	19	177,437,647
Intangible assets	20	929,434
Total Non-current Assets		178,367,081
Total Assets		229,129,777
Liabilities		
Current liabilities		
Trade and other payables from exchange transactions	21	17,992,259
Current portion of borrowings	22	926,400
Total Current Liabilities		18,918,659
Non-current liabilities		
Borrowings	22	6,361,440
Total Non-current liabilities		6,361,440
Total liabilities		25,280,099
Capital and Reserves		
Revaluation reserve		7,000,000
Accumulated Surplus		19,388,989
Capital Reserves (Konoin)		123,960,689
Capital Reserves(West Mugirango)		53,500,000
Total Reserves		203,849,678
Total Liabilities and Reserves		229,129,777

Konoin Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2022

The Financial Statements set out on pages 1 to 7 were signed by:



.....
Chairman of Council/Board

Date: 30/5/2023



.....
Finance Officer

ICPAK No.11389

Date: 30/5/2023




Principal
KONON TECHNICAL TRAINING INSTITUTE
PO BOX 19-2883, MORONGSEK
30 MAY 2023
Date: 30/5/2023
Sign:.....

**Konoin Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2022**

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

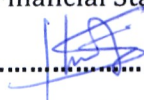
	Revaluation reserve	Retained earnings	Capital grants	Capital reserves(West Mugirango)	Total
Balance c/d as at June30,2019		13,517,593	135,545,689		149,063,282
Balance b/fat July1,2019		13,517,593	135,545,689		149,063,282
Prior year adjustments:					
Shares purchased at Imarisha Sacco		3,000,000	-		3,000,000
Correction of prior year semi-permanent building dep		842,950			842,950
As at July 2019 as restated		17,360,543	135,545,689		152,906,232
Transfer of depreciation from retained Earnings to deferred government grants		-12,247,801	(12,247,801)		(12,247,801)
Capital reserves(Work-In-Progress)				10,000,000	10,000,000
Surplus for the year		1,641,497			1,641,497
Balance c/d as at June30,2020		31,249,841	123,297,888	10,000,000	164,547,729
Prior year adjustments:					
Fixed assets expensed as tuition expense		1,766,700	-		1,766,700
Capital grants		-10,000,000			(10,000,000)
Balance c/d as at June30,2020 as restated		23,016,541	112,381,689	10,000,000	145,398,230
As at July 2020		23,016,541	123,297,888	10,000,000	156,314,429
Valuation of land	7,000,000				
Capital reserves(Work-In-Progress)				20,000,000	20,000,000
Prior year adjustments:					
Surplus for the year		5,553,493			5,553,493
Balance c/d as at June30,2021	7,000,000	28,570,034	123,297,888	30,000,000	188,867,922
Capital reserves(Work-In-Progress)				23,500,000	23,500,000
Capital grants (Computers and accessories donations by CiCan)			662,801		662,801
Surplus for the year		-9,681,875			-9,681,875
Adjustment on Retained Earnings		500,830			500,830

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

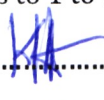
	Notes	2021-2022	2020/2021
		Kshs	Kshs
Revenue			
Transfers from the National Government- Recurrent grants	6	60,037,500	81,065,000
Total Revenue from non-exchange transactions		60,037,500	81,065,000
Revenue from exchange transactions			
Rendering of services- Fees from students	7	54,077,234	16,654,449
Other income	8	2,256,880	1,830,215
Revenue from exchange transactions		56,334,114	18,484,664
Total revenue		116,371,614	99,549,664
payments			
Use of goods and services	9	59,156,898	40,314,206
Employee costs	10	17,568,864	14,560,996
Repairs and maintenance	13	569,966	656,587
Board allowances	11	1,592,350	2,141,478
Depreciation	12	8,871,337	15,184,104
Finance cost	14	1,423,500	1,138,800
Development grants for West Mugirango expensed	15	23,500,000	20,000,000
Total expense		112,682,916	93,996,171
Net Surplus for the year		3,688,698	5,553,493
Adjusted for:			
Depreciation		8,871,337	15,184,104
Increase in receivables		(26,179,129)	7,296
(Decrease)/increase in payables		8,769,780	(2,161,201)
Net cash flow from operating activities		(4,849,313)	18,583,692
Cash flows from investing activities			
Purchase of property, plant, equipment		(27,640,130)	(26,652,652)
Purchase of intangible assets		(950,000)	
Cash flows from financing activities		- 28,590,130	- 26,652,652
Proceeds from borrowings - bus loan		1,876,500	2,192,393
Repayment of borrowings		- 1,375,670	- 2,192,393
Capital reserves in construction of West-Mugirango		- 23,500,000	- 20,000,000
Net cash flows used in financing activities		- 1,375,670	- 2,192,393
Net increase/(decrease) in cash and cash equivalents		- 34,815,113	- 10,261,353
Cash and cash equivalents at start of year		15,803,314	6,064,667
Cash and cash equivalents at end of year	16	4,488,201	15,803,314
Cash and cash equivalents as per the Balance Sheet		4,488,201	15,803,314

Konoin Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2022

The Financial Statements set out on pages to 1 to 7 were signed by:

.....


