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| REPORT | |
| THE NATIONAL ASSEMBLY | |
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| TAB OF | Hon Owen Baya, MP |
| BY: | Deputy leader, majority party |
| CLERK-AT THE TABLE: | Ahmed Kadhi |

THE AUDITOR-GENERAL

ON

**KAREN TECHNICAL TRAINING
INSTITUTE FOR THE DEAF**

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



MINISTRY OF EDUCATION
STATE DEPARTMENT OF VOCATIONAL EDUCATION AND TECHNICAL TRAINING
KAREN TECHNICAL TRAINING INSTITUTE FOR THE DEAF

P.O. BOX 24785-00502 Nairobi, Kenya. Tel. 0722677859

E-mail: kttid2007@yahoo.com

Website: www.kttideaf.ac.ke



VISION: To be a Centre of Excellence in Integrated Technical and Vocational Education and Training for the Hearing Challenged and the Hearing

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
KENYA

15 MAY 2022

RECEIVED

KAREN TECHNICAL TRAINING INSTITUTE FOR THE DEAF

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30TH JUNE 2022

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I. Key Entity Information and Management

(a) Background information

Karen Technical Training Institute for the Deaf was founded in the Year 1990 with the mandate to offer Technical and Vocational Education and Training to Students with Special Needs in Kenya (the Deaf). Since 2015 the Institution operates under the State Department of Vocational and Technical Training. From inception the Institute had been under the State Department of Basic Education; Ministry of Education.

At Cabinet level Karen Technical Training Institute for the Deaf is represented by the Cabinet Secretary for Ministry of Education who is responsible for the general policy and strategic direction of the Institute. The Institute is domiciled in Kenya and is located along Karen road.

Karen Technical Training Institute for the Deaf has an Appointed Board of Governors whose main role includes; Determining the Organization's Vision, Mission, Purpose and Core Values. Setting and overseeing the overall Strategy and approve significant Policies of the Organization Ensuring that the Strategy is aligned with the purpose of the Organization and legitimate interests and expectations of her Stakeholders Monitoring the Organization's Performance and ensuring sustainability

(b) Principal Activities

The principal activity of the Institute is the provision of technical, vocational education and training to deaf students with special needs in Kenya.

Vision Statement

A Centre of Excellence in Integrated Technical and Vocational Education for the Hearing Challenged and the Hearing

Mission Statement

To provide adequate and appropriate Technical and Vocational Training for Artisans, Craftsmen, Technicians and Technologists through practical training and work experience and transfer of technology with other TVET Institutions and key players in the Industry.

Strategic Objectives

1. Provide Quality Competence Based Education and Training
2. Enhance Financial Sustainability by Increasing Revenues and Managing Costs.
3. Enhance ICT in Training and Operations of Institute.
4. Promote Human Resources Capacity and Improve Corporate Image.
5. Promote Collaboration with other TVET Institutions and Key Players in the Industry

(c) Key Management

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

- Board of Governors
- Principal and Secretary BoG
- Members of Key

(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 | Tecla M. Chemobo |
| 2. | Deputy Principal Administration | Norah Joy Ananda |
| 3. | Deputy Principal Academics | Japheth N. Onyimbo |
| 4. | Finance Officer | Wilfred Kimathi |
| 5. | Registrar | Joseph Wanjohi |
| 6. | Dean of Students | Lorraine Koros |

(e) Fiduciary Oversight Arrangements

The Institute's key fiduciary oversight arrangements include:

- Audit Committee
- Planning, Strategy, Finance and Resource Mobilization Committee
- Academic and Students Affairs Committee

(f) Entity Headquarters

Karen Technical Training Institute for the Deaf
P.O. Box 24785-0050
Karen Road
Nairobi, Kenya

(g) Entity Contacts

Telephone: (254) 0722-261453 (Principal's no.)
E-mail: kttid2007@yahoo.com
Website: www.kttideaf.ac.ke

(h) Entity Bankers

National Bank of Kenya
Harambee Avenue
P.O. Box 41862-00100
Nairobi

ABSA Bank of Kenya
P.O. Box 24180-00502
Nairobi

Kenya Commercial Bank
P.O. Box 224410-00502
Nairobi

(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

Key Entity Information and Management (Continued)

II. The Board of Governors



Rev. Dr. Gladys Mutua

BOG
Chairperson
2ND JANUARY, 1957

She is a resilient and highly self-motivated spiritual leader. An outgoing social being and quite friendly indeed. A team player and one who enjoys living happily all her days, having had a revelation early in life that “life is not a rehearsal”. After graduating from Kenya Polytechnic, her first job was at Thogoto Teachers College where she worked as a Secretary to the College Principal. Having served for one year, she later joined Kenya Industrial Estates Limited, where she served for 23 years, in various capacities. As she rose to the position of the Personal Assistant to the Managing Director, she was appointed by the organization to train as an Integrity Officer, at the Kenya Institute of Management. She also attended several other courses including: Job Evaluation Training Seminar, Support to Management, The Changing Role of an Executive Secretary, and the Personal Assistant As a Manager. With time, she attended a course on Advanced Leadership Seminar at Haggai Institute in Singapore. This course gave her a cutting edge and she was appointed as women’s leader in one of the fastest growing church in Nairobi then. Later she did a course - Counselling in the Church and Community at Daystar University, Nairobi. It was followed by a correspondence course thus: Bachelor of Arts in Bible and Theology” - Berea University, USA. Later on, she acquired a Master of Arts in Christian Counseling & Psychology – Hosanna Theological Institute – American Mission Teams – Int’l Affiliated School. She was recently honoured with an Honorary Doctorate in “Sacred Counselling” by Breakthrough International Bible University. She is an ordained Church Minister. She has visited several countries of the world, while in the company of her husband who is an evangelist. She loves preaching and teaching the word of God. She visits Prisons, Children’s Home, and the sick in hospitals and at home. She is the leader of women in her church. She is the Founder and Patron of Interdenominational Women Fellowship – Arusha, Tanzania and is the current Patron of Pastors’ Wife Kajiado County. She was appointed as a member of the Board of Governors at Karen Technical Training Institute for the Deaf on 19th July 2021 subsequently as the Chair to the Board on 20th January 2022.




Tecla M. Chemobo
Principal & Secretary
BOG
 8TH OCTOBER, 1965

She is a scintillating, successful, spiritual and highly skilled professionally Trained Educationist with 34 years of experience as a Teacher that elevated her to the current position. She currently holds as the Principal of Karen Technical Training Institute for the Deaf in Nairobi, Kenya. She holds a Bachelor's Degree in Education (Upper 2nd Class Honors) from Kenyatta University, a Higher Diploma in Counselling Psychology from Kenya Institute of Professional Counselling [KIPC] as well as a Diploma in Education from Maseno - Siriba Diploma Teachers Training College. In the course of her working life, she has held various positions rising from a Class Teacher at Chepareria Girls High School in West Pokot, Kapsabet Girls High School, Kaaga Girls High School in Meru, Nairobi School and then to her promotion as a Lecturer, Head of Department, Dean of Students, Registrar and later Deputy Principal In-charge of Academic Affairs at Nairobi Technical Training Institute up to 2015 when she was appointed by the Teachers Service Commission to her current position as Principal TVET. She also serves as the Secretary to the Board of Governors at Karen Technical Training Institute for the Deaf. She has over 28 years' experience in inspiring and shaping policy within the TVET Sector having attended and participated in various Policy and Governance Workshops and Training for TVET Principals and Managers especially with the Government of Kenya and Ministry of Education as well as other Stakeholders such as Commonwealth Association of Technical Universities and Polytechnics in Africa {CAPA} and {KATTI}.



Maryan
County Director TVET
Nairobi County
 12TH DECEMBER, 1977

A fully qualified, experienced and dynamic professional with 18 years teaching experience, 11 years' managerial responsibilities, 1 ½ years humanitarian and relief work experience. A Dynamic leader, resourceful, adaptable and able to work in all conditions. Strong conflict resolution skills and effective negotiator. A result-oriented, creative and reliable team player who strives for excellence in all tasks assigned. She holds a Masters of Education (Educational Planning & Administration) from Catholic University of East Africa, a Diploma in Education Management from Kenya Education Management Institute, Bachelor of Education – Science from Kenyatta University, Diploma in Education (Science) from Kagumo Teachers College did her O' Level Education at Moi Forces Academy - Lanet. Other Professional Qualifications – August, 2003 Mathematics mentoring group held at Kagumo Teachers College. 17th-28th April 2006 Capacity building training program for NEPAD e-schools and ICT in Education-CEMASTE. 19th -24th July, 2009 Free Secondary Education and governance workshop for

