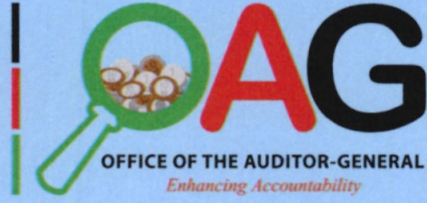


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REPORT

NATIONAL ASSEMBLY PAPERS LAID	
DATE: 01 APR 2026	DAY: WEDNESDAY
TABLED BY:	HON. DR. ROBERT PUKOSE MP
CLERK-AT THE-TABLE:	CHRISTINE NOIRITU

THE AUDITOR-GENERAL

ON

KONOIN TECHNICAL TRAINING INSTITUTE

**FOR THE YEAR ENDED
30 JUNE, 2025**



(KONOIN TECHNICAL TRAINING INSTITUTE)

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2025**

Transitional IPSAS Financial Statements in accordance with the Accrual Basis of Accounting Method Under International Public Sector Accounting Standards (IPSAS)

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1. Acronyms and Definition of Key Terms

A: Acronyms and Abbreviations

CS	Cabinet Secretary
PS	Principal Secretary
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
TNT	The National Treasury
WB	World Bank

2. Key MDA Information and Management

(a) Background information

The Konoin Technical Training Institute was incorporated/ established under the TVET Act 2013, on May 2016. The Institute is domiciled in Kenya, Bomet county, Konoin sub-county and has no branches. The Institute is a centre of excellence in technical knowledge and skills and agricultural value addition.

(b) Mandate

The principal activity of the Konoin Technical Training Institute is to offer quality Technical, Vocational, Education and Training to students to acquire technical skills relevant to the main agenda of government

Vision

Centre of excellence in technical skills training, research and innovation for youth empowerment and sustainable development.

Mission

To provide high-quality technical training, foster industry partnerships, and promote entrepreneurship among learners for socio-economic transformation

Core Values

The Institution is guided by the following Core Values and competences:

1. Customer focus
2. Technology and innovation
3. Partnership and collaboration
4. Excellence & Teamwork
5. Inclusivity and Equity
6. Integrity

These values form the corporate culture of the Institution.

Motto

Technology for development

(c) Key Management

The Konoin Technical Training Institute day-to-day management is under the following key organs.

- i. Board of Governors
- ii. Principal (Accounting officer)
- iii. Deputy Principal-Academics
- iv. Deputy Principal-Administration
- v. Registrar
- vi. Dean of students
- vii. Finance Officer
- viii. Procurement Officer

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 20XX and who had direct fiduciary responsibility were:

No	Designation	Name	Date of Appointment
1	Chief Principal	Sabulei K Moses	1 st January 2022
2	Principal	Sigei Wesley	30 th April 2025
3	Deputy Principal Administration	Joseah Keino	
4.	Deputy Principal Academics	Eunice Rono	
5.	Registrar	Gideon Koech	
6	Dean of Students	Charles Oiro	
7	Head of Finance	Josphat Kemboi	1 st Sept 2024
	Head of Procurement	Naomy Ronoh	1 st Oct 2021

(e) Fiduciary Oversight Arrangements

Name of the Committee	Members
1. Finance/Technical Committee	Joelex Mogaka Orora Brian Kimutai Dr. Virginia Mutheu Paul Handso Gichana Sigei Wesley
2. Human Resource/Academic Committee	Dr. Virginia Mutheu Paul Jennifer Chemutai Adan Ali Hassan Handson Gichana
3. Audit Committee	Leonard Ole Sawoyo Jennifer Chemutai Adan Ali Hassan

(f) Konoin Technical Training Institute Headquarters

Konoin Technical Training Institute
P.O. Box 19-20403, Mogogosiek.
Technical Training Institute Building/House/Plaza
Koiwa Road, Bomet.

(g) Konoin Technical Training Institute Contacts

Telephone :(254) 725081344
E-mail: konointechnical@gmail.com
Website: www.konointti.ac.ke

(h) Konoin Technical Training Institute Bankers

Kenya Commercial Bank
Litein branch
P.O. Box 5 -20210, Litein, Bomet.





(i) Independent Auditors

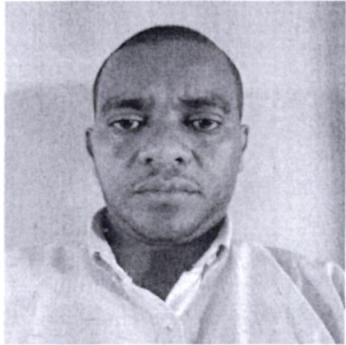


Auditor-General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya



(j) Principal Legal Adviser

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






3. The Board of Governors.



	MASTER OF SCIENCE IN PHYSICS WORK EXPERIENCE-OVER 20 YEARS
1.MR HILLARY WILFRED KIRUI-BOARD CHAIR	
	BACHELOR OF EDUCATION (TECH) PRINCIPAL-KONOIN TTI WORK EXPERIENCE-OVER 20 YRS
2.MR SIGEI WESLEY	
	PhD IN COMMUCATION STUDIES WORK EXPERIENCE-OVER 15 YRS
3.DR. VIRGINIA MUTHEU PAUL	
	MASTER OF BUSINESS ADMINISTRATION IN BUSINESS MANAGEMENT. WORK EXPERIENCE-OVER 15 YEARS
4.JOELEX MOGAKA ORORA	

	<p>BACHELOR OF BUSINESS MANAGEMENT (PURCHASING AND SUPPLIES) WORK EXPERIENCE-OVER 15 YEARS</p>
<p>5.MR. ALI ADAN HASSAN</p>	
	<p>BACHELOR OF BUSINESS MANAGEMENT (HUMAN RESOURCE OPTION) WORK EXPERIENCE -OVER 20 YRS</p>
<p>6.Ms. JENNIFER CHEMUTAI</p>	
	<p>BACHELOR OF SCIENCE IN MECHANICAL ENGINEERING (PRODUCTION OPTION) WORK EXPERIENCE 10YRS</p>
<p>7.MR BRIAN KIMUTAI</p>	

	BACHELOR'S DEGREE, ECONOMICS AND POLITICAL SCIENCE
1. LEONARD OLE SAWOYO	
	M.A DEVELOPMENT COMMUNICATION MBA (FINANCE OPTION) B.A COMMUNICATION AND MEDIA TECHNOLOGY WORK EXPERIENCE -OVER 10 YRS
9 .MR PETER CHERUIYOT	

4. Profiles of Accounting Officer and Key Management.

Name	Main Area of Responsibility
i. SIGEI WESLEY 	Principal (Accounting Officer) MASTER OF EDUCATION (CURRICULUM AND TEACHING) CHIEF PRINCIPAL-KONOIN TTI WORK EXPERIENCE-OVER 30 YRS
ii. Joseah Keino 	Deputy Principal Administration Diploma in Building and Civic engineering
iii. EUNICE RONO 	Deputy Principal Academics M. ED Educational psychology
iv. GIDEON KOECH 	Registrar BSC. Information Technology
v. Charles Oiro 	Dean Of Students BA Economics/Sociology PGD

<p>JOSPHAT KEMBOI</p> 	<p>Head of Finance Bachelor of Commerce (Finance option) Professional qualification: -CPA(K)</p>
<p>vi. Naomy Chepngetich Ronoh</p> 	<p>Head of Procurement Bachelor's Degree in Business Management (Purchasing and Supplies option) Professional Qualification</p>

5. Chairmans Statement

I am pleased to report that Konoin Technical Training Institute (KTTI) has continued to perform well in returning exemplary examination results of all the national examinations. I take this opportunity to share with you my views on the key initiatives and achievements we have had over the year on economic performance, Education sector changes, financial performance and operations and risks associated with the Institution, and our future outlook.

Economic Focus

In order to ensure efficient and effective provision of Technical Vocational Training, we have developed necessary policies and institutional framework to direct the running of the Institution in line with vision 2030, the BETA and Sustainable Development Goals.

In the past, the institute experienced tremendous growth in student enrolment and it has continued to increase enrolment significantly. As at the end of year 2024/2025, the Institute had 2500 students.

Review of the Sector and Changes

Though the year was faced with unusual challenge of lack of classes and technical workshops, there has been continued growth in student enrolment due to subsidized fees by the government through capitation and scholarships that has ensured affordable technical vocational training to every high school graduate who has not met the required threshold to join university education. This initiative of transition by the government has so far been successful, and the future looks quite bright indeed.

Risk Management

The technical training sector presents plenty of opportunities as well as risks, both of which need to be analysed in order to deliver sustainable long-term returns, without compromising training outcomes. KoTTI has developed an enterprise risk management policy and framework to ensure that our activities are aligned with our strategic plan objectives. The Board of Governors regularly reviews risks identified - such as competition, information & communications technology and credit and operations; and how the risks involved can be mitigated by various risk owners.

Operation and Management

In the spirit to excel, we endeavour to be a centre of Excellence in scientific, technological, training and innovation so as to produce competent graduates who are capable of integrating the acquired skills in nation building in line with Vision 2030 and the BETA (i.e. food security, affordable housing, universal health and manufacturing) and sustainable development goals.

Key Challenges

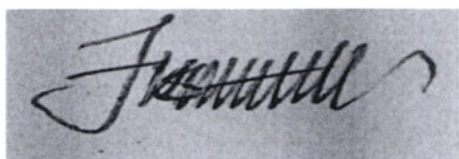
The institute has experienced a significant number of challenges notably the reduction in capitation, lack of government grants for development, inadequate classrooms and workshops.

The Institute also has got no boarding facilities forcing students to seek accommodation outside the school facilities.

I am indeed deeply indebted to the members of the Board of Governors for their unwavering support, commitment and futuristic outlook towards realising the institute's objectives in line with its strategic plan and core mandate of training market-driven technical manpower. Noteworthy is the Board's diverse qualifications and experience. I unreservedly assure all our Stakeholders we at KoTTI, shall remain focussed, committed and

consistent in the delivery of opportunities and accountably availing of resources to both trainers and trainees within the Government framework of accountability, corporate governance and ethical sustainability. Going forward Konoin Technical Training Institute is committed to working closely in collaboration with other like-minded entities, institutions, agencies and any other bi-lateral & multi-lateral agencies involved in technical and vocational training to ensure that our trainees continue to receive Competency Based Training.

Lastly, I would like to whole-heartedly thank my fellow members of the Board of Governors, Management, Trainers, Trainees – and all other stake-holders for their co-operation, collaboration, continued support and commitment during this period under review..