Chairman of Council/Board

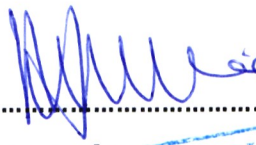
.....


Finance Officer

ICPAK No.11389

Date: 30/5/2023

Date: 30/5/2023

.....


Principal

CHIEF PRINCIPAL
KONONIN TECHNICAL TRAINING
PO BOX 19-27

Date: 30/5/2023
30 MAY 2023

Sign:.....

**Konon Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2022**

XVI. Statement of Comparison of Budget for the year ended 30 June 2022

	Original budget 2021/2022	Adjustments 2021/2022	Final budget 2021/2022	Actual on comparable basis 2021/2022	Performance difference 2021/2022	Percentage
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Transfers from other Govt entities Govt grants	75,000,000		75,000,000	60,037,500	14,962,500	20%
Rendering of services- Fees from students	101,066,500		101,066,500	54,077,234	46,989,266	46%
Other income	5,800,000		5,800,000	2,256,880	3,543,120	-100%
Total income	181,866,500	-	181,866,500	116,371,614	65,494,886	36%
Expenses						
Compensation of employees	28,800,000		28,800,000	17,568,864	11,231,136	39%
Use of Goods and services	114,998,685		114,998,685	59,156,898	55,841,787	49%
Finance costs	4,800,000		4,800,000	1,423,500	3,376,500	70%
Board Allowances	3,000,000		3,000,000	1,592,350	1,407,650	47%
Repairs ,Maintenance and Improvement	4,112,500		4,112,500	569,966	3,542,534	86%
Depreciation			-	8,871,337	-8,871,337	
Loss on Asset Revaluation			-	13,370,573	-13,370,573	
Development grants for West Mugirango TVC Expensed	26,155,315		26,155,315	23,500,000	2,655,315	10%
Total expenditure	181,866,500	-	181,866,500	126,053,489	55,813,011	
Surplus for the period	-	-	-	-9,681,875	9,681,875	

XVII. Notes to the Financial Statements

1. General Information

Konoin Technical Training Institute is established by and derives its authority and accountability from PFM Act, the State Corporations Act and the TVET Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The institute is established under Technical and vocational education and training Act and is registered with the Registrar of Companies under the Companies Act and is authorized by authority via certificate number TVETA/PUBLIC/RC/0020/2016.

The entity's principal activity is to provide quality training in technical, vocational and entrepreneurship. It is guided through its operations by other laws of Parliament like KNEC Act, TVET Act, KIE Act KASNEB Act and others.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, intangible assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements requires conformity with International Public Sector Accounting Standards (IPSAS) and the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Konoin Technical Training Institute's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5.

The financial statements have been prepared and presented in Kenya Shillings (KSh) which is the functional and reporting currency of the Konoin Technical Training Institute.

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

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

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

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

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: 1st 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 Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. (There is no impact of the standard to Konoin Technical Training Institute)
IPSAS 42: Social Benefits	Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess: <ol style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows. (There is no impact of the standard to Konoin Technical Training Institute)
Amendments	Applicable: 1st January 2023: <ol style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the

**Konoin Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2022**

Standard	Effective date and impact:
<p>to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>components of borrowing costs which were in- omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative exampl hedging and credit risk which were inadvertently omi IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for a for financial guarantee contracts which were inadvert omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifiyi instruments on initial adoption of accrual basis IPSAS v inadvertently omitted when IPSAS 41 was issued. (There is no impact of the standard to Konoin Technic Institute)</p>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> IPSAS 22 Disclosure of Financial Information about t Government Sector. Amendments to refer to the latest System of National Acc 2008). IPSAS 39: Employee Benefits Now deletes the term composite social security benefits as it defined in IPSAS. IPSAS 29: Financial instruments: Recognition and Mea Standard no longer included in the 2021 IPSAS handbook ; superseded by IPSAS 41 which is applicable from 1st January 2 (There is no impact of the standard to Konoin Technic Institute)
<p>IPSAS 43</p>	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, me presentation, and disclosure of leases. The objective is to lessees and lessors provide relevant information in a m faithfully represents those transactions. This information give users of financial statements to assess the effect that leases financial position, financial performance and cash flows of an The new standard requires entities to recognise, measure ; information on right of use assets and lease liabilities. (There is no impact of the standard to Konoin Technic Institute)</p>
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p>Applicable 1st January 2025</p> <p>The Standard requires, Assets that meet the criteria to be classified as held for measured at the lower of carrying amount and fair value less and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for presented separately in the statement of financial position and of discontinued operations to be presented separately in the s financial performance. (There is no impact of the standard to Konoin Technic</p>

