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OF THE TABLE:	J. Kenyerele

**THE AUDITOR-GENERAL**

**ON**

**NATIONAL INDUSTRIAL TRAINING  
AUTHORITY**

**FOR THE YEAR ENDED  
30 JUNE, 2023**



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**NATIONAL INDUSTRIAL TRAINING AUTHORITY**

**ANNUAL DRAFT REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDING**

**JUNE 30, 2023**

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

**National Industrial Training Authority  
Annual Reports and Financial Statements  
For the year ended June 30, 2023**

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**National Industrial Training Authority**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2023**

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## **1. ACRONYMS, ABBREVIATIONS AND GLOSSARY OF TERMS**

CEO	Chief Executive Officer
DG	Director General
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
MD	Managing Director
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
WB	World Bank
VC	Vice Chancellor

### **B: Glossary of Terms**

**Fiduciary Management-** Members of Management directly entrusted with the responsibility of financial resources of the organisation

**Comparative Year-** Means the prior period.

## **2. KEY ENTITY INFORMATION AND MANAGEMENT**

### **(a) Background information**

The National Industrial Training Authority (NITA) is a State Corporation established under the Industrial Training Act Chapter 237 under the Ministry of Labour and Social Protection. NITA is domiciled in Kenya and has regional offices in Mombasa, Kisumu, Nakuru, Nyeri, Embu, Eldoret, Thika and Kakamega. The mandate of the Authority is to promote the highest standards in the quality and efficiency of industrial training in Kenya and ensure adequate supply of properly trained manpower at all levels in industry.

The Authority is governed by a Board of Directors under whom the Director General serves. The Director General is responsible for the day-to-day management of the Authority and strategic direction.

### **(b) Principal Activities**

NITA's principal mandate, vision and mission are as follows:

#### **Vision**

A globally competitive and adequate workforce for industrial development

#### **Mission**

To regulate and facilitate quality industrial training for enhanced productivity

#### **Core Values**

Customer Focus; Integrity; Transparency and Accountability; Creativity and Innovation  
Lifelong Learning; Stakeholder Engagement and Equity and Access

#### **Strategic Objectives**

Facilitate provision of adequate, relevant and portable skills for productivity enhancement and competitiveness; Mainstream the informal sector with relevant curriculum in industrial training; Mainstream quality assurance among key stakeholders; Enhance and expand service delivery in industrial training at National and County Government levels; Ensure skilled and productive Workforce; Enhance industry-institutional linkages and expand capacity of industrial training institutions; Establish and implement sustainable funding model for industrial training

#### **Mandate**

Industrial training; assessing and collecting industrial training levy and fees; regulating trainers registered under the Act; developing industrial training curricula; integrating labour market information into skills development; harmonizing curricula and certificates of competence; Assessing industrial training, testing occupational skills and awarding certificates including Government trade test certificates; equating certificates; accrediting institutions engaged in skills training for industry.

NITA has five industrial training centres:

1. NITA, Nairobi
2. NITA, Mombasa
3. NITA, Athi River
4. NITA, Nairobi Textile Training Institute
5. NITA, Kisumu

**(c) Key Management**

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

- NITA Board of Directors
- Director General
- Management

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2023 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Director General	Stephen Ogenga
2.	Director, Industrial Training and Skills Development	Jane Kamau
3.	Director Corporate Services	Gerald Kirimi
4.	Ag. Corporation Secretary	Caroline Musango
5.	Centre Manager NITA Nairobi	Millicent Otom
6.	Centre Manager Nairobi Textile Training Institute	Festus Musyoki
7.	Manager, Accounts	Julius Ndenge
8.	Manager, Human Resource and Administration	Sammy Maiyo
9.	Manager, Internal Audit	Teresa Lagat
10.	Manager, Supply Chain Management	Elvina Osodo
11.	Manager, Information Communication Technology	Festus Kitui
12.	Manager, Assessment and Accreditation	Mary Wamoko
13.	Ag. Centre Manager NITA Kisumu	Bernard Osongo
14.	Ag. Centre Manager NITA Athi River	Zakayo Mutonga
15.	Ag. Centre Manager NITA Mombasa	Fidelis Odumo

**(e) Fiduciary Oversight Arrangements**

The National Industrial Training Board constituted four standing committees to provide oversight as follows:

1. Industrial Training and Strategy Committee (IT&SC)
2. Finance and Levy Administration Committee (FLAC);
3. Human Resource, Governance and Administration Committee (HRGAC),
4. Audit and Risk Management Committee (ARMC)
5. The Board also established an Ad-hoc steering committee on KYEOP to oversee implementation of the KYEOP project

The ITSC provides oversight on Industrial Training as well as strategy through the relevant departments namely industrial training development, assessment and certification, curriculum development and management of the Industrial Training Centres, Corporate Communications, ICT and Marketing.

The FLAC provides oversight on all matters related to Finance and Levy Administration. It oversees the budgeting process and Financial Statements, income generating activities including resource mobilization and marketing. The Committee also provides oversight on the operations of the Levy Department, and Supply Chain Management Department. The HRGAC provides oversight on Human Resource, Governance and Administration of the

Authority. Its' responsibilities include supporting an adequate, competent and well-motivated workforce. The Committee is also charged with ensuring that other NITA resources (e.g. Offices and pool motor vehicles) are utilized in an optimal manner. It also ensures that tenets of good corporate governance are maintained.

The ARMC provides oversight on risk management, internal controls, external audit, compliance and overall organizational reporting as stipulated in the Audit and Risk Management Committee Charter.

NITA is also guided and complies with circulars giving guidance from the National Treasury as well as any other direction given by the Parent Ministry.

**(f) Headquarters**

P.O. Box 74494-00200-NAIROBI  
Commercial Street-Industrial Area  
opposite KEMSA  
Nairobi, KENYA

**(g) Contacts**

Telephone : ( 254) 720-917897/  
(254)-736-290676  
E-mail: [directorgeneral@nita.go.ke](mailto:directorgeneral@nita.go.ke)  
Website: [www.nita.go.ke](http://www.nita.go.ke)

**(h) Bankers**

1. Kenya Commercial Bank Ltd.  
Industrial Area Branch  
P. O. Box 18031-00500  
Nairobi, Kenya
2. National Bank of Kenya Ltd.  
Harambee Avenue Branch  
P.O. Box 41862  
City Square 00200  
Nairobi, Kenya


**(i) Independent Auditors**

Auditor General  
Office of the Auditor General  
Anniversary Towers, University 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

**3. THE BOARD OF DIRECTORS**




NAME	QUALIFICATION AND WORK EXPERIENCE
 <p><b>Dr. Kamau Gachigi</b> PhD. in Solid State Science, IMRL, The Pennsylvania State University (USA) M.S. in Solid State Science, IMRL, The Pennsylvania State University (USA) B.Sc. (Hons) in Materials Science, University of Bath (UK)</p>	<p><b>Chairman</b> - National Industrial Training Board <b>Date of Birth:</b> 4<sup>th</sup> July, 1966 <b>Aug 2014 to date</b> - Founding Executive Director, Gearbox <b>April 2015 to date</b> - Board, State Corporation Board Member, Numerical Machining Complex</p>
 <p><b>Gilda Atieno Odera</b> Current Part- time PhD Candidate, Public Policy Administration, MA in Leading Innovation and Change, (University of York St John, United Kingdom) Degree in Sociology (UON)</p>	<p><b>Chairperson</b> – Human Resource, Governance and Administration Committee (HRG&amp;AC) Member National Industrial Training Board Representing FKE Date of Birth: 26th September 1966 Consultant Director, All About Marketing Ltd Current 1st Deputy President, Federation of Kenya Employees</p> <p><b>Previous Board Positions:</b> Board Member, Universities Funds Board Board Member, NHIF Board Member, Public Procurement Administrative Review Board Council Member, Kirinyaga University Board Member, Kenya National Quality Authority</p> <p>Panel Member &amp; Chair of Business Process Committee in the Health Feb 2019- June 2020 - Reform Panel of Experts, Kenya</p>
 <p><b>Carolyn C. Rutto</b> Certificate Public Relations (RGI) P1 Certificate (Kericho Teachers T. College)</p>	<p><b>Chairperson</b> – Ad Hoc Steering Committee of the Kenya Youth &amp; Employment and Opportunities Project (KYEOP) <b>Member</b> National Industrial Training Board Representing COTU (K) <b>Date of Birth:</b> 26<sup>th</sup> June, 1969 <b>2nd Assistant Secretary General</b> – Central Organization of Trade Unions, COTU (K). <b>Member</b> - General Wages Council. Member of reconciliation committee Counter Trafficking Advisory Committee (CTIP). National Advisory Committee on person with disability Assistant National Women leader - Kenya Electrical Trades and Allied Union (KETAWU).</p>

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	<p><b>2019 to date</b> - County revenue collection coordinator and relationship officer Kenya Power</p>
 <p><b>Mr. Benson Okwaro</b></p>	<p><b>Chairman</b> – Industrial Training and Strategy Committee (IT&amp;SC)  <b>Member</b> - National Industrial Training Board representing COTU (K)  <b>Date of Birth:</b> 9<sup>th</sup> February 1951          Communication Workers Union General Secretary          Central Organization of Trade Unions – Deputy Secretary General affiliated to UN Africa – Committee Member / ICT President</p>
 <p><b>Mr. Wilson Ngahu</b>          MBA in Strategic Management</p>	<p><b>Chairman</b> – Finance and Levy Administration Committee (FLAC)  <b>Member</b> – National Industrial Training Board and Chairman Representing Special Interests from May 2019 to present  <b>Date of Birth:</b> 12<sup>th</sup> September, 1978          MBA - Master of Business Administration in Strategic Management (University of Nairobi) December 2012.          Bachelor of Arts (Economics) University of Nairobi) December 2002.          Certified Public Accountant (CPA) (K) KASNEB 2002-2007</p>
 <p><b>Michael M. Muthondu</b>          BSc – Hospitality Management          Post Graduate Diploma – Marketing          Current – LLB</p>	<p><b>Chairman</b> – Audit and Risk Committee (ARMC)          National Industrial Training Board Representing FKE  <b>Date of Birth:</b>  <b>Chief Executive Officer</b> – Kenya Association of Hotelkeepers and Caterers  <b>Current Board Positions</b>          Second National Vice President - FKE          KEPSA          Boma Hospitality College          National Tourism Crisis Response Team          Kenya Tourism Federation          East Africa Tourism Platform          National Labour Board</p>
 <p><b>Rev. Brother Joel Kandie Chebii, OGW</b></p>	<p><b>Member</b>          National Industrial Training Board representing COTU  <b>Date of Birth:</b> 20<sup>th</sup> October, 1953          Vice Chairman General of COTU Kenya  <b>2000 to 1995:</b> National General Secretary of Tailors and Textiles Workers Union.  <b>1990 to 1986:</b> Elected National Chairman of Tailors and Textiles Workers Union</p>

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<p>Higher level Diploma Entrepreneurship Education in Kenya (ILO)  Diploma in Vocational and Technical Training of Trainers (ILO)  Diploma in Theology</p>	<p><b>1986 to 1989</b> - Assistant National Treasurer for Tailors and Textiles: Workers Union as well as COTU (K) Board member.</p>
<div style="text-align: center;">  <p><b>Mr. Bernard S. Isalambo</b>  MSc. Entrepreneurship</p> </div>	<p><b>Member</b> - National Industrial Training Board Representing the Principal Secretary, State Department for Vocational and Technical Training, Ministry of Education</p> <p><b>Date of Birth:</b> 15<sup>th</sup> April, 1962</p> <p>Deputy Director TIVET in charge of Governance and field services</p>
<div style="text-align: center;">  <p><b>Apollo Nganga Kiarui</b>  HRM - Institute of HRM  Kenya Institute of Management  The Technical University of Kenya</p> </div>	<p><b>Member</b>  National Industrial Training Board Representing FKE</p> <p><b>Date of Birth:</b> 16<sup>th</sup> September 1966</p> <p><b>Chief Executive Officer</b> - Kenya Tea Growers Association (KTGA)</p> <p><b>Management Board Member</b> – Federation of Kenya Employers</p> <p><b>Member</b> – Tea Industry Task Force</p>
<div style="text-align: center;">  <p><b>Dr. Owen Mwaniki</b>  Doctor of Philosophy (Ph.D) in Education Administration and Planning  Master's in educational administration and Planning  Bachelor of Education (Arts) Degree: Economics  Diploma in Human Resource Management  SLDP, SMC</p> </div>	<p><b>Member</b> - National Industrial Training Board Representing Principal Secretary, Ministry of Labour &amp; Social Protection</p> <p><b>Date of Birth:</b></p> <p>Director, Human Resource Management and Development (HRM&amp;D) State Department for Labour and Skills Development, Ministry of Labour and Social Protection</p> <p>Vice-Chairperson of the Board, St. Angelas Girls Secondary School, Kiambu County</p>
	<p><b>Member</b> - National Industrial Training Board Representing Principal Secretary, The National Treasury &amp; Planning.</p> <p><b>Date of Birth:</b> 1<sup>st</sup> August, 1982</p> <p>Assistant Director, Budget</p>





 <p><b>Mr. Rastus Shikuku</b> MBA Finance</p>	
 <p><b>Stephen O. Ogenga</b> M. Eng. Sc. (Computer Engineering) B. Eng. Tech. (Electrical/Electronic) Member IEEE Member (Inst. of Eng. Australia)</p>	<p><b>Director General</b>  <b>Date of Birth:</b> 27<sup>th</sup> March, 1968  <i>Work Experience:</i>  <b>2014 to April 2019</b> –Director Industrial Training, NITA;  <b>2013-2014</b>–Deputy Director KICD;  <b>2008-2012</b>- Senior Assistant Director KIE;  2007-2008- Lecturer Maseno University and MMUST;  1999-2006- Tutorial Fellow and Senior Instructor University of Botswana</p>
 <p><b>Carolyn Musango</b> Master of Laws (LL.M) Bachelor of Laws (LLB) (UoN) Certified Public Secretary of Kenya Diploma Kenya School of Law</p>	<p><b>Ag. Corporation Secretary</b></p>