HILLARY WILFRED KIRUI
CHAIRPERSON OF THE GOVERNING BOARD

6. Report of the Principal

Konoin Technical Training institute is well placed to providing adequate and relevant training to

her graduates that will enable them to contribute towards the attainment of our country's Vision 2030 strategic objectives. In furtherance of our mandate therefore, we have committed ourselves to consistently and regularly review, improve and consolidate our academic programs in several ways that will ensure their competitiveness in terms of quality and relevance.

With the guidance of the Governing Board, we worked hard in setting up structures and policies aimed at guiding the institution in the right strategic direction. Under my leadership and the overall direction of the Institute's Board we were able to be in the forefront in ensuring that financial resources were utilized efficiently and effectively for optimum output. Despite the many challenges brought about by economic constraints, the Institute nevertheless continued to discharge its mandate of training, research and outreach.

Konoin Technical Training Institute currently offers significant number of programmes/courses accredited by Technical and Vocational Educational Training Authority. The Institute has been registered by Kenya National Examination Council as an examination Centre for both Business and Technical Examinations and CDACC

The Institute has partnered with the County Government of Bomet, NG-CDF Konoin Constituency, KUCCPS, HELB, Imarisha Sacco society ltd and we look forward to more partnerships in future.

The Institute has a potential to admit more students but this will be made possible only if the infrastructure is improved.

HIGHLIGHTS OF FY 2024/2025 PERFORMANCE

The Financial Year 2024/2025 started on a high note with the Government keen to ensure TVET Institutions adhere to government directive of 100 per cent transition to tertiary colleges for those who did not meet university entry.

Previously, in a move to boost student enrolment the Government had continued to support students through capitation, though there is a significant reduction on the amount disbursed per student. Again, the government has introduced the new funding model whereby students receive enhanced scholarships for their studies. This has significantly improved the financial stability of the institute as well as increasing the enrolment.

During the year under review, the totals of government receipts were Kshs. 26,536,269. Income from rendering of services was in the tune of Kshs. 53,637,836 compared to Kshs. 60,738,702 received during FY 2023/2024. There was a slight decrease in the receipts from the students due to financial constraints faced by households.

Students Enrolment;

During the year 2024/2025, the enrolment improved significantly, a major increase of students enrolled from 1501 in 2023/2024 to 2500 in 2024/2025

Activities Undertaken

During the Financial Year under review the institutions undertook the following activities: Despite the financial constraints encountered the institute managed to clear the bus loan and also a new 26-seater bus was also acquired through financing by KCB bank. I have confidence that the trainees are well equipped with the necessary skills that strategically aligns them with opportunities within the country, regionally and globally at the same time contributing to the realization of the BETA: Universal Health, Manufacturing, Affordable Housing and Food security. On behalf of the Institute Board and Management, I take this opportunity to thank the Government for its unequivocal support during the year under review.

I also appreciate the financial, material and moral support of our collaborators, partners and friends during the year. It is because of the understanding and guidance of the Chairperson of the Board as well as the cooperation of the Management team, all staff and our students that we ended

the year within an environment of peace and stability. I wish to register my sincere gratitude to them all

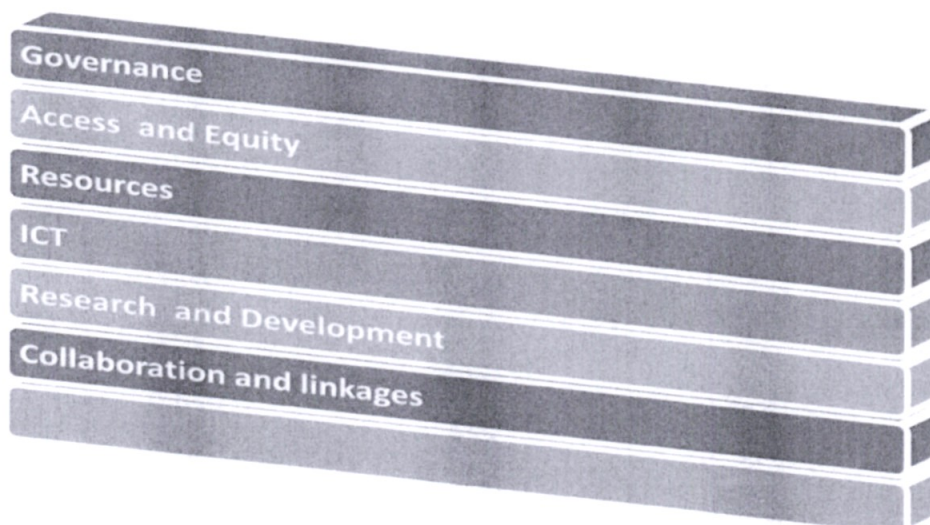
I look forward to their continued support in the new financial year and the years ahead.



MR. SIGEI WESLEY
CHIEF PRINCIPAL/SECRETARY TO THE BOARD OF GOVERNORS

7. Statement of Performance against Predetermined Objectives

Konoin Technical Training Institute has six strategic pillars and objectives within its Strategic Plan for the FY 2024/2025- 2028/2029. These strategic pillars are as follows:



Konoin Technical Training Institute develops its annual work plans based on the above six pillars.

Assessment of the Board's performance against its annual work plan is done on a quarterly basis.

The institute achieved its performance targets set for the FY 2024/2025 period for its 1 strategic

pillar, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance indicators	Activities	Achievements
Pillar 1. Access and Equity	Expand the physical infrastructure	Completion of agricultural addition block	Construction of agricultural addition block	To be started
	To reach and enrol more disadvantaged students.	Number of students admitted	Implementing a comprehensive marketing strategy	Increased number of students
	Improve the uptake of Stem courses in KOTTI	Number of students taking STEM courses	Enrolling many students on STEM courses	Increased number of students taking STEM courses

8. Corporate Governance Statement

Konoin Technical Training Institute is committed to good corporate governance, which promotes the long-term interests of the Government of Kenya and any other stakeholder, strengthens Board and management accountability and helps build public trust in the Institute. The Board is appointed by the Government of Kenya through the Cabinet Secretary, Ministry of Education, science and technology to oversee their interest in the long-term health and the overall success of the business and its financial strength in order to discharge its mandate in training. The Board serves as the ultimate decision making body of the Institute, except for those matters reserved to or shared with the Government of Kenya. The Board selects and oversees the members of senior management, who are charged by the Board with conducting the business of the Institute in line with the Technical, Vocational, Education & Training Act of 2013 and the constitution of the Republic of Kenya.

The Board have established Corporate Governance Guidelines which provide a framework for the effective governance of the Institute. The guidelines address matters such as the Governing Board's Vision and mission, overall strategy, members' responsibilities, Board committee structure, recommendation of the Chief Executive Officer, Over-sighting the performance and evaluation of management. The Board regularly reviews developments in corporate governance and updates the Corporate Governance Guidelines and other governance materials as it deems necessary and appropriate. The Institute's corporate governance materials, including the Corporate Governance Guidelines, the Institute's legal order, the terms and reference for each Board committee, the Institute's Codes of Business Conduct, information about how to report concerns about the Institute and the Institute's public policy engagement and technological contributions policy.

Attendance of board meetings

During FY 2024/2025, there was 99% eligible attendance at all meetings of the Board and Committees.

The following table shows the number of meetings held during 2024/2025, the attendance of each Member;

BOG MEMBER	FINANCE	HUMAN RESOURC E	AUDIT AND RISK	FULL BOARD	SPECIA L	FINANC E	HUMA N
NAME	DATE	DATE	DATE	DATE	DATE	DATE	DATE
HILLARY WILFRED KIRUI	20/11/2024	15/02/2025	21/06/2025	14/06/2025	PRESENT		
SIGEI WESLEY	PRESENT	PRESENT		PRESENT	PRESENT		
VIRGINIA MUTHEU			PRESENT				
JOELEX ORORA	PRESENT		PRESENT	PRESENT	PRESENT		
ADAN ALI HASSAN			PRESENT	PRESENT			

KONOIN TECHNICAL TRAINING INSTITUTE

Annual Report and Financial Statements for the year ended June 30, 2025

JENNIFER CHEMUT AI	PRESENT			PRESENT	PRESEN T		
BRIAN KIMUTAI			PRESENT		PRESEN T		
HANDSON GICHANA				PRESENT			
PETER CHERUIY OT				PRESENT			
LEONARD OLE SAWOYO		PRESENT			PRESEN T		

There were 1 full board meeting, 2 finance committee meetings, 1 special board meeting and 2 human resource committee and 1 audit and risk meeting held during the year.

1. No board charter exists at the moment.
2. Succession took place.
3. No board remuneration.

Prior to the beginning of each year, Board meetings are scheduled in line with the key financial reporting dates. A more detailed agenda, together with the Board papers, is distributed in a timely manner before each Board meeting. All Members receive sufficient relevant information on financial, Academics and development issues to enable informed decisions to be taken by them at the Board meetings. Any specific actions arising during meetings are agreed by the Board and a follow-up procedure monitors their completion. Monthly financial and operational reviews are distributed to the Board, irrespective of whether a scheduled meeting is to take place. This assists the Board to keep informed of developments on a regular basis

Time is allocated at all meetings to discuss any other business, which all Members are invited by implement actions to progress towards meeting the objectives of the Company.

The Board Chairperson's primary role is to ensure the effective running of the Board and that the Board as a whole plays a full and constructive part in the development and determination of the Group's strategy and overall commercial objectives.

The principal's primary role is to deal with the running of the Institute and executive management of all the staff. He advises the Board and reports directly to the Chair on Institute Governance matters. He also advises the Board on legal and governance matters, helping to ensure that Board procedures and applicable rules and regulations are observed.

The Members are also able to take independent professional advice in the furtherance of their duties as necessary.

The Role and Functioning of the Board

The Board is comprised of a BOG Chairperson, Principal (Secretary to Board) and five board Members. The Members have a balance and depth of skills and experience, together with knowledge of the Institute's operations, which enables them to discharge their respective duties and responsibilities effectively. The Board is collectively responsible for the long-term success of the Institute. There is a formal schedule of matters reserved for consideration by the Board, which include responsibility for the following:

- i. Approval of overall Institute strategy and objectives.

- ii. Approval of the annual budget and monitoring progress towards its achievement.
- iii. Review and approval of the annual financial statements.
- iv. Approval of Institute's financing arrangements from donors and other government agencies.

- i. Approval of major unbudgeted expenditure.

These reserved matters are reviewed by the Board, at least annually, to ensure they remain appropriate and complete. The board Members are non-executive.

Board performance

Performance evaluations identify and record achievements, training requirements and areas for improvement in relation to annual objectives and performance of their respective roles, in order to consider effectiveness. Objectives for the forthcoming year are defined along with identification of how achievements will be met, target dates and details of resource constraints or issues to ensure that actions are planned and taken as a result of the evaluation process. We strive to provide the highest quality of training to our students by;

- i. Being courteous, fair, ethical and professional.
- ii. Being positive and helpful and provide reasons for any decisions we make
- iii. Providing assistance when required.
- iv. Answering enquiries or requests accurately and in a timely manner
- v. Treating our staff, Contractors and Suppliers honestly and with respect.
- vi. Keeping the Institute clean, tidy and free from any damage.