Konoin Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2022

Standard	Effective date and impact:
	Institute)

iii. Early adoption of standards

Konoin 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, services and property) if the transfer is free from conditions and it is probable that economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

ii) Revenue from exchange transactions

Rendering of services

The entity recognizes revenue from rendering of services by reference to the completion when the outcome of the transaction can be estimated reliably. The 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 to the extent that the expenses incurred are recoverable

Sale of goods

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

Interest income

Interest income is accrued using the effective yield method. The effective yield is determined by estimating future cash receipts through the expected life of the financial asset and dividing it by the asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

Dividends

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

4 Summary of Significant Accounting Policies (Continued)

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions (continued)

Rental income

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

B) Budget information

The original budget for FY 2021/2022 was approved by the Council or Board on **17/6/2021**. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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

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

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

b) Taxes

Sales tax/ Value Added Tax

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

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

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

(d) Investment property

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

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

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

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

(e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a replacement inspection is performed, its cost is recognized in the carrying amount of the property, 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.

(f) Leases

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

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

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

Operating leases are leases that do not transfer substantially all the risks and rewards incidental to ownership of the leased item to the Entity. Operating lease payments

recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

(g) Intangible assets

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

(h) Research and development costs

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

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

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

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

(i) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

j) Inventories

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

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

- Raw materials: purchase cost using the weighted average cost method

Konoin Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2022

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

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

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

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

k) Provisions

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

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

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

Contingent liabilities

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

Contingent assets

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

l) Nature and purpose of reserves

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

m) Changes in accounting policies and estimates

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

n) Employee benefits

Retirement benefit plans

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

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

o) Foreign currency transactions

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

Borrowing costs

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

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

(p) Related parties

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

(q) Service concession arrangements

The Entity 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 Entity 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

Konoin Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2022

value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

(r) Cash and cash equivalents

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

(s) Comparative figures

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

(t) 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 Entity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

Konoin Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2022

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

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

Konoin Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2022

6. Transfers from other National Government entities

	FY/2021/2022	FY/2020/2021
Transfers from National Government Ministries	Kshs	Kshs
Unconditional grants		
Operational grant	500,000	
Capitation	34,537,500	61,065,000
Conditional grants		
Conditional grants; Capital grants for West Mugirango TVC Construction	23,500,000	
Monitoring and Evaluation	1,500,000	20,000,000
Total Government grants and subsidies	60,037,500	81,065,000

(a) Transfers from other Government entities (Categorized)

Name Of The Entity Sending The Grant	Amount recognized to Statement of Comprehensive Income Kshs	Amount deferred under deferred income Kshs	Amount recognised in capital fund.	Total grant income during the year	2020-2021
			Kshs	Kshs	Kshs
Ministry of Education State Department of Vocational and Technical Training	36,537,500	0	0	36,537,500	61,065,000
West Mugirango - Capital grants from Ministry of Education	0	0	23,500,000	23,500,000	20,000,000
Total	36,537,500	0	23,500,000	60,037,500	81,085,000

Konoin Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2022

Notes to the Financial Statements (Continued)

7. Rendering of Services

Description	2021/2022	2020/2021
	KSH	KSH
Tuition fees	46,593,389	12,138,829
Activity fees	187,655	1,104,885
Attachment	71,280	593,420
Insurance	11,740	107,220
Registration fees	583,730	378,500
Examination	6,611,940	2,322,095
Computer Packages	17,500	9,500
Total	54,077,234	16,654,449

8. Other Income

Description	2021/2022	2020/2021
	KSH	KSH
Master card Income	126,450	36,000
Student Identity Card	264,500	263,770
Boarding	1,321,430	791,770
Food and Catering		
Tender fee	-	60,000
Bus hire	414,800	242,000
Hand washing machine	-	300
Masks	-	115,590
Sanitizer Income	129,700	288,841
Interest	-	31,944
Total other income	2,256,880	1,830,215

