

REPUBLIC OF KENYA



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KEROKA TECHNICAL TRAINING INSTITUTE

FOR THE YEAR ENDED

30 JUNE, 2023

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 06 MAR 2025

DAY
Thursday

TABLED
BY:

Honr Naomi Wace MP
Deputy Majority Party Whip

CLERK-AT
THE-TABLE:

Ashaka





KEROKA TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

KEROKA TECHNICAL TRAINING INSTITUTE
Annual Report and Financial Statements for the Year ended 30th June 2023

TABLE OF CONTENTS

1. Acronyms & Glossary of Terms.....	ii
2. Key Entity Information and Management.....	iii
3. The Board of Governors.....	x
4. Key Management Team.....	xiii
5. Chairman’s Statement.....	xv
6. Report of the Chief Principal.....	xvi
7. Statement of Performance Against Predetermined Objectives.....	xviii
8. Corporate Governance Statement.....	xx
9. Management Discussion and Analysis.....	xxiii
10. Environmental and Sustainability Reporting Statement.....	xxv
11. Report of the Board of Governors.....	xxvii
12. Statement of Board of Governors.....	xxviii
13. Report of The Independent Auditor On Keroka Technical Training Institute.....	xxix
14. Statement of Financial Performance for The Year Ended 30 th June 2023.....	1
15. Statement of Financial Position as at 30 th June 2023.....	2
16. Statement of Changes in Net Assets for The Year Ended 30 th June 2023.....	3
17. Statement of Cash Flows for The Year Ended 30 th June 2023.....	4
18. Statement of Comparison of Budget & Actual Amounts For The Year Ended 30 th June 2023.....	5
19. Notes to the Financial Statements.....	7
20. Appendices.....	32

1. Acronyms & Glossary of Terms

BOG	Board of Governors
CPA	Certified Public Accountants
ERP	Enterprise Resource Planning
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
KETTI	Keroka Technical Training Institute
TVET	Technical Vocational Education Training
MOE	Ministry of education
GOK	Government of Kenya
ICT	Information Communication Technology
KCB	Kenya commercial Bank
KUCCPS	Kenya universities and colleges Central placement services
HELB	Higher Education Loans Board
NG-CDF	National Government Constituency Development Funds
NHIF	National Hospital Insurance Fund
NSSF	National Social Security Fund
PAYE	Pay As You Earn
KICD	Kenya Institute of Curriculum Development
HIV	Human Immunodeficiency Virus
AIDS	Acquired immunodeficiency syndrome
NYS	National Youth Service
COVID-19	Corona Virus Disease
A/C	Account
VDI	Virtual Desktop Infrastructure
PC	Performance Contracting
BES	Boarding Equipment and Stores

2. Key Entity Information and Management**(a) Background information**

Keroka Technical Training Institute (KETTI) was started in 1991 as a resource Centre offering short term courses to the Ministry of Labour officers serving as instructors in Youth Institutes. In 2008, KETTI was elevated to a Technical Training Institute under the Ministry of Education, Science and Technology offering Technical Education Programs (TEP) and other modular courses in business related courses. The entity is domiciled in Kenya and has no branches. Currently the institute is under the Ministry of Education, State Department for Vocational and Technical Training. Keroka Technical Training Institute was incorporated under the TVET Act 2013 Act. Since then, the curriculum has expanded to offer training in ten academic programs at Artisan, Craft and Diploma levels as; Building and Civil Engineering, Electrical and Electronics Engineering, Automotive Engineering, Institutional Management, Hospitality and Tourism, Mechanical Engineering, Applied and Health Science, Business and Entrepreneurship Studies, ICT and Library Studies and other short courses. Technical education activities have been recognized at KETTI since its inception as vital to the social and economic development of the nation. The institute, currently, sits on 4.32 acres of land. The first buildings to be put up were; a resource hall and one (1) hostel housing about 20 boarders. This infrastructure has since expanded to include; six workshops for each of the ten technical programs, a library block and additional lecture rooms and hostels. The Institute currently has over 118 teaching staff and 48 non-teaching staff. In the current financial year, the Institute's approved budget amounts to over KSh. 253,642,700.00. The Government of Kenya, through the Ministry of Education and students' fees are the two main sources of funds for the Institute. Annual performance contracts entered into between the Government of Kenya through the Ministry of Education, KETTI's strategic plan and annual operational plans are the key drivers of the Institute's day-to-day activities.

(b) Principal Activities

The core principal activity of KETTI is to ensure that it has achieved its prospective objectives as whole, by offering quality training: in research, technology, innovation and entrepreneurship, skills, increasing the student enrolment and facilities used upon, improving net-working systems within the institution hence creating KETTI as Centre of excellence.

KETTI's Strategic Statement and Core Mandate

The Institute's activities are anchored on a five-year strategic plan, 2021 to 2026. The strategic plan was the collective effort of the Institute's stakeholders including, Management, teaching staff, non-teaching staff, and the representatives from the neighbouring communities. The blue print strategically guides the Institute in its operations and realization of its set objectives. The following are the Institute's vision and Mission statements.

Vision: To be the Centre of Excellence in offering quality TVET training.

Mission: To be a market leader in offering quality training in Research, Technology, Innovation and Entrepreneurship Skills necessary to realize the national development goals and enhance quality of life.

Key Entity Information and Management(Continued)

Core Values: The Institute strongly upholds four (4) core values. These are: Transparency and Accountability, Effectiveness and Efficiency, Equity and Excellence.

Strategic Objectives:

The specific strategic objectives of KETTI are to;

- i. Increase student enrolment,
- ii. Increase the number of teaching and non-teaching staff,
- iii. Upgrade the skills of teaching and non-teaching staff,
- iv. Provide appropriate physical infrastructure of the Institute,
- v. Improve the Institute's civil works,
- vi. Provide and upgrade training Equipment,
- vii. Integrate ICT in management and training, and
- viii. Establish adequate sources of funding for the Institute's projects.

Mandate and Core Functions

The Institute has outlined its mandate in line with the TVET Act, TVET strategy and reforms.

The key mandate of the Institute is to;

- i. Offer competence Based Technical Training.
- ii. Prepare and guide trainees, for evaluation and certification by appropriate examining bodies.
- iii. Promote Science, Technology and Innovation in all training programs.

The core functions of the Institution include;

- a) Implementation of TVET curriculum and approved programs,
- b) Supervision, monitoring and evaluation of programs,
- c) Strengthening linkages between the Institute and Industry,
- d) Diversifying income generating activities and optimizing available resources, and
- e) Formulating, reviewing and coordinating institutional policies.

(c) Key Management

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

- Board of Governors
- Principal
- Deputy principal Administration
- Deputy principal Academics
- Registrar
- Dean of students
- Head of Finance
- Procurement Officer
- Quality Assurance
- PC Co-Ordinator
- Industrial Attachment Co-Ordinator

Key Entity Information and Management(Continued)**(d) Fiduciary Management**

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

No.	Designation	Name
1.	Principal	Mr. Haron Maosa
2.	Deputy principal Administration	Mrs. Damaris Gwako
3	Deputy principal Academics	Mr. Kennedy Ombongi
4	Registrar (s)	Mr. Alfred Obaga
5	Dean of students	Mr. Meshack Nyanamba
6	Head of Finance	Mr. Philip Okwoyo
7	Accountant	Mr. Joseph Nyaosi.
8	Procurement Officer	Miss Angella Nyaboke
9	Quality Assurance	Mr. Martin Mageto
10	PC Co-Ordinator	Mr. Rebecca Arika
11	Industrial Attachment Co-Ordinator	Mrs. Joan Nyachiro

(e) Fiduciary Oversight Arrangements**Audit and risk committee activities**

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

The role of the Committee shall be;

- i. Ensure that Keroka Technical Training Institute complies with applicable laws and regulations
- ii. Reviewing the findings of any examinations by regulatory agencies and any auditor observations and follow up actions
- iii. Considering the effectiveness of the entity's internal control system, including information technology security control
- iv. Review the report and recommendations made by the Office of the Auditor and advise the Board
- v. Discuss with management the entity's major policies with respect to risk assessment and risk management
- vi. Ensure there are no unjustified restrictions or limitations to internal audit activity
- vii. Ensure that agreed audit recommendations are implemented by management.
- viii. Review with top management annual audit plans, activities, staffing and organizational structure of the internal audit function

Key Entity Information and Management(Continued)

- ix. Review the quarterly and annual financial reports and consider whether they are complete, consistent with information known to Committee members, and reflect appropriate accounting principles.

Review other sections of the annual report and disclosures before release and consider the accuracy and completeness of the information

Finance & Operations committee activities

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

Terms of Reference

The role of the Committee is to monitor the financial status of the Institute on behalf of BOG. In addition to advising BOG on those matters referred to above, the Committee's responsibilities include:

- i. To monitor and facilitate the implementation of the Institute's strategy with regard to Financial matters.
- ii. To receive reports from the Principal and the Finance Officer.
- iii. To monitor implementation of the strategy for the Institute.
- iv. To receive reports of the extent and condition of the Institute estate including the efficiency of space utilization, the consumption of energy and the adequacy of property insurance arrangements.
- v. To consider the adequacy of the Institute estate and proposals for its maintenance and development, including opportunities to dispose of and acquire new properties.
- vi. To determine the fees and charges made for Institute services and facilities.
- vii. To supervise the financial administration of the Institute and make recommendations to BOG where appropriate.
- viii. To supervise the arrangements for safeguarding the Institute's assets
- ix. To ensure the proper financial evaluation and control of projects
- x. To supervise the arrangements for investing the Institute's funds, including monitoring
- xi. the performance of investments
- xii. To make recommendations to BOG on the financing of projects

Training and Research committee

The Committee exercises all the powers of BOG on academic matters except in relation to the items, which are reserved, to BOG in their Standing Orders, on which the Committee shall advise full Board.

Key Entity Information and Management(Continued)

Their main role is;

1. Oversight on training and research.
2. Ensuring that the training is done well within the institution.
3. Reporting to the board of governor any matter relating to education which needs/requires urgent attention.
4. To ensure that training materials /structure and trainers are available and adequate.
5. Monitoring the progress of research and training within the institution.
6. Collaborating with sister institutions on research and training.
7. To reach to trainees/trainers through their secretary and report the same to the board.
8. Dissemination the needs of the Board of Governors, the trainers and trainees and other stakeholders.
9. Advising the management and the Board of Governors to matters concerning research and training.