9. Management Discussion and Analysis

Konoin Technical Training Institute operational and financial performance

During the year ended June 2025, the Institution had 2500 students. The reduced government capitation was due to non-receipt of 4th Quarter capitation.

The Institution is experiencing tremendous growth and the management will have to vigorously pursue additional funding and technical support from the Government agencies and development partners. At the Institution level, activity-based costing method will be adopted both as a tool for activity planning and financial control. This will serve the role of ensuring that the Institution allocates resources based on planned and prioritized activity. This means that the cost of each activity will be traced to the product or service as per the Institution plan.

To further enhance service delivery through effective financial management, the Institute will concentrate on eliminating wastages.

In this regard, the Institution will lobby and mobilize financial resources for Technical Training, Innovation and Research on Technical fields from the following sources;

i. Government Funding

With regard to Government funding, the Institution will prepare, present and justify proposals as a basis for resource bidding within the Government's budgetary processes. In this regard, the Institution will coordinate with the MoE to ensure that the respective annual Sector Reports.

ii. Constituency Development Fund (CDF)

With regard to CDF, the Institution will prepare, present and justify proposals on development projects within the plan. The proposals will be presented to the Konoin CDF Development Committee for consideration.

iii. National Science Technology & Innovation Fund

The Institution through the Ministry of Education (MoE) will seek for funding from the Kenya National Science Technology and Innovation Fund on initiatives in the Institution that are ST&I based. This will be in line with the objective of the foundation which is to secure adequate

local and international funding in support of national Science Technology & Innovation competitiveness

in Kenya.

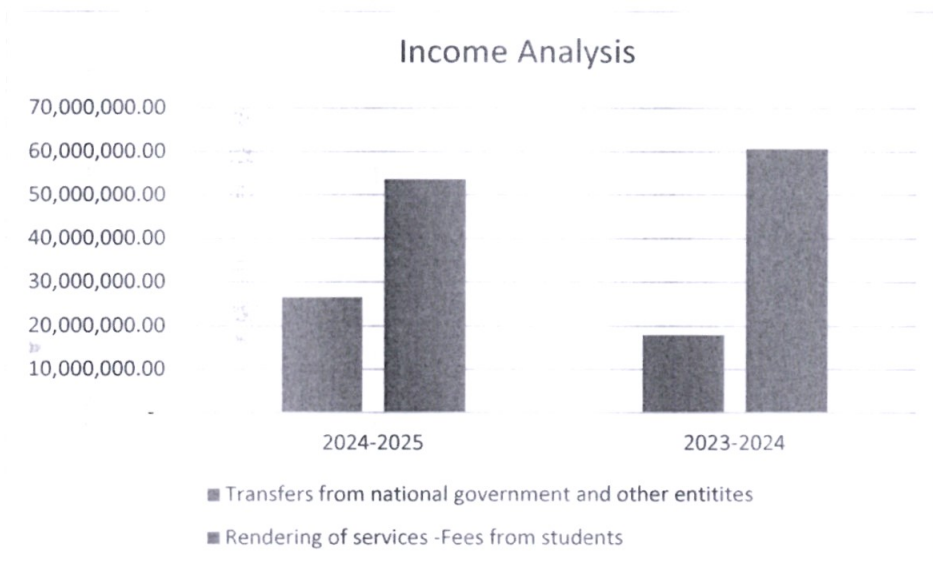
iv. Donors (Development Partners)

The Institute currently has a working relationship with development partners across the country and will continuously seek collaborations with like-minded institutions within and outside the country. The Institution as part of its national linkages will engage the support of development partners to fill in the resource gap between the resources allocated by the government through recurrent and development allocations as well as grants

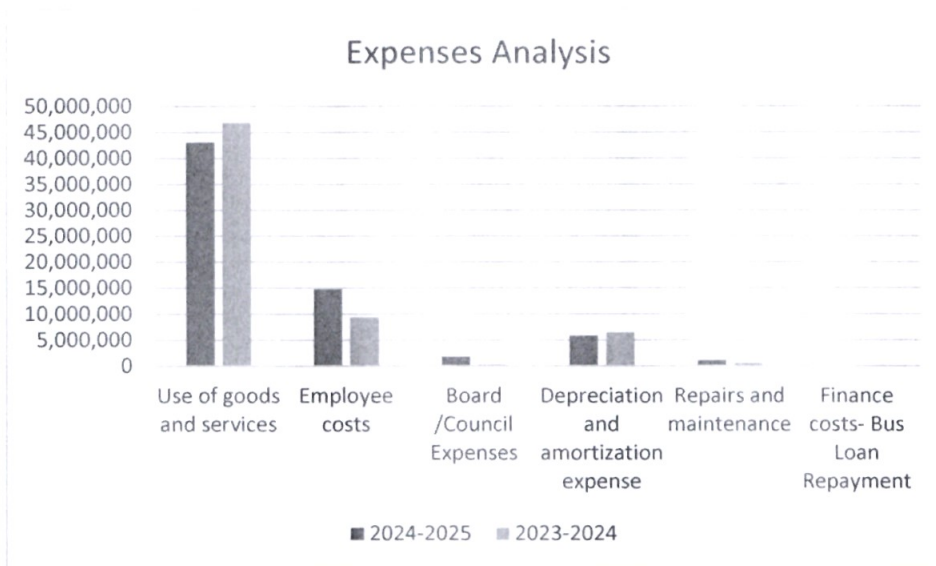
v. County Government of Bomet

Konoin Technical Training Institute is within Bomet County. The institution can benefit from the County Government through County bursaries to students and also through partnerships and collaborations.

Below is analysis of revenues and expenses for year 2024/2025 and 2023/2024.



Transfers from the government were more in 2024/2025 as compared to 2023/2024 due to increased number of students and though there is also non-receipt of 4th Quarter capitation. Incomes from rendering of services decreased due to decreased student debtors. The expense for the financial year 2024/2025 remained relatively constants compared to 2023/2024



Konoin Technical Training Institute compliance with statutory requirements

Konoin Technical Training institute complies to deduction and remittance of statutory deductions such NHIF, NSSF and PAYE

Key projects and investment decisions

The Institution constructed the institution gate and completed fencing.

10. Corporate Social Responsibility / Community Engagements

Konoin Technical Training Institute exists to transform lives. This is our purpose; the driving force behind everything we do. It’s what guides us to deliver our strategy: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

Sustainability strategy and profile

The triple Bottom Line concepts analyses the sustainability of an organization based on three concepts: Profits, people (social) and Planet (environment).

Profit: The institute has adopted a transformation strategy aimed at ensuring that she remains financially sound in the face of dwindling funding from the central government. The institutions have expanded it capacity for internally generated income like production of sanitizers and masks.

Social: The institute has developed a succession management policy to address the welfare of employees in the future and ensure that the organization is sustainable in the future

Environment: The board of governance has plans to undertake an environmental sustainability audit and developed an environmental policy to address the issues of environmental sustainability that will be identified during the audit.

Employee welfare

At Konoin Technical Training Institute, we value our employees and our many stakeholders, including the wider community where the training of our students has the potential to bring positive social and environmental change. We value the contribution that individuals and external entities make to our Institute through community consultation process.

We integrate the principles of social responsibility into our core mandate internally by exhibiting the behaviors of good corporate governance, ethical decision making, and providing our personnel with opportunities to develop and excel. We integrate the principles of social responsibility into our training activities externally by minimizing our environmental impact and seeking to enhance the amenity of residential communities.

Activity	Description
Better training	Optimizing training operations to meet ongoing social and sustainability objectives. Providing opportunities for us to grow as Institute by becoming involved in our local community.
Enhanced community	Focusing on good urban design and empowered members for healthy, happy and resilient community
Supported Staff	Promoting initiatives that support staff and their families, beyond the provision of Employment Promoting initiatives that recognize the contribution of the students to the community

a. Policies guiding hiring process

The following are the Konoin Technical Training Institute Board policies that guide hiring process;

S/No	Title	Review period	Remarks
1	Career Progression	Regularly	Vacant positions are filled competitively both internally and externally. This largely depends on availability of funds
2	Human Resource Manual	Regularly	Terms and conditions of service governing employees are applied across the board without discrimination
3	Internship Policy and guidelines	Regularly	Intern positions are filled competitively and without discrimination
4	Gender Mainstreaming	Regularly	Konoin Technical Training Institute observes equal employment opportunities during staff recruitment across all genders
5	Disability Mainstreaming	Regularly	The institute offers equal employment opportunities to officers living with disability The institute also offers rights and privileges as provided in the PWDs Act and Board employment policies

b. Market place practices- Responsible Supply Chain and Supplier relations

The institute has maintained good business practice by complying with the government policy and Section 227 of The Constitution of Kenya.

All procurement activities have continuously been carried out where Supply Chain ensured that there are sufficient funds to meet the obligations of the resulting contract and are reflected in the approved budget estimates. Knowledge of available funds acts as a guide in knowing what to procure and when to procure.

The organization has maintained and continuously updated list of registered suppliers, contractors and consultants in various specific categories of goods, works or services according to its procurement needs. Konoin Technical Training Institute has at all-time ensured responsible treatment of the suppliers in various ways as featured below:

- i. Ensuring proper communication channels e.g. Telephone lines and emails are open so as to make sure information is passed across efficiently and effectively between the procurement* department and the suppliers.
- ii. Providing customer support when and where required. This entails listening keenly to suppliers, contractors and consultants and responding appropriately.
- iii. When doing procurement planning the institute has complied with preference and reservation requirements.
- iv. Supply Chain function has ensured timely submission of the suppliers' invoices to facilitate payment process by the finance department after delivery of goods, services or works is completed. This helps in making sure that the payment process is not delayed. Timely payment of suppliers helps in maintaining a good relationship with the supplier and also avoiding of penalties that may arise from delayed payment.
- v. Supply Chain also makes follow ups of invoices issued to finance for payment process to ensure timely payments of suppliers.

c. Community Engagements

During the year under review, the institute carried out various CSR activities to impact the society. Such activities include tree planting, cleaning the environment and sponsoring vulnerable students amongst others

11. Report of the Board of Governors

The Council/Board members submit their report together with the audited financial statements for the year ended June 30, 2024, which show the state of the Konoin Technical Training Institute affairs.

Principal activities

The principal activity of the Konoin Technical Training Institute is to offer quality Technical, Vocational, Education and Training to students to acquire technical skills relevant to the main agenda of government.

Results

The results of the entity for the year ended June 30 2025 are set out on page 3 to 36.

