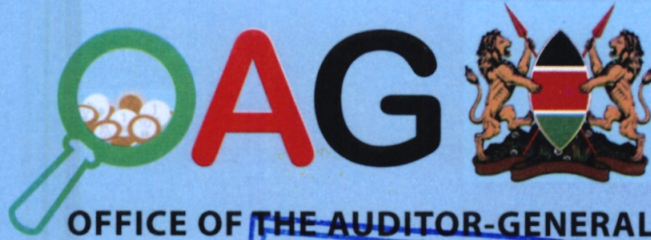


REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

THE NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 29 MAY 2025

DAY.

Thursday

OF

TABLED  
BY:

Hon. Bays Yegor  
Deputy Leader of the Majority Party

CLERK-AT  
THE-TABLE:

Habiba Ahmed

PARLIAMENT  
OF KENYA  
LIBRARY

**THE AUDITOR-GENERAL**

**ON**

**SIALA TECHNICAL TRAINING INSTITUTE**

**FOR THE YEAR ENDED**

**30 JUNE, 2023**

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

01 APR 2025

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**SIALA TECHNICAL TRAINING INSTITUTE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**30<sup>TH</sup> JUNE 2023**

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



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### I. Acronyms

BOG	Board of Governors
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
TTI	Technical Training Institute
TTC	Teacher Training College
TVC	Technical Vocational College
TVET	Technical Vocational Education and Training
GOK	Government of Kenya
AfDB	African Development Bank
NG-CDF	National Government Constituency Development Fund
OSHA	Occupational Health and Safety Authority
KUCCPS	Kenya Universities and Colleges Central Placement Service.
KUDHEIHA	Kenya Union of Domestic Hotels Educational Institutions Hospitals & Allied workers
HELB	Higher Education Loans Board.

### B. Definition of Key Terms

<b>Budget</b>	Estimates of income and expenditure for a financial year
<b>Comparative Year</b>	Means the prior period
<b>Fiduciary Management</b>	Members of Management directly entrusted with the entity's financial resources.
<b>Jituume Laboratories</b>	Programme providing digital connectivity, services, products, skills training and digital jobs linkages while unlocking access to jobs for Kenyans.
<b>Mwongozo Code of Governance</b>	Set of guidelines and principles established to govern operations, management and oversight of state corporations
<b>Strategic Plan</b>	Document used to communicate with the organization the organizations goals, the actions needed to achieve those goals
<b>Strategies</b>	Broad abstractions which are descriptive of the means for achieving strategic objectives.
<b>Strategic Issues</b>	These are problems or opportunities emanating from situational analysis that Siala TTI must manage'
<b>Strategic Goals</b>	General qualitative statements on what is expected to be achieved in the long term.
<b>Strategic Objectives</b>	This is what Siala TTI commits itself to accomplish to achieve strategic goals.



## 2. Key Entity Information and Management

### (a) Background information

Siala Technical Training Institute was established under the TVET Act, 2013 in the year 2016.

The Institute is domiciled in Kenya and operates within the mandate of Ministry of Education which provides the general policy and strategic direction on Kenya's higher Education.

### (b) Principal Activities

The core business of the Institute as provided by the TVET Act 2013 section 26 (1) (a) and (d) includes;

- i. Promotion of skills training in (TVET) through, research, science, technology and innovation in commensurate with industry and community demands.
- ii. Promotion of gender balance and equality of opportunity among students and employees.
- iii. Promotion of equalization for persons with disability, minorities and other marginalized groups.

#### **Vision**

A centre of excellence in research and skills training commensurate with industry and community demand.

#### **Mission**

To be a national skills training centre in TVET, research, science, technology and innovation to meet community demands.

#### **Our slogan**

Making excellence a habit

#### **Core values**

- i. Integrity
- ii. Transparency and Accountability
- iii. Team work
- iv. Fairness
- v. Creativity and Sustainability.



**(c) Key Management**

Siala Technical Training Institute day-to-day management is under the following organs:

- i. Board of Governors
- ii. Principal (Accounting Officer)
- iii. Management Team

**(d) Fiduciary Management**

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

No.	Designation	Name
1.	Principal	Asha Bakari
2.	Deputy Principal Administration	Jenipher Obuya
3	Deputy Principal Academics	Leah Odhiambo
4	Registrar	Alex Owiti
5	Dean of Students	Jacob Oloo
6	Head of Finance	Peter Aduda

**(e) Fiduciary Oversight Arrangements**

Board Committees	Members	
Finance, Infrastructure and Resource Mobilization (FIRM) Committee	Elizabeth Kwalanda	Chairperson
	Damaris Mutheke	Member
	Nelson Kiprono	Member
	Dr John Osoro	Member
	Asha Bakari	Secretary
Education, Research and Training (ERT) Committee	Paul Aol	Chairperson
	Isaiah Okombo	Member
	Jackline Mumbi	Member
	Dr. John Osoro	Member
	Asha Bakari	Secretary
Audit Risk and Compliance (ARC) Committee	Jackline Mumbi	Chairperson
	Paul Aol	Member
	Isaiah Okombo	Member
	Jospine Ogalo	Secretary



V

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

- (f) **Siala Technical Training Institute**  
P.O. Box 164-40404 RONGO,  
Rongo, Homa-Bay Road,  
RONGO, KENYA
  
- (g) **Siala TTI Contacts**  
Telephone : ( 254) 706 633 334  
E-mail: sialainstitute @gmail.com  
Website: www.sialatech.ac.ke
  
- (h) **Siala TTI Bankers**  
Kenya Commercial Bank Ltd.  
Rongo Branch,  
P.O. Box 266-40404  
RONGO, KENYA.
  
- (i) **Independent Auditors**  
Auditor-General  
Office of Auditor General  
Anniversary Towers, Institute Way  
P.O. Box 30084  
GPO 00100  
Nairobi, Kenya
  
- (j) **Principal Legal Adviser**  
  
The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya



### 3. THE BOARD OF GOVERNORS



George Philip Ogutu  
Chairman

Date of Birth: 11<sup>th</sup> December 1963  
George holds a BA degree from the University of Nairobi.. He has a wealth of experience in strategic leadership and governance.. He has held various Public Administrative positions also participated in various activities involving change development with NGOs and CBOs.



Damaris Mutheke  
Member

Date of Birth: 16<sup>th</sup> October 1972  
Damaris holds a BA and Diploma in Social work Community development. She has been involved in various activities of children welfare and community developments.



CPA Elizabeth Kwalanda  
Member

Date of Birth: 2<sup>nd</sup> November 1976  
Elizabeth is a holder of BCom finance option and CPAK . She has over 10 years' working experience in the Accounting Sector .



Nelson Kiprono  
Member

Date of Birth: 24<sup>th</sup> August 1991  
Nelson holds a BSc in Information Technology. He also holds a Cisco Certification on data information



Isaiah O Kayallo

Member

Date of Birth: 20<sup>th</sup> February 1970

Mr Isaiah is a holder of BSc Survey and  
MBA Strategic management.

Isaiah is a senior surveyor with over 20 years  
experience in Surveying and Digital  
Mapping ..



Paul O AOL

Member

Date of Birth: 20<sup>th</sup> December 1985.

Paul holds a Bachelor of Laws Paul has a  
wealth of experience of practicing as Legal  
assistant ,Nairobi city count and Office of the  
Legal Advisor Secretariat Nairobi.

He has also served as the Legal affairs  
secretary for various organizations.



Jackline mumbi

Member

Date of Birth: 27<sup>th</sup> August 1983

Jackline holds a BA and MSc marketing.  
Jackline has a wealth of experience of over  
20 years in marketing sector.

SIALA TECHNICAL TRAINING INSTITUTE  
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Tom Olango  
Regional Director TVET  
Date of birth



Asha Bakari  
Principal/Secretary to Board  
Date of birth: 10 June 1972  
Asha is a holder of M.Ed. and BSc  
She has held several administrative positions  
and has over 30 years' experience in the  
TVET sector.



4.MANAGEMENT TEAM



Ms. Asha Bakari  
M.Ed  
**Principal**



Jenipher Ouya  
MSc  
**Deputy Principal (Administration)**



Leah Gor  
BSc.  
**Deputy Principal(Academics)**

SIALA TECHNICAL TRAINING INSTITUTE  
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30<sup>TH</sup> JUNE 2023



Alex Owiti  
MA (Information Technology)  
**Registrar**



Peter Aduda  
CPAK  
**Finance Officer**



Jacob Oloo  
Higher National Diploma  
**Dean of Trainees**

SIALA TECHNICAL TRAINING INSTITUTE  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE 2023  
5. CHAIRMAN'S STATEMENT



On behalf of Siala Technical Training Institute, I'm pleased to present the Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023. These statements are prepared in conformity with the International Public Sector Accounting Standards (IPSAS) and International Accounting Standards (IASs).

Further, the statements incorporate the requirements of Article 81 of the Public Finance Management Act, 2012 and the National treasury guidelines with regards to adoption of IPSAS. Siala Technical Training Institute is committed to its mission of offering quality training within an environment of prudent financial management.

The Institute kept on course the implementation of 2022-2026 Strategic plan. However in view of the existing economic realities and the new development in the country and within the Institute the Board will review the Strategic Plan to be in line with the new developments. Moreover it will enable prioritization of projects and activities that are central to growth of the Institute and the attainment of vision 2030.

This is the seventh year since the establishment of Siala TTI. During the financial year 2022/2023 the Institute saw an increased number in student enrolment. This was attributed to government fee capitation and the Institute facelift as a result of the newly commissioned Civil Engineering Complex..

We are confident that, with continued prudent management of resources and an increase in Government Development Grants and the continued engagement with other partners (NG-CDF and County Government), the Institute will develop into one of the modern TVET Institutions in the region.

I wish to thank the government for its financial support so far that has made it possible to implement the Institution's mandate and programs, more so the newly commissioned Civil Engineering Complex. However, I would like to appeal for more funding for capital development. This will enable the Institution build new infrastructure to support the growing student population and realize its vision to become a National Polytechnic.

Finally, I would also wish to thank the Board of Governors, Staff, NG-CDF Rongo, Parents, Guardians and Students for their continued support and dedication, as we together strive to achieve greater heights of excellence.

Thank you.

A handwritten signature in black ink, appearing to read 'G. Ogutu'.

**Mr. George Philip Ogutu**  
**Chairman, Board of Governors ,Siala TTI**

SIALA TECHNICAL TRAINING INSTITUTE  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE 2023



6. REPORT OF THE PRINCIPAL



Presented here is the annual report and financial statements of Siala Technical Training Institute for the year ended 30<sup>th</sup> June 2023 as required by the Public Finance Management Act, 2012.

Siala TTI's performance during the year under review was impressive despite the financial constraints faced during the year. The government capitation still remained as the Institute's main source of income at 53.2% of tuition fee charged, followed by Parents fee obligation.

The Institute received from Government recurrent expenditure grants of Ksh.27,355,000 (Capitation grants).

The Institute also generated Ksh.54,184,485 from college fee and other income, which was used to finance operations of the Institute and procurement of capital projects.

The Institution faces financial challenges in view of expansion in trainees population and the personnel to manage trainees. The Institute has continued with its core mandate of disseminating knowledge through training, research and innovation and community outreach. The current student population is 1,800 and is expected to increase to 2500 by the end of financial year 2023/2024. Staff population stood at One Hundred and twenty (120) at the close of financial year 2022/2023 and is expected to increase with the increase in trainees enrolment in the next financial year.

The Institute has done its best to control expenditure through a number of strategies. As a result the Institute realized savings in expenditure on non-priority activities which resulted on surplus funds where some funds were then reallocated to development of fixed assets (Tuition Block, Partial Fencing and establishment of Driving school). These savings are to be mobilized in the coming year to finance Development projects and any other expenditures

**Development partner's projects**

This financial year, the Institute received a boost when GOK|AfDB Phase II project Civil Engineering Complex was completed and commissioned. This eased the never ending need for student's training space.

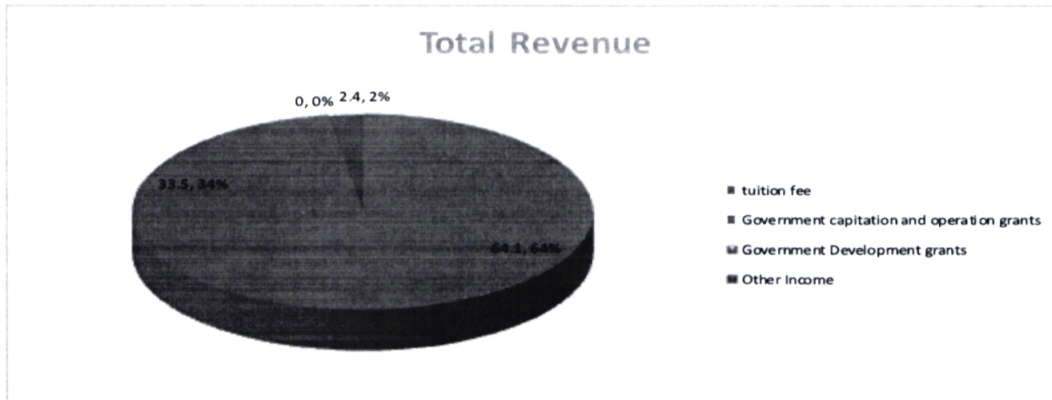
SIALA TECHNICAL TRAINING INSTITUTE  
 ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED  
 30<sup>TH</sup> JUNE 2023



Financial performance summary.