9. Use of Goods and Services

Description	2021/2022	2020/2021
	KSH	KSH
Tuition expenses	40,921,985	27,579,552
Boarding expenses	5,023,809	3,190,190
Activities	1,958,735	171,740
Electricity and water	944,231	1,329,809
Insurance	294,038	149,212
Attachment	362,960	194,862
Registration	47,000	180,000
Training expenses (Avic International)	-	48,800
Smart card expenses		
Master card card expenses	20,000	40,625
Computer Packages	2,550	-
Food and catering		
Student Identity Card	247,799	298,150
Examination	7,004,834	3,711,854
Tender fee	5,000	24,000
Helb refund		
Bank	-	

Konoin Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2022

		12,631
Miscellaneous expenses	296,000	938,461
Hand wash expense	-	2,000
Masks	-	41,800
Sanitizer production	537,257	2,396,520
Bus hire	13,900	4,000
Monitoring and evaluation expense	1,476,800	
Total Use of goods and services	59,156,898	40,314,206

Notes to the Financial Statements (Continued)

10. Employee Costs

Description	2021/2022	2020/2021
	KShs	KShs
Salaries and wages	14,387,613	11,596,365
Travel, motorcar, accommodation, Subsistence and other allowances	3,181,251	2,964,631
Total Employee costs	17,568,864	14,560,996

11. Board Expenses

Description	2021/2022	2020/2021
	KShs	KShs
Chairman's Honoraria		
Other allowances	1,592,350	2,141,478
Total director emoluments	1,592,350	2,141,478

12. Depreciation and Amortization

Description	2021/2022	2020/2021
	KShs	KShs
Property, plant and equipment	8,608,723	15,063,080
Intangible assets	262,614	121,024
Total depreciation and amortization	8,871,337	15,184,104

13. Repairs and Maintenance

Description	2021/2022	2020/2021
	KShs	KShs
Other	569,966	656,587
Total Repairs and Maintenance	569,966	656,587

Notes to the Financial Statements (Continued)

14 FINANCE COSTS

Description	2020-2021	2019-2020
	Kshs	Kshs
Exchange differences		
Interest on loans from commercial banks	1,423,500	1,138,800
Total finance costs	1,423,500	1,138,800

15. Development Grants Expensed

Description	2021/2022	2020/2021
	Kshs	Kshs
Development grants for West Mugirango TVC Expensed	23,500,000	20,000,000
Total Development Grants Expensed	23,500,000	20,000,000

16

Cash and Cash Equivalents	2021/2022	2020/2021
	Kshs	Kshs
Kenya Commercial Bank - Tuition account	603,163	11,869,647
Kenya Commercial Bank - Operation	42,440	16,318
Kenya Commercial Bank - Development	109	1,172
Imarisha Sacco savings	501,330	500
Imarisha Sacco salary account	16,014	34,692
Kenya Commercial Bank - West Mugirango account	3,318,609	3,779,475
Kenya Commercial Bank - USD account	-	-
Cash on hand	6,536	101,510
Total cash and cash equivalents	4,488,201	15,803,314

17

Description	2021/2022	2020/2021
	Kshs	Kshs
Current receivables		
Student debtors	42,274,494	16,095,365
Total current receivables	42,274,494	16,095,365

18 Investments

Description	2021/2022	2020/2021
	Kshs	Kshs
At start of year	4,000,000	4,000,000
Additions during the year		
At end of year	4,000,000	4,000,000

Notes to the Financial Statements (Continued)

20 Intangible Assets Software

Description	2021/2022	2020/2021
	Kshs	Kshs
At beginning of the year	363,072	605,120
Additions	950,000	
Cost end of the year	1,313,072	605,120
Amortization and impairment		
At beginning of the year	121,024	242,048
Amortization	262,614	121,024
Amortization at end of the year	383,638	363,072
NBV	929,434	242,048

21 Trade and other Payables from Exchange Transactions

Description	2021/2022	2020/2021
	Kshs	Kshs
Trade payables	11,592,574	8,308,130
Third-party payments - Payable to West Mugirango	-	-
Student fees prepayments	6,399,685	914,348
Total trade and other payables	17,992,259	9,222,478

22 Borrowings

Description	2021/2022	2020/2021
	Kshs	Kshs
Borrowings - Current portion		
Commercial bank Loans	926,400	2,600,000
Total current portion	926,400	2,600,000
Borrowings - Noncurrent portion		
Commercial bank Loans	6,361,440	6,564,340
Total Noncurrent portion	6,361,440	6,564,340

**Konoin Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2022**

Notes to the Financial Statements (Continued)