**RETIREMENT OF BOARD DIRECTORS**

The appointment of Director Dr. Musa Nyandusi lapsed on 6<sup>th</sup> March 2023 and was replaced by Director Dr. Owen Mwaniki whose term commenced on 6<sup>th</sup> March 2023

**4. MANAGEMENT TEAM**

 <p><b>Stephen O. Ogenga</b>                  M. Eng. Sc. (Computer Engineering) B. Eng. Tech.                  (Electrical/Electronic) Member IEEE                  Member (Inst. of Eng. Australia)</p>	<p><b>Director General</b></p>
 <p><b>Jane W. Kamau</b>                  BSc. Mechatronic Eng. JKUAT                  MSc Energy Management (University of Nairobi)</p>	<p><b>Director, Industrial Training &amp; Skills Development</b></p>
 <p><b>Gerald Kirimi</b>                  MSc Science (Finance)                  BCOM (Finance), CPA(K), SLDP</p>	<p><b>Director, Corporate Services</b></p>

 <p><b>Carolyn Musango</b> Master of Laws (LL.M) Bachelor of Laws (LLB) (Uon) Certified Public Secretary of Kenya Diploma Kenya School of Law</p>	<p><b>Ag. Corporation Secretary</b></p>
 <p><b>Sammy Maiyo</b> MSc Commerce in Internal Business BBA (HRM) Member Institute of Human Resource Management</p>	<p><b>Manager, Human Resource and Administration</b></p>
 <p><b>Julius M. Ndenge</b> MBA from Kenyatta University BCOM Finance, CPA (K)</p>	<p><b>Manager Accounts</b></p>
 <p><b>Teresa Lagat</b> MBA from University of Nairobi CFE, CPA (K)</p>	<p><b>Manager Internal Audit</b></p>

 <p><b>Eliva Osodo</b> MBA in Procurement and Supply Chain Management from University of Nairobi, BBA(Entrepreneurship)KEMU Diploma in Procurement and Supply Chain Management</p>	<p><b>Manager, Supply Chain Management</b></p>
 <p><b>Festus Kitui</b> MSc.in Management Information system from the Institute of Technology Australia (IOTA) and BSc. in Mathematics, Physics &amp; Computing from Maseno University.</p>	<p><b>Manager, Information Communication Technology</b></p>
 <p><b>Eng. Festus Musyoki</b> MBA (Project Management) Kenyatta University B. Tech (Textile. Eng) Moi University EBK Member</p>	<p><b>Centre Manager - NITA Textile Training Institute (NTTI)</b></p>
 <p><b>Millicent Janet Otom</b> MBA – Daystar University BBM (Marketing) Council Member of Marketing Society of Kenya</p>	<p><b>Centre Manager- NITA Nairobi</b></p>

 <p><b>Mary Wamoko</b> Bachelor of Education, Science (Maths, Computer) Mount Kenya University, Higher –Diploma Electrical Engineering, Technical University of Mombasa, Diploma Technical Education, Kenya Technical Trainers College.</p>	<p><b>Manager - Assessment and Accreditation</b></p>
 <p><b>Ruth Dero</b> MSc Communication Studies BSc Public Relations Communication Member Public Society of Kenya (PSRK)</p>	<p><b>Manager, Corporate Communications</b></p>
 <p><b>Fidelis Odumo</b> MBA - Marketing (Mt. Kenya University), B.com - Marketing (Kenyatta University)</p>	<p><b>Ag. Centre Manager, NITA Mombasa</b></p>
 <p><b>Zakayo Mutonga</b> Bachelor of Education Kenyatta University</p>	<p><b>Ag. Centre Manager, NITA Athi River</b></p>



Benard Ouma Osongo  
BA Mathematics and Economics.  
Post Graduate Diploma in Education.  
CCNA Certified

**Ag. Centre Manager, NITA Kisumu**

## **5. CHAIRMAN'S STATEMENT**

I am pleased to present the Financial Statement of the National Industrial Training Authority (NITA) for the Financial Year ending 30<sup>th</sup> June 2023. This report provides an overview of our key initiatives, achievements, challenges, and our strategic direction moving forward. During this reporting period, NITA forged strategic partnerships that significantly advanced our mission. One remarkable accomplishment was the establishment of the Renewable Energy Centre. Through strategic Public-Private Collaboration with Spark Energy Hub, we championed renewable energy education and adoption. This initiative aligns with global sustainability goals and empowers individuals within the energy sector to meet the ever-evolving demands of this dynamic industry.

In alignment with national priorities, NITA engaged in strategic collaborations with industry agencies to standardize the Recognition of Prior Learning (RPL). Another noteworthy milestone was the launch of the Cisco Networking and Cyber Security Course, known as the Bridge IT Academy Program. In partnership with Sight Savers International, we addressed the digital skills gap by providing specialized training in networking and cyber security. This initiative contributed to enhancing digital literacy and readiness for the modern workforce.

During the financial year, the Authority successfully facilitated the industrial attachment of trainees in various industries, conducted rigorous testing and certification processes for over thirty thousand trainees across a diverse range of forty different trade areas. There was a notable increase in Industrial Training Levy Collections, attributed to the fruitful collaboration between NITA and the Kenya Revenue Authority (KRA).

During the financial year, the Authority encountered several challenges, notably underachievement in Training Levy Collection due to non-compliance by organizations and political risks. Other challenges included limited budget allocations, inadequate infrastructure in

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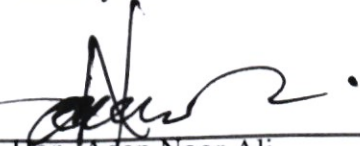
our industrial training centres, and a shortage of staff, all of which posed threats to the successful implementation of our mandate.

To address these challenges, NITA is committed to strengthening partnerships with key stakeholders, upgrading our technology, and investing in capacity building. The Authority also initiated awareness campaigns, collaborating with key stakeholders to educate employers across the country about the advantages of complying with Industrial Training Levy payments.

In conclusion, the accomplishments detailed in this report were made possible by the unwavering dedication of our Management Team and Staff Members. Their invaluable contributions were key in realizing the set objectives.

Together, we aim to attain even greater milestones with significant impact.

Thank you.



Hon. Aden Noor Ali

**National Industrial Training Board- Chairman**

## **6. REPORT OF THE DIRECTOR GENERAL**

The National Industrial Training Authority (NITA) appreciates the support provided by the Government and the Development Partners as the Authority endeavours to fulfil its mandate. I am therefore pleased to present to you the Authority's Annual Report and Financial Statement for the Financial Year ended 30<sup>th</sup> June 2023. Throughout this reporting period, NITA directed its endeavours towards the realization of its Strategic Plan 2018- 2022. This encompassed a broad spectrum of objectives, including the review, development, and implementation of industrial training schemes. The Authority also placed increased emphasis on overseeing the management of industrial training levy, Industrial training, forging strategic partnerships with key industry stakeholders, and enhancing the facilitation of efficient industrial attachment and student placement, among other strategic initiatives.

In alignment with the National Agenda and other priority areas, NITA actively engaged in strategic collaborations with other relevant agencies to create frameworks and standardize the Recognition of Prior Learning (RPL). RPL involves a systematic process of identifying, assessing, and certifying knowledge, skills, and attitudes, regardless of how, when, or where the learning occurred. This initiative aims to ensure that individuals within the industry attain certification in their chosen trade areas, which, in turn, promises manifold benefits in the labor market, formal education, and training. Moreover, this undertaking is set to foster personal and professional development, widen access to employment opportunities, facilitate career progression, improve remuneration, and contribute to the promotion of equitable employment practices. A pivotal aspect of the RPL Framework is the incorporation of vertical progression, enabling advancement from NITA Level 4 up to Level 8.

Remaining steadfast in our commitment to align training offerings with the dynamic demands of the job market, we conducted a comprehensive review of various curricula, including the homecare curriculum. This diligent effort ensures that our training programmes remain contemporary and responsive to industry needs, underscoring our dedication to equipping individuals with skills directly tailored to the evolving requirements of the professional landscape.

I am pleased to report a notable achievement during the year under review, with the Authority recording an 18% increase in Industrial Training levy collections compared to the preceding year, owing to the successful collaboration between NITA and KRA. Our mission to enhance skills among all individuals engaged in the industry, particularly the youth, has borne fruit through the industrial attachment program. During the financial year 2022/2023, NITA facilitated the attachment of over 50,000 trainees, contributing significantly to the growth of skilled personnel within various industries. Moreover, the Authority tested and certified over twenty-five thousand trainees in forty different trade areas, further underlining our commitment to skills development. During this reporting period, NITA established strategic partnerships that played a pivotal role in advancing our mission. One noteworthy achievement was the establishment of the Renewable Energy Centre. Through strategic public-private collaboration with Spark Energy Hub, we spearheaded the promotion of renewable energy education and adoption.

In a historic collaboration with Base Titanium, NITA facilitated the first-ever recognition of prior learning ceremony in Kenya. This momentous event led to the conferment of certificates upon 62 graduates in Kwale County on July 7, 2022. Furthermore, NITA partnered with GIZ to provide comprehensive training and certification opportunities for the youth in various trades.

In order to uphold constitutional stipulations regarding public involvement, NITA engaged stakeholders, particularly in the formulation of policies. We are resolute in our commitment to maintaining these engagements to ensure that the policies we craft effectively cater to stakeholder needs. However, it is essential to acknowledge the challenges we encountered in implementing our mandate during the year under review. Notably, the Training levy collection for the period was 23% below budget, primarily due to challenges stemming from organizations' non-compliance with Industrial Training Levy payments and political risks. To mitigate this non-compliance, NITA, in consultation with FKE, initiated sensitization forums with employers across the country to educate them about the benefits of complying with the Industrial Training Levy payments. Furthermore, low budgetary allocations to support industrial training programs, overlapping mandates by other Government agencies, inadequate infrastructure, obsolete

technology in NITA's industrial training centers, and lean staffing posed significant threats to the Authority's mandate implementation.

To address these challenges, NITA is committed to enhancing partnerships with key stakeholders, including the National Government, County Government, private sectors, and non-governmental organizations.

In closing, the accomplishments we have outlined in this report would not have been possible without the unwavering commitment of our Board of Directors, dedicated Management Team and Staff Members. I extend my heartfelt appreciation for their invaluable assistance and collaboration, which have been instrumental in fulfilling the Authority's mission. I am confident that we have established a robust team capable of carrying forward the vision of the Authority. As we look ahead to the future, I urge us to sustain the collective momentum we have fostered as a regulatory entity in Industrial Training landscape, striving for even greater and more transformative accomplishments.

Thank you.



Theresa K. Wasike(Ms)  
**Ag. DIRECTOR GENERAL**

**7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2022/2023**

NITA has four (4) Key Result Areas, namely, Regulation of industrial training; Industrial skills development, Resource mobilization, and Organizational capacity development. In addition, the Authority has seven (7) Strategic Objectives within the Strategic Plan 2018-2022. The Strategic objectives are:

- a) Key Result Area I - Regulation of industrial training;
  - i) To Strengthen the Regulatory Role of NITA
  - ii) To Streamline Quality Assurance in Industrial Training Among Key Interested Parties
- b) Key Result Area II - Industrial skills development,
  - i) To Facilitate Provision of Adequate and Relevant Skills for Productivity Enhancement & Competitiveness
  - ii) To Mainstream Industrial Training in The Informal/Jua Kali Sector
- c) Key Result Area III - Resource mobilization,
  - i) To Enhance the Financial Sustainability of Industrial Training Programmes
- d) Key Result Area IV - Organizational capacity
  - i) To Ensure Adequate, Skilled and Productive Workforce for NITA
  - ii) To Strengthen Governance and Corporate Image

NITA develops its Corporate Work Plan based on the four (4) Key Areas and the seven (7) Strategic Objectives. Assessment of the Board's performance against its annual Corporate Work Plan is done on quarterly basis mainly through the Performance Contracting System. The Authority achieved most of the performance targets set for the FY 2022/2023 period for its four KRAs and seven Strategic Objectives as indicated in the diagram below:

<b>Strategic Pillar</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
KRA I - Regulation of Industrial Training	To Strengthen the Regulatory Role of NITA	% implementation of Board resolutions	Coordinate the implementation of resolutions of the NITB	90%
	To Streamline Quality Assurance in Industrial Training Among Key Interested Parties	Number of targeted 150 training providers registered	Standardization of Industrial Training Offered In The Industry	149
		% Review of the Industrial Training Act	Appropriate Policy, Legal and Institutional Frameworks in Place	25.67%
KRA II - Industrial skills development	To Facilitate Provision of Adequate and Relevant Skills for Productivity Enhancement & Competitiveness	Number of Youth and Women in Textiles and Apparels trained against the target of 10,000	Skills to Actualize the "Big Four" Initiative Enhanced	12,144

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		Number of workers approved for training against a target of 40,000	Persons Trained In Industrial Skills Increased	47,654
	To Mainstream Industrial Training in The Informal/Jua Kali Sector	Number of persons attached in industry against a target of 40,000	Trainees and Instructors/Lecturers Attached In Industry Increased	40,235
		Number of persons assessed against a target of 175,000	Persons Assessed In Competencies Increased	167,453
KRA III - Resource mobilization	To Enhance the Financial Sustainability of Industrial Training Programmes	% absorption of allocated funds	Absorption of Allocated Funds (GOK)	107.59%
		% absorption of Externally Mobilized Resources	Absorption of Externally Mobilized Resources	56.98
		Amount of money collected against a target of Ksh 761.67M	A-In-A	Ksh:817,029,242
		Amount of levy collected against a target of Ksh 950m	Collection of Industrial Training Levy Enhanced	Ksh: 994,409,986
KRA IV - Organizational capacity Development	To Ensure Adequate, Skilled and Productive Workforce for NITA	Number of NITA staff trained	Competence Development	159
	To Strengthen Governance and Corporate Image	% implementation of service delivery charter	Implementation of Citizens' Service Delivery Charter	100%
		% of complaints resolved	Resolution of Public Complaints	86.29%
		% of brand publicity and corporate image undertaken	Brand Publicity and Corporate Image enhanced	97.5%

**National Industrial Training Authority**  
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**For the year ended June 30, 2023**

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		% AGPO by youth and women	Access to Government Procurement Opportunities (AGPO) against a target of Ksh 258.8 m	25.17%
		% promotion of local content in procurement	Promotion of Local Content in Procurement against a target of Ksh 345.08M	369%
		% disability mainstreaming	Disability Mainstreaming	77.7%
		% corruption prevention interventions	Corruption Prevention	90%

## 8. CORPORATE GOVERNANCE STATEMENT

The Board of Directors recognizes the importance of applying the highest standards of corporate governance as a key contributor to its long-term success, long term value and prosperity. This promotes balancing the interest of all stakeholders. It provides the framework for attaining the Authority's objectives and ensures sustainability.