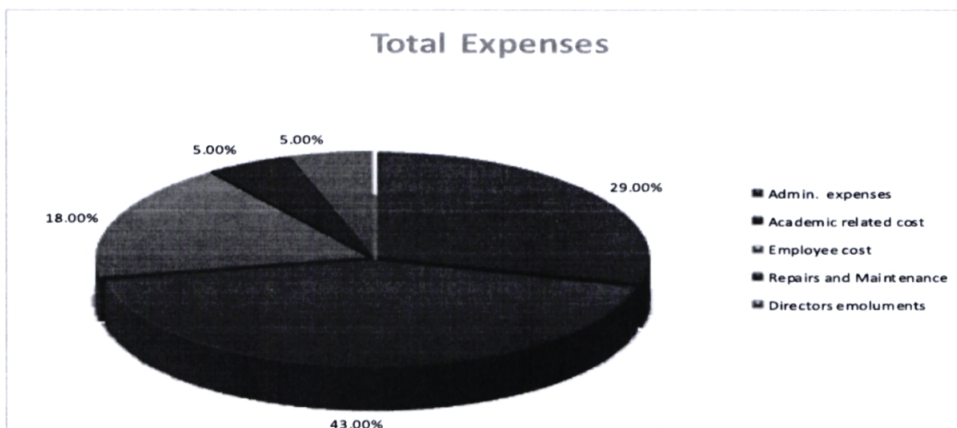
**Revenue**

During the year 2022/2023, the Institute received a total of Ksh.27,355,000 as Capitation grants, Ksh.52,259,715 as Tuition fee from parents, and Ksh.1,924,770 as other income.



**Expenses**

The Institute incurred Ksh.83,490,631 in Recurrent expenditure for the financial year 2022/2023. The biggest expenditure is shared between Academic Expenses and Admin. Cost & General expenses at 43% and 29% respectively followed by Employee Cost. at 18%, Directors Emoluments at 5%, Repairs and Maintenance at 5%.

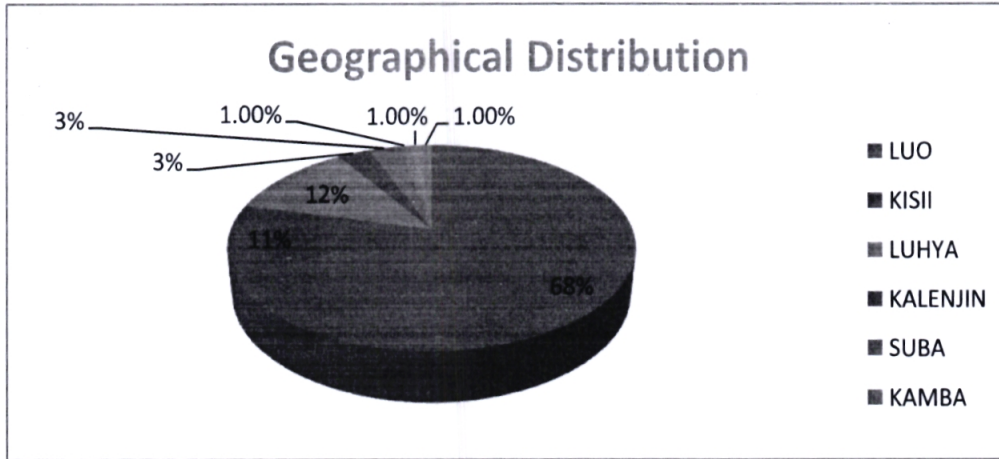


**Staff Members**

Staff population was One hundred and thirteen (120) at the close of Financial year 2022/2023 and is expected to rise for both Academic and Administrative in the next financial year. Gender Distribution; Male 67 and Female 53.



Geographical Distribution; Luo 82, Kisii 13, Luhya 15, Kalenjin 3, Suba 4, Kamba 1, Kuria 1, and Teso 1



**Staff Gender Distribution**



**Conclusion**

To address the revenue shortfall , the Institution has put in place measures to improve revenue realization through the development and implementation of fee collection policy. The Institution has also put in place measures to improve resource utilization.

This is by ensuring efficiency and economic probity in order to get value out of resources available.

On behalf of Siala TTI management and staff, I wish to take this opportunity to thank the Government, our Development partners and all Stakeholders for their continued support.

Finally, I would like to express my sincere gratitude to the Institute Board of Governors for providing policy and strategic guidance on the entire Institute staff and trainees who worked tirelessly to ensure smooth and successful operations of the institute.

Thank you.

**Ms. Asha Bakari**  
**Principal Siala tti**



**7.GOK PERFORMANCE REPORT**  
**SIALA TTI'S PERFORMANCE FOR FY 2022/2023**

Siala TTI has six (6) strategic pillars and objectives within its Strategic Plan for the FY 2022-2026.

These strategic pillars are as follows:

**The Strategic Objectives / Pillars**

1. To produce competent and skilled manpower for the industry
2. To increase access to training and increase trainee enrolment
3. To enhance Institutional Corporate Governance and Management based on principles of best practice
4. To improve institutional infrastructure and capacity
5. To diversify sources of income

**Performance Contract**

Siala TTI had a performance contract agreement with the Government of Kenya as a demonstration of its commitment to;

- i.Ensure that public services were delivered in accordance with the constitution.
- ii.Ensure modernization of public service by introduction of modern technologies and innovative service delivery.
- iii.Ensure that public officers demonstrated professionalism, transparency and accountability in performing their duties and that they showed courtesy, integrity and neutrality in provision of services.

**Statement of Strategic Intent by the Board of Governors**

In carrying out its duties, the Board intended to put all their efforts towards contributing effectively and efficiently to the achievement of the national development agenda as espoused in the Kenya Vision 2030, keeping in mind the specific priorities of Siala Technical Training Institute. The Board also paid special attention to implementation of Post COVID-19 Recovery Strategies and Plans.

Bearing in mind the imperative of inclusivity, the Board implemented the following Strategic Intentions during the Financial Year:

- 1.Produced qualified and holistic graduates for local and global markets
2. Increased enrolment to a capacity of 2500 trainees by introducing more CBET courses
3. Improved infrastructure to accommodate more trainees by procuring more equipment in Building and civil engineering department and Hospitality and institutional Management department
4. Enhanced community ability to cope with post COVID-19 challenges through capacity building of both trainees and staff.

**Reporting Requirements**

The Board submitted quarterly reports within 15 days after the end of the quarter, annual performance reports 30 days after the end of financial year.

Also being sent were discussed and approved reports in the prescribed format to the Ministry of Education and other specialized agencies for the purposes of monitoring progress and performance.



## 1. Financial Stewardship & Discipline

### a).Absorption of Allocated Funds

In the reporting period, Siala TTI absorbed and utilized Ksh.83,490,631 of its approved budget for both recurrent and development grants for project

### b). Appropriation in Aid (A-in-A)

During the financial year, Siala TTI raised a total of Kshs.54,184,485 against a target of ksh 91,475,164 As fee collection from students and other income despite the COVID-19 pandemic effect .

### c). Pending Bills

Siala TTI had no pending bills as at 30 June 2023.

## 2. Service Delivery

### a).Implementation of Citizens' Service Delivery Charter

Siala TTI ensured the effective service delivery charter to all stakeholders through;

- i. Reviewing and Displaying the Citizens' Service Delivery Charter in both English and Kiswahili three feet in width and four feet in height (3' x 4') with clearly visible font size of the contents prominently displayed at the entrance of Building and Civil engineering complex (Block 4 )
- ii. Customizing the charter to unique needs and convenient access of the customers by translating Citizens' Service Delivery Charter to audio in both English and Kiswahili and uploading to the institution's website.
- iii. Sensitizing all new employees and trainees on the Citizens' Service Delivery Charter and cascading to all departments of the institutes' by factoring in realistic timelines.
- iv. Monitoring on quarterly basis adherence to the commitments stipulated in the Charter by maintaining records.

### b).Application of Service Delivery Innovations

Siala TTI continued to implement the following service delivery innovations:

- i. Document processes/procedures and relevant workflows for all services in the Citizens' Service Delivery Charter
- ii. Posting online newsletters to students, parents and sponsors by end of every term on the Institute's website.
- iii. Operationalization of online admission and registration of students to maximize on the number of clients reached.

### c).Business Process Re-engineering

During the reporting period,Siala TTI committed to re-engineer its service delivery processes in order to enable meet customer needs, reduce cost of doing business, improve efficiency and effectiveness and enhance competitiveness in service delivery.

Siala TTI committed to undertake the following during the contract period:

- i. Reengineering the following two process; i. Registry Service delivery process and ii. Examination Service Delivery process by automation through rolling out the Enterprise Resource Planning (ERP) system.
- ii. Implementing and monitoring the re-engineered processes
- iii. Submitting BPR Report to PSTD using the prescribed format provided in Annex VIII.



### **Resolution of Public Complaints**

Siala TTI ensured prompt resolution of public complaints referred directly or channeled through other complaint reporting channels by:

- i. Resolving all complaints received
- ii. Providing access to information —reactive disclosure
- iii. Creating awareness on the complaints handling mechanisms

### **3. Core Mandate**

#### **a).Driving School Established**

During the reporting period, Siala TTI committed to establish a driving school in line with the Presidential Directive for all Technical Vocational Education and Training (TVET) institutions to offer training and continuous professional instruction and development to trainees and assessment of drivers at Accredited Driving Schools.

#### **b).Science, Technology and Innovation Mainstreaming**

During the reporting period, Siala TTI committed to implement Science, Technology and Innovation in order to Increase productivity, enhance efficiency levels, and create

#### **c).Examination performance improved**

In the FY 2022/2023, the Siala TTI committed to availed enough training materials and adhered to the training procedures to improve on examination performance in the Institute: .

#### **d).New Courses Mounted**

In the FY 2022/2023 Siala TTI committed to introduce new courses by:

- i. Acquiring the syllabi/occupation standards.
- ii. Advertising the courses on the online platforms and including them in the brochures
- iii. Application for accreditation or the courses.

#### **e).Linkages with Industries Established**

In the FY 2022/2023, Siala TTI committed to sign MoUs with local workshops in the Jua Kali sector for industrial attachment of trainees

#### **f).Office of Career Services (OCS) Enhanced**

In the FY 2022/2023 Siala TTI committed to enhance the OCS Office to: i) Assist, fast track and facilitate students in acquiring information, knowledge and competencies that enhance individual career development, academic success and employability; and ii) To develop relationships with employers for the purpose of exploring the possibilities of internships and professional employment opportunities for trainees and graduates .

#### **G).Enrolment in Science, Technology, Engineering and Mathematics (STEM) Increased**

In FY 2022/2023, Siala TTI committed to increase enrolment in STEM courses by 365 trainees from 1518 to 1883 trainees by doing the following;

- i. Collaborating with local JuaKali workshops for industrial attachment.
- ii. Inviting Fifteen (15) High school and/or Primary school heads to sensitize them on STEM training programmes in the institute.



**h).Enrolment of Females in Science, Technology, Engineering and Mathematics (STEM) Increased**

In the FY 2022/2023, Siala TTI committed to increase enrolment of female in STEM courses by 65 trainees from 414 to 479 female trainees through;

- i. Advertising in print media and website to encourage female trainees to apply for the courses available in the Institute.
- ii. Undertaking an outreach to four(4) girls school to sensitize the students on STEM training programs offered in the institute.

**i).Gross Enrolment Increased**

In the FY 2022/2023, Siala TTI committed to increase enrolment of trainees by 465 from 2035 to 2500 by doing the following:

- i. Advertising the Institute's programs in two(2) local radio stations and institution website.
- ii. Updating the Institution's capacity with Kenya Universities and Colleges Central Placement Services (KUCCPS)
- iii. Sensitizing the Community on the institute's training programs during the chiefs Baraza's quarterly.

**j).Project Completion Rate**

In the FY 2022/2023, Siala TTI committed to complete 4 projects within the project implementation period.

**k).Tracer Studies Carried Out**

In the FY 2022/2023 Siala TTI Committed to carry out a tracer study to track its graduates to find out whether or how they use the training, and how their lives progress over time, as well as create a pull of alumni for networking of the trainees .

**l).Hygiene Practice Campaigns Rolled Out**

In the FY 2022/2023 Siala TTI committed to carry out hygiene practice campaigns aimed at raising awareness about healthy and hygienic practices and mitigating against the spread and effects of COVID-19.

**m).Signage Mounted**

In the FY 2022/2023 Siala TTI committed to mount signage's in the institute to assist staff, trainees and stakeholders to make prompt and appropriate decisions for better and safer service delivery.

**n).e-Library Established**

In the FY 2022/2023 Siala TTI committed to establish a functional e-library to enable unlimited access by trainees to multiple resources and increase the number of trainees accessing library books limited by physical space.

**o).Implementation of Presidential Directives**

In the FY 2022/2023, Siala TTI committed to implement all the relevant Presidential Directives, circulars and executive orders (100%).



### **Access to Government Procurement Opportunities (AGPO)**

During FY 2022|23, Siala TTI committed to allocate and award at least 30% of the total value (Kshs.49,085,659.00) of the procurement budget for goods and services as provided in the annual procurement plan to youth, women and PWDs. At least 2% of the 30% of the budget for procurement of goods and services will be reserved for PWDs. In addition, the Board also commits to:

- i) Build the capacity of the three target groups through training on government procurement procedures, requirements for accessing government procurement opportunities and on the specific opportunities available.
- ii) Pre-qualify the registered groups as (an affirmative action) and submit to PPRA a summary of the procurement opportunities allocated to the target groups in the format provided in the PPRA website, [www.tenders.go.ke](http://www.tenders.go.ke).
- iii) Submit a summary of the procurement opportunities allocated to PWDs to NCPWD, via [dmd@ncpwd.go.ke](mailto:dmd@ncpwd.go.ke).

### **Promotion of Local Content in Procurement**

During FY 2022|23, Siala TTI committed to allocate and award at least 40% of the total value (Kshs.49,085,659.00) of the procurement budget for goods and services produced locally as provided in the annual procurement plan.