Board of Governors

The members of the Board who served during the year are shown on page v-vii.

Auditors

The Auditor General is responsible for the statutory audit of the Konoin Technical Training Institute in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015



By Order of the Board

Mr.Sigei Wesley

Secretary of the Board

Nairobi

Date:

12. Statement of Board of Governors Responsibilities

Section 81 of the Public Finance Management Act, 2012 and the TVET Act No. 29 of 2013 require the Board of Governors to prepare financial statements which give a true and fair view of the state of affairs of the Konoin Technical Training Institute at the end of the financial year 2024/2025 and the operating results of the Konoin Technical Training Institute for FY 2024/2025. The Board of Governors are also required to ensure that the Konoin Technical Training Institute keeps proper accounting records which disclose with reasonable accuracy the financial position of the Konoin Technical Training Institute. The Board of Governors are also responsible for safeguarding the assets of the Konoin Technical Training Institute

The Board of Governors are responsible for the preparation and presentation of the Konoin Technical Training Institute financial statements, which give a true and fair view of the state of affairs of the Konoin Technical Training Institute for the financial year ended June 30, 2025. 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 Konoin TTI;
- (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 Konoin TTI;
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances

The Board of Governors accept responsibility for the Konoin Technical Training Institute 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 No. 29 of 2013. The Board of Governors are of the opinion that the Konoin Technical Training Institute financial statements give a true and fair view of the state of Konoin Technical Training Institute transactions during the financial year ended June 30, 2025, and of the Konoin Technical Training Institute financial position as at that date. The Board of Governors further confirm the completeness of the accounting records maintained for the Konoin Technical Training Institute, which have been relied upon in the preparation of the Konoin Technical Training Institute financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Board of Governors to indicate that Konoin Technical Training 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

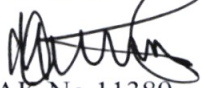
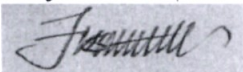
The Konoin Technical Training Institute financial statements were approved by the Board on

date..... 4/12/2025 and signed on its behalf by:

Hillary Wilfred Kirui

Josphat Kemboi

Mr. Sigei Wesley



Chairperson of the Board

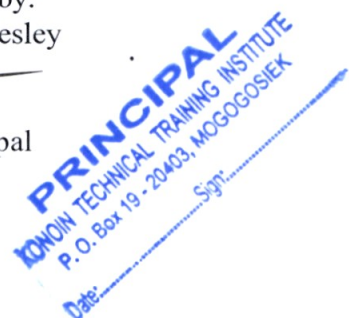
ICPAK No.11389
Finance Officer

Chief Principal

Date:

Date:

Date:



PRINCIPAL
KONOIN TECHNICAL TRAINING INSTITUTE
P. O. Box 19-20403, MCGOGOSIEK
Date:..... Sign:.....

REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON KONOIN TECHNICAL TRAINING INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Konoin Technical Training Institute set out on pages 1 to 39, which comprise of the statement of financial position as at 30 June, 2025, 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 Konoin Technical Training Institute as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unconfirmed Cash and Cash Equivalents Balance

The statement of financial position reflects cash and cash equivalents balance of Kshs.4,472,128 held in three (3) bank accounts, which includes Kshs.7,629 held in the Kenya Commercial Bank – Development Account as disclosed in Notes 8(a) and 8(b) to the financial statements. However, the Institute did not maintain a cashbook to record the cash transactions.

In these circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.4,472,128 could not be confirmed.

2. Misstatement of Depreciation and Amortization Expense

The statement of financial performance reflects the depreciation and amortization expense of Kshs.8,089,049 as disclosed under Note 6 to the financial statements. However, the amount did not include amortization on intangible assets of Kshs.433,015, disclosed in Note 12 to the financial statements and the depreciation and amortization amount is understated.

In the circumstance, the accuracy and completeness of the depreciation and amortization expense of Kshs. 8,089,049 could not be confirmed.

3. Unconfirmed Property, Plant, and Equipment Balance

The statement of financial position, as disclosed in Note 11 to the financial statements reflect property, plant, and equipment balance of Kshs.123,924,379. However, the assets were not supported by valuation reports to confirm their fair value. Further, the ownership documents were not provided for audit review.

In addition, the additions for the year of Kshs.12,329,000 were not supported by the relevant schedules, payment vouchers and procurement documents.

In the circumstances, the accuracy, completeness and existence of the property, plant, and equipment balance of Kshs.123,924,379 could not be confirmed

4. Unsupported Trade and Other Payables from Exchange Transactions Balance

The statement of financial position and as disclosed in Note 13 to the financial statements reflects trade other payables from exchange transactions balance of Kshs.16,785,902. However, the supporting schedules, supplier movement schedules, trade payables ledger, purchase orders, supplier invoices, delivery notes and stores records were not provided for audit review.

In the circumstances, the accuracy and completeness of the trade and other payables from exchange transactions balance of Kshs.16,785,902 could not be confirmed.

5. Unsupported Receivables from Exchange Transactions Balance

The statement of financial position reflects current portion of receivable from exchange transactions balance of Kshs.62,016,803, being fees arrears, which includes students' debtors outstanding between one (1) and three (3) years and totaling to Kshs.23,257,906.00, as disclosed in Note 9 to the financial statements. However, the management has not indicated the mechanisms developed and to be implemented to recover the long-outstanding debts. The provision for bad and doubtful debt has also not been made.

In the circumstance, the accuracy, completeness and recoverability of current portion of receivable from exchange transactions balance of Kshs.62,016,803 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.98,425,000 and Kshs.80,251,647, respectively, resulting to an under-funding of Kshs.18,173,353 or (18%) of the budget. Similarly, the

Institute expended Kshs.65,980,850 against actual receipts of Kshs. 80,251,647 resulting to an under-absorption of Kshs. 14,270,797 or 18% of the receipts.

The underfunding and under-absorption affected the planned activities and programs and may have negatively impacted on service delivery to the public.

My opinion is not modified in respect of this matter.

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. Except for the effects of the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on the Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, some issues were not included in the annual report and financial statements contrary to the requirement of the reporting standards. Further, some issues have not been resolved contrary to section 149(2)(l) of the Public Finance Management Act, 2012 which requires the Accounting Officers designated to try to resolve any issues resulting from an audit that remain outstanding. The issues are included in **Appendix 1**.

Other Information

Management is responsible for the Other Information set out on page iii to xxv which comprise of Key Entity Information and Management, The Board of Governors, Profile of Accounting Officer and Key Management , Chairman's Statement, Report of the Principal, Statement of performance against predetermined objectives, Corporate Governance statement, Management Discussion and Analysis, Corporate Social responsibility , Report of the Board of Governors and Statement of Board of Governors Responsibilities/Community Engagements .The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Failure to Prepare and Submit Bank Reconciliation Statements

Review of the cash records revealed that the institution did not prepare and submit bank reconciliation statements for the twelve months period from July, 2024 to June, 2025. This is contrary to Regulation 90(1), (3) and (4) of the Public Finance Management (National Government) Regulations, 2015, which requires Accounting Officers to complete monthly bank reconciliations for all bank accounts and submit the statements to the National Treasury by the 10th of the following month, with a copy to the Auditor-General. No evidence of submission or reconciliations was provided for audit review.

In this circumstance, Management is in breach of the law.

2. Lack of Ethnic Balance

Review of the payroll records revealed that 81 or 99% of the 82 contractual employees engaged during the year were from the dominant ethnic local community. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act 2008 which requires that all public establishments shall seek to represent the diversity of the people of Kenya in employment of staff and that no public establishment shall have more than one third of its establishment from the same ethnic community.

In this circumstance, Management is in breach of the law.

3. Contravention of Affirmative Law on Persons with Disabilities

Review of the payroll records revealed that out of 82 staff members, only 3 were persons with disabilities, representing 3% of the total workforce. This is contrary to Section 13 of the Persons with Disabilities Act, 2003, which requires a reservation of five per cent of all casual, emergency, and contractual positions in both the public and private sectors for persons with disabilities.

In this circumstance, Management is in breach of the law

4. Contravention of Affirmative for Special Groups

Review of the approved procurement plan revealed that the entity reserved 30% of the procurement budget for special groups (women, youth, and persons with disabilities). However, the procurement plan did not break down or classify the specific goods, works, or services reserved for each of the respective groups as required by Regulation 149 of the Public Procurement and Asset Disposal Regulations, 2020. The Regulation states that an accounting officer of a procuring entity shall, when processing procurement under section 157(5) of the Act, allocate at least thirty percent (30%) of its annual procurement budget for the purposes of procuring goods, works, and services from enterprises owned by youth, women, and persons with disabilities.

Further, no reservation matrix or category mapping was provided to show which tenders, frameworks, or procurement items were allocated to these groups and procurement executed by the groups out of the total procurement budget.

In this circumstance, Management was in breach of the law.

5. Failure to Provide Gazette Notice for the Board Members

Review of the Board of Governors' records revealed that there were nine board members. However, management failed to provide the gazette notice confirming the appointments of the Board members, which, according to the TVET Act, should be done by notice in the Gazette. This contravenes Section 13 of the TVET Act, 2013, which states that, all appointments under this section shall be by notice in the Gazette.

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

6. Failure to Update Staff Files

Review of personnel records revealed that staff files for the forty-five (45) newly recruited officers were incomplete and lacked key statutory documents, including:

- Authenticated academic and professional certificates
- KRA PIN
- Certificate of Good Conduct
- Bank account details
- Initial declaration of income, assets, and liabilities
- Updated next-of-kin information

The absence of these essential documents indicates weak personnel records management and exposes the institution to risks related to identity verification, payroll integrity and compliance with statutory requirements. This is in contravention of Sections B.12 (1) of the Human Resource Policies and Procedures Manual for the Public Service,

2016 which requires a candidate on first appointment to provide above mentioned documents.

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

7. Failure to Conduct Training Needs Assessment

The statement of financial performance reflects use of goods and services amount of Kshs.47,274,988, which includes Kshs.334,650 on training costs as disclosed in Note 3 to the financial statements. However, Training Needs Assessment had not been carried out. This is contrary to Section H (2) of the Human Resource Policies and Procedures Manual for the Public Service, 2016, which requires state departments to prepare training projections based on Training Needs Assessments to guide the Human Resource Management Advisory Committees in nominating officers for training.

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

8. Engagement of Unlicensed Trainers

Review of personnel records revealed that the institution engaged forty-eight (48) trainers during the year under review. However, thirty-one (31) trainers or 65% did not possess valid trainer licenses issued by the TVET Authority, contrary to the requirements of the TVET Act and its Regulations. Further, no evidence was provided to demonstrate that:

- Applications for licensing were in progress,
- Licenses had expired and were pending renewal, or
- The unlicensed trainers had met the minimum competency-based training requirements stipulated under Regulation 16. The Management was in contravention of section 23(1) of the TVET Act, 2013, which requires any person intending to become a trainer in a TVET institution to apply for licensing and registration by the Board. Further, Regulation 13 of the TVET Regulations, 2015, requires institutions to ensure that all trainers are qualified, registered and licensed.