Senior Management Activities

The main purpose of the Senior Management Team is to:

- i. Ensure that KETTI's BOG is able to take strategic decisions relating to KETTI's activities.
- ii. Provide leadership in communicating KETTI's mission, values, plans and achievements effectively and consistently to BOG Members, staff, Government, the voluntary and community sector, the general public and other stakeholders;
- iii. Be accountable for the development and implementation of KETTI's strategic, corporate and business plans in line with the mission and values.
- iv. Take a strategic overview of performance in all areas of KETTI's activities.
- v. Makes recommendations to the BOG on the implementation and achievement of the BOG's Strategic Framework;
- vi. Agrees KETTI's Corporate Plan, and monitor delivery through appropriate key management and performance information reporting to the Board of Governors as appropriate.
- vii. In the light of income projections and forecasts, considers the annual grants and operational expenditure and monitors such expenditure;
- viii. Develops, agrees, monitors and reviews strategies relevant to the effective and efficient operation of KETTI, making recommendations as appropriate to the Board of Governors and/or its relevant Committees.

Key Entity Information and Management(Continued)

- ix. Determines strategic issues arising from the introduction of new policies or process, including actively managing risk across the organization and regularly reviewing the corporate risk register.
- x. Oversees and monitors KETTI's joint work with the other stakeholders
- xi. Considers the impact of external factors and developments, including specific political initiatives and the response to key consultation documents and where appropriate make recommendations to the BOG and/or its relevant Committees.
- xii. Leads all senior managers in motivating and developing KETTI staff to deliver the highest standards of performance and customer service

Government oversight activities

The Government of Kenya's oversight role includes provision of Grants for both Capitation and Development as well as provision of the regulatory framework. The Office of the Auditor General undertakes the audit of the Institutional activities.

(f) Institute Headquarters

P.O Box 440 -40202
Keroka – Kilgoris Highway
Keroka, KENYA.

(g) Institute Contacts

Telephone: 254726588558/254731358155/254208065130
Email: info@kerokatechnical.ac.ke
Website: www.kerokatechnical.ac.ke

Key Entity Information and Management(Continued)

(h) Entity Bankers

1. Kenya Commercial Bank (KCB)
Keroka Branch
P.O. Box 394 – 40202
Keroka.
2. Co-operative Bank
Keroka Branch
P.O. Box 754 – 40202
Keroka.




(i) Independent Auditors

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

(j) Principal Legal Adviser

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



3. The Board of Governors

Member/ Director	Details
 <p>Mr. Thomas Mocha</p>	<p>Mr. Thomas M. Mocha was born on 21st September 1953 and he is the Chairman of the Board of Governors at KETTI. Mr. Mocha Served as an advocate of high court of Kenya and commission of Oaths. HE holds of Masters of law and Bachelors of Law from, University of Nairobi, Executive MBA (Arusha TZ) and B.Ed. Hons. (Nairobi university)</p>
 <p>Mr. Haron Maosa Onguso</p>	<p>Mr. Maosa, the Principal of KETTI holds a Masters' in Governance and Ethics, and a Bachelor's Degree in Education (Arts). He has a wide Management experience having served as a HOD Migori TTC, Deputy Principal Keroka Technical, Principal Konoin and now Principal Keroka Technical. This is the wealth experience that he uses in his Managerial post in the institution to transform it into a better learning organization. The Institute runs a total of 10 Departments with over 98 different courses, and all credit goes to the innovative and foresighted Principal, Mr. Maosa. The Principal serves as the Chief Accounting Officer for the Institute and Secretary to the Board of Governors. His vision is to effectively and efficiently manage the Institute, both in terms of Competence Based Education and Training (CBET) as defined by TVET Act 2013 as well as the KETTI Strategic Plan.</p>
 <p>DR. Herbert Dimo</p>	<p>Mr. Herbert Dimo was born in 1955, he chairs the Training and Research Committee and is a member of the Audit and Risk Committee. He holds Ph.D. (Eng), from Tsinghua University of Beijing, M.Sc. (Mech. Eng), H. Dip. (Mech.Eng.) and also has a Diploma in Education from KTTC. Mr. Herbert is currently a senior Lecturer at the University of Eldoret.</p>




The Board of Governors (Continued)

 <p>Mrs. Lucy Mungatia</p>	<p>Mrs Lucy Mungatia was born 2nd October 1967. She Chairs the Audit and Risk Committee and is a member of the Training and Research Committee. She holds a Master's in Business Administration with a specialization in supply chain management.</p>
 <p>Mr. Duncan Nyabochoa Mokamba</p>	<p>Mr. Dancan Mokamba was born in 20th October 1964, he has a Degree in Bachelors in Law from Marathda University.</p> <p>Mr. Duncan has over 18 years work experience with Momanyi Gichuki ad CO. Advocates. He is a member of the Finance and Operations Committee and the Audit and Risk Committee.</p>
 <p>Ms. Lineth Oyugi</p>	<p>Ms. Lineth was born in 4th February 1971. Holds a MA. in Economics from the University of Nairobi, Bachelors of Arts (Economics) degree from the University of Nairobi.</p> <p>She currently works at the commission on Revenue Allocation. Previously she worked with Federation of Kenya Employers (FKE), Institute of Policy and Research, Ministry of Finance and Planning. She also worked in the following universities as a part-time lecturer: Kenyatta University and Africa Nazarene University.</p>





The Board of Governors (Continued)

	<p>Mr. Joakim Mulama Oundo was born in 1960, he is a member in Finance and Operations committee a member of Audit and Risk Committee. He is a holder of MSc Degree in Conflict Resolution and Management, B.A in Political Science (Hons) and Public Administration, currently Doctorate candidate in Peace and Conflict Studies at Masinde Muliro University. Currently he is part time lecturer at Laikipia and Karatina Universities since 2016 to date.</p>
	<p>Mr. Wilson Kimutai Ng'eno was born in 1974, he is a member in the Finance and Operations Committee and the Training and Research Committee. He holds a Post Graduate Diploma in Human Resource Management from the Kenya Institute of Management, a B. Tech (Hons) in Industrial Technology, from Egerton University and a Diploma in Chemical Engineering. He has a vast experience in managing enterprise, machinery maintenance, personnel management, energy efficiency monitoring and management; installation and management of continuous improvement systems and overseeing both pilot and commercial business projects.</p>
	<p>Mrs. Ruth Mounde was born in 1966. She is a representative of the Principal Secretary State Department of Vocational and Technical Training. Currently she is serving as Deputy Director of Education Ministry of Education headquarters. She sits in all Board Committees.</p>

4. Key Management Team

Name	Responsibility
 Mr. Haron O. Maosa	Principal/B.O. G Secretary
 Mrs. Damaris Gwako	Deputy Principal-Administration
 Mr. Kennedy Ombongi	Deputy Principal-Academics.

Management Team (Continued)

 <p>Mr. Alfred Obaga</p>	<p>Registrar.</p>
 <p>Mr. Meshack Nyanamba</p>	<p>Dean of Students.</p>
 <p>CPA Philip Okwoyo Keraro</p>	<p>Finance Officer.</p>
 <p>CPA. Joseph Magati</p>	<p>Accountant</p>

5. Chairman's Statement

It is my pleasure to present the annual financial statements for the year ended 30 June 2023.

Keroka Technical Training Institute continues to carry out activities that will help in nurturing innovation, talent, science, technology and development. During the financial year, we aligned our policies, processes and strategies to ensure that we attain regional competitiveness and to be a centre of excellence on technical course.

We operate in an increasingly challenging and dynamic education sector. This calls for efficiency in operations to ensure delivery of quality education and service to our students and other stakeholders. In this regard, the KETTI Board of Governors will continue to work together with the management to put in place the relevant institutional policies and procedures and improve KETTI infrastructure.

During the financial year 2022-2023 we initiated and completed construction of a graduation square in the institute to enable the institute to carry out its graduation ceremonies.

On revenue, although KETTI projected to raise KShs, 253,642,700 the Institute raised KShs. 138,477,788 This is equivalent to 55% of the budget. The deficit in revenue collection was due to a drop in enrolment resulting from high competition for trainees by new TVET institutions and under-disbursement of capitation from the Ministry.

As there were opportunities for the institute during the period like being chosen to benefit the government project on virtual desktop infrastructure(VDI), as well there were challenges like low student enrolment and reduced capitation grants both of which needed to be analysed in order to deliver sustainable long term results without compromising training outcomes.

I am indeed deeply indebted to the members of the Board of Governors for their unwavering support, commitment and futuristic outlook towards realizing the institute's objectives. This in line with its strategic plan and core mandate of training market-driven technical manpower. Our Board has members with diverse qualifications and many years of experience in managing companies in public and private sector.

I assure all our Stakeholders that the Institute shall remain focused, committed and consistent in the delivery of opportunities. Going forward Keroka Technical Training Institute is committed to working closely in collaboration with other like-minded entities to ensure that our trainees continue to receive Competency Based Training.

On behalf of the Board of Governors of Keroka Technical Training Institute I would like to thank the government of Kenya, management team, trainers and the employees for their commitment and support they continue to extend to the Institute to ensure that it remains the Centre of academic excellence in the region.

Thank you.



THOMAS M. MOCHA

Chairman-Board of Governors (B.O.G)

6. Report of the Chief Principal

The higher education sector has had significant and dynamic changes in the recent past. The number of public and private Technical Institutes has increased significantly. The expansion in the number of Government Technical Institutes has increased access to higher education but at the same time also increased competition for trainees amongst the Technical Institutes.

The Government's Education Sector Report for the period 2017/18 – 2019/20 recognizes inadequate funding as one of the challenges facing the higher education sector. The need to scale up funding in order to ensure better access, quality, equity and relevance of education and training is a key emerging issue that needs to be addressed in the light of increase in the number of students qualifying to join Institutes. However, the Government's resource allocated for education still remains constrained when measured against the overall budget of the institute making it imperative that we seriously look for alternative sources of income to supplement our budget. In this regard, the Institute is working towards fully commercialising production units.

During the year under review the institute experienced a drop in enrolment due to high competition for trainees by new TVET institutions. This had a negative impact in the institute's revenue collections since it relied on capitation that was pegged on the number of students that were in session. Also, the non-disbursement of the government capitation and NYS funds on time led to minimal equipping of workshops thereby greatly affecting implementation of budgeted activities in the institution. During the financial year, out of the projected capitation of KShs. 30,000 per student per year, the government disbursed KShs. 13,000 per student, translating to a deficit of KShs. 17,000 per student which negatively affected overall operations of the institute's expenditures.