### The Board

The size, composition and appointments of the Members of the Board are prescribed in the Training and Industrial Act. The Board comprises eleven (11) non-executives board directors. Each member serves for a maximum of two terms of four (4) years each.

No.	COMMITTEE NAME	MEMBERSHIP
1.	Audit and Risk Management Committee; - <b>ARMC</b>	1. <b>Mr. Mike Macharia</b> - <b>Chair</b> 2. Rev. Joel K. Chebii, OGW 3. Mr. Apollo Kiarie 4. Mr. Rastus Shikuku 5. Mr. Benard Isalambo
2.	Finance and Levy Administration Committee; - <b>FLAC</b> ;	1. <b>Mr. Wilson Ngahu</b> - <b>Chair</b> 2. Dr. Musa Nyandusi 3. Ms. Gilda Odera 4. Mr. Benson Okwaro 5. Mr. Rastus Shikuku
3.	Human Resource, Governance and Administration Committee; - <b>HRG&amp;A</b> ;	1. <b>Mrs. Gilda Odera</b> - <b>Chair</b> 2. Rev. Joel Chebii 3. Ms. Carolyn Rutto 4. Mr. Wilson Ngahu 5. Mr. Benard Isalambo
4.	Industrial Training and Strategy Committee; - <b>IT&amp;SC</b> ;	1. <b>Mr. Benson Okwaro</b> - <b>Chair</b> 2. Mr. Mike Macharia 3. Ms. Carolyn C. Rutto 4. Mr. Apollo Kiarie 5. Mr. Benard Isalambo
5.	Ad Hoc Steering Committee of The Kenya Youth & Employment And Opportunities Project ( <b>KYEOP</b> )	1. <b>Ms. Carolyn C. Rutto</b> - <b>Chair</b> 2. Mr. Apollo Kiarie 3. Dr. Musa Nyandusi 4. Rev. Joel Chebii, OGW

### The Board is charged with the following responsibilities:

- Defining the purpose of the National Industrial Training Authority, that is, its strategic intent and objectives, and its values which should be clear, concise and achievable;
- Strategy formulation and ensuring there are appropriate policies, systems and structures to effectively and successfully implement the strategies;
- Providing leadership within a framework of prudent and effective structures which enable risks to be assessed;
- Identify the opportunities as well as the principle risks in its operating environment including the preparation of the risk policy plans/risk management policies and implementation of appropriate measures to manage such risks or anticipated impact on the corporate business;

- e) Review on a regular basis the adequacy and integrity of the internal controls, acquisition and divestures, management information systems including compliance with applicable laws and regulations;
- f) In discharging its obligations, the Board assumes responsibility in the following areas:
- (i) Retaining full and effective control over NITA, and monitoring management in implementing Board plans and strategies;
  - (ii) Ensuring ethical behaviour and compliance with relevant laws and regulations, audit and accounting principles, and NITA's own governing documents and Code of Ethics;
  - (iii) Defining levels of materiality, reserving specific powers to the Board and delegating other matters with the necessary written authority to management and instituting effective mechanisms that ensure Board responsibility for management performance of its functions; among other mandates and responsibilities as stipulated in the Industrial act.

### **PROCESS OF APPOINTMENT AND REMOVAL OF DIRECTORS**

The appointment and removal of Board directors was undertaken as stipulated under the Industrial Training Act Chapter 237.

### **BOARD TRAINING AND DEVELOPMENT**

The Board directors underwent various training programs geared towards enhancing their skills and knowledge in governance and leadership roles. The training programs were particularly designed to enhance performance of the committees in executing their respective Terms of Reference.

### **BOARD CHARTER**

The Board initiated review of the Board Charter to align with the current Government policies and directives on management of State Corporations. This will enhance the effectiveness of Board processes and the overall governance framework of the Authority.

### **BOARD COMMITTEES**

The Board has established the following committees;

- Industrial Training & Strategy committee
- Human Resource, Governance & Administration committee
- Finance & Levy Administration Committee
- Audit & Risk Management Committee
- ADHOC Steering Committee on the Kenya Youth Employment and Opportunity Project

### **FINANCE & LEVY ADMINISTRATION COMMITTEE.**

Terms of reference for the committee include;

- Approve and maintain budgetary systems of Authority.
- Oversee financial reporting process & internal controls
- Monitor the financial reporting process to ensure compliance.
- Review, approve or recommend to the Board on matters pertaining to investments.
- Oversee levy administration activities
- Oversight operations of the Supply chain management

### **HUMAN RESOURCE, GOVERNANCE & ADMINISTRATION COMMITTEE.**

The term of reference for the committee include;

- To approve recommendations on terms and condition of employment in the Authority, recruitment functions and staff appraisals.

- To ensure effective management, succession planning and management development plans are in place.
- Approve programs & policies involving the overall compensation of employees & Authority's collective bargaining agreement.
- Regularly assess staff benefit plans including new trends
- Review & monitor corporate performance against approved targets.

**INDUSTRIAL TRAINING & STRATEGY COMMITTEE**

The terms of reference for the committee include;

- To develop strategies for industrial training
- Ensure that implementation of Industrial Training is effective & efficient
- Advice on terms & conditions of industrial training providers.
- Develop regulations to facilitate effective industrial training
- Monitor Industrial training & advice on Industrial training.
- Oversight ICT and strategy activities

**AUDIT & RISK MANAGEMENT COMMITTEE.**

The terms of reference for the committee include;

- Establish a NITA'S risk management policy.
- Create an understanding and ensure risk management practices at NITA.
- Review the scope & planning of the external audit.
- Review the annual financial statements of the Authority

**SUMMARY OF BOARD AND BOARD COMMITTEE MEETINGS FOR FINANCIAL YEAR 2022/2023**

The following is a summary of the meetings of the Board and its Committees that took place for the year under review:

<b>S/No.</b>	<b>Board / Committee</b>	<b>No. of Meetings</b>
1	National Industrial Training Board	<ul style="list-style-type: none"> <li>• 4 scheduled meetings</li> <li>• 5 special meetings</li> </ul>
2	Finance and Levy Administration Committee	<ul style="list-style-type: none"> <li>• 4 scheduled meetings</li> <li>• 2 special meeting</li> </ul>
3	Human Resource, Governance And Administration Committee	<ul style="list-style-type: none"> <li>• 4 scheduled meetings</li> <li>• 2 special meetings</li> </ul>
4	Industrial Training And Strategy Committee	<ul style="list-style-type: none"> <li>• 4 scheduled meetings</li> </ul>
5	Audit and Risk Management Committee	<ul style="list-style-type: none"> <li>• 3 scheduled meetings</li> <li>• 2 special meeting</li> </ul>
6	AD HOC Committee- KYEOP	<ul style="list-style-type: none"> <li>• 4 scheduled meetings</li> </ul>

## **9. MANAGEMENT DISCUSSION AND ANALYSIS**

The National Industrial Training Authority management team oversees development and implementation of annual budget approved by the National Industrial Training Board (NITB). NITA Management therefore monitors the use of funds in line with the approved budget and Corporate Work Plan during the financial year. The Authority makes quarterly reports on budget utilization which are submitted to the Board of Directors, Parent Ministry and to The National Treasury. The reports indicate the achievements by the Authority, the challenges experienced during the implementation period and makes recommendations for overcoming the challenges.

The Management also gives advice to the Board of Directors on issues related to its budget implementation such as low absorption of funds and revenue performance. This therefore promotes accountability in the use of financial resources.

### **Compliance with Statutory Requirements**

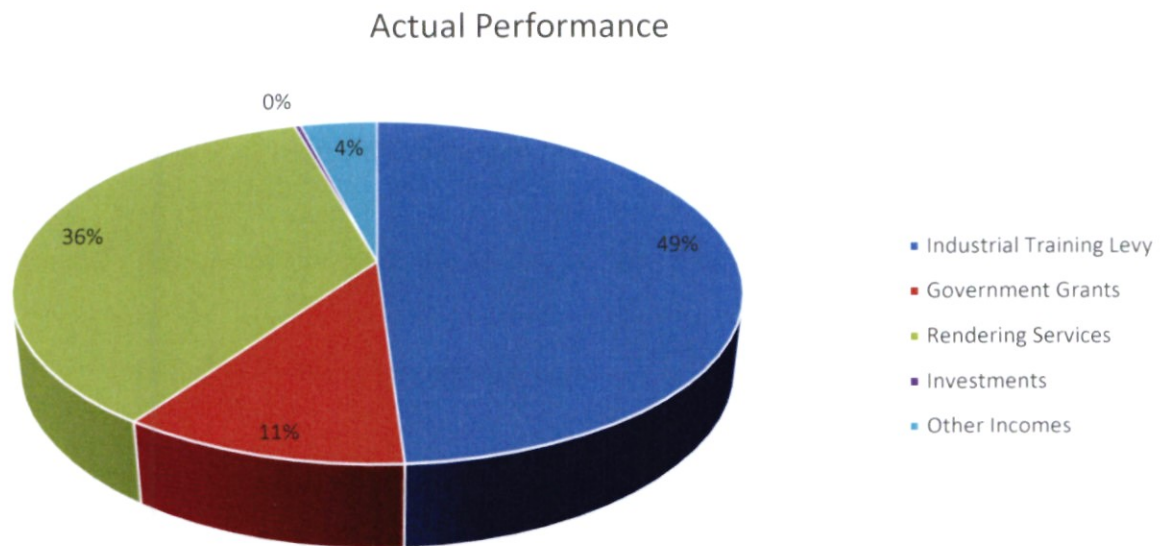
The process of budget implementation ensures compliance to the Public Financial Management (PFM) Act 2012 and all other statutory requirements. NITA Management has continued to improve its financial management system to ensure that financial records of the Authority are accurate and offers a true reflection of the financial position.

During the year under review, the Authority reported an increase in Industrial Training levy collections by 18% compared to the previous year. The increase is attributed to the NITA-KRA collaboration. The management further recognises that the Training levy collection for the period under review is 23% below the budget. This under achievement of budget can be attributed to challenges faced by the Authority due to many organizations non-compliance to pay the Industrial Training Levy and the political risk. In order to mitigate on this non-compliance, the Authority in consultation with FKE is holding sensitization forums with employers across the country to educate them about the benefits of being compliance with the Industrial Training Levy payments. The Unified Payroll Returns (UPR) introduced in January 2021 through a Government initiative on ease of doing business in the country saw the Authority partner with KRA in collection of Industrial Training Levy. The Authority is also contemplating recovering Industrial Levy contribution in arrears by enforcement of the Act and recover with interest and penalties all outstanding levy contributions due to the Authority. The authority has therefore continued to improve its customer relations with employers, which has been achieved through closer liaison with the Authority's stakeholders. From the implementation of 2022/23 FY budget, it was clear that about 47% of the total revenue to the Authority was realized from Industrial training levy,

Government grants and subsidies 11% while revenue from rendering of services 37%, Industrial Training Levy at 47%, Interest on Call deposits 1% and other incomes 4%.

**Total Revenue Collection**

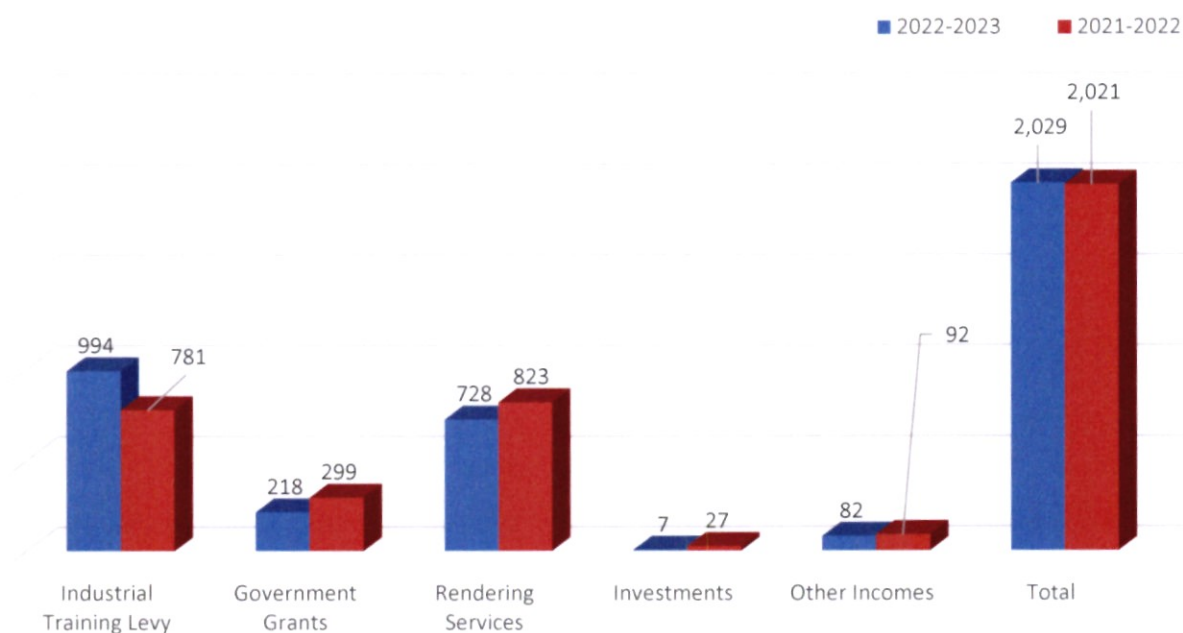
**Figure 1.0 Total revenue proportions collected for the year 2022/2023**