In addition, Regulation 16, requires trainers to obtain a trainer's license, possess the minimum competencies for competency-based education and training, and renew their license periodically with evidence of continuous professional development.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require 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 comply 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 effect(s) of the matter(s) described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Lack of Audit Committee

Review of the records and functions of the College revealed that the College did not have an Audit Committee. This was contrary to Section 73 (5) of Public Finance Management Act, 2012, which requires every national government entity to establish an audit committee whose composition and functions shall be as prescribed by the Regulations.

In the circumstance, the Institute lack oversight role played by the committee.

2. Weaknesses in Revenue Management

Review of the institution's revenue management processes revealed several weaknesses in the newly implemented Optimum Management Information System (ERP), which was acquired in 28th April 2023.

The system does not recognize or invoice Kenya National Examinations Council (KNEC) students, making it impossible to generate their fee statements or monitor outstanding fees balances accurately.

For students under the Curriculum Development, Assessment and Certification Council (CDACC), the system does not differentiate the various band placements. This limitation makes it impossible to establish the correct fee structure applicable to each student, affecting the accuracy of invoicing and revenue recognition.

The ERP system is not integrated with the institution's payment platforms. Students make payments directly through banks and subsequently present bank slips to the finance department for manual reconciliation. The manual process is prone to human errors and omissions.

The ERP vendor retains access to the system, creating security risks, including unauthorized access, potential data manipulation, and breaches of confidential financial information.

Operational inconsistencies were noted in the system, as identical queries produced different outputs when run at different times, and student invoices varied depending on when reports were generated. In addition, numerous manual adjustments were required to correct the data and produce accurate outputs, highlighting weaknesses in system configuration, data integrity and reliability.

In the circumstances, the effectiveness of the revenue collection system in ensuring complete and accurate financial reporting could not be confirmed.

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

Responsibilities of Management and the Board of Management

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

In preparing the financial statements, Management is responsible for assessing the Institute's ability 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 intention to terminate the College 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 overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

17 December, 2025

Appendices

Basis for Qualified Opinion

1. Unsupported Depreciation and Amortization expense
2. Omitted Insurance Expenditure
3. Unconfirmed Cash and Cash Equivalents Balance
4. Unsupported Receivables from Exchange Transactions Balance
5. Unsupported Property, Plant and Equipment Balance
6. Unsupported Trade and Other Payables from Exchange Transactions
7. Inaccuracies in Net Assets Balance

Report on Lawfulness and Effectiveness in the Use of Public Resources

1. Inaccurate Student Enrollment Data
2. Undisclosed Grants from Donors and Development Partners
3. Irregular Composition of the Board of Governors
4. Recruitment of Staff without Staff Establishment.
5. Irregular Ethnic Composition
6. Lack of Imprest Register
7. Failure to Maintain Memorandum Cash Book

Report on Effectiveness of Internal Controls, Risk Management and Governance

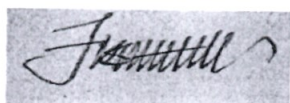
1. Lack of Internal Audit Function
2. Lack of Audit Committee
3. Lack of Risk Management Policy

KONON TECHNICAL TRAINING INSTITUTE
Annual Report and Financial Statements for the year ended June 30, 2025

14. Statement of Financial Performance for the year ended 30 June 2025

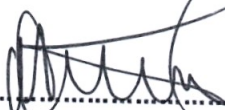
Description	Notes	2024-2025	2023-2024
		Kshs	Kshs
Revenue from non-Exchange transactions			
Transfers from other National Government entities	1	26,536,269	17,868,467
Grants from donors and development partners			-
		26,536,269	17,868,467
Revenue from Exchange transactions			
Rendering of services- fees from students	2	53,715,378	60,738,702
Revenue from Exchange transactions		53,715,378	60,738,702
Total Revenue		80,251,647	78,607,169
Expenses			
Use of goods and services	3	47,274,988	46,892,152
Employee costs	4	15,935,422	9,319,819
Board /Cbuncil Expenses	5	1,832,000	227,000
Depreciation and amortization expense	6	8,089,049	6,475,877
Repairs and maintenance	7	938,440	528,620
Finance costs- Bus Loan Repayment		174,337	
Total Expenses		74,244,236	63,443,468
Net surplus/(Deficit) for the year		6,007,411	15,163,701

The notes set out on pages 17 to 24 form an integral part of the Annual Financial Statements
 The Financial Statements set out on pages 1 to 6 were signed by:



.....
Chairman of Council/Board

Date:



.....
Finance Officer
 ICPAK No.11389.

Date:



.....
Principal

Date:

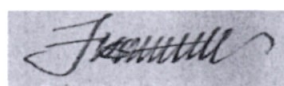
PR
 KONON TECH
 P.O. Box 19 - 20403, MURURU
 INSTITUTE
 SGT. JUSIEK

KONOIN TECHNICAL TRAINING INSTITUTE

Annual Report and Financial Statements for the year ended June 30, 2025

15. Statement of Financial Position as at 30 June 2025

Description	Notes	2024-2025	2023-2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	8	4,472,128	3,013,265
Current portion of receivables from exchange transactions	9	62,016,803	26,526,029
Inventories	10	2,806,235	8,730,678
Biological Assets		645,000	555,000
Investments			-
Total Current Assets		69,940,166	38,824,972
Non-Current Assets			
Property, plant, and equipment	11	123,924,379	138,489,267
Intangible assets	12	1,010,370	904,709
Total Non-Current Assets		124,934,749	139,393,976
Total Assets		194,874,915	178,218,948
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	13	16,785,902	11,658,369
Total Current Liabilities		16,785,902	11,658,369
Non-Current Liabilities			
Non-Current Borrowings		6,005,000	-
Total Non-Current Liabilities			-
Total Liabilities		22,790,902	11,658,369
Net Assets			
Reserves		7,000,000	7,000,000
Accumulated Surplus		41,123,324	35,599,890
Capital Reserves		123,960,689	123,960,689
Total Net Assets and Liabilities		194,874,915	178,218,948



Chairman of Council/Board

Date



Finance Officer

ICPAK No

Date



Principal

Date

PRINCIPAL
KONOIN TECHNICAL TRAINING INSTITUTE
P.O. Box 19 - 20403, MCGOJOSIEN
Date: _____

16. Statement of Changes in Net Assets for the year ended 30 June 2025

Description	Revaluation reserve	Retained earnings	Capital/ Development Grants/Fund	Capital Reserves West Mugirango	Total
Balance c/d as at June 30,2023	7,000,000	19,952,212	123,960,689		150,912,901.00
Surplus for the year		15,163,701			15,163,701.00
Balance c/d as at June 30,2024	7,000,000	35,115,913	123,960,689	483,977.00	166,560,579.00
Surplus for the year 2025		6,007,411			6,007,411.00
Balance c/d as at June 30,2025	7,000,000	41,123,324	123,960,689	483,977.00	172,567,990.00

17. Statement of Cash Flows for the year ended 30 June 2025.

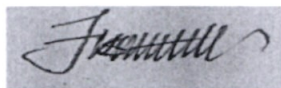
Description		2024-2025	2023-2024
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other government entities/govt. Grants	1	26,536,269	17,868,467.00
Conditional Grant			
Rendering of services- fees from students	2	53,715,378	60,738,702
Total Receipts		80,251,647	78,607,169
Payments			
Compensation of employees	4	15,935,422	9,319,819
Use of goods and services	3	47,274,988	46,892,152
Board Expenses	5	1,832,000	227,000
RMI	7	938,440	528,620
Depreciation	6	8,089,049	6,475,877
Finance cost		174,337	-
Grants and subsidies		-	-
Total Payments		74,244,236	63,443,468
Net Surplus		6,007,411	15,163,701
Adjusted for			
Depreciation		8,089,049	6,475,877
Decrease in receivable/(Increase in Receivable)		(35,490,774)	5,453,716
(Decrease)/Increase in Payables		5,127,533	-4,657,638
Net cash flows from operating activities		(16,266,781)	22,435,656
Cash flows from investing Activities			
Purchase of property, plant, equipment and intangible assets		(12,329,000)	-23,165,127
Purchase of intangible assets			-
Net Cash flows from investing activities		(12,329,000)	-23,165,127
Cash flows from financing activities			
Proceeds from borrowings- bus loan		6,005,000	-
Repayment of borrowings		(174,337)	-
Net cash flows used in financing activities		5,830,663	-
Net increase/decrease in cash and cash equivalent		24,223,981	483,977
Cash and Cash equivalents 1 st July 2024		3,013,265	3,258,759

KONOIN TECHNICAL TRAINING INSTITUTE

Annual Reports and Financial Statements for the year ended June 30, 2025


Cash and Cash equivalents at 30 th June 2025		4,472,128	3,013,265
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The Financial Statements set out on pages 1 to 6 were signed by:



.....
Chairman
Council/Board

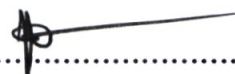
Date



.....
of Finance Officer

ICPAK No.11389

Date



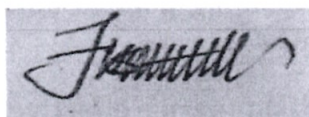
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Principal

Date

18. Statement of Comparison of Budget & Actual amounts for the year ended 30 June 2025

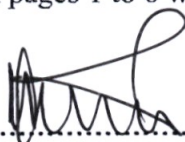
Description	Original budget	Adjustment	Final budget	Actual on comparable basis	Performance difference	Utilization Difference
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	%
Transfers from other govt entities and govt grants	45,000,000	-	45,000,000	26,536,269	18,463,731.00	59%
Rendering of services- fees from students	53,025,000	-	53,025,000	53,076,378	(51,378)	100%
Other income	400,000	-	400,000	639,000	(239,000.00)	160%
Total Income	98,425,000	-	98,425,000	80,251,647	18,173,353	82%
Expenses						
Compensation of employees	19,584,000	-	19,584,000	15,935,422	3,648,578	81%
Use of goods and services	74,104,500	-	74,104,500	47,274,988	26,829,512	63%
Board/Council expenses	1,940,000		1,940,000	1,832,000	108,000	94%
Repairs and Maintenance	2,796,500	-	2,796,500	938,440	1,858,060	33%
Total Expenditure	98,425,000	-	98,425,000	65,980,850	32,444,150	67%

The Financial Statements set out on pages 1 to 6 were signed by:



.....
Chairman of Council/Board

Date



.....
Finance Officer

ICPAK No.11389

Date



.....
Principal

Date

19. Notes to the Financial Statements**1. General Information**

Konoin Technical Training Institute is established by and derives its authority and accountability from PFM Act, the State Corporations Act and the TVET Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The institute is established under Technical and vocational education and training authority via certificate number TVETA/PUBLIC/RC/0020/2016.