A number of projects were completed during the FY2022/2023. The Board of Governors initiated and completed the construction of a graduation square and levelization of the student playing pitch in the institution.

The said graduation square will enable the institute carry out its graduation ceremonies.

In addition, on VDI programme, the institute received 100 pieces of desktop computers from the government. This will take the institution to a high level in terms of ICT training and online job seeking.

I am proud of our high calibre academic and administrative staff who have ensured that our services continue to be of high standards. This has contributed to the Institute improving its ranking and made it to be among the top ranked Institutes in Kenya.

On revenue, although KETTI projected to raise KShs, 253,642,700 the Institute raised KShs. 138,477,788 This is equivalent to 55% of the budget. The deficit in revenue collection was due to a drop in enrolment resulting from high competition for trainees by new TVET institutions and under-disbursement of capitation from the Ministry.

This impacted negatively in service delivery and also increased the pending bills to a higher mark compared to the preceding financial year.

KEROKA TECHNICAL TRAINING INSTITUTE

Annual Report and Financial Statements for the Year ended 30th June 2023

The institute envisages that we still have opportunities for growth in various academic programmes. The Government's projections are for all Institutes to enrol at least 5,000 students per year in order to meet the demands of our higher education sector. Accordingly, we will leverage on the strengths of our programmes in order to increase the number of new courses.

On behalf of Management, I would like to express our sincere gratitude and appreciation to the Government and the Institute for the support and advice that we have unwaveringly received during the year.

I also want to thank our staff and students, development partners, collaborating institutions and other partners and stakeholders for the help and support that we continue to receive.



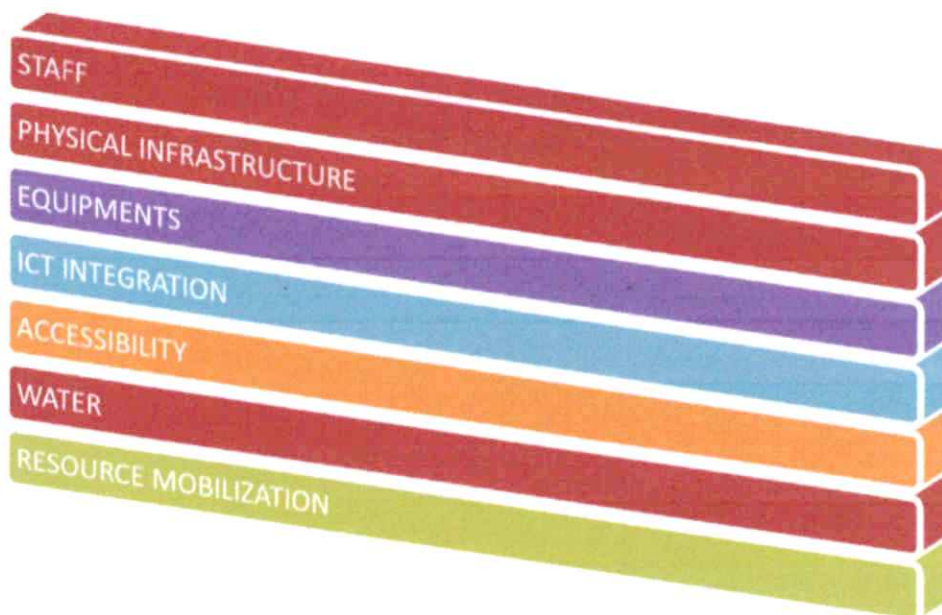
P.O. Box 440/40202; KEROKA
prsit.info@kero.atechnical.ca.ke

MR. HARON MAOSA

CHIEF PRINCIPAL/ SECRETARY B.O.G

7. Statement of Performance Against Predetermined Objectives

Keroka Technical Training institute has 7 strategic pillars/issues/themes and objectives within current Strategic Plan for the performance targets set for the FY 2022/2023 period for its seven (7) strategic pillars, as indicated in the diagram below:



KETTI Strategic Issues/Areas/Pillars

Keroka Technical Training Institutes develops its annual work plans based on the above 7 pillars. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The institute achieved its performance targets set for the FY 2022/23 period for its 7 strategic pillars, as indicated in the diagram below:

Table: Annual work plan for FY 2022/23

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Staff	To increase the number of Teaching and Non-Teaching staff	Number of teaching and non-teaching staff increased	Recruitment of more staff	Additional staff
	To upgrade the skills of Teaching	Trainers’ skills upgraded by attending	Attending workshops ,	Presence of certificates

KEROKA TECHNICAL TRAINING INSTITUTE**Annual Report and Financial Statements for the Year ended 30th June 2023**

	and Non-Teaching staff	capacity building exercise	seminars and capacity building	
Physical Infrastructure	To provide the required physical infrastructure in the Institute	Workshops, laboratories constructed	Building of workshops and laboratories	Presence of new workshops and laboratories
Equipment	To provide adequate training equipment	Training equipment requisitioned and procured across the departments	Procurement	presence of additional equipment
	To upgrade and improve existing training equipment	Equip workshops with modern facilities	Procurement	Presence of additional modern and upgraded equipment
ICT Integration	To integrate ICT in management and training	Installed MIS modules i.e. finance and admissions	Procurement process	Automated operations in targeted areas
Accessibility	To improve the road-network to and within the Institution	Cabros laying done within the institute	Procurement process	Improved Road network or wider coverage on cabros
Water	To provide adequate and sustainable water for the Institute	Drilled borehole and reconnection to main water line to provide adequate water to the institute	Procurement process	Availability of water
Resource mobilization	To establish adequate sources of funding for the Institute projects	Increased enrolment to increase the fees collection	Marketing and advertising and outreach	Increased student population

8. Corporate Governance Statement

Corporate governance comprises rules, procedures, regulations and processes through which the Institute is directed. It involves balancing the interests of the Institute in order to achieve long-term strategic objectives of the Institute.

The roles and functions of the Board members are clearly defined and include:

- i. Giving the overall oversight of management and giving the strategic direction of the Institute.
- ii. Defining the Institute's strategies, objectives, values and ensures that procedures and practices are put in place to ensure effective control over strategic, financial, operational and compliance issues.
- iii. Developing short and long-term goals of the Institute, develops strategies to achieve those goals and monitors the performance of the Institute against the set goals.
- iv. Spearheading the preparation of financial statements and reports of the Institute, approves and reviews annual budgets and ensures that the Institute has adequate systems of internal controls together with appropriate monitoring of compliance activities to ensure business continuity.

The Board members provides oversight to the Institute's top management and has unrestricted access to timely and relevant information as well as advice and services of the Corporation Secretary to discharge its duties effectively.

Keroka Technical Training Institute Board members operates in compliance with the Mwongozo code that offers corporate governance framework for all state corporations. The members of Board have duly undergone training under this code.

The Board members prepares an annual almanac showing the schedule of meetings planned for each year. During the year, the Institute Board members held regular quarterly meetings, while special meetings were called when necessary.

The Board is headed by the Chairman and is composed of nine members inclusive of the Principal who is the only executive member. The constitution of the Board members takes into consideration requirements of the sector, diversity of skills, academic qualifications, gender, age and experience necessary to add value to the operations of the Institute. The Board members are appointed to various Board Members' Committees mandated to carry out specified functions. The Board members therefore bring their diverse experiences in deliberations during Board meetings.

The Board members' committees have well defined terms of reference. The committees are intended to facilitate efficient decision making by the Board members in them discharging their duties and responsibilities.

Tabulated bellow is the Board member's sittings and attendances;

KEROKA TECHNICAL TRAINING INSTITUTE
Annual Report and Financial Statements for the Year ended 30th June 2023

Full Board Meeting

NAME	15/07/2022	27/10/2022	10/02/2022	30/06/2023
Thomas M Mocha	✓	✓	✓	✓
Lineth N Oyugi	✓	✓	✓	✓
Tom Orango	✓	✓	✓	
Wilson Ngeno	✓			✓
Joakim M Oundo	✓	✓	✓	✓
Nyabochoa Mokamba	✓	✓	✓	✓
Dr. Herbert Dimo	✓	✓	✓	✓
Lucy Mungatia	✓	✓	✓	
Haron Maosa	✓	✓	✓	✓
Ruth Mounde		✓	✓	✓

Special Board Meeting

NAME	15/07/2022	27/10/2022	18/11/2022	06/03/2023	21/03/2023	22/03/2023
Thomas M Mocha	✓	✓	✓	✓	✓	✓
Lineth N Oyugi	✓	✓	✓		3	
Tom Orango	✓	✓	✓			✓
Wilson Ngeno	✓	✓	✓	✓	✓	✓
Joakim M Oundo	✓	✓	✓	✓	✓	✓
Nyabochoa Mokamba	✓	✓	✓	✓	✓	✓
Dr. Herbert Dimo	✓	✓	✓	✓	✓	✓
Lucy Mungatia	✓	✓	✓	✓		
Haron Maosa	✓	✓	✓	✓	✓	✓
Ruth Mounde		✓	✓	✓	✓	✓

KEROKA TECHNICAL TRAINING INSTITUTE
Annual Report and Financial Statements for the Year ended 30th June 2023

Finance and Operation Board Committee

NAME	13/07/2022	14/07/2022	26/10/2022	26/01/1023	08/02/2023
Lineth N Oyugi	✓	✓	✓	✓	✓
Tom Olang'o	✓	✓			✓
Nyabochoa Mokamba	✓	✓	✓	✓	✓
Dr. Herbert Dimo	✓				
Haron Maosa	✓	✓	✓	✓	✓
Wilson Ngeno			✓	✓	✓
Joakim M Oundo			✓	✓	✓

The board member Dr. Herbert Dimo is the chair of training and research committee is shown attending one meeting since he was presenting his committee's agenda in Finance and operations committee. Where us

Training and Research Board Committee

NAME	12/07/2022	13/07/2022	25/10/2022	26/01/2023
Lucy Mungatia	✓	✓	✓	✓
Tom Olang'o	✓			
Dr. Herbert Dimo	✓	✓	✓	✓
Haron Maosa	✓	✓	✓	✓
Nyabochoa Mokamba	✓	✓	✓	✓
Ruth Mounde		✓	✓	✓

Mr. Tom Olang'o is the county TVET director representing the ministry.