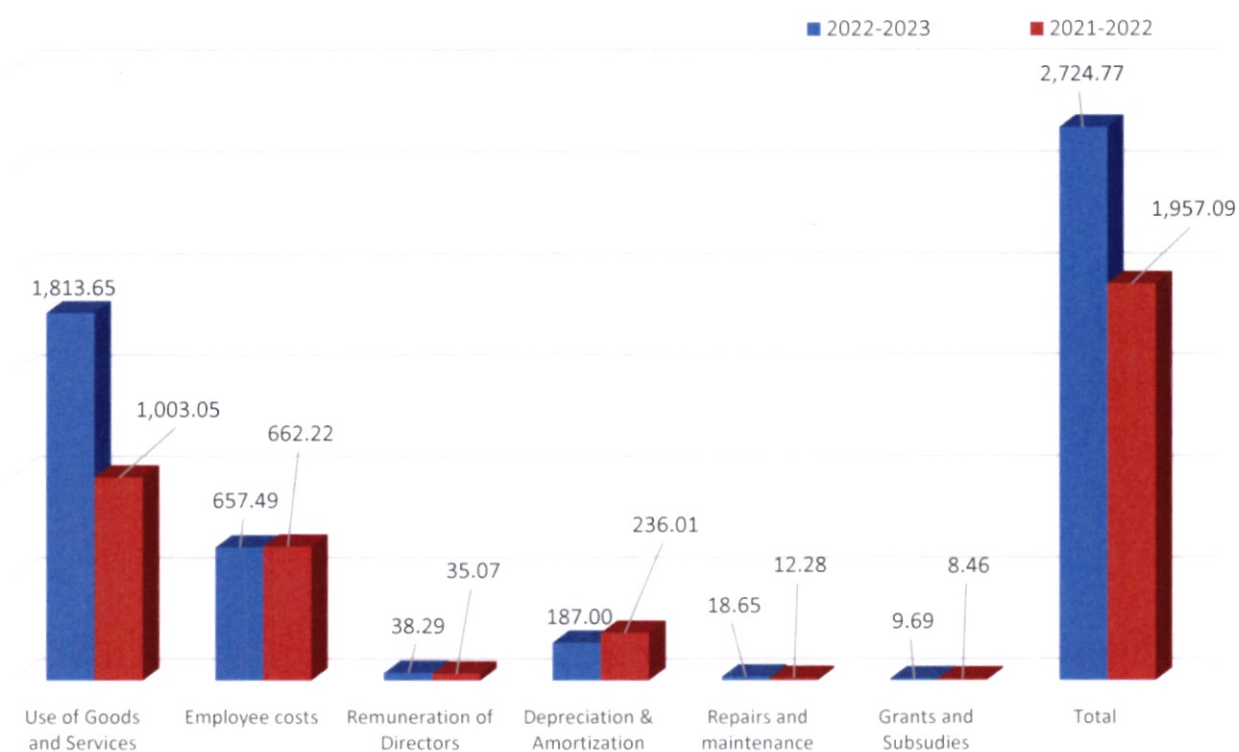
**Figure 1.1 Budget vs Actual revenue amounts collected for the year 2022/2023**



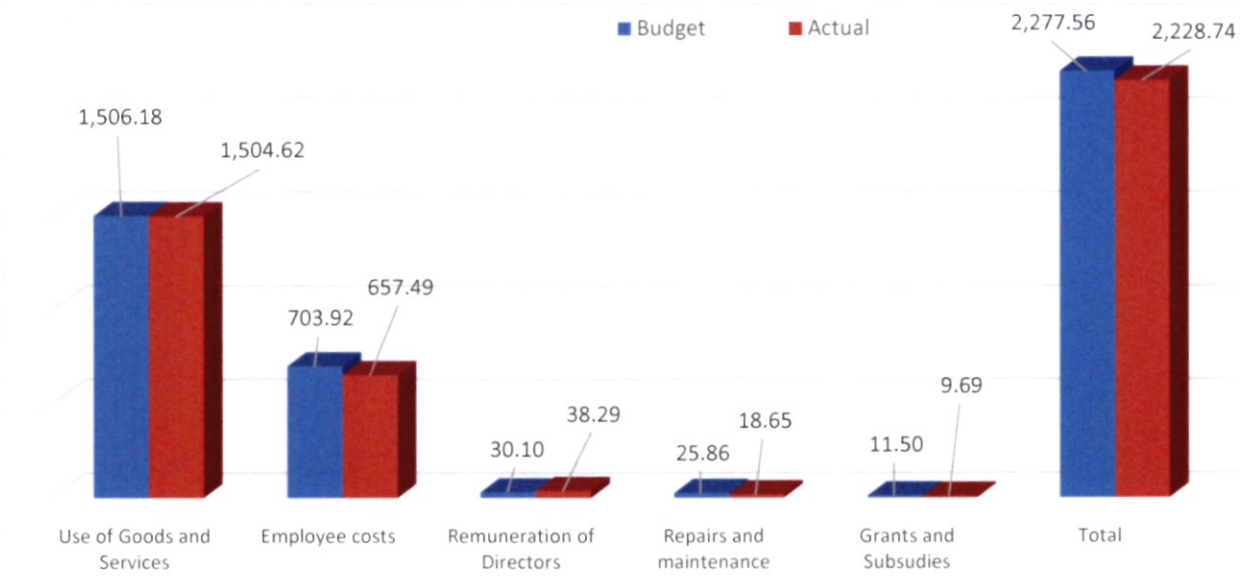
**Figure 1.2 Total revenue collected 2022-2023 Vs total revenue collected for the year 2021/2022**



**Figure 2.0 Expenditure comparison for the year 2022/2023 vs 2021/2022**



**Figure 2.1 Budget vs Actual Expenditure in comparison with 2022/2023**



The major risk facing the National Industrial Training Authority are financial and operational risks associated with the Authority’s mandate. During the financial year 2022/2023 the management updated and monitored the risk profiles for each of the operating businesses and major projects to identify the nature and likelihood of its occurrence for specific material risks, key controls that are in place to mitigate and manage the risks, sources and levels of assurance provided on the effective operations of key controls and responsibilities for managing risks. Therefore, the risk framework, policies and procedures will continue to be enhanced as the Authority’s existing operations develop and its range of activities expand.

The year 2022/2023 the Authority’s income on investment reduced by 20 Million (25%) as compared to the last financial year.

## **10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

### ***i) Sustainability Strategy and Profile***

The annual report on NITA's sustainability strategy and profile for CSR support to the youth encapsulates our unwavering dedication to creating a brighter, more inclusive future. The stories of empowerment and transformation stand as testament to the impact of our initiatives. As NITA continues to forge ahead, we remain committed to fostering an environment where everyone has the chance to realize their potential, contribute meaningfully, and be an integral part of Kenya's journey towards sustainable progress.

### ***ii) Environmental performance***

NITA participated in a Tree-Planting exercise at Ngong Forest, Lenana Block in a bid to accelerate the Presidential Directive on 15 Billion trees by 2032. Kenya's national tree cover is currently at 12.13% and forest cover at 8.83% which is relatively low compared to neighbouring countries. The Presidential Directive is aimed at attaining 30% national tree cover by 2032, which calls for radical action to accelerate to achieve. The exercise, organized by National Environment Trust Fund (NETFund) was aimed at spurring broad institutional and multi-stakeholder participation in accelerating the achievement of the Directive. The event also aimed to sensitize state corporations on the need for them to implement the directive.

NITA is cognizant that the journey towards achieving a 30% national tree cover by 2032 requires commitment, radical action and collective responsibility. We are committed to embracing this challenge as a chance to shape a better future for ourselves and the generations to come.

### ***iii) Employee welfare***

The Authority's recruitment process is guided by the internal Human Resource Policy and Procedure Manual that is based on a human resource plan that is reviewed every year within the approved establishment. The policy sets out key principles to be taken into account when recruiting including adherence to affirmative action, gender and persons living with disability and national values. The Authority observes gender mainstreaming, balance on appointment, promotion and ensures that a minimum of a third (1/3) are of either gender. The gender ratio for the Authority is evenly distributed with 53.33% male and 46.67% female which is well above the 33% threshold provided by the Constitution. The policies are reviewed after every three years and involve staff representatives and public participation is undertaken prior to implementation.

On improvement of skills, the Authority has undertaken a comprehensive institutional skills gap analysis, that has ensured identification of critical skills gaps that require staff to be undertaken through re-skilling and upskilling. This is undertaken through training needs assessment which culminates in the development of a training plan. In the financial year 2022/2023, the Authority was able to train ninety-eight (98) staff.

Additionally, the HR Policy and Procedure Manual spells out the manner in which staff are to be appraised. The Authority undertakes and adheres to continuous, mid-year and annual performance appraisal regime to improve entrenched performance culture. Further, employees are afforded an opportunity to further their careers based on a clearly established career progression for each cadre of staff in the Authority. It enumerates the minimum requirements for each position and guides staff on how they should progress career wise.

On safety and compliance with Occupational Safety and Health Act of 2007, (OSHA.), the Authority is registered to operate from the Directorate of Occupational Safety and Health. Additionally, there is an established Safety and Health Committee's (HQ, Centers) to oversee issues of health & safety at the workplace

**iv) *Market place practices-***

NITA has endeavoured to maintain best market place practices in the following areas;

**a) *Responsible competition practice.***

NITA endures to maintain good supply chain practices by ensuring competitive and transparent procurement of goods, services and works.

These are procured by employing the different methods of procurement depending in line with the approved budgets as provided for in the PPADA 2015.

**b) *Responsible Supply chain and supplier relations***

NITA also maintains and continuously updates the list of suppliers and pays attention to inclusivity by ensuring 30% of the procurement plan is set aside for the special group (AGPO).

The suppliers are then paid from time to time depending on the supplies and deliveries received.

**c) *Responsible marketing and advertisement***

The Authority (NITA) has endeavoured to uphold ethical Marketing practices in all its awareness creation campaigns e.g., whether products/services advertisement or outreach activities by making

sure that the intended products and services visibility and awareness is achieved among various customer types without infringing on their rights as customers/ clients. To ensure we remain ethical over the time, we have made sure that:

- 1) All the regions of the market across the country are reached equitably, in a language that they understand through informed marketing segmentation
- 2) All the marketing information we send out is true, verifiable and the promises made are not exaggerated but deliverable, such that the target customers can follow up to claim access to the promised attributes in the products and services they desire from the Authority at the promised rates and location
- 3) We provide the target clients with all working contacts including website address, email and working phone contact to able them reach the Authority for the products and services and take it upon us to respond to all concerns, feedback, complaints and compliments in a timely, personalized and transparent manner.
- 4) We clearly differentiate NITA products and services from the other available alternatives, and give price details in a clear manner with no hidden costs. We do not make demeaning comparisons with our competitors to belittle or bad-mouth their offerings
- 5) We present all products and services attributes clearly in all marketing campaigns without generalization to bring out clearly the info needed by clients on the products for their informed decisions.
- 6) In cases where we have to use customer's images and data to bring out success stories, we ensure we get their signed consent and commit to keep their personal info and date safely and secure.
- 7) We inform and remind the customers on any new products launched, relaunched or revamped for the benefits

**d) *Product stewardship***

The Authority's offerings are mainly services and in this regard The Authority has put in place measures to ensure that it's operations are environmentally safe and does not pose any health and safety concerns to stakeholders. These measures include operationalization of Quality Management System (QMS) to adhere to the regulatory/statutory and own voluntary requirements to uphold highest standards in the quality and efficiency of industrial training and related functions.

**v) *Corporate Social Responsibility - NITA Female Engineering Programme***

National Industrial Training Authority's Corporate Social Investment is in form of sponsorship of 25 Kenyan female students from needy backgrounds annually to pursue engineering courses at craft, certificate and diploma levels in an effort to reduce gender disparity in technical/engineering disciplines as a part of its Corporate Social Investment. Through this affirmative action, this programme has benefitted over two hundred and fifty (250) Kenyan students across the country to date.

The Female Engineering Training Programme is National Industrial Training Board initiative which was conceived out of a report on an overseas study tour to fifteen (15) countries with best levy practices in 2005. The objective of the programme was to address the observed gender imbalance in the engineering profession by supporting deserving and needy females to undertake engineering training.

Selected candidates are placed in NITA Centres, other National Polytechnics and Technical Training Institutions. The students have undertaken various courses in electrical engineering (electronics, telecoms and computer), mechanical engineering (plant option and production), land survey, quantity survey, civil engineering, agricultural, and chemical engineering.

Criteria for selection of trainees is based on academic qualifications, and neediness of applicants from Arid and Semi- arid Land [ASAL] areas. Targeted ASAL areas are: Mandera, Turkana, Lamu, Wajir, West Pokot, Kwale, Ijara, Tana River, Garissa, Isiolo, Marsabit, Samburu, Elgeyo - Marakwet, Suba, Kajiado, Kilifi, Taita Taveta, Teso, Mt. Elgon, Kitui, Mwingi, Tharaka, Mbeere, Transmara, Makueni, Kuria and Marigat.

Most females from these marginalised areas fail to take physics in high schools therefore leaving the subject to be male dominated, a factor which has contributed to a lower number of applicants from these regions.

Through the Female Engineering Sponsorship Committee, which operates under the Corporate Communication department and oversees the day-to-day running of the program, the Authority is working to develop intensive outreach programs in these areas to sensitize the locals to the importance of taking technical courses

## **11. REPORT OF THE DIRECTORS**

The Directors submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of the National Industrial Training Authority affairs.

### **Principal activities**

The Principal activities of the Industrial Training Authority are:

- Industrial training;
- Assessing and collecting industrial training levy and fees;
- Regulating trainers registered under section 7C of the Act
- Developing industrial training curricula;
- Integrating labour market information into skills development;
- Harmonizing curricula and certificates of competence;
- Assessing industrial training, testing occupational skills and awarding certificates
- Including Government trade test certificates;
- Equating certificates;
- Accrediting institutions engaged in skills training for industry;
- Associating or collaborating with any other body or organization within or outside Kenya as the Board may consider desirable or appropriate and in furtherance of the purposes for which the Authority is established;

### **Directors**

The members of the Board of Directors who served during the year are shown on page vi to page ix.