The entity's principal activity is to provide quality training in technical, industrial, vocational and entrepreneurship. It is guided through its operations by other Acts of Parliament like KNEC Act, TVET Act, KIE Act KASNEB Act and others.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Konoin Technical Training Institute 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 Konoin Technical Training 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**Relevant new standards and amendments to published standards effective for the year ended 30 June 2025*****i) New and amended standards and interpretations in issue effective in the year ended 30 June 2025.***

There were no new and amended standards issued in the financial year.

ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.

Standard	Effective date and impact:
IPSAS 43	<i>Applicable 1st January 2025</i> 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

Standard	Effective date and impact:
	<p>financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an MDA.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p>This standard is relevant to the entity in that the institute leases classes/ building for class rooms and therefore the standard will be applicable.</p>
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1st January 2025</i></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>IPSAS 45- Property Plant and Equipment</p>	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
<p>IPSAS 46 Measurement</p>	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p>

Standard	Effective date and impact:
	<ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47- Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an MDA shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48- Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public</p>

Standard	Effective date and impact:
	sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.

i. Early adoption of standards

Konoin Technical Training Institute did not early-adopt any new or amended standards in year 2025

Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Rendering of services

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

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

Sale of goods

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

Interest income

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

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 2024/2025 was approved by the Council or Board on 25/06/2024. Subsequent revisions or additional appropriations were made to the

approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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

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

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

of these financial statements.

c. Taxes

i. Sales tax/ Value Added Tax

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

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

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

(d) Investment property

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

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

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

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

(e)Property, plant and equipment

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

Depreciation

Depreciation shall be charged on a reducing balance basis

The KOTTI's assets shall be depreciated as per the criteria set out below;

Buildings	2%
Furniture	12.5%
Motor Vehicles	25%
ICT Equipment	30%
Furniture and fittings	12.5%
Plant & Machineries	10%
Bakery equipment	20%
Farm Implements	20%
Other office equipment	20%

(f)Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

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

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

(g) Intangible assets

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

(h) Research and development costs

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

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

(i) Financial instruments

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

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

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or an entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

j) Inventories

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

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

- Raw materials: purchase cost using the weighted average cost method
- 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.

k) Provisions

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

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

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

Contingent liabilities

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

Contingent assets

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

l) Nature and purpose of reserves

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

m) Changes in accounting policies and estimates

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

n) Retirement benefit plans

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

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

o) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange

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

Borrowing costs

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

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

(p) Related parties

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

(q) Service concession arrangements

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

(r) Cash and cash equivalents

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

(s) Comparative figures

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

(t) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025

i.) Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Entity's financial statements in conformity with IPSAS

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

Estimates and assumptions

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

Useful lives and residual values

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

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

1. (a) TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2024-2025	2023-2024
	KShs	KShs
Unconditional grants		
Capitation	26,536,269	17,868,467
Total Government grants and subsidies	26,536,269	17,868,467

(b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

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.	Total grant income during the year	2023-2024
			KShs	KShs	KShs
Ministry of Education State Department of Vocational and Technical Training	26,536,269			26,536,269	17,868,467
Total	26,536,269			26,536,269	17,868,467

2. RENDERING OF SERVICES

Description	2024-2025	2023-2024
	KShs	KShs
Tuition fees	35,827,010.00	19,205,359.00
Activity fees	112,042.00	3,879,291.00
Attachment (Insurance and Medical)	117,276.00	2,206,000.00
Insurance		-
Registration fees	852,271.00	1,341,500.00
Exam fee	10,075,677.00	8,499,380.00
Computer Packages	175,000.00	5,000.00
Student Identity Card	115,610.00	410,700.00
Arrears	3,469,646.00	
Centre Fee	67,550.00	
Driving School fee	175,320.00	
Caution Money	131,600.00	
Student Council	70,050.00	526,565.00
Personnel Emoluments	732,515.00	11,195,316.00
Hire of Facilities	130,000.00	3,475,000.00
Library Fine	450.00	9,000.00
Other Income		2,000.00
Tiling	7,000.00	
Tveta fees	89,600.00	
Tender fee	7,000.00	
Bus hire	639,000.00	817,950.00
Breakage fee	61,050.00	89,000.00
Gown Hire	43,000.00	

Annual Reports and Financial Statements for the year ended June 30, 2025

Graduation fee	449,951.00	281,000.00
Material /Practical fee	84,160.00	689,000.00
Hair Dressing Short Course	6,000.00	
LT&T	103,335.00	3,221,486.00
EW&C	114,394.00	2,545,162.00
RMI	58,871.00	2,339,993.00
Total income	53,715,378.00	60,738,702.00

3. USE OF GOODS AND SERVICES

Description	2024-2025	2023-2024
	KShs	KShs
Tuition expenses	20,050,037	25,087,001
Boarding expenses	27,000	51,690
Activities	912,557	518,168
Electricity and water	1,641,954	1,117,816
Insurance		483,977
Staff uniforms and Apparel	5,050	
Attachment	531,932	484,790
Bank charges		7,136
Administration costs and expenses	5,175,543	2,812,385
Student council expenses	678,470	421,510
Computer Packages	111,920	36,000
Bus hire	106,500	16,300
Tender Expenses	15,000	
Motor Vehicle Expenses	2,366,257	
Training Costs	334,650	
Student Identity Card	39,400	58,000
Examination	5,453,460	7,041,199
Internet expenses	927,894	305,407
Graduation expenses	75,690	1,000,000
Other expenses	1,150,055	1,764,368
Material/ practical expenses	2,567,016	
RMI	938,440	528,620
LT &T	2,233,659	5,157,785
Fuel Expenses	1,932,504	
Total good and services	47,274,988	46,892,152

4. EMPLOYEE COSTS

	2024-2025	2023-2024
	KShs	KShs
Salaries and wages	15,935,422	9,242,434
Total Employee costs	15,935,422	9,242,434

5. BOARD ALLOWANCE

Description	2024-2025	2023-2024
	KShs	KShs
Other allowances	1,832,000	227,000
Total director emoluments	1,832,000	227,000

6. DEPRECIATION AND AMORTIZATION EXPENSE

Description	2024-2025	2023-2024
	KShs	KShs
Property, plant and equipment	8,089,049	6,475,877
Intangible assets		
Total depreciation and amortization	8,089,049	6,475,877

7. REPAIRS AND MAINTENANCE

Description	2024-2025	2023-2024
	KShs	KShs
Other	938,440	528,620
Total Repairs and Maintenance	938,440	528,620

8. (A) CASH AND CASH EQUIVALENTS

Description	2024-2025	2023-2024
	KShs	KShs
Bank balance	4,472,128	2,898,575
Others(Cash)		114,690
Total cash and cash equivalents	4,472,128	3,013,265

The institution's cash and bank balances are held with a major Kenyan financial institution and, insofar as the directors are able to measure any credit risk to these assets, it is deemed to be

(b). DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

Description	2024-2025	2023-2024
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	Account number	KShs	KShs
Kenya Commercial Bank - Tuition account	1217674810	4,423,250	1,944,166
Kenya Commercial Bank - Operation	1217674535	41,249	41,249
Kenya Commercial Bank - Development	1217674683	7,629	42,287
Imarisha Sacco salary account	5042699503	-	870,873
Kenya Commercial Bank - USD account	123278280	-	-
Cash on hand		-	114,690
Total cash and cash equivalents		4,472,128	3,013,265

9. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2024-2025	2023-2024
	KShs	KShs
Current receivables		
Student debtors	62,016,803	26,526,029
Total current receivables	62,016,803	26,526,029

AGING ANALYSIS				
DESCRIPTION	2024-2025		2023-2024	
CURRENT RECEIVABLES	KSHS		KSHS	
TOTAL CURRENT RECEIVABLES	62,016,803		26,526,029	
AGING ANALYSIS	2024-2025	% OF THE TOTAL	2023-2024	% OF THE TOTAL
UNDER ONE YEAR	38,758,897.00	62	14,589,316.00	55
1-2 YEARS	14,015,018.00	23	11,936,713.00	45
2-3 YEARS	4,722,380.00	8		
OVER 3 YEARS	4,520,508.00	7		
	62,016,803.00	100		100

10. INVENTORY

INSTITUTIONAL MANAGEMENT - HAIR DRESSING	242,795
INSTITUTIONAL MANAGEMENT - FASHION & DESIGN	76,820
INSTITUTIONAL MANAGEMENT - FOOD & BEVERAGE	199,100
ELECTRICAL	1,458,940

KONOIN TECHNICAL TRAINING INSTITUTE

Annual Reports and Financial Statements for the year ended June 30, 2025

BUILDING	218,800
SPORTS ITEMS	42,000
EXAMINATION	567,780
TOTAL	2,806,235

11. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Semi-Permanent	Motor vehicles	Furniture and fittings	Computers	Tents	Generator	Plant and equipment	Capital Work progress in	Total
		2%	2%	25%	12.50%	30%	25%	30%	12.50%		
Cost		Kshs		Kshs	Kshs	Kshs		Kshs	Kshs	Kshs	Kshs
As at 1 July 2023	7,000,000.00	85,690,999.00	4,105,433.00	7,312,500.00	2,128,437.00	851,523.00	205,078.00	73,500.00	18,055,936.00	1,422,716.00	126,846,122.00
Additions											
Totals	7,000,000.00	85,690,999.00	4,105,433.00	7,312,500.00	2,128,437.00	851,523.00	205,078.00	73,500.00	18,055,936.00	1,422,716.00	126,846,122.00
Additions-2024											
Depreciation-2024		(1,713,820.00)	(82,108.00)	(1,828,125.00)	(266,055.00)	(255,457.00)	(51,270.00)	(22,050.00)	(2,256,992.00)		(6,475,877.00)
NBV as at 30 June 2024	7,000,000.00	83,977,179.00	4,023,325.00	5,484,375.00	1,862,382.00	596,066.00	153,808.00	51,450.00	15,798,944.00		118,947,529.00
As at 1 July 2024	7,000,000.00	83,977,179.00	4,023,325.00	5,484,375.00	1,862,382.00	596,066.00	153,808.00	51,450.00	15,798,944.00		118,947,529.00
Additions-2025			2,000,000	6,202,000	1,500,000	1,800,000	227,000.00		600,000		12,329,000.00
Totals	7,000,000.00	83,977,179.00	6,023,325.00	11,686,375.00	3,362,382.00	2,396,066.00	380,808.00	51,450.00	16,398,944.00	736,899.00	132,013,428.00
Depreciation		(1,974,868.00)	(80,466.00)	(2,921,594.00)	(232,797.00)	(718,819.00)	(95,202.00)	(15,435.00)	(2,049,868.00)		(8,089,049.00)
Netbook Values – as at 30 June 2025	7,000,000.00	82,002,311.00	5,942,859.00	8,764,781.00	3,129,585.00	1,677,247.00	285,606.00	36,015.00	14,349,076.00	736,899.00	123,924,379.00