## **4 Cross – Cutting**

### **a).Asset Management**

The Board maintained a catalogue of the Assets and Properties including their status in terms of the working condition at a total Net Book Value of kshs.100,577,114.

### **b).Road Safety Mainstreaming**

In the FY 2022/2023 Siala TTI committed to establish a Road Safety Committees (RSCs) and sensitize the Road Safety Committee members, relevant stakeholders, Board members & staff on road safety. The Board was to actively engage in developing projects and executing activities under level II that contributed to the prevention and management of Road Traffic injuries and fatalities in Kenya .

### **c).Corruption Prevention**

Siala TTI committed to combat and prevent bribery, corruption and unethical practices and promote standards and best practices in governance, during the contract period

### **d.)Youth Internships/ Industrial Attachments/ Apprenticeships**

The Board committed to offer Internships, Industrial Attachment placements and teaching practice to Twenty five (25) youths

### **e)Competence Development**

To systematic enhance skills and proficiencies in order to address career progression of individual employees and improve institutional performance.



### **Disability Mainstreaming**

The Board committed to create an enabling environment by ensuring that the following were in place: i) Disability Mainstreaming Champion to act as liaison Officer with NCPWD; ii) Disability Mainstreaming Committee to spearhead disability mainstreaming agenda within the MDA; iii) Liaise with NCPWD to train members of the Disability Mainstreaming Committee and sensitize staff on disability mainstreaming; iv) Develop Disability Mainstreaming Policy to provide a blue print on disability mainstreaming; v) Develop a work plan using the prescribed format that is provided by NCPWD; vi) Register in the NCPWD Career Portal for posting advertisements for employment/job opportunities for access by job seekers with disabilities by emailing the request to [ncpwd@fuzu.com](mailto:ncpwd@fuzu.com).; and vii) Conduct Accessibility and Usability Audit once every three years.

### **Gender Mainstreaming**

The Board committed to reconstitute gender mainstreaming committees, train committee members, Boards and staff in all cadres, undertake capacity building on gender mainstreaming.

### **Prevention of Alcohol and Drug Abuse**

In the FY 2022/2023, the Board committed to implement level I programmes/activities aimed at reducing the prevalence of alcohol and drug abuse and minimizing the negative effects thereof. The Board also committed to constitute a committee to guide the ADA workplace prevention program, train committee members on ADA workplace prevention, sensitize staff and families on ADA, sensitize staff and families on positive parenting skills, education on alcohol and drug use, and develop and implement an annual work plan on ADA prevention and management.

### **Prevention of HIV Infections and Non-Communicable Diseases**

In the FY 2022/2023, the Board committed to implement MAISHA II as specified in the guidelines(100%) and submitted quarterly performance reports and supporting evidence to NACC within the stipulated timelines.

### **National Values and Principles of Governance**

The Board committed to implement the following during the contract period



## 8. CORPORATE GOVERNANCE STATEMENT

### Introduction

Siala Technical Training Institute is governed by the Board of Governors. The TVET Act 2013, gives the Board of Governors all the necessary powers for the proper performance of its functions under the Act and in particular, without prejudice to the generality of the forgoing.

The Board of governors shall have powers to:

- i. Manage, supervise, and administer the assets of the Institute in such a manner as best promotes the purpose for which the Institute is established.
- ii. Receive any grants, donations or endowments on behalf of the Institution and make legitimate disbursements.
- iii. Approve the budgets, make policies and open bank accounts for the funds of the Institute.

### Corporate Governance Principles.

It is our view that *governance* is not just a matter for the Board of Governors but rather, a good governance culture must be percolated through the Institute system.

The current socio-economic, business and political environment in which the Institution operates, underscore the need for continued high standards of corporate governance and accountability.

This is the seventh year of the implementation of Mwongozo, the code of governance for state corporations. This code was issued by his Excellency, The President, Hon. Uhuru Kenyatta, CGH, in January 2015.

The Institute has strived to adhere to the corporate governance principles as contained in the Mwongozo Code. The Institute is happy to report that a number of activities have been undertaken geared towards compliance with Mwongozo Code.

### Size and composition of the Board of Governors

The Board of Governors consists of Eight (8) board members (and the Principal as their Secretary), who poses extensive experience in a variety of disciplines all of which are applied in the overall management of the Institute. The Board of Governors has the right balance of skills and experience appropriate for the requirements of the Institute. All members participate in the decision making and the Board operated effectively during the year and continues to do so. (The board has Four Organs; Education, Training and Research Committee and Finance and Development Committee, Audit and Risk Committee and Full Board.)

### Board Remuneration

The Board members do not receive a salary. Instead they are paid a taxable sitting allowance whenever they attend meetings of the Board. The Chairman of the board is also paid a monthly honorarium. In the FY2022/2023 the institute spent ksh.4,021,769 on Board members expenses compared to the budget of ksh.5,012,020.

### Board committees and Responsibilities

The Board through its committees ensured effective, accurate, timely and transparent disclosure of information regarding Siala TTI operations and performance in line with the Constitution, various Acts, regulations and guidelines.

This is in addition to ensuring that the operations of the institute adhered to within the existing laws and International best practice.

The following are the committees of the Board of Governors.

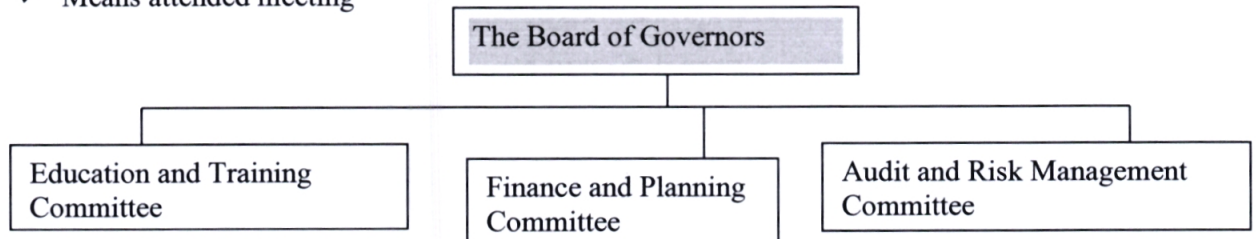
SIALA TECHNICAL TRAINING INSTITUTE  
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During the period under review, the Current and Former Board held meetings as follows:

No.	Name	22 <sup>h</sup> July 2022	25 <sup>t</sup> Octo 2022	10 <sup>th</sup> Feb2023	24 <sup>th</sup> Feb 2023	20 <sup>th</sup> Aprril 2023
1	George Ogutu	✓	✓	✓	✓	✓
2	Elizabeth Ominde	•	•	✓	✓	✓
3	Damaris Mutheke	•	•	✓	✓	✓
4	Paul Aol	✓	✓	✓	✓	✓
5	Jackline Mumbi	•	•	✓	✓	✓
6	Tom Olango	✓	✓	✓	✓	✓
7	Nelson Kiprono	•	•	✓	✓	✓
8	Isaiah Okombo	•	•	✓	✓	✓
9	Asha Bakari	✓	✓	✓	✓	✓
10	Jane Ombajo	✓	✓	X	X	X
11	Dr.Maurice Odondo	✓	✓	X	X	X
12	Simon Lawi	✓	✓	X	X	X
13	John Kisyula	✓	✓	X	X	X
14	Vivian Chemiron	✓	✓	X	X	X

- X means retired  
• Means not yet appointed  
✓ Means attended meeting



### 1. Education and Training Committee

This committee has the following terms of reference:

- Deals with urgent and critical issues on behalf of the board as need arises and submit to the full board for ratification.
- Receive, consider, discuss and recommend for approval regulations governing students and staff conduct and discipline.
- Receive and consider reports from the management and make recommendations to the board on academic matters.
- Transact any other business as directed by the board.

During the period under review, the committee held meetings as follows:

No.	Name	15 <sup>th</sup> July 2022	18 <sup>th</sup> October 2022	17 <sup>rd</sup> Feb 2023	16 <sup>th</sup> April 2023
1	Paul Aol	✓	✓	✓	✓
2	Jackline Mumbi	•	•	✓	✓
3	Tom Olango	✓	✓	✓	✓
4	Isaiah Okombo	•	•	✓	✓
5	Asha Bakari	✓	✓	✓	✓
6	Jane Ombajo	✓	✓	x	X
7	Dr.Maurice Odondo	✓	✓	x	X



## 2. Finance, Infrastructure and Resource mobilization Committee

This committee has the following terms of reference:

- i. Receive, consider and recommend for board approval of annual estimates of revenue and expenditure and overseeing compliance of budgetary allocations as approved within its annual budget.
- ii. Receive and consider proposal on acquisition of fixed asset and recommend to the board for appropriate action.
- iii. Receive, consider and submit for board approval the annual procurement plan of the institute.
- iv. Consider and recommend for approval terms and conditions of service, criteria of recruitment, appointment and promotion of BOG staff.
- v. Conduct interviews for employment, appointment and promote members of the non-trainers staff.
- vi. Transact any other business as directed by the board.

During the period under review, the committee held meetings as follows:

No.	Name	12 <sup>st</sup> July 2022	13 <sup>th</sup> Sept 2022	13 <sup>th</sup> October 2022	12 <sup>th</sup> Jan 2023	11 <sup>th</sup> April 2023
1	Elizabeth Ominde	.	.	.	✓	✓
2	Damaris Mutheke	.	.	.	✓	✓
3	Tom Olango	✓	✓	✓	✓	✓
4	Nelson Kiprono	.	.	.	✓	✓
5	Asha Bakari	✓	✓	✓	✓	✓
6	Simon Lawi	✓	✓	✓	x	X
7	John Kisyula	✓	✓	✓	x	X
8	Vivian Chemiron	✓	✓	✓	x	X

## 3. Audit and Risk Management Committee

This committee has the following terms of reference:

- i. Receive, review and recommend internal control mechanisms towards improving efficiency, effectiveness, transparency and accountability.
- ii. Receive and discuss internal audit reports and make recommendations to the board.
- iii. Review management procedures and make proposals to the board for mainstreaming of Risk Management, controls and governance.
- iv. Review and submit proposal to the board on improvement of efficiency and effectiveness of management system, including high risk areas such as public finance, human resource, academic programs and general internal controls.
- v. Review and submit a report to the board on compliance with policies, laws, regulations, procedures, plans and ethics.
- vi. Transact any other business as directed by the board.

During the period under review, the committee held meetings as follows:

No.	Name	16 <sup>th</sup> July 2022	19 <sup>th</sup> October 2022	18 <sup>rd</sup> Jan 2023	17 <sup>th</sup> April 2023
1	Paul Aol	✓	✓	✓	✓
2	Jackline Mumbi	.	.	✓	✓
3	Isaiah Okombo	.	.	✓	✓
4	Simon Lawi	✓	✓	x	X
6	Jane Ombajo	✓	✓	x	X
7	Dr. Maurice Odondo	✓	✓	x	X



#### Internal Controls

The ultimate responsibility of the Institute's risk management rests with the Board of Governors. The Finance and Infrastructure committee of the Board, reviewed the adequacy of the financial statements and report independently to the Board.

The Board ensures the integrity and reliability of the financial statements and non-financial reporting as well as compliance with laws.

The purpose of internal control and risk management is to provide independent and objective assurance to the board that the governance process and internal control are adequate and affective.

#### Code of conduct and ethics

Ethical behaviour is derived from the values, beliefs, attitudes and knowledge that guide Board members, management and employees in all circumstances.

Siala TTI core values of professionalism, integrity, teamwork and safety culture are embodied within the ethical standard which are guided by Chapter six of the Constitution, the Leadership and Integrity Act, 2012, Anticorruption and Economic Act 2003 and the Public Officers Ethics Act 2003 among other legislations.

We are therefore mandated to exhibit high standards of Leadership and Integrity envisaged in our Constitution not only for the sake of compliance but also as part of our mandate as responsible citizens.

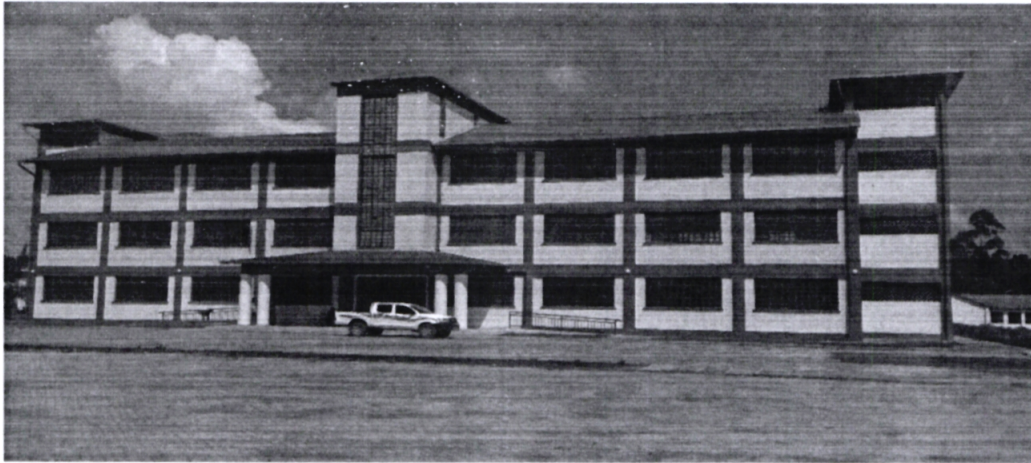
#### Going concern

The Institute expects to operate as a going concern into the foreseeable future. This assumption is based on the accumulated surplus recorded of **Ksh.28,107,290.** in FY 2022/2023 as compared to **Ksh.39,301,346** for the FY2021/2022. The positive current ratio of **16.76**for FY2022/2023 as compared to **15.65** for FY 2021/2022.