Audit and Risk Board Committee

NAME	14/07/2022	28/10/2022	25/01/2023
Lucy Mungatia	✓	✓	✓
Dr. Herbert Dimo	✓	✓	✓
Nyabochoa Mokamba	✓	✓	✓
Joakim M Oundo		✓	✓

9. Management Discussion and Analysis**SECTION A****The Institute's operational and financial performance****For the financial year 2022/2023:**

The financial statements of KETTI indicates that the institute's performance is in a good position as it is in a going concern state. Cash and cash equivalent obtained from the cash flow statement explains that, cash available in liquid form is mostly generated from operating activities. The board of Governors are of the opinion that the financial statements give a true and fair view state of financial affairs of the institute.

SECTION B**Institute's compliance with statutory requirements.**

In the financial year 2022/2023, the institute is fully compliant with statutory requirements, in accordance with section 83[5] of Public Finance Management, and the IPSAS applicable for the preparation of the financial statements.

The Board further accepts, responsibility for maintenance of accounting records that may be relied upon, in preparation of the financial statements as well as adequate systems of internal financial controls.

SECTION C**Key projects and investment decisions the Institute has initiated and planning /implemented.**

During the financial year 2022/2023 the institute initiated and implemented the following projects;

Table: Projects for the financial year 2022/2023

Projects Initiated/Planning	Projects On-going	Projects Implemented
-Construction of workshops	-Equipping work shops	-Construction of a Graduation Square
-Equipping the existing workshops with modern equipment.		Levelization of students play ground
-Commercialization of Cabro production.		

Table: Risks and Opportunities facing KETTI

Opportunities	Threats
Potential for collaboration & Linkages	Competition from other TVCS
High demand for technical skills	Rapid Technological changes
Centralized placement of new students by KUCCPS	Rapid changes of policy
Positive perception of TVET by the Public	Rigid KICD Curriculum
Demand for short term courses	High cost of training in practical skills
Access to student loans & bursaries from H.E.L.B, county & NG-CDF	Unpredictable job market
Government support	Formal employment culture in the society
Enabling legal & policy framework	Unfavorable economic changes
	Cybercrime
	Political interference
	HIV/ AIDS drugs and substance abuse

Other institutes' major risks are mainly related to its core business, which is training, and human resource development. Some of the identified risks include;

- i. Low student enrolment.
- ii. Student turnover
- iii. Inadequate student accommodation and support facilities
- iv. Delayed disbursement of capitation and NYS sponsorship
- v. Inadequate funding by MOE-capitation
- vi. Delays of disbursement of students' loans by HELB to honor fees payment

Keroka Technical Training Institute compliance with statutory requirements

Keroka Technical Training institute complies with deduction and remittance of statutory deductions such NHIF, NSSF and PAYE.

The institute's financial probity and governance.

During the year-end reporting, the institute did not report any financial improbity due to improved financial system in place.

10. Environmental and Sustainability Reporting Statement

Keroka Technical Training Institute exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on our pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a highlight of strategies and activities that promote the organisation's strategic objectives.

Sustainability strategy and profile

Key Institute staff attended career days and workshops organized by principals' in order to motivate and mentor students in high schools. These motivational talks are a permanent feature in our calendar of events every year and they ensure that the Institute maintains a strong link with students who are aspiring to join Institutes

Environmental performance

Environmental degradation has severe negative effects in the world. It is therefore important for constant efforts to be made to conserve the environment around us. During the year the institution undertook extensive playing ground levelling to allow space for sports activities at the same time on conserving the soil from erosion. The institute also undertook tree planting exercise to improve its plant ecosystem.

Employee welfare

The Institute has developed a Human resource policy to help in the recruitment of its staff. The policy is also gender sensitive as it has contributed to the third gender rule as per government directives. Employees hold capacity trainings every year to motivate them. This has improved the morale the employees in the place of work and thus improved service delivery. The Institute is in the process of putting in place a safety policy in order to be in compliance with the Occupational Safety and Health Act of 2007,

There is a reward and appraisal system in place for all the employees of Keroka Technical Training Institute.

Marketplace practices

The management ensured that we dealt responsibly, openly and fairly with clients and partners/stakeholders as defined in our service charter.

- i. Serving our clients with dignity, courtesy and respect.
- ii. Discharging our duties professionally and with due diligence and ensuring delivery of affordable quality education.
- iii. Adhering to ethical and equitable service provision.
- iv. Enhancing transparency, integrity and accountability
- v. Continuously providing efficient and effective service.
- vi. Maintaining appropriate confidentiality.
- vii. Observing the principle of natural justice.

Corporate Social Responsibility

Keroka Technical Training Institute as a responsible corporate institution established to achieve public good, recognizes the link between sustainable growth and development of the institution and the need to invest in the society, the local community and protection of the environment. This is important to ensure that social, economic and environmental benefits accrue to the society and other stakeholders as the Institute conducts its business. During the year the Institute contributed to various community initiatives and noble projects, by disposing computers through donation to the neighbouring primary school (Kenyerere DOK primary) and also donated games uniforms and balls to two neighbouring secondary schools (Nyanturago High School and Gesabakwa Secondary School) in line with promotion of sports in the community.

KEROKA TECHNICAL TRAINING INSTITUTE

Annual Report and Financial Statements for the Year ended 30th June 2023

11. Report of the Board of Governors

The Board members submit their report together with the audited financial statements for the year ended June 30, 2023 which show the state of the institute's affairs.

Principal activities

The principal activities of the institute are to: offer competence Based Technical Training, prepare and guide trainees, for evaluation and certification by appropriate examining bodies and promote Science, Technology and Innovation in all training programs.

Results

The results of the institute for the year ended 30 June 2023 are set out on page 1 of these financial statements.

Board of Governors

The members of the Board who served during the year are shown on page x-xii. During the year 2022/2023, the entire Board and the principal were in office as per the requirements.

Auditors

The Auditor General is responsible for the statutory audit of Keroka Technical Training Institute in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the institute for the year ended June 30th, 2023 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board


PRINCIPAL
KEROKA TECHNICAL TRAINING INSTITUTE
Secretary of the Board
23 JAN 2023
Keroka Technical Training Institute
P. O. Box 440-40202, KEROKA
Date: email: info@kerokatechnical.ca.ke

12. Statement of Board of Governors

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


The Board of Governors are responsible for the preparation and presentation of the institute's financial statements, which give a true and fair view of the state of affairs of KETTI for and as at the end of the financial year 2022/2023 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 the institute; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the institute; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Board of Governors accept responsibility for the institute's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act, and the TVET Act. The Board of Governors are of the opinion that KETTI's financial statements give a true and fair view of the state of the institute's transactions during the financial year ended June 30th, 2023, and of the institute's financial position as at that date. The Board of Governors further confirm the completeness of the accounting records maintained for the institute, which have been relied upon in the preparation of the institute's financial statements as well as the adequacy of the systems of internal financial control.

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

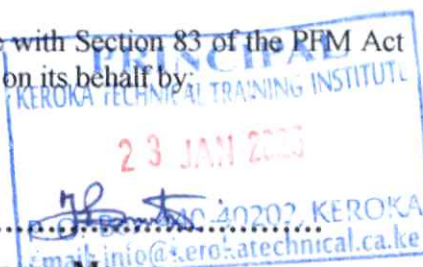
Approval of the financial statements

The institute's financial statements have been prepared in accordance with Section 83 of the PFM Act and were approved by the Board on 28th September 2023 and signed on its behalf by:



.....
Name: Thomas Mocha

Chairperson of the Board of Governors



.....
Name: Haron Maosa

Accounting Officer/Principal

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KEROKA TECHNICAL TRAINING INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

- A. Report on 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 the 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 the intended purpose; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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 Keroka Technical Training Institute 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 the Keroka Technical Training as at 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 Public Financial Management Act, 2012 and the Technical and Vocational Educational and Training Act, 2013.

Basis for Qualified Opinion

1. Unsupported Revenue from Rendering of Services

The statement of financial performance and as disclosed in note 7 to the financial statements reflects an amount of Kshs. 61,631,342 in respect of rendering of services – fee from students which indicates a decrease of Kshs.23,967,521, or 28%, from the Kshs.85,598,863 reported in the previous year. Management has not explained the cause of the significant decrease in form of a foot note. Further, review of receipt schedules/ledgers provided in support of the balance revealed that some of the schedules did not have details of student names, number, dates the fees were received and the bank deposit transaction numbers. It was also not possible to establish the authenticity of the receipts as the schedule did not indicate the different sources of the receipts such as bursary from NG-CDF, County Governments and other sponsors.

In the circumstances, the accuracy and completeness of the rendering of services – fees from the students balance of Kshs,61,631,324 could not be confirmed.

2. Unsupported Board Expenses

The statement of financial performance reflects Board expenses amount of Kshs.5,521,650 as disclosed in Note 13 to the financial statements. The amount indicates a significant increase of Kshs.2,466,250 or 81% from Kshs.3,055,400 reported in the previous year. However, the schedules provided in support of the balance did not have

names of recipients, cheque numbers, meeting type descriptions, and the number of members who attended the meetings.

Further, included in the amount of Kshs.5,521,650 is an expenditure of Kshs.1,436,150 incurred in respect of other expenses – Board catering and conference charges. However, the supporting quotations from prequalified suppliers as evidence of competitive bidding were not provided for audit.

In addition, Management did not provide the annual work plan for the year under review, contrary to Section 1.9 of Chapter 1 of Mwongozo Code of Governance for state corporations issued in January, 2015, which requires board members to ensure development of an annual board work plan.

In the circumstances, the accuracy and completeness of the Board expenses of Kshs.5,521,650 could not be confirmed. Also, Management was in breach of the law.

3. Property, Plant and Equipment – Unconfirmed Balances for Land and Computers

The statement of financial position reflects property, plant and equipment balance of Kshs.388,818,483 which, as disclosed in Note 22 to the financial statements, includes Kshs.10,000,000 in respects of land whose ownership documents have not been provided for audit verification.

Further, the balance includes computers balance of Kshs.6,847,620 out of which Kshs.1,282,500 is in respect of nineteen (19) computers which were reportedly stolen from the Institute's store in April, 2021. Records provided indicated that the matter was reported to the Police for investigations on 16 July, 2021 and recorded under OB/24/16/7/2021. The matter was handed back to the management to take internal action on the alleged theft. However, there was no verifiable documentary evidence provided for audit review to indicate that the matter had been concluded and the assets recovered.