12. INTANGIBLE ASSETS-SOFTWARE

Description	2024-2025	2023-2024
	KShs	KShs
Cost		
At beginning of the year	1,443,385	2,061,979
Additions		-
Cost end of the year	1,443,385	2,061,979
Amortization and impairment		
At beginning of the year	618,594	
Amortization	433,015	618,594
Amortization at end of the year	1,051,609	
NBV	1,010,370	1,443,385

13. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2024-2025	2023-2024		
	KShs	KShs		
Trade payables	15,799,902	10,728,636		
Prepaid fees	986,000	929,733		
Total trade and other payables	16,785,902	11,658,369		
Aging Analysis	2024-2025	% of the total	2023-2024	% of the total
Under one year	4,041,623	26%	6,412,103	55
1-2 years	6,412,013	41%	5,246,266	45
2-3 years	5,246,266	33%		
Over 3 years				
Total	15,799,902.00	100		100

1. FINANCIAL RISK MANAGEMENT

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

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

(i) Credit risk

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

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

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

	Total amount Kshs	Fully performing Kshs
At 30 June 2025		
Cash and cash equivalents	4,472,128	4,472,128
Receivables from exchange transactions	53,715,378	53,715,378
Receivable from non-exchange transactions	26,536,269	26,536,269
Total	84,723,775	84,723,775
At 30 June 2024		
Cash and cash equivalents	3,013,265	3,013,265
Receivables from exchange transactions	60,738,702	60,738,702
Receivable from non-exchange transactions	17,868,467	17,868,467
Total	81,620,434	81,620,434

(i) Credit risk (continued)

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

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

(ii) Liquidity risk management

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

The table below represents cash flows payable by the 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

	Less than 1 month	Between 1- 3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2025				
Trade and other payables from exchange transactions	16,785,902		-	16,785,902
Current portion of borrowings				
Total	16,785,902			16,785,902
At 30 June 2024				
Trade and other payables from exchange transactions	11,658,369		-	11,658,369
Current portion of borrowings				
Total	11,658,369			11,658,369

(iii) Market risk

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

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

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

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

2. RELATED PARTY BALANCES**Nature of related party relationships**

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

Government of Kenya

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

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

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

	2024-2025	2023-2024
	Kshs	Kshs
Transactions with related parties		
a) Grants /Transfers from the Government		
Grants from National Government	26,536,269	17,868,467
Total	26,536,269	17,868,467

3. EVENTS AFTER THE REPORTING PERIOD

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

4. ULTIMATE AND HOLDING ENTITY

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

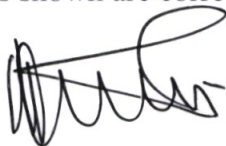
5. CURRENCY

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

ENTITY NAME:		KONOIN TECHNICAL TRAINING INSTITUTE		
Break down of Transfers from the State Department for Vocational and Technical Education				
FY 2024/2025				
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	Capitation	15/02/2025	11,907,425.00	2024/2025
	Capitation	20/09/2024	564,215.00	2024/2025
	Capitation	20/09/2024	2,720,580.00	2024/2025
	Capitation	20/09/2024	2,861,676.00	2024/2025
	Capitation	23/09/2024	46,860.00	2024/2025
	Capitation	23/09/2024	5,009,625.00	2024/2025
	Capitation	24/09/2024	1,719,463.00	2024/2025
	Capitation	24/09/2024	1,706,425.00	2024/2025
	Total		26,536,269	

The above amounts shown are correct as of the date indicated.

Finance Officer
Josphat Kemboi



Principal Accounting Officer
Sigei Wesley



PRINCIPAL
KONOIN TECHNICAL TRAINING INSTITUTE
P. O. Box 19 - 20403, MOGOGOSIEK

Date:..... Sign:.....

Appendix 1: Implementation Status of Auditor-General’s Recommendations

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

Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
<p>1. Unsupported Depreciation and Amortization expense</p> <p>The statement of financial performance and as disclosed in Note 6 to the financial statements reflects depreciation and amortization expense of Kshs 6,475,877. However, the fixed assets Register was not updated and there were no approved policies on depreciation and amortization.</p> <p>In the circumstances, the accuracy and completeness of the depreciation and amortization expense of Kshs.6,475,877 could not be confirmed.</p>	<p>The management is in the process of updating the asset register and approved finance policy which will address the issue of depreciation and amortization.</p>	<p>Not yet resolved</p>	<p>Ongoing process</p>
<p>2. Omitted Insurance Expenditure</p> <p>The statement of financial performance reflects use of goods and services amount of Kshs.46,892,152, which includes Nil insurance costs as disclosed in Note 3 to the financial statements. However, review of supporting documents and payment vouchers revealed that an expenditure of Kshs.483,977 was incurred on insurance costs resulting to an understatement of the use of goods and services amount by Kshs.483,977.</p>	<p>The management agrees with the auditors findings and the financial statement was amended to include the insurance cost</p>	<p>Resolved</p>	<p>The financial statement was amended</p>

<p>In the circumstance, the accuracy and completeness of the use of goods and services of Kshs. 46,892,152 could not be confirmed</p>			
<p>3. Unconfirmed Cash and Cash Equivalents Balance</p> <p>i. The statement of financial position reflects cash and cash equivalents balance of Kshs.3,013,265 which includes Kshs.114,690, being cash on hand as disclosed in Note 8 to the financial statements. However, management did not provide cash book and board of survey report to support the balance of kshs.114,690.</p> <p>ii. Further, the balance of Kshs.3,013,265, includes tuition bank account balance of Kshs.1,944,166 as disclosed in Note 8b to the financial statements. However, the bank reconciliation statements show a cashbook balance of Kshs.2,898,575, which has also not been supported by the cashbook.</p> <p>iii. The statement of cash flows reflects cash and cash equivalents closing balance of Kshs.3,013,265, while the recomputed balance is a credit balance of Kshs,8,378,141 resulting to a variance of Kshs.11,636,900. The balance of Kshs.8,378,141 also differs with the balance of Kshs.3,013,265 reflected in the statement of financial position.</p> <p>In the circumstance, the accuracy and completeness of cash and cash equivalents balance of Kshs. 3,013,265 could not be confirmed</p>	<p>The management was not able to provide board survey report as already the term for the board had already expired and appointment of the new board was in progress. Appointment letters for previous board attached</p> <p>The management wishes to clarify that the amount Kshs 1,944,166 belongs to one account only; tuition, while Kshs 2,898,575 is a total of four accounts as disclosed in note (8b) which is also inclusive of tuition account. Management noted the error and has</p>	<p>Resolved</p>	<p>Issue addressed</p>

	<p>since separated the cashbooks The cashflow statement as disclosed in No. 17 has been rectified to reflect the balance of Kshs 3,013,265 in the financial position.</p>		
<p>4. Unsupported Receivables from Exchange Transactions Balance</p> <p>The statement of financial position and as disclosed in Note 9 to the financial statements reflects current portion of receivable from exchange transactions balance of Kshs.26,526,029, which relates to fee arrears. However, the student debtors' schedule show total arrears of Kshs.41,858,702, resulting in an unexplained variance of Kshs.15,332,673.</p> <p>Further, the management did not provide an ageing analysis to indicate the status of outstanding fees and the length of time they have remained overdue.</p> <p>In addition, the management has not disclosed the mechanisms developed and being implemented to recover the long-outstanding debts.</p> <p>In the circumstance, the accuracy and completeness of current portion of receivable from exchange transactions balance of Kshs.26,526,029 could not be confirmed</p>	<p>The schedules given had not been reconciled fully and therefore reconciliation has been done and correct schedules are provided, Appendix I</p> <p>Ageing analysis was done as per the auditors' findings</p>	<p>Resolved</p>	<p>The schedules have been provided.</p> <p>Financial statement amended</p>

	<p>The management has developed debt management policy under finance policy to assist in management and recovery of long outstanding debts</p>		
<p>5. Unsupported Property, Plant and Equipment Balance</p> <p>The statement of financial position reflects property, plant, and equipment balance of Kshs.138,489,267. However, asset Register showing costs, additions during the year, accumulated depreciation, depreciation charge for the year, and net book values was not provided for audit review.</p> <p>Further, donations in form of land, plant and equipment, ICT equipment, and furniture and fittings were omitted from the balance of Kshs.138,489,267.</p> <p>In addition, the Institute parcel of land valued at Kshs.5,000,000 did not have the original title deed.</p> <p>The motor vehicle records show two motor vehicles which have not been transferred to the Institute.</p> <p>Note 10 to the financial statements has not been prepared as per the prescribed format by the Public Sector Accounting Standard Board and computation of net book value of Kshs.138,489,267 as at 30 June 2024 is incorrect. The schedule has errors and its not clear how the balance</p>	<p>The previous title deed which was provided to the auditors had error with name, and the original title had been sent for rectification</p> <p>One of the motor vehicles was transferred from former ministry of science and technology and the bus was as a result of a loan which has already been fully paid and the vehicle transferred to the institute.</p> <p>The management agrees with the auditors findings</p>	<p>Not yet resolved</p>	<p>The management has applied for replacement of title and it has already been gazetted</p>

<p>was arrived at. Hence the financial statement balance is not supported by a note to the financial statements.</p> <p>In the circumstances, the accuracy and completeness of the property, plant, and equipment balance of Kshs.138,489,267 could not be confirmed.</p>	<p>and will use the current financial reporting template in reporting the future financial reports.</p>		
<p>6. Unsupported Trade and Other Payables from Exchange Transactions</p> <p>The statement of financial position reflects trade and other payables from exchange transactions balance of Kshs 11,658,369. However, the supporting schedules, supplier movement schedules, trade payables ledger, purchase orders, supplier invoices, delivery notes and stores records were not provided for audit review.</p> <p>Further, included in trade and other payables from exchange transactions balance of Kshs.11,658,369, is Kshs.929,733, being pre-paid fees as disclosed in Note 12 to the financial statements. However, the students' billings records reflect prepaid fees balance of Kshs.12,897,596, resulting to unreconciled variance of Kshs.11,967,863.</p> <p>In the circumstances, the accuracy and completeness of the trade and other payables from exchange transactions balance of Kshs 11,658,369 could not be confirmed.</p>	<p>Reconciliation has been done to correct the error, Appendix II. List of invoiced students attached</p>	<p>Not yet resolved</p>	<p>The attached appendix was provided during PIC meeting</p> <p>The list was provided during PIC meeting</p>
<p>7. Inaccuracies in Net Assets Balance</p> <p>The statement of financial position reflects net assets balance of Kshs.166,560,579 while the statement of changes in net assets reflects net assets balance of Kshs.166,076,702 resulting to variance of Kshs.483,877 which has not been explained or reconciled. Further the</p>	<p>The statement of changes in net assets was amended to reflect the net assets balance of Kshs 166,560,579.</p>	<p>Resolved</p>	<p>Amended</p>