| | |
|---|--|
| | <p>Principals of Public Secondary Schools at KESI. August 2018 Senior Management Course (SMC) Kenya School of Government. Key Skills; she has skills in Computer Applications, Planning/Organization, Communication, Administration and Interpersonal skills. Her work experience; from Feb 2008-Sept 2013 worked as a Principal, Kutulo Girls Secondary School. Sept 2013- Dec 2017 Principal Wajir Girls Secondary School. Jan 2018-Sept 2018 Nep Girls High School, Garissa. Oct 2018-Dec 2018 Senior Asst. Director of Education TVET. Jan 2019 to Date SADE- TVET County Director, Nairobi.</p> |
|  <p>Eng. Leonard Ithau BOG Member 23RD APRIL, 1961</p> | <p>Eng. Leonard Ithau holds a Bachelor of Science Degree in Civil Engineering from the University of Nairobi and a Master’s of Science Degree in Construction Management from the University of Birmingham, England.</p> <p>He has served in the public service at the Kenya Ports Authority (KPA) and as a Project Management Consultant to various private bodies in the Health, Port and Harbours/Rail/Roads, Telecommunications, Oil and Gas, Hospitality, Industrial/Commercial and Housing Sectors. He is currently the Executive Director of Quemec Limited, a private consultancy practice.</p> <p>He has over thirty-five (35) years’ experience in senior project advisory, design and construction management roles on major civil engineering, infrastructure and building works in Kenya and the broader South East Africa region.</p> <p>He is a registered Engineer with the Engineers Board of Kenya, a member of the Association for Project Management (UK) and the Institute of Directors (Kenya).</p> <p>Eng. Leonard Ithau is a member of the Board of Directors of Kenya Revenue Authority (KRA). He was first appointed on 30th May 2018 and subsequently re-appointed for a further term of three (3) years on 21st October 2019. He was appointed as a member of the Board of Governors of the Karen Technical Institute for the Deaf (KTTID) on 19th July 2021 for a period of three (3) years.</p> |
| | <p>A self-motivated individual, analytical, careful in planning and administration, Information Technology savvy and always willing to face challenges and progress using his skills and experience to enhance the organization’s corporate identity by significantly contributing to its growth.</p> <p>He has a Bachelor’s Degree in Banking & Finance and Honors Diploma in Network Centered Computing with fourteen (14) years’ experience in the fields of Human Resource (Administration, Performance Management and Training) and</p> |



Peter Arrile Matura
BOG Member
 23RD AUGUST, 1974

Information Technology (HRIS Support officer). A graduate of Commerce (Banking & Finance, Cost Accounting), Dr. B.A Marathwada and currently pursuing a Master in Business Administration (Project Management), Kenyatta University. He also has vast knowledge in the IT and holds an MCSE Certificate (Microsoft Certified System Engineer. Currently working as, a Consultant with the Northern Rangeland Trust (NRTT) in training their various conservancy management boards and appointed as a Member of the Board of Governors of Karen Technical Training Institute for the Deaf in 19th July 2021.



Medrine Mueni Ndile
BOG Member
 25TH MAY, 1989

Medrine Mueni Ndile is an Advocate of the High Court of Kenya She has 11 years' experience practicing Commercial, Conveyancing and Litigation Law. She holds a Master's Degree in Public Policy and Management from Strathmore Business School, a Bachelor of Laws (LLB) Degree from University of Nairobi (UON) and a Post-Graduate Diploma in Law from the Kenya School of Law. She was admitted as an Advocate of the High Court of Kenya on 13th March 2015. She has extraordinary written and verbal communication skills. Known for an uncompromised work ethic, a compassionate and empowering personality. Skilled at developing strong relationships through collaboration and partnership to get things done. Her experience in providing overarching general legal assistance has enabled her to make a significant contribution to Rhombus Construction Company Limited, Miller & Company advocates, Musyoka Wambua & Katiku advocates, Rachuonyo and Rachuonyo Company Advocates and Kitheka & Co. Advocates. Her background includes providing board advisory and services, company advisory, preparing pleadings, motions, discoveries, and briefs, interpretation of laws as well as interacting with courts to facilitate streamlined legal operations. Her career tenure has encompassed a variety of areas of law, including company and corporate. She was appointed as a member of the Board of Governors at Karen Technical Training Institute for the Deaf in 19th July 2021.



George H. Gachanja Mahugu
Board Member
 6TH OCTOBER, 1974

He holds a Bachelor of Science Degree in Microfinance from the Kenya Methodist University, a Diploma from the Kenya Institute of Management and a Certificate from the Catholic University of Eastern Africa in Management of Child Centered Organizations, Child Rights and Paralegal Studies. He has over 19 years working experience with NGOs primarily within the PWD {Persons With Disabilities} sector especially with the deaf. He currently holds the position of Program Coordinator at the Kenya Society for Deaf Children {KSDC}. He has previously worked as a Program Consultant with the Kenya Association of Parents of the Deaf and coordinating programs of network and funding organizations including Stitching Operation Eardrop and Vitaal based in Netherlands as well as in education and rehabilitation of hearing loss in children with the Department for International Development [DFID] and in mobilization and training of parents in Kenyan Sign Language for the U.S. Peace Corps. He has also been a trainer for the National Police Service of Kenya in Sign Language. He sits on the Board of Governors at Karen Technical Training Institute for the Deaf as a representative of KSDC. He has also previously been a Board Member of Mobil Oil. He was appointed as a member of the Board of Governors at Karen Technical Training Institute for the Deaf in 20th January 2022.



Protus Atsali Lumiti
BOG Member
 24TH NOVEMBER, 1967

Dedicated and experienced in Leadership, Strategic Management and Organizational Development with over 15 years of experience. Protus is a Licensed Human Resource Management Professional (IHRM), with experience in General Management as well as Strategic Planning and Community Development.


He currently serves as Deputy Executive Director, Children of God Relief Institute – Nyumbani; where he assists in planning, administration, project compliance and organizational management.



He has a Master of Business Administration from Kenyatta University.



He was conferred by HE President Uhuru Kenyatta for distinguished services rendered to the people of Kenya under the auspices of COGRI ins (2013).

He was appointed as a member of the Board of Governors at Karen Technical Training Institute for the Deaf in 20th January 2022.

(a) Key Management

| S/No | Name of the Staff Responsibility/Designation | Profile Summary |
|------|---|---|
| 1. |  <p style="text-align: center;">TECLA M. CHEMOBO Principal & Secretary BOG</p> | <p>She is a scintillating, successful, spiritual and highly skilled professionally Trained Educationist with 34 years of experience as a Teacher that elevated her to the current position. She currently holds as the Principal of Karen Technical Training Institute for the Deaf in Nairobi, Kenya. She holds a Bachelor’s Degree in Education (Upper 2nd Class Honors) from Kenyatta University, a Higher Diploma in Counselling Psychology from Kenya Institute of Professional Counselling [KIPC] as well as a Diploma in Education from Maseno-Siriba Diploma Teachers Training College. In the course of her working life, she has held various positions rising from a Class Teacher at Chepareria Girls High School in West Pokot, Kapsabet Girls High School, Kaaga Girls High School in Meru, Nairobi School and then to her promotion as a Lecturer, Head of Department, Dean of Students, Registrar and later Deputy Principal In-charge of Academic Affairs at Nairobi Technical Training Institute up to 2015 when she was appointed by the Teachers Service Commission to her current position as Principal TVET. She also serves as the Secretary to the Board of Governors at Karen Technical Training Institute for the Deaf. She has over 28 years’ experience in inspiring and shaping policy within the TVET Sector having attended and participated in various Policy and Governance Workshops and Training for TVET Principals and Managers especially with the Government of Kenya and Ministry of Education as well as other Stakeholders such as Commonwealth Association of Technical Universities and Polytechnics in Africa {CAPA} and {KATTI}.</p> |

| | | |
|-----------|--|--|
| <p>2.</p> |  <p>JAPHETH N. ONYIMBO Deputy Principal - Academics</p> | <p>He started teaching in 1995 at Karen Technical Training Institute for the Deaf. In 2000 he was transferred to Sunshine Secondary School to teach Drawing and Design and Mathematics and was the Head of Examinations for two years.</p> <p>In 2004 he was transferred back to Karen Technical Training Institute for the Deaf and in 2005 he was appointed to chair the Institution's Tuition Time-table Committee and thereafter in 2008 appointed Deputy Registrar.</p> <p>In 2009 he was appointed Registrar and his Office is in-charge of Admission and Registration of Students in the Institution and Administration of both Internal and External National Examinations among other responsibilities. He has attended various Kenya Association of Technical Training Institute (KATTI) Trainings and Technical Vocational Education Training Workshops organized by the Ministry of Education State Department of Vocational and Technical Training.</p> |
| <p>3.</p> |  <p>NORAH JOY ANANDA Deputy Principal - Administration</p> | <p>She started teaching in 1988 in Mukumu Girls Boarding Primary School till 1993 when she took study leave to further her studies. She studied Diploma in Special Education at Kenya Institute of Special Education and was awarded Diploma Special Education 1st Class Honours in 1995 with another special Award of Best Citizen.</p> <p>She was posted to Agakhan Primary School Deaf Unit in May 1995. She taught in this school till 1997 where she took another study leave to further her education and enrolled in Kenyatta University in 1997 September for Bachelor of Education (Special Education) and successfully completed in the Year 2000 and was awarded B.E.D Special Education with 2nd Class Honours – Upper Division.</p> <p>She was posted to Karen Technical Training Institute for the Deaf in 2001. In 2001 was appointed as a Sign Language facilitator. In 2005 was appointed as Head of Department of Audiology Department and Assistant Dean of Students.</p> |

| | | |
|----|---|--|
| | | <p>She was also appointed in 2006 as Head of Performing Arts. In 2015 she was promoted as Dean of Students till to Date.</p> <p>She is also in-charge of two targets in the Performance Contract namely Service Delivery and Resolution of Public Complaints respectively.</p> |
| 4. |  <p>JOSEPH WANJOHI Registrar</p> | <p>He started teaching in 1992 at Mururia High School in Kiambu. In 1995 he was transferred to SOS Technical Training Institute to teach Mathematics and promoted to be the Institution Head Teacher. In the year 2006 he was transferred to Karen Technical Training Institute for the Deaf to Teach Mathematics and Carpentry and Joinery. In 2009 he was appointed as the Head of Department Carpentry and Joinery. In 2021 he was appointed Registrar and his office is in –charge of Admission and Administration of both Internal and External National Examinations.</p> |
| 5. |  <p>LORRAINE KOROS Dean of Students</p> | <p>She started teaching in 1998 in Machakos Technical Training Institute for The Blind after attaining a Diploma in Technical Education. In 2006, she was transferred to Karen Technical Training Institute for the Deaf to teach Entrepreneurship Education and Business Studies. In 2008 she was appointed to the Discipline Committee for five years. While working she managed to attain a Degree in Business Management from Moi University in 2009 and a Master in Business Administration from Jomo Kenyatta University of Agriculture in 2012. In 2021 she was appointed Dean of Students to Date. She is also in charge of one Target in the Performance Contract namely Business Process Re-Engineering.</p> |

6.