In the circumstances, the accuracy and fair presentation of Kshs.10,000,000 in respect of Land and Kshs.6,847,620 in respect of computers, and the ownership of the reported land could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects total income final budget and actual on comparable basis amounts of Kshs.253,642,700 and

Kshs.138,477,788 respectively, resulting in an underfunding of Kshs.115,164,912 or 45% of the budget. Similarly, the Institute spent Kshs.159,631,884 against an approved budget of Kshs.253,642,700, resulting in an under-expenditure of Kshs.94,010,816 or 37% of the budget.

The underfunding and under-expenditure affected planned activities and may have impacted negatively on the service delivery to the students and other stakeholders of the Institute.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matter(s) described in the Basis for Qualified Opinion/Material Uncertainty Related to Going Concern section, I have determined that there are no other key audit matters to communicate in my report

Other Matter

Unresolved Prior Year Matters

Various prior year audit issues remained unresolved as at 30 June, 2023. Management has not provided satisfactory reasons for the delay in resolving the prior year audit issues.

Other Information

The Management is responsible for the other information set out on page iii to xxviii which comprises Key Entity Information and Management, Board of Governors, Key Management Team, Chairperson's Statement, Report of the Chief Principal, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environment and Sustainability Reporting, Report of the Board of Governors and Statement of Board of Governor's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Keroka Technical Training Institute's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Noncompliance With the Law on Ethnic Diversity in Staffing

Review of Human Resource records maintained and provided for audit review revealed that during the year under review, the Institute had a total of ninety-nine (99) employees out of which, eighty-two (82) or 83% were from the same ethnic community. This is contrary to Section 7(2) of the National Cohesion and Integration Act 2008, which provides that no public establishment shall have more than one third of its staff from the same ethnic community:

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

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 procedures performed, except for the matters 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 overall governance were not effective.

Basis for Conclusion

1. Ineffective Debt Management Policy

The statement of financial position reflects receivables from exchange transactions balance of Kshs.40,086,271 which, as disclosed in Note 19 to the financial statements,

relates to student debtors – fees arrears. However, a review of records revealed the following issues:

- i. The student debtors balance represents an increase of Kshs.18,974,116 or 90% from Kshs.21,112,155 reported in the previous year. Management has not explained the cause of the significant increase in the debtor's balance.
- ii. The Institute had no operational debt recovery policy and, as a result, student debts has continued to grow over the years.

In the circumstances, it was not possible to confirm whether effective policies and measures were in place to facilitate recovery of amounts due from students.

2. Lack of an Approved Staff Establishment and Human Resources Governing Instruments

Review of records revealed that the Institute did not have an approved staff establishment, which implies that the Institute had not yet determined the skills and optimal staffing levels required to achieve its goals and objectives. Additionally, there was no evidence that the Institute had prepared a human resource plan based on a comprehensive job analysis.

Further, the Institute only had a draft human resource manual and, therefore, operated without a key governing document that could serve as a guide for critical HR decisions.

In the circumstances, it was not possible to ascertain whether the total staff employed by the Institute was at the optimal operating level and how key decisions regarding employees were made.

3. Lack of ICT Policies, Plans and Procedures

During the period under review, scrutiny of the Institute's IT internal controls revealed the following weaknesses:

- i. The Institute did not have ICT Policy.
- ii. ICT Security Policy and disaster recovery plans have not been developed.
- iii. Formally documented and approved processes to manage system changes and upgrades made to the existing ICT systems had not been established.
- iv. The Institute also lacked an ICT Steering Committee and an ICT Strategic Plan to formulate policies and advice on ICT investment priorities.
- v. The Institute did not have a business continuity plan or disaster recovery plan in plan for the information systems they were using. Without a sound and approved framework, users do not have any rules and procedures to follow in order to minimize risk of errors, fraud and the loss of data confidentiality, integrity and availability.

In the circumstances, the security and integrity of the institute's information database 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 control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the Board of Governors

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

In preparing the financial statements, Management is responsible for assessing the Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

The Board of Governors is responsible for overseeing the Institute's financial reporting process, reviewing the effectiveness of how the 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


My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015.

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 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

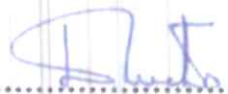
Nairobi

29 January, 2025

14. Statement of Financial Performance for The Year Ended 30th June 2023

Description	Notes	2022-2023	2021-2022
		KShs	KShs
Revenue from non-exchange transactions			
Transfers from other National Government Entities	6	165,385,000	78,872,500
		165,385,000	78,872,500
Revenue from Exchange transactions			
Rendering of services- Fees from students	7	61,631,342	85,598,863
Sale of goods	8	1,278,400	1,095,225
Rental revenue from facilities and equipment	9	221,000	0
Miscellaneous income/Other Income	10	4,775,095	7,053,357
Revenue from Exchange transactions		67,905,837	93,747,445
Total Revenue		233,290,837	172,619,945
Expenses			
Use of goods and services	11	106,776,287	99,861,564
Employee costs	12	35,196,065	31,072,236
Board Expenses	13	5,521,650	3,055,400
Depreciation and amortization expense	14	42,917,988	39,630,080
Repairs and maintenance	15	9,237,012	12,315,502
Grants and subsidies	16	28,228,629	6,496,519
Total expenses		227,877,631	192,431,301
Surplus/Deficit for the year		5,413,206	(19,811,356)

The Financial Statements set out on pages 1 to 4 were signed



Chairman of Board

Date: 23.01.2025



Finance Officer

ICPAK No 22722
Date: 23.01.2025




Principal

P.O. Box 440-40202, KEROKA
Date: 23.01.2025
Email: info@keroka-atechnical.ca.ke

15. Statement of Financial Position as at 30th June 2023


Description	Notes	2022-2023	2021-2022
		KShs	KShs
Assets			
Current Assets			
Cash and cash equivalents	17	15,976,637	32,530,113
Receivables from exchange transactions	19	40,086,271	47,482,155
Receivable from non-exchange transactions	20,a)	72,645,000	-
Inventories	21	4,375,341	9,524,338
Total Current Assets		133,083,249	89,536,606
Non-Current Assets			
Property, plant and equipment	22	388,818,483	418,173,383
Intangible assets	23	2,092,584	2,412,280
Total non-current assets		390,911,067	420,585,663
Total Assets		523,994,316	510,122,269
Liabilities			
Current liabilities			
Trade and other payables from exchange transaction	24	29,258,027	21,659,779
Total current liabilities		29,258,027	21,659,779
Total liabilities		29,258,027	21,659,779
Net assets			
Accumulated surplus		76,118,000	70,704,794
Capital Funds		418,618,349	421,183,349
Total net assets		494,736,349	491,888,143
Total net assets and liabilities		523,994,376	510,122,269

The Financial Statements set out on pages 1 to 4 were signed by:



 Chairman of Council/Board

Date: 23/01/2025


 FINANCE OFFICER
 KEROKA TECHNICAL TRAINING INSTITUTE
 Finance Officer
 P.O. Box 440 - 40202, KEROKA
 ICPAK No 22722
 Date: 23/01/2025


 PRINCIPAL
 KEROKA TECHNICAL TRAINING INSTITUTE
 Principal
 23 JAN 2025
 P. O. Box 440-40202, KEROKA
 email: info@kerokatechnical.ca.ke
 Date:

16. Statement of Changes in Net Assets for The Year Ended 30th June 2023

Description	Accumulated Surplus	Capital Fund	Total
As at 01 July 2021	90,131,400	419,900,849	510,032,249
Prior- year adjustments	384750	1,282,500	1,667,250
Deficit	(19,811,356)	0	(19,811,356)
As at 30 June 2022	70,704,794	421,183,349	491,888,143
Prior- year adjustment	0	(2,565,000)	(2,565,000)
As at 01 July 2022	70,704,794	418,618,349	489,323,143
Surplus for the year	5,413,206	0	5,413,206
As at 30 June 2023	76,118,000	418,618,349	494,736,349

17. Statement of Cash Flows for The Year Ended 30th June 2023

Description	Note	2022-2023	2021-2022
		KShs	KShs
Cash flows from operating activities			
Receipts			
Transfers from other Government entities/Govt. grants	6	165,385,000	78,872,500
Rendering of services-fees from students	7	62,073,560	85,598,863
Sale of goods	8	1,278,400	1,095,225
Other incomes.	10	4,332,871	7,053,357
Rental revenue from facilities and equipment	9	221,000	-
		233,290,831	172,619,945
Payments			
Use of goods and services	11	106,776,347	99,861,564
Employee costs	12	35,196,065	31,072,236
Board Expenses	13	5,521,650	3,055,400
Repairs and maintenance	15	9,237,012	12,315,502
Grants and subsidies	16	28,228,629	6,496,519
TOTAL		184,959,703	146,304,702
Cash flows from operating activities before working capital changes		48,331,128	26,315,243
Increase of receivables		(65,195,366)	(20,894,880)
Increase of payables		7,598,248	(24,390,435)
Increase of inventories		5,148,997	(2,598,714)
Net cash flows from operating activities	26	(4,116,927)	(28,065,305)
Cash flows used in investing activities			
Purchase of property, plant, equipment and intangible		(12,436,872)	(8,678,187)
Net cash flows used in investing activities		(12,436,872)	(8,678,187)
Cash flows from financing activities			
Net cash flows from financing activities			
Net increase/(decrease) in cash and cash equivalents		(16,553,865)	(36,743,492)
Cash and cash equivalents at 1 JULY	17	32,530,502	69,273,605
Cash and cash equivalents at 30 JUNE	17	15,976,637	32,530,502

KEROKA TECHNICAL TRAINING INSTITUTE
Annual Report And Financial Statements For The Year Ended 30th June 2023

18. Statement of Comparison of Budget & Actual Amounts For The Year Ended 30th June 2023

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization Difference	
	2022-2023	2022-2023	2022-2023	2022-2023	2022-2023	2022-2023	
	KShs	KShs	KShs	KShs	KShs	%	
Revenue							
Government capitation	88,545,000		88,545,000	49,740,000	38,805,000	44%	(a)
NYS Sponsored Students	32,699,700		32,699,700	12,431,800	20,267,900	62%	(b)
Rendering of services- fees from students	82,065,600		82,065,600	40,439,869	41,625,731	51%	(c)
Housekeeping and accommodation	1,557,000		1,557,000	1,853,205	(296,205)	-19%	
Production unit	6,279,000		6,279,000	811,300	5,467,700	87%	(d)
Other income	4,996,400		4,996,400	701,614	4,294,786	86%	(e)
Total Income	216,142,700	-	216,142,700	105,977,788	110,164,912	51%	
Expenses							
Employee Costs	36,467,879		36,467,879	35,196,065	1,271,814	3%	
Use of goods and services	160,067,790		160,067,790	89,526,946	70,540,844	44%	(g)
Board Expenses	6,775,700		6,775,700	5,521,650	1,254,050	19%	(h)
Repairs and maintenance	12,831,331		12,831,331	3,981,889	8,849,442	69%	(i)
Total Expenditure	216,142,700	0	216,142,700	134,226,550	81,916,150	38%	
Deficit for the period	0	0	0	(28,248,762)	28,248,762		
Development Expenditure	5,000,000	32,500,000	37,500,000	25,405,334	12,094,666	32%	(j)

Explanatory notes to statement of comparison of budget and actual amounts

- The change was brought about the non-disbursement and reduction of capitation by the Government.
- The change was due to non-payment by the NYS for the fees for their sponsored students during the year.
- The change was brought about the non-payment of fees by students since they depend highly on HELB loans which they had applied for but was not disbursed in time.