Annual Reports and Financial Statements for the year ended June 30, 2025

<p>statement of changes in net assets shows net assets balance of Kshs.166,560,579 while the re-casted balance is Kshs.166,076,702 .</p> <p>In the circumstances, the financial statements do not reflect a true and fair financial position.</p> <p>The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Konoin Technical Training Institute Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.</p>			
<p>Budget Control and Performance</p> <p>The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.95,176,000 and Kshs.78,607,169, respectively, resulting to an under-funding of Kshs.16,568,831 or seventeen percent (17%) of the budget. Similarly, the Institute expended Kshs.56,967,591 against actual receipts of Kshs. 78,607,169 resulting to an under-absorption of Kshs.21,639,578 or twenty-eight percent (28 %) of the receipts</p> <p>The underfunding and under-absorption affected the planned activities and programs and may have impacted negatively on service delivery to the public.</p>	<p>The delay in release of funds from exchequer affected the implementation of the budget and led to the under-absorption.</p>	<p>Not resolved</p>	<p>An ongoing issue</p>

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES																																
<p>1. Inaccurate Student Enrollment Data</p> <p>Reviews of the students' data revealed that there was discrepancies between the number of students in the Kenya Universities and Colleges Central Placement Service (KUCCPS) and the number of students in the institution's records. The enrolment and funding of students during the year are indicated below.</p> <table border="1"> <thead> <tr> <th>Quarters</th> <th>Number of Students as per the Institute's Records</th> <th>Number of Students per KUCCPS Records</th> <th>of as the</th> <th>Variance s</th> </tr> </thead> <tbody> <tr> <td>1st (July-Sept)</td> <td>915</td> <td>List provided</td> <td>not</td> <td>-</td> </tr> <tr> <td>2nd (Oct - Dec)</td> <td>812</td> <td>1095</td> <td></td> <td>-283</td> </tr> <tr> <td>3rd (Jan-Mar)</td> <td>821</td> <td>689</td> <td></td> <td>132</td> </tr> <tr> <td>4th (Apr-Jun)</td> <td>874</td> <td>689</td> <td></td> <td>185</td> </tr> </tbody> </table> <p>The College did not therefore maintain accurate students' data as required by the Ministry of Education for the funding determination purpose.</p> <p>In the circumstances, the management did not comply with section 68 (2) (b) of the Public Finance Management Act, 2012 which requires the Accounting Officer to ensure that the entity keeps financial and accounting records that are accurate.</p>					Quarters	Number of Students as per the Institute's Records	Number of Students per KUCCPS Records	of as the	Variance s	1st (July-Sept)	915	List provided	not	-	2nd (Oct - Dec)	812	1095		-283	3rd (Jan-Mar)	821	689		132	4th (Apr-Jun)	874	689		185	<p>The difference in the enrolment of the students arose from the walk-in students which do not go through KUCCPS placement portal. The institute will take action to make sure all the students pass through the placement portal.</p>	<p>Resolved</p>	<p>Issue addressed</p>
Quarters	Number of Students as per the Institute's Records	Number of Students per KUCCPS Records	of as the	Variance s																												
1st (July-Sept)	915	List provided	not	-																												
2nd (Oct - Dec)	812	1095		-283																												
3rd (Jan-Mar)	821	689		132																												
4th (Apr-Jun)	874	689		185																												

<p>2. Undisclosed Grants from Donors and Development Partners</p> <p>During the year under review, the Institute entered into a grant agreement with Colleges and Institutes of Canada (CICAN) for Kshs.5,525,650 and the College was to contribute an amount of Kshs.660,000 in kind. The College received the first batch of the grants amounting to Kshs 2,729,600 from CICAN on 2 March, 2024. However, this amount was not disclosed in the financial statement as part of transfers from donors and development partners. In addition, the following anomalies were noted.</p> <p>(i). A signed copy of the grant’s agreement was not provided for audit review.</p> <p>(ii). The agreement required opening of a non-interest bank account as per clause B2 of the grants’ agreement and grants were not to be commingled with other funds. However, the bank account was not opened and the grants’ funds were deposited in the development bank account.</p> <p>iii) The agreement required all goods or equipment purchased with grant funds and College’s contribution to be property of the College as per Clause 5.2 of the grant’s agreement. However, the institute purchased biological assets, plant and equipment, ICT equipment, furniture and fittings valued at Kshs 2,439,000 which were not included in the assets register.</p> <p>In the circumstances, Management was in breach of the terms of the agreement.</p>	<p>Management was not able to disclose the grants because the project has not been fully completed and handed back to the institution. The project will be handed back to the institute this August 2025, and full disclosure will be made in the next financial report.</p>	<p>Not yet resolved</p>	<p>Issue addressed</p>
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<p>3. Irregular Composition of the Board of Governors Review of the Board of Governors' records revealed that the board comprised of seven (7) members. However, there were no representatives of the principal secretary in the Ministry responsible for Technical and Vocational Education and Training and the County Government contrary to the second schedule of the Technical and Vocational Education and Training Act, 2013 (2) (b)(c) In the circumstances, Management was in breach of the law.</p>	<p>The representatives of the Principal Secretary and the County Government are always attending board of governors meetings but they are not gazetted as board members.</p>	<p>Resolved</p>	<p>Issue addressed</p>
<p>4. Recruitment of Staff without Staff Establishment. During the period under review, the board recruited twenty-four (24) employees without approved human resource plans and policy to guide in the recruitment, selection, appointment and deployment process. Further, the institute has not developed and implemented staff establishment contrary to Section B2(1) of Human Resource Policies and Procedures Manual for the Public Service, 2016 which requires a public entity to prepare Human Resource Plans to support achievement of goals and objectives in their Strategic plan. Further, the recruitment was not supported with job advertisement, list of applicants, list of shortlisted applicants, interview report and approval from the Board to hire the employees. In addition, the twenty – four (24) employees include (16) trainers. However, there was no evidence that the trainers were registered by Technical and Vocational Education and Training Board as required in Section 23 (1) of Technical and Vocational Education and Training Act, 2013.</p>	<p>The current board has established staff scheme of service and its being implemented.</p>	<p>Resolved</p>	<p>It has been established on the current financial year</p>


<p>In the circumstance, Management was in breach of the policy guideline and manual.</p>			
<p>5. Irregular Ethnic Composition</p> <p>Review of the personnel records revealed that, out of the twenty-four (24) staffs recruited, twenty-three (23) or approximately 96% were from the dominant local community. The personnel records also show that, as at 30 June 2024, the institution had a total of one hundred and twenty (120) employees out of whom one hundred and nine (109) or approximately 91% were from the dominant local community. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act 2008 which requires that all public establishments shall seek to represent the diversity of the people of Kenya in employment of staff and that no public establishment shall have more than one third of its establishment from the same ethnic community.</p> <p>In this circumstance, Management is in breach of the law</p>	<p>Due to the location of the institute, majority of the subordinate staff are locals but the institute adheres to ethnic composition when hiring staff through Public Service Commission</p>	<p>Not yet resolved</p>	<p>Ongoing process, PIC committee gave the institution 2 years to implement, starting June 2025</p>
<p>6. Lack of Imprest Register</p> <p>Review of imprest records revealed that the College did not maintain an imprest register as required by Regulation 93(4)(c) of the Public Finance Management (National Governments) Regulations, 2015. Therefore, imprests issued were not recorded and accountability could not be ensured.</p> <p>In the circumstances, Management was in breach of the law</p>	<p>The management agrees with the auditor’s findings and currently the management maintains the imprest register.</p>	<p>Not yet Resolved</p>	<p>Currently being implemented in the current financial year</p>
<p>7. Failure to Maintain Memorandum Cash Book</p> <p>Review of the financial records, revealed that the College did not maintain memorandum cash book for the management of cash advances and petty cash transactions. The cash book is supposed to summarize cash movements, including petty cash, cash payments and other purchases. This is contrary to Section 93 (14) and (15) of the Public Finance Management Act (PFMA), 2012 which requires the</p>	<p>Currently the institute maintains memorandum cashbook after guidance from the auditors.</p>	<p>Resolved</p>	<p>Currently being maintained</p>


<p>holder of a standing imprest to keep a memorandum cash book to record all receipts and payments.</p> <p>In the circumstances, Management was in breach of the law.</p> <p>The audit was conducted in accordance with ISSAI 3000 and 4000. The standards require 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 comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.</p>			
<p>REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE</p>			
<p>1. Lack of Internal Audit Function Review of the records and functions of the College revealed that the College did not have an internal audit function contrary to section 73 of the Public Finance Management Act, 2012 which provides for establishment of the internal audit function.</p> <p>In the circumstance, the existence of an effective system of internal controls and risk management could not be confirmed.</p>	<p>The current board has approved the hiring of an internal auditor. Board minutes for approval attached.</p>	<p>Resolved</p>	<p>Internal auditor already recruited</p>
<p>2. Lack of Audit Committee Review of the records and functions of the College revealed that the College did not have an Audit Committee. This was contrary to Section 73 (5) of Public Finance Management Act, 2012, which requires every</p>	<p>The term of the previous board had expired and a new board came to office in June 2024, which currently it has a</p>	<p>Resolved</p>	<p>Already constituted</p>

<p>national government entity to establish an audit committee whose composition and functions shall be as prescribed by the Regulations.</p> <p>In the circumstance, the Institute lack oversight role played by the committee.</p>	<p>constituted audit and risk committee. Board minutes for approval committees.</p>		
<p>3. Lack of Risk Management Policy</p> <p>Review of the records and systems revealed that the Management had not developed a Risk Management Policy contrary to Regulation 165. (1) of the Public Finance Management (National Government) Regulations, 2015.</p> <p>In the circumstances, the risk management process could not be confirmed.</p> <p>The audit was conducted in accordance with ISSAI 2315 and 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.</p>	<p>The management agrees with auditors' findings, and it has drafted a risk management policy which yet to approved by board.</p>	<p>Resolved</p>	<p>Risk management policy is already developed and approved</p>

Finance Officer
Officer Josphat Kemboi

Principal Accounting
Sigei Wesley

Sign 
4/12/2025

Sign-- 
4/12/2025