WILFRED KIMATHI
Finance Officer

He is a Resilience Character holds a Bachelor of Business Administration (Accounting and Finance option) from Kenya Methodist University (Kenya), a Diploma in Business Management, University of Nairobi (DBM). Certified Public Accountant (CPA II) KSNEB studied at Meru Technical Training Institute know Meru National Polytechnic, a Certificate of Accounts Clerk National Certificate (ACNC) (I & II) (KASNEB). Secondary Education, Gikumene Secondary School Meru, Primary Education, Michogomone Primary School Meru. He is currently the Finance Officer Karen Technical Training Institute for the Deaf. He has attended various capacity building workshop organized Nairobi County School /Tertiary Institution Audit (Nyayo House Educations) attended Training Workshops Organized by TVET the State Department of Vocational and Technical Training Institutions, attended Trainings by National Treasury on Public Sector Accounting Standards Board (PSASB) Training accordance with the Basis of accounting method under the International Public Sector Accounting Standards (IPSAS). Sits in various Board Committee Treasurer Macho SACCO Ltd. He is a member Procurement Committee, Treasurer Ngong Methodist Church and Secretary Meban Self Help Group. He has 26 years working experience on the Finance field to date.

III. Chairman's Statement

Introduction

It is my utmost pleasure to present the Annual Report and Financial Statements for Karen Technical Training Institute for the Deaf for the year ended 30 June 2022.

Financial Performance

In the year under review, the Institution reported a total income of Kshs. **99,313,735** compared to Kshs. **71,685,849** for the FY 2020/2021 financial year. The Institution was affected by closure in the month of March 2020 due to the COVID-19 Pandemic in the FY 2020/2021. The Board and Management is however hopeful that Institution's activity will continue to improve in the coming financial year 2022/2023.

The Board of Governors

The Board is committed to ensure prosperity of the Institution by collectively directing its affairs whilst meeting the diverse interests of its stakeholders. The Board charter guides the operation of the Board while defining the functions and responsibilities of the Board of Governors and that of Management. The Board strives to maintain the highest standards of corporate governance and ethics in providing the policy and strategy of the Institution.

Achievements and Challenges

In addition to increased student's enrolment, Karen Technical Training Institute for the Deaf has had notable improvement in general service delivery and in corporate social image. Over the last 5 years to date there has been gradual increase in enrolment of students. However, the increase in the number of students does not commensurate Government funding. This poses a great challenge in financing the programs and activities hence the need for increased Budgetary allocation. The board managed to oversee the successful completion of (Four) 4 classrooms which were also commissioned by the PS, Ministry of Education, State Department of Vocational and Technical Training, Dr. Margaret W. Mwakima on Wednesday, 22 September 2021.

Appreciation

On behalf of the Board of Governors, I wish to thank all the Stakeholders for the confidence placed on the Board during the entire period and look forward to serving even better. In a special way, I thank the Ministry of Education, State Department of Vocational and Technical Training that have stood with us during the entire financial year. Your continued support is highly appreciated. Further, I thank Members of Management, Staff and Students for their dedication and commitment towards the growth of the Institution.

Peter Arrile Matura
Rev. Dr. Gladys Mutua
Board Chairperson

15/5/2023

IV. Report of the Principal

Introduction and Background

It is my great pleasure to present the Annual Report and Financial Statements for Karen Technical Training Institute for the Deaf for the year ended 30 June 2022. Karen Technical Training Institute for the Deaf is a Public Tertiary Institution under the State Department of Vocational and Technical Training that started in 1990 to offer Technical Training to the Deaf Youth in Kenya. The Institute trains students mainly at the level of Artisan, Craft and in Diploma courses based on the minimal number of Deaf Youth who successfully complete the Kenya Certificate of Primary Education (KCPE) and the very few who even proceed to the Kenya Certificate of Secondary Education (KCSE) Level. Effective January 2015, the Institute moved from the Department of Basic Education to the State Department of Vocational and Technical Training, Directorate of TVET and assumed new status with a higher profile.

Academics

The Institution has continued to provide quality Technical Vocational and Educational Training under the newly approved Competence Based Education and Training (CBET) Curriculum.

Overview of the Financial Performance

In the year under review, the Institution reported a total income of Kshs. **99,313,735** compared to Kshs. **71,685,849** for the FY 2020/2021 financial year. The Institution however was affected by school closure in the month of March 2020 as a result of the Government's Directive due to the COVID-19 Pandemic. The re-opening of the schools during this financial year saw a significant increase in revenue from Tuition and Other Student fees by 70% in FY 2021/22 of Kshs. **42,608,197** compared to the FY 2020/2021 (Kshs. **25,144,747**).

Infrastructure

To cater for the increased population of both Staff and Students, the Institution, in the year under review, continued to grow its infrastructure. The Institution Utilised Development Grant received in the FY 2018/19 from the Government in the Construction of Four (4) classrooms now completed and commissioned by the PS, Ministry of Education, State Department of Vocational and Technical Training, Dr. Margaret W. Mwakima on Wednesday, 22 September 2021.

Compliance with Statutory Guidelines


In the year under review, Karen Technical Training Institute for the Deaf diligently fulfilled its entire statutory obligation and guidelines set by government agencies and commissions. The Institution signed Performance Contracting with the Ministry of Education and the same was cascaded to relevant officers and Staff of the Institution with continuous monitoring and evaluation.

Challenges

Over the last 5 years, the Institution has been increasing enrolment of students gradually. However, the increase in the number of students does not commensurate with Government funding. This poses a great challenge to finance the growth of the Institution.

Appreciation

I note with appreciation that the Government of Kenya through the Ministry of Education, our collaborators, and other institutions that have rendered their support during the entire financial year under review. Further, I would like to appreciate the support accorded to me by Staff and Students in ensuring smooth running of the Karen Technical Training Institute for the Deaf. The Institution acknowledges the guidance of the Board of Governors in ensuring the Management is kept on the move towards attainment of the set targets.


Tecla M. Chemobo
Principal



V. Statement of Performance against Predetermined Objectives

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 entity's performance against predetermined objectives.

Karen Technical Training Institute for the Deaf has Five (5) Pillars and objectives within the current Strategic plan for the year 2019 to 2023. These strategic objectives are as follows:

- (i) Political
- (ii) Economic
- (iii) Social
- (iv) Technological
- (v) Environmental

Karen Technical Training Institute for the Deaf develops its Annual Work plans based on Five (5) pillars. Assessment of the Board's performance against its Annual Work plan is done on quarterly basis. The Karen Technical Training Institute for the Deaf achieved its Performance Targets set for the F/Y 2021/2022 period for its five (5) pillars as indicated in the diagram below:

| Strategic Pillar | Objective | Key Performance Indicators | Activities | Achievements |
|------------------|--|---|--|---|
| Political | <ul style="list-style-type: none"> • Provide market driven and relevant training | <ul style="list-style-type: none"> • Relevant training material available • Number of workshops with modern equipment | <ul style="list-style-type: none"> • Provide modern equipment in the workshops • Provide timely and relevant teaching materials | <ul style="list-style-type: none"> • Clothing Technology and Electrical Departments new Laboratories and Equipment |
| Economic | <ul style="list-style-type: none"> • Enhance financial stability | <ul style="list-style-type: none"> • Timely annual budgets and audits • Number of trainees accessing HELB and Government grants | <ul style="list-style-type: none"> • Ensure timely preparation of annual budgets and audits • Seek sponsorship for Trainees from sponsors such as HELB and Government Subsidies/grants | <ul style="list-style-type: none"> • Budget prepared and submitted within the prescribed period |
| Technological | <ul style="list-style-type: none"> • Improve access to and use of ICT in education and training | <ul style="list-style-type: none"> • Installed WIFI in the Institute • Introduce interactive screens | <ul style="list-style-type: none"> • Install WIFI in the Institute • Number of interactive screens | <ul style="list-style-type: none"> • Availability of internet, smartboard and overhead projectors in the Institute |
| Social | <ul style="list-style-type: none"> • Improve corporate image | <ul style="list-style-type: none"> • Semester magazine developed • Active presence in different forums | <ul style="list-style-type: none"> • Establish semester magazine • Use forums such social media and KATTI to market the institute | <ul style="list-style-type: none"> • Regular updating of courses offered through the institutes website |
| Environmental | <ul style="list-style-type: none"> • Improve physical facilities for People with Disabilities | <ul style="list-style-type: none"> • Ramps at various doors for ease access | <ul style="list-style-type: none"> • Construct ramps at various doors for ease access of the physically challenged Persona | <ul style="list-style-type: none"> • Ramps constructed at the doors of various rooms in the Institute |

VI. Corporate Governance Statement

The Board of Governors is responsible for providing overall leadership through oversight, review and guidance in addition to the setting the strategic and policy direction of the institution.