The quick ratio was **16.18** for FY2022/2023 against **15.48** for FY2021/2022. The Institute focuses on investing significantly in student population and infrastructure and is not expected to curtail in its operations in the coming year.



9.MANAGEMENT DISCUSSION AND ANALYSIS



4a

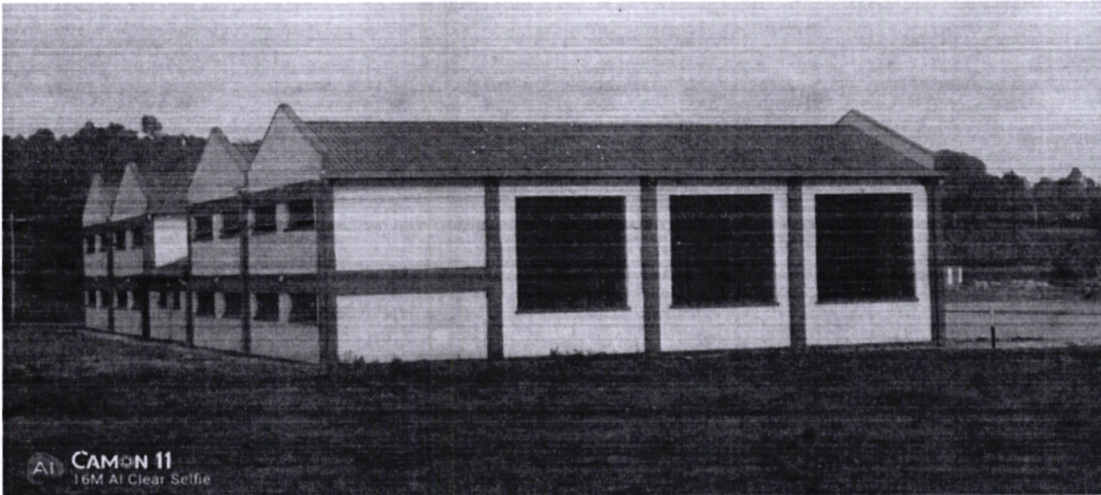
The Civil Engineering Complex sponsored by AfDB through the Government of Kenya. (top and bottom Tuition block and workshops ) completed and handed over  
**Block4a Rear side**



4A



**Block 4a stairs**



**Block 4 B**  
**Institute view from the Gate( bottom)**



**Top NG-CDF Rongo Sponsored Dining Hall**

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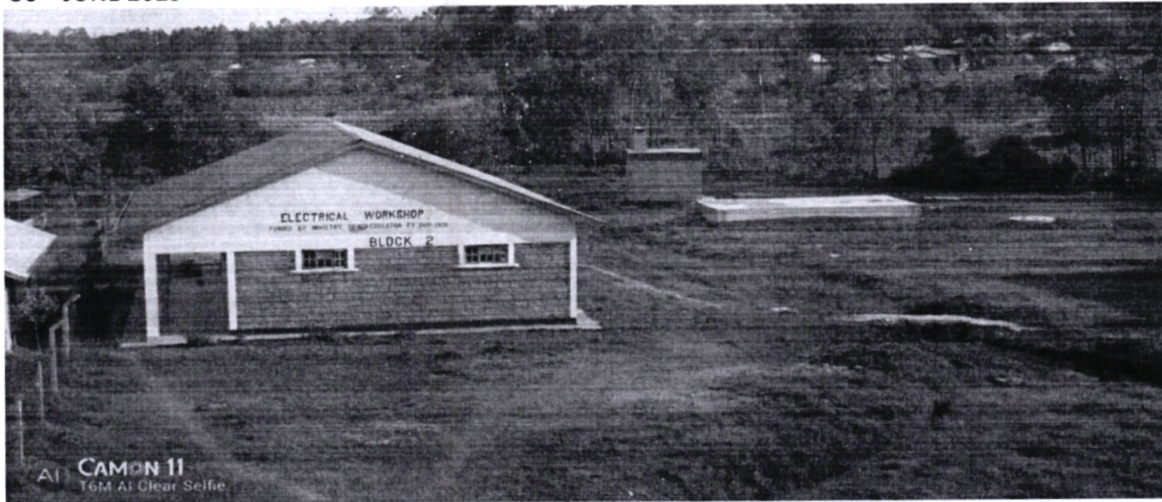


TOP.tuition block under construction



Green House for EPIVOT Project , A partnership between Siala TTI and Meru University.(Above)

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Above. The Electrical Workshop above funded by GOK through the Ministry of Education now completed. And septic tank behind.



Block 1A Mechanical workshop Complex given a facelift (Above)



## 10. ENVIRONMENT AND SUSTAINABILITY REPORTING

### ECONOMIC SUSTAINABILITY

Siala TTI principal activity of skills training is an essential service that impacts on people's lives. It's what guides us to deliver our strategy, putting the customer/ Citizen first, delivering relevant services and improving operational excellence.

This implies that we must respect the special status of our position and be financially sustainable to continue providing services overtime to our customers and the community.

Financial sustainability is the ability to sustain enough cash flows to maintain our core operational capacity, implement strategic plan and invest in diversifying our operations as we continue to train and create value for the stakeholders.

Siala TTI presents its financial condition using among other financial measures, financial ratios and operating cash flow.

Siala TTI relies on the society to allow it operate successfully. During the year under review Siala TTI continued to make significant contributions to the society by carrying out its operations responsibly and implementing corporate social programs.

The ongoing process of digital transformation (ERP Installation) to the Institution shall involve integration of digital technology into all areas of our operations.

This shall lead to fundamental changes on how Siala TTI operates and how ICT delivers value to all stake holders.

The stake holders have also benefited as our jitume program ICT lab which has been used to train computer packages for free to school leavers from local community around the Institute.

### Environmental issues

#### Social Sustainability

#### **Corporate Social Responsibility Statement**

Siala TTI is a responsible partner and continues to upscale its social programs and mainly focusing on the local community from around the Institute.

The programs focused majorly on Training, Environment and Water & Sanitation which complement the Sustainable Development Goals.(SDGs)

#### **Education/Training**

The core objective of Siala TTI training program is to enable trainees realize their dream and life goals. This is achieved through training, while at the same time enabling them to become major contributors to the realization of the country's social and economic goals.

#### **Water and Sanitation**

Siala TTI managed to address water and sanitation challenges faced by the local community around the institute. This was achieved through provision of clean accessible rain water as a major Corporate Social Responsibility activity.

Unsafe drinking water causes water borne diseases and other health related problems besides affecting the socio-economic well-being of the local community.

To alleviate water related problems, the Institute installed a water collection point to the locals around to make clean water accessible.

This was achieved by connecting water pipe from the Institute water storage tank to water fetching point situated near the Institute Green house.



### **Health Care**

Health care has remained a crucial part of the country and community. The post COVID preparations as laid down by the Ministry of Health brought much sanity and awareness to the Institute.

This was achieved by constructing extra hand washing points and installing automatic sanitizer dispensers.

Some of our fabricated hand washing equipment were donated to nearby primary school as part of corporate social responsibility.

### **Environmental conservation and awareness**

The Institute recognizes the need to enhance and protect the environment.

Siala TTI recognizes the fact that environmental degradation is a leading threat to sustainable development and is therefore committed to the protection, improvement and restoration of the environment through the promotion of sustainable use of natural resources.

To enhance sustainability of the ecosystem, Siala TTI in collaboration with Provincial Administration- Rongo Sub County, Kenya Forest Service and the surrounding community teamed up and participated in tree planting.

As result, over 1,200 trees both indigenous and commercial have been planted.

As part of ecosystem restoration, more than 100 indigenous trees were planted along river Misadhi to help in improving the vegetation cover.

Energy efficiency refers to using less energy to provide the same level of service.

To achieve this, Siala TTI has put in place measures which comprises energy saving devices, rational saving methods including switching off devices when not in use, changing the lighting system to LED lighting tubes and using alternative sources like solar. In an effort to manage energy consumption, Siala TTI has installed solar panels which are now used to power the security lights of the institute.

This is expected to significantly reduce electricity related expenses hence result in saving for the Institution.

### **Waste Management**

Siala TTI has an Incinerator/ Burning chamber which has helped in waste management (disposal of garbage). The incinerator has helped to solve garbage problem which had existed for some time.

### **Employee welfare**

Human resource is the most critical assets of an organization .

Siala TTI is an equal opportunity employer and is committed to attracting, recruiting and retaining skilled employees to fulfil the Institute goal and objectives.

Siala TTI continues to ensure that all employees continue to operate in a conducive work environment for maximum service delivery.

The Institute developed and approved human resource policy, this will promote equal opportunity in employment at all levels.

Casual workers as a matter of policy, are sourced from the local community around the Institution.

Within the financial year several employees attended capacity building trainings both internal and external which not only helped to improve their skills but also made them more productive and also have an impact on their personal lives.

The return on this investment has been seen in both staff performance and motivation.



For the financial year ended 30<sup>th</sup> June 2023, staff statistics was 120. This number has helped the Institute to sustain current operations. The staff turnover was at 2% due to the various retention strategies that the Institute has put in place.

The aggregated staff statistics reflect the number of male employees at 67(56%) and female employees at 53 which is 44% of total employees. A total of 3 (2%) out of 120 employees are persons living with disability.

The Institute is compliance to the constitutional requirement of minority gender employees being at least 30% of the staff establishment.

The Institute comprises a great diversity of ethnicity and religious orientation.

During the year under review, Siala TTI engaged four (4) youths for internship program. Developing our skills enhances productivity and is a motivational aspect in terms of career growth. Skills development programs are aimed at target groups as well as individual employees. These are based on needs assessment and gap analysis as skills development has a direct correlation to performance.

#### **Occupational safety and health**

Siala TTI is committed to the culture and safety of protecting the staff and the society. We have embarked on an integrated program which places primary responsibility of safety on the individual. Our approach is to strengthen our internal controls and mitigate hazards that cause harm.

To enhance safe working environment, Siala TTI has put in place a robust organizational structure at all work places which promote general safety culture.

The Institution has safety committee which ensures that, safety culture is enhanced and comply with legal and regulatory requirements.

The safety team is competent in matters of occupational safety by OSHA 2007 and the committee rules. The committee is mandated to coordinate, implement, monitor and evaluate the occupational health safety and welfare of employees.

Siala TTI implemented a robust fire safety program with a fire risk assessment (fire drill) conducted during the year and the implementation of the recommendations is on going..

Siala TTI has performance management appraisal guidelines that guide the performance of its employees, their productivity and output.

The process entails annual performance assessment which creates and communicates clear direction of the Institute to employees by defining the performance requirements, standards and expectations that are aligned to the Institute strategic goals.

This appraisal promotes continuous improvement and learning through the process of self-assessment and reflection. To demonstrate the Institute's appreciation of employees or committees with exceptional contribution/ work to aid operations, the management always reward by giving honoraria which are fair, equitable and performance driven.

Staff relation at Siala TTI is found on the principles of freedom of association, workplace democracy and collective bargaining.

The Institute is committed to upholding these fundamental principles and rights at work including, but not limited to, freedom of association the rights to organize and collectively bargain for terms and conditions of service.

As a result of this KUDHEIHA workers union has registered non-teaching staff and nominated the focal persons amongst them.



The Institute has structures for succession planning in place. This is aimed at increasing employee motivation for equal opportunity whenever vacancies arise. The succession planning strategy and programs has also saved costs associated with recruiting and hiring from outside .e.g Electrical Technician. As a result the learning curve necessary to get new employees up-to-speed on Institute procedures is shorter, resulting in quick transition.

The Institute acknowledges that it cannot only focus on job related skills but also has to look at the employee as a whole person. When an employee is functioning optimally, the Institute can expect them to achieve full productivity.

Therefore various support programs covering personal health are being developed.

#### **Market place practises (Supply value chain)**

The main objective for the supply function is to improve process, increase wealth creation and delivery of value to stakeholders for sustained economic development. Supply chain plays a pivotal role in timely procurement of quality goods, works and services.

The procurement process is guided by the Public Procurement and Asset Disposal Act 2015, relevant regulations, Institutional procedures and best industry practises.

Procurement for goods, works and services for the Institute is anchored on the legal framework and best practice. The Institute's procurement needs are compliant to all regulatory requirements necessary for sustainable growth.

Siala TTI recognizes procurement opportunities emerging from its operating activities as great economic empowerment avenue for suppliers and contractors.

Siala TTI ensures local content (locally obtained products and services) requirements are embedded in the contracts. We continue to create an enabling environment for local enterprises to play an active role in the Institute's supply chain to strengthen the local supply base.

Youths, women and persons living with disability are accorded a special portion of the procurement budget.

These vulnerable groups, as defined by the constitution of Kenya and covered in the procurement law, are entitled to procurement related business opportunities.

The operations realize the cogs of the economy and are kept in motion by the participation of every citizen.

Efforts are made to minimize the chances of giving many orders/contracts to one service provider at the same time.

This will ensure that more companies remain active and jobs are created and saved. The special groups were awarded ksh.13,871,487 worth of business in the period under review.

#### **Compliance**

The supply chain function is guided by the Public Procurement and Asset Disposal Act 2015 and relevant regulations as established. Siala TTI continue to process all procurement in compliance to all these statutory requirements.

During the year, SialaTTI submitted all statutory reports as required and this demonstrates commitment to compliance requirements that enhances transparency, fairness and value for money for sustainable growth.

Procurement is anchored on the legal framework and best practises where the acquisition of goods, works and services embraces Total Cost of Ownership (TCO) approach. Assets and other procurements are compliant to safety, health and environmental requirements for sustainable growth. These initiatives build a sustainable supply chain function for the future.



**Value for money**

The Institution maximizes return on money spent through the procurement of goods, works and services throughout the entire chain.

