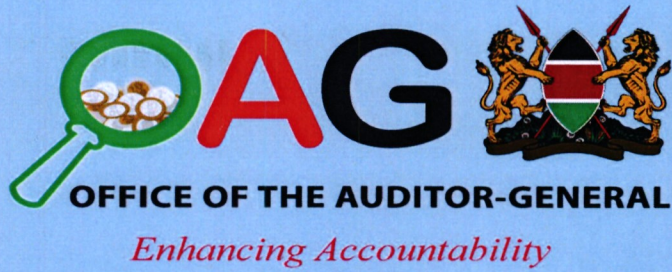


REPUBLIC OF KENYA



REPORT

PARLIAMENT
OF KENYA
LIBRARY

THE NATIONAL ASSEMBLY	
P/ / D	
DATE: 05 JUL. 2023	DAY: Wednesday
TABLED BY:	Hono Kimani Ichung'uah (Leader of the Majority Party)
CLERK-AT THE TABLE:	Mob

OF

THE AUDITOR-GENERAL

ON

SIAYA INSTITUTE OF TECHNOLOGY

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

Revised Template: 30th June 2022



International Public Sector Accounting Standards (IPSAS)

TECHNICAL AND VOCATIONAL EDUCATION TRAINING
(TVET)

SIAYA INSTITUTE OF TECHNOLOGY

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
SIAYA INSTITUTE OF TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022

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SIAYA INSTITUTE OF TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022

TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
SIAYA INSTITUTE OF TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022

Table of Contents

I.	Key Entity Information and Management	iii
II.	The Board of Governors	vii
III.	Management Team.....	xii
IV.	Chairman's Statement	xvi
V.	Report of The Principal	xvii
VI.	Statement of Performance against Predetsermined Objectives.....	xviii
VII.	Corporate Governance Statement.....	xx
VIII.	Management Discussion and Analysis	xxiii
IX.	Environmental And Sustainability Reporting Statement.....	xxviii
X.	Report of the Board of Governors	xxxvii
XI.	Statement of Board of Governors Responsibilities	xxxviii
XII.	Report of the Independent Auditor on Siaya Institute of Technology	xxxix
XIII.	Statement of Financial Performance	1
XIV.	Statement of Financial Position	2
XV.	Statement of Changes in Net Asset.....	3
XVI.	Statement of Cash Flow.....	4
XVII.	Statement of Comparison of Budget & Actual Amounts.....	5
XVIII.	Notes to the Financial Statements	6
XIX.	Appendices	28

I. Key Entity 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- r o u n d e d 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 endeavour to re-engineer and remain relevant in the TVET sector.

**TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
SIAYA INSTITUTE OF TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

(b) Principal Activities

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

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

(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. Senior Finance Officer
9. Finance Officer
10. Senior Supply chain Officer
11. Supply Chain Officer
12. Internal Auditor

(d) Fiduciary Management

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

No.	Designation	Name
1.	Principal	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 – Admin	Harrison Okello
6.	Dean of Students	Hellen Okoth
7.	Senior Finance Officer	Monicah A. Otieno
8.	Finance Officer	Joseph Ochieng
9.	Senior Supply Chain Officer	Fredrick Ombwayo
10.	Supply Chain Officer	Mary Okoth
11.	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.

Finance and Operation Committee Activities.

In the FY 2021/2022, 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 2021/2022, Siaya Institute of Technology had the above committee charged the responsibility of ensuring advancement of trainers 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 is 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 worked closely with TVETA on matters registration and licensing of trainers including quality assurance, relevance and standards in programmes offered for trainees.

**TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
SIAYA INSTITUTE OF TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

Key Entity Information and Management (Continued)

(f) Entity Headquarters

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

(g) Entity Contacts

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

(h) Entity 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




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

(j) Principal Legal Adviser


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

**TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
SIAYA INSTITUTE OF TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

II. The Board of Governors

No.	Member	Details
1.	 <p>Mr Moses Kawa BOG Chairman Master of Education (M. Ed)</p>	<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.	 <p>Mr Daniel O.Randa BOG Secretary MSC Agribusiness Management</p>	<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. He has also been trainer for SNE TVET from 2013-2020</p>
3.	 <p>Mr Gordon Nguka BOG Member A doctorate in medical dietetics and paediatric psychology.</p>	<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>

**TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
SIAYA INSTITUTE OF TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

<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 The Palgrave Handbook of African Women's Studies, Palgrave Macmillan 2021; Journal of the British Academy, 9(s2)2021; International Bulletin of Mission Research (IBMR), 2021; Journal of Social Encounters, 4(1), 2020; among others. She is a member of different professional bodies and journal editorial boards. Email address: mbusupa@gmail.com</p>


**TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
 SIAYA INSTITUTE OF TECHNOLOGY
 ANNUAL REPORT AND FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30TH JUNE 2022**

<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>

**TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
 SIAYA INSTITUTE OF TECHNOLOGY
 ANNUAL REPORT AND FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30TH JUNE 2022**

<p>8.</p>	 <p>Ms. 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. 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>Ms. 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>




TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
SIAYA INSTITUTE OF TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022

10.	 A portrait photograph of James Onduru, a man with short dark hair, wearing a dark suit jacket, a light blue dress shirt, and a patterned tie. He is looking directly at the camera against a plain, light-colored background.		
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James Onduru
Ministry Representative

TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
 SIAYA INSTITUTE OF TECHNOLOGY
 ANNUAL REPORT AND FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30TH JUNE 2022




III. Management Team

No.	Member	Details
1.	 Daniel O. Randa MSC Agribusiness Management	Principal/BOG Secretary
2.	 Mr. Daniel Omondi MBA – Logistics and Supply Chain Management, BBA – Accounting, Diploma in Technical Education Business studies	Deputy Principal- Administration, Planning & Development.
3.	 Colleta Omondi B.Sc in Agricultural Education and extension	Deputy Principal – Academic and Trainee Affairs.

TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
SIAYA INSTITUTE OF TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022

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

**TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
SIAYA INSTITUTE OF TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

7.	 <p>Monica Otieno</p>	Senior Finance Officer
8.	 <p>Joseph Ochieng B. Com (Finance) and CPA</p>	Finance Officer in charge of all accounting duties
9.	 <p>Ezekiel Odongo B. Comm (Finance), CPA(K), CIFA and Diploma in Business Management</p>	Internal Auditor – In charge of Internal Controls

**TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
SIAYA INSTITUTE OF TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

10.	 Fredrick Ombwayo	Senior Supply Chain Officer
11.	 Mary Okoth Bachelor in Procurement and Contract Management	Supply Chain Officer (Stores).

**TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
SIAYA INSTITUTE OF TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

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.

BOG meetings had been held as per the approved schedules from time to time in compliance with ministry requirements.

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 BOG staff to fill gaps created by the increase in student population.

The Institute offered extension services to the community in trying to achieve Corporate Social Responsibility as provided for in the 2021/2022 FY Performance contract on matters establishment of kitchen garden to promote household food security.

• **Budget Allocation**

In the FY2021/2022, Siaya Institute of Technology had a gross budget of Kshs. 243,960,109.00 of which Kshs. 213,460,109.00 was on recurrent votes and Kshs. 30,500,100.00 for development vote.

• **Key Achievements**

- Human Resource capacity enhancement by sponsoring staff and management for various upgrading and on job training programmes.
- Completion of 12 projects out of 15 planned to 100% level of completion
- Successful ISO 9001-2015 first surveillance Audit.
- Compliance with TVET Act 2013 and other statutory and regulatory requirements.
- Hosting of the 4th graduation ceremony.
- Hosting the 1st ketiso lake region ball games.
- Construction of additional walk ways and run ways in the compound.
- Phase (iii) painting and tilling of classrooms, offices and workshops.
- Expansion of the number of ablution blocks for staff and students
- Development of the students fees policy, review of HR policy and development of waste management policy.
- Introduction of Fashion, design and beauty therapy course alongside acquisition of related training equipment
- Training of the local community on household food security.

