

REPUBLIC OF KENYA



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DATE: 28 FEB 2023 DAY: TUESDAY

REPORT Leader of the Majority Party (LOM)

BY: Irzofu Mwale

CLERK OF THE ASSEMBLY

OF

THE AUDITOR-GENERAL

ON

SIAYA INSTITUTE OF TECHNOLOGY

**FOR THE YEAR ENDED
30 JUNE, 2021**



International Public Sector Accounting Standards (IPSAS)
Annual Financial Reporting Template for

**TECHNICAL AND VOCATIONAL EDUCATION TRAINING
(TVET)**

SIAYA INSTITUTE OF TECHNOLOGY

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30TH JUNE 2021**

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

TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
SIAYA INSTITUTE OF TECHNOLOGY
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I. KEY SIT INFORMATION AND MANAGEMENT

(a) Background information

Siaya Institute of Technology (SIT) is a Government Institution under the Ministry of Education, Established under TVET Act 2013 No. 9 of the 14th January 2013. It is situated in Siaya town, along the Siaya-Ugunja Road on a 40-acre piece of land, just after the Siaya County Referral Hospital. It was established in 1987 by the District Development Committee (DDC) Siaya, as a community initiative, to train students in Masonry, Plumbing, and Agriculture and Business courses.

Over the years, the Institute has had to invest in infrastructural development to meet the demands of an ever- increasing student population, rapid technological advancement and changes in TVET subsector reforms and market trends. Some of the recent developments include acquisition of construction of more classrooms, a library/administration block complex and equipping the Information Communication Technology (ICT) laboratory. The Institute has also acquired state of the art equipment for Building and Civil Engineering and for Applied Sciences Workshops and Laboratories respectively.

The Institute is staffed by the Public Service Commission (PSC) and is currently headed by a Principal assisted by two Deputy Principals. Admissions, Registration and Assessments of Trainees are coordinated by the Registrar's office. The office of the Dean of Students deals with students' welfare, catering and accommodation issues.

There is very close collaboration of the Institute with the Ministry of Education State Department of Vocational and Technical Training and the Regulator Technical and Vocational Education and Training Authority (TVETA), Kenya National Audit Office (KENAO) to standards and quality of training as well as management and governance.

Currently there are nine Academic Departments offering various courses at Artisan, Craft certificate, Diploma and Higher Diploma levels which are examined by Kenya National Examinations Council (KNEC), Kenya Accountants and Secretaries National Examination Board (KASNEB) and Curriculum Development Accreditation and Certification Council (CDACC). It also enjoys partnership with professional bodies like Institute of Certified Public Accountants of Kenya (ICPAK) and Kenya Nutritionists and Dieticians Institute (KNDI).

Other non-academic departments such as ICT Services, Performance Contracting, Guidance and Counselling and Co-curricular Activities contribute and are embedded in a Quality Assurance and Performance Management system to ensure that SIT trainees acquire the requisites skills, attitudes and values with competencies to produce an all rounded individual.

As an Institute of Technology, the programs offered have a significant impact in contributing to Kenya's Big Four Agenda of Affordable Housing, Manufacturing, Food Security, and Universal Healthcare all anchored in Vision 2030 and the Sustainable Development Goals (SDG).

The ultimate goal of SIT is to admit and produce competent graduates who meet global industry and market standards. SIT will endeavor to re-engineer and remain relevant in the TVET sector.

(b) Principal Activities

The principal activity/mission/ mandate of the Siaya Institute of Technology is to

- Impart skills to Trainees
- Promote and carryout research relating to its mandate
- Promote recognition of cultural values through hosting culture week

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(c) Key Management

The *Siaya Institute of Technology* day-to-day management is under the following key organs:

1. Board of Governors
2. Accounting Officer
3. Deputy Principal-Administration, Planning and Development
4. Deputy Principal-Academic and Student Affairs
5. Registrar-Admin
6. Registrar-Academics
7. Dean of Students
8. Finance Officer
9. Supply Chain Officer
10. Internal Auditor

(d) Fiduciary Management

The key management personnel who held office during the financial period ended 30th June 2021 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	Daniel O.Randa
2.	Deputy Principal – Administration, Planning and Development	Daniel Omondi
3.	Deputy Principal – Academic and Student Affairs	Coletta Omondi
4.	Registrar-Admin	Barrack Orem
5.	Registrar- Academics	Harrison Okello
6.	Head of Finance	Joseph Ochieng
7.	Accountant	Winnie Ojwang
8.	Head of Procurement	Mary Okoth
9.	Dean of Student	Hellen Okoth
10.	Internal Auditor	Ezekiel Odongo

(e) Fiduciary Oversight Arrangements

Fiduciary oversight arrangements for Audit Risk Committee.

The Audit Committee is to ensure confidence in the integrity of an organization’s internal processes and procedures by holding quarterly meetings to discuss and provide an advisory and independent oversight mechanism over:

- i) Accounting and Financial reporting
- ii) Internal and external Audit processes
- iii) Risk Management and Internal Controls
- iv) Compliance with applicable Laws, Regulations, Ethical standards and Principles.

The Audit Committee periodically re-assess the list of top risks in the Institution by fostering and promoting a more effective and efficient Audit process by providing independent review of internal Audit Annual work plan and reports.

The Audit Committee quarterly provides a depth of knowledge that assists Management discharge its responsibilities in the most effective and efficient manner. The Audit Risk Committee periodically provides a “no surprises” environment in an SIT, particularly with regard to the prompt identification of Risks and threats to the SIT.

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Finance and Operation Committee Activities.

In the FY 2020/2021, Siaya Institute of Technology had the above committee in place whose responsibilities included overseeing the Human Resource activities, infrastructure development, administrative issues of the fiduciary management, mobilising funds through the budget process, monitoring the budget execution and partnering with development partners for reporting purposes. The committee also ensures compliance with regulatory and statutory obligations in terms of Administrative and financial reports.

Education, Research and Training Committee Activities

In the FY 2020/2021, Siaya Institute of Technology had the above committee charged the responsibility of ensuring advancement of trainer's in order to uphold higher standards of integrity, fairness, ethical and professionalism in their day to day activities in delivering institutions core mandate.

Development Partner Oversight Activities

It is the responsibility of the Ministry of Transport, Infrastructure, Housing and Urban Development State Department for Public Works to ensure that builders work are carried out as per the client's standards, specification, correct materials, workmanship and schedules. Ascertaining that builder's works conform to the relevant project drawings and design. They also ensure that project designs and implementation comply with all legal and regulatory obligations. To prepare interim certificates of payments based on the works already done.

Other oversight activities

Siaya Institute of Technology collaborated with Institution of Engineering Technologists and Technicians to promote the advancement of registered trainers in order to uphold highest standards of honesty, integrity, impartiality, fairness, ethical conduct and professionalism in their day to day activities.

This collaboration led to the enhancement of professional development among IET registered members.

Siaya Institute of Technology also collaborated with TVETA on accreditation of training programmes and courses before being offered to trainees. Siaya Institute of Technology also worked closely with TVETA on matters registration and licensing of trainers including quality assurance, relevance and standards in programmes offered for training

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KEY SIT INFORMATION AND MANAGEMENT (Continued)

(f) SIT Headquarters

Siaya Institute of Technology
P.O. Box 1087-40600
Along Siaya – Rangala Road
Siaya, Kenya

(g) Siaya Institute Contacts

Telephone: 0703 564 522
E-mail: info@siayainstitute.ac.ke, siaya.institute@yahoo.com,
Website: www.siayainstitute.ac.ke

(h) Institute Bankers

1. Kenya Commercial Bank
P.O. Box 52
Siaya, Kenya
Account numbers
110 490 8875, 110 685 7135, 113 306 6399 and 125 564 3730.

2. Cooperative Bank of Kenya
P.o Box 847 – 40600
Siaya Branch
Account number 0112 0255 255

(i) Independent Auditors



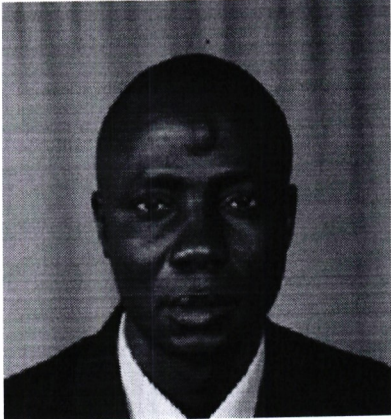
The Auditor General
Kenya National Audit Office Anniversary
Towers,
University Way
P.O BOX 30084-00100 G.P.O
Nairobi, Kenya

(j) Principal Legal Adviser



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

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II. THE BOARD OF GOVERNORS

No	Name, Passport size photo and key professional/academic qualifications	Details
1.	 Mr Moses Kawa BOG Chairman Master of Education (M. Ed)	<p>A wealth of experience as a Secondary School Teacher, Teacher Educator and Educational institution administrator and manager as Principal of a TVET Institution and Deputy Director (CEMASTE). Experience in related roles of Examiner, Guidance and Counselling, Quality Management Systems, as well as mentoring, among others.</p>
2.	 Mr Daniel O.Randa BOG Secretary MSC Agribusiness Management	<p>Has a wealth of experience as a secondary school teacher from 1991-2003 Mr Randa has also been a lecturer in TVET institution from 2004-2014 and has also served as a deputy principal from 2014-2016. He has since been serving in Principal position in TVET institution from 2017 to date.</p> <p>Has also served in the following position that is P.R.O KETTISO National for 12 years, 1st vice chairman KATTI S.R National, chairman KATTI, Western Region Chapter.</p> <p>He has also been trainer for SNE TVET from 2013-2020</p>
3.	 Mr Gordon Nguka BOG Member A doctorate in medical dietetics and paediatric psychology.	<p>Currently working as ahead of department of nutrition sciences at Masinde Muliro University, has a wealth of experience in sphere of nutrition, metabolic diseases and nutrition education.</p> <p>Has also authored several books on the roles of social, economic and demographic factors on childhood malnutrition among others.</p>



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<p>4.</p>	 <p>Mr Stephen Pangla BOG Member Bachelor of Education -Diploma in Education</p>	<p>Secondary School Head of Department Humanities, Guidance & Counselling Teacher, Secondary School Deputy Principal, Principal in a number of secondary Schools and Representative of the Governor to the board</p>
<p>5.</p>	 <p>Ms Susan M. Kilonzo BOG Member An Associate Professor of Sociology of Religion at Maseno University, Kenya</p>	<p>She has professional development training in policy engaged research, political economy analysis, peace & conflict studies, and research methodology, fields that she has widely trained, researched and published on. She has a wealth of experience in advanced research methodology and has tailored training modules and trained for Partnership for African Social Governance Research (PASGR)-Kenya, Association of Commonwealth Universities (ACU)-UK, and IMPACT-USA. Susan has held research fellowship positions at The Open University, UK; New Europe College, Bucharest; and University for Peace (UPEACE)- Costa Rica, among others. Susan has over seventy (70) academic publications - journal articles, book chapters, books and research reports. The latest publications appear <i>The Palgrave Handbook of African Women's Studies</i>, Palgrave Macmillan 2021; <i>Journal of the British Academy</i>, 9(s2)2021; <i>International Bulletin of Mission Research (IBMR)</i>, 2021; <i>Journal of Social Encounters</i>, 4(1), 2020; among others. She is a member of different professional bodies and journal editorial boards. Email address: mbusupa@gmail.com</p>