19. Property, Plant and Equipment

	Land	Buildings	Semi permanent vehicles	Motor vehicles	Furniture and fittings and equipment	Computers	Plant and equipment	Tents	Generator	Work in progress	Total
	2%	2%	2%	25%	12.50%	30%	12.50%	25%	30%		
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 30 th June 2020	46,562,052	3,665,000	12,000,000	3,468,968	1,084,000	103,802,850	-	10,000,000	180,582,870		
Adjustment	-	-	-	-	158,200	1,608,500	-	-	1,766,700		
Adjusted cost at 30 th June 2020	46,562,052	3,665,000	12,000,000	3,468,968	1,242,200	105,411,350	-	10,000,000	182,349,570		
Additions	7,618,492	-	-	270,000	830,535	175,000	205,000	16,220,525	26,652,652		
Valuation	7,000,000	-	-	-	-	-	-	-	7,000,000		
As at 30 th June 2021	54,180,544	3,665,000	12,000,000	3,738,968	2,575,300	106,241,885	175,000	26,220,525	216,002,222		
Valuation	7,000,000	-	-	-	-	-	-	-	7,000,000		
Cost	54,180,544	3,665,000	12,000,000	3,738,968	2,575,300	106,241,885	175,000	26,220,525	209,002,222		
Total	54,180,544	3,665,000	12,000,000	3,738,968	2,575,300	106,241,885	175,000	26,220,525	216,002,222		
Additions	-	-	-	422,000	360,000	2,727,898	175,000	23,955,232	27,640,130		
At 30 th June 2022	54,180,544	3,665,000	12,000,000	4,160,968	2,935,300	108,969,783	350,000	50,175,757	243,642,352		
Cost at 30 th June 2021	54,180,544	3,665,000	12,000,000	3,738,968	2,575,300	106,241,885	175,000	26,220,525	216,002,222		
Additions	-	-	-	422,000	1,022,801	2,727,898	175,000	23,955,232	28,302,931		
Revaluation	31,544,745	609,711	1,000,000	-1,380,968	-1,860,300	-88,073,220	-55,000	0	-58,215,032		
As at 30 th June 2022	85,725,289	4,274,711	13,000,000	2,780,000	1,737,801	20,896,563	350,000	50,175,757	186,090,121		
Depreciation and impairment	-	-	-	-	-	-	-	-	-		
At 1 July 2017	-	-	-	-	-	-	-	-	-		
Depreciation	931,241	-	-	-	-	-	-	-	931,241		
At 30 June 2018	931,241	-	-	-	-	-	-	-	931,241		
Depreciation	912,616	73,300	-	-	148,800	12,975,356	-	-	14,110,072		
At 30 th June 2019	1,843,857	73,300	-	-	148,800	12,975,356	-	-	15,041,313		
Depreciation	894,364	71,834	1,750,000	433,621	280,560	11,353,437	-	-	14,783,816		
At 30 th June 2020	2,738,221	145,134	1,750,000	433,621	429,360	24,328,793	-	-	29,825,129		
Depreciation	1,028,846	70,397	2,562,500	413,168	643,782	10,239,137	43,750	61,500	15,063,080		
At 30 th June 2021	3,767,067	215,531	4,312,500	846,789	1,073,142	34,567,930	43,750	61,500	44,888,209		
Depreciation	1,008,270	68,989	1,921,875	414,272	558,647	9,300,232	76,563	43,050	13,391,898		

**Konoin Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2022**

Reversal on Depreciation	1,008,270	68,989	-	1,921,875	-	414,272	-	558,647	300,232	-	-43,050		3,315,335
Depreciation	1,714,506	85,494		3,250,000	347,500	521,340	76,563	45,000	2,612,070				8,652,473
Net book values	84,010,783	4,189,217		9,750,000	2,432,500	1,216,461	273,438	105,000	18,284,492		50,175,757		177,437,647
At 30 th June 2021	50,413,477	3,449,469		7,687,500	2,892,179	1,502,158	131,250	143,500	71,673,955		26,220,525		171,114,013
At 30 th June 2020	43,823,831	3,519,866		10,250,000	3,035,347	654,640	-	-	79,474,057		10,000,000		150,757,741
At 30 th June 2019	44,718,195	3,591,700		-	-	347,200	-	-	90,827,494		-		139,484,589