• **Challenges**

In the FY 2021/2022, Siaya Institute of Technology faced a number challenges as a result of financial short falls. These included;

- Un accomplished projects due to non-disbursement of development grants from the ministry.
- Non fulfilment of all performance contracts targets due to delay and non-disbursement of grants.
- Shortage of classrooms for training as a result of the need to still observe covid protocols.
- Shortage of equipment for training in technical departments.
- Inconsistency in disbursement of capitation funds in terms of numbers of beneficiaries ie in the first and second quarter, 2870 students benefited out of validated number of 3011 and in quarter three, 2673 out of 3011 benefited while in quarter four, all missed. This affected our achievements in terms of budgeted activities.

Sign: _____

M. Kwasah

Date: _____

20/April/2023

**TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
SIAYA INSTITUTE OF TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

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 the following facilities to 100% level of completion ;Electrical installation workshop,2no.hair dressing and beauty therapy classrooms ,new main gate,24no.doors ablution blocks ,modern kitchen, steel water tower .In addition, the institute acquired a forty six seater bus , a double cabin ,refence materials for trainees a long side successful ISO9001-2015 surveillance audit, Human Resource capacity building for management and technical staff, Renovation and expansion of facilities to improve work environment.
- Upon the 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.
- The Institute also held her 4th graduation ceremony and hosted the first ketiso lake region ball games.
- 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 GOK development grants of kes.20,000,000.00 for the already commenced project, Late disbursements of capitation funds ie quarter 1 funds received in November 2021, quarter 2 in march 2022 ,quarter 3 in June 2022 and quarter 4 not at all. .The Institute was expecting to receive Kshs 21,525,000.00 being the 4th quarter capitation funds for the 2021/2022FY although communication was sent from the parent ministry in July 2022 advising the management to transfer the burden to parents for lack of funds for the same.
- The 2020/2021FY budget provided for kshs 24,000,000.00 for the ongoing construction of the proposed Admin/Library Complex of which the management was advised by the external audit to exclude from the books of account since there was no formal commitment on the part of the parent ministry.
- . Funds for NYS sponsored students were received to the tune of kshs 24,156,450.00 for the year under review.
- A total of kshs 18,837,400.00 was received from HELB for 2021/2022FY of which the control account analysing the same had been filed by 31st July 2022 as required.
- Performance contracting activities had been carried out amidst financial difficulties coursed by delayed or non- disbursement of capitation funds .This is likely going to impact negatively on the affected targets like the stalled admin ,library complex ,the block D ramp and the institutional department annex.
-

Sign: _____



Date: 20th April 2023

**TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
SIAYA INSTITUTE OF TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

VI. Statement of Performance against Predetermined Objectives

REVIEW OF SIAYA INSTITUTE OF TECHNOLOGY'S PERFORMANCE FOR 2021/2022

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 2021/2022 period for its 4 strategic pillars, as indicated in the diagram below;

REVIEW OF SIAYA INSTITUTE OF TECHNOLOGY PERFORMANCE FOR FY 2021/2022

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 CBET curricula implemented. • Improved institutional image • Number of ODEL programmes established • Number of trainees enrolled 	<ul style="list-style-type: none"> • Entrench CBET by implementing approved CBET curricula • Rebrand the institution • Establish open and distance learning programmes 	<ul style="list-style-type: none"> • Labour supply aligned to demand • Improved image resulting to increased enrolment. • Increased access to training
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 classrooms constructed/rehabilitated. • Number of project proposals developed • A financial management system developed 	<ul style="list-style-type: none"> • Expand infrastructure to cope with increasing number of trainees. • Mobilize financial resources through development of project proposals • Strengthen financial management system to meet the requirements resulting from increased budgetary responsibilities 	<ul style="list-style-type: none"> • Infrastructure expanded • Project proposals developed • A financial management system.
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 • A repository 	<ul style="list-style-type: none"> • Facilitate publication of research work by the institution. 	<ul style="list-style-type: none"> • Improved publications • Improved innovations

TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
SIAYA INSTITUTE OF TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022

			<ul style="list-style-type: none"> Strengthen research by encouraging creativity and innovativeness Establish a repository for dissemination and sharing of research findings 	<ul style="list-style-type: none"> 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"> % Development and operationalization of Corporate Governance and Quality Management System. Number of infrastructures for Information Communication Technology developed. A marketing strategy 	<ul style="list-style-type: none"> Enhance Corporate Governance and Quality Management System. Provide cost-effective infrastructure for Information Communication and Technology Develop and implement a marketing strategy 	<ul style="list-style-type: none"> Improved corporate governance and quality management system ICT compliant institution Increased access

Pillar 1: Quality training for sustainable development

- Siaya institute of technology has realized an increase in enrolment from 2600 in the FY 2020/2021 to 3264 trainees in FY 2021/2022. This has been realized through the use of social media in popularizing training programmes (Ref C12: Increase in enrolment, in Performance Contract for FY 2021/2022)
- Siaya Institute of Technology has realized an increase in enrolment in Science, Engineering and Technology from 1505 in the FY 2020/2021 to 1600 in the FY 2021/2022. 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 2021/2022)

Pillar 2: Resource mobilization and financial sustainability

- Siaya Institute of Technology has realized and increase in revenue collection from 128,810,745.00 in the FY 2020/2021 to 180,339,487.00 in the FY 2021/2022. 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 2021/2022)

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 2021/2022)

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

- Siaya Institute of Technology has developed and operationalized a Quality Management System to guide in the realization of quality training.

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	4
2.ERT BOG COMMITTEE MEETING	4
3.ARC BOG COMMITTEE MEETING	4
4 FULL BOG MEETING	4
5.SPECIAL BOG MEETINGS	4
- 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

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 none was removed in 2021/2022FY.

- 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 2021/2022, 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,

8th -10th November 2021, capacity building workshop for Board of Governors in Kisumu on their oversight roles and responsibilities according to Article 229 of the constitution of Kenya and the Public Audit Act 2015.

Conflict of Interest

In the F/Y 2021/2022, 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.

Remuneration of the Board of Governors

In the F/Y 2021/2022, Siaya Institute of Technology provided for remuneration of BoG members under BoG costs.

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

**TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
SIAYA INSTITUTE OF TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

Ethics and conducts of the Board of Governors.

In the F/Y 2021/2022, all the board members ethics and conducts were above board as witnessed in the achievements in the chairman's report.

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

1. Statement of Financial performance

Total income for the period amounted to ksh. 180,339,487.00 comprising of transfers from national Government of ksh.51,642,313.00, students' fees of kshs. 123,129,687.00 and other incomes of kshs. 3,201,150.00. Expenses for the period amounted to kshs. 149,259,229.00 and hence surplus of kshs. 31,080,259.00.

2. Statement of Financial position.

Total current Assets amounted to kshs. 55,454,368.00 this excluded receivables from Non exchange transactions of Kshs. 20,000,000.00 for the ongoing construction of the Administration (library complex which was not committed by the parent ministry. Noncurrent assets were kshs. 373,424,8349.00 and Total assets therefore kshs. 428,478,717.00. Current Liabilities was kshs. 9,566,262.00 and capital reserve fund of kshs. 387,832,196.00

3. Statement of cash flow.

The total actual receipts were kshs. 110,451,228.00 while actual expenses kshs. 121,240,506.00 and hence net cash flow from operating activities of kshs. 10,789,278.00(Negative). The net cash flow from investing activities was kshs. 2,847,330.00, cash and cash equivalents of kshs. 30,269,630.00 against the comparable same time last year of kshs. 38,211,578.00 and hence decrease in cash in hand of kshs. 7,941,948.00 in 2021/2022 FY.