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<p>6.</p>	 <p>Ms Judith A Shibu BOG Member MBA Accounting, BBM Accounting CPA(K) Diploma in Education</p>	<p>Has a wealth of experience in internal audit, has worked in the accounts department as a finance manager, book keeper and preparation of final accounts. Has also worked as a board member in various institutions.</p>
<p>7.</p>	 <p>Mr Joel Odhiambo BOG Member Bachelor of Science in Surveying & Photogrammetry</p>	<p>A Licensed Land Surveyor by profession. Has over 30 years' experience in the field having graduated from University of Nairobi in 1988, and worked with the government for 20years before joining the private sector. Currently a Consultant Land Surveyor in private practice, with a wealth of experience in surveying, mapping, GIS and GPS positioning. Served as Consultant Surveyor in the Rwandan Land Tenure Regularization Program (2010- 2012). Was previously employed as a Land Surveyor in the Kenya Ministry of Lands, Kenya and rose through the ranks to the office of Assistant Director of Surveys. Mr. Odhiambo has served as a member of the Sites and Camps Committee of the Kenya Scouts Association. Is currently a member of the Land Surveyors Board, and Board of Management (BoM) of one High School? He is a full member of the Institution of Surveyors of Kenya (MISK), and he plays an active role in his local Church groups.</p>

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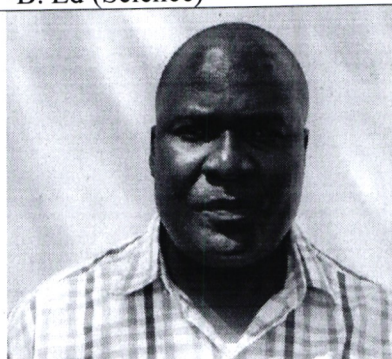

<p>8.</p>	 <p>Caroline kosgei BOG Member Master's in Business Administration Bachelor of Engineering in electrical and telecommunication</p>	<p>A registered graduate member with institute of engineers of Kenya and graduate engineer with engineers board of Kenya Currently working for Kenya Power and lightening co. as assistant engineer in charge of customer service and operations and maintenance in feeder business unit in Kisumu county.</p> <p>Has a wealth of experience in project management, ICT and IT end user support, management of telecommunications and information systems, data network and customer service excellence experience and operations and maintenance</p>
<p>9.</p>	 <p>Joan Neto BOG Member Bachelor degree in Law, post graduate diploma from Kenya School Law. Trained as a mediator by Adeline Christian university and Dancun centre for conflict resolutions and Certificate in supervisory skills development.</p>	<p>Has a wealth of practical legal experience of over ten years as an advocate based in Kisumu town. Has carried out civic Education training and consultancy services for various legal entities including FIDA Kenya, K-met Mago polytechnic, Kisumu polytechnic and trainer of trainers with various NGOs. A trained mediator accredited by the judiciary and is currently the deputy chairperson of the Law Society of Kenya Kisumu chapter as well as head of ethics and complaints committee. Is a current board at Mago foundation, Blue cross Kisumu and the chairperson Vipaji for hope CBO based organization in Kisumu. Has also engaged as a consultant to train paralegals under auspices of Kenya community paralegal association.</p>

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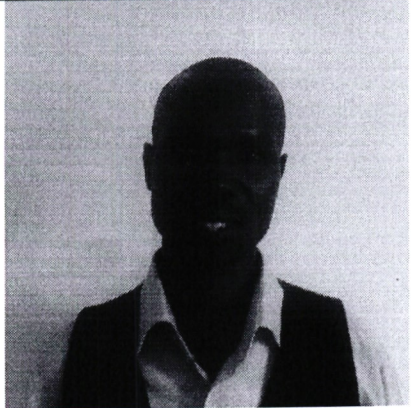
III. MANAGEMENT TEAM

No.	Member/ Director	Details
1.	Insert each key manager's/Principal passport-size photo and name, and key profession/academic qualifications	Indicate the main area of responsibility – without details
2.	 Daniel O. Randa MSC Agribusiness Management	Principal Provides innovative and visionary leadership, creates and sustains highly motivated, participatory management team, coordinates the implementation of the board of governor's strategies, promotes academic excellence and efficient administrative and governance practices, maintains public relations as well as linkages among others.
3.	 Mr. Daniel Omondi MBA – Logistics and Supply Chain Management BBA – Accounting Diploma in Technical Education Business studies	Deputy Principal-Administration, Planning & Development.
4.	 Colleta Omondi B.Sc in Agricultural Education and extension	Deputy Principal – Academic and Student Affairs.


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5.	 Harrison Okello Masters in IT -B. Ed (Science)	Registrar - In charge of Academic and Students Affairs
6.	 Barrack Orem Higher Diploma in Entrepreneurship (Development) -Dip. in Technical Education (Building and Civil Eng. Education)	Registrar -In charge of Administration, Planning and Development
7.	 Hellen Okoth Bachelor of Home Science	Dean -in charge of students welfare, calendar of events, sports, guidance & counselling and catering services

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8.	 Joseph Ochieng B Com(Finance) and CPA	Finance Officer in charge of all accounting duties
9.	 Winnie Ojwang B Com(Finance) and CPA [K]	Accountant in charge of preparation of books of Accounts
10.	 Ezekiel Odongo B. Comm(Finance), CPA(K), CIFA and Diploma in Business Management	Internal Auditor – In charge of Internal Controls

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11.	 <p>Mary Okoth Bachelor in Procurement and Contract Management</p>	Supply Chain Officer in charge of all procurement duties.
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IV. CHAIRMAN'S STATEMENT

Siaya Institute of Technology is mandated to provide Artisan, Craft Certificate, Diploma and Higher Diploma courses in various programs.

The Institute mainly produces middle level human resources that are well equipped with technical and business skills required in industry, infrastructure and service sectors.

The Board of Governors comprises of members including the Principal and the county Director TVET, who is the representative of the Permanent Secretary in the Board. The main function of the Board is to give direction/Oversee the management activities in the institution.

The Board is made up of 3 sub committees that is Administration, Finance and Infrastructure committee, Education Research and Training Committee and audit committee of the board.

The Institute conducted interviews for trainers through PSC and the successful ones have already reported on duty.

The Institute had planned to offer extension services to the community in trying to achieve Corporate Social Responsibility but this faulted due to changes caused by Covid-19 Pandemic.

• **Budget Allocation**

In the financial year 2020/2021, Siaya Institute of Technology had a gross budget of Kshs. 364,962,980.00 of which Kshs. 232,990,340.00 was for recurrent vote and Kshs. 131,972,640.00 for development vote.

• **Key Achievements**

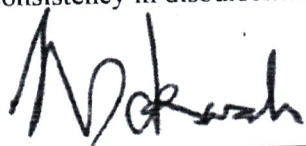
- Human Resource capacity enhancement by sponsoring staff and management for various upgrading and on job training programmes.
- Construction of the open modern kitchen to 75% level of completion.
- Construction of 2 no. steel classroom from internally generated funds up to 65% level of completion.
- Successful ISO 9001-2015 first surveillance Audit.
- Compliance with TVET Act 2013 and other statutory and regulatory requirements.
- Laying of gabbro's and sabs along the main internal walk and run ways in the compound.
- Creation of new office space spaces to house the registrar administration and office of the officer in charge of carrier services
- Construction of the new main gate up 65% level of completion.
- Phase (ii) painting and tilling of classrooms, offices and workshops.
- Renovation and expansion of existing ablution blocks for staff and students
- Developed the finance, procurement and waste management policies.
- Construction of 12NO Annex, remodelling of Grace Ogot Hostel, renovation and expansion of dining hall.
- Introduction of Fashion, design and beauty therapy course alongside acquisition of related training equipments
- Training of the local community of early maturing crops
- Construction of boda boda shade as part of social corporate responsibility

• **Challenges**

In the financial year 2020/2021, Siaya Institute of Technology faced the following challenges:-

- Lack of funding from the ministry as no operational grant was received against a budget of kshs 20,000,000.00 as well as grants for the ongoing construction of the proposed Administration/Library Complex which had a budget of kshs 24,000,000.00 for the period under review.
- The hard effects of corona virus experienced in several sectors including Education sector.
- Inadequate resources to efficiently handle the procedures for back to college protocols.
- Shortage of classrooms for training as a result of the need to keep safe distance by trainees.
- Acute shortage of equipment for training in Technical departments
- Inconsistency in disbursement of capitation funds interms of numbers of beneficiaries

Sign: _____



Date: _____

16/9/2022

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V. REPORT OF THE PRINCIPAL

Siaya Institute of Technology is a training Institute charged with the mandate to offer courses at Artisan, Craft Certificate, Diploma and Higher Diploma levels in various disciplines.

Since its inception in 1987, Siaya Institute of Technology has made several milestones despite a number of challenges attributed to lack of enough trainers, training facilities, equipment and enhanced funding from the Government of Kenya for infrastructural development.

The milestones include: -

- Construction of additional classrooms although not adequate to address the current need, successful ISO9001-2015 surveillance audit, Human Resource capacity building for management and technical staff, Construction of the modern open kitchen to 75% level of completion, Main gate to 65% Completion level, phase (II) paint works of offices, classrooms and workshops, Renovation and expansion of facilities to improve work environment.
- The Institute introduced fashion and beauty therapy course as a way of broadening the scope of programs offered and access to training. This called for immediate acquisition of training equipment for the department. In relation to corporate social responsibility, the Institute trained local farmers on early maturity crops and methods of modern farming alongside a construction of a boda-boda shed along the road leading to the current entrance to the Institute.
- In the course of implementing the planned activities and projects as per the approved strategic plan, the Institute encountered a number of challenges which to some extent hindered full realisation of the intended end results. These included financial shortfalls as a result of non-disbursement of G.o.K development grants for the already commenced projects, the effects of Covid 19/corona virus experienced during the year under review and late disbursement of quarterly capitation funds with the 4th quarterly hitting the account on 30th June 2021. The Institute was expecting to receive Kshs 16,582,500.00 being the 4th quarter capitation funds for the 2019/2020FY during the year under review although no communication has since been received concerning the same.
- The 2020/2021FY budget provided for kshs 24,000,000.00 and kshs 100,000,000.00 for the ongoing construction of the proposed Admin/Library Complex and the proposed Engineering Workshop Complex respectively. No funding for the said projects came during the year under review as well as the proposed operational grant of kshs 20,000,000.00 which we later learnt that comes in form of capitation funds. Funds for 275 NYS sponsored students were received to the tune of kshs 30,112,500.00 for the year under review. A total of kshs 21,887,600.00 was received from HELB for 2020/2021FY of which kshs 79,200.00 had been refunded back to Helb for re-routing to other Institutions since the beneficiaries were not bonafide students of Siaya Institute of Technology.

Sign: _____



Date: _____

16/9/2022

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VI. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

6. REVIEW OF SIAYA INSTITUTE OF TECHNOLOGY'S PERFORMANCE FOR 2020/2021

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the National Government SIT's performance against predetermined objectives. Siaya Institute of Technology has 4 strategic pillars and objectives within the current strategic plan for the FY 2019-2024. These strategic pillars are as follows;

Pillar 1: Quality training for sustainable development

Pillar 2: Resource Mobilization and financial sustainability

Pillar 3: Research, Innovation and Technology

Pillar 4: Corporate Governance, Partnership and Linkages for effective service delivery.