### **Auditors**

The Auditor General is responsible for the statutory audit of the National Industrial Authority in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015

By Order of the Board



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Corporate Secretary  
Nairobi

Date... 08/04/2024

## **12. STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Section 81 of the Public Finance Management Act, 2013 and section 14 of the State Corporations Act, under the Industrial Training Act Chapter 237 require the Directors to prepare financial statements in respect of that National Industrial Training Authority (NITA) which give a true and fair view of the state of affairs of NITA at the end of the financial year and the operating results of the NITA for that year. The Directors are also required to ensure NITA keeps proper accounting records which disclose with reasonable accuracy the financial position of NITA. The Directors are also responsible for safeguarding the assets of NITA.

The Directors are responsible for the preparation and presentation of the NITAs financial statements, which give a true and fair view of the state of affairs of NITA for and as at the end of the financial year ended on June 30, 2023. This responsibility includes:

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

The Directors accept responsibility for NITA financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Industrial Training Act Chapter 237

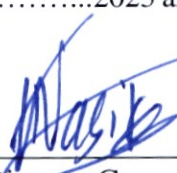
The Directors are of the opinion that NITA financial statements give a true and fair view of the state of NITA transactions during the financial year ended June 30, 2023, and of the NITA's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for NITA which have been relied upon in the preparation of the NITA's financial statements as well as the adequacy of the systems of internal financial control.

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

### **Approval of the financial statements**

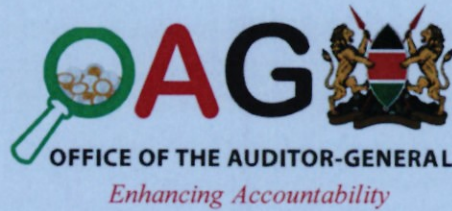
NITA financial statements were approved by the Board on.....2023 and signed on its behalf by:

  
Chairman of the Board

  
Director General

# REPUBLIC OF KENYA

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NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON NATIONAL INDUSTRIAL TRAINING AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2023

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### 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 the Government achieves value for money and that such funds are applied for intended purpose; and,
- C. Report on the 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, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of National Industrial Training Authority set out on pages 1 to 38 which comprise the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in

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

In my opinion, 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 National Industrial Training Authority as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Industrial Training Act, 2022 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Long Outstanding Receivables from Exchange Transactions**

The statement of financial position reflects receivables from exchange transactions totalling Kshs.230,821,336 as further disclosed in Note 18 to the financial statements. However, aging analysis of the receivables has not been disclosed in the financial statements. Further, no provisions have made for bad and doubtful debts.

In the circumstances, the accuracy and completeness of the receivables from exchange transactions totalling Kshs.230,821,336 could not be confirmed.

#### **2. Lack of Ownership Documents**

The statement of financial position reflects property, plant, and equipment totalling Kshs.9,282,576,706. The amount includes land amounting to Kshs.6,608,300,000 as disclosed in Note 21 to the financial statements. However, as previously reported, title deeds for the land have not been acquired.

Further, land in Mombasa measuring 12.91 hectares valued at Kshs.1,260,000,000 belonging to the Authority was irregularly allocated to a Private Developer in exchange land measuring 6.2 hectares . However, the matter has not disclosed in the financial statements and no effort has been made to reclaim the irregularly allocated land.

In the circumstances, the accuracy, ownership and fair presentation of land amounting to Kshs.6,608,300,000 could not be confirmed.

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

## **Emphasis of Matter**

### **1. Long Outstanding Trade Payables**

The statement of financial position reflects trade and other payables totalling Kshs.646,983,061. The amount includes trade payables amounting to Kshs.646,758,047 which has been outstanding since 2015. No satisfactory explanation was provided for failure to settle the long outstanding payables.

Failure to pay the bills when due may result in interest and penalties for non-payments and distort the budget for the subsequent year to which the bills have to be charged.

### **2. Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects total final revenue budget and actual on a comparable basis amounting to Kshs.2,593,698,121 and Kshs.1,952,962,437, respectively, resulting in an under-funding of Kshs.640,735,684 or 25% of the approved budget. Similarly, the statement reflects total final expenditure budget and actual on a comparable basis amounting to Kshs.2,277,556,120 and Kshs.2,228,738,959, respectively, resulting in under-expenditure of Kshs.48,817,161 or 2% of the budget.

Further, statement of comparison of budget and actual amounts reflects total final revenue budget and total final expenditure budget amounting to Kshs.2,593,698,121 and Kshs.2,277,556,120, respectively, resulting in unbalanced. This is contrary to Regulation 33 (c) of the Public Finance Management (National Government) Regulations which provides for a balanced budget.

The under-collection of revenue and under-expenditure affected the planned activities of the Authority and may have negatively affected service delivery to the public.

My opinion is not modified in respect of these matters.

### **Key Audit Matters**

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

### **Other Matter**

### **Unresolved Prior Year Matters**

In the audit report of 2021/2022 financial year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance which have not been resolved.

# REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

## **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the 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 Salary Deductions**

Review of the payroll revealed that forty (40) employees earned net salary which was less than a third of their gross salary. This was contrary to Section 19(3) of the Employment Act, 2007 which states that the total amount of all deductions made by an employer from the wages of an employee at any one time shall not exceed two-thirds of such wages.

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

### **2. Unrecovered Deposit in Collapsed Banks**

Note 25(a) to the financial statements reflects deposits held in collapsed banks totalling Kshs.129,466,000. However, as reported in the previous years, there was no provision made for any potential loss of funds held in the collapsed banks.

Further, Management has not made any effort to recover the deposits from the Deposit Protection Fund.

In the circumstances, the recoverability of deposits held in collapsed banks totalling Kshs.129,466,000 could not confirmed

### **3. Irregular Payment of Acting Allowances**

Review of human resource records revealed that thirteen (13) employees were paid acting and special duty allowances for more than six (6). This was contrary to Section C.14 (1) of the Public Service Commission Human Resource Policies and Procedures Manual for the Public Service, May 2016 which states that when an officer is eligible for appointment to a higher post and is called upon to act in that post pending advertisement of the post, he is eligible for payment of acting allowance at the rate of twenty percent (20%) of his substantive basic salary. Acting allowance will not be payable to an officer for more than six (6) months.

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

#### **4. Failure to Prepare Financial Statements for Staff Car Loan and Mortgage Scheme Fund**

The statement of financial position reflects cash and cash equivalents totalling Kshs.457,483,660. The amount includes Staff Car Loan and Mortgage bank balances amounting to Kshs.20,000,000 and Kshs.120,000,000, respectively, as disclosed in Note 17 (d) to the financial statements. However, financial statements for the Staff Car Loan and Mortgage Funds have not been prepared and submitted to the Auditor General. This was contrary to Section 84 (1) and (3) of the Public Finance Management Act, 2012 which requires an Administrator of a National Public Fund to prepare financial statements for the fund for each financial year in a form prescribed by the Accounting Standards Board and submit the financial statements to the Auditor-General not later than three months after the end of each financial year.

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

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

#### **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

##### **Conclusion**

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

##### **Basis for Conclusion**

###### **Lack of Off-site Back Up**

Review of ICT processes and controls revealed that the Authority does not have data backups stored in a secure offsite location. This was contrary to Paragraph 9 (1) of the Authority's Information Communication and Technology Policy which states that all backup media must be stored in a safe and secure location extraneous to the location of the backup systems stored in a fireproof safe and monthly backup media must be stored in an off-site backup archive storage location.

In the circumstances, the security, reliability and integrity of the Authority's information 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 the Management and the Board of Directors**

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

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

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

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

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

### **Auditor-General's Responsibilities for the Audit**

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution.

My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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

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

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

02 May, 2024

**National Industrial Training Authority  
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**14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023**

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Training Levy	6	994,409,986	781,025,542
Transfers from other governments—gifts and services-in-kind	7 (a)	217,965,000	298,620,000
		<b>1,212,374,986</b>	<b>1,079,645,542</b>
<b>Revenue from exchange transactions</b>			
Rendering of services	8a	728,388,907	822,601,400
Finance income-external investments	9	6,834,466	27,040,712
Other income	10	81,814,459	91,680,930
Total revenue from exchange Transactions		<b>817,037,833</b>	<b>941,323,042</b>
<b>Total revenue</b>		<b>2,029,412,819</b>	<b>2,020,968,584</b>
<b>Expenses</b>			
Use of goods and services	11(a)	1,813,648,114	1,003,049,190
Employee costs	12	657,485,908	662,221,881
Remuneration of directors	13	38,290,797	35,069,831
Depreciation and amortization expense	14	186,997,982	236,011,349
Repairs and maintenance	15	18,650,076	12,277,670
Grants and Subsidies	16	9,694,983	8,463,924
<b>Total Expenses</b>		<b>2,724,767,860</b>	<b>1,957,093,845</b>
<b>Surplus/Deficit for the period</b>		<b>(695,355,041)</b>	<b>63,874,739</b>

The notes set out on pages 6 to 37 form an integral part of these Financial Statements  
The Financial Statements set out on pages 1 to 43 were signed on behalf of the Board of Directors by:

Ag. Director General  
Name: Theresa K. Wasike (Ms)  
Noor Ali

Director Corporate Services  
Name: Gerald Kirimi

Chairman of the Board  
Name: Hon. Aden

ICPAK Member Number: 8725

Date 08/04/2024

Date 08/04/2024

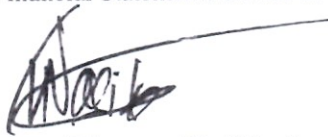
Date 08/04/2024

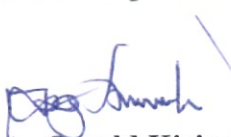
National Industrial Training Authority  
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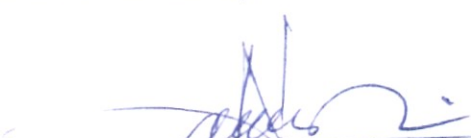
15. STATEMENT OF FINANCIAL POSITION AS AT 30<sup>TH</sup> JUNE 2023

	Notes	2022-2023 Kshs	2021-2022 Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	17 (a)	457,492,250	787,950,751
Receivables from exchange transactions	18	230,821,336	225,164,823
Receivables from non-exchange transactions	19	139,094,810	61,355,885
Investments	20	8,400,000	8,400,000
<b>Total Current Assets</b>		<b>835,808,396</b>	<b>1,082,871,459</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	21&23	9,282,576,706	9,399,786,372
Intangible assets	22	14,080,613	29,186,950
<b>Total Non-Current Assets</b>		<b>9,296,657,320</b>	<b>9,428,973,322</b>
<b>Total Assets</b>		<b>10,132,465,716</b>	<b>10,511,844,781</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	24	646,983,061	332,820,042
Provision for receivables current year	25b	31,582,206	31,582,000
Prepaid Fees	24	1,812,750	-
<b>Total Liabilities</b>		<b>680,378,018</b>	<b>364,402,042</b>
<b>Net Assets</b>			
Capital Reserves		90,000,000	90,000,000
Revaluation Reserve		9,899,001,000	9,899,001,000
Accumulated Surplus		(536,913,302)	158,441,739
<b>Total Net Assets</b>		<b>9,452,087,698</b>	<b>10,147,442,739</b>
<b>Total Net Assets and Liabilities</b>		<b>10,132,465,716</b>	<b>10,511,844,781</b>

The Financial Statements set out on pages 1 to 43 were signed on behalf of the Board of Directors by:

  
Name: Theresa K. Wasike  
Ag. Director General

  
Name: Gerald Kirimi  
Director Corporate Services  
ICPAK Member Number: 8725

  
Name: Hon. Aden Noor Ali  
Chairman of the Board

Date

Date

08/04/2024

Date

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16. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2023

	Capital replacement development reserve/Capital Reserve	Revaluation Reserve	Accumulated surplus	Total
	Kshs	Kshs	Kshs	Kshs
As at 1 July 2020	90,000,000	9,899,001,000	353,883,000	10,342,883,000
Adjustment ( 2020-2021)			(3,717,000)	(3,717,000)
Revaluation Adjust				
Surplus (Loss) for the period	-	-	(258,699,000)	(258,699,000)
<b>As at 30 June 2021</b>	<b>90,000,000</b>	<b>9,899,001,000</b>	<b>91,467,000</b>	<b>10,080,468,000</b>
As at 1st July 2021	90,000,000	9,899,001,000	91,467,000	10,080,468,000
Adjustment ( 2021-2022)	0	0	3,100,000	3,100,000
Revaluation Adjust	0	0	0	
Surplus (Loss) for the period	0	0	63,874,739	63,874,739
<b>As at 30 June 2022</b>	<b>90,000,000</b>	<b>9,899,001,000</b>	<b>158,441,739</b>	<b>10,147,442,739</b>
As at 1st July 2022	90,000,000.00	9,899,001,000.00	158,441,739.32	10,147,442,739.32
Adjustment ( 2022-2023)	-	-	-	
Revaluation Adjust	-	-	-	
Surplus (Loss) for the period	-	-	(695,355,041.25)	(695,355,041.25)
<b>As at 30 June 2023</b>	<b>90,000,000</b>	<b>9,899,001,000</b>	<b>(536,913,301.93)</b>	<b>9,452,087,437.09</b>

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17. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