**Konoin Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2022**

Revaluation workings

Description	Cost b/f as at 1st July 2021	Additions	Total Cost	Less items not revalued	Total cost subjected to valuation	Market Values	Revaluation loss/gain on cost	Reversal of Depreciation B/F on	Revaluation reserve	Revaluation loss/gain
Land	7,000,000		7,000,000		7,000,000					
Buildings	54,180,544		54,180,544		54,180,544	85,725,289	31,544,745	3767067	35,311,812	35,311,812
Semi-permanent	3,665,000		3,665,000		3,665,000	4274711	609,711	215531	825,242	825,242
Motor vehicles	12,000,000		12,000,000		12,000,000	13000000	1,000,000	4312500	5,312,500	5,312,500
Furniture and fittings	3,738,968	422,000	4,160,968	130000	4,030,968	2650000	- 1,380,968	846789-	534,179	(534,179)
Computers	2,575,300	360,000	2,935,300		2,935,300	1075000	- 1,860,300	1073142-	787,158	(787,158)
Plant and equipment	106,241,885	2,727,898	108,969,783	2,636,212.5	106,333,570	18260350	- 88,073,220	34567930-	53,505,290	(53,505,290)
Tents	175,000	175,000	350,000	350,000						0
Generator	205,000		205,000		205,000	150000	- 55,000	61500	6,500	6,500
Work in progress	26,220,525	23,955,232	50175757	50,175,757						0
Total		27,640,130	243,642,352	53,291,970	190,350,382	132,135,350	58,215,032	44,844,459	13,370,573	13,370,573

Notes to the Financial Statements (Continued)

24. Financial Risk Management

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

(i) Credit risk

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

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

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

Description	Total amount Kshs	Fully performing Kshs
At 30 June 2021		
Bank balances	15,803,314	15,803,314
Receivables from exchange Transactions	16,102,661	16,102,661
Investments	4,000,000	4,000,000
Total	35,905,975	35,905,975
At 30 June 2022		
Receivables from exchange transactions	4,488,201	4,488,201
Bank balances	42,274,494	42,274,494
Investments	4,000,000	4,000,000
Total	50,762,695	50,762,695

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for

Konoin Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2022

uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The board of directors 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 entity's directors, who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity 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.

(iii) Market risk

Description	Between 1-3 months	Total
	Kshs	Kshs
At 30 June 2021		
Trade Payables	9,222,478	9,222,478
Current Portion Of Borrowings	2,600,000	2,600,000
Total	11,822,478	11,822,478
At 30 June 2022		
Trade Payables	17,992,259	17,992,259
Current Portion Of Borrowings	6,361,440	6,361,440
Total	24,353,699	24,236,004

The entity has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing 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, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Notes to the Financial Statements (Continued)

Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

Konoin Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2022

Notes to the Financial Statements (Continued)

Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

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

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

25. Related Party Balances

Nature of related party relationships

Entities and other parties related to the entity 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 Konoin Technical Training Institute, holding 100% of the Konoin Technical Training Institute equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external. Other related parties include:

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

The transactions and balances with related parties during the year are as

	2021-2022	2020-2021
	Kshs	Kshs
Transactions with related parties		
a) Grants /Transfers from the Government		
Grants from National Government	60,037,500	81,065,000
Total	60,037,500	81,065,000

26. Events After the Reporting Period

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

27. Ultimate and Holding Entity

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

28. Currency

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

**Konoin Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2022**

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	<p>The statement of financial performance reflects employee costs totalling Kshs. 14,560,996 which includes salaries and wages of Kshs. 11,596,365 as disclosed in Note 10 the financial statements. The latter however differs with the corresponding payroll amount of Kshs. 10,436,120 resulting in an unexplained variance of Kshs. 1,160,245. Consequently, the accuracy and validity of the expenditure on salaries and wages of Kshs. 11,596,365 as disclosed in Note 10 the financial statements could not be confirmed.</p>	<p>Kshs. 1,160,245 relates to the salary for the month of June and May 2020 which were paid on July 2020.</p>	Resolved	

**Konoin Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2022**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2.	i)The cash and cash equivalent balance includes an amount of Kshs.11,869,647 in respect of tuition fees bank accounts which differs with the cash book balance of Kshs.11,227,682, resulting in an unexplained variance of Kshs.641,965.		Resolved	
		The variance was due to Ksh 514,00 cheque no.135 relating to Margeo Construction and Supplies limited which never cleared 6 months after issue, this was corrected under unrepresented		

**Konoin Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2022**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		Cheques and correction in the cash book of Kshs.127,965 which had not been declared for the month of May 2021 was disclosed.		
	<p>ii)The Institute did not maintain cash books for Kenya Commercial Bank Operation Account, Kenya Commercial Bank Development Account, Imarisha Sacco savings account, Imarisha Sacco salary account, Kenya Commercial Bank - West Mugirango Account and Kenya Commercial Bank - USD Account</p> <p>iii)The institute maintained a cash book for Kenya Commercial Bank - Tuition Account in a Microsoft excel spreadsheet which is prone to manipulation without proper trail.</p>	<p>The Kenya Commercial Bank Accounts which had not been maintained and shall be prepared and shall be presented for audit review except for KCB USD Account in which it had been dormant and recommendation for closure had been made</p> <p>-Disclosures had been made for Imarisha SACCO Accounts in which transfers were made from KCB Tuition Account.</p> <p>The Tuition account was in excel as the system installation was in progress.</p>	Resolved	