During the year under review, the Board of Governors comprised of 8 Members, all appointed by the Cabinet Secretary in the Ministry of Education and the Principal who is secretary to the Board of Governors. The Board is responsible for ensuring that Institution complies with the law and best practices in corporate governance.

Functions of the Board of Governors

The functions and powers of the Board Governors are as stipulated as indicated below:

- Determining the Institution's vision, mission, purpose and core values.
- Setting and overseeing the overall strategy.
- Approve significant policies of the institution.
- Ensuring that the Institution's strategy is aligned with its purpose, legitimate interests and expectations of the stakeholders.
- Monitoring the Institution's performance and ensuring sustainability.

Board Meetings Attendance and Members' Participation

The Board holds regular meetings to transact planned business of the Institution. Special meetings may also be called when there is significant business to discuss. During the year under review, the Board held mandatory meetings attended by all members. Board members receive adequate notices and detailed issues for discussion in order to for them to prepare for the meetings in advance.

Board Remuneration

Members of the Board are paid taxable sitting allowances for meetings attended as well as travel allowances while carrying out duties on behalf of the Institution as per the guidelines provided by Salaries and Remuneration Commission and approval by the Cabinet Secretary for Education.

Board committees

During the 2021/2022 financial year, the following were the committees in place:

- Audit Committee comprised of 3 members of the Board and 2 members of key management.
- Planning, Strategy, Finance and Resource Mobilization Committee comprised of 5 members of the Board and 2 members of key management.
- Academic and Students Affairs Committee comprised of 5 members of the Board and 2 members of key management.

Conflict of Interest

The Institution has a conflict of interest policy which applies to all members of the Board, key management and other employees as per the requirements of section 29 of schedule 2 of the Technical and Vocational Education, 2013. They are obligated to disclose and remove themselves from discussion or decision making authority in matters which they may have material personal interest that could result in impairing their objectivity or interfere with the execution of their duties.

VII. Management Discussion and Analysis

1. Financial and Operational Performance

Income

The main source of income for the Institution is grants from the Government of Kenya. Internally, the Institution generates revenue in the form of tuition fees and other income from rental of facilities and equipment. During the financial year 2021/22 the Institution's approved budget was Kshs. 162,480,000 (2020/21: Kshs. 155,250,000). The below is the breakdown of the income for the year:

Recurrent Grant – The Institution was initially allocated in the approved budget for the financial year 2021/22 Kshs. 39,948,563 (2020/21: Kshs. 39,948,563) against actual receipt of Kshs. 46,593,564 (2020/21: Kshs. 39,948,563). The Institution received Kshs. 6,645,000 as Capitation Grants from the Ministry of Education, State Department of Technical & Vocational Training.

Development Grant – In the approved Budget, the Institution allocated Kshs. 13,000,000 (2020//21: Kshs. 24,000,000) for construction of (Four) 4 classrooms. During the year Kshs. 9,361,174 (2020/21: Kshs. 5,681,555) was utilised towards completion of the same.

Tuition Fees – Budgeted amount of Kshs. 57,900,000 (2020/21: Kshs. 45,636,000) against actual fees collected of Kshs. 42,608,197 (2020/21: Kshs. 25,144,747) during the year. The significant increase in Tuition fees represented 70% from 2020/21.

Other Income – This comprises Rental of facilities and Equipment and other Miscellaneous income budgeted at Kshs. 1,598,000 (2020/21: Kshs. 1,598,000) against actual income of Kshs. 750,800 (2020/21: Kshs. 910,984).

Expenditure

Actual total expenditure for the year was Kshs. 117,118,948 (2020/21: Kshs. 79,850,124). Major expenditure related to Boarding Equipment and Stores (BES) - Kshs. 33,313,916 (2020/21: Kshs. 16,119,277) and School Equipment Store (SES) Kshs. 13,721,457 (2020/21: Kshs. 9,965,757). Other major expenditure related to Salaries and Wages during the year Kshs. 10,183,863 (2020/21: Kshs. 8,889,353) and Depreciation expense Kshs. 20,142,846 (2020/21: Kshs. 5,324,658).

2. Key projects or investments decision implemented or ongoing

The Institution had the following ongoing projects:

- i) **GOK/AfDB TVET PHASE II PROJECT** which is fully financed by the African Development Bank and the Government of Kenya (AfDB). The project involves the construction of ICT, Electrical and Electronics Engineering Departments and two hostel blocks for both male and female Students with a capacity of 100 Students. The project was successfully completed on 12 August 2021.
- ii) The construction of Four (4) Classrooms fully funded by the Government of Kenya through Development Grant was also completed on 9 July 2021 and Commissioned by the PS, Ministry of Education, State Department of Vocational and Technical Training, Dr. Margaret W. Mwakima on Wednesday, 22 September 2021.

3. Compliance with Statutory Requirements

Karen Technical Training Institute for the Deaf as a public entity has a duty to ensure that all the relevant laws and regulations are adhered to and complied with. In addition, the Institution does acknowledge its obligation to have all statutory dues such PAYE, NHIF, NSSF, withholding tax and NITA levies processed and remitted before the set timelines. There are no non-compliance issues that may expose the institution to potential contingent liabilities neither are there ongoing or potential court cases and defaults that could expose the institution to adverse liability.

4. Major Risks facing the Organisation

The institution's activities expose it to a variety of strategic, operational, liquidity and financial risks:

- i. **Strategy Risk** – The risk associated with an institution's inability to formulate and/or execute a successful strategy. The risk has been mitigated by having a Board in place whose members are professional and well versed with the requirements of running a special needs tertiary institution. The education programmes at Karen Technical Training Institute for the Deaf are carefully selected and formulated to ensure its mandate is achieved in a sustainable manner.
- ii. **Operational Risk** - The risk of failure or loss resulting from inadequate or failed processes, people, or systems failure. This risk has been managed through defining and embedding internal controls in all the processes. These internal controls include but not limited to obtaining authorizations for all transactions and ensuring compliance with laws and regulations.
- iii. **Liquidity Risk** – The risk that an entity will be unable to meet its obligations as they fall due. Prudent liquidity risk management includes maintaining sufficient cash balances to cover anticipated expenditures through a consultative budgeting process with the parent ministry.

5. Material arrears in Statutory and other Financial Obligations

Karen Technical Training Institute for the Deaf has material financial obligations relating to pending audit fees amounting to Kshs. 3,450,000 as at the year end.

6. Financial Probity and serious Governance issues

There has been no financial improbity reported by the external auditors or other oversight bodies. The institution has a duly constituted Board of Governors that is supported by Board Committees.

VIII. Environmental and Sustainability Reporting Statement

Karen Technical Training Institute for the Deaf exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the Citizen first, improving physical facilities for People with Disabilities and improving operational excellence.

Below is a highlight of strategies and activities that promote the organisation's strategic objectives.

Sustainability strategy and profile

The Board and Management of Karen Technical Training Institute for the Deaf is committed to ensuring prosperity of the Institution by collectively directing its affairs whilst meeting the diverse interests of its stakeholders.

The Board strives to maintain the highest standards of corporate governance and ethics in providing the policy and strategy of the Institution.

The Institution develops its Annual Work Plan based on the 5 strategic pillars and derives its objectives, activities and performance indicators from the same. Assessment of the Board and Key Management is based on the Annual Work Plan.

Environmental performance

Karen Technical Training Institute for the Deaf is committed in ensuring that waste disposal is done appropriately by use of cinerator to burn all wastes in order to maintain high level of cleanliness.

Employee welfare

To enhance performance, Institute recruits employees under performance contracting in order to meet the ever-increasing demands of our students. The Institute considers staff training as a critical component towards improving work performance.

The Institute is an equal opportunity employer the hiring process is guided by factors such as gender ratio and they consider Persons With Disabilities as priority.

The Institution has a conflict of interest policy which applies to all members of the Board, key management and other employees as per the requirements of section 29 of schedule 2 of the Technical and Vocational Education, 2013.

The Institute ensures compliance with Occupational Safety and Health Act of 2007, (OSHA).

Corporate Social Responsibility / Community Engagements

During the year under review, Karen Technical Training Institute for the Deaf did not carry out any Corporate Social Responsibility activities.

IX. Report of the Board of Governors

The Board members submit their report together with the audited financial statements for the year ended June 30, 2022, which show the state of the Institution's affairs.

Principal activities

The principal activities of the Institute are the provision of technical, vocational education and training to deaf students with special needs in Kenya.

Results

The results of the Institute for the year ended June 30 are set out on page 1 to 5.

Board of Governors

The members of the Board who served during the year are shown on page v. During the year there were 6 new board appointments.

Auditors

The Auditor General is responsible for the statutory audit of the Karen Technical Training Institute for The Deaf in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year ended June 30, 2022, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

.....*T. K. M. M. M.*.....

Secretary of the Board

Nairobi

Date:



X. 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 entity which give a true and fair view of the state of affairs of the Karen Technical Training Institute for the Deaf at the end of the financial year and the operating results of the *Institute* for that year. The Council members are also required to ensure that the *Institute* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *Institute*. The council members are also responsible for safeguarding the assets of the *Institute*.