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

The original budget was kshs. 235,460,109.00 and reviewed to Kshs. 174,181,291.00 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. 4,323,704.00. This was attributed to disbursements from the ministry on the very last day of the FY and hence non absorption of allocated funds 100%

**TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
SIAYA INSTITUTE OF TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

KEY PROJECTS/INVESTMENTS DECISION IMPLEMENTED OR ONGOING INCLUDED:

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

S/N O	PROJECT NAME	NAME OF CONTRACTOR	CONTRACT SUM - KES	AMOUNT PAID – KES	START DATE	END DATE	PROJECT COMPLET ION RATE (%)	PROJECT FUNDING	STATUS
1	Construction Of Electrical Installation Workshop	Evalovely Investment Ltd	1,946,937.00	1,946,937.00	14/5/21	(1)30/7/21	100	B.O.G	100% Complete
2	Proposed Administration/Library Complex	Winam Contractors	77,338,714.00	33,938,868.00	24/8/18	(1)30/9/19 (2) Not yet set	48	GOK/MOE	This project was mutually terminated in February 2022 due to non-disbursement of funds by MOE/SDV/TT and currently Final Project Accounts are being compiled by the Project Manager. The PS V/TT directed that a Phased Approach be formulated and used to complete the remaining works using savings from Internally Generated Funds. New Phased Funding Request has been made to the PSSDV/TT and feedback is awaited for today. Project Completion rate – 48%

TECHNICAL AND VOCATIONAL EDUCATION TRAINING (LEVEL I)

**SIAYA INSTITUTE OF TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

3	Construction Of 2NO. Hair Dressing and Beauty Therapy Classroom	Internal Labour	2,250,635.00	2,013,355.00	22-3-2021	(1)30/10/21 (2) 30/5/22	100	B.O.G	Complete
4	Construction Of The New Gate	Milfra Enterprises	4,213,775.00	4,213,775.00	19/4/21	(1)30/6/21 (2) 31/12/21	100	B.O.G	Complete
5	Construction Of Modern Kitchen	Internal Labour	2,880,000.00	2,880,000.00	22/3/21	(1)30/8/21 (2) 30/5/22	100	B.O.G	Complete
6	Construction Of 8NO. Ablution Block (1NO)	Wambayi And Sons Construction Co. Ltd	2,489,036.00	2,434,036.00	15/6/21	(1)30/9/21 (2) 31/12/21	100	B.O.G	Complete
7	Two 8NO. Ablution Block (2NO)	Kenjwa Enterprises Ltd	4,811,220.00	4,811,220.00	15-6-2021	(1)15/10/21 (2) 31/1/22	100	B.O.G	Complete
8	Laying Of Cabro Blocks	Heavier Security Company Ltd	2,318,887.00	2,318,887.00	4/8/21	(1)30/8/21	100	B.O.G	Complete
9	Supply Of Cabros Blocks And Assorted Materials For Construction Of Gate A Walk Ways And Main Entrance	Milfra Enterprises	3,470,900.00	3,470,900.00	4/8/21	(1)30/8/21	100	B.O.G	Materials were delivered as per the LPO and put into use.
10	Supply Of Assorted Building Materials For The Construction Of Walkways Of Main Entrance And Gate A	Cool Base Enterprises And Hardware	307,400.00	307,400.00	4/8/21	(1)30/8/21	100	BOG	Materials were delivered as per the LPOs and put into use.
11	Fabrication And Installation Of Elevated Steel Water Tower	Mukwano Metal Fabricators	380,000.00	380,000.00	1/8/21	(1)17/8/21	100	B.O.G	Fabrication was completed as per the instructions given and installed.

TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
SIAYA INSTITUTE OF TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022

12	Supply of 46 Sitter Bus	7,158,400.00	0.00		100	B.O.G	Delivered
13	Supply of Double Cabin Pickup	5,144,800.00	0.00		0	B.O.G	Delivered
		102,477,494.00	58,715,378.00				

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.

**TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
SIAYA INSTITUTE OF TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

IX.Environmental And Sustainability Reporting Statement

Siaya Institute of Technology exists to transform lives. This is our purpose; 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 organization's strategic objectives.

Category	Issue	Description
Political	Political Stability and goodwill	<ul style="list-style-type: none"> • Existence of TVET Act 2013. • In order to fulfill its mandate under TVET the Institute is expected to implement 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, KASNEB, HELB, KUCCPS etc. these organizations provide opportunities of growth in science, technology, innovation and technical education in Kenya • The new political dispensation has opened opportunities for gender, Persons Living with Disability (PWDS) and marginalized communities to access technical education in Kenya. • The Government's initiative to have a TTI in every constituency and a national polytechnic in every county has created greater accessibility to technical education. • The creation of TVET Authority has enhanced registration, licensing and accreditation of the Institute's programs and trainers for development of competent workforce. • Government capitation has enhanced enrolment in TVET

TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
SIAYA INSTITUTE OF TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022

		institutions.
Economic	Low Youth Productivity	<ul style="list-style-type: none"> • Enhanced financial support leading to economic stability in TVET institutions • Weak inter-linkages currently exist among research, innovation, extension and commercialization of the Institute’s products. • Regulations /Bureaucracy / that govern Private-Public partnership. • Government capitation to students and TVET HELB loan/bursary translates to increased enrolment and student completion rate. • Government initiative that encourages 100% transition and encourages students to take SET.

TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
SIAYA INSTITUTE OF TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022

Socio– Cultural	Poor attitude towards technical education and technical Institutes by the youths	<ul style="list-style-type: none"> • The College is committed to reversing the poor attitude towards technical education and technical Institutes by the youths which has led to the traditional progression of primary, secondary and university education. • Inhibitive traditional practices that hinder accessibility to TVET education. • Impact of HIV/AIDS and drug abuse has affected the Country. • A growing young and vulnerability population suffer from exploitation due to insufficient boarding infrastructure. • Marginalized population has benefited from training through inclusive educational policy. • National Cohesion and Integration initiative has created an environment that allows the Institute to admit students from varied social-cultural background.
Technological	New and emerging technologies	<ul style="list-style-type: none"> • Government provision of training and learning equipment in technical departments has enhanced training in technical departments • The government is committed to expanding communication network through the fiber optic network which will facilitate telecommunication, and open distance (OD) and e-learning. • The Institute is committed to establishing an e-learning Centre and launching industry based ICT programmes.

TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
SIAYA INSTITUTE OF TECHNOLOGY
 ANNUAL REPORT AND FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30TH JUNE 2022

Environmental Factors	Environmental factors that influence education and application of ST&I	<ul style="list-style-type: none"> • The NEMA Act 2015 provides that all learning institutions in Kenya are entitled to a healthy environment which are required to safeguard and enhance. • Growth of social facilities like clubs and restaurants impacts on the morals of the students. • High Electricity bills make the institution to seek alternative energy supply from wood fuel thereby destroying the environment. • Lack of hostels is impacting negatively on students' morals
Legal Environment	Constitution of Kenya, Kenya Vision 2030, The "Big 4" Agenda, TVET Act	<p>There exists a variety of policies and policy instruments that influence training at the College. These policies are aligned to the Vision 2030 and the constitution of Kenya 2010. These policies affect the quality of training at tertiary level, thereby determining the quality of graduates produced from TVET institutions. These include:</p> <ul style="list-style-type: none"> • Basic Education Act • TVET Act 2013 • PSC Act • OSHA Act • Employment Act • Industrial Labor Relation Act

Environmental Performance

Siaya Institute of Technology has put in place an environmental policy that guides its operations. The Institute is committed to reducing its waste by a minimum of 1% per annum. Environmental Protection Act (EPA) – which establishes a duty of care on The SIT to ensure waste is stored responsibly and to record movement of waste and ensure that waste is transported and disposed of legally.

The Waste Management Policy has been produced to affirm the SIT commitment to safe and efficient waste management, to reduce and recycle waste produced and to ensure compliance with and exceed all legal requirements relating to waste management. It also promotes environmental

and recycling issues as an integral element of its activities and demonstrates its commitment to continual improvement in environmental practices.

The SIT undertakes to:

- Follow efficient waste management and recycling procedures throughout The SIT and use of recyclable and recycled materials whenever appropriate.
- Promote a purchasing policy that will give preference, where practicable, to those products and services which cause least harm to the environment.
- To cut down on over-packaged products - is packaging reusable?
- To purchase refillable or reusable products e.g. printer or toner cartridges
- To use or lease equipment that has waste reduction features e.g. photocopiers, email etc. To use durable items where relevant, not one-trip disposable items
- To buy equipment that can easily be mended or has interchangeable parts
- To specify/buy items made with recycled materials
- To check stationery supplier catalogues for recycled items
- To consider using cost savings from waste reduction activities, e.g. photocopiers set to double-sided, to pay for activities that may cost a little more until economies of scale come in to play.
- To investigate the options for centralized purchasing between organizations. Bulk buying cuts costs and gives more negotiating power with the supplier.