Description	Notes	2022-2023	2021-2022
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Training Levy	6b	923,616,118.00	781,025,542
Government grants and subsidies	7b	217,965,000.00	298,620,000
Rendering of services	8b	722,732,393.90	822,601,400
Finance income	9	6,834,465.75	27,040,712
Other income ,rentals and agency fees	10	81,814,459.45	91,680,930
<b>Total Receipts</b>		<b>1,952,962,437</b>	<b>2,020,968,584</b>
<b>Payments</b>			
Compensation of employees	12	657,485,907.58	662,221,881
Goods and services	11b	1,504,617,195.02	1,003,049,190
Remuneration of directors	13	38,290,797.30	35,069,831
Repairs and maintenance	15	18,650,075.65	12,277,670
Grants and Subsidies	16	9,694,983.00	8,463,924
Increase in receivables staff debtors		-	17,146,885
Increase in receivables exchange		-	14,051,823
Decrease/Increase in Account Payables		-	(17,802,042)
Decrease in prepaid fees		-	544,000
<b>Total Payments</b>		<b>2,228,738,959</b>	<b>1,735,023,162</b>
<b>Net cash flows from operating activities</b>		<b>(275,776,521)</b>	<b>285,945,422</b>
Cash flows from investing activities			
Purchase of property, plant, equipment	23	(40,601,366)	(63,716,521)
Purchase of intangible assets	22	(14,080,613)	(45,238,150)
<b>Net cash flows used in investing activities</b>		<b>(54,681,979)</b>	<b>(108,954,671)</b>
Cash flows from financing activities			
<b>Adjustments</b>		-	<b>3,100,000</b>
<b>Cash flows from financing activities</b>			-
<b>Net increase/(decrease)in cashandcash equivalents</b>		<b>(330,458,501)</b>	<b>180,090,751</b>
<b>Net increase/(decrease)incashandcash equivalents</b>		<b>(330,458,501)</b>	<b>180,090,751</b>
Cash and cash equivalent as at 1 JULY	17	787,950,751	607,860,000
<b>Cash and cash equivalents at 30th JUNE</b>		<b>457,492,250</b>	<b>787,950,751</b>

The Financial Statements set out on pages 1 to 43 were signed on behalf of the Board of Directors by:

  
Name: Theresa Wasike  
Ag. Director General

  
Name: Gerald Kirimi  
Director Corporate Services  
ICPAK M/NO:8725

  
Name: Hon Aden Noor Ali  
Chairman of the Board

Date 08/04/2024

Date 08/04/2024

Date

**National Industrial Training Authority**  
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**18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2023**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	2022-2023	2022-2023	2022-2023	2022-2023	2022-2023	2022-2023
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
<b>Revenue</b>						
Industrial Training Levy	900,000,000	300,000,000.00	1,200,000,000	923,616,118	276,383,882	77%
Government grants and subsidies	320,620,000	(50,000,000.00)	270,620,000	217,965,000	52,655,000	81%
Rendering of services	727,224,000	162,812,000.00	890,036,000	722,732,394	167,303,606	81%
Investment Income	51,000,000	44,500,000.00)	6,500,000	6,834,466	(334,466)	105%
Other income, rentals and agency fees	29,376,000	-	29,376,000	81,814,458	(52,438,459)	278%
<b>Total Income</b>	<b>2,028,220,000</b>	<b>368,312,000.00</b>	<b>2,396,532,000</b>	<b>1,952,962,437</b>	<b>443,569,563</b>	
Liquidated Funds	0	-	197,166,121	0	-	
<b>Grand Total</b>	<b>2,028,220,000</b>	<b>368,312,000</b>	<b>2,593,698,121</b>	<b>1,952,962,437</b>	<b>443,569,563</b>	
<b>Expenses</b>						
Use of goods and services	1,029,908,000	476,271,120	1,506,179,120	1,504,617,195	1,561,925	100%
Employee costs	740,392,000	(36,470,000)	703,922,000	657,485,908	46,436,092	93%
Remuneration of directors	30,100,000	-	30,100,000	38,290,797	(8,190,797)	127%
Repairs and maintenance	22,855,000	3,000,000	25,855,000	18,650,076	7,204,924	72%
Grants and Subsidies	10,010,000	1,490,000	11,500,000	9,694,983	1,805,017	84%
<b>Total Expenses</b>	<b>1,833,265,000</b>	<b>444,291,120.00</b>	<b>2,277,556,120</b>	<b>2,228,738,959</b>	<b>48,817,161</b>	
<b>Surplus for the period</b>	<b>194,955,000</b>		<b>118,975,880</b>	<b>(275,776,521)</b>		
<b>Capital Expenditure</b>	<b>164,445,000</b>	-	<b>110,445,000</b>	<b>53,874,773</b>	<b>56,570,227</b>	

**BUDGET NOTES**

**1. REVENUE BUDGET**

The Authority's annual revenue performance has increased compared to previous years but not meeting the expected revenue targets. The underperformance in Industrial Training Levy by 23% is as a result of employers defaulting on levy contributions, economic conditions prevailing and effects of Post Covid, Government grants by 19% because the Authority did not receive the 4<sup>th</sup> quarter disbursement, rendering of services by 19% as a result of low activities at NITA Athi Conference, low intake of students and the other revenue streams not meeting the target and budget cuts from National government thus creating a deficit.

**2. EXPENSES**

The negative variance is as a result of general increase in cost of goods and services that affected the cost of training materials and depreciation and amortization charge that surpassed the provision. Increase in core mandate activities including home care activities and tax arrears from previous years paid in 2022-2023.

Employee costs underperformed by 7% because the Authority did not fill and promote staff as expected, remuneration of directors increased by 27% because of external activities that were not planned in the budget(Exogenous in nature) , repairs and maintenance underperformed by 28% and grants and subsidies by 16% due to timing differences in uptake of female sponsorship programme.

**19. NOTES TO THE FINANCIAL STATEMENTS**

**1. GENERAL INFORMATION**

National Industrial Training Authority is established by and derives its authority and accountability from Industrial Training Act Chapter 237. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to promote the highest standards in the quality and efficiency of Industrial Training in Kenya and ensure adequate supply of properly trained manpower at all levels in industry.

**2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION**

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

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

**3 ADOPTION OF NEW AND REVISED STANDARDS**

- i. New standards and amendments to published standards effective for the year ended 30 June 2023*

Standard	Effective date and impact:
<p><b>IPSAS 41: Financial Instruments</b></p>	<p><b>Applicable: 1st January 2023:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• 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;</li> </ul>

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	<ul style="list-style-type: none"> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• 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</li> </ul>
<p><b>IPSAS 42: Social Benefits</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> <li>• The nature of such social benefits provided by the Entity.</li> <li>• The key features of the operation of those social benefit schemes; and</li> <li>• The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</li> </ul>
<p><b>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</b></p>	<p><b>Applicable: 1st January 2023:</b></p> <ul style="list-style-type: none"> <li>• Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</li> <li>• Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> <li>• Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.</li> </ul>

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	<ul style="list-style-type: none"> <li>• Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</li> </ul>
<b>Other improvements to IPSAS</b>	<p><b>Applicable: 1st January 2023</b></p> <ul style="list-style-type: none"> <li>• IPSAS 22 Disclosure of Financial Information about the General Government Sector. Amendments to refer to the latest System of National Accounts (SNA 2008).</li> <li>• IPSAS 39: Employee Benefits. Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</li> <li>• IPSAS 29: Financial instruments: Recognition and Measurement. Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</li> </ul>

*ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023*

<b>Standard</b>	<b>Effective date and impact:</b>
<b>IPSAS 43: Leases</b>	<p><b>Applicable: 1st January 2025</b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
<b>IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations</b>	<p><b>Applicable: 1st January 2025:</b></p> <p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

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<b>Standard</b>	<b>Effective date and impact:</b>
<b>IPSAS 47: Revenue</b>	<p><b>Applicable: 1st January 2026:</b></p> <p>The objective of this Standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from revenue transactions. This standard;</p> <ul style="list-style-type: none"> <li>• Requires an entity to consider the terms of the transaction, and all relevant facts and circumstances, to determine the type of revenue transaction; and</li> <li>• Sets out the accounting requirements to account for the revenue transaction.</li> </ul>
<b>IPSAS 46: Measurement</b>	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The objective of this Standard is to define measurement bases that assist in reflecting fairly the cost of services, operational capacity and financial capacity of assets and liabilities. The Standard identifies approaches under those measurement bases to be applied through individual IPSAS to achieve the objectives of financial reporting.</p>
<b>IPSAS 45: Property, Plant And Equipment</b>	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The objective of this Standard is to prescribe the accounting treatment for property, plant, and equipment so that users of financial statements can discern information about an entity's investment in its property, plant, and equipment and the changes in such investment. The principal issues in accounting for property, plant, and equipment are the recognition of the assets, the determination of their carrying amounts, and the depreciation charges and impairment losses to be recognized in relation to them.</p>

*iii. Early adoption of standards*

The entity did not early – adopt any new or amended standards in year 2023.

**Notes to the financial statements (Continued)**

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Financial instruments**

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. NITA *does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate).* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

**a) Financial Assets**

**Classification of financial assets**

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**Subsequent measurement**

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

**Amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through net assets/ equity**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Trade and other receivables**

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

**Fair value through surplus or deficit**

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity

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manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**Impairment**

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date.

**b) Financial liabilities**

**Classification**

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

**b) Inventories**

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

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

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labor 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 NITA.

**c) Provisions**

Provisions are recognized when NITA 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.

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Where the Authority 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***

NITA 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***

NITA 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 Authority 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.

**d) Nature and purpose of reserves**

NITA does not create and maintains reserves in terms of specific requirements. National Industrial Training maintains a revaluation reserve.

**e) Changes in accounting policies and estimates**

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

**f) Employee benefits**

**Retirement benefit plans**

NITA provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which the Authority pays fixed contributions into a separate 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.

**g) 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.

**h) Related parties**

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

**i) Service concession arrangements**

NITA 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 Authority recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**j) 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.

**k) Comparative figures**

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

**l) 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, 2023.

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

**5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the NITA'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 Authority 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 Authority. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

**Useful lives and residual values**

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

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

**Provisions**

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

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material. *(include provisions applicable for your organisation e.g. provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).*

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**Notes to the financial statements (Continued)**

**6 LEVIES, FINES AND PENALTIES**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Industrial Training Levy	994,409,986	781,025,542
<b>Total</b>	<b>994,409,986</b>	<b>781,025,542</b>

(Training levy collected from employers for the purpose of skill upgrading of employees as per the Industrial Training Act Chapter 237)

(b)

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Industrial Training Levy	994,409,986.00	781,025,542
Accrual 2023	70,793,868.00	-
Total as used in cashflow	<b>923,616,118.00</b>	<b>781,025,542</b>

**7 (a) TRANSFERS FROM OTHER GOVERNMENTS**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Operational Grant	217,965,000	290,620,000
Development Grant	-	8,000,000
<b>Total</b>	<b>217,965,000</b>	<b>298,620,000</b>

**7 b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES**

<b>Name Of The Entity Sending The Grant</b>	<b>Amount recognized to Statement of Financial performance</b>	<b>Amount deferred under deferred income</b>	<b>Amount recognised in capital fund.</b>	<b>Total transfers 2022-23</b>	<b>Prior year 2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Ministry of Labour and Social Services	217,965,000		-	217,965,000	298,620,000
<b>Total</b>	<b>217,965,000</b>		<b>-</b>	<b>217,965,000</b>	<b>298,620,000</b>

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

**8 (a) RENDERING OF SERVICES**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Tuition Fees and Accommodation	169,818,762	166,880,952
Registration of Trainers	12,074,060	10,798,319
Trade Test Fees	528,158,174	635,753,190
Conference	18,337,891	9,168,939
<b>Total revenue from rendering of services</b>	<b>728,388,907</b>	<b>822,601,400</b>

(Trade test Fees for assessment and certification of skills, Tuition and Accommodation for student trainers at the Authority centres, Registration of Trainers fees for the regulation of Training providers, Conference Fee)

**(b) RENDERING OF SERVICES ACCRUALS**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Total revenue from rendering of services</b>	<b>728,388,907</b>	<b>822,601,400</b>
Accrued 2022	225,164,823	
Accrued 2023	(230,821,336)	
<b>Total revenue from rendering of services</b>	<b>722,732,394</b>	<b>822,601,400</b>

**9 FINANCE INCOME - EXTERNAL INVESTMENTS**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Income from on call deposits	6,834,466	27,040,712
<b>Total other income</b>	<b>6,834,466</b>	<b>27,040,712</b>

(Interest from investment on call deposit with KCB)

**10 (a) OTHER INCOME**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Miscellaneous Receipts	81,814,459	91,680,930
<b>Total other income</b>	<b>81,814,459</b>	<b>91,680,930</b>

**11 USE OF GOODS AND SERVICES**

**11a**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>

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Advertising and Publicity	19,908,737	12,088,501
Audit fees	-	960,000
Bedding & Linen	5,325,053	1,591,890
Chemicals, Detergents & Industrial gases	2,849,834	2,084,773
Claims, Damages & Compensation	73,710,482	7,095,886
Conference Expenses	13,891,620	5,351,909
Curriculum Development	10,919,670	14,542,250
Domestic Travel	41,364,882	28,886,297
Electricity	24,154,101	22,164,300
Bank Charges	8,105,091	8,187,219
Food & Ratio	66,620,179	46,324,965
Foreign Travel	10,403,126	6,190,725
Fuel, Oil and Lubricants	16,381,264	12,095,880
Hospitality	10,650,886	8,375,339
Industrial Attachment	20,726,467	28,859,665
Insurance	6,854,146	7,976,736
Internal Audit Expenses	4,411,039	1,602,223
Legal Expenses	7,692,236	5,348,065
Library	827,654	1,013,060
Management Consultancy	2,315,700	-
Marketing Expenses	7,962,312	5,387,268
Office and General Supplies	31,315,777	21,910,748
Parttime Lectures	33,107,247	31,222,558
Planning Expenses	4,454,770	4,106,650
Professional Services	-	-
Quality Assurance Expenses	6,658,504	9,210,645

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Registration of Training Providers Expenses	4,635,460	5,332,965
Reimbursements for Management Expenses	567,290,015	179,052,961
Rent & Rates	791,594	591,399
Sector Committees	21,629,853	16,487,061
Security and Cleaning	25,711,464	22,666,554
Seminars & Workshops	5,203,010	4,553,783
Specialized Materials	65,419,036	36,321,872
Student Examination	219,660	2,154,327
Subscriptions	1,343,426	1,475,946
Supplies Chain Management Expenses	6,309,315	6,347,275
Telecommunication	2,146,808	6,014,533
Trade Test Expenses	595,915,584	355,467,407
Training Levy Expenses	34,122,417	35,387,373
Uniforms & Protective Clothing	325,142	775,200
Water	14,723,648	11,110,741
Staff Development	20,739,255	14,842,721
Welfare	16,511,650	11,889,523
<b>Total Use of Goods&amp; Services</b>	<b>1,813,648,114</b>	<b>1,003,049,190</b>