**Procurement planning**

The Institute prepares its procurement plan on annual basis, which guide all procurements as per the approved budgets. The procurement plan is approved by the Board of Governors and executed by the management to support the Institution’s strategic objectives.

The plans are implemented in accordance with the Public Procurement and Asset Disposal Act 2015, by ensuring that all requirements (e.g. reservation for special groups to access public procurement opportunities) are met.

**Access to Government Procurement Opportunities (AGPO)**

CATEGORY	AWARDS FY 2022/2023 %	AWARDS FY 2022-2023 KShs
Women	60%	8,322,890.40
Youth	38%	5,271,163.92
PWD	2%	277,429.68
<b>Total</b>	<b>100%</b>	<b>13,871,484</b>

To achieve this, the following initiatives were taken;

- i. Sensitization of the public on procurement opportunities available to the youth and PWDs.
- ii. Prequalification of youth, women and persons with disability.
- iii. Effective planning and monitoring of the implementation teams.

**Empowering local Firms**

The 40% local content requirement in the international tendering process has enabled local Firms to benefit apportion of money spent on procurement.

Promotion of local content in procurement (Buy Kenya, Build Kenya) initiative continues to be supported where by 40% of the Institution’s non specialized budget, is spent on local products and services supplied by citizens.

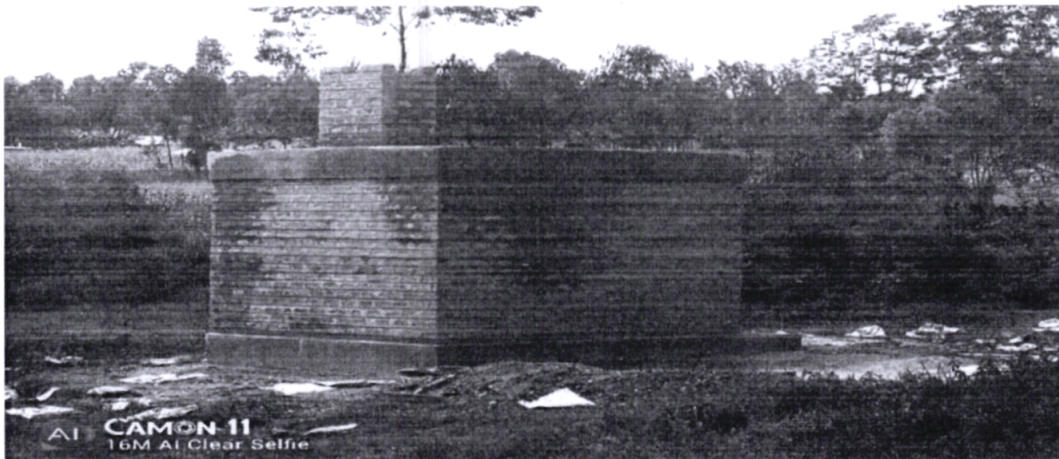
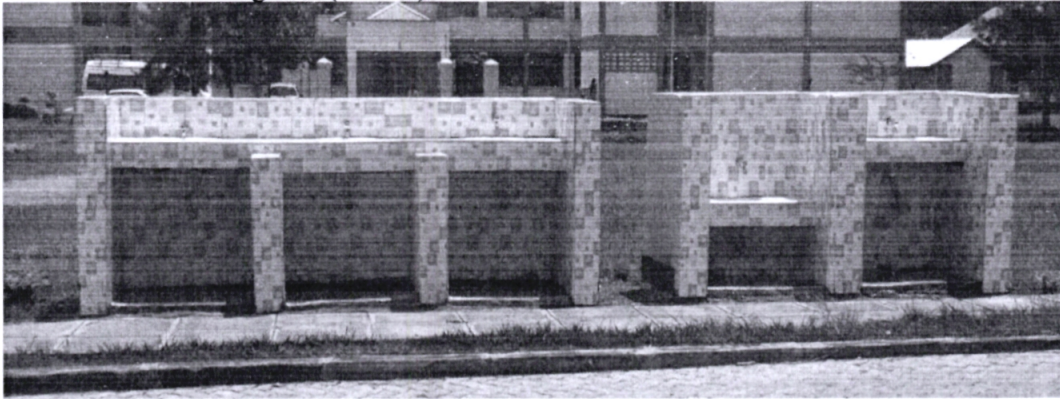
During the year, procurement of locally manufactured goods and services (local content) allocation was Ksh. 18,495,312.

This was to support the growth of local industry for sustainable development.



**CORPORATE SOCIAL RESPONSIBILITY.**

Institute handwashing sites( below)



Institute incinerator above



The CS ICT Mr.Eliud Owalo planting a tree during ICT hub lunch above



**An Official from the Ministry of education also participating in tree planting(above)**



**BOG members and DCC security team having a group photo after planting trees**



Other staff planting trees above  
Preparation of the drainage system and rehabilitation of water ways below.



*Drainage system preparation above.*



*The CS signing the visitors book on arrival as witnessed by BOG Members, Ministry officials and Madam Principal during the launch of Jitume Program*



The CS officially launches jitume programme at the Institute ICT Lab. (Above and Below)





The Jitume ICT LAB at Siala TTI above



The CS taking Photo with students above , and below CS cutting the Cake after launch of the lab.

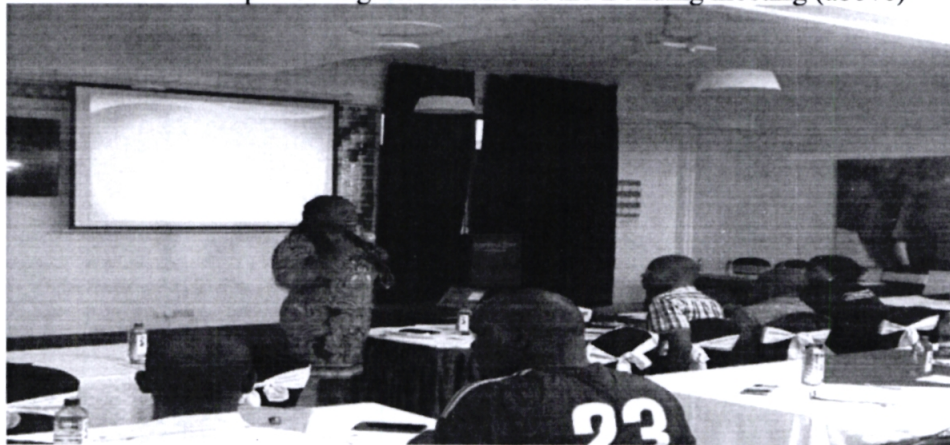




The County Director giving opening remarks at the staff Bonding meeting Mombasa( above)



Madam Principal Giving her remarks at the Bonding meeting (above)



The Facilitator addressing the staff and giving instructions (above).



The facilitator giving the exercise to be done and the team working on the same (above and below)



The participants demonstrating instructions from facilitator (above)



The participants enjoying their breakfast (above)  
XXXXII



The participants being taken through the competitions of the day (above)  
XXXXIII



## 11. REPORT OF THE BOARD OF GOVERNORS

The Institutes Board of Governors hereby submits its financial statements for the year ended June 30, 2023 which shows the state of affairs of Siala Technical Training Institute.

### Principal activities

The Core business of the Institute as provided for in the TVET Act 2013 section 26 (1) (a) and (d) includes;

- i. Promotion of Skills Training in (TVET) through, Research, Science, Technology and Innovation in commensurate with Industry and community demands.
- ii. Promotion of gender balance and equality of opportunity among students and employees.
- iii. Promotion of equalization for persons with disability, minorities and other marginalized groups.

### Results

The results of Siala TTI for the year ended June 30, 2023 are set out on page 1 to 41.

### BOARD OF GOVERNORS

The members of the Board who served during the year are shown on page XXIII

### Auditors

The Auditor General is responsible for the statutory audit of Siala TTI financial statements FY2022/2023 in accordance with Article 229 of the Constitution of Kenya and in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

Asha Bakari  
BOG Secretary  
Date: 25/9/2023



## 12. STATEMENT OF BOARD OF GOVERNORS RESPONSIBILITIES

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

The Board is responsible for the preparation and presentation of the Institution financial statements, which give a true and fair view of the state of affairs of the Institution at the end of the financial year on 30 June, 2023. This responsibility includes: (i) Maintaining adequate financial management and ensuring that these are effective throughout the reporting period; (ii) Maintaining proper accounting records, which discloses with reasonable doubt accuracy at any time the financial position of the entity; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the Institution; (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 Institution financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the TVET Act, 2013. The Board of Governors are of the opinion that the Institution's financial statements give a true and fair view of the state of Institution's transactions during the financial year ended June 30, 2023, and of the Institution financial position as at that date. The Board further confirm the completeness of the accounting records maintained by the Institution which have been relied upon in the preparation of the Institution's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Board to indicate that the Institution 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 Institution's financial statements were approved by the Board on 25/9/2023 and signed on its behalf by:

Mr. George P. Ogutu

Ms. Asha Bakari

# REPUBLIC OF KENYA



*Enhancing Accountability*

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Email: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke

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

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

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### 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 Siala Technical Training Institute set out on pages 1 to 38, which comprise of the statement of financial position as at 30

*Report of the Auditor-General on Siala Technical Training Institute for the year ended 30 June, 2023*

June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows, statement of comparison of budget and actual amounts for the year then ended and 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 Siala Technical Training Institute as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the TVET Act, 2013.

### **Basis for Qualified Opinion**

#### **1. Long and Inaccurate Outstanding Trade and Other Receivables Balance**

As reported in 2021/2022, the statement of financial position reflects receivables from exchange transactions of Kshs.10,777,370 as disclosed in Note 16 to the financial statements. The balance of Kshs.10,777,370 is attributable to student debtors. However, no reconciliation of the student debtors was provided to confirm the student debtors' movement during the year and no explanation was given as to how the management intends to collect the outstanding balances. Further, the Institute did not prepare debtors' aging analysis to indicate the period the fees have remained outstanding.

In the circumstances, the accuracy, completeness and full recoverability of the receivables from exchange transactions balance of Kshs.10,777,370 could not be confirmed.

#### **2. Misstated Property, Plant and Equipment Balance**

As previously reported, the statement of financial position reflects property, plant and equipment balance of Kshs.296,740,252 as disclosed in Note 18 to the financial statements. The following observations were made:

##### **2.1 Non-Disclosure of Land and Equipment**

Excluded from the property, plant and equipment balance of Kshs.296,740,252 is undetermined value of twenty (20) hectares of land, in contravention of the requirements of International Public Sector Accounting Standards 17 on property, plant and equipment.

Further, documents provided for audit and inspection of the Institute's assets revealed that the Institution was in possession of engineering equipment received through the State Department for Technical, Vocational Education. However, the values of the equipment were not included in the fixed assets register or the financial statements.

## **2.2 In-Complete Fixed Assets Register**

Excluded from the property, plant and equipment balance of Kshs.296,740,252 is undetermined value of seven (7) computers and furniture and fittings donated by the Government of Kenya and a dining hall financed by Rongo County Development Fund. Further, the assets had not been recorded in the fixed assets register of the Institute.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.296,740,252 as at 30 June, 2023 could not be confirmed.

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final total revenue budget and actual on comparable basis of Kshs.106,475,164 and Kshs.81,539,485 respectively, resulting to an under performance of Kshs.24,935,679 or 23% of the budget.

Similarly, the Institution spent Kshs.83,490,631 against an approved budget of Kshs.106,475,164 resulting to an under-expenditure of Kshs.22,984,533 or 22% of the budget.

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

My opinion is unmodified in respect of this matter.

### **Key Audit Matters**

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

### **Other Matter**

#### **Unresolved Prior Year Matters**

In the audit report of the previous year, several issues were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, Management had not resolved the issues as at 30 June, 2023.

### **Other Information**

#### **Conclusion**

The Board of Governors is responsible for the Other Information set out on page iv to xxxv which comprise of Key Entity Information, Board of Governors, Key Management Team, Chairperson's Statement, Report of the Principal, Statement of Performance Against Predetermined Objectives for the Financial Year 2022/2023, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Board of Governors and the Statement of Board

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of Governors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

### **Basis of Conclusion**

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

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Irregular Hiring of Unlicensed Trainers**

The statement of financial performance reflects employee costs of Kshs.15,763,725 as disclosed in Note 10 to the financial statements. Included in the amount is Kshs.9,053,290 paid to trainers who are not licensed and not registered by the board contrary to Section 23 of the Technical and Vocational Education and Training Act, 2013 and Regulation 16(1) of the Technical and Vocational Education and Training Regulations, 2015 that requires all trainers to be registered by the Technical and Vocational Education and Training Authority.

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

#### **2. Understaffing of the Institution**

The statement of financial performance reflects employee costs of Kshs.15,763,725 as disclosed in Note 10 to the financial statements. Review of the staff establishment revealed that the approved establishment for both technical and non- technical staff is one hundred and forty-one (141) and sixty-six (66) respectively. However, the actual establishment is ninety (90) and twenty-three (23) resulting to understaffing by fifty-one (51) and forty-three (43) respectively.

In the circumstances, due to understaffing the Institution may not fully achieve the mandate for which it was established.

### **3. Non-Compliance with Affirmative action on Ethnicity and Regional Distribution**

Review of human resource records revealed that the Institute had one hundred and forty-one (141) employees as at 30 June, 2023, out of whom one hundred employees (100) or 71% were from the dominant community in the region. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that 'all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff and no public establishment shall have more than one third of its staff from the same ethnic community'.

In the circumstances, Management was in breach of law.

The audit was conducted in accordance with ISSAIs 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.