Waste Management Legislation

The Environment Agency provides advice and guidance on complying with legislation.

Implementation of the Waste Policy

Waste Hierarchy

The strategy uses the principle of the waste hierarchy:

1. REDUCE – the best approach to waste is to reduce it at source.
2. REUSE – if you cannot reduce it, then try to re-use it.
3. RECYCLE – if you cannot reuse it, then try to recycle it.

Implementation

Several recycling waste streams have been implemented. The key to successful recycling and reduction in landfill is to collect at source and segregate. A number of contracts with waste management and recycling firms need to establish in order to provide the means to implement the waste policy.

The following items have to be recycled:

1. All paper products (excluding blue roll)
2. Cardboard
3. Wood
4. Metal
5. Media waste – CD's; DVD's; floppy discs; videos; audio cassettes
6. Plastic bottles, packaging, cups, food containers and all metal cans
7. Glass
8. Garden waste

9. Batteries
10. Carpet Tiles
11. Waste Oil
12. Food
13. WEEE – waste electrical & electronic equipment
14. Furniture

Employee Welfare

Recruitment

- The Institute is committed to attracting, motivating and retaining competent employees required for efficient and effective service delivery.
- The Institute is an equal opportunity employer and shall not in its recruitment and selection process, discriminate on the basis of gender, race, religion, ethnicity or any other form of discrimination. The constitutional requirement on mainstreaming of gender and persons with disabilities as stipulated in Article 232 of the Constitution of Kenya, 2010 will be observed alongside any policies issued by the National Cohesion and Integration Commission.
- The Institute's efficiency and effectiveness depends on the quality and competencies of the employees it engages. The Institute shall therefore endeavor to recruit suitably qualified and experienced employees with the right skills and experience required to achieve its goals and objectives.
- When making a decision on selection on first appointment, information concerning a candidate's general background and/or previous employment shall be verified. No appointment shall be offered to any employee prior to such verification.
- All appointments shall be made with the approval of the Board of Governors or as delegated and shall be within the approved establishment.
- Appointments in all cases shall be aligned to clear job descriptions and specifications for various cadres of employees in their respective fields of employment.
- In all cases, each employee shall be provided with the Human Resource Policies and Procedures Manual to read and sign the Acknowledgement Form to signify that they have understood the provisions of the policy.

Performance appraisal

- The Institute takes into account individual performance and reward employees for their contribution in a fair and equitable manner. The Performance Management System has therefore been designed to achieve this objective, among others.
- The Performance Management System will support the Institute to attain the following, among others:
 - i) Attract qualified employees;
 - ii) Retain qualified employees;
 - iii) Motivate employees by rewarding good performance; and
 - iv) Support management in the realization of the objectives of the Institute.

- v) The system provides for setting of performance targets, work planning and evaluation of performance.

Compliance with OSHA

The Institute will recognize and commit itself to the achievement of the highest standards of health and safety in the workplace, and the elimination or minimization of health and safety hazards and risks that may affect its employees. In this regard, it will implement policies and programmes that assure their protection from such hazards and disasters. The policies and programmes will be implemented in compliance with the provisions of Occupational Safety and Health Act, 2007 and other Labour Laws.

Guidelines to General Safety

- a) The Institute maintains healthy and safe working conditions to ensure there is no personal injury caused by accidents.
- b) Employees will always consider safety to themselves and others when performing their duties. They will not compromise on quality, cause injury, ill health, loss or environmental damage at all times.

Emergency Preparedness

- a) The Institute will put in place adequate plans for incidents such as accidents, explosions, fires, natural disasters and bomb threats, prepare and outline procedures to be followed in such events.
- b) Heads of Departments will have a responsibility of ensuring that all employees and visitors are informed of and are fully conversant with the emergency procedures.

Fire Precautions

- a) The Institute will ensure that fire protection facilities provided in the various stations are adequate and maintained as advised by the Fire Brigade and the Directorate of Occupational Safety and Health Services (DOSHS).
- b) The Institute will enforce all necessary fire precaution measures.

Fire Prevention

- a) No hazardous or highly inflammable materials should be stored in stations without the approval of the PRINCIPAL.
- b) Positions of firefighting equipment must not be interfered with nor should firefighting equipment such as hose reels and extinguishers be used for purposes other than firefighting.
- c) The Institute will ensure that:
 - i. Health and Safety Committees are formed in all premises used by employees;
 - ii. The Committee members and all employees are trained; andFirefighting drills are conducted in all premises used by employees in accordance with the requirement of the Occupational Safety and Health Act, 2007.

Corporate Social Responsibility / Community Engagements

Training on Household Food Security

In the FY2021/2022 the BoG committed to carry out an outreach program in training the local community on household food security.

In the FY2021/2022 the BOG committed to carry out outreach programs in training the local community on household food security.



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:

1. Construction of The New Main Gate Project
2. Construction of The Abolution Block
3. Completion of the Modern Kitchen
4. Laying Of Cabro Blocks and Pathways
5. Completion of The Hair Dressing and Beauty Therapy Classrooms

Both building students and local youths who were engaged in these projects.



Involvement of the local community and the youth in the construction of The New Main Gate

Involvement of the local community and the youth in the construction of Two Number Beauty Therapy and Hair Dressing Classrooms



Involvement of the local community and the youth in the construction of The Modern Kitchen

TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
SIAYA INSTITUTE OF TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022

X. Report of the Board of Governors

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

Principal activities

The principal activities of the entity are Impart skills to learners, Promote and carry out Research relating to its mandate and Promote Recognition of cultural values through hosting of open day

Results

The results of the entity for the year ended June 30 2022 are set out on page 1 to 7 of the Financial Statements.

Board of Governors

The members of the Board who served during the year are shown on page vi to xi. During the year 2021/2022 director Mr. Fanuel Onyango retired and Mr. James Onduru was appointed.

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



.....
Secretary of the Board

Nairobi

Date: 20th April 2023

**TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
SIAYA INSTITUTE OF TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

XI. Statement of Board of Governors Responsibilities

Section 81 of the Public Finance Management Act, 2012 and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013 -require the board members to prepare financial statements in respect of that Siaya Institute of Technology, which give a true and fair view of the state of affairs of Siaya Institute of Technology at the end of the financial year/period and the operating results of Siaya Institute of Technology for that year/period. The Council members are also required to ensure that Siaya Institute of Technology keeps proper accounting records which disclose with reasonable accuracy the financial position of Siaya Institute of Technology. The council members are also responsible for safeguarding the assets of Siaya Institute of Technology.

The Council members are responsible for the preparation and presentation of Siaya Institute of Technology financial statements, which give a true and fair view of the state of affairs of Siaya Institute of Technology for and as at the end of the financial year (period) ended on June 30, 2022. 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 entity, (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 Siaya Institute of Technology, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Council members accept responsibility for Siaya Institute of Technology 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 TVET Act 2013. The board members are of the opinion that Siaya Institute of Technology financial statements give a true and fair view of the state of Siaya Institute of Technology transactions during the financial year ended June 30, 2022, and of Siaya Institute of Technology financial position as at that date. The Council members further confirm the completeness of the accounting records maintained for Siaya Institute of Technology, which have been relied upon in the preparation of Siaya Institute of Technology financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Board members to indicate that Siaya Institute of Technology 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 and signed on its behalf by:



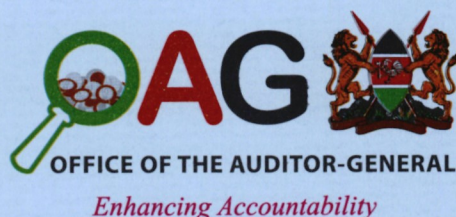
.....
Name: **Moses O. Kawa**
Chairperson of the Board



.....
Name: **Daniel O. Kanda**
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 SIIYA INSTITUTE OF TECHNOLOGY FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Siaya Institute of Technology set out on pages 1 to 28, which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and 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, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Revaluation of Assets

As previously reported, the statement of changes in net assets reflects retained earnings balance of Kshs.53,235,052 which included an unexplained revaluation reserve adjustment of Kshs.2,941,206 in respect of revaluation of land. However, the supporting documents, the basis of adjustment and the land valuation report were not provided for audit.