**11b**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Total Use of Goods&amp; Services</b>	<b>1,813,648,114</b>	<b>1,003,049,190</b>
<b>Staff Imprest 2022</b>	(61,355,885)	
<b>Staff Imprest 2023</b>	68,300,942	
<b>Prepayments 2023</b>	(1,812,750.25)	
<b>Accruals 2022</b>	332,820,041.61	

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<b>Accruals 2023</b>	(646,983,060.99)	
<b>Adjustment(Provisions Rounding off)</b>	(206.00)	
<b>Total Use of Goods&amp; Services as per cashflow</b>	<b>1,504,617,195</b>	<b>1,003,049,190</b>

## 12 EMPLOYEE COSTS

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Salaries and wages Basic	343,166,311	341,130,300
Commuter Allowance	51,130,000	53,236,000
House Allowance	133,420,000	140,260,000
Staff Pension	43,880,001	45,649,881
Medical Expenses	58,305,914	58,305,914
Other Allowance	27,583,682	23,639,785
<b>Employee costs</b>	<b>657,485,797</b>	<b>662,221,881</b>

## 13 BOARD EXPENSES

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Chairman's Honoraria	730,494	591,000
Board Other Expenses	16,870,605	14,074,980
Board Capacity Building	11,099,701	13,158,400
Board Sub Committee	9,589,997	7,245,452
<b>Total director emoluments</b>	<b>38,290,797</b>	<b>35,069,831</b>

## 14 DEPRECIATION AND AMORTIZATION EXPENSE

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Property ,Plant and Equipment	157,811,032	200,130,149
Intangible Assets	29,186,950	35,881,200
<b>Total Depreciation and amortization</b>	<b>186,997,982</b>	<b>236,011,349</b>

## 15 REPAIRS AND MAINTENANCE

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Maintenance of Equipment	910,883	203,674

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Maintenance of Buildings	5,793,823	2,680,792
Maintenance of Furniture	206,746	225,450
Maintenance of Grounds	494,023	451,530
Maintenance of Motor Vehicle	10,891,188	8,221,619
Maintenance of Software	353,413	494,605
<b>Total repairs and maintenance</b>	<b>18,650,076</b>	<b>12,277,670</b>

**16 GRANTS AND SUBSIDIES**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Female Engineering	9,694,983	8,463,924
<b>Total grants and subsidies</b>	<b>9,694,983</b>	<b>8,463,924</b>

**17 (a) CASH AND CASH EQUIVALENTS**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Current account	316,857,617	207,117,363
Cash in Hand	634,633	833,388
Staff Car Loan/ Mortgage	140,000,000	140,000,000
Short Term Investments	-	440,000,000
<b>Total cash and cash equivalents</b>	<b>457,492,250</b>	<b>787,950,751</b>

**17 (b) DETAILED ANALYSIS OF THE CASH AND CASH EQUIVALENTS**

<b>Description</b>		<b>2022-2023</b>	<b>2021-2022</b>
<b>Financial institution</b>	<b>Account number</b>	<b>Kshs</b>	<b>Kshs</b>
<b>a) Current account</b>			
KCB Industrial Area ( Revenue)	1102588075	284,247,208	150,623,575
KCB Industrial Area ( Payments)	1158641931	16,271,222	42,279,764
KCB Kisumu	1144138434	44,038	706,706
KCB Mombasa	1144254639	2,550,774	4,561,286
KCB Kitengela	1170854729	1,845,274	7,502,866
National Bank Harambee Avenue	1001000902800	11,899,100	1,443,166
<b>Sub- total</b>		<b>316,857,617</b>	<b>207,117,363</b>
<b>b) Cash in hand</b>			
KCB Industrial Nairobi		461,062	511,062
KCB Kisumu		13,333	72,327
KCB Mombasa		10,239	100,000
KCB Kitengela		149,999	149,999
<b>Sub- total</b>		<b>634,633</b>	<b>833,388</b>
<b>Total Cash in hand &amp; Bank</b>		<b>317,492,250</b>	<b>207,950,751</b>
<b>c) On call Deposits</b>			

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KCB	-	440,000,000
<b>Sub- total</b>	<b>-</b>	<b>440,000,0</b>
<b>d) Staff Car Loan and Mortgage</b>		
Car Loan	20,000,000	20,000,000
Mortgage	120,000,000	120,000,000
<b>Sub- total</b>	<b>140,000,000</b>	<b>140,000,000</b>
<b>Grand total</b>	<b>457,492,250</b>	<b>787,950,751</b>

**18 RECEIVABLES FROM EXCHANGE TRANSACTIONS**

Description	2022-2023	2021-2022
	Kshs	Kshs
<b>Current receivables</b>		
Receivables - Conference	56,558,400	47,765,005
Receivables- Students	132,563,055	135,699,937
Receivables- DTB	12,823,321	12,823,321
Receivables- Bounced Cheques	18,758,885	18,758,885
Receivables- Others	10,117,675	10,117,675
<b>Total current receivables</b>	<b>230,821,336</b>	<b>225,164,823</b>

**19 RECEIVABLES FROM NON-EXCHANGE**

Description	2022-2023	2021-2022
	Kshs	Kshs
<b>Current receivables</b>		
Receivables – Staff	68,300,942	61,355,885
Training Levy	70,793,868	-
<b>Total current receivables</b>	<b>139,094,810</b>	<b>61,355,885</b>

**20 INVESTMENTS**

Description	2022-2023	2021-2022
	Kshs	Kshs
<b>Equity Investments</b>	8,400,000	8,400,000
Equity in Shares	8,400,000	8,400,000
<b>c) On call Deposits</b>		
KCB	-	440,000,000
<b>Sub- total</b>	<b>-</b>	<b>440,000,000</b>
<b>d) Staff Car Loan and Mortgage</b>		
Car Loan	20,000,000	20,000,000
Mortgage	120,000,000	120,000,000
<b>Sub- total</b>	<b>140,000,000</b>	<b>140,000,000</b>

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<b>Grand Total</b>	<b>148,400,000</b>	<b>588,400,000</b>
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**21 PROPERTY, PLANT AND EQUIPMENT**

	Land	Buildings	Plant & Machinery	Motor Vehicles	Computer & Accessories	Furniture	Equipment	Books	Totals
Cost	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
<b>At 1<sup>st</sup> July 2018</b>	<b>5,653,615,000</b>	<b>2,734,589,000</b>	<b>237,084,000</b>	<b>188,614,000</b>	<b>163,366,000</b>	<b>65,736,000</b>	<b>196,944,000</b>	<b>1,233,000</b>	<b>9,241,181,000</b>
Revaluation	954,685,000	(125,311,000)	204,437,000	(134,870,000)	(127,564,000)	(9,737,000)	(186,196,000)	-	575,444,000
Additions	-	4,002,000	-	-	58,073,000	10,807,000	10,040,000	-	82,922,000
<b>As at 30<sup>th</sup> June 2019</b>	<b>6,608,300,000</b>	<b>2,613,280,000</b>	<b>441,522,000</b>	<b>53,744,000</b>	<b>93,875,000</b>	<b>66,806,000</b>	<b>20,788,000</b>	<b>1,233,000</b>	<b>9,899,548,000</b>
As at 1st July 2019	6,608,300,000	2,613,280,000	441,522,000	53,744,000	93,875,000	66,806,000	20,788,000	1,233,000	9,899,548,000
Adjustment Revaluation	-	55,850,000	(32,187,000.00)	28,571,000	-	(7,693,000)	-	-	44,541,000
Additions	-	2,014	-	-	50,984,000	9,243,000	48,634,000	-	110,875,000
<b>As at 30th June 2020</b>	<b>6,608,300,000</b>	<b>2,669,132,014</b>	<b>409,335,000</b>	<b>82,315,000</b>	<b>144,859,000</b>	<b>68,356,000</b>	<b>69,422,000</b>	<b>1,233,000</b>	<b>10,054,964,000</b>
At 1 <sup>st</sup> July 2020	6,608,300,000	2,669,132,014	409,335,000	82,315,000	144,859,000	68,356,000	69,422,000	1,233,000	10,054,964,000
Additions	-	38,649,000	-	-	12,500,000	622,000	11,750,000	-	63,521,000
<b>At 30th June 2021</b>	<b>6,608,300,000</b>	<b>2,707,781,014</b>	<b>409,335,000</b>	<b>82,315,000</b>	<b>157,359,000</b>	<b>68,978,000</b>	<b>81,172,000</b>	<b>1,233,000</b>	<b>10,118,485,000</b>
At 1 <sup>st</sup> July 2021	6,608,300,000	2,709,793,000	409,333,854	82,315,000	157,358,000	68,979,000	81,172,000	1,233,484	10,118,485,000
Additions	-	20,825,524	-	16,270,575	4,966,775	9,017,245	12,637,064	-	63,716,521
<b>Cost As At 30<sup>th</sup> June 2022</b>	<b>6,608,300,000.00</b>	<b>2,730,618,524.37</b>	<b>409,333,854.00</b>	<b>98,585,575.40</b>	<b>162,324,775.05</b>	<b>77,996,244.77</b>	<b>93,809,063.60</b>	<b>1,233,484.00</b>	<b>10,182,201,521</b>
Additions	-	33,569,543.20	-	-	1,546,460	5,485,363.00	-	-	40,601,366
<b>Cost As At 30<sup>th</sup> June 2023</b>	<b>6,608,300,000.00</b>	<b>2,764,188,067.57</b>	<b>409,333,854.00</b>	<b>98,585,575.40</b>	<b>163,871,235.05</b>	<b>83,481,607.77</b>	<b>93,809,063.60</b>	<b>1,233,484.00</b>	<b>10,222,802,887</b>
<b>Depreciation &amp; Impairment</b>									
As at 1st July 2019	0.00	241,722,000.00	120,590,000.00	144,663,000.00	101,285,000.00	22,261,000.00	51,289,000.00	492,000.00	<b>682,302,000.00</b>
Depreciation	0.00	65,375,000.00	29,636,000.00	0.00	47,128,000.00	7,654,000.00	17,420,000.00	123,000.00	<b>167,336,000.00</b>
Accumulated Dep 30 <sup>th</sup> June 2019	<b>0.00</b>	<b>307,097,000.00</b>	<b>150,226,000.00</b>	<b>144,663,000.00</b>	<b>148,413,000.00</b>	<b>29,915,000.00</b>	<b>68,709,000.00</b>	<b>615,000.00</b>	<b>849,638,000.00</b>
Revaluation Reserve	0.00	-307,097,000.00	-150,226,000.00	-144,663,000.00	-148,413,000.00	-29,915,000.00	-68,709,000.00	0.00	-849,023,000.00
Depreciation	0.00	65,332,000.00	55,192,000.00	13,437,000.00	28,162,000.00	8,351,000.00	2,599,000.00	124,000.00	173,197,000.00
Accumulated Dep as at 1 <sup>st</sup> July 2019	<b>0.00</b>	<b>65,332,000.00</b>	<b>55,192,000.00</b>	<b>13,437,000.00</b>	<b>28,162,000.00</b>	<b>8,351,000.00</b>	<b>2,599,000.00</b>	<b>739,000.00</b>	<b>173,812,000.00</b>
Adjustment for Depreciation	0.00	1,396,000.00	-4,023,000.00	7,143,000.00	0.00	-962,000.00	0.00	0.00	<b>3,554,000.00</b>

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Depreciation	0.00	66,779,000.00	51,167,000.00	20,578,000.00	43,457,000.00	8,545,000.00	8,678,000.00	123,000.00	199,327,000.00
<b>Accumulated Dep 30<sup>th</sup> June 2020</b>	<b>0.00</b>	<b>133,507,000.00</b>	<b>102,336,000.00</b>	<b>41,159,000.00</b>	<b>71,619,000.00</b>	<b>15,934,000.00</b>	<b>11,277,000.00</b>	<b>863,000.00</b>	<b>376,694,000.00</b>
Depreciation	-	67,745,000	51,167,000	20,579,000	47,207,700	8,622,000	10,147,000	123,000	205,590,000
<b>Accumulated dep 30th June 2021</b>	<b>-</b>	<b>201,252,000</b>	<b>153,504,000</b>	<b>61,737,000</b>	<b>118,827,000</b>	<b>24,556,000</b>	<b>21,423,000</b>	<b>986,000</b>	<b>582,284,000.00</b>
Depreciation	-	67,694,525.35	51,166,875.00	20,578,750.00	41,797,775.05	8,622,375.00	10,146,500.00	123,348.40	200,130,148.80
<b>Accumulated dep 30th June 2022</b>	<b>-</b>	<b>268,946,525.35</b>	<b>204,670,875.00</b>	<b>82,315,750.00</b>	<b>160,624,775.05</b>	<b>33,178,375.00</b>	<b>31,569,500.00</b>	<b>1,109,348.40</b>	<b>782,415,148.80</b>
Depreciation		68,265,463.11	51,166,731.75	16,269,825.40	510,000.00	9,749,530.60	11,726,132.95	123,348.40	157,811,032.21
<b>Accumulated dep 30th June 2023</b>		<b>337,211,988.46</b>	<b>255,837,606.75</b>	<b>98,585,575.40</b>	<b>161,134,775.05</b>	<b>42,927,905.60</b>	<b>43,295,632.95</b>	<b>1,232,696.80</b>	<b>940,226,181.01</b>
<b>Net Book Values As at 30<sup>th</sup> June 2023</b>	<b>6,608,300,000</b>	<b>2,426,976,079</b>	<b>153,496,247</b>	<b>-</b>	<b>2,736,460</b>	<b>40,553,702</b>	<b>50,513,431</b>	<b>787</b>	<b>9,282,576,706</b>
Net Book Values As at 30 <sup>th</sup> June 2022	6,608,300,000.00	2,461,671,999.02	204,662,979.00	16,269,825.40	1,700,000.00	44,817,869.77	62,239,563.60	124,135.60	9,399,786,372.39
<b>Depreciation Rate</b>		<b>2.5%</b>	<b>12.5%</b>	<b>25.0%</b>	<b>30.0%</b>	<b>12.5%</b>	<b>12.5%</b>	<b>10.0%</b>	