## **REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Irregularities and Delay in the Implementation of Enterprise Resource Planning (ERP) System**

The statement of financial position reflects property, plant, and equipment balance of Kshs.296,740,252 as disclosed in Note 18 to the financial statements. Included in the amount is Kshs.814,918 in respect of capital work in progress. Review of the documents revealed that on 2 June, 2022, the Institute entered into a contract with a local company to design, supply, development, implementation, testing, and commissioning of an Enterprise Resource Planning for the Institute at a contract sum of Kshs.1,972,000. The contract specified that the services were to be delivered in two (2) months from the date of the contract, that is 15 September, 2022. The modules to be installed in the system

were Finance Management, Students Management, Examination Management, Procurement and Store, and Web Portal.

As per the agreement, the payment was to be made in three phases namely; Phase One: Kshs.788,000 upon completion and submission of project preparation phase and business design; Phase Two: Kshs.788,000 upon successful system Go Live and Phase Three: Kshs.394,400 upon completion, handover and commissioning of the system.

Review of the payment documents revealed that Kshs.788,000 had been paid to the vendor as at 30 June, 2023 after the Ad hoc Committee in charge of the Enterprise Resource Planning system (ERP) installation reported that the modules were up and running and that the training on usability of the system had also been conducted in the Institution. However, as at the time of audit in March 2025 the modules were not operational. It was not clear why the Committee recommended payment to be made to the vendor despite the fact that the system was not operational nor had the staff been trained.

In these circumstances, there was no value for money on the expenditure of Kshs.788,000 on the Enterprise Resource Planning system.

## **2. Irregularities in the Recruitment Process**

Review of the Institute's human resource records revealed that an internal advertisement was posted on 8 August, 2022, for four vacant positions. The advertisement specified that the primary qualification for all positions was a Diploma in the respective advertised fields, and staff were encouraged to apply. According to the records, shortlisting for the positions was done on 02 September, 2022. However, with the exception of the Secretarial Studies position, each of the other categories attracted only one applicant.

The records further indicated that on 6 September 2022, the recruitment process proceeded with the four applicants, all of whom were deemed successful. It is however unclear why the interview process was conducted when each category had only one applicant, raising concerns about the competitiveness of the process. Further, Management did not provide individual applications, applications register, or the score sheets for audit. In addition, the Committee did not document any reasons for not filling the Secretarial Studies position.

Furthermore, the records show that on 24 April 2023, the Institute advertised six positions, including a Carpentry Technician role, which required a craft certificate in Building Construction Engineering. The shortlisting minutes, dated 17 May 2023, indicated that the position attracted three applicants. However, the records provided for audit further indicated that the Committee re-advertised the position because the applicants did not meet the required carpentry competency but instead had qualifications in building and construction, which had not been specified in the original advertisement. However, Management did not provide documentary evidence to justify the decision to re-advertise the position. The applications received register and individual application forms for the position were also not provided for audit.

In the circumstances, the recruitment process was not carried out competitively.

The audit was conducted in accordance with ISSAIs 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.

### **Responsibilities of Management and those Charged with Governance**

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

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

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

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

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

### **Auditor-General's Responsibilities for the Audit**


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 IFPP 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**

**28 March, 2025**



14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023

	Notes	FY 2022/2023 Kshs.	FY 2021/2022 Kshs.
<b>Revenue from non-exchange transactions</b>			
Transfers from the National Government—grants/ Capitation	6	27,355,000	34,972,500
		<b>27,355,000</b>	<b>34,972,500</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Fees from students	7	52,259,715	40,471,845
Other income	8	1,924,770	887,310
<b>Total Revenue from exchange Transaction</b>		<b>54,184,485</b>	<b>41,359,155</b>
<b>Total Revenue</b>		<b>81,539,485</b>	<b>76,331,655</b>
<b>Expenses</b>			
Academic and Related Expenses	9	36,628,327	24,073,251
Employee costs	10	15,763,725	12,463,873
Remuneration of directors	11	4,021,769	4,985,560
Depreciation and amortization expense	12	9,242,910	4,136,853
Repairs and maintenance	13	2,165,681	1,358,496
Admin. Cost and General expenses	14	24,911,129	14,721,683
<b>Total expenses</b>		<b>92,733,541</b>	<b>61,739,716</b>
<b>Other gains/(losses)</b>			
Gain on sale of assets		0	0
Impairment loss		0	0
<b>Total other gains/(losses)</b>		<b>0</b>	<b>0</b>
<b>Net Surplus for the year</b>		<b>(11,194,056)</b>	<b>14,591,939</b>

The notes set out on page 6 to 39 form an integral part of the Financial Statements.  
 The Financial Statements set out on pages 1 to 5 were signed by:

.....  
**Chairman of Council/Board**

**Date 25/9/2023**

.....  
**Finance Officer**

ICPAK No Assoc 1316

**Date 25/9/2023**

.....  
**Principal**

**Date 25/9/2023**



15. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2023

	Notes	FY 2022-2023 Kshs	FY 2021-2022 Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	15	39,874,252	45,098,613
Receivables from exchange transactions	16	10,777,370	12,950,500
Inventories	17	1,850,235	657,604
		<b>52,501,857</b>	<b>58,706,717</b>
<b>Non-current assets</b>			
Property, plant and equipment	18	296,740,252	100,334,806
Intangible assets	19	169,616	242,308
		<b>296,909,868</b>	<b>100,577,114</b>
<b>Total assets</b>		<b>349,411,725</b>	<b>159,283,831</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Refundable deposits from customers	20	276,500	276,500
Payments received in advance	21	2,422,929	3,474,300
		<b>2,699,429</b>	<b>3,750,800</b>
<b>Non-current liabilities</b>			
Borrowings		0	0
		0	0
<b>Total liabilities</b>		<b>2,699,429</b>	<b>3,750,800</b>
<b>Net assets</b>		<b>346,712,296</b>	<b>155,533,031</b>
Capital Reserves		12,345,146	12,345,146
Accumulated surplus		28,107,290	39,301,346
Capital Fund		306,259,860	103,886,539
<b>Total Capital and Reserve</b>		<b>346,712,296</b>	<b>155,533,031</b>
<b>Total net assets and liabilities</b>		<b>349,411,725</b>	<b>159,283,831</b>

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

Chairman of Council/Board

Date 25/9/2023

Finance Officer  
ICPAK NoAssoc 1316

Date 25/9/2023

Principal

Date 25/9/2023



16. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2023

	Capital Reserves Ksh.	Retained earnings Ksh.	Capital/ Development Grants/Fund Ksh.	Total Ksh.
<b>At June 30, 2021</b>				
Revaluation gain	0	24,709,407	103,886,539	128,595,946
Fair value adjustment on quoted investments	0	0	0	0
Total comprehensive income	0	0	0	0
Capital/Development grants received during the year	0	14,591,939	0	14,591,939
Transfer of depreciation/amortisation from capital fund to retained earnings	0	0	0	0
	12,345,146	0	(0)	12,345,146
<b>At June 30, 2022</b>	<b>12,345,146</b>	<b>39,301,346</b>	<b>103,886,539</b>	<b>155,533,031</b>
Revaluation gain	0	0	0	0
Fair value adjustment on quoted investments	0	0	0	0
Total Surplus /Deficit for the year	0	(11,194,056)	0	(11,194,056)
Capital/Development grants received during the year	0	0	202,373,321	202,373,321
Transfer of depreciation/amortisation from capital fund to retained earnings	0	0	0	0
	12,345,146	28,107,290	306,259,860	346,712,296
<b>At June 30, 2023</b>				

Date 25/9/2023

Date 25/9/2023



**17. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023**

	Note	FY 2022/2023 Kshs.	FY 2021/2022 Kshs.
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other Government entities/Govt. grants	6	27,355,000	34,972,500
Rendering of services- Fees from students	7	52,259,715	40,471,845
Other income	8	1,924,770	887,310
<b>Total Receipts</b>		<b>81,539,485</b>	<b>76,331,655</b>
<b>Payments</b>			
Academic Expenses	9	36,628,327	24,073,251
Compensation of Employees	10	15,763,725	12,463,873
Remuneration of directors	11	4,021,769	4,985,560
Repairs and Maintenance	13	2,165,681	1,358,496
Admin. cost and General expenses	14	24,911,129	14,721,683
<b>Total Payments</b>		<b>83,490,631</b>	<b>57,602,863</b>
<b>Net cash flows from operating activities</b>		<b>(1,951,146)</b>	<b>18,728,792</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets		(3,273,215)	(2,539,572)
Proceeds from sale of property, plant and Equipment		0	0
Decrease in non-current receivables		0	0
Increase in investments		(0)	(0)
<b>Net cash flows used in investing activities</b>		<b>(3,273,215)</b>	<b>(2,539,572)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		0.00	0.00
Increase in deposits(Development Grants)		0.00	0.00
<b>Net cash flows used in financing activities</b>		<b>0.0</b>	<b>0.0</b>
<b>Net increase/(decrease)in cash and cash equivalents</b>		<b>(5,224,361)</b>	<b>16,189,220</b>
Cash and cash equivalents at Start		45,098,613	28,909,393
<b>Cash and cash equivalents at End</b>	15	<b>39,874,252</b>	<b>45,098,613</b>

Chairman of Council/Board

Date 25/9/2023

Finance Officer

Date 25/9/2023

Principal

Date 25/9/2023



**18. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2023**

	Original budget	Actual on comparable basis	Performance difference	Performance Utilization
	2022-2023	2022/2023	2022-2023	2022-2023
	Kshs	Kshs.	Kshs	Kshs
<b>Revenue</b>				
Transfers from other Gov't. entities and Gov't grants	56,040,000	27,355,000	(28,685,000)	(105%)
Rendering of services- Fees from students	50,244,664	52,259,715	2,015,051	4%
Finance Income	0	0	0	0
Other income	190,500	1,924,770	1,734,270	90%
<b>Total income</b>	<b>106,475,164</b>	<b>81,539,485</b>	<b>(24,935,679)</b>	<b>(31%)</b>
<b>Expenses</b>				
Compensation of employees	18,090,230	15,763,725	2,326,505	(15%)
Academic cost	37,234,278	36,628,327	605,951	(2%)
Repairs and maintenance Expenses	19,100,000	2,165,681	16,934,319	(78%)
Remuneration of Directors	5,012,020	4,021,769	990,251	(25%)
Administration and General expenses	27,038,636	24,911,129	2,127,507	(9%)
<b>Total expenditure</b>	<b>106,475,164</b>	<b>83,490,631</b>	<b>22,984,533</b>	<b>28%</b>
<b>Surplus/Deficit for the period</b>		<b>(1,951,146)</b>	<b>(1,951,146)</b>	

**Explanation on variances**

- GOK capitation grants for the fourth quarter was never received by the Institute by 30<sup>th</sup> June 2023 .

25/9/2023

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25/9/2023



**Explanation on variances**

Fees collections from the self-sponsored students is also a challenge since most of our students come from a poor background and mostly rely on HELB Loans and other bursaries.

QUARTERS	EXPECTED CAPITATION			CAPITATION RECEIVED			VARIANCE
	NO. OF TRAINEES	RATE	TOTAL	No. OF TRAINEES	RATE	TOTAL	
1	1801	7,500	13,507,500	1801	0	0	13,507,500
2	1801	7,500	13,507,500	1801	5,083.3	9,155,000	4,352,500
3	1801	7,500	13,507,500	1801	5,052.7	9,100,000	4,407,500
4	1801	7,500	13,507,500	1801	5,052.7	9,100,000	4,407,500
		<b>30,000</b>	<b>54,030,000</b>		<b>15,188.7</b>	<b>27,355,000</b>	<b>26,675,000</b>

**Grants**

Grants were received for three quarters instead of the budgeted four quarters but not for all students.

**Rendering of services**

Cultural factors are affecting trainee’s ability or willingness to pay, but the institute capitalized on trainees sponsored by NYS for fee collection.

**Board expenses**

The Board member meetings were scattered to cover many activities at minimum cost but not falling below minimum required number of sittings..

**Development Expenditure**

The institution has not been supplied with enough equipment for all departments hence have to hire or buy some.

**Compensation of employees**

Amount allocated to be collected for employees’ vote was not realized due to non-payment of fees. This had a direct effect on the outflow from this vote.

**Use of Goods and Services**

The under spending of this vote has also been affected by the depressed collection for this particular vote.

**RMI**

As with other expense votes, amount collected for this vote was depressed hence the same for spending.



## 19. NOTES TO THE FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

Siala TTI was established by and derives its authority and accountability from TVET Act, 2013. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is outlined on page 3.

### 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 judgment in the process of applying the Institute's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements are disclosed in Note 18

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

The financial statements have been prepared in accordance with the PFM Act, 2012, the State Corporations Act, the TVET Act, 2013 and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.



**Notes to the Financial Statements (Continued)**

**3.ADOPTION OF NEW AND REVISED STANDARDS**

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

<b>Standard</b>	<b>Effective date and impact:</b>
<p><b>IPSAS 41:</b> Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2023:</b> The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul> <p><i>(State the impact of the standard to the Entity)</i></p>
<p><b>IPSAS 42:</b> Social Benefits</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b> The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ol style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the Entity.</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</li> </ol> <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1st January 2023:</b></p> <ol style="list-style-type: none"> <li>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> </ol>



Standard	Effective date and impact:
	<p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
Other improvements to IPSAS	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008).</li> <li>• <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</li> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement.</b> Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</li> </ul> <p><i>State the impact of the standard to the Entity if relevant</i></p>

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

Standard	Effective date and impact:
IPSAS 43	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>

iii. **Early adoption of standards**

Siala TTI did not early-adopt any new or amended standards in year 2023.