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

The Board members accept responsibility for the *Institute's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the TVET Act). The board members are of the opinion that the *Institute's* financial statements give a true and fair view of the state of *Institute's* transactions during the financial year ended June 30, 2022, and of the *Institute's* financial position as at that date. The Council members further confirm the completeness of the accounting records maintained for the *Institute*, which have been relied upon in the preparation of the *Institute's* financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The *Institute's* financial statements were approved by the Board on 14/4/2023 and signed on its behalf by:


.....

Rev. Dr. Gladys Mutua
Chairperson of the Board

For


.....

Tecla M. Chembo
Accounting Officer/Principal



REPUBLIC OF KENYA



Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON KAREN TECHNICAL TRAINING INSTITUTE FOR THE DEAF 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 Karen Technical Training Institute for the Deaf set out on pages 1 to 28, which comprise 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 effects of the matter 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 Karen Technical Training Institute for the Deaf 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 Public Finance Management Act, 2012 and the Technical and Vocational Education and Training Act, 2013.

Basis for Qualified Opinion

Anomalies in Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.3,510,371,153 which, as disclosed in Note 17 to the financial statements, includes registered land parcel with an estimated value of Kshs.3,200,000,000, which the Institute occupied. However, the land had not been valued to determine its actual value. Further, verification of the land allotment indicated that the land was registered under three (3) trustees and was not in the name of the Institute. The land ownership had not been transferred to the Institute.

Audit inspection carried out on 28 March, 2023 revealed that the Institute's land was not defined with an exterior perimeter wall. Instead it was fenced with barbed wire and chain link which could easily be moved by encroachers or land grabbers. It was also noted that part of the forty (40) acre Institute's land had been encroached with constructions and buildings adjacent to a seasonal river bordering the Institute and buildings and construction activities erected on the Institute's land near the open field adjacent to the AfDB and GoK Building blocks.

Although the Principal had on several occasions written to the Principal Secretary, Education, requesting for funding to erect a perimeter wall and seeking assistance to drive out the encroachers, nothing had been done to remedy the situation.

Further, Note 17 to the financial statements indicates that motor vehicles, plant and equipment, and some computers were fully depreciated. However, these assets were still in use. The fully depreciated assets with an unknown economic values had have not been revalued to reflect their fair values in the financial statements.

In the circumstances, the accuracy, ownership and existence of the property, plant and equipment balance of Kshs.3,510,371,153 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Karen Technical Training Institute for the Deaf 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 budgeted income and actual on comparable basis amounts of Kshs.162,480,000 and Kshs.98,588,376 respectively, resulting to underfunding of Kshs.63,891,624 (or 39% of the budget). Similarly, the statement reflects budgeted total expenditure of Kshs.162,480,000 and actual expenditure of Kshs.105,611,917, resulting to under expenditure of Kshs.56,868,083 (or 35% of the budgeted amount).

In the circumstances, the Institute was not able to implement all the approved programmes during the year under review, which adversely affected service delivery by the Institute.

2. Prior Year Unresolved Matters

In the audit report of the previous year, issues were raised under the Report on Financial Statements and report on Effectiveness of Internal Controls, Risk Management and Governance. However, the Management has not resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Used 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 the Prescribed Financial Reporting Framework

It was noted that while signing the financial statements, the Finance Officer did not indicate his ICPAK number as required by the approved financial reporting template prescribed by the Public Sector Accounting Standards Board. This was contrary to Section 81(3) of the Public Finance Management Act, 2012, which requires Accounting Officer of a National Government entity to prepare financial statements of the entity in a form prescribed and published by the Accounting Standards Board from time to time.

In the circumstance, 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 of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1. Lack of Internal Audit Function

Review of records provided for audit revealed that the Institute did not have an internal audit function which aids in the review and evaluation of budgetary performance, financial management, transparency and accountability mechanisms and processes in National Government entities.

In the circumstances, the effectiveness of internal controls and risk management in the Institute could not be confirmed.

2. Failure to Automate Operations

As reported in the previous year, audit review revealed that the Institute had not automated its operations. The recording of transactions such as revenue receipts, calculation of students' fees balances, procurement-related entries, personnel-related entries, accounting records and processing of payments were done manually. In the

absence of automation, monitoring of fees receipts and determination of fees balances, real time confirmation of fee deposits by students, backups and disaster recovery plans may not be achieved.

In the circumstances, the operations of the Institute were prone to errors and fraud and may have led to inaccurate records and loss of public funds.

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

Responsibilities of Management and the Board of Governors

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions

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

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

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

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


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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Institute to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

10 July, 2023

XII. Statement of Financial Performance for the year ended 30 June 2022

| Description | Notes | 2021-2022 | 2020-2021 |
|---|-------|---------------------|--------------------|
| | | Kshs | Kshs |
| Revenue from Non-Exchange transactions | | | |
| Transfers from other National Government entities | 6 | 55,229,379 | 45,630,118 |
| Revenue from Exchange transactions | | | |
| Rendering of services- fees from students | 7 | 42,608,197 | 25,144,747 |
| Other income | 8 | 750,800 | 910,984 |
| Revenue from Exchange transactions | | 43,358,997 | 26,055,731 |
| Total Revenue | | 98,588,376 | 71,685,849 |
| Expenses | | | |
| Use of goods and services | 9 | 83,076,402 | 55,790,368 |
| Employee costs | 10 | 10,183,863 | 8,889,353 |
| Board Expenses | 11 | 973,712 | 1,317,160 |
| Depreciation and amortization expense | 12 | 20,142,846 | 5,324,658 |
| Repairs and maintenance | 13 | 2,742,125 | 8,528,585 |
| Total Expenses | | 117,118,948 | 79,850,124 |
| (Deficit) for the year | | (18,530,572) | (8,164,275) |

(The notes set out on pages 6 to 25 form an integral part of the Annual Financial Statements).

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

[Signature]
 Peter Arrite Matira
 Board Chair

[Signature]
 Finance Officer

[Signature]
 Principal

Date 15/5/2023

ICPAK No
 Date 15/5/2023



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

| Description | Notes | 2021-2022 | 2020-2021 |
|---|-------|----------------------|----------------------|
| | | Kshs | Kshs |
| Assets | | | |
| Current Assets | | | |
| Cash and cash equivalents | 14 | 12,356,974 | 28,354,813 |
| Inventories | 15 | 1,563,794 | 1,664,111 |
| Total Current Assets | | 13,920,768 | 30,018,924 |
| Non-Current Assets | | | |
| Biological assets | 16 | 1,319,000 | 1,330,200 |
| Property, plant, and equipment | 17 | 3,510,371,153 | 3,407,761,203 |
| Total Non – Current Assets | | 3,511,690,153 | 3,409,091,403 |
| Total Assets | | 3,525,610,921 | 3,439,110,327 |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and other payables from exchange transactions | 18 | 3,450,000 | 3,900,000 |
| Total Current Liabilities | | 3,450,000 | 3,900,000 |
| Non-Current Liabilities | | | |
| Deferred income | 19 | 12,673,425 | 21,309,240 |
| Total Non – Current Liabilities | | 12,673,425 | 21,309,240 |
| Total Liabilities | | 16,123,425 | 25,209,240 |
| Net Assets | | | |
| Accumulated surplus | | (12,380,991) | 6,149,581 |
| Capital reserves | | 3,521,868,487 | 3,407,751,506 |
| Total Net Assets | | 3,509,487,486 | 3,413,901,087 |
| Total Net Assets and Liabilities | | 3,525,610,921 | 3,439,110,327 |

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

Peter Arrike Mutua
 Board Chair

Date 15/5/2023

[Signature]
 Finance Officer

ICPAK No

Date 15/5/2023

[Signature]
 Principal



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

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

| Description | Revaluation in reserve | Capital Reserve | Accumulated Surplus (Retained earnings) | Capital/ Development Grants/Fund | Total |
|-------------------------|---------------------------|----------------------|---|--|----------------------|
| At July 1, 2020 | - | - | 14,313,856 | - | 14,313,856 |
| Adjustment | - | 3,407,751,506 | - | - | 3,407,751,506 |
| Surplus for the year | - | - | (8,164,275) | - | (8,164,275) |
| At June 30, 2021 | - | 3,407,751,506 | 6,149,581 | - | 3,413,901,087 |
| At July 1, 2021 | - | 3,407,751,506 | 6,149,581 | - | 3,413,901,087 |
| Adjustment | - | 114,116,981 | - | - | 114,116,981 |
| Surplus for the year | - | - | (18,530,572) | - | (18,530,572) |
| At June 30, 2022 | - | 3,521,868,487 | (12,380,991) | - | 3,509,487,496 |

Note:

Capital Reserves relate to the value for Biological Assets (Kshs. 1,330,200) and Property, Plant and Equipment (Kshs. 3,406,421,306) respectively on note 16 and 17 adjusted in the financial statements for the year ended 30 June 2021 as per IPSAS 33 requirements.

During the FY 2021/22 the Institution capitalised donated assets (equipment) from AfDB Bank & GOK TVET Project Phase II in the year 2020 at a total cost of Kshs. 114,116,981. The Equipment were delivered while packed and the Institute could not utilize them until the year 2021 and 2022 when they were inspected, installed and then officially commissioned by the Principal Secretary Vocational and Technical Training in September 2021 and February 2022 respectively. The amount is included in Note 17 under Property, Plant and Equipment.