**Konoin Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2022**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
3.1	The statement of financial position reflects property, plant and equipment balance of Kshs. 171,114,013 out of which an amount of Kshs. 7,000,000 relates to the value of land as detailed in Note 18 to the financial statements. However, the land valuation report in support of the revalued amount was not presented for audit.	The Land valuation report shall be availed for audit review.	Resolved	
3.2	Work in Progress Included in Note 18 to the financial statements is work in progress (construction of a technical training institute	The Work-In -Progress figure is supported by Payment Certificate NO. which gives an amount of Kshs. And payments made to a tune of Kshs. A total of Kshs.30,000,000 had been received meant for the construction of West	Resolved	
4.	Prior Year Adjustments Note 22 to the financial statements reflects prior year adjustments of Kshs. 1,766,700 representing cost of computers and equipment erroneously expensed now capitalized. However, journal vouchers and supporting	The journal vouchers and supporting documentation shall have presented for audit	Resolved	

**Konoin Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2022**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>documentation were not presented for audit. Consequently, the accuracy, completeness and validity of the prior year adjustments figure of Kshs.1,766,700 for the year ended 30 June 2021 could not be confirmed.</p>			
	<p>The statement of comparison of budget and actual amounts for the year under review reflects total budgeted revenue of Kshs. 183,177,000 and actual receipts of Kshs. 99,344,434, resulting in a revenue shortfall of Kshs. 83,832,566 or 46%. Similarly, the statement of comparison of budget and actual amounts reflects approved final budgeted expenditure of Kshs. 183,177,000 and actual expenditure of Kshs. 82,185,143 resulting in under-expenditure of Kshs. 100,991,857 or 55 %.</p> <p>The shortfall in revenue and under-expenditure constrained execution of planned activities and delivery of services to the students and employees of Konoin Training Institute.</p>	<p>The management of the institute shall ensure that they operate within the budget limits in future to be able to realize the budgeted activities by preparing an attainable budget.</p>	<p align="center">Resolved</p>	

**Konoin Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2022**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Budgetary Control and Performance The statement of comparison of budget and actual amounts for the year under review reflects total budgeted revenue of Kshs. 183,177,000 and actual receipts of Kshs. 99,344,434, resulting in a revenue shortfall of Kshs. 83,832,566 or 46%. Similarly, the statement of comparison of budget and actual amounts reflects approved final budgeted expenditure of Kshs. 183,177,000 and actual expenditure of Kshs. 82,185,143 resulting in under-expenditure of Kshs. 100,991,857 or 55 %.</p> <p>The shortfall in revenue and under-expenditure constrained execution of planned activities and delivery of services to the students and employees of Konoin Training Institute.</p>			
	<p>1.Loan from Imarisha Savings and Cooperative Society Limited</p>	<p>A follow up from Imarisha Savings and Cooperative</p>	<p>Resolved</p>	

**Konoin Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2022**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>i) Imarisha Savings and Cooperative Society Limited and Konoin Technical Training College on the 28 May, 2019 signed a memorandum of understanding for a loan of Kshs.13,000,000 from the Sacco repayable within 60 months at an interest rate of 14% per annum on a reducing balance. However, the loan statement of account provided for audit indicated that the loan interest is being charged at a straight rate of Kshs. 94,900 in tri-annual instalments contrary to the memorandum of agreement provision ii)The institute was required to deposit 30% of the total loan amount totalling to Kshs.3,900,000.However, an amount of Ksh.4,016,000 was deposited instead leading to an unexplained over commitment of Ksh.116,000.</p>	<p>Society Limited shall be made on the reason leading to reducing balance on the interest not being considered and over deduction of the amount paid to shares</p>		
	<p>2.Construction of twin Workshop, Classroom and Office Block (2-Storey) at West Mugirango Technical Vocational College 2.Construction of Twin Workshop, Classroom and Office Block (2-Storey)</p>	<p>The delay was due to lack of funds during the period to fund the contractor. The right procedure on the extension of contractual period shall be put in place</p>	<p align="center">Resolved</p>	