Siaya Institute of Technology develops its annual work plans based on the above 4 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Siaya Institute of Technology achieved its performance targets set for the FY 2020/2021 period for its 4 strategic pillars, as indicated in the diagram below;

REVIEW OF SIAYA INSTITUTE OF TECHNOLOGY PERFORMANCE FOR FY 2020/2021

Strategic Pillar	Objective	Key Performance Indicator	Activities	Achievements
Pillar I: Quality training for sustainable development	To offer accessible, equitable, quality and relevant technical Training	<ul style="list-style-type: none"> Number of market driven courses Number of capacity-built trainers Strengthened private-public partnership Affordable training 	<ul style="list-style-type: none"> Launch market driven courses Strengthen private-public partnership Sensitize students on opportunities for student financing 	<ul style="list-style-type: none"> Increased enrolment Increased access to training through Helb and Government capitation
Pillar II: Resource mobilization and financial sustainability	To achieve financial sustainability for SIT to carry out its mandate and function	<ul style="list-style-type: none"> Number of staff sensitized Number of production units commercialized Risk and disaster policy 	<ul style="list-style-type: none"> Sensitize staff on financial management Commercialize and generate revenue from production unit Enhanced risk and disaster preparedness 	<ul style="list-style-type: none"> Improved financial management Developed financial management policy Developed risk and disaster policy
Pillar III: Research, Innovation and Technology	To continuously improve research and innovation capacities	<ul style="list-style-type: none"> Number of research publications Number of innovations 	<ul style="list-style-type: none"> Develop capacities for SIT staff and trainees in research methodology. Engagement in strategic research partnership 	<ul style="list-style-type: none"> Improved innovations Enhanced community entrepreneurial partnerships Improved research
Pillar IV: Corporate Governance, Partnerships and Linkages for Effective Service Delivery	To ensure Compliance, Collaboration, Linkages and Partnership and best practices in Corporate Governance,	<ul style="list-style-type: none"> Improved corporate governance and quality management system Number of benchmarks conducted Departmental policies and procedures 	<ul style="list-style-type: none"> Development and operationalization of corporate governance Strengthen linkages with development partners Develop infrastructure for ICT 	<ul style="list-style-type: none"> Improved governance and accountability Strengthened linkages with development partners ICT compliant institution Number of departmental policies developed/reviewed

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			<ul style="list-style-type: none"> Develop, review and implement departmental policies and procedures 	
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Pillar 1: Quality training for sustainable development

- Siaya institute of technology has realized an increase in enrolment from 2337 in the FY 2019/2020 to 2600 trainees in FY 2020/2021. This has been realized through the use of social media in popularizing training programmes (Ref C8: Increase in enrolment, in Performance Contract for FY 2020/2021)
- Siaya Institute of Technology has realized an increase in enrolment in Science, Engineering and Technology from 1505 in the FY 2019/2020 to 1600 in the FY 2020/2021. This has been realized through marketing in the mainstream churches in the talk on career opportunities. (Ref C9: increase in enrolment in Science, Engineering & Technology, in Performance Contract for FY 2020/2021)

Pillar 2: Resource mobilization and financial sustainability

- Siaya Institute of Technology has realizes and increase in revenue collection from 113,733,500.00 in the FY 2019/2020 to 61,716,850.00 in the FY 2020/2021. This has been realized due to the increase in enrolment outlined in Pillar 1. (Ref A2: A-in-A in the Performance Contract for FY 2020/2021)

Pillar 3: Research, Innovation and Technology

- Siaya Institute of Technology undertook the following activities;
 - Organized departmental research competition
 - Selected the best innovations for showcasing at the institution's website
 (Ref C10: Research and Development, in the Performance Contract for FY 2020/2021)

Pillar 4: Corporate Governance, Partnerships and Linkages for Effective Service Delivery

- Siaya Institute of Technology has developed several policies to guide in the realization of quality training. These policies include;
 - Disability mainstreaming policy
 - Intellectual Property Rights policy
 - ADA workplace prevention policy

(Ref Performance Contract for FY 2020/2021)

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VII. CORPORATE GOVERNANCE STATEMENT

- Siaya Institute of Technology, Board of Governors is accountable to the stakeholders and to the government of Kenya for the board's performance and governance.
- The Board has a guide clearly establishing the relationship between the Board and the management.
- The primary role of the Board is to provide the overall oversight on the management team. Currently, the Board has established three committees to give detailed consideration to policy matters and key issues in respect of corporate management.
- The Board meets on quarterly and has the formal schedule to that effect. In the year under review, the board comprised of ten members with six nominated on the basis of their knowledge and experiences.
- Other than the scheduled meetings there are a number of special meetings that were convened as included in the table below:

1. AFI BOG COMMITTEE MEETING	8
2. ERT BOG COMMITTEE MEETING	4
3. ARC BOG COMMITTEE MEETING	2
4. FULL BOG MEETING	8
5. SPECIAL BOG MEETINGS	5

- The said meetings were held as per the BOG meeting attendance register vol. 1 for specific dates.

Process of Appointment.

The requirement of the Board of Governors is done by a panel comprising of the following officers.

- Regional TVET Director(chairman)
- The Principal/BoG Secretary
- County Commissioner
- Member of Parliament representative

The composition is spelt out in the nomination procedure to comprise of,

- (i) The chairman
- (ii) Representative of the Permanent Secretary for Vocational and Technical Training (Not selected by the panel).
- (iii) Representative of the County Governor (Not selected by the panel).
- (iv) Six persons nominated on the basis of knowledge and experience in,
 - Leadership and management
 - Financial management
 - Technology
 - Industry
 - Engineering
 - ICT

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N/B: 3 Persons nominated for each slot for the permanent secretary to select one and appoint for the said positions to perform effectively.

Removal of a Board Member

A member may be removed through the office of the Permanent Secretary in the following circumstances although non was removed in 2020/2021FY.

- a) One fails to attend BoG meetings without clear reasons for a period of time.
- b) When one travels abroad for a reason and that the role played by him/her shall remain unattended for a long period of time.
- c) When one is convicted in any form of crime.
- d) When one rejects the appointment as a board member.

Roles/Functions of the board

The mandate of the board of governors is to oversight fiduciary management in their day to day responsibilities through the following committees.

1) Audit and Risk Management Committee

Ensures full implementation of internal control, risk management compliance with statutory and regulatory requirements.

2) Administration, Finance and Infrastructure Committee

Oversees Human Resource issues, infrastructure development, Administrative functions, development partners and oversight activities.

3) Education, Research and Training Committee

Oversees the operations of the training in terms of professional development of trainees and collaborate with TVETA for accreditation of training programmes and courses.

Oversights in matters of quality assurance, relevance and standards in programs offered for training.

Induction and Training

In the FY 2020/2021, Siaya Institute of Technology had planned programs for inductions and training of the Board of Governors for purposes of enhancing their oversight roles in the various committees as follows,

9th -11th June 2021, capacity building workshop for Board of Governors and the fiduciary management on their roles and responsibilities and on 16th -19th June 2021, there was capacity building workshop for the Audit and Risk Management committee on their oversight roles and the expectations according to Article 229 of the constitution of Kenya and the Public Audit Act 2015.

Conflict of Interest

In the F/Y 2020/2021, Siaya Institute of Technology maintained conflict of interest register SIT/ADM/CIR/VOL.1 where before any meeting, members would declare interest if any for noting and appropriate action.

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Remuneration of the Board of Governors

In the F/Y 2020/2021, Siaya Institute of Technology provided for remuneration of BoG members under BoG costs.

Each board members basic allowance was subjected to 30% as required by law and submitted to the commissioner of income tax at appropriate time.

Ethics and conducts of the Board of Governors.

In the F/Y 2020/2021, all the board members ethics and conducts were above board as witnessed in the achievements in the chairman's report.

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VIII. MANAGEMENT DISCUSSION AND ANALYSIS

SIAYA INSTITUTE OF TECHNOLOGY OPERATIONAL AND FINANCIAL PERFORMANCE

Siaya Institute of Technology is National institution under the Ministry of Education Directorate of TVET. The institution was established by the government to foster its agencies in food production and extension of farm services. Over times the institution has been embracing government policies and strategies as stipulated in the parent ministries policy paper and strategies.

The G.O.K under vision 2030 has come up with vibrant strategies to achieve vision 2030 M.D. G's and achieve the Big 4 Agenda of the government. This government development strategy has been castigated to ministries, government agencies. The institution as a government agency has adopted the ministry policies and strategies as follows;

- The institution has developed a strategic plan incorporating the government agenda.
- The institute has numerous courses and training programmes that are industry driven and oriented.
- The institute has vibrantly marketed itself and increased the student population taking various courses to help industrialize Kenya.
- The institute has implemented the National Cohesion Policy in employment and administration.

In implementing the above strategies, the institute has experienced the following challenges.

- Inadequate funding to support the programmes.
- Inadequate skilled manpower to drive the strategies and policies
- Strain on limited resources that exist within its environment.
- Drugs and substance abuse by youths that form a larger population of the largest group.
- Negative attitude towards technical education

Opportunities

- Linkages with industries mounting industry driven courses
- Government policies strategies and commitments in sponsoring of trainees through KUCCPS and HELB
- A large population of high school leavers
- Development partner's willingness to support TVET sector.
- Employment opportunities in the private sector

FINANCIAL PERFORMANCE DURING THE PERIOD.

The institute was anticipating funds from the ministry for the ongoing construction of the proposed Admin/Library Complex to the tune of kshs 24,000,000.00 alongside the provision for the proposed construction of the Engineering Workshop to the tune of kshs 100,000,000.00 but no funds were received. This caused the delay in the completion of the first project and delayed commencement of the 2nd project. Capitation funds were not consistently disbursed to cater for all the validated students apart from the 1st quarter disbursement. Helb bursaries and loans were received in good time which boosted the absorption capacity for the planned activities and projects. Funds for NYS sponsored students equally came in good time and in totality.

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1. Statement of Financial performance

Total income for the period amounted to ksh.128,810,745.00, comprising of transfers from national Government of ksh.103,640,000.00, students' fees of kshs.24,779,300.00 and other incomes of kshs. 391,445.00. Expenses for the period amounted to kshs.124,284,383.00 and hence surplus of kshs.4,526,362.00.

2. Statement of Financial position.

Total current Assets amounted to kshs.49,490,237.00, this excluded receivables from Non exchange transactions of kshs.24,000,000.00 for the ongoing construction of the Administration /library complex which was not committed by the parent ministry. Noncurrent assets were kshs.348,612,113.00 and Total assets therefore kshs.398,102,350.00. Liabilities was kshs.10,270,154.00 and capital reserve fund of kshs.362,906,905.00

3. Statement of cash flow.

The total actual receipts were kshs.85,029,275.00 while actual expenses kshs.89,124,367.00 and hence net cash flow from operating activities of kshs.4,095,092.00 Negative). The net cash flow from investing activities was kshs.17,636,988.00, cash and cash equivalents of kshs.38,211,578.00 against the comparable same time last year of kshs.24,169,682.00 and hence increase in cash in hand of kshs.13,541,896 .00 in 2020/2021FY.