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**22 INTANGIBLE ASSETS-SOFTWARE**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Cost</b>		
At beginning of the year	164,842,150.01	119,604,000
Additions for the year	14,080,613.20	45,238,150
<b>At end of the year</b>	<b>178,922,763.00</b>	<b>164,842,150</b>
<b>At end of the year</b>	<b>178,922,763.00</b>	<b>164,842,150</b>
<b>Amortization</b>		
At beginning of the year	135,655,200.00	99,774,000
Amortization for the year	29,186,950.01	35,881,200
<b>At end of the year</b>	<b>164,842,150.01</b>	<b>135,655,200</b>
<b>NBV</b>	<b>14,080,613.20</b>	<b>29,186,950</b>

**23 PROPERTY PLANT AND EQUIPMENT**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Cost At beginning of the year</b>	10,182,201,521	10,118,485,000
<b>Additions</b>	40,601,366	63,716,521
<b>Total</b>	<b>10,222,802,887</b>	<b>10,182,201,521</b>
Accumulated Depreciation	(940,226,181)	(782,415,149)
<b>At end of the year</b>	<b>9,282,576,706</b>	<b>9,399,786,372</b>
<b>NBV</b>	<b>9,282,576,706</b>	<b>9,399,786,372</b>

**24 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Trade Payables	646,983,060.99	332,820,041.61
Payment received in advance	1,812,750.25	
<b>Total trade and other payables</b>	<b>648,795,811.24</b>	<b>332,820,041.61</b>

**25 CURRENT PROVISIONS**

**a) Deposits in collapsed Banks**

**(a) Deposits Held in Collapsed Banks**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Prudential Bank Ltd	50,595,000	50,595,000
Thabiti Finance Company	26,029,000	26,029,000
Pioneer Building Society	15,000,000	15,000,000
Continental Credit Finance Ltd	8,830,000	8,830,000

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Nairobi Finance Company	8,530,000	8,530,000
Allied Credit Limited	5,388,000	5,388,000
Middle Africa Finance Co. Ltd	5,345,000	5,345,000
Meridian BIAO Bank (K) Ltd	3,988,000	3,988,000
Inter Africa Credit Ltd	2,461,000	2,461,000
Country Building Society	2,000,000	2,000,000
United Trustee Finance Co. Ltd	1,300,000	1,300,000
<b>Total Deposits held in collapsed banks</b>	<b>129,466,000</b>	<b>129,466,000</b>
Provision for Deposits in collapsed Banks	129,466,000	129,466,000
<b>Total Deposits held in collapsed banks</b>	<b>129,466,000</b>	<b>129,466,000</b>

**(b) Provisions for Receivables**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Provisions for bounced Cheques	18,758,885.40	18,759,000.00
Provisions for DTB Cheques	12,823,321.00	12,823,000.00
<b>Total Provisions</b>	<b>31,582,206.40</b>	<b>31,582,000.00</b>

**26 CASH GENERATED FROM OPERATIONS**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Surplus for the year before tax</b>	<b>(695,355,041)</b>	<b>63,874,739</b>
<b>Adjusted for:</b>		
Depreciation	186,997,982	236,011,349
<b>Working Capital adjustments</b>		
Increase/decrease in receivables exchange	(5,656,513)	(14,051,823)
Increase/decrease in receivables non exchange	(77,738,925)	(17,146,885)
Increase/decrease in payables	314,163,019	17,802,042
Increase/decrease in payments received in advance	1,812,750	(544,000)
Adjustment(provisions)	206	
<b>Net cash flow from operating activities</b>	<b>(275,776,521)</b>	<b>285,945,422</b>

**27 FINANCIAL RISK MANAGEMENT AND MITIGATION**

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

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**(i) Credit risk**

NITA 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 entity'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	Fully Performing	Past due
	Kshs	Kshs	Kshs
<b>At 30 June 2023</b>			
Receivables from non-Exchange Transactions	139,094,810.00	70,793,868.00	68,300,942.00
Conference Fees	56,558,400.00	14,352,000.00	42,206,400.00
Student Fees	132,563,055.00	1,597,126.00	129,570,786.80
Other Receivables	41,699,881.00	0	41,699,881.4
Bank Balances	457,492,250.00		457,492,250.00
<b>Total</b>	<b>827,408,396.00</b>	<b>86,715,994.00</b>	<b>740,692,402.00</b>
<b>At 30 June 2022</b>			
Receivables from non-Exchange Transactions	61,355,885	26,031,000	35,324,885
Conference Fees	47,765,000	8,373,000	39,392,000
Student Fees	135,700,000	18,528,000	117,172,000
Other Receivables	10,118,000	1,201,000	8,917,000
Bank Balances	787,914,000		787,914,000
<b>Total</b>	<b>1,042,852,885</b>	<b>54,133,000</b>	<b>988,719,885</b>

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

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

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**FINANCIAL RISK MANAGEMENT (Continued)**

**(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 entity 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.

Description	Less than 1 Month	Between 1-3 Months	Over 5 Months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2023</b>				
Trade Payables		127,652,597.08	519,330,463.91	646,983,060.99
<b>Total</b>	-	<b>127,652,597.08</b>	<b>519,330,463.91</b>	<b>646,983,060.99</b>
<b>At 30 June 2022</b>				
Trade Payables	162,164,042	21,357,000	149,299,000	332,820,042
<b>Total</b>	<b>162,164,042</b>	<b>127,652,597.80</b>	<b>149,299,000</b>	<b>332,820,042</b>

**iii) Capital Risk Management**

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

Description	2022-2023	2021-2022
	Kshs	Kshs
Revaluation Reserve	9,899,001,000	9,899,001,000
Retained Earnings	(536,913,302)	158,441,739
Capital Reserve	90,000,000	90,000,000
<b>Total Funds</b>	<b>9,452,087,698</b>	<b>10,147,442,739</b>
Current liabilities	648,795,811	332,820,042
<b>Total Current Liabilities</b>	<b>648,795,811</b>	<b>332,820,042</b>
<b>Net debt ratio to Equity</b>	<b>7%</b>	<b>3%</b>

**28 RELATED PARTY BALANCES**

**Nature of related party relationships**

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

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

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29 RELATED PARTY BALANCE (Continued)

Description	2022-2023	2021-2022
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Sales to related parties</b>		
Sales of goods to xxx	Nil	Nil
Sales of services xxx		
<b>Total</b>	<b>Nil</b>	<b>Nil</b>
<b>b) Grants from the Government</b>		
Grants from National Govt	217,965,000	298,620,000
Grants from County Government		
Donations in kind		
<b>Total</b>	<b>217,965,000</b>	<b>298,620,000</b>
<b>c) Expenses incurred on behalf of related party</b>		
Payments of salaries and wages for xxx employees	599,528,081	506,429,000
Payments for goods and services for xxx		
<b>Total</b>	<b>599,528,081</b>	<b>506,429,000</b>
<b>d) Key management compensation</b>		
<b>Directors' emoluments</b>	<b>730,494</b>	<b>1,044,000.00</b>
Compensation to the CEO	5,982,000	5,918,000.00
Compensation to key management	53,971,415.00	68,112,000.00
	<b>60,683,909</b>	<b>75,074,000.00</b>

### 30 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Description	2022-2023	2021-2022
	Kshs	Kshs
<b>Court Litigations</b>	<b>47,286,247.17</b>	<b>38,000,000</b>
Audit fee	1,500,000.00	1,500,000
Kra Tax Arrears	52,060,308	53,895,000
<b>Nssf Arrears</b>	<b>3,125,760.00</b>	
Tvet 20% Act		6,620,000
Helb 10% Act		3,310,000
Motor Vehicle Purchase	12,750,000.00	12,750,000
Gratuity	17,888,710.58	
<b>Totals</b>	<b>134,611,025.75</b>	<b>116,075,000</b>

*(The amount of Kshs 47,286,247.17 relates to litigation matters of former employees which are pending in court and with Public service Commission))*

### 31 CAPITAL COMMITMENTS

Description	2022-2023	2021-2022
	Kshs	Kshs
Authorised for		-
Authorised and Contracted for	6,240,103	6,495,000
<b>Total</b>	<b>6,240,103</b>	<b>6,495,000</b>

*(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have been authorised by the board but at the end of the year had not been contracted or those already contracted for and ongoing)*

### 32 EVENTS AFTER THE REPORTING PERIOD

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

### 33 ULTIMATE AND HOLDING ENTITY

NITA is a State Corporation/ or a Semi- Autonomous Government Ministry of Labour and Social Protection, State Department for Labour is the Government of Kenya.

### 34 Currency

The financial statements are presented in Kenya Shillings (Kshs)

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**20. APPENDICES**

**APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

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

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Focal Point person to resolve the issue (Name and designation)</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
Long Outstanding Receivables from Exchange Transaction	The statement of financial position reflects receivables from exchange transactions balance of Kshs.225,164, 823 as disclosed in Note 18 of the financial statements. Review of supporting documents revealed that the balance includes balances that have been outstanding for long with some dating back to 2016/2017 financial year. Further, management did not make a provision of doubtful debts nor explain the mechanism put in place to recover the long outstanding debts. In the circumstances, the accuracy, recoverability and fair statement of the receivables from exchange transactions balance of Kshs.225,164, 823 could not be confirmed.	Formal communication has been done to ensure recoveries of long outstanding receivables	Manager Accounts	Not Resolved	December 2023
Unsupported Trade and Other Payables	The statement of financial position reflects trade and other payables balance of Kshs.332,820, 042 as disclosed in Note 24 of the financial statements. However, the balance was not supported with	The management has set up a technical team in reconciling all the list of outstanding payables with the prevailing source documents to ensure compliance	Manager Supply Chain Management & Manager Accounts	Not Resolved	October 2023

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<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Focal Point person to resolve the issue (Name and designation)</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
	detailed ageing analysis to ascertain how long the payables have been outstanding. In the circumstances, the accuracy and fair statement of trade and other payables balance of Kshs. 332,820,042 could not be confirmed.				
Long Outstanding Imprest	The statement of financial position and as disclosed in the Note 19 of the financial statement reflects receivables from non-exchange transaction balance of Kshs.61,355,885 in respect of outstanding staff imprest. Review of the imprest register revealed that the balance had not been surrendered within the stipulated time of seven (7) working days from completion of the activities while some balances date back to the financial year 2014/2015. This is contrary to the provisions of Regulation 93(5) of the Public Finance Management (National Governments) Regulations, 2015 which states that a holder of a temporary imprest shall account or surrender the imprest within seven (7) working days after returning to duty station. In the circumstances, Management was in breach of law.	The management has put in place mechanisms to ensure recoveries to mitigate on the issue.	Manager Accounts	Not resolved	2023-2024 FY

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<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Focal Point person to resolve the issue (Name and designation)</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
Irregular payment of Part-time Lecturers	<p>The statement of financial performance reflects use of goods and services expenditure of Kshs.1,003,049,190 and as disclosed in Note 11 to the financial statements. The balance includes expenditure on part-time lecturers of Kshs.31,223,000. Review of payment rates applied as per the appointment letters revealed that the Authority's Board had recommended part-time trainer/instructors' rates of Kshs.600 per hour for Diploma and specialized certificate course and Kshs.400 per hour for all other specialized courses with effect from 01 June 2015. However, the Salaries and Remuneration Commission (SRC) circular approving the rates was not provided for audit.</p> <p>In the circumstances, the regularity of the payment of Kshs.31,223,000 could not be confirmed.</p>	The Authority has written to SRC for concurrence. A follow-up is being done on that matter	Manager HR and Admin.	Not Resolved-	October 2023

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<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Focal Point person to resolve the issue (Name and designation)</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
Non-Compliance with the One-Third of Basic Salary Rule	Review of payroll revealed that some employee's remuneration were below a third of their basic salaries. This is contrary to the provisions of Employment Act 2012, Section 19(3) which provides that an Employer shall not deduct an amount which is equivalent to more than two-third from the basic wages of an Employee. In the circumstances, Management was in breach of the law.	Explanations on specific list of employees is being implemented to ensure compliance	Manager HR and Admin.	Not Resolved	October 2023



Theresa K. Wasike (Ms)  
**Ag. Director General**

Date... 08/04/2024 .....

**APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY**

**Projects**

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

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1	IDA-5812-KE	WORLD BANK	5 YEARS	KSH. 3,500,000,000	YES	NO

**Status of Projects completion**

*(Summarise the status of project completion at the end of each quarter, ie total costs incurred, stage which the project is etc)*

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	KYEOP	KSH.3,500,000,000	KSH.2,787,016,065	74%	KSH.241,739,202	KSH.86,707,727	DONOR FUNDS

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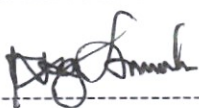
APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME:				
<b>Break down of Transfers from the State Department of Labour</b>				
<b>FY 2022/2023</b>				
a	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		06/10/2022	36,327,500	2022/2023
		05/01/2023	108,982,500	2022/2023
		29/06/2023	72,655,000	2022/2023
		<b>Total</b>	<b>217,965,000</b>	
b	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		<b>Total</b>	<b>Nil</b>	
c	Direct Payments			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		<b>Total</b>	<b>Nil</b>	
d	Donor Receipts			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	IDA	2022/2023	91,984,582	2022/2023
		<b>Total</b>	<b>91,984,582</b>	

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

Director, Corporate Services  
National Industrial Training Authority

Head of Accounting Unit  
Ministry of Labour & Social Protection

Sign  -----

Sign  -----

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**APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
	as per bank statement			Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Labour	06/10/2022	36,327,500.00	36,327,500.00		-	-	-	-	36,327,500.00
Ministry of Labour	05/01/2023	108,982,500.00	108,982,500.00		-	-	-	-	108,982,500.00
Ministry of Labour	16/02/2023	NITA KYEOP 91,984,582	91,984,582		-	-	-	-	91,984,582
Ministry of Labour	29/06/2023	72,655,000.00	72,655,000.00		-	-	-	-	72,655,000.00
<b>Total</b>			<b>309,949,582.00</b>	<b>309,949,582.00</b>					<b>309,949,582.00</b>