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

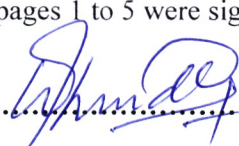
| Description | Note | 2021-2022 | 2020-2021 |
|--|------|---------------------|---------------------|
| | | Kshs | Kshs |
| Cash flows from operating activities | | | |
| Receipts | | | |
| Transfers from other government entities | 6 | 55,229,379 | 45,630,118 |
| Rendering of services - fees from students | 7 | 42,608,197 | 25,144,748 |
| Other income | 8 | 762,000 | 910,984 |
| Total Receipts | | 98,599,576 | 71,685,850 |
| Payments | | | |
| Use of goods and services | 9 | 83,426,085 | 55,890,255 |
| Employee costs | 10 | 10,183,863 | 8,889,353 |
| Board Expenses | 11 | 973,712 | 1,317,160 |
| Repairs and maintenance | 13 | 2,742,125 | 8,528,585 |
| Total Payments | | 97,325,785 | 74,625,353 |
| Net cash flows from operating activities | 20 | 1,273,791 | (2,939,505) |
| Cash flows from investing activities | | | |
| Purchase of property, plant, equipment | | (8,635,815) | (6,664,555) |
| Net cash flows used in investing activities | | (8,635,815) | (6,664,555) |
| Cash flows from financing activities | | | |
| Deferred income | 19 | (8,635,815) | (5,681,555) |
| Net cash flows used in financing activities | | (8,635,815) | (5,681,555) |
| Net (Decrease) in Cash and Cash equivalents | | (15,997,839) | (15,285,615) |
| Cash and Cash equivalents at 1 JULY | 14 | 28,354,813 | 43,640,428 |
| Cash and Cash equivalents at 30 JUNE | 14 | 12,356,974 | 28,354,813 |

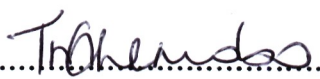
Note:

The figures for Other Income Kshs.762,000 (2020/21: 910,984) and Use of Goods and Services Kshs.83,426,085 (2020/21: 55,890,255) do not agree with Notes 8 and 9 respectively due to adjustments done for non-cash items and other items. Please refer to Note 20 on page 22 of the financial statements for the reconciliation of net cash-flows from operating activities.

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


 Peter Arivike Matura
 Board Chair


 Finance Officer


 Principal

Date 15/5/2023

ICPAK No
Date 15/5/2023

KAREN TECHNICAL TRAINING INSTITUTE FOR THE DEAF
 Date 15/5/2023
 15 MAY 2023
 P. O. Box 24785, NAIROBI
 Tel: 0722 677 859

XVI. 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 | 102,982,000 | - | 102,982,000 | 55,229,379 | 47,752,621 | -46% |
| Rendering of services- fees from students | 57,900,000 | - | 57,900,000 | 42,608,197 | 15,291,803 | -26% |
| Other income | 1,598,000 | - | 1,598,000 | 750,800 | 847,200 | -53% |
| Total Income | 162,480,000 | - | 162,480,000 | 98,588,376 | 63,891,624 | -39% |
| Expenses | | | | | | |
| Use of goods and services | 112,480,000 | - | 112,480,000 | 83,076,402 | 29,403,598 | -26% |
| Employee costs | 12,000,000 | - | 12,000,000 | 10,183,863 | 1,816,137 | -15% |
| Board Expenses | 3,500,000 | - | 3,500,000 | 973,712 | 2,526,288 | -72% |
| Repairs and maintenance | 10,000,000 | - | 10,000,000 | 2,742,125 | 7,257,875 | -73% |
| Development Grant (Deferred income) | 13,000,000 | - | 13,000,000 | 8,635,815 | 4,364,185 | -34% |
| Capital Expenditure | 11,500,000 | - | 11,500,000 | - | 11,500,000 | -100% |
| Total Expenditure | 162,480,000 | - | 162,480,000 | 105,611,917 | 56,868,083 | -35% |
| (Deficit) for the period | - | - | - | (7,023,541) | | |

Note:

- Total expenditure on actual on comparable basis does not tie to the statement of financial performance due to the following items:
 - Depreciation expense (Kshs. 20,142,846) which is a non-cash item and therefore not budgeted for.
 - Capital expenditure relating to development grant of (Kshs. 8,635,815)
- There were no changes between original and final budgets.
- Realisation of the budget incomes and expenditures during the year was not actualised due to school closure in the month of March 2020 due to the effect of COVID - 19 Pandemic.

XVII. Notes to the Financial Statements

1. General Information

Karen Technical Training Institute for the Deaf is established by and derives its authority and accountability from the TVET Act of 2013. The Institute is wholly owned by the Government of Kenya and is domiciled in Kenya. The Institute's principal activity is the provision of Technical, Vocational Education and Training to Students with Special Needs (Deaf) in Kenya.

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. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *Institute's* accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5.

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.

3. Adoption of New and Revised Standards

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

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

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.

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

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| Standard | Effective date and impact: |
|---|---|
| | <ul style="list-style-type: none"> • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p><i>The Institute is yet to adopt this standard hence no impact on the financial statements.</i></p> |
| <p>IPSAS 42: Social Benefits</p> | <p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Institute's financial performance, financial position and cash flows. <p><i>The Institute is yet to adopt this standard hence no impact on the financial statements.</i></p> |
| <p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p> | <p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p><i>The Institute is yet to adopt this standard hence no impact on the financial statements.</i></p> |
| <p>Other improvements to IPSAS</p> | <p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> |

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| Standard | Effective date and impact: |
|--|---|
| | <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023. <p><i>The Institute is yet to adopt this standard hence no impact on the financial statements.</i></p> |
| IPSAS 43 | <p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Institute. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>The Institute is yet to adopt this standard hence no impact on the financial statements.</i></p> |
| IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations | <p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>The Institute is yet to adopt this standard hence no impact on the financial statements.</i></p> |

iii. Early adoption of standards

Karen Technical Institute for the Deaf 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 Institute and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

The Institute 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.

The Institute recognises Student Fees and Charges in the year in which the service is provided to the student. Students' fees and charges received that relate to the service rendered in the future period are treated as income in advance.

Other Income

Other income represents miscellaneous receipts not derived from the core business and it is recognised when earned.

b) Budget information

The original budget for FY 2021/2022 was approved by the Council or Board on 15th October 2021. There were no subsequent revisions or additional appropriations made to the approved 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.

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

Budget information (continued)

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 XVI of these financial statements.

c) Taxes

Current income tax

The Institute is exempt from paying taxes as per the Income Tax Act.

d) Property, plant and equipment

All Property, Plant and Equipment are stated at cost less accumulated Depreciation and Impairment Losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Institute recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value. The Institute charges full depreciation on all its non-current assets in the year of purchase and no depreciation in the year of disposal. The Institute uses reducing balance method to charge depreciation

The following depreciation rates are applied to Property, Plant and Equipment.

| Description | Rate of Depreciation |
|-------------------------------|----------------------|
| • Land | Nil |
| • Building | 2.5% |
| • Computers & Electronics | 33.3% |
| • Furniture & Fittings | 12.5% |
| • Plant, Property & Equipment | 12.5% |
| • Motor Vehicles | 25% |

Work in Progress is only capitalized on completion or commissioning of the asset.

e) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial

assets, as appropriate. The Institute determines the classification of its financial assets at initial recognition.

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

e) Financial instruments (Continued)

Financial assets (Continued)

Initial recognition and measurement (Continued)

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

The Institute assesses at each reporting date whether there is objective evidence that a financial asset or an Institute of financial assets is impaired. A financial asset or an Institute 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 Institute 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 Institute determines the classification of its financial liabilities at initial recognition.

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

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

e) Financial instruments (Continued)

Financial liabilities (Continued)

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.

f) Inventories

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

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

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

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

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

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

g) Provisions

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

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

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

g) Provisions (Continued)

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

Contingent liabilities

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

Contingent assets

The 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 Institute in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

h) Nature and purpose of reserves

The Institute creates and maintains reserves in terms of specific requirements. The Institute maintains reserves in respect of accumulated surpluses at the end of every period.

i) Changes in accounting policies and estimates

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

j) Related parties

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

k) 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.