4. Statement of comparison of Budget and Actual Amounts for the period.

The original budget was kshs.364,962,980.00 and reviewed to 207,988,432.00 due to non-commitment and disbursement from the parent ministry in terms of capital and operational and as result achieved a performance difference of kshs.33,795,693.00. This was attributed to disbursements from the ministry on the very last day of the FY and hence non absorption of allocated funds 100%

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KEY PROJECTS/INVESTMENTS DECISION IMPLEMENTED OR ONGOING INCLUDED:

Which are aimed at improving service delivery in connection with its core mandate includes;

S/NO	PROJECT NAME	NAME OF CONTRACTOR	CONTRACT SUM	AMOUNT PAID	PROJECT COMPLETION RATE (%)	PROJECT FUNDING	REMARKS
01	Renovation of Dining Hall	Bajach Ltd	3,650,000.00	1,048,421.00	99	B.o.G	Dining hall was renovated to address imaging issues and an annex was constructed to provide more sitting space.
02	Renovation of Ablution Block	Denpa Laboratory Supplies	2,788,229.00	961,053.00	96	B.o.G	Renovation works was undertaken in the admin block and Jaramogi Oginga Hostel. The Ablution block in Grace Ogot block was renovated to serve both male and female students.
03	Fencing along Rangala Road, Farm and Play grounds	Smike International Construction	1,210,790.00	916,369.00	99	B.o.G	Main perimeter of SIT plot together with the firm and playground were fenced using concrete poles and chain link.
04	Completion of 12NO. Annex	Cool Base Enterprises and Hardware	3,947,989.00	2,096,843.00	100	B.o.G	A 3-floor annex was constructed beside the 12no. block to provide more office space for departments and HoDs
05	Renovation of Grace Ogot Hostel	Cool Base Enterprises and Hardware	2,235,469.00	1,397,894.00	100	B.o.G	This block was remodeled and renovated to accommodate 4no classroom as a measure to address shortage of classrooms.
06	Construction of Electrical installation workshop	Evalovely Investment Ltd	1,061,910.00	1,059,630.00	100	B.o.G	A new workshop was constructed behind the ESP block to be used for practical by certificate electrical trainees

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07	Renovation of Jaramogi Odinga Hostel	Kenjwa Enterprises Ltd	1,454,689.00	1,454,689.00	100	B.o.G	Renovation works included branding to receive ceiling finish floor tiling and painting of the entire block in order to improve habitation
08	Tiling of Classrooms, corridors and offices	Kenjwa Enterprises Ltd	703,494.00	00	100	B.o.G	This was done to facilitate sanitization of floors.
09	Re-painting of Classrooms	Kenjwa Enterprises Ltd	1,278,225.00	00	100	B.o.G	This was undertaken to improve appearance
10	Proposed Administration/Library Complex	Winam Contractors	77,338,714.00	28,137,610.00	48	G.o.K	The project commenced on 1st September 2018 and it comprised of 3 wing i.e wing A, B& C. currently the 2nd suspended floor for wing A and 1st suspended floor for wing B has been casted. Columns to support 1st suspended floor for wing B has been casted. Construction work have since been suspended due to non-disbursement of funds from M.O.E.
11	Renovation of Old Administration Block	Shevanna Enterprises	4,903,963.80	4,057,260.80	100	B.o.G	This block was remodeled and renovated to accommodate the offices of senior management, reception, conference room and washroom
12	Relocation of ICT lab	Infrasec	2,140,780.00	648,546.00	90	B.o.G	Four classrooms in the 12no block were renovated to accommodate four. Power and internet cabling works are still outstanding.
13	Repainting of classrooms and offices	Cool base enterprises and hardware	1,119,651.00	1,119,651.00	100	B.o.G	Paint works carried out as part of back to college strategies aimed at improving the cleanliness of the training environment.

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14	Laying of Gabro	Shevavna	960,000.00	960,000.00	100	Laying of Gabro Blocks was undertaken from the Gate all the way to administration block. Jaramogi Oginga Odinga Hostel, Dining Hall and was terminated at the Junction of elevated steel water tower
15	Painting and Tiling of Classrooms and Offices Phase II	Kenjwa Enterprises LTD	1,752,586.00	752,000.00	98	Painting and Tiling of Offices was undertaken in Block G that included Supply Chain Office, Nutrition and Dietetics Lab, Partly in IM Restaurant, Gate, Isolation Room, 2 No Classroom in Block E2(KCB Classrooms)
16	Construction of 3 No. Steel Classroom	Internal Labour	2,250,635.00	253,000.00	11	Steel Framework comprising of Steel columns, steel wall plate and steel traces were fabricated and fixed in position for 3 No. steel classrooms at a cost of Kshs. 253,000.00 Roof works, walling, fittings and finishes are still outstanding.
TOTAL				41,778,315.80		

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COMPLIANCE WITH STATUTORY REQUIREMENTS

The institute complied with all statutory requirements appertaining to the deduction and submissions, filling of quarterly reports and financial statements. There were no material arrears in statutory and other financial obligations except for the pending bills on interim certificate number 5 for the ongoing construction of the proposed Administration/Library complex of kshs 1,529,643.51 resulting from non-disbursement of funds for the said projects.

IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Siaya Institute of Technology exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, 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

Siaya institute of technology (SIT) exist to produce competent human resource for sustainable development. The mandate of SIT is derived from TVET act 2013 which include to offer and sustain innovate quality and technical training that will enhance industry opportunities and self-reliance for the institute graduates; continually monitor and review performance of the institute system for sustained improvement of service delivery and advanced knowledge and its practical applications through research innovation and outreach programs. It is what guides us to deliver our strategy, which is founded on four pillars; quality training for sustainable development, resource mobilisation and financial sustainability, research, innovation and technology, corporate governance, partnerships and linkages for effective service delivery, putting the customer first delivering relevant goods and services and improving operational excellence.

Below is a brief highlight of our achievement in each pillar

Strategic Pillar	Categories	Description/ Achievements	Failures
Pillar I: Quality training for sustainable development	Sustainability strategy and profile	Existence of The TVET Act 2013. In order to fulfill its mandate under TVET act, the Institute has implemented continual networking and linkages with national and county government to enhance accessibility and equity in training. The Institute subscribes to national and international organizations such as TVETA, KATTI, KNEC, CAPA, KASNEB, HELB, KUCCPS etc. these organizations provide opportunities of growth in science, technology, innovation and technical education in Kenya	
	Environmental performance	The NEMA Act 2015 provides that all learning institutions in Kenya are entitled to a healthy environment which they are required to safeguard and enhance.	Develop and operationalize Waste management policy

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		<ul style="list-style-type: none"> SIT has always installed and serviced fire extinguishers in <p>SIT received and installed fabricated dust bins in strategic places from County Government of Siaya to enhance to manage solid wastes</p>	
	Employee welfare	<p>Human Resource Policies and Procedures Manual for BOG staff, SIT has Gender mainstreaming and disability mainstreaming committees as per the guidelines issues by NCPWDs. SIT conduct annual Performance appraisal. A career progression guideline is in place for employees that determines and outlines the route to follow for career development, gaining a broader skill base. This helps enhance decision making and provide job satisfaction.</p> <p>In order to fulfill requirements of the (OSHA) Occupational Safety and health act of 2007, (OSHA). The Institute has a Health and Safety committee in place. Routine inspection by county health officials for compliance with their guidelines.</p>	Gender parity among the teaching staff is yet to be achieved
	Market place practices	<p>SIT has a Corruption Risk Mitigation Plan & Submit quarterly and annual performance reports to EACC. SIT adheres to Access to Government Procurement Opportunities and promotion of local content.</p>	
	Community engagement	<p>SIT network with the community by training of local farmers on production of early maturing food crops and train local artisans on low cost building technologies</p>	
Pillar II: Resource mobilization and financial sustainability	Sustainability strategy	<p>SIT will rely more on student fee collection that majorly depends on Government capitation, HELB and CDF. The institution has also initiated vibrant Production Union activities</p>	Resources are inadequate to achieve the various agreed strategic objectives as planned
Pillar III:	Sustainability strategy	<p>SIT has developed innovations for commercialization to the community</p>	

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Research, Innovation and Technology		SIT has developed an Intellectual Property Policy	
	Community engagement	Community have been invited to Annual open day in the institute to view the exhibits and also showcase their innovations	
Pillar IV: Corporate Governance, Partnerships and Linkages for Effective Service Delivery	Sustainability strategy	SIT has subscribed to several statutory and regulatory bodies which check on the standards of service delivery and has further established linkages with some of the industries and the community with which it interacts.	Strengthening existing roles with the industry, the community as well as collaboration with other academic institutions.

Environmental performance

Siaya Institute of Technology is a Research and Training institution is a responsible corporate citizen committed to the conservation of the environment, prevention of pollution, effective waste management, minimization of consumption of resources and overall environmental degradation in all its day to day operations.

We recognize environmental protection as one of the guiding principles and a key component of sound organizational performance. We are committed to providing quality services as we promote and embrace the principle of responsible stewardship of the natural environment. In compliance to this here is a report of our compliance.

Successes

The institution has been able to introduce the 3 R's in its day to day activities and decision making i.e. Reduce Waste, Reuse Resources, and Recycle Materials.

Siaya Institute has also organized tree planting days at the institution and communicated to the community that trees are important to the Siaya Institute environment.

Members of the Siaya Institute are always communicated to and encouraged to switch off all appliances and lights when not in use.

Shortcomings

In the course of implementation, the institution encountered several challenges which with standing did not hinder the implementation as such.

Finances: the institution did not had challenges with finances which hindered the full accomplishment of the environmental policy and had to stagger some of the activities.

That led to cutting of implementation **cost**, affected quality of consultants, led to lack of human resources, effect on the existing organizational structures etc.

Efforts on Bio Diversity

The institution has planted trees, maintained its land by conserving water, and avoided draining water bodies on the institutional compound by providing water channels, constructed fences and path ways to protect the institutional compound and other sensitive habitats from trampling and other disturbances.

Waste Management Policy

Siaya Institute of Technology has adopted the principles of the 'best practicable environmental option' in the delivery of its waste management services through waste pits and soak pits. The Institute will apply a 'waste hierarchical approach', to reduce waste pollution, reuse waste where possible, recycle and recover waste products in preference to the disposal of waste to landfill and other areas.

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Employee welfare

Recruitment Process

As outlined in the Siaya Institute of Technology Human Resource Policies and Procedures Manual for BOG staff, Section 2: 2.5(h) on gender and disability issues:

- The principles of affirmative action, gender and persons living with disability and national values will apply. The institute shall observe gender mainstreaming, balance on appointments, promotion and ensure that not more than two - thirds are of either gender.
- The Institute has established gender mainstreaming and disability mainstreaming committees as per the guidelines issues by the National Council for People With Disabilities.
- The Institute has a gender mainstreaming policy and a gender mainstreaming committee to advice on gender balance, so that men, women and people with disability as well as the youth are given an equal opportunity throughout the recruitment process as indicated in job advertisement.
- Stakeholders are also engaged through the County Government, the Community, potential employers and the Board of Governors.

Improving Skills, Managing Careers and Performance Management

Performance appraisal is a critical component of the management of performance of staff.

- Performance appraisal is an ongoing process throughout the performance period. Every employee is appraised by the immediate supervisor to review performance every year. The appraiser and appraisee set targets and evaluate during a discussion. Milestones over the review period are documented and maintained in the appraisee's personal file.
- The Institute has undertaken to continually train staff based on recommendations derived from performance appraisal reports which are periodically conducted.
- A career progression guideline is in place for employees that determines and outlines the route to follow for career development, gaining a broader skill base. This helps enhance decision making and provide job satisfaction.