#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### 6. Revenue recognition

###### i) Revenue from non-exchange transactions IPSAS 23

###### Transfers from other government entities

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

###### ii) Revenue from exchange transactions IPSAS 9

###### Rendering of services

The Institution 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.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions (continued)

**Rental income**

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

**7. Budget information**

a) **Budget information IPSAS 24**

The original budget for FY 2022/2023 was approved by the Board on 25<sup>th</sup> April 2022. Subsequent revisions or additional appropriations were not made to the approved budget.

The Institution's budget is prepared using cash basis. IPSAS 24 requires disclosure of budget information through the Statement of Comparison of Budget.

The Institute Budget is prepared before the beginning of every financial year and is approved by the Board of Governors any variations to this Approved Budget are taken to the Institute Board of Governors for ratification.

The actual income and expenditure are 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 page 5 of these financial statements.

b) **Taxes**

*Current income tax*

The Institute is exempt from paying taxes as per the Income Tax Act 2014



**c) Taxes (continued)**

***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 IPSAS 16**

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.

**a) Property, plant and equipment IPSAS 17**

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 Institution recognizes such parts as individual assets with specific useful lives and depreciates them accordingly (Reducing balance method). Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.



**f) Property, plant and equipment IPSAS 17 (continued)**

The annual rates used are:-

Building	2.5%
Machinery and Equipment	12.5%
Furniture and Fittings	12.5%
Motor Vehicle	25%
Library Books	30%
Computers and Appliances	30%
Software	30%
Work in Progress	0%

Land not depreciated as it is deemed to have an indefinite life.

**g) Leases IPSAS 13**

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.



#### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### **g) Intangible assets IPSAS 31**

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

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

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



#### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### i) Financial instruments IPSAS 29

###### *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 a 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:



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### i) Financial instruments (Continued)

##### *Financial assets (Continued)*

##### *Impairment of financial assets (Continued)*

- 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 IPSAS 12

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



NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**j) Inventories (Continued)**

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

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

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

**k) Provisions IPSAS 19**

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

***Contingent assets***

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



#### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### **l) Nature and purpose of reserves**

The Institution has a capital reserve which represents the government interest in net asset /equity of the Institute and is a combination of contributed capital (Asset) by the Government and the aggregate of the Institute accumulated Surpluses or deficits.

##### **m) Changes in accounting policies and estimates IPSAS 3**

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

##### **n) Employee benefits IPSAS 25**

###### **Retirement benefit plans**

The Institute provides retirement benefits for its employees. 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 IPSAS 4**

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

##### **p) Borrowing costs IPSAS 5**

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.



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **q) Related parties IPSAS 20**

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

#### **r) Service concession arrangements**

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

#### **s) Cash and cash equivalents**

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

#### **t) Comparative figures**

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

#### **u) Subsequent events IPSAS 14**

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



## 5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

### **Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The 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 Institute. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

### **Useful lives and residual values**

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

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

### **Provisions**

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

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



Notes to the Financial Statements (Continued)

**6. Transfers From National Government Ministries**

Description	FY2022-2023	FY2021-2022
	Ksh.	Ksh.
<b>Unconditional grants</b>		
Operational grant	0	0
Other grants (Capitation)	27,355,000	34,972,500
<b>Conditional grants</b>		
Administration block grant	0	0
Laboratory grant	0	0
Learning facilities grant	0	0
<b>Total government grants and subsidies</b>	<b>27,355,000</b>	<b>34,972,500</b>

**7. Rendering of Services**

Description	FY2022-2023	FY2021-2022
	Ksh.	Ksh.
Tuition fees	38,183,238	26,962,744
Activity fees	2,179,207	1,614,533
Examination fees	10,475,750	10,682,740
Library fees	0.00	0.00
Facilities and materials	1,171,020	823,228
Registration fees	250,500	388,600
<b>Total revenue from the rendering of services</b>	<b>52,259,715</b>	<b>40,471,845</b>
<b>Absorbed transfers from Gok</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Net Revenue from fee</b>	<b>52,259,715</b>	<b>40,471,845</b>

**8. Other Income**

Description	FY 2022-2023	FY 2021-2022
	Ksh.	Ksh.
Income from sale of tender	2,000.00	0.00
Centre fee	0	3,000
P/U and Rent	7,000	1,500
Project fund/EPIVOT	0	13,410
Application fee , KUCCPS and Student ID	1,230,200	187,700
Contingency /Admin cost	685,570	681,700
<b>Total other income</b>	<b>1,924,770</b>	<b>887,310</b>



### 9. Academic Related Expenses

Description	FY 2022-2023	FY 2021-2022
	Kshs.	Ksh.
Tuition	25,686,660	12,524,705
Library and attachment	969,675	1,025,229
Examinations	8,239,175	6,305,240
Activity and Research	931,560	3,443,305
Medical, S/Council	801,257	774,772
<b>Total good and services</b>	<b>36,628,327</b>	<b>24,073,251</b>

### 10. Employee Costs

	2022-2023	FY 2021-2022
	Kshs.	Ksh.
Salaries and wages (Non-Teaching)	6,015,476	5,519,212
Salaries and Wages Teaching Staff	9,748,249	6,944,661
Social contributions	0.00	0.00
<b>Employee costs</b>	<b>15,763,725</b>	<b>12,463,873</b>

### 11. Board Expenses

Description	FY 2022-2023	FY 2021-2022
	Ksh.	Ksh.
Chairman's Honoraria	120,000	120,000
Directors emoluments	3,901,769	4,865,560
Other allowances	0.00	0.00
<b>Total director emoluments</b>	<b>4,021,769</b>	<b>4,985,560</b>

### 12. Depreciation and Amortization expense

Description	FY2022-2023	FY2021-2022
	Ksh.	Ksh.
Property, plant and equipment	9,170,218.00	4,033,006.00
Intangible assets	72,692.00	103,847.00
Investment property carried at cost	0.00	0.00
<b>Total depreciation and amortization</b>	<b>9,242,910</b>	<b>4,136,853</b>

### 13. Repairs and Maintenance

Description	FY 2022-2023	FY 2021-2022
	Ksh.	Ksh.
Property	0	0
Furniture and fittings	0	0
Computers and accessories	0	0
Other	2,165,681	1,358,496.00
<b>Total repairs and maintenance</b>	<b>2,165,681</b>	<b>1,358,496</b>



#### 14 Administration Cost And General Expenses

Description	FY 2022-2023	FY 2021-2022
	Ksh.	Ksh.
Admin. Expenses	14,404,889	8,556,439
Local Travels	7,924,570	3,726,320
Electricity	2,051,470	1,614,514
Performance Contract and ISO	530,200	784,410
Tender expenses	0.00	0.00
Production unit	0	20,000
Other	0	20,000
<b>Total Admin and general expenses</b>	<b>24,911,129</b>	<b>14,721,683</b>

#### 15 Cash And Cash Equivalents

Description	FY 2022-2023	FY 2021-2022
	Ksh.	Ksh.
Current account	39,513,595	44,940,519
On - call deposits	0.00	0.00
Fixed deposits account	0.00	0.00
Development A/C	159	411
Others (Cash and M-pesa)	360,498	157,683
<b>Total cash and cash equivalents</b>	<b>39,874,252</b>	<b>45,098,613</b>



**15 a. Detailed Analysis Of Cash And Cash Equivalents**

		2022-2023	2021-2022
Financial institution	Account number	KShs	KShs
<b>a) Current account</b>			
Kenya Commercial bank	A/C 1198612371	39,420,892	44,701,553
Kenya Commercial bank	A/C 1224498747	92,703	238,966
Kenya Commercial bank	A/C 1224498879	159	411
<b>Sub- total</b>		<b>39,513,754</b>	<b>44,940,930</b>
<b>b) On - call deposits</b>			
Kenya Commercial bank		0.00	0.00
<b>Sub- total</b>		<b>0.00</b>	<b>0.00</b>
<b>c) Fixed deposits account</b>			
Kenya Commercial bank	A/C 1198612371	0.00	0.00
<b>Sub- total</b>		<b>0.00</b>	<b>0.00</b>
<b>d) Others(specify)</b>			
Imprest		110,000.00	122,000.00
Cash in hand		64,950.00	14,594.00
M pesa		185,548	21,089
<b>Sub- total</b>		<b>360,498</b>	<b>157,683</b>
<b>Grand total</b>		<b>39,874,252</b>	<b>45,098,613</b>

**16. Receivables From Exchange Transactions**

Description	FY 2022-2023	FY 2021-2022
	Kshs.	Kshs.
<b>Current receivables</b>		
Student debtors	10,777,370	12,950,500
<b>Total current receivables</b>		
<b>Non-current receivables</b>		
Refundable deposits	0.00	0.00
Less: impairment allowance	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>
Current portion transferred to current receivables	0.00	0.00
<b>Total non-current receivables</b>	<b>0.00</b>	<b>0.00</b>
<b>Total receivables</b>	<b>10,777,370</b>	<b>12,950,500</b>



**16 a. Ageing Analysis of Receivables from Exchange transactions**

Description	FY 2022/2023		FY 2021/2022	
	Kshs		Kshs	
	FY2022/2023	% of the total	FY2021/2022	% of the total
Less than 1 year	4,500,370	42%	3,200,000	25%
Between 1- 2 years	4,000,800	37%	5,780,500	45%
Between 2-3 years	2,276,200	21%	2,450,000	19%
Over 3 years	0.00	0%	1,520,000	11%
<b>Total (a+b)</b>	<b>10,777,370</b>	<b>100%</b>	<b>12,950,500</b>	<b>100%</b>

**17. Inventories**

Description	FY 2022-2023	FY 2021-2022
	Kshs.	Kshs.
Consumable stores and Exams	690,955	269,981
Maintenance stores	203,300	124,499
Health Unit stores	45,145	52,064
Electrical stores	380,950	211,060
I&M Store	529,885	0.00
<b>Total inventories at the lower of cost and net realizable value</b>	<b>1,850,235</b>	<b>657,604</b>

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**18. Property, Plant and Equipment**

	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Other Assets (Specify)	Plant and equipment	Capital Work in progress	Total
Cost		Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
<b>At 30<sup>th</sup> June 2020</b>	0	99,414,507	0	1,874,312	209,700	503,215	0	0	102,001,734
Additions	0	3,040,151	0	94,800	230,382	437,141	0	0	3,802,474
Disposals		0	0	0	0	0	0	0	0
Transfer/adjustments		0	0		0	0	0	0	
<b>At 30<sup>th</sup> June 2021</b>	0	102,454,658		1,969,112	440,082	940,356	0	0	105,804,208
Additions	0	395,362	4,559,999	880,000	370,000	222,129	0	1,067,443	7,494,933
Disposals		0	0	0	0	0	0	0	0
Transfer/adjustments		0	0	0	0	0	0	0	0
<b>At 30<sup>th</sup> June 2022</b>	0	102,850,020	4,559,999	2,849,112	810,082	1,162,485	0	1,067,443	113,299,141
Additions	0	204,023,321	0	873,215	750,000	182,125	0	814,918	206,643,579
Disposals		0	0	0	0	0	0	0	0
Transfer/adjustments		0	0	0	0	0	0	(1,067,443)	(1,067,443)
<b>At 30<sup>th</sup> June 2023</b>	0	306,873,341	4,559,999	3,722,327	1,560,082	1,344,610	0	814,918	318,875,277
<b>Depreciation And Impairment</b>									
Impairment		0	0	0	0	0	0	0	0
Transfer/adjustment		0	0	0	0	0	0	0	0
<b>Accumulated Depreciation as At 30<sup>th</sup> June 2020</b>	0	4,915,888	0	560,759	124,285	285,016	0	0	5,885,948
Depreciation		2,438,469	0	176,044	94,739	196,602	0	0	2,905,854
Disposals		0	0	0	0	0	0	0	0
Impairment		0	0	0	0	0	0	0	0
Transfer/adjustment			0	0	0	0	0	0	0
<b>Accumulated Depreciation as At 30<sup>th</sup> June 2021</b>	0	7,354,357	0	736,803	219,024	481,618	0	0	8,791,802
Depreciation		2,387,391	1,139,999	264,038	177,317	204,260	0	0	4,173,005
Disposals		0	0	0	0	0	0	0	0
Impairment		0	0	0	0	0	0	0	0
Transfer/adjustment									
<b>Accumulated Depreciation as At 30<sup>th</sup> June 2022</b>	0	9,741,748	1,139,999	1,000,841	396,341	685,878	0	0	12,964,807

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Depreciation		7,428,290	855,000	340,186	349,122	197,620	0	0	9,170,218
Disposals		0	0	0	0	0	0	0	0
Impairment		0	0	0	0	0	0	0	0
Transfer/adjustment		0	0	0	0	0	0	0	0
<b>Accumulated Depreciation as At 30th June 2023</b>	<b>0</b>	<b>17,170,038</b>	<b>1,994,999</b>	<b>1,341,027</b>	<b>745,463</b>	<b>883,498</b>	<b>0</b>	<b>0</b>	<b>22,135,025</b>
<b>Net book values</b>									
At 30 <sup>th</sup> June 2023		289,703,303	2,565,000	2,381,300	814,619	461,112	0	814,918	296,740,252
At 30th June 2022		93,108,748	3,419,999	1,848,270	413,740	476,606	0	1,067,443	100,334,806
At 30 th June 2021		95,100,301	0	1,232,309	221,058	458,738	0	0	97,012,406



**Notes to the Financial Statements (Continued)**

**Valuation**

As per National Treasury guidelines, Land and buildings were identified and yet to be valued as per the National Liabilities and Management Policy and guidelines (Issued June 2020). These amounts shall be adopted in the financial statements when completed.