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

l) Comparative figures

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

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

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

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

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

Karen Technical Training Institute for The Deaf
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Notes to the Financial Statements (Continued)

6 Transfers from other National Government entities

| Description | 2021-2022 | 2020-2021 |
|--------------------------------|-------------------|-------------------|
| | Kshs | Kshs |
| Unconditional Grants | | |
| Capitation Grants | 6,645,000 | - |
| Operational Grant | 39,612,765 | 39,612,764 |
| Other Grants - MOE | 335,799 | 335,799 |
| Development Grant | 8,635,815 | 5,681,555 |
| Total Government Grants | 55,229,379 | 45,630,118 |

(a) Transfers from other Government entities (Categorized)

| Name Of The Entity Sending The Grant | Amount recognized to Statement of Comprehensive Income Kshs | Amount deferred under deferred income Kshs | Amount recognised in capital fund. Kshs | Total grant income during the year Kshs | 2020-2021 Kshs |
|--|---|--|---|---|-------------------|
| Ministry of Education- Sate Department for Vocational and Technical Training | 46,257,765 | 8,635,815 | - | 54,893,580 | 45,294,319 |
| Total | 46,257,765 | 8,635,815 | - | 54,893,580 | 45,294,319 |

7 Rendering of Services – fees from Students

| Description | 2021-2022 | 2020-2021 |
|--|-------------------|-------------------|
| Tuition & Other Fees | Kshs | Kshs |
| SES TUTION | 15,023,810 | 8,265,070 |
| Boarding (BES) | 15,560,805 | 8,612,572 |
| Medical | 428,500 | 286,290 |
| Activities | 1,766,663 | 1,205,430 |
| Library | 921,920 | 584,400 |
| Contingencies | 314,470 | 206,600 |
| Student identity card | 70,010 | 49,410 |
| Industrial attachment | 126,000 | 3,000 |
| PTA Development projects | 2,291,406 | 1,755,269 |
| Practical training materials | 3,920,320 | 2,532,670 |
| Students governing council | 242,063 | 121,515 |
| Application form | 113,480 | 43,660 |
| Local transport and Travel | 256,580 | 221,730 |
| Electricity, Water and Conservancy (EWC) | 862,720 | 788,751 |
| Repairs, maintenance & improvements | 709,450 | 468,380 |
| Total Tuition & Other Fees | 42,608,197 | 25,144,747 |

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

Notes to the Financial Statements (Continued)

8 Other income

| Description | 2021-2022 | 2020-2021 |
|--|----------------|----------------|
| | Kshs | Kshs |
| Rental revenue from facilities and equipment | 762,000 | 683,200 |
| Marketing services | - | 227,784 |
| Fair value (loss) on biological assets | (11,200) | - |
| Total Other Income | 750,800 | 910,984 |

9 Use of Goods and Services

| Description | 2021-2022 | 2020-2021 |
|--|-------------------|-------------------|
| | Kshs | Kshs |
| Electricity, Water and Conservancy (EWC) | 6,382,541 | 3,257,323 |
| Advertising - marketing services | 389,600 | 1,496,924 |
| SES Tuition | 13,721,457 | 9,965,757 |
| Boarding (BES) | 33,313,916 | 16,119,277 |
| Local transport & travel | 7,009,646 | 4,831,035 |
| Medical | 2,246,010 | 1,656,164 |
| Activities | 1,031,723 | 28,440 |
| Library | 142,480 | 60,920 |
| Contingencies | 488,030 | 64,290 |
| Industrial attachment | 152,500 | 174,000 |
| P TA development projects | 3,419,706 | 2,391,345 |
| Practical training materials | 3,046,625 | 835,723 |
| Students governing council | 57,251 | - |
| Security reinforcements | 2,409,200 | 2,403,450 |
| Performance contract 2020/2021 | 1,713,619 | 3,411,864 |
| Staff development, KATTI and CAPA events | 5,970,959 | 2,133,324 |
| Generator | 147,680 | 11,400 |
| ICT infrastructure developments | 742,183 | 472,401 |
| Tender | - | 31,860 |
| Bank charges | 371,492 | 201,734 |
| Implementation - MOH Covid 19 Protocols | - | 4,943,137 |
| Safety measures | 89,784 | - |
| Income generating activities - Farm inputs | 30,000 | - |
| Audit fees | 200,000 | 1,300,000 |
| Total Good and Services | 83,076,402 | 55,790,368 |

Notes to the Financial Statements (Continued)

10 Employee Costs

| Description | 2021-2022 | 2020-2021 |
|--------------------------------------|-------------------|------------------|
| | Kshs | Kshs |
| Salaries and wages | 8,616,663 | 7,202,153 |
| Social contributions (NHIF and NSSF) | 345,600 | 345,600 |
| Housing allowance | 1,041,600 | 1,161,600 |
| Performance and other bonuses | 180,000 | 180,000 |
| Total Employee Costs | 10,183,863 | 8,889,353 |

11 Board Expenses

| Description | 2021-2022 | 2020-2021 |
|-----------------------------|----------------|------------------|
| | Kshs | Kshs |
| BOG allowances | 973,712 | 1,317,160 |
| Total Board Expenses | 973,712 | 1,317,160 |

12 Depreciation and Amortization expense

| Description | 2021-2022 | 2020-2021 |
|--|-------------------|------------------|
| | Kshs | Kshs |
| Property, plant and equipment | 20,142,846 | 5,324,658 |
| Total depreciation and amortization | 20,142,846 | 5,324,658 |

13 Repairs and Maintenance

| Description | 2021-2022 | 2020-2021 |
|--------------------------------------|------------------|------------------|
| | Kshs | Kshs |
| Repairs, maintenance & improvements | 2,742,125 | 8,528,585 |
| Total Repairs and Maintenance | 2,742,125 | 8,528,585 |

14 Cash and Cash Equivalents

| Description | 2021-2022 | 2020-2021 |
|--|-------------------|-------------------|
| | Kshs | Kshs |
| Current Account | 12,348,727 | 28,352,366 |
| Cash on Hand | 8,247 | 2,447 |
| Total Cash and Cash Equivalents | 12,356,974 | 28,354,813 |

Notes to The Financial Statements (Continued)

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

| Financial Institution | Account number | 2021-2022 | 2020-2021 |
|---------------------------|----------------|-------------------|-------------------|
| | | Kshs | Kshs |
| a) Current Account | | | |
| National Bank of Kenya | 01003002830300 | 2,282,569 | 5,071,278 |
| National Bank of Kenya | 01003002830301 | 5,261,855 | 20,473,171 |
| Barclays Bank of Kenya | 228336 | 4,804,303 | 2,807,916 |
| b) Cash in Hand | | | |
| | | 12,348,727 | 28,352,366 |
| Cash in Hand | | 8,247 | 2,447 |
| Sub- Total | | 8,247 | 2,447 |
| Grand Total | | 12,356,974 | 28,354,813 |

15 Inventories

| Description | 2021-2022 | 2020-2021 |
|--|------------------|------------------|
| | Kshs | Kshs |
| Consumable stores | 1,043,585 | 897,331 |
| Cleaning materials | 280,515 | 378,290 |
| Catering stores | 239,694 | 388,490 |
| Total Inventories at lower of Cost and Net Realizable Value | 1,563,794 | 1,664,111 |

16 Biological Assets

| Description | 2021-2022 | 2020-2021 |
|--|------------------|------------------|
| | Kshs | Kshs |
| At start of the period | 1,330,200 | 1,330,200 |
| Fair value (loss) on biological assets | (11,200) | - |
| At end of the period | 1,319,000 | 1,330,200 |

16 (a) Detailed Breakdown of Biological Assets

| Description | 2021-2022 | 2020-2021 |
|--------------------------------|------------------|------------------|
| | Kshs | Kshs |
| Cows | 1,120,000 | 1,120,000 |
| Goats | 80,000 | 80,000 |
| Poultry | 119,000 | 130,200 |
| Total Biological Assets | 1,319,000 | 1,330,200 |

Biological assets are stated at their market value as at the year ended 30 June 2022.

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Notes to the Financial Statements (Continued)

17 Property, Plant and Equipment

| Cost | Land Kshs | Buildings Kshs | Motor vehicles Kshs | Furniture and fittings Kshs | Computers Kshs | Plant and equipment Kshs | Capital Work in progress Kshs | Total Kshs |
|-------------------------------------|----------------------|--------------------|---------------------------|-----------------------------------|-------------------|--------------------------------|--|----------------------|
| At 1 July 2021 | 3,200,000,000 | 206,421,306 | 9,657,550 | 6,947,200 | 2,558,000 | 15,865,005 | 5,681,555 | 3,447,130,616 |
| Additions | - | 5,046,715 | - | 3,589,100 | - | 114,116,981 | - | 122,752,796 |
| Transfers/Adjustments | - | 5,681,555 | - | - | - | - | (5,681,555) | - |
| At 30th June 2022 | 3,200,000,000 | 217,149,576 | 9,657,550 | 10,536,300 | 2,558,000 | 129,981,986 | - | 3,569,883,412 |
| Depreciation | | | | | | | | |
| At 1 July 2021 | - | 5,160,533 | 9,657,550 | 6,260,325 | 2,426,000 | 15,865,005 | - | 39,369,413 |
| Depreciation | - | 5,299,726 | - | 534,497 | 44,000 | 14,264,623 | - | 20,142,846 |
| At 30th June 2022 | - | 10,460,259 | 9,657,550 | 6,794,822 | 2,470,000 | 30,129,628 | - | 59,512,259 |
| Net Book Values | | | | | | | | |
| At 30 th June 2022 | 3,200,000,000 | 206,689,317 | - | 3,741,478 | 88,000 | 99,852,358 | - | 3,510,371,153 |
| At 30 th June 2021 | 3,200,000,000 | 201,260,773 | - | 686,875 | 132,000 | 5,681,555 | - | 3,407,761,203 |

Notes to the Financial Statements (Continued)

17 Property, Plant and Equipment (Continued)

- Land is not depreciated and is estimated at value of Kshs. 80m per acre (40acres at Kshs. 3.2billion). The Institution is yet to obtain a professional valuer to ascertain the value of the land. Once the valuation is done then the exact market value shall be included in the subsequent financial years.
- During the year Work in Progress relating to the construction of Four (4) Classroom Block built by Board of Governors was commissioned on 22 September 2021 a total of KShs. 10,728,370 and capitalised under Buildings in the Financial statements for the year ended 30 June 2022.
- Computers and Equipment are fully depreciated and reflected in the financial statements.
- Motor Vehicles are fully depreciated and included in the financial statements.
- Additional Equipment in form of donations were received from AfDB Bank & GOK TVET Project Phase II in the year 2020 at a cost of Kshs. 54,857,792 (Electrical Engineering Department), Kshs. 45,186,124 (Clothing Technology Department) and Kshs. 14,073,065 (Assistive Devices for Hearing Impaired). The Equipment were delivered while packed and the Institute could not utilize them until the year 2021 and 2022 when they were inspected, installed and then officially commissioned by the Principal Secretary Vocational and Technical Training in September 2021 and February 2022.