In the circumstances, the accuracy and completeness of the retained earnings balance of Kshs.53,235,052 could not be confirmed.

2. Lack of Provision for Bad and Doubtful Debts

The statement of financial position and as disclosed in Note 22 to the financial statements reflects receivables from exchange transactions balance of Kshs.22,091,052. This balance relates to debts dating from 2018/2019 financial year to the current financial year. However, no provision for bad and doubtful debts has been made in the financial statements.

In the circumstances, the accuracy and full recoverability of receivables from exchange transactions balance of Kshs.22,091,052 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.174,181,291 and Kshs.180,339,487 respectively, resulting to an overfunding of Kshs.6,158,196 or 4% of the budget. Similarly, the Institute spent Kshs.149,259,228 against approved budget of Kshs.170,237,086 resulting to an underperformance of Kshs.20,977,858 or 12% of the budget.

The 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 some of the issues or given explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board guidelines.

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 matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Non-Compliance with Law on Ethnic Composition

The Institute had two hundred and four (204) employees out of whom, one hundred and sixty-five (165) or 81% were members of the dominant ethnic community in the County. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that all public offices shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public institution shall have more than one-third of its staff establishment from the same ethnic community.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Under-Staffing of the Institute

Review of the Institute's organization structure revealed that the Institute had a staff level of two hundred and four (204) against the recommended staffing level of three hundred and twenty-three (323) resulting to an under-staffing of one hundred and

nineteen (119). Management has attributed the understaffing to lack of adequate budget.

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

2. Lack of Risk Management Policy

During the period year review, the Institute did not have in place a customized Risk Management Policy and therefore, had no approved processes and guidelines on how to mitigate and assess the likelihood or occurrence of risk and deciding about actions to address those risks.

In the circumstances, the Institute may not be in a position to effectively manage possible risks that may arise in the day to day operation of the Institute.

3. Weak IT Internal Control

The Institute has an ABN UNISON ERP system in use. The system has various modules namely: student management module finance management module and human resource module. However, the system does not automate all the services of the institution. Further, some critical modules are missing from the system such as procurement, library services, accommodation management, stores management, clinic management, fleet management and asset management.

Further, it was noted that the system had some weaknesses such as lack of secondary key, lack of bank integration for receipts and heavy reliance on vendor intervention. In addition, the Institute does not have a current service level agreement since the previous warrant lapsed in October, 2021.

In the circumstances, the adequacy of the IT internal control system could not be confirmed.

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

Responsibilities of Management and those Charged with Governance

The Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and 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 controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of 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 communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

25 May, 2023


**TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
SIAYA INSTITUTE OF TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

XIII. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30th JUNE 2022

Statement of Financial Performance	Notes	2021/2022	2020/2021
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from National Government Ministries Operational Grants	6	47,743,813.00	103,640,000.00
Grant from development partners (GFA Consultation group)	7	3,898,500.00	00
Total Revenue from non-exchange transactions		51,642,313.00	103,640,000.00
Revenue from exchange transactions			
Rendering of services- Fees from students	8	123,129,684.00	24,779,300.00
Sale of goods	9	2,160,170.00	336,445.00
Rental revenue from facilities and equipment	10	206,500.00	55,000.00
Other income	11	3,201,150.00	00
Revenue from exchange transactions		128,697,174.00	25,170,745.00
Total revenue		180,339,487.00	128,810,745.00
Expenses			
Use of goods and services (rendering of training services)	12	63,572,086.00	41,104,198.00
Employee costs	13	31,402,653.00	23,668,126.00
Remuneration of Board of Governors	14	4,601,700.00	4,986,000.00
Depreciation	15	19,952,240.00	16,821,516.00
Repairs and Maintenance	16	4,813,932.00	7,020,826.00
Contracted services	17	2,607,000.00	2,598,000.00
Mentorship Cost	18	00	13,700,000.00
General/Admin Cost	19	22,309,617.00	14,385,696.00
Provision for Bad and Doubtful Debts		00	0.00
Total expenses		149,259,228.00	124,123,446.00
Net Deficit/Surplus for the year		31,080,259.00	4,759,299.00

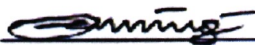
The notes set out on pages 6 to 28 form an integral part of the Annual Financial Statements.

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


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Chairman of Board

Date 20/April/2023


.....

Finance Officer

ICPAK No

Date 20/04/2023


.....

Principal

Date 20th April 2023

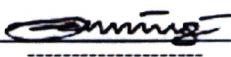
**TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
SIAYA INSTITUTE OF TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021**

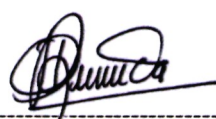
XIV. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2022

Statement of Financial Position	Notes	2021/2022	2020/2021
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	20	30,269,630.00	38,211,578.00
Receivables from exchange transactions	22	22,091,052.00	9,787,041.00
Receivables from non-exchange transactions	23	0.00	0.00
Inventories	24A	1,962,486.00	640,618.00
Mattresses	24B	655,200.00	728,000.00
Animals	24C	76,000.00	123,000.00
Total Current Assets		55,054,368.00	49,490,237.00
Non-current assets			
Property, plant and equipment	25	402,619,414.00	341,081,149.00
Intangible Assets	26	7,305,035.00	7,530,964.00
Total Non-current Assets		409,924,449.00	348,612,113.00
Total assets		464,978,817.00	398,102,350.00
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	29	8,988,950.00	5,752,228.00
Payables for projects	29	0.00	4,098,878.00
Fees paid in advance	29	499,780.00	419,048.00
Employee obligation	29	77,532.00	00
Total Current Liabilities		9,566,262.00	10,270,154.00
Net Assets		455,412,555.00	387,832,196.00
Retained Earnings		53,235,052.00	22,154,793.00
Capital Reserve Fund		402,177,503.00	365,677,403.00
Total Net Assets and Liabilities		455,412,555.00	387,832,196.00

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 20/April/2023


 Finance Officer
 ICPAK No
 Date 20/04/2023


 Principal
 Date 20th April 2023

SIAYA INSTITUTE OF TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022

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

Description	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/ Development Grants/Fund	Total
At July 1, 2020	295,766,707	84,075,604	17,628,431	0.00	397,470,742
Retained Earnings	0.00	(14,164,908)	4,526,362	0.00	(9,638,546)
At June 30, 2021	295,766,707	69,910,696	22,154,793	0.00	387,832,196
At July 1, 2021	295,766,707	69,910,696	22,154,793	0.00	387,832,196
Retained earnings	0.00	0.00	31,080,259	0.00	31,080,259
Capital Fund (dev. Income)	0.00	0.00	0.00	36,500,100.00	36,500,100
At June 30, 2022	295,766,707	69,910,696	53,235,052	36,500,100.00	455,412,555

(Note:


1. For items that are not common in the financial statements, the entity should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.
2. Prior year adjustments should have an elaborate note describing what the amounts relate to. In such instances a restatement of the opening balances needs to be done).

**TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
SIAYA INSTITUTE OF TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

XVI. STATEMENT OF CASH FLOW AS AT 30TH JUNE 2022

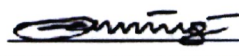
Statement of Cash Flow	Note	2021/2022	2020/2021
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other Government entities/Govt. grants		47,743,813.00	69,645,571.00
Rendering of services- Fees from students		57,464,645.00.00	14,992,259.00
Other Income		5,242,770.00	391,445.00
Total Receipts		110,451,228.00	85,029,275.00
Payments			
Employee Costs		31,325,121.00	23,668,126.00
Remuneration of Board of governors		4,601,700.00	4,986,000.00
Repairs and Maintenance		2,989,027.00	7,020,826.00
Contracted Services		2,607,000.00	2,598,010.00
General Expenses		22,584,717.00	14,385,696.00
Rendering of Training Services – Expenses		57,132,941.00	36,465,709.00
Total Payments		121,240,506.00	89,124,376.00
Net cash flows from operating activities		(10,789,278.00)	(4,095,092.00)
Cash flow from investing activities			
Development Expenses		(33,652,670.00)	(50,874,484.00)
Development income		36,500,100.00	68,511,472.00
Cash flow from investing activities		2,847,430.00	17,636,988.00
Cash flow from financing Activities			
Net Increase/Decrease in Cash in Hand		(7,941,948.00)	13,541,896.00
Cash and cash equivalent as at 1 st July 2021	20	38,211,578.00	24,669,682.00
Cash and cash equivalents as at 30th June 2022	20	30,269,630.00	38,211,578.00

(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)


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Chairman of Board


Date 20/April/2023


.....

Finance Officer

ICPAK No

Date 20/04/2023


.....

Principal

Date 20th April 2023

SIAYA INSTITUTE OF TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022

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

Description	Original budget		Adjustments		Final budget		Actual on comparable basis		Performance difference		Utilization Difference	
	2021-2022	Kshs	2021-2022	Kshs	2021-2022	Kshs	2021-2022	Kshs	2021-2022	Kshs	2021-2022	%
Revenue												
Transfers from other govt entities and govt grants	122,376,318		(59,278,818)		63,097,500		63,097,500	0				0%
Rendering of services- fees from students	105,041,336		0		105,041,336		111,674,167					(11%)
Other income	6,042,455		0		6,042,455		5,567,820					(8%)
Total Income	233,460,109		(59,278,818)		174,181,291		180,339,487					xxx%
Expenses												
Compensation of employees	37,262,778		0		37,262,778		31,402,653					(16%)
Use of goods and services	65,163,324		0		65,163,324		64,643,396					(1%)
B.O.G Cost /Expenses	4,500,000		0		4,500,000		4,601,700					2%
Contracted services	2,607,000		0		2,607,000		2,607,000					0%/%
Depreciation & Amortization	19,952,240		0		19,952,240		19,952,240					0%
Repairs and Maintenance	19,272,373		(15,529,751)		3,742,622		3,742,622					0%
Admin cost	37,009,122		0		37,009,122		22,309,617					0%
Total Expenditure	185,766,837		(15,529,751)		170,237,086		149,259,228					xxx%
Surplus For the Period	47,693,272		(43,749,067)		3,944,205		31,080,259					xxx%

(Budget notes)

1. Provide explanation of differences between actual and budgeted amounts (10% over/ under) IPSAS 24.14
2. Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)
3. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.

TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
SIAYA INSTITUTE OF TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022

XVIII. 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.

**TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
SIAYA INSTITUTE OF TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

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

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>

i. Early adoption of standards

Siaya Institute of Technology did not early-adopt any new or amended standards in year 2022.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

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

Interest income

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

Dividends

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

TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
SIAYA INSTITUTE OF TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022

4 Summary of Significant Accounting Policies (Continued)

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions (continued)

Rental income

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

b) Budget information

The original budget for FY 2021/2022 was approved by the Council or Board on **30/6/2021**. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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

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

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

Notes to the Financial Statements (Continued)

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

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

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a 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 Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability 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 Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g) Intangible assets

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

h) Research and development costs

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

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

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

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

i) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity 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

TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
SIAYA INSTITUTE OF TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022

into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

j) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory 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

TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
SIAYA INSTITUTE OF TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022

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

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

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

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

k) Provisions

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

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

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

Contingent liabilities

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

Contingent assets

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

l) Nature and purpose of reserves

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

m) Changes in accounting policies and estimates

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

n) Employee benefits

Retirement benefit plans

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

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

o) Foreign currency transactions

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

p) 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.

q) Related parties

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

r) Service concession arrangements

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it

TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
SIAYA INSTITUTE OF TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022

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

s) Cash and cash equivalents

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

t) Comparative figures

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

u) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2022.

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

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

Useful lives and residual values

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

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes

TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
SIAYA INSTITUTE OF TECHNOLOGY
 ANNUAL REPORT AND FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30TH JUNE 2022

- 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 charge is on reducing balance method at the following rates
 - ✓ Buildings- 7%
 - ✓ Motor vehicles- 3%
 - ✓ Furniture and fittings-5%
 - ✓ Computers -5%
 - ✓ Machinery -5%
 - ✓ ERP system-3% (amortization)
 - ✓ 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 xxx.

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

(Include provisions applicable for your organisation e.g. provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).

6. Transfers from other National Government entities

Description	2021-2022	2020-2021
	Kshs	Kshs
Unconditional Grants		
Capitation Grants	63,097,500.00	89,940,000.00
	63,097,500.00	89,940,000
Conditional Grants		
Seme TVC	00	13,700,000.00
Total Government Grants and Subsidies	63,097,500.00	103,640,000.00

7. Grants from Donors and Development Partners

Description	2021-2022	2020-2021
	Kshs	Kshs
Gfa Consultation Group	3,898,500.00	00
Total Grants from Development Partners	3,898,500.00	00

TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
SIAYA INSTITUTE OF TECHNOLOGY
 ANNUAL REPORT AND FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30TH JUNE 2022

Reconciliations of grants from donors and development partners

Description	2021-2022	2020-2021
	Kshs	Kshs
Balance unspent at beginning of year	00	00
Current year receipts	3,898,500.00	00
Conditions Met - Transferred to Revenue	3,898,500.00	00
Conditions Yet To Be Met - Remain Liabilities	00	00

GIZ through GFA Consultation Group funded training on agri-business to the tune of ksh. 3,898,500.00 of which ksh. 3,238,500 was spent on budgeted activities and the balance of ksh. 660,000 transferred before year end as was advised by them

8. Rendering of Services

Description	2021-2022		2020-2021	
	Kshs		Kshs	
	capitation	fees	capitation	fees
Tuition fees	24,637,789.00	33,811,536.00	20,097,750.00	5,537,047.00
Personal Emoluments	12,298,478.00	19,653,861.00	18,081,084.00	4,981,523.00
EWC	5,779,481.00	12,300,740.00	4,789,338.00	1,319,512.00
L,T&T	2,697,276.00	1,753,325.00	5,151,006.00	1,419,155.00
RMI	1,258,729.00	1,350,040.00	7,193,200.00	1,981,800.00
Activity	587,407.00	2,493,344.00	3,725,533.00	1,026,422.00
Admin cost	262,063.00	20,555,630.00	12,007,959.00	3,308,315.00
Library fees	134,356.00	2,729,009.00	207,999.00	57,306.00
Students Organisation	58,906.00	1,039,832.00	69,654.00	19,191
Medical	29,328.00	693,102.00	104,448.00	28,777.00
Registration	0.00	747,212.00	382,134.00	105,282.00
Development	15,353,289.00	21,146,811.00	4,314,317.00	1,188,638.00
Industrial Attachment	0.00	1,813,159.00	2,158,074.00	594,571.00
Boarding fee	0.00	10,475,050.00	2,462,999.00	678,581.00
Practicals	0.00	0.00	0.00	0.00
Examination	0.00	13,712,944.00	9,187,684.00	2,531,301.00
Application fee	0.00	900.00	6,821.00	1,879.00
	63,097,102.00	144,276,495.00	89,940,000.00	24,799,300.00

(Capitation has the component of actual cash received while fees has the elements of accrued non disbursed capitation funds as well as fees due from students during the period under review)

NOTE: Included in note 6 under capitation is kshs.15,353,298.00 and in fees from students kshs21,146,811.00 being development funds therefore excluded from the statement of financial performance.

TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
SIAYA INSTITUTE OF TECHNOLOGY
 ANNUAL REPORT AND FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30TH JUNE 2022

9. Sale of Goods

Description	2021-2022	2020-2021
	Kshs	Kshs
Sale of corporate shirts	41,500.00	0.00
Sale of Farm Produce	393,420.00	336,448.00
Cafeteria sales	1,725,250.00	0.00
Total Revenue from Sale of Goods	2,160,170.00	336,448.00

10. Rental revenue from facilities and equipment

Description	2021-2022	2020-2021
	Kshs	Kshs
Bus Hire	176,500.00	55,000.00
Ground Hire	30,000.00	00
Total	206,500.00	55,000.00

11. Other Income

Description	2021-2022	2020-2021
	Kshs	Kshs
Graduation fees	428,000.00	0.00
Conference fee	547,250.00	0.00
KETTISO Ball games	2,225,900.00	0.00
Total other income	3,201,150.00	0.00

12. Use Of Goods And Services

Description	2021-2022	2020-2021
	KShs	KShs
Tuition fees	40,772,475.00	32,402,375.00
Boarding	8,251,252.00	3,538,268.00
Local Transport & Traveling	4,518,332.00	1,740,200.00
Electricity, Water & Conservancy	2,151,707.00	1,104,031.00
Activity	4,449,650.00	183,000.00
Medical	72,067.00	317,624.00
Student Organization	928,959.00	296,200.00
Industrial Attachment	1,502,500.00	1,515,000.00
Library	7,500.00	7,500.00
Graduation cost	917,644.00	0.00
Total revenue from the rendering of services	63,572,056.00	41,104,198.00

TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
SIAYA INSTITUTE OF TECHNOLOGY
 ANNUAL REPORT AND FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30TH JUNE 2022

13. Employee Costs

Description	2021-2022	2020-2021
	Kshs	Kshs
Salaries and wages	27,059,632.00	20,983,983.00
Employee related costs - contributions to pensions and medical aids	4,343,021.00	2,684,143.00
Employee Costs	31,402,653.00	23,668,126.00

14. Board Expenses

Description	2021-2022	2020-2021
	Kshs	Kshs
B,O,G allowances	4,601,700.00	4,986,000.00
Total	4,601,700.00	4,986,000.00

15. Depreciation and Amortization expense

Description	2021-2022	2020-2021
	Kshs	Kshs
Property, plant and equipment	19,726,311.00	16,588,600.00
Intangible assets	225,929.00	232,916.00
Total depreciation and amortization	19,952,240.00	16,821,516.00

16. Repairs and Maintenance

Description	2021-2022	2020-2021
	Kshs	Kshs
Masonry works	3,104,100.00	5,537,490.00
Service of Machine	509,832.00	17,000.00
Other repair work	1,200,000.00	1,466,336.00
Total Repairs and Maintenance	4,813,932.00	7,020,826.00

17. Contracted Services

Description	2021-2022	2020-2021
	Kshs	Kshs
Security Services	2,607,000.00	2,598,000.00
Total contracted services	2,607,000.00	2,598,000.00

18. Mentorship Cost

Description	2021-2022	2020-2021
	Kshs	Kshs
Seme TVC	00	13,700,000.00
Total Mentorship cost	00	13,700,000.00

TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
SIAYA INSTITUTE OF TECHNOLOGY
 ANNUAL REPORT AND FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30TH JUNE 2022

19. Admin Cost

Description	2021-2022	2020-2021
	Kshs	Kshs
Research & Innovation	448,490.00	175,400.00
Performance Contracting	803,640.00	677,547.00
Printing Services	1,178,800.00	1,937,885.00
Subscription	250,000.00	381,520.00
Skill & Development Costs	1,071,250.00	1,783,800.00
Other Admin Expenses	18,557,437.00	9,429,544.00
Total Admin Cost	22,309,617.00	14,385,696.00

20. Cash and Cash Equivalents

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Account	15,216,602.00	25,698,749.00
Savings Account	15,025,008.00	12,393,525.00
Fixed Deposits Account	28,020.00	3,600.00
Total Cash and Cash Equivalents	30,269,630.00	38,211,578.00

(The amount should agree with the closing and opening balances as included in the statement of cash flows)

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

Financial Institution	Account number	2021-2022	2020-2021
		Kshs	Kshs
a) Current Account			
Kenya Commercial Bank	1106857135	15,106,769.00	25,698,749.00
Cooperative Bank	01120255255900	80,864.00	85,544.00
Kenya Commercial Bank	1255643730	28,970.00	30,161.00
Sub- Total		15,216,603.00	25,814,454.00
b) Savings Account			
Kenya Commercial Bank	1104908875	15,021,119.00	12,392,768.00
Kenya Commercial Bank	1133066399	3,889.00	756.00
Sub- Total		15,025,008.00	12,393,524.00
c) Cash at hand			
		28,020.00	3,600.00
Grand Total		30,269,630.00	38,211,578.00

TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
SIAYA INSTITUTE OF TECHNOLOGY
 ANNUAL REPORT AND FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30TH JUNE 2022

22. Receivables from Exchange transactions

22(a) Current Receivables from Exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Receivables		
Student Debtors	21,766,002.00	9,787,041.00
GIZ(Conference Facilities)	325,050.00	0.00
Total Current Receivables	22,091,052.00	9,787,041.00

23. Receivables from Non-Exchange transactions

(N/B capitacion grants/funds have been recognized under receivables from exchange transactions because they form part of the fees)

Undisbursed development grants of ksh, 20,000,000.00 has not been recognized in our books due to non-commitment by the parent ministry during the year

24. Inventories

Description	2021-2022	2020-2021
	Kshs	Kshs
Dry foodstuff	262,017.00	224,770.00
Stationery	1,519,730.00	353,968.00
Cleaning materials stores	180,739.00	61,880.00
Total Inventories at lower of Cost and Net Realizable Value	1,962,486.00	640,618.00

B. Mattresses

Description	2021-2022	2020-2021
	Kshs	Kshs
As at 1 st July	728,000.00	450,000.00
Additions	00	358,889.00
Sub totals	728,000.00	808,889.00
Depreciation	(72,800.00)	(80,889.00)
Total Inventories at lower of Cost and Net Realizable Value	655,200.00	728,000.00

C. Animals

Description	2021-2022	2020-2021
	Kshs	Kshs
As at 1 st July	123,000.00	97,600.00
Additions	75,000.00	63,400.00
Sub totals	198,000.00	161,000.00
Disposals	(122,000.00)	(38,000.00)
Total Inventories at lower of Cost and Net Realizable Value	76,000.00	123,000.00

**TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
SIAYA INSTITUTE OF TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

Notes to the Financial Statements (Continued)

25. 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 (4%)		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	
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	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	52,539,597												
Disposals during the period	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	37,258,925												
As 30 th June 2021	34,978,940	234,076,928	13,885,503	9,770,212	6,008,318	77,104,935	8,244,120	4,597,234	37,746,023	14,240	3,294,957	1,920,044	431,641,454												
Additions	0	30,164,808	0	3,815,600	653,299	125,000	0	431,300	0	21,250	1,024,526	0	36,235,783												
Disposal	0	0	0	0	0	0	0	0	0	0	0	0	0												
Transfers/Adjustments	0	3,807,337.00	0	0	0	25,083,468.00	0	4,257,337	(3,807,337)	0	0	0	29,340,805												
As at 30 th June 2022	34,978,940	268,049,073	13,885,503	13,585,812	6,661,617	102,313,403	8,244,120	9,285,871	33,938,686	35,490	4,319,483	1,920,044	497,218,042												
Depreciation and impairment																									
As at 1 st July 2020	0	37,120,333	10,247,503	3,929,712	1,642,083	4,706,345	240,120	1,836,409	0	0	644,067	802,064	61,168,636												
Depreciation for the period	0	11,900,522	105,866	254,275	218,312	592,253	0	63,364	0	570	77,141	32,533	13,244,836												
Impairment for the period	0	0	0	0	0	0	0	0	0	0	0	0	232,916												
At 30 th June 2021	0	49,020,855	10,353,369	4,183,987	1,860,395	5,298,598	473,036	1,899,773	0	570	721,208	834,597	74,646,388												
Depreciation for the period	0	15,065,462	105,964	482,591	240,061	3,596,567	0	93,758	0	1,397	107,948	32,563	19,726,311												
Impairment for the period	0	0	0	0	0	0	0	0	0	0	0	0	225,929												
As at 30 th June 2022	0	64,086,317	10,459,333	4,666,578	2,100,456	8,895,165	698,965	1,993,531	0	1,967	829,156	867,160	94,598,628												
Net book values																									
As at 30 th June 2022	34,978,940	203,985,756	3,426,170	8,919,234	4,561,161	93,635,358	7,305,035	7,292,340	33,938,686	33,523	3,490,327	1,052,884	402,619,414												
As at 30 th June 2021	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	341,842,932												

N/B: represented by WIP figure of K.shs. 33,938,686.00 in the P.P.E schedule is the value of ongoing works for the proposed admin/library complex initially funded by the ministry.

**TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
SIAYA INSTITUTE OF TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

Notes to the Financial Statements (Continued)

Valuation

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

26. Intangible Assets

Description	2021-2022	2020-2021
	Kshs	Kshs
Cost		
At beginning of the year	7,530,964	7,763,880
Additions		
At end of the year		
Additions—internal development		
At end of the year		
Amortization and impairment		
At beginning of the year		
Amortization 3%	225,929	232,916
At end of the year		
Impairment loss		
At end of the year		
NBV	7,305,035	7,530,964

27. Development Expense

Description	2021-2022	2020-2021
	Kshs	Kshs
Development Expenses	36,235,670.00	46,775,606.00
Payables for projects	0.00	4,098,878.00
Total	36,235,670.00	50,874,484.00

28. Capital Commitment

Description	2021-2022	2020-2021
	Kshs	Kshs
Authorised for	70,451,028.00	177,102,526.00
Authorised and adjusted	(33,950,928.00)	(108,279,934.00)
Total	36,500,100.00	68,822,592.00

TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
SIAYA INSTITUTE OF TECHNOLOGY
 ANNUAL REPORT AND FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30TH JUNE 2022

29. Trade and Other Payables from Exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Trade payables	8,988,950.00	1,565,739.00
Fees paid in advance	499,780.00	419,048.00
Seme TVC	00	3,927,500.00
Employee Obligation	77,532.00	258,989.00
Total Trade and Other Payables	9,566,262.00z	6,171,276.00

30. Financial Risk Management

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

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

(i) Credit risk

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

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

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

TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
SIAYA INSTITUTE OF TECHNOLOGY
 ANNUAL REPORT AND FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30TH JUNE 2022

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2021				
Receivables from exchange transactions	9,787,041	00	00	00
Receivables from non-exchange transactions	00	00	00	00
Bank balances	38,211,578	00	00	00
Total	47,998,628	00	00	00
At 30 June 2022				
Receivables from exchange transactions	37,205,326	00	9,787,041	00
Receivables from non-exchange transactions	00	00	00	00
Bank balances	30,269,630	00	00	00
Total	67,474,956	00	9,787,041	00

(i) Credit risk (continued)

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 entity has significant concentration of credit risk on amounts due from xxxx

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

(ii) Liquidity risk management

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

TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
SIAYA INSTITUTE OF TECHNOLOGY
 ANNUAL REPORT AND FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30TH JUNE 2022

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.

Description	Less than 1 month	Between 1- 3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2021				
Trade Payables	5,912,287	4,098,878	00	10,011,165
Current Portion of Borrowings	00	00	00	00
Provisions	00	00	00	00
Deferred Income	00	00	00	00
Employee Benefit Obligation	258,989	00	00	258,989
Total	6,171,276	4,098,878	00	10,270,154
At 30 June 2022				
Trade Payables	2,431,798	3,591,231	3,465,701	9,488,730,
Current Portion of Borrowings	00	00	00	00
Provisions	00	00	00	00
Deferred Income	00	00	00	00
Employee Benefit Obligation	77,532	00	00	77,532
Total	2,509,330	3,591,231	3,465,701	9,566,262

(iii) Market risk

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

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

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

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

TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
SIAYA INSTITUTE OF TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs xxx (2022: Kshs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (2022 – Kshs xxx)

31. Related Party Balances

Nature of related party relationships

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

Government of Kenya

The Government of Kenya is the principal shareholder of the S.I.T, holding 100% of the *Siaya Institute of Technology* equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external. Other related parties include:

- i) The National Government;
- ii) The Parent Ministry
- iii) National Treasury
- iv) KENAO
- v) ICPAK
- vi) Key management;
- vii) Board of governors

32. Events After The Reporting Period

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

33. Ultimate And Holding Entity

S.I.T is a Semi- Autonomous Government Agency under the Ministry of Education. Its ultimate parent is the Government of Kenya.

34. Currency


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

**TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
SIAYA INSTITUTE OF TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4.1.1	Inaccuracy in the presentation of financial statements.	Adjustments in the financial statements to correct the noted errors /omissions	Resolved	
4.1.2	Misstatement of depreciation expense	Adjust the financial statements to correct the misstatement of depreciation expense	Resolved	
4.1.3	Incorrect opening balances	Provide journal entries to support the restatement of opening balances	Resolved	
4.2	Unrealised receivables from non -exchange transactions of kshs. 24,000,000.00	Adjust the financial statements to exclude the same.	Resolved	
4.5	Under staffing	Liaise with the parent ministry to ensure staffing levels of trainers is as per the curriculum-based establishment (CBE)	Communication done quarterly to the parent ministry (not resolved)	30/06/2023
4.6	Lack of provision for bad and doubtful debts	Develop a policy on provision for bad and doubtful debts	Unresolved	30/06/2023

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Name:
Accounting Officer
Principal
Date 20th April 2023

**TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
SIAYA INSTITUTE OF TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

Appendix II: Projects Implemented by Siaya Institute of Technology.

Projects

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

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
I	Proposed Administration / Library Complex	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, i.e. 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	33,938,868.00	48	77,338,714.00	33,938,868.00	G.o.K

**TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
SIAYA INSTITUTE OF TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

Appendix III- Inter-Entity Confirmation Letter



SIAYA INSTITUTE OF TECHNOLOGY

P.O. BOX 1087 - 40600, SIAYA. Tel: 0703564522

email: info@siayainstitute.ac.ke website: www.siayainstitute.ac.ke

Siaya Institute of Technology wishes to confirm the amounts disbursed to you as at 30th June 2022 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below. Please sign and stamp this request in the space provided and return it to us.

Reference Number	Date Disbursed	Amounts Disbursed by Ministry of Education (TVET) (Kshs) as at 30th June 2022				Amount Received by [beneficiary Entity] (KShs) as at 30 th June 2021 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
Ministry of Education	November 2021	21,525,000.00	0	0	21,525,000.00	25,980,000.00	(4,455,000.00)
Ministry of Education	2 nd March 2022	21,525,000.00	0	0	21,525,000.00	19,590,000.00	1,935,000.00
GIZ	3 rd Oct 2021	2,256,600.00	0	0	2,256,600.00	0	2,256,600.00
Ministry of Education	3 rd June 2021	20,047,500.00	0	0	20,047,500.00	22,822,500.00	(2,775,000.00)

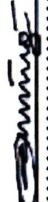
Confirmation of amounts received by Siaya Institute of Technology as at 30th June 2022

**TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
 SIAYA INSTITUTE OF TECHNOLOGY
 ANNUAL REPORT AND FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30TH JUNE 2022**

GIZ	21 st March 2022	1,641,850.00	0	0	0	1,641,850.00	0	1,641,850.00
NYS	7 th December 2021	10,455,050.00	0	0	0	10,455,050.00	0	10,455,050.00
NYS	30 th June 2022	13,701,400.00	0	0	0	13,701,400.00	0	13,701,400.00
Ministry of Education	30 th June 2021	0	0	0	0	0	21,547,500.00	(21,547,500.00)
Total		91,152,400.00				91,152,400.000	89,940,000.00	1,212,400.00

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

Head of Accountants department of beneficiary Entity:

Name **Joseph Ochieng** Sign  Date **20/04/2023**