KEROKA TECHNICAL TRAINING INSTITUTE**Annual Report and Financial Statements for the Year ended 30th June 2023**

- d. The change was due to the delayed commercialization of cabro making in the institute which was the major planned component under sale of goods.
- e. The change was brought by the delayed disbursement of fees from sponsors (NYS and HELB Loans) that were meant to cater for the vote heads affected.
- f. The change was due to lack of funds for development from the government during the current financial year.
- g. The change was brought about by the reduced level of operations that was driven by non-disbursements of capitation monies by the ministry.
- h. The difference was due to lack of funds to honour Board operational activities as budgeted
- i. The change was due to non-disbursements of capitation monies for the management to facilitate the operations.
- j. The change was due to non-allocation of development grants from the government during the current financial year.

K. Reconciliation with the statement of performance

A). INCOME RECONCILIATION	KSHS.	KSHS.
Income as per performance statements		233,733,049
less accrued income		
Revenue from non-exchange trasaction -capitation/ deveopment grants	105,145,000	
Revenue from non-exchange trasaction -conditional grants - computers	10,500,000	
Revenue from exchange-student fees	12,110,261	
	127,755,261	127,755,261
Income as per comparison of budget and actual amounts		105,977,788
B). EXPENSES RECONCILITION		
expenses as per the financial statement		227,877,691
Accrued expenses	25,327,819	
Grants & subsidies- mentorship	25,405,334	
Depreciation and amotanzation	42,917,988	
	93,651,141	93,651,141
Income as per comparison of budget and actual amounts		134,226,550

19. Notes to the Financial Statements

1. General Information

Keroka Technical Training Institute is established by and derives its authority and accountability from Public Finance Management Act. The institute is wholly owned by the Government of Kenya and is domiciled in Kenya. The institute's principal activity is to offer vocational and technical training.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis. 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 institute's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in the notes of these financial statements.

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

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

The accounting policies adopted have been consistently applied to all the years presented.

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2023.

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p>The Institute does not have any Financial instruments</p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ol style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows. <p>The Institute does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply. The institution does not have a social benefit scheme.</p>

Notes to the Financial Statements (Continued)

Standard	Effective date and impact:
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p>The standard does not apply and has no effect to the institution.</p>
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • 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. The standards does not affect the institutions financials hence the don't apply.

The Institute did not early-adopt any new or amended standards in year 2023.

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

Standard	Effective date and impact:
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p>The Institute does not have lease and therefore the standard does not apply.</p>

KEROKA TECHNICAL TRAINING INSTITUTE

Annual Report And Financial Statements For The Year Ended 30th June 2023

Standard	Effective date and impact:
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></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. The Institute does not have non-current assets for sell and therefore the standard does not apply.</p>

Notes to the Financial Statements (Continued)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

The KETTI recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

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

Interest income

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

Rental income

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

b) Budget information

The original budget for FY 2022-2023 was approved by Board on 25th June 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the institute upon receiving the respective approvals in order to conclude the final budget.

Notes to the Financial Statements (Continued)

The institute's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 5 of these financial statements.

c) Taxes

Current income tax

The entity is exempt from paying taxes as per schedule 1 of the Income Tax Act.

Sales tax/Value Added Tax

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

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

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

d) Property, plant and equipment

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

Depreciation on property, plant and equipment is recognized in the income statement on a straight-line basis over the estimated useful lives of the assets. The annual rates in use are:

Depreciation rates.

Table:

Item	Rate
Land	Nil
Buildings	Nil
Computers, Computer Accessories and Infrastructure	30 %
Motor Vehicles	25%
Furniture, Fittings and equipment	12.5%

A full year's depreciation charge is recognized both in the year of asset purchase and in the year of asset disposal.

e) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

Notes to the Financial Statements (Continued)

f) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite. The institution amortizes its intangible assets at a rate of 20%.

g) Research and development costs

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

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

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

h) Inventories

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

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

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

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

Notes to the Financial Statements (Continued)

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Institute.

i) Provisions

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

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

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

Contingent liabilities

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

Contingent assets

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

j) Nature and purpose of reserves

The Institute creates and maintains revenue and capital reserves in terms of specific requirements.

k) Changes in accounting policies and estimates

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

l) Foreign currency transactions

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

Notes to the Financial Statements (Continued)

m) Related parties

The Institute 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 Institute, or vice versa. Members of key management are regarded as related parties and comprise the B O G members, the Principal and senior managers.

n) Cash and cash equivalents

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

o) Comparative figures

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

p) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2023.

Notes to the Financial Statements (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

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

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

Notes to the Financial Statements (Continued)

6. Transfers from other National Government Entities

Description	2022-2023	2021-2022
	KShs	KShs
Unconditional Grants		
Capitation grants	122,385,000	74,295,000
Other grants – mentorship grants	32,500,000	1,577,500
CDF grants – mentorship grants	-	1,500,000
Total Unconditional Grants	154,885,000	77,372,500
Conditional grants- Computer grants		
Conditional grants	10,500,000	
Monitoring and evaluation	-	1,500,000
Total Government Grants and Subsidies	165,385,000	78,872,500

The conditional grants of KShs. 10,500,000.00 is the cost of 100 computers given by Ministry of Education.

7. Rendering of Services

Description	2022-2023	2021-2022
	KShs	KShs
Tuition Fees	16,155,101	19,040,856
Activity Fees	4,808,505	8,720,299
Personal Emoluments	12,321,953	19,554,529
Industrial Attachment Fees	3,989,139	6,788,330
Electricity, water and Conservancy	5,346,258	5,944,195
Local Travel & Transport	4,698,303	4,290,622
Repair, Maintenance and Improvement	2,752,918	3,527,999
BES/Accommodation	10,178,465	16,322,413
Registration Fees	1,380,700	1,409,620
Total Revenue from rendering of services	61,631,342	85,598,863

The decrease was due to, the year under consideration the government never instructed the management to recover the undisbursed monies from the government in form of capitation unlike the previous year.

8. Sale of Goods

Description	2022-2023	2021-2022
	KShs	KShs
Production units/Income Generating activities	1,278,400	1,095,225
Total revenue from the sale of goods	1,278,400	1,095,225

9. Rental Revenue from Facilities and Equipment

Description	2022-2023	2021-2022
	KShs	KShs
Hire of Facilities and Equipment	221,000	0.00
Total	221,000	0.00

10. Miscellaneous Income

Description	2022-2023	2021-2022
	KShs	KShs
Student Union	463,630	372,390
Sale of Item	77,715	1,000
Lost Item	6,967	4,640
Centre Fees	477,400	597,000
Internal Exams	300	8,100
Identity Card	549,600	567,620
KNEC exam	3,189,387	4,214,842
Training Workshops	-	1,203,275
Imprest Refunds	-	81,000
Graduation Fee	9,000	-
Library Fines	1,096	3,490
Total Revenue from Miscellaneous Income	4,775,095	7,053,357

KEROKA TECHNICAL TRAINING INSTITUTE
Annual Report And Financial Statements For The Year Ended 30th June 2023

Notes to the Financial Statements (Continued)

11. Use of Goods and Services

Description	2022-2023	2021-2022
	KShs	KShs
Administrative expenses	3,739,242	8,720,881
Tuition expenses	30,430,093	24,561,855
Research and Innovation expenses	1,213,800	3,498,420
Electricity expenses	1,940,071	1,815,272
Fuel, oil and lubricants	3,804,366	4,764,269
Attachment, Insurance & Training expenses	232,625	3,387,840
Training and Seminars	1,003,400	-
Graduation Expenses	909,440	-
Daily Subsistence Allowance	2,268,600	-
Printing and Advertising	3,129,215	-
Local Travel and Transport - Subsistence	984,300	-
National Exams	10,825,260	-
Other Operating Expenses - Legal Fess	2,082,400	-
Performance Contracting	2,880,810	-
Student Council	1,764,800	-
Grants and Subsidiies Expenses	1,447,100	-
Transport allowances	682,470	1,212,700
Boarding expenses	11,830,896	14,395,241
Out of office allowances	4,861,230	6,885,100
Hospitality supplies and services	-	871,155
Housekeeping and accommodation expenses	1,822,752	1,626,883
Security costs	2,707,000	1,449,000
Administration allowances	3,103,750	4,587,890
Telephone allowances	1,018,800	929,100
Sports Activities expenses	5,619,547	5,524,830
Telecommunication	833,771	2,944,380
COVID-19 expenses	-	1,481,500
Other operating expenses	5,640,549	11,205,248
Total good and services	106,776,287	99,861,564

Notes to the Financial Statements (Continued)

12. Employee Costs

Description	2022-2023	2021-2022
	KShs	KShs
Net Salary	29,498,860	25,539,252
Employee related costs	5,172,163	5,295,654
Gratuity	525,042	237,330
Total Employee costs	35,196,065	31,072,236.00

13. Remuneration of Board of Governors

Description	2022-2023	2021-2022
	KShs	KShs
Chairman's Honoraria and Telephone allowance	240,000	30,000
Board sitting allowances	2,629,000	2,113,000
Transport allowance	1,216,500	550,000
Other Expenses - Board Catering and Conference charges	1,436,150	362,400
Total Director Emoluments	5,521,650	3,055,400

14. Depreciation and Amortization Expense

Description	2022-2023	2021-2022
	KShs	KShs
Property, plant and equipment	41,791,772	38,503,864
Intangible assets	1,126,216	1,126,216
Total depreciation and amortization	42,917,988	39,630,080