Health and Safety

- In order to fulfil requirements of the (OSHA) Occupational Safety and health act of 2007, (OSHA). The Institute has a Health and Safety committee in place. Members are appointed and issued with appointment letters to perform the following functions:
 - (a) Assisting in fulfilling requirements in relation to policies, management systems and performance with respect to environmental health, safety and wellness matters.
 - (b) Ensuring compliance with food safety and product.
 - (c) Advising on legal and regulatory requirements.
- Food handlers undergo medical check-up and public health certification renewal every six months are also issued with protective gear to ensure their safety during work and the safety of food consumers.
- Routine inspection by county health officials for compliance with their guidelines.
- Fire extinguishers are installed at designated places for emergency in case of fire outbreak and firefighting drills for their quick response to prevent accidents.

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Market place practices-

The organization should outline its effort to:

Responsible competition practice

Explain how the organization ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors.

Responsible marketing and advertisement- outline efforts to maintain ethical marketing practices
Siaya institute of technology is involved in responsible marketing and advertisement by producing brochures which are freely distributed to the prospective clients. This is done during the institute's open forum, during visits to secondary school parent days and career talks. Public barazas have also been a fertile ground for the distribution of the brochures.

In the Year under review Siaya Institute of Technology, undertook the following to address responsible supply chain and supplier relations, established and maintained constant communications on available opportunities with the suppliers, provided for enough lead time for the orders made and ensured prompt payment for deliveries made.

The courses advertised on the brochures are all approved by TVETA and have qualified and competent trainees.

Radio and TV adverts are also used to reach the wider target market.

Our institution is charging the actual fees recommended by the ministry of education through the state department of vocational and technical education.

In the year under review Siaya Institute of Technology, undertook the following efforts to maintain ethical marketing practices by strict adherence to the code of ethics that is, honesty and integrity in the process of maintaining fair competition.

Corporate Social Responsibility / Community Engagements

Training of sixty (60) artisans in the manufacture of use of ISSB

In the FY2020/2021 the BoG committed to train sixty (60) artisans in the local community in the manufacture and use of interlocking stabilized soil blocks (ISSB) as alternative to fried/burnt clay bricks. The local building artisans and trainees who attended this training were empowered on how to use this technology that was transferred to them

Hosting International Women’s Day for Siaya County

Siaya Institute of Technology hosted the 2021 International Women’s Day for Siaya County which was organized by the State Department for Gender under the Ministry of Public Service and Gender.

The SIT HOD –Nutrition and Dietetics department together with both public and private sector actors mobilized women from all the six (6) sub- counties to attend the function.

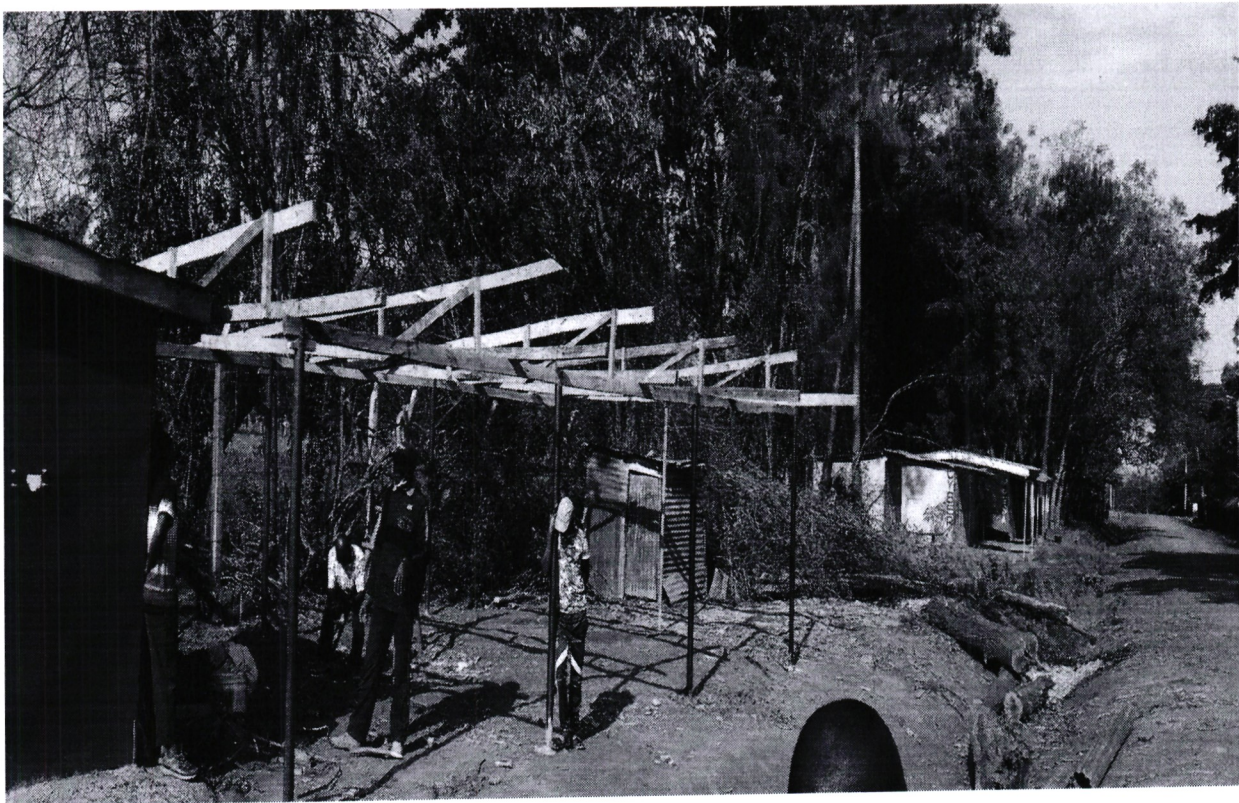
Attendees for this celebrations were facilitated on various opportunities and funding available for girl child and women empowerment.



Construction of Boda Boda Shed

In the FY 2020/2021 Siaya Institute of Technology the BoG committed and constructed a spacious Boda Boda shed for the boda boda operators stationed outside sit compound.

This was a strategy to recognize the contribution of the boda boda operators in the course of conducting their daily activities to Siaya Institute of Technology community.



**Training Of Local Farmers in Post-Harvest Loss Management in Sorghum
Production and Value Addition for Food Security.**

The Siaya Institute of Technology Department of Agriculture organized a one day training to 21 local farmers on the various crop husbandry practices mainly maize and sorghum and orange flesh sweet potatoes.

This training empowered local farmers on:

- Developing alternative processing and preservation methods to reduce post-harvest losses.
- Producing and branding enriched sorghum flour for infant meals and diabetic patients.

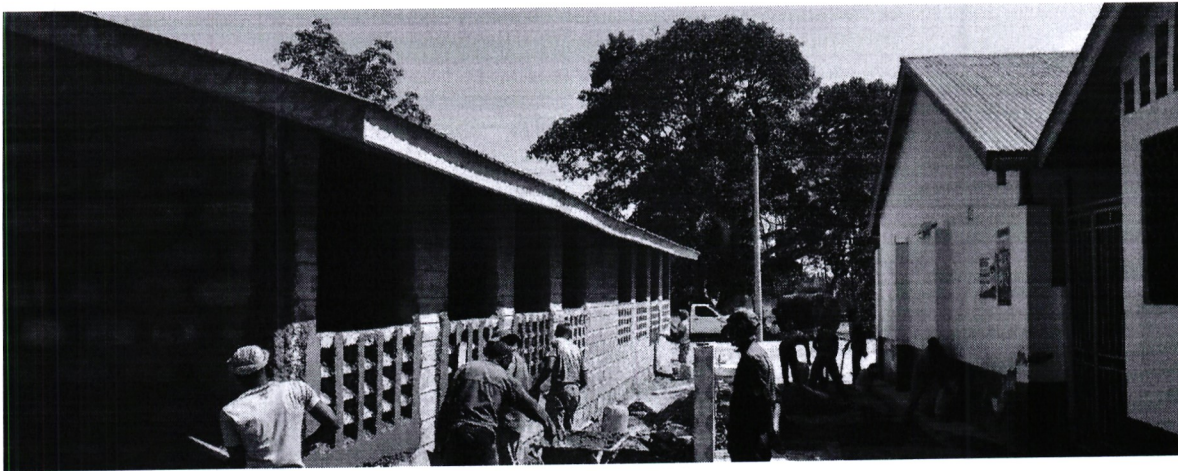
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Engagement of Local Youths in Internal Construction Projects

Siaya Institute of Technology engaged local youth and building department trainees as artisans and operatives in the following internal construction projects:

- Proposed New Main Gate Project
- Proposed Open Kitchen Project
- Proposed 2^{no} Classroom Project
- Laying Of Cabro Blocks On Drainage And Pathways
- Construction Of Boda Boda Shed

Both building students and local youths who were engaged in these projects were paid some honoraria



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Ongoing construction works of the proposed new gate at Siaya Institute of Technology

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X. REPORT OF THE BOARD OF GOVERNORS

The Board members submitted their report together with financial statements for the year ended June 30, 2021, which show the state of Siaya Institute of Technology affairs.

Principal activities

The principal activities or mandate of Siaya Institute of Technology are;

Impart skills to learners

Promote and carry out Research relating to its mandate

Promote Recognition of cultural values through hosting of open day

Results

The results of the SIT for the year ended June 30 2021 are set out on page 1 to 5 of the financial statements.

COUNCIL/BOARD OF GOVERNORS

The members of the Board /Council who served during the year are shown on page 7 to 10. During the year, Director Joseph sunguti went on transfer and Director Fanuel Onyango was appointed with effect from Feb 23rd,2021.

Auditors

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

By Order of the Board

Corporate Secretary

Nairobi

Date:.....

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FOR THE YEAR ENDED 30TH JUNE 2021**

XI. STATEMENT OF BOARD OF GOVERNORS RESPONSIBILITIES

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

The council members are responsible for the preparation and presentation of the *SIT*'s financial statements, which give a true and fair view of the state of affairs of the *SIT* for and as at the end of the financial year (period) ended on June 30, 2021. 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 *SIT*; (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 *SIT*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The council members accept responsibility for the *SIT*'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*) – *entities should quote applicable legislation as indicated under*). The council members are of the opinion that the *SIT*'s financial statements give a true and fair view of the state of *SIT*'s transactions during the financial year ended June 30, 2xxx, and of the *SIT*'s financial position as at that date. The council members further confirm the completeness of the accounting records maintained for the *SIT*, which have been relied upon in the preparation of the *SIT*'s financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the council members to indicate that the *SIT* 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 Siaya Institute of Technology financial statements were approved by the Board on 27th August, 2021 and signed on its behalf by:

Name: Mr. Moses O. Kawa

Name: Mr. Daniel O. Randa

Signature.....

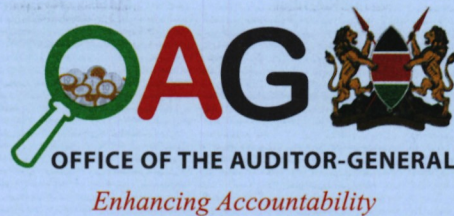
Signature.....

Chairperson of the Board

Principal

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON SIAYA INSTITUTE OF TECHNOLOGY FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Siaya Institute of Technology set out on pages 1 to 26, which comprise of the statement of financial position as at 30 June, 2021, 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 Siaya Institute of Technology as at 30 June, 2021, 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 Technical and Vocational Education Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0 Inaccuracies in the Financial Statements

1.1 Statement of Financial Performance

The statement of financial performance reflects comparative transfers from National Government and fees from students of Kshs.62,898,862 and Kshs.89,291,398 respectively. The amounts differ from those reported in the previous year of Kshs.5,442,500 and Kshs.100,054,455 respectively, resulting to an unreconciled variance of Kshs.57,456,362 and Kshs.10,763,057. Further, the statement reflects a nil balance in respect of impairment of property, plant and equipment while Note 20 reflects an amount of Kshs.232,916.