**Konoin Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2022**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>at West Mugirango Technical and Vocational College The management awarded a contract for construction of Twin Workshop, Classroom and Office Block (2-Storey)</p>			
	<p>3. Recruitment of Employees A review of human resource records revealed that 12 employees were recruited and employed on contract basis during the year under review. However, their recruitment was not supported by job advertisement, long list of applicants, shortlist of the applicants and relevant approval from the Board to hire new staff casting doubt on the regularity of the recruitment process. This is contrary to Section B.4 (1) of Human Resource Policies and Procedures Manual for the Public Service, 2016 that requires a public entity to advertise all vacant posts in a manner that reaches the widest pool of potential applicants and</p>	<p>The recruitment done was due to a short period required to get trainers. The right procedure shall be followed in future.</p>	<p align="center">Resolved</p>	

**Konoin Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2022**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	allow for at least twenty-one (21) days before closing the advert. Consequently, the Management was in breach of the law.			
	<p>4. Staff Ethnic Composition</p> <p>During the year under review, the Institute had a total work force of 55 staff members employed on a contract basis. Out of this, 46 or 84% of the total staff population were from one dominant community. This is contrary to Section 7 of the National Cohesion and Integration Act which stipulates that, "all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff and no public establishment shall have more than one third of its staff from the same ethnic community".</p> <p>Consequently, the Management is in breach of the law.</p>	The management shall ensure that they comply with the law on ethnic composition during recruitment.	Resolved	
	1. Lack of Risk Management Policy The institute does not have risk	The management draft risk management policy shall be	Resolved	

**Konoin Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2022**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>management policy in place contrary to Regulation 165. (1) of the Public Finance Management (National Government) Regulations, 2015 which requires the accounting officer to ensure that the Institute develops risk management strategies, which include fraud prevention mechanism; and a system of risk management and internal control that builds robust business operations.</p>	<p>implemented.</p>		
<p>2. Lack of an Audit Function and an Ineffective Audit Committee The Institute has no Internal Audit Function contrary to Section 73. (1) Of Public Finance Management Act, 2012 that requires every national government entity to ensure that it has appropriate arrangements in place for conducting internal audit according to the guidelines of the Accounting Standards Board. Further, the Institute has an audit</p>	<p>The management shall ensure that internal audit department is effective and services of an internal auditor engaged.</p>	<p>Resolved</p>		

**Konoin Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2022**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	committee in place that is not operational since it never held any meetings during the year under review. This is contrary to Regulation 179. (1) of the Public Finance Management (National Government) Regulations, 2015 which requires the audit committee to meet at least once in every three months.			
	3.Lack of Human Resource Plans and Staff Establishment The Institute has not developed	The management shall ensure that human resource plans and staff establishment is in place.	Not Resolved	
4.1	Lack of Appointment Letters The Institute did not produce a gazette notice and appointment letters for board members. This is contrary to the requirements of Governance Parameter 1.1 (11) of Mwongozo Code of Governance that each board member is formally appointed to the board through a Gazette notice and thereafter an appointment letter.	Gazette notice and appointment letters for Board of Governors shall be provided for audit review.		

**Konoin Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2022**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4.2	<p>Board Operating Without an Annual Work Plan The institute did not have a work plan for the board in place contrary to the requirement of Governance Parameter 1.9 (1) of Mwongozo Code of Governance that the board members ensure the development of a work plan.</p>	The Board shall ensure that every financial year an annual work plan is developed for its operations.	Resolved	



Name: Sabulei K. Moses
Accounting Officer
Chief Principal

Date

Konoin Technical Training Institute
P.O. Box 19, 20403
Mogogosiek



**Konoin Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2022**

The Ministry of Education, Science and Technology, state department Vocational and Technical Training 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 [Konoin Technical Training Institute] as at 30 th June 2022								
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30 th June 2022			Inter-Ministerial (C)	Total (D)=(A+B+C)	Amount Received by [beneficiary Entity] (KShs) as at 30 th June 2022 (E)	Difference (K)-(F)=(I)
		Recurrent (A)	Development (B)					
1	5 th July 2021	500,000				500,000		
2	12 th July 2021	1,500,000				1,500,000		
3	12 th November, 2021	0	23,500,000			23,500,000		
4	18 th November 2021	13,882,500				13,882,500		
5	02 March 2022	13,882,500				13,882,500		
6	3 rd June 2022	6,772,500				6,772,500		
Total		36,537,500	23,500,000			60,037,500	60,037,500	

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

Head of Accounting department of beneficiary Entity:

Name Sabwile K. M Sign

Date 30 MAY 2023 Sign:.....
CHIEF PRINCIPAL
 KONON TECHNICAL TRAINING INSTITUTE
 P.O. BOX 19-204-03, MOCOCOSIEK

**Konoin Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2022**

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