15. Repairs and Maintenance

Description	2022-2023	2021-2022
	KShs	KShs
Repairs and maintenance routine maintenance- others assets	6,539,080	7,476,850
Repairs and maintenance -motor vehicles	1,434,172	2,552,979
Insurance - other assets	382,857	1,071,060
Motor vehicles insurance	880,903	1,214,613
Total Repairs and Maintenance	9,237,012	12,315,502

Notes to the Financial Statements (Continued)

16. Grants and Subsidies

Description	2022-2023	2021-2022
	KShs	KShs
Development grants -mentorship	28,228,629	6,495,519
Total Grants and Subsidies	28,228,629	6,495,519

17. Cash and Cash Equivalents

Description	2022-2023	2021-2022
	KShs	KShs
Current account		
Kenya Commercial bank-KETTI-Operational A/C - 1106814134	8,067,400	25,993,229
Co-operative Savings A/C - 01139363277200	164,685	2,881,805
KETTI Library A/C - 1138730140	649,823	3,341,955
Chepalungu Technical Training Institute A/C - 1176511963	-	389
Gratuity/Development A/C - 1114190462	7,094,729	309,624
Cash in hand	-	3,500
Sub-total	15,976,637	32,530,113
Grand Total	15,976,637	32,530,113

17(a) Detailed Analysis of Cash and Cash Equivalents

Financial Institution	Account number	2022-2023	2021-2022
		KShs	KShs
a) Current Account			
Kenya Commercial Bank-KETTI-Operational	1106814134	8,067,400	25,993,229
Co-operative Bank Savings A/C	1139363277200	164,685	2,881,805
Kenya Commercial Bank-Library A/C	1130738140	649,823	3,341,955
Chepalungu Technical Training Institute A/C	1176511963	0	389
Kenya Commercial Bank-Gratuity/ Development A/C	1114190462	7,094,729.00	309,624
Cash in hand		0	3,500
Sub-total		15,976,637	32,530,502
Grand Total		15,976,637	32,530,502

19. Receivables from Exchange Transactions

(a). Current receivable from Exchange transactions

Description	2022-2023	2021-2022
	KShs	KShs
Current Receivables		
Student Debtors- Fees Arrears	40,086,271	21,112,155
Sub-total	40,086,271	21,112,155
From Non Exchange-Fees arrears	0	26,370,000
Total Current Receivables	40,086,271	47,482,155

In the comparative year, the Institution was given a directive by the Ministry to recover the fees arrears (receivables from non-exchange transactions) of the fourth quarter from students amounting to **KSh. 26,370,000**. Which was invoiced to the students as directed this resulted to the significant increase in the debtors.

(b). Ageing Analysis of Receivables from Exchange transactions

Description	2022-2023		2021-2022	
	KShs		KShs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	12,110,261	30%	21,112,155	44%
Between 1- 2 years	6,932,766	17%	5,409,302	11%
Between 2-3 years	6,057,680	15%	7,230,662	15%
Over 3 years	14,985,564	37%	13,730,036	29%
Total	40,086,271	100%	47,482,155	100%

20 Receivables from Non-Exchange Transactions

a) Receivables from Non-Exchange transactions

Description	2022-2023	2021-2022
	KShs	KShs
Current Receivables		
Capitation grants	72,645,000	0
Total current receivables	72,645,000	0

Receivables on capitation grants is recognised for monies received after year end. The financial year under review, the outstanding receivables is KSh. 72,645,000. However, in the comparative year, the Institution was given a directive by Ministry to recover the fees arrears (receivables from non-exchange transactions) of the fourth quarter from students amounting to **KSh. 26,370,000**.

Notes to the Financial Statements (Continued)

b) Ageing Analysis of Receivables from Non-Exchange transactions

Description	FY2022-2023		FY 2021-2022	
	KShs		KShs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	72,645,000	100%	0	%
Between 1- 2 years	0	0	0	%
Between 2-3 years	0	0	0	%
Over 3 years	0	0	0	%
Total	72,645,000	100%	0	%

21. Inventories

Description	2022-2023	2021-2022
	KShs	KShs
Training exam materials	2,735,559	4,832,390
Expendables	724,879	527,510
Boarding materials	588,058	3,373,243
Catering stores	326,845	791,195
Total Inventories at lower of Cost and Net Realizable Value	4,375,341	9,524,338

KEROKA TECHNICAL TRAINING INSTITUTE
Annual Report And Financial Statements For The Year Ended 30th June 2023

Notes to the Financial Statements (Continued)

22. (a) Property, Plant and Equipment

COST	Land	Buildings	Other Assets (Berkade)	Motor vehicles	Furniture and Fixings	Computers	Plant and Equipment	Capital In Progress	Total
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 1 July 2021	10,000,000	234,035,676	4,117,050	25,967,901	5,886,020	15,466,572	201,762,369	23,267,806	520,503,394
Additions	-	-	-	3,704,320	1,962,017	1,444,600	1,567,250	-	8,678,187
Reclassification	-	23,267,806	-	-	-	(1,282,500)	-	(23,267,806)	(1,282,500)
At 30 June 2022	10,000,000	257,303,482	4,117,050	29,672,221	7,848,037	15,628,672	203,329,619	-	527,899,081
Additions	-	833,600	-	-	1,103,272	10,500,000	-	-	12,436,872
At 30 June 2023	10,000,000	258,137,082	4,117,050	29,672,221	8,951,309	26,128,672	203,329,619	-	540,335,953
Depreciation									
At 1 July 2021	-	-	-	12,819,150	1,264,106	7,138,598	50,384,730	-	71,606,584
Depreciation	-	-	-	7,418,055	981,005	4,688,602	25,416,202	-	38,503,864
Reclassification	-	-	-	-	-	(384,750)	-	-	(384,750)
At 30 June 2022	-	-	-	20,237,205	2,245,111	11,442,450	75,800,932	-	109,725,698
Depreciation	-	-	-	7,418,055	1,118,913	7,838,602	25,416,202	-	41,791,772
At 30 June 2023	-	-	-	27,655,260	3,364,024	19,281,052	101,217,134	-	151,517,470
Net book values									
At 30 June 2023	10,000,000	258,137,082	4,117,050	2,016,961	5,587,285	6,847,620	102,112,485	-	388,818,483
At 30 June 2022	10,000,000	257,303,482	4,117,050	9,435,016	5,602,926	4,186,222	127,528,687	-	418,173,383

KEROKA TECHNICAL TRAINING INSTITUTE
Annual Report And Financial Statements For The Year Ended 30th June 2023

Notes to the Financial Statements (Continued)

(b). Property, Plant and Equipment

Description	COST	Accumulated Depreciation	NBV
	KShs	KShs	KShs
Land	10,000,000	-	10,000,000
Buildings	258,137,082	-	258,137,082
Plant and Machinery	203,329,619	101,217,134	102,112,485
Motor vehicles including motorcycles	29,672,221	27,655,260	2,016,961
Computers and Related Equipments	26,128,672	19,281,052	6,847,620
Office Equipment, Furniture and Fittings	8,951,309	3,476,525	5,474,784
Other(Assets Borebole)	4,117,050	-	4,117,050
Total	540,335,953	151,629,971	388,705,982

23. Intangible Assets

Description	2022-2023	2021-2022
	KShs	KShs
COST		
At the beginning of the year	5,631,080	5,631,080
Additions	-	-
At the end of the year	5,631,080	5,631,080
Additions-Internal development	-	-
At the end of the year	5,631,080	5,631,080
Amortization and imparment		
At the beginning of the year	2,412,280	2,092,584
Amortization	1,126,216	1,126,216
At the end of the year	3,538,496	3,218,800
Impairment loss	-	-
At the end of the year	3,538,496	3,218,800
NBV	2,092,584	2,412,280

The institutions intangible asset comprises of the system (ERP) modules.

Notes to the Financial Statements (Continued)

24. Trade and Other Payables from Exchange Transactions

Description	2022-2023		2021-2022	
	KShs		KShs	
Trade payables	25,327,819		1,375,511	
Fees paid in advance	3,930,208		18,963,216	
Student Fee(Chepalungu TTI)	-		460,400	
prior year adjustment			860,652	
Total Trade and Other Payables	29,258,027		21,659,779	
Ageing analysis:	2022-2023	% of the Total	2021-2022	% of the Total
Under one year	25,771,791	88%	17,457,215	81%
1-2 years	1,897,676	6%	3,811,490	18%
2-3 years	1,197,050	4%	145,074	1%
Over 3 years	391,510	1%	246,000	1%
Total (to tie to totals above)	29,258,027	100%	21,659,779	100%

There were pending bills that were not factored in the previous year that have been brought in by prior year adjustments.

25. Payments Received in Advance.

Description	2022-2023		2021-2022	
	KShs		KShs	
Fees received in advance	3,921,208		18,963,216	
Graduation fee	9,000		-	
Total	3,930,208		18,963,216	
Ageing analysis:	2022-2023	% of the Total	2021-2022	% of the Total
Under one year	443,972	11%	14,760,652	78%
1-2 years	1,897,676	48%	3,811,490	20%
2-3 years	1,197,050	30%	145,074	1%
Over 3 years	391,510	10%	246,000	1%
Total	3,930,208	100%	18,963,216	100%

Notes to the Financial Statements (Continued)

26. Cash Generated from Operations

Description	2022-2023	2021-2022
	KShs	KShs
Surplus for the year before tax	5,413,206	(19,811,356)
Adjusted for:		
Depreciation	42,917,988	39,630,080
Working Capital adjustments		
Increase in inventory	5,148,997	(2,598,714)
Decrease in receivables	(65,195,366)	(20,894,880)
Decrease in payables	7,598,248	(24,390,435)
Net cash flow from operating activities	(4,116,927)	(28,065,305)

27. Financial Risk Management

KETTI's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The institute's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The institute's financial risk management objectives and policies are detailed below:

i. Credit risk

KETTI 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 institute's management based on prior experience and their assessment of the current economic environment.

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

KEROKA TECHNICAL TRAINING INSTITUTE**Annual Report And Financial Statements For The Year Ended 30th June 2023**

Notes to the Financial Statements (Continued)

	Total amount KShs	Fully performing KShs	Past due KShs	Impaired KShs
At 30 June 2023				
Receivables from exchange transactions	47,482,155	47,482,155	-	-
Bank balances	32,530,113	32,530,113	-	-
Total	80,012,268	80,012,268	-	-
At 30 June 2022				
Receivables from exchange transactions	40,086,271	40,086,271	-	-
Receivables from non-exchange transactions	72,645,000	72,645,000	-	-
Bank balances	15,976,637	15,976,637	-	-
Total	128,707,908	128,707,908	-	-

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

The institute has no significant concentration of credit risk on amounts due from student debtors.