1.2 Statement of Financial Position

The statement of financial position reflects comparative balances that differ from the audited balances as follows;

Component	Balance Per Current Financial Statements (Kshs)	Balance Per Certified Financial Statements (Kshs)	Variance (Kshs)
Receivable from Exchange Transaction	0	49,163,721	49,163,721
Property Plant and Equipment	370,472,828	332,231,163	38,241,665
Retained Earnings	25,591,461	17,628,431	7,963,030
Capital Reserve Fund	371,879,281	380,172,541	8,293,260
Revaluation Reserve	295,766,707	316,792,499	21,025,792
Fair Value Adjustment Reserve	84,075,604	63,380,092	20,695,512

The statement also reflects a nil balance in respect of receivables from non-exchange transaction while Note 18 reflects an amount of Kshs.24,000,000. The variance has not

been explained or reconciled. Further, the statement reflects retained earnings balance of Kshs.24,925,291 which differ from the balance reflected in the statement of changes in net assets of Kshs.22,154,793 by unreconciled amount of Kshs.2,770,498.

In addition, Note 20 reflects, the cost/revaluation balance as at 30 June, 2020 of Kshs.341,842,932 while the balance brought forward as at 1 July, 2020 is Kshs.345,034,242 resulting to an unreconciled variance of Kshs.3,191,310. Similarly, Note 20 reflects transfers under machinery of Kshs.62,386,690 while the work-in-progress reflects Kshs.25,127,765 resulting to an unreconciled variance of Kshs.37,258,925.

1.3 Statement of Comparison of Budget and Actual Amounts

The statement of comparison of budget and actual amounts reflects final budgeted revenue of Kshs.207,988,423 against actual on comparable basis of Kshs.174,192,730. However, the actual as per the statement of financial performance is Kshs.128,810,745 resulting in an unreconciled variance of Kshs.45,381,985. Similarly, the actual performance on expenditure per statement of comparison of budget and actual amounts reflects an amount of Kshs.158,155,899 while the statement of financial performance has an amount of Kshs.124,284,383 resulting in an unexplained variance of Kshs.33,871,516.

In the circumstances, the accuracy and completeness of balances reflected in the financial statements could not be confirmed.

2.0 Variances in Capital Reserves and Retained Earnings Balances

The statement of financial position reflects comparative balances for capital fund and retained earnings balances of Kshs.371,879,281 and Kshs.25,591,461 respectively while the audited financial statements reflects an amount of Kshs.380,172,541 and Kshs.17,628,431 respectively resulting to unexplained variances of Kshs.8,293,260 and Kshs.7,963,030, respectively.

Further, as reported in the previous year, the capital reserve as at 1 July, 2019 was Kshs.295,766,707 and the retained earnings was Kshs.35,947,429 while the certified financial statements for financial year 2018-2019 reflect Kshs.299,805,813 and Kshs.31,908,323, respectively. These resulted in a variance of Kshs.4,039,106 that has not been reconciled to date.

In the circumstances, the accuracy, and completeness of the capital reserve and retained earnings balances could not be confirmed.

3.0 Variances Between the Statement of Cash Flows and the Statement of Financial Performance

The statement of cash flows reflects balances which differ from the statement of financial performance as shown below;

Component	Balance Per Cashflows Statement (Kshs.)	Balance Per Statement of Financial Performance (Kshs.)	Variance (Kshs.)
Transfers From other Government Entities	69,645,571	103,640,000	33,994,429
Rendering of Service - Income	14,992,259	24,779,300	9,787,041
Rendering of Service - Expenses	36,465,709	41,104,198	4,638,489
Development Income	68,511,472	0	68,511,472
Development - Expenses	50,874,484	0	50,874,484

In the circumstances, the accuracy and completeness of balances reflected in the statement of cash flows and statement of financial performance could not be confirmed.

4.0 Unsupported Revaluation of Assets

As previously reported, the statement of changes in net assets reflects retained earnings balance of Kshs.22,154,793 which included an unexplained revaluation reserve adjustment of Kshs.2,941,206 in respect to revaluation of land. However, the supporting documents, the basis of adjustment and the land valuation report were not provided for audit.

In the circumstances, accuracy and completeness of the retained earnings balance of Kshs.22,154,793 could not be confirmed.

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

Key Audit Matters

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

Other Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual receipts on a comparable basis of Kshs.207,988,423 and Kshs.174,192,730 respectively, resulting to an underfunding of Kshs.33,795,693 or 16% of the budget. Similarly, the Institute spent Kshs.158,155,899 against approved budget of Kshs.180,669,731 resulting to an underperformance of Kshs.22,513,832 or 12% of the budget. Further, the statement reflects an original revenue budget of Kshs.364,962,980 and adjusted revenue budget of Kshs.207,988,423 resulting in

budget adjustments totaling Kshs.156,974,557. However, no approval by the Board of Governors of the revised budget was provided for audit.

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

2. Unresolved Prior Year Audit Matters

In the audit report of the previous year, several issues were raised. However, the Management has not resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Under Staffing of the Institute

During the year ended 30 June, 2021, review of the Institute's organization structure revealed that the Institute has a current staff level of one hundred and ninety-three (193) against the recommended staffing level of two hundred and sixty-three (263) resulting to an under-staffing of seventy (70). This is attributed to the fact that the Institute had planned to recruit part time trainers but was unable to do so due to budgetary constraints.

In the circumstances, the Institute may not be in a position to effectively discharge its mandate.

2. Non-Compliance with Law on Ethnic Composition

The Institute had one hundred and twelve (112) employees out of whom, ninety-eight (98) or 87.5 % were members of the dominant ethnic community in the County. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that all public offices shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public institution shall have more than one-third of its staff establishment from the same ethnic community.

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

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the

financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

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

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

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

Those charged with governance are responsible for overseeing the Institute's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes

and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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

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


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a

basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Institute to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Institute to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

13 October, 2022

TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
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XIII. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30th JUNE 2021

Statement of Financial Performance	Notes	2020/2021	RESTATED FIGURES
		Kshs	2019/2020
			Kshs
Revenue from non-exchange transactions			
Transfers from National Government Ministries Operational Grants	5	103,640,000.00	62,898,862.00
Total Revenue from non-exchange transactions		103,640,000.00	62,898,862.00
Revenue from exchange transactions			
Rendering of services- Fees from students	6	24,779,300.00	89,291,398.00
Other income	7	391,445.00	1,116,503.00
Revenue from exchange transactions		25,170,745.00	90,407,901.00
Total revenue		128,810,745.00	153,306,763.00
Expenses			
Use of goods and services (rendering of training services)	8	41,104,198.00	51,089,615.00
Employee costs	9	23,668,126.00	24,925,291.00
Remuneration of Board of Governors	10	4,986,000.00	2,224,240.00
Depreciation and Amortization	11	16,821,516.00	12,803,079.00
Repairs and Maintenance	12	7,020,826.00	3,845,074.00
Contracted services	13	2,598,000.00	2,963,529.00
General/Admin Cost	14	14,385,696.00	14,175,334.00
Provision for Bad and Doubtful Debts		0.00	15,847,500.00
Mentorship Cost	15	13,700,000.00	0.00
Total expenses		124,284,383.00	127,873,662.00
Net Deficit/Surplus for the year		4,526,362.00	25,433,101.00

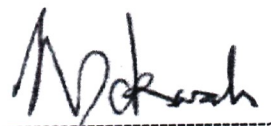
The notes set out on pages 6 to 28 form an integral part of the Annual Financial Statements.

TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
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XIV. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2021

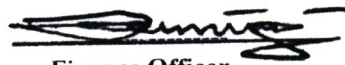
Statement of Financial Position	Notes	2020/2021 Kshs	2019/2020 Kshs
Assets			
Current assets			
Cash and cash equivalents	16	38,211,578.00	24,669,682.00
Receivables from exchange transactions	17	9,787,041.00	22,014,556.00
Receivables from non-exchange transactions	18	0.00	0.00
Inventories	19A	640,618.00	534,863.00
Mattresses	19B	728,000.00	450,000.00
Animals	19C	123,000.00	97,600.00
Total Current Assets		49,490,237.00	47,766,710.00
Non-current assets			
Property, plant and equipment	20	341,081,149.00	370,472,828.00
Intangible Assets	21	7,530,964.00	7,763,880.00
Total Non-current Assets		348,612,113.00	378,236,708.00
Total assets		398,102,350.00	426,003,409.00
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	22	5,752,228.00	9,761,836.00
Payables for projects	22	4,098,878.00	13,054,952.00
Fees paid in advance	22	419,048.00	5,715,879.00
Total Current Liabilities		10,270,154.00	28,532,667.00
Net Assets		387,832,196.00	397,470,742.00
Retained Earnings		24,925,291.00	25,591,461.00
Capital Reserve Fund		362,906,905.00	371,879,281.00
Total Net Assets and Liabilities		387,832,196.00	397,470,742.00

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Institute Council/ Board of Governors by:



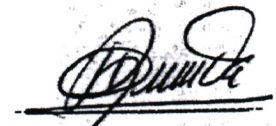
B.o.G Chairman

Date...16/9/2022



Finance Officer

ICPAK No
Date...16/9/2022



Principal

Date...16/9/2022

SIAYA INSTITUTE OF TECHNOLOGY
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XII. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2021

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Total
Balance as At June 30, 2019	295,766,707.00	21,025,742.00	35,947,429.00	352,739,878.00
At July 1, 2019	295,766,707.00	21,025,742.00	35,947,429.00	352,739,878.00
Revaluation Reserve	-	-	2,941,206.00	2,941,206.00
Retained Earnings	-	-	(21,260,204.00)	(21,260,204.00)
Capital Reserve	-	63,049,862.00	-	63,049,862.00
Balance as At June 30, 2020	295,766,707.00	84,075,604.00	17,628,431.00	397,470,742.00
At July 1, 2020	295,766,707.00	84,075,604.00	17,628,431.00	397,470,742.00
Retained Earnings	-	(14,164,908.00)	4,526,362.00	(9,638,546.00)
Balance as At June 30, 2021	295,766,707.00	69,910,696.00	22,154,793.00	387,832,196.00

N/B.

1. The balance as at 30th June 2021 in respect of retained earnings was erroneously reported as Kshs. 22,160,733.00 instead of the corrected figure of Kshs. 22,315,730.00. This led to an undercast in the retained earnings reported in the Statement of Financial Position. This has since been corrected and posted in the Statement of Financial Position accordingly.
2. During the preparation of The Statement of Changes in Net Assets, there was an omission in reporting the fair value adjustment reserve of Kshs. 2,149,219.00. This has since been corrected in the Statement of Changes in Net Assets and the resultant effect on the Capital Reserve Fund posted in the Statement of Financial Position.

TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
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XV. STATEMENT OF CASH FLOW AS AT 30TH JUNE 2021

Statement of Cash Flow	Note	2020/2021	2019/2020
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other Government entities/Govt. grants	5	69,645,571.00	41,265,000.00
Rendering of services- Fees from students	6	14,992,259.00	21,984,660.00
Other Income	7	391,445.00	1,116,503.00
Total Receipts		85,029,275.00	64,366,163.00
Payments			
Rendering of Training Services – Expenses	8	36,465,709.00	51,089,615.00
Employee Costs	9	23,668,126.00	24,925,291.00
Remuneration of Board of governors	10	4,986,000.00	2,224,240.00
Repairs and Maintenance	12	7,020,826.00	3,845,074.00
Contracted Services	13	2,598,010.00	2,963,529.00
General Expenses	14	14,385,696.00	14,175,334.00
Total Payments		89,124,367.00	99,223,083.00
Net cash flows from operating activities		(4,095,092.00)	(34,856,920.00)
Cash flow from investing activities			
Development Income	25	68,511,472.00	68,822,592.00
Development Expenses	24	(50,874,484.00)	(63,380,092.00)
Net Cash flow from investing activities		17,636,988.0	5,442,500.00
Cash flow from financing activities			
Net Increase/Decrease in Cash in Hand		13,541,896.00	(29,414,420.00)
Cash and cash equivalent as at 1 st July 2020	16	24,669,682.00	54,084,102.00
Cash and cash equivalents as at 30th June 2021		38,211,578.00	24,669,682.00

(IPSAS 2 allows an SIT to present the cash flow statement using the direct or indirect method but encourages the direct method. PSASB also recommends the use of direct method of cash flow preparation).

**TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
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XIII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021

	Original budget		Adjustments		Final budget		Actual on comparable basis		Performance difference		Utilization Difference	
	2020-2021	Kshs	2020-2021	Kshs	2020-2021	Kshs	2020-2021	Kshs	2020-2021	Kshs	2020-2021	%
Revenue												
Transfers from other Govt entities Govt grants	144,000,000.00		(106,300,000.00)		37,700,000.00		13,700,000.00		24,000,000.00			36%
Rendering of services- Fees from students	210,015,859.00		(40,127,536.00)		169,888,323.00		160,101,282.00		9,787,041.00			6%
Other Income	10,947,121.00		(10,547,021.00)		400,100.00		391,448.00		8,652.00			4%
Total income	364,962,980.00		(156,974,557.00)		207,988,423.00		174,192,730.00		33,795,693.00			
Expenses												
Compensation of employees	35,296,032.00		(11,368,968.00)		23,927,065.00		23,668,126.00		258,939.00			1%
Use of Goods and services	52,069,488.00		(7,000,000.00)		45,061,488.00		4,1104198.00		3,957,290.00			9%
Repair Improvement and Maintenance	11,958,960.00		(4,458,960.00)		7,500,000.00		7,175,826.00		324,174.00			4%
Contracted Services	3,064,000.00		(465,990.00)		2,598,010.00		2,598,010.00		0			0%
Remuneration of directors	2,500,000.00		2,486,000.00		4,986,000.00		4,986,000.00		0			0%
Grants and subsidies paid	13,700,000.00		0		13,700,000.00		13,700,000.00		0			0%
Admin Cost	22,551,979.00		(8,166,283.00)		14,385,696.00		14,385,696.00		0			0%
Development Cost	68,511,472.00		00		68,511,472.00		50,538,043.00		17,973,429.00			-26%
Total expenditure	209,651,931.00		(28,974,201.00)		180,669,731.00		158,155,899.00		22,513,832.00			
Surplus for the period	155,311,049.00		(185,948,759.00)		27,318,692.00		16,036,831.00		11,281,861.00			

Budget notes

- a) Non disbursement of development grants from the Ministry
b) Receipt of capitalised at the end of the financial year.

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XIV. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Siaya Institute of Technology is established by and derives its authority and accountability from TVET Act 2015. The Institute is wholly owned by the Government of Kenya and is domiciled in Kenya. The Institute's principal activity is Training.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Institute's accounting policies.

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

The financial statements have been prepared in accordance with the PFM Act, the 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.

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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 2021.**

Standard	Impact
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks.</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved.</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</p>

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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 SIT 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 SIT.

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.

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b) Budget information

The original budget for FY 2020/2021 was approved by the Board on 28th May 2021, subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the SIT upon receiving the respective approvals in order to conclude the final budget. There were no additional appropriations on the FY 2020/2021 budget following the Board's approval.

Siaya Institute of Technology 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 1 of these financial statements.

c) Taxes

Sales tax/ Value Added Tax

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

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

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

d) Investment property

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

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

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic

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benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

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

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the 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.

f) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Institute. 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 Institute also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

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

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Institute 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 Institute. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g) Intangible assets

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

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h) Research and development costs

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

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

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

i) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

The Institute assesses at each reporting date whether there is objective evidence that a financial asset or an Institute of financial assets is impaired. A financial asset or a Institute of financial assets is deemed to be impaired if, and only if, there is objective

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evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the Institute of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

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

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Institute determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

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

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

i) 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.

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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.

j) 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.

k) Nature and purpose of reserves

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

l) 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.

m) Employee benefits

Retirement benefit plans

The Institute provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Institute pays fixed contributions into a separate Institute (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay

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all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

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

n) 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.

o) Borrowing costs

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

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

p) Related parties

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

q) Service concession arrangements

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

r) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank

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of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

s) Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.
The opening balances have been restated to correct the prior year balances.

t) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2021.

3 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Institute based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Institute. 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 Institute
- 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
- Depreciation was on reducing balance method as per the following rates.
 - Buildings 7%
 - Motor Vehicles 3%
 - Furniture and Fittings 5%
 - Computers 5%

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- Machinery 5%
- ERP System 3%
- Tools and Equipment 3%
- Library Materials 3%
- Cutleries 3%
- Expandable Stores 4%

Provisions

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

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.

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5. (a) TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2020-2021	2019-2020
	KShs	KShs
Unconditional grants		
Capitation grant	89,940,000.00	57,456,362.00
	89,940,000.00	57,456,362.00
Conditional grants		
Ugenya TVC	0.00	1,225,000.00
Seme TVC	13,700,000.00	4,217,500.00
Admin/Library Complex	0.00	0.00
	13,700,000.00	5,442,500.00
Total government grants and subsidies	103,640,000.00	62,898,862.00

N/B

- Kshs.13,700,000.00 was received on behalf of Seme TVC as detailed on the last page, Appendix III on inter entity transfers

6. RENDERING OF SERVICES

Description	2020-2021		2019-2020	
	capitation	fees	capitation	fees
Tuition fees	20,097,750.00	5,537,047.00	34,585,379.00	53,818,038.00
Personal Emoluments	18,081,084.00	4,981,523.00	5,490,705.00	8,516,195.00
EWC	4,789,338.00	1,319,512.00	2,166,817.00	3,360,778.00
L,T&T	5,151,006.00	1,419,155.00	1,444,050.00	2,239,750.00
RMI	7,193,200.00	1,981,800.00	2,167,250.00	3,361,450.00
Activity	3,725,533.00	1,026,422.00	1,444,049.00	2,239,750.00
Admin cost	12,007,959.00	3,308,315.00	3,355,557.00	5,204,538.00
Library fees	207,999.00	57,306.00	700,622.00	1,086,678.00
Students Organisation	69,654.00	19,191	233,946.00	362,854.00
Medical	104,448.00	28,777.00	350,291.00	543,309.00
Registration	382,134.00	105,282.00	477,299.00	740,301.00
Development	4,314,317.00	1,188,638.00	1,444,050.00	2,239,750.00
Industrial Attachment	2,158,074.00	594,571.00	1,479,467.00	2,294,683.00
Boarding fee	2,462,999.00	678,581.00	1,531,565.00	2,375,489.00
Practicals	0.00	0.00	571,928.00	887,072.00
Examination	9,187,684.00	2,511,301.00	1,862.00	2,888.00
Application fees	6,821.00	1,879.00	11,525.00	17,875.00
Total revenue from the rendering of services	89,940,000.00	24,779,300.00	57,456,362.00	89,291,398.00

N/B

- Included in the comprehensive analysis of rendering of services note 6 is Kshs. 89,940,000.00. Allocated under respective vote heads leaving Kshs. 24,779,300.00 as direct fees from students and other clients/customers for use of facilities.

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7. OTHER INCOME

Description	2020-2021 KShs	2019-2020 KShs
Sale of goods		
Bus Hire	55,000.00	167,000.00
School Based Programmes	0.00	752,350.00
Sale of farm produce	336,445.00	197,153.00
Hotel Proceeds	0.00	0.00
Sale of Tender Documents	0.00	0.00
Total revenue from the sale of goods	391,445.00	1,116,503.00

8. USE OF GOODS AND SERVICES

Description	2020-2021 KShs	2019-2020 KShs
Tuition fees	32,402,375.00	43,962,575.00
Boarding	3,538,268.00	3,078,771.00
Local Transport & Traveling	1,740,200.00	1,465,669.00
Electricity, Water & Conservancy	1,104,031.00	1,197,333.00
Activity	183,000.00	1,098,280.00
Medical	317,624.00	113,572.00
Student Organization	296,200.00	131,560.00
Industrial Attachment	1,515,000.00	0.00
Graduation	00	0.00
Library	7,500.00	41,855.00
Total revenue from the rendering of services	41,104,198.00	51,089,615.00

9. EMPLOYEE COSTS

Description	2020-2021 KShs	2019-2020 KShs
Salaries and wages	20,983,983.00	23,233,627.00
Employee related costs	2,684,143.00	1,691,664.00
Employee costs	23,668,126.00	24,925,291.00

10. REMUNERATION OF BOARD OF GOVERNORS

Description	2020-2021 KShs	2019-2020 KShs
BoG Allowances	4,986,000.00	2,224,240.00
Total BoG emoluments	4,986,000.00	2,224,240.00

11. DEPRECIATION AND AMORTIZATION EXPENSE

Description	2020-2021 KShs	2019-2020 KShs
Property, plant and equipment	16,588,600.00	12,562,959.00
Intangible assets	232,916.00	240,120.00
Total depreciation and amortization	16,821,516.00	12,803,079.00

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12. REPAIRS AND MAINTENANCE

Description	2020-2021	2019-2020
	KShs	KShs
Masonry works	5,537,490.00	3,616,569.00
Service of Machine	17,000.00	228,505.00
Other repair work	1,466,336.00	0.00
Total repairs and maintenance	7,020,826.00	3,845,074.00

13. CONTRACTED SERVICES

Description	2020-2021	2019-2020
	KShs	KShs
Security Services	2,598,000.00	2,963,529.00
Total contracted services	2,598,000.00	2,963,529.00

14. GENERAL/ADMIN COST

Description	2020-2021	2019-2020
	KShs	KShs
Research & Innovation	175,400.00	439,100.00
Performance Contracting	677,547.00	00
Printing Services	1,937,885.00	1,877,016.00
Subscriptions	381,520.00	335,000.00
Skills & Development Costs	1,783,800.00	6,864,084.00
Other Admin Expenses	9,429,544.00	4,660,134.00
Total revenue from the rendering of services	14,385,696.00	14,175,334.00

15. MENTORSHIP COST

Description	2020-2021	2019-2020
	KShs	KShs
Ugenya TVC	0	1,225,000.00
Seme TVC	13,700,000.00	4,217,500.00
Total grants and subsidies	13,700,000.00	5,442,500.00

16. CASH AND CASH EQUIVALENTS

Description	2020-2021	2019-2020
	KShs	KShs
Current account	25,814,454.00	14,136,074.81
Savings Accounts	12,393,525.00	10,514,607.75
Cash in Hand	3,600.00	19,000.00
Total cash and cash equivalents	38,211,578.00	24,669,682.56

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17 (a). DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