18 Trade and Other Payables from Exchange transactions

| Description | 2021-2022 | 2020-2021 |
|---------------------------------------|------------------|------------------|
| | Kshs | Kshs |
| Audit fees – accrual | 3,450,000 | 3,900,000 |
| Total Trade and Other Payables | 3,450,000 | 3,900,000 |

***The amount relates to accrual for audit fees for the years 2018/2019, 2019/2020, and 2020/2021**

For the FY2021/2022 the Institution accrued Audit fees amounting to Kshs. 200,000.

19 Deferred Income

| Description | 2021-2022 | 2020-2021 |
|------------------------------|-------------------|-------------------|
| | Kshs | Kshs |
| National Government | 12,673,425 | 21,309,240 |
| Total Deferred Income | 12,673,425 | 21,309,240 |

The amount relates to grants given by the National Government amounting to Kshs. 13,719,788 for the year 2017/18 and Kshs. 13,424,007 for the financial year 2018/19 respectively.

Notes to the Financial Statements (Continued)

The deferred income movement is as follows:

| Description | 2021-2022 | 2020-2021 |
|--------------------------------|-------------------|-------------------|
| | Kshs | Kshs |
| Balance brought forward | 21,309,240 | 26,990,795 |
| Additions during the year | - | - |
| Transfers to income statement | (8,635,815) | (5,681,555) |
| Balance carried forward | 12,673,425 | 21,309,240 |

Analysed as:

| Description | Amount |
|---------------|-------------------|
| | Kshs |
| Current | - |
| Non - Current | 12,673,425 |
| Total | 12,673,425 |

20 Cash generated from operations

| | 2021-2022 | 2020-2021 |
|--|---------------------|--------------------|
| | Kshs | Kshs |
| (Deficit) for the year | (18,530,572) | (8,164,275) |
| Adjusted for non – cash items: | | |
| Depreciation | 20,142,846 | 5,324,658 |
| Fair value (loss) in biological assets | 11,200 | - |
| Working Capital Adjustments | | |
| Decrease/(Increase) in Inventory | 100,317 | (1,399,888) |
| Increase in Payables | 450,000 | 1,300,000 |
| Net Cash Flow from Operating Activities | 1,273,791 | (2,939,505) |

21 Financial Risk Management

The Institute's activities expose it to a variety of financial risks including credit, liquidity risks and market risk. The Institute's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk.

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

Notes to the Financial Statements (Continued)

21) Financial Risk Management (Continued)

(i) Credit risk

The Institute 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.

The Institute's credit risk is primarily attributable to deposits with banks, however the risk is not significant since the Institute's bank are reputable institutions.

The Board members set the Institute's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Institute's management based on prior experience and their assessment of the current economic environment.

(ii) Liquidity risk management

Liquidity risk is the risk that the Institute will not have sufficient financial resources to meet its obligations as they fall due or will have to do so at excessive costs. This arises due to the mismatching of the timing of cash flows from revenue and capital/operational outflows.

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

The Institute is a government funded institution and faces the risk of delayed/inadequate funding.

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.

Notes to the Financial Statements (Continued)

21) Financial Risk Management (Continued)

Liquidity risk management (Continued)

| | Less than 1 month | Between 1-3 months | Over 5 months | Total |
|--|-------------------|--------------------|-------------------|-------------------|
| | Kshs | Kshs | Kshs | Kshs |
| At 30 June 2022 | | | | |
| Trade and other payables from Exchange transactions - audit fees accrual | - | - | 3,450,000 | 3,450,000 |
| Deferred income – National Government | - | - | 12,673,425 | 12,673,425 |
| Total | - | - | 16,123,425 | 16,123,425 |
| At 30 June 2021 | | | | |
| Trade and other payables from Exchange transactions - audit fees accrual | - | 325,000 | 3,575,000 | 3,900,000 |
| Deferred income – National Government | - | - | 21,309,240 | 21,309,240 |
| Total | - | 325,000 | 24,884,240 | 25,209,240 |

(iii) Market risk

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 Institute's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

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

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

Foreign exchange risk is minimal as cash and cash equivalents held with banks are denominated in Kenya Shillings.

Interest rate risk

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

Management of interest rate risk

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

Notes to The Financial Statements (Continued)

22 Related Party Balances

Nature of related party relationships

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

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

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

| Description | 2021-2022 | 2020-2021 |
|--|-------------------|-------------------|
| | Kshs | Kshs |
| Transactions with Related Parties | | |
| a) Transfers from the Government | | |
| Grants from National Government | 55,229,379 | 45,630,118 |
| Total | 55,229,379 | 45,630,118 |
| b) Key Management Compensation | | |
| Directors' emoluments | 973,712 | 1,317,160 |
| Total | 973,712 | 1,317,160 |

23 Events after the Reporting Period

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

24 Ultimate and Holding Entity

The Institute is a Technical and Vocational Education and Training (TVET) under the Ministry of Education, State Department of Vocational Education and Technical Training. Its ultimate parent is the Government of Kenya.

25 Currency

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

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XVIII. 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) |
|--|---|--|--------------------------------------|---|
| OAG/KTTID/2020/2021/(18) | <p>Unconfirmed Property, Plant and Equipment balance. The Statement of Financial Position reflects a balance of Kshs. 3,407,761,203 for Property, Plant and Equipment. Included in the balance was a parcel of land with an estimated market value of Kshs. 3,200,000,000 whose ownership documents were in the name of three trustees and not in the Institute's name. The value for land and buildings were also not supported with a valuation certificate or report. The land is also not well fenced off and had been encroached despite the Principal having written to the Principal Secretary for State Department for Vocational and Technical Training requesting for funds to erect a perimeter wall. The ownership, accuracy and existence of property, plant and equipment balance of Kshs. 3,407,761,203 could not be ascertained.</p> | <p>The Institute commits to undertake a comprehensive exercise of valuation of all assets including land and buildings once funds are made available. The Principal has written to the Ministry of Education, State Department of Vocational and Technical Training requesting for funding to support the construction of a perimeter wall along its boundary and incorporate the related security system to reduce land encroachment.</p> | Not resolved | Not conclusive |

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Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

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KAREN TECHNICAL TRAINING INSTITUTE FOR THE DEAF
PRINCIPAL
5 MAY 2023
Teela M. Chembo
Accounting Officer
Principal
P.O. Box 24785, NAIROBI
Tel: 0722 617 859
Date 15/5/2023
.....

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**XIX. Appendix II: Projects Implemented by Karen Technical Training Institute for the Deaf
Projects**

During the financial year there were no new projects implemented by Development Partners.

| Project title | Project Number | Donor | Period | Donor commitment | Separate reporting required as per donor agreement | Consolidated in these financial statements |
|-----------------------|----------------|------------|-------------|------------------|--|--|
| TVET PHASE II PROJECT | | GOK & AfDB | 2019 - 2021 | AfDB | No | No |

Status of Project completion

| | Project | Total Project Cost | Total expended to date | Completion % to date | Budget | Actual | Sources of funds |
|---|-------------------------------------|--------------------|------------------------|----------------------|-----------|------------|------------------|
| 1 | Construction of Four (4) Classrooms | 8,914,260 | 10,728,270 | 100% | 8,914,260 | 10,728,270 | GOK |
| 2 | TVET PHASE II PROJECT | | | 100% | | | GOK |

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Appendix III- Inter-Entity Confirmation Letter

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

| Confirmation of amounts received by Karen Technical Training Institute for The Deaf as at 30th June 2022 | | | | | | | |
|--|------------------|--|------------------|-----------------------|-------------------|---|------------------------------|
| Reference Number | Date Disbursed | Amounts Disbursed by State Department of Vocational and Technical Training (Kshs) as at 30th June 2022 | | | Total (D)=(A+B+C) | Amount Received by KTTID (KShs) as at June 2022 (E) | Differences (KShs) (F)=(D-E) |
| | | Recurrent (A) | Development (B) | Inter-Ministerial (C) | | | |
| R/6293 | 17.09.2021 | 9,903,191 | - | - | 9,903,191 | 9,903,191 | - |
| R/6294 | 22.10.2021 | 9,903,191 | - | - | 9,903,191 | 9,903,191 | - |
| R/6296 | 30.12.2021 | 6,645,000 | - | - | 6,645,000 | 6,645,000 | - |
| R/6297 | 18.02.2022 | 9,903,191 | - | - | 9,903,191 | 9,903,191 | - |
| R/6299 | 25.04.2022 | 9,903,191 | - | - | 9,903,191 | 9,903,191 | - |
| | 07.01.2022 | 335,799 | - | - | 335,799 | 335,799 | |
| | 2018/2019 | - | 8,635,815 | - | 8,635,815 | 8,635,815 | |
| Total | | 46,593,564 | 8,635,815 | - | 55,229,379 | 55,229,379 | |

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

Head of Accountants department of beneficiary Entity:

Name Willfred Amole Sign [Signature] Date 15/5/2023