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

ii. Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the institute's board governors, who have built an appropriate liquidity risk management framework for the management of the institute's short, medium and long-term funding and liquidity management requirements.

The institute manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the institute 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.

KEROKA TECHNICAL TRAINING INSTITUTE
Annual Report And Financial Statements For The Year Ended 30th June 2023

Notes to the Financial Statements (Continued)

	Less than 1 month	Between 1- 3 months	Over months	Total
	KShs	KShs	KShs	KShs
At 30 June 2022	6,564,716	41,885	14,192,526	20,799,127
Trade payables	-		-	
Total	6,564,714	41,885	14,192,526	20,799,127
At 30 June 2023				
Trade payables	0	0	29,258,027	29,258,027
Total			29,258,027	29,258,027

iii. Market risk

The institute has put in place an internal audit function to assist it in assessing the risk faced by the institute on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

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

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

Interest rate risk

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

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

Sensitivity analysis

The institute analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Notes to the Financial Statements (Continued)

28. Related Party Balances

Nature of related party relationships

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

Government of Kenya

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

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

29. Capital Commitments

Capital Commitments	2022-2023	2021-2022
	KShs	KShs
Mentorship Development grants	2,823,295	0.00
Total	2,823,295	0.00

30. Events After the Reporting Period

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

31. Ultimate and Holding Entity

The institute is a Semi- Autonomous Government Agency under the Ministry of Education. Its ultimate parent is the Government of Kenya.

32. Currency

The financial statements are presented in Kenya Shillings (KShs) and the values are rounded off to the nearest shilling.

20. Appendices

Progress On Follow Up of Auditor Recommendations

The following is the summary of issues raised by the external auditor, 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.

Appendix 1: Implementation Status of Auditor-General Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	<p>Unconfirmed Rendering of Services Revenue Amount</p> <p>The statement of financial performance reflects rendering of services-fees from student balance of KShs. 85,598,863 as disclosed in Note 6 to the financial statements.</p> <p>Review of the student fee collection system revealed that the Institute maintained an operational account held in a local bank for collection of students' fees and major expenditures of the Institute operations. However, the student fee deposits in the bank were made without reference to specific student registration numbers, making it difficult to reconcile the fee receipts and invoices raised per student. Further, the Institute did not maintain a cash book for student fees collected.</p> <p>In addition, review of the fees' payment schedule</p>	<p>Noted, the management has put in place measurement going forward to ensure that all student fee deposits are receipted accordingly and invoices raised. The student cashbook for fee collection has been initiated and will be maintained as advised.</p>	Resolved.	3 months

KEROKA TECHNICAL TRAINING INSTITUTE
Annual Report And Financial Statements For The Year Ended 30th June 2023

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>revealed that student fees receipts amounting to KShs. 28,140,370 were issued in bulk, and not to specific individual students.</p> <p>In the circumstances, the accuracy and completeness of the rendering of services-fees from students balance of KShs. 85,598,863 could not be confirmed</p>			
2	<p>Unsupported Remuneration of Board of Governors Expenditure</p> <p>The statement of financial performance reflects remuneration of Board of Governors amount of KShs. 3,055,400. However, the ledger provided for the balance did not categorize the payments under expenditure sub-items of Board sitting allowances, transport allowance, telephone allowance and other Board expenses as outlined in Note 11 to the financial statements. Further, the amount of KShs. 3,055,400 includes payments totalling to KShs. 1,258,000 whose respective payment vouchers do not reflect the payees by names of the respective Board members.</p> <p>In the circumstances, the accuracy and completeness of the expenditure of KShs. 3,055,400 could not be confirmed.</p>	<p>Well, noted.</p> <p>The board remuneration of amount KShs. 1,258,000 was paid to the accountant in charge of payables who in turn paid the individual members of the board of governors as per attached signed payment schedules presented.</p>	Resolved	1 month
3	<p>Property, Plant and Equipment</p> <p>3.1 Lack of Land Ownership Documents</p> <p>As disclosed in Note 21 to the financial statements, the statement of financial position reflects property, plant and equipment balance of KShs.418, 173,383 which includes land with a net book value of KShs. 10,000,000.</p>	<p>Well noted.</p> <p>The state of the process to acquire the institute's land title deed is at advanced stage and the institute has got one title deed. We have involved</p>	Not resolved	12 months

KEROKA TECHNICAL TRAINING INSTITUTE
Annual Report And Financial Statements For The Year Ended 30th June 2023

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>As previously reported, the Institute does not have title documents to confirm ownership of the land on which it is situated. Review of information provided revealed that the Institute is located on a ten (10) acres' piece of land that was donated by ten (10) community members. However, a valuation report dated August, 2020 indicates that the Institute occupies un-surveyed land measuring 4.53 acres.</p> <p>Further, minutes of the meeting of the Board of Governors (BOG), held on 29 June, 2017, indicates that there was a claim for compensation by the (10) ten members of the community that was rejected by the County Land Management Board. Management did not provide an explanation on the status of the ten (10) acres that were donated by the Community.</p> <p>In the circumstances, the accuracy, completeness, valuation and ownership of the land balance of KShs. 10,000,000 could not be confirmed.</p>	<p>the county government to help us fast-track the process.</p>		
	<p>3.2 Overstatement of Computers Balance</p> <p>Further, the property, plant and equipment balance of KShs. 418,173,383 includes an amount of KShs. 4,186,222 in respect of computers. The latter amount further includes a balance of KShs. 1,282,500 in relation to the value of nineteen (19) computers that were reportedly stolen from the Institute's store in April, 2021. However, there was no evidence that the matter was reported to the police for investigations.</p>	<p>Well noted</p> <p>We have amended the FS by removing the cost of lost computers. The management reported the incident to the police and we have attached a report on the same.</p>	<p>Resolved</p>	<p>6 months</p>

KEROKA TECHNICAL TRAINING INSTITUTE
Annual Report And Financial Statements For The Year Ended 30th June 2023

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	In the circumstances, the KShs. 4,282,500 could not be accuracy and completeness of computers balance of confirmed.			
	<p>3.3 Understatement of Additions to Furniture and Fittings</p> <p>In addition, the property, plant and equipment balance includes an amount of KShs. 5,602,926 in respect of furniture and fittings which further includes a balance of KShs. 269,117 in respect of additions to furniture. The addition costs include the labour costs of furniture that were fabricated within the Institute by hired labour. However, the cost of materials used to make the furniture was excluded and therefore the amount of KShs. 5,602,926 may have been understated.</p> <p>In the circumstances, the accuracy of the furniture and fittings balance of KShs. 5,602,926 could not be confirmed.</p> <p>The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Keroka Technical Training Institute Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.</p>	<p>Well noted.</p> <p>We have considered the cost of materials by amending the FS to reflect the same.</p>	Resolved	3 months

KEROKA TECHNICAL TRAINING INSTITUTE

Annual Report And Financial Statements For The Year Ended 30th June 2023

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	<p>Other Matter Budgetary Control and Performance The statement of comparison of budget and actual amounts reflects budgeted revenue and actual revenue on comparable basis amounts of KShs. 263,616,445 and KShs. 172,619,945, resulting to under-collection of revenue of KShs. 90,996,500 or 40% of the budget. Similarly, the statement reflects budgeted expenditure and actual on comparable basis amounts of KShs. 263,616,445 and KShs. 192,431,301 respectively, resulting to under-expenditure of KShs. 71,185,144 or 36% of the budget. The under-collection of revenue and the under-expenditure affected the Institute's planned activities and may have impacted negatively on service delivery to the various stakeholders.</p>	<p>Noted, the management has put in place the measures to ensure budgetary controls has been actualized and realistic budgets are prepared</p>	Resolved	12 months
2	<p>Unresolved Prior Year Audit Matters The audit report for the previous year included various audit issues which remained unresolved as at 30 June, 2022. Although Management has disclosed that some of the issues were resolved under the Appendix to the financial statements (progress on follow up of auditor recommendations), no evidence was provided to show how the issues were resolved.</p>	<p>Noted, the management was in the position to provide evidences for resolved audit issues for the previous years.</p>	Resolved	6 months
	<p>Non-compliance with the Law on Ethnic Diversity in Employment During the year under review, the total number of employees in the Institute was fifty-two (52) out of which forty-six (46) staff or 88% were from the same ethnic</p>	<p>Noted, the management has initiated the process going forward of embracing staff ethnic.</p>	Not resolved	12 months

KEROKA TECHNICAL TRAINING INSTITUTE

Annual Report And Financial Statements For The Year Ended 30th June 2023

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>community. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008, which requires all public establishments to seek to represent the diversity of the people of Kenya in the employment of staff and that no public establishment should have more than one third of its staff from the same ethnic community.</p> <p>In the circumstances, the management was in breach of the law.</p> <p>The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with the requirements, 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.</p>			
1	<p>Lack of Debtors Policy</p> <p>The statement of financial position reflects receivables from exchange transactions balance of KShs. 47,482,155 which represent student fee arrears as disclosed under Note 18 to the financial statements. However, during the year under review, the institute operated without a debtor's policy. As a result, debtors collection periods were not clear and there was no provision for bad and doubtful debts.</p>	<p>Noted, the management has initiated the process of coming up with a debt collection policy.</p>	<p>Not resolved</p>	<p>12 months</p>

KEROKA TECHNICAL TRAINING INSTITUTE
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	In the circumstances, the effectiveness of internal controls and risk management over debtors could not be confirmed.			
2	<p>Lack of Information Technology Policy and Data Recovery Strategy</p> <p>During the year under review, the institute operated without a Data Recovery Strategy or Information Technology Policy. There were no measures in place to mitigate against risks related to data. The institute was therefore exposed to threats in terms of loss of strategic data and information regarding its operations, exposure to cyber-attacks, poor response to fire outbreaks and unsafe storage of information technology resources. In the circumstances, the security and integrity of the institute's information database could not be confirmed. The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standard requires that I plan and perform the audit to obtain assurance about whether 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.</p>	Noted, the management has initiated the process of coming up with an information technology policy and data recovery and it is in its draft stages.	Not resolved	12 months

Principal **Haron Maosa**
 Sign
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