Financial institution	Account number	2020-2021 KShs	2019-2020 KShs
a) Current account			
Kenya Commercial bank	1106857135	25,698,749.00	13,662,301.81
Kenya Commercial bank	1256543730	30,161.00	384,111.49
Kenya Commercial bank	1255644036	0	157.70
Cooperative Bank	01120255255900	85,544.00	89,503.00
Sub- total		25,814,454.00	14,136,074.00
b) Savings Account			
Kenya Commercial bank	1104908875	12,392,768.00	454,268.00
Kenya Commercial bank	1113066399	756.00	10,060,339.75
Sub- total		12,393,524.00	10,514,607.75
c) Others(Specify)			
Cash in hand		3,600.00	19,000.00
Sub- total		3,600.00	19,000.00
Grand total		38,211,578.00	24,669,681.75

17. RECEIVABLES FROM EXCHANGE TRANSACTIONS

18(a) Current Receivables from Exchange Transactions

Description	2020-2021 KShs	2019-2020 KShs
Current receivables		
Student debtors	9,787,041.00	22,014,556.00
Total current receivables	9,787,041.00	22,014,556.00

18. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Description	2020-2021 KShs	2019-2020 KShs
Current budget provision	24,000,000.00	49,163,721.00
Grants received	0.00	0.00
Total current receivables	24,000,000.00	49,163,721.00

**Receivables on grants is recognised for monies received after year end but relating to the year under review. The management excluded this element from financial statements due to noncommitment from the parent ministry as to whether these funds shall be disbursed at a later date or not.*

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19. INVENTORIES

A

Description	2020-2021	2019-2020
	KShs	KShs
Consumable stores	0	00
Maintenance stores	0	00
Health Unit stores	0	00
Electrical stores	0	00
Stationery	353,968.00	151,388.00
Cleaning materials stores	61,880.00	114,729.00
Catering stores	224,770.00	268,746.00
Total inventories at the lower of cost and net realizable value	640,618.00	534,863.00

B

Mattresses

Description	2020-2021	2019-2020
	KShs	KShs
As at 1st July	450,000.00	500,000.00
Additions	358,889.00	0.00
Sub totals	808,889.00	500,000.00
10% depreciation	(80,889.00)	(50,000.00)
As at 30 th June	728,000.00	450,000.00

C

Animals

Description	2020-2021	2019-2020
	KShs	KShs
As at 1 st July	97,600.00	77,600.00
Additions during the year	63,400.00	20,000.00
Sub totals	161,000.00	97,600.00
Disposals during the year	(38,000.00)	0.00
As at 30 th June	123,000.00	97,600.00

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. PROPERTY, PLANT AND EQUIPMENT

Cost	Land (Revaluation)		Buildings (7%)		Motor vehicles (3%)		Furniture and fittings (5%)		Computers (5%)		Machinery (5%)		ERP System (3%)		Tools and Equipment (3%)		Capital Work in progress		Expendable Stores		Library Material (3%)		Cutleries (3%)		Total	
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
As at 1 st July 2019	32,036,734	179,840,897	13,885,503	5,388,365	3,390,318	13,962,023	8,244,120	3,459,694	20,462,723	14,240	3,294,957	1,920,044	1,920,044	285,899,618												
Additions during the period	2,942,206	17,668,255	0	3,626,847	2,618,000	567,222	0	0	28,520,784	0	0	0	0	55,943,314												
Disposals during the period	0	0	0	0	0	0	0	0	0	0	0	0	0	0												
As at 30 th June 2020	34,978,940	197,509,152	13,885,503	9,015,212	6,008,318	14,529,245	8,244,120	3,459,694	48,983,507	14,240	3,294,957	1,920,044	1,920,044	341,842,932												
At 1 st July 2020	34,978,940	197,509,152	13,885,503	9,015,212	6,008,318	14,529,245	8,244,120	3,459,694	48,983,507	14,240	3,294,957	1,920,044	1,920,044	341,842,932												
Additions during the period	0	36,567,776	0	755,000	0	189,000	0	1,137,540	13,890,281	0	0	0	0	52,539,597												
Disposals during the period	0	0	0	0	0	0	0	0	0	0	0	0	0	0												
Transfers/adjustments during the period	0	0	0	0	0	62,386,690	0	0	(25,127,765)	0	0	0	0	37,258,925												
Depreciation and impairment																										
As at 1 st July 2019	0	25,893,119	10,138,363	3,675,437	1,423,771	4,114,092	0	1,787,710	0	0	564,530	768,525	768,525	48,365,547												
Depreciation for the period	0	11,227,214	109,140	254,275	218,312	592,253	240,120	48,699	0	0	79,527	33,539	33,539	12,803,079												
As at 30 th June 2020	0	37,120,333	10,247,503	3,929,712	1,642,083	4,706,345	240,120	1,836,409	0	0	644,057	802,064	802,064	61,168,626												
At 30 th June 2021	34,978,940	196,956,595	3,638,000	5,840,500	4,366,235	72,398,590	8,004,000	2,760,825	37,746,023	14,240	2,650,900	1,117,980	1,117,980	370,472,828												
Depreciation and impairment																										
As at 1 st July 2020	0	(11,227,214)	(109,140)	(254,275)	(218,312)	(592,253)	(240,120)	(48,699)	0	0	(79,527)	(33,539)	(33,539)	(12,803,079)												
Depreciation for the period	0	(11,900,522)	(105,866)	(279,311)	(207,396)	(3,921,897)	0	(63,364)	0	(570)	(77,141)	(32,533)	(32,533)	(16,588,600)												
Impairment for the period	0	0	0	0	0	0	(232,916)	0	0	0	0	0	0	(232,916)												
As at 30 th June 2021	0	(23,127,736)	(215,006)	(533,586)	(425,708)	(4,514,150)	(473,036)	(112,063)	0	(570)	(156,668)	(66,072)	(66,072)	(29,391,679)												
Net book values																										
As at 30 th June 2021	34,978,940	173,828,859	3,422,994	5,306,914	3,940,527	68,117,356	7,530,964	2,648,762	37,746,023	13,670	2,494,232	1,051,908	1,051,908	341,081,149												
As at 30 th June 2020	34,978,940	196,956,595	3,638,000	5,840,500	4,366,235	72,398,590	8,004,000	2,760,825	37,746,023	14,240	2,650,900	1,117,980	1,117,980	370,472,828												

N/B:

- The institute assets had been valued by a committee approved by the principal as was advised by the National Treasury and did not involve a professional valuer on valuation of its assets due to lack of funds for the same. The figures therefore are not very accurate since the Institute is yet to involve the services of an expert in valuation of assets
- The work in progress includes certified permanent works by public works on the ongoing construction of the Proposed Administration/Library Complex, The Main Gate, 2 Number Steel Classrooms and the kitchen
- Adjustments have been made on machinery to include the cost of ministry donated machines for building and civil engineering and applied science departments

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21. INTANGIBLE ASSETS-SOFTWARE (ERP System)

Description	2020-2021 KShs	2019-2020 KShs
Cost	7,763,880.00	8,004,000.00
At beginning of the year		
Additions	0	0
At end of the year		
Additions–internal development	0	0
At end of the year		
Amortization and impairment		
At beginning of the year		
Amortization	232,916.00	240,120.00
At end of the year		
Impairment loss	0	0
At end of the year		
NBV	7,530,964.00	7,763,880.00

NB

This figure has been included in the asset schedule under ERP System and hence included in the statement of financial position.

22. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2020-2021 KShs	2019-2020 KShs
Trade payables	1,565,739.00	9,761,836.00
Fees paid in advance	419,048.00	5,715,879.00
Payables for projects (Retention)	4,098,878.00	13,054,952.00
SEME TVC	3,927,500.00	2,813,761.00
Employee obligation (PAYE)	258,989.00	14,185.00
Total trade and other payables	10,270,154.00	31,360,613.00

23. FINANCIAL RISK MANAGEMENT

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

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

(i) Credit risk

Siaya Institute of Technology 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.

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

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

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

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

(ii) Liquidity risk management

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

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

(iii) Market risk

The SIT has put in place an internal audit function to assist it in assessing the risk faced by the SIT 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 SIT'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.

Siaya Institute of Technology 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.

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24. DEVELOPMENT EXPENSE

Description	2020-2021	2019-2020
	Kshs	Kshs
Development Expense	46,775,606.00	47,511,379.00
Payable for projects (Retention 2)	704,991.00	13,054,952.00
Retention fee (1)	3,393,887.00	2,813,761.00
Total	50,874,484.00	63,380,092.00

25. CAPITAL COMMITMENTS

Capital commitments	2020-2021	2019-2020
	Kshs	Kshs
Authorised for	131,972,640.00	177,102,526.00
Authorised and adjusted	(63,461,168.00)	(108,279,934.00)
Total	68,511,472.00	68,822,592.00

26. EVENTS AFTER THE REPORTING PERIOD

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

27. ULTIMATE AND HOLDING SIT

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

28. CURRENCY

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

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APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

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)
1.0	Inaccuracy of financial statements	Reconciliation of financial statements.	resolved	
1.2	Incomplete financial statements	Complete the financial statement	Resolved	
2.0	Unsupported revaluation of assets	Provide revaluation report	unresolved	30/6/2022
3.0	Unsupported provision for bad debts	Come up with a policy on the matter	unresolved	30/6/2022
4.0	Unsupported receivables from non exchange transactions	Provide supporting documents	resolved	
6.0	Unsupported retention money	Provide interim payment certificate	resolved	
7.0	Misclassification of admin cost	Reconcile the records	resolved	

Accounting Officer

Name: DANIEL D. RAMBO

Principal

Signature: 

Date: 16/9/2022

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APPENDIX II: PROJECTS IMPLEMENTED BY THE SIT

Projects

Projects implemented by the Siaya Institute of Technology Funded by development partners

PROJECT TITLE	PROJECT NUMBER	DONOR	PERIOD/DURATION	DONOR COMMITMENT	SEPARATE REPORTING REQUIRED AS PER THE DONOR AGREEMENT (YES/NO)	CONSOLIDATED IN THE FINANCIAL STATEMENTS (YES/NO)
Proposed Administration/ Library Complex	SIT/A&L/001/2017/2018	G.o.K	52 Weeks	77,338,714.00	NO	YES

Status of Projects completion

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

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
I	Proposed Administration/ Library Complex	77,338,714.00	28,137,610.00	48%	77,338,714.00	77,338,714.00	Govt

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APPENDIX III: INTER-SIT TRANSFERS

SIT NAME: SIAYA INSTITUTE OF TECHNOLOGY				
Break down of Transfers from the State Department of Vocational and Technical Training				
FY 2020/2021				
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	Seme TVC	25/06/2021	500,000.00	2020/2021
		Total	500,000.00	
c.	Direct Payments			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	Siaya Institute of Technology	06/11/2020	25,980,000.00	2020/2021
	Siaya Institute of Technology	22/02/2021	19,590,000.00	2020/2021
	Siaya Institute of Technology	30/03/2021	22,822,500.00	2020/2021
	Siaya Institute of Technology	30/06/2021	21,547,500.00	2020/2021
	Seme TVC	06/11/2020	3,450,000.00	2020/2021
	Seme TVC	17/02/2021	3,450,000.00	2020/2021
	Seme TVC	30/03/2021	2,872,500.00	2020/2021
	Seme TVC	30/06/2021	3,427,500.00	2020/2021
		Total	103,140,000.00	

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

Head of Accounting Unit
Siaya Institute of Technology

Sign



Head of Accounting Unit
Ministry

Sign-----