**18 (b) Property, Plant and Equipment at Cost**

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

<b>Description</b>	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>NBV</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Land	0.00	0.00	0.00
Buildings	306,873,341	17,170,038	289,703,303
Plant And Machinery	0	0	0
Motor Vehicles including Motorcycles	4,559,999	1,994,999	2,565,000
Computers and Related Equipment	1,560,082	745,463	814,619
Office Equipment, Furniture, And Fittings	3,722,327	1,341,027	2,381,300
Other Assets	1,344,610	883,498	461,112
<b>Total</b>	<b>318,060,359</b>	<b>22,135,025</b>	<b>295,925,334</b>

**Note: WIP figure of ksh.814,918.00 has not been added to Cost and NBV.**



### 19. Intangible Assets

8. Description	FY 2022-2023	2021-2022
	Kshs.	Kshs.
<b>Cost</b>		
At beginning of the year 1 <sup>st</sup> July 2017	0.00	0.00
Additions	1,009,200.00	1,009,200.00
At end of the year 30 <sup>th</sup> June 2018	1,009,200.00	1,009,200.00
Additions—internal development	0,00	0,00
At end of the year 30 <sup>th</sup> June 2019	1,009,200.00	1,009,200.00
<b>Amortization and impairment</b>	0.00	0.00
At beginning of the year 1 <sup>st</sup> July 2018	1,009,200.00	1,009,200.00
Amortization	302,760.00	302,760.00
At end of the year 30 <sup>th</sup> June 2019	706,440.00	706,440.00
Impairment loss	0.00	0.00
At end of the June 30 <sup>th</sup> 2019	706,440.00	706,440.00
<b>NBV</b>	706,440.00	706,440.00
At 30 June 2018	1009,200.00	1009,200.00
At the beginning of the July 1 <sup>st</sup> 2019	706,440.00	706,440.00
Additions—internal development	0,00	0,00
At 30 <sup>th</sup> June 2020	706,440.00	706,440.00
<b>Amortization</b>	211,932	211,932
At 30 <sup>th</sup> June 2020	494,508	494,508
<b>NBV</b>	494,508	494,508
At 30 <sup>th</sup> June 2019	706,440.00	706,440.00
At 30 <sup>th</sup> June 2020	494,508	494,508
<b>Amortization</b>	148,352	211,932
<b>NBV</b>	346,155	494,508
At 30 <sup>th</sup> June 2021	346,155	706,440.00
Additions—internal development	0,00	0,00
At 30 <sup>th</sup> June 2022	346,155	706,440.00
<b>Amortization</b>	103,847	211,932
At 30 <sup>th</sup> June 2022	242,308	706,440.00
<b>NBV</b>	242,308	706,440.00
At 30 <sup>th</sup> June 2021	346,155	706,440.00
At 30 <sup>th</sup> June 2022	242,308	706,440.00
Additions—internal development	0,00	0,00
At 1st July 2022	242,308	494,508.00
<b>Amortization</b>	72,692	494,508
<b>NBV</b>	169,616	494,508
At 30 <sup>th</sup> June 2023	169,616	



Notes to the Financial Statements (Continued)

**20. Refundable Deposits from Customers/Students**

Description	FY 2022-2023	FY 2021-2022
	Kshs.	Kshs.
Consumer deposits	0.00	0.00
Caution moneyB/f	276,500.00	276,500.00
Other refundsb/f	0.00	0.00
<b>Total deposits</b>	<b>276,500</b>	<b>276,500</b>

**21. Payment received in advance**

Description	FY 2022-2023	FY 2021-2022
	Kshs.	Kshs.
Trade payables	0.00	0.00
Fees paid in advance	2,422,929	3,474,300
Other payables	0.00	0.00
<b>Total payables</b>	<b>2,422,929</b>	<b>3,474,300</b>

**22. Financial Risk Management**

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

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

**(i) Credit risk**

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

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

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



	<b>Total amount Kshs</b>	<b>Fully performing Kshs</b>	<b>Past due Kshs</b>	<b>Impaired Kshs</b>
<b>At 30 June 2019</b>				
Receivables from exchange transactions	5,708,988.00	5,708,988.00	0.00	0.00
Receivables from non-exchange transactions	0.00	0.00	0.00	0.00
Bank balances	0.00	0.00	0.00	0.00
<b>Total</b>	<b>5,708,988.00</b>	<b>5,708,988.00</b>	<b>0.00</b>	<b>0.00</b>
<b>At 30 June 2020</b>				
Receivables from exchange transactions	11,802,503.00	11,802,503.00	0.00	0.00
Receivables from non-exchange transactions	0.00	0.00	0.00	0.00
Bank balances	0.00	0.00	0.00	0.00
<b>Total</b>	<b>11,802,503.00</b>	<b>11,802,503.00</b>	<b>0.00</b>	<b>0.00</b>
<b>At 30 June 2021</b>				
Receivables from exchange transactions	13,582,299.00	13,582,299.00	0.00	0.00
Receivables from non-exchange transactions	0.00	0.00	0.00	0.00
Bank balances	0.00	0.00	0.00	0.00
<b>Total</b>	<b>13,582,299</b>	<b>13,582,299</b>	<b>0.00</b>	<b>0.00</b>
<b>At 30 June 2022</b>				
Receivables from exchange transactions	12,950,500.00	12,950,500.00	0.00	0.00
Receivables from non-exchange transactions	0.00	0.00	0.00	0.00
Bank balances	0.00	0.00	0.00	0.00
<b>Total</b>	<b>12,950,500</b>	<b>12,950,500</b>	<b>0.00</b>	<b>0.00</b>
<b>At 30 June 2023</b>				
Receivables from exchange transactions	10,777,370.00	10,777,370.00	0.00	0.00
Receivables from non-exchange transactions	0.00	0.00	0.00	0.00
Bank balances	0.00	0.00	0.00	0.00
<b>Total</b>	<b>10,777,370</b>	<b>10,777,370</b>	<b>0.00</b>	<b>0.00</b>

**(i) Credit risk (continued)**

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

The entity has significant concentration of credit risk on amounts due from 2020.

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 cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2019</b>				
Trade payables	0.00	500,000.00	2,330,626.00	2,830,626.00
Deferred income	0.00	0.00	1,528,350.00	1,528,350.00
Refundable Deposits	0.00	85,000.00	207,279.00	292,279.00
<b>Total</b>	<b>0.00</b>	<b>585,000.00</b>	<b>4,066,255.00</b>	<b>4,651,255.00</b>
<b>At 30 June 2020</b>				
Trade payables	0.00	4,840,014.00	0.00	4,840,014.00
Deferred income b/f	874,938.00	0.00	0.00	874,938.00
Refundable Deposits	0.00	0.00	292,279.00	292,279.00
<b>Total</b>	<b>874,938.00</b>	<b>4,840,014.00</b>	<b>292,279.00</b>	<b>6,007,231.00</b>
<b>At 30 th June 2021</b>				
Trade payables	0.00	3,187,779.00	0.00	3,187,779.00
Deferred income b/f	0.00	0.00	0.00	0.00
Refundable Deposits	0.00	0.00	276,500.00	276,500.00
<b>Total</b>	<b>0.00</b>	<b>3,187,779</b>	<b>276,500</b>	<b>3,464,279</b>
<b>At 30 th June 2022</b>				
Trade payables	0.00	3,474,300.00	0.00	3,474,300.00
Deferred income b/f	0.00	0.00	0.00	0.00
Refundable Deposits	0.00	0.00	276,500.00	276,500.00
<b>Total</b>	<b>0.00</b>	<b>3,474,300</b>	<b>276,500</b>	<b>3,750,800</b>
<b>At 30 th June 2023</b>				
Trade payables	0.00	2,422,929.00	0.00	2,422,929.00
Deferred income b/f	0.00	0.00	0.00	0.00
Refundable Deposits	0.00	0.00	276,500.00	276,500.00
<b>Total</b>	<b>0.00</b>	<b>2,422,929</b>	<b>276,500</b>	<b>2,699,429</b>

### (iii) Market risk

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

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

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



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

**a) Foreign currency risk**

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
<b>At 30 June 2023</b>			
Financial Assets (Investments, Cash, Debtors)	0	0	0
Liabilities			
Trade and Other Payables	0	0	0
Borrowings	0	0	0
<b>Net Foreign Currency Asset/(Liability)</b>	<b>0</b>	<b>0</b>	<b>0</b>

The entity manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

(iii) Market risk (Continued)

a) Foreign currency risk (Continued)

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
<b>At 30<sup>th</sup> June 2023</b>			
Financial Assets (Investments, Cash, Debtors)	0	0	0
Liabilities			
Trade and Other Payables	0	0	0
Borrowings	0	0	0
<b>Net Foreign Currency Asset/(Liability)</b>	<b>0</b>	<b>0</b>	<b>0</b>

**a) Foreign currency sensitivity analysis**

The following table demonstrates the effect on the company's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.



	<b>Change in currency rate</b>	<b>Effect on Profit before tax</b>	<b>Effect on Equity</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>2021</b>			
Euro	10%	0	0
Usd	10%	0	0
<b>2022</b>			
Euro	10%	0	0
Usd	10%	0	0

**b) Interest rate risk**

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

***Management of interest rate risk***

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

(iii) **Market risk (Continued)**

**b) Interest rate risk(continued)**

***Sensitivity analysis***

The entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts.

The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

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

**iv) Capital Risk Management**

The objective of the entity's capital risk management is to safeguard the entity's ability to continue as a going concern. The entity capital structure comprises of the following funds:



Description	2022-2023	2021-2022
	Kshs	Kshs
Revaluation Reserve	0	0
Retained Earnings	0	0
Capital Reserve	0	0
<b>Total Funds</b>	<b>0</b>	<b>0</b>
Total Borrowings	0	0
Less: Cash and Bank Balances	(0)	(0)
Net Debt/(Excess Cash and Cash Equivalentents)	0	0
<b>Gearing</b>	<b>0%</b>	<b>0%</b>

### 23. 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.

### 24. Capital Commitments

Capital Commitments	2022-2023	2021-2022
	Kshs	Kshs
Authorised for	0	0
Authorised and Contracted for	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

### 25. Deferred Tax Liability

Deferred tax is calculated on all temporary differences under the liability method using the enacted tax rate, currently 30%. The net deferred tax liability at year end is attributable to the following items:



Notes to the Financial Statements (Continued)

Description	2022-2023	2021-2022
	Kshs	Kshs
Accelerated Capital Allowances	0	0
Unrealised Exchange Gains/(Losses)	0	0
Revaluation Surplus	0	0
Tax Losses carried forward	(0)	(0)
Provisions for Liabilities and Charges	(0)	(0)
<b>Net Deferred Tax Liability/(Asset)</b>	<b>0</b>	<b>0</b>
The movement on the deferred tax account is as follows:		
Balance at beginning of the year	0	0
Credit to revaluation reserve	(0)	(0)
Under provision in prior year	0	0
Income statement charge/(credit)	0	0
<b>Balance at end of the year</b>	<b>0</b>	<b>0</b>

*[In ordinary circumstances public sector entities under IPSAS are not expected to pay taxes. However, in specific cases where this is applicable an organisation is supposed to seek guidance on accounting for income taxes from IAS 12)*

**26. Events After The Reporting Period**

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

**27. Ultimate And Holding Entity**

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

**28. Currency**

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



**Notes to the Financial Statements (Continued)**

**1. Appendices**

**Appendix 1: Implementation Status of Auditor-General Recommendations**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
SNY/SIALA TTI/2021/2022/(26)	<b>Property, Plant and Equipment.</b> Values of Equipment mechanical engineering supplied by the Ministry of Education amounting to Ksh.121,713,496. Are missing in the financial statement and PPE schedule.	The management had written to the Ministry of Education seeking clarification on the individual values of equipment supplied but response was yet to be received.	Partially resolved.	FY2022/2023
SNY/SIALA TTI/2021/2022/(26)	<b>Budgetary Control and Performance</b> The statement of comparison of budget and actual amounts shows total budgeted and actual revenue of Kshs.91,497,618 and Kshs.76,331,655 respectively resulting to a Kshs.15,165,963 shortfall which is equivalent to 17% of the approved budget. Similarly, the Institute spent Kshs.60,142,435 or approximately 66% of the budgeted expenditure of Kshs.91,497,618 resulting to under-expenditure of Kshs.31,355,183 or 34% of the budget.	The Institute failed on budgeted revenue realization because of students enrolment which slightly never met the projected annual enrolment. The Capitation grants from the Ministry of Education for the fourth quarter were never received by the Institution at the closure of the financial year	Partially Resolved	N/A
SNY/SIALA TTI/2021/2022/(26)	<b>Doubtful Receivables from Exchange Transactions</b> The statement of financial position reflects receivables from exchange transactions balance of Kshs.12,950,500 as disclosed in Note 15 to the financial statements which relates wholly to student debtors. However, as previously reported, the Management did not provide the aging analysis. In addition, Management did not provide evidence of efforts made to significantly collect the debts.	The development of fee collection policy is at the Board level for ratification and shall be implemented immediately. In addition ,effort has been made towards recovery of the balance and an amount of ksh.2,173,130 so far was recovered in the financial year 2022-2023 but the figure has continued to increase due to delay in disbursement of Capitation grants by the National government.	Partially Resolved	2023/2024

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
SNY/SIALA TTI/2021/2022/(26)	<p><b>Lack of Ethnic Diversity in Staff Composition</b></p> <p>Examination of employee records revealed that out of 113 employees, 84, translating to 74% were from one dominant community, contrary to the National Cohesion and Integration Act, 2008 which states that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff have not more than one third of its staff from same ethnic community.</p>	The Management advertises vacancies on the two dailies with national circulation but the remuneration offered by the Institute only attracts applicants from the local community to Comply with the recommendation and make the necessary changes immediately	Not Resolved	2023 2024
SNY/SIALA TTI/2021/2022/(26)	<p><b>. Lack of Risk Management Policy and Framework.</b></p> <p>The Institute does not have an approved risk management policy and framework or a risk register contrary to Regulation 165 of Public Finance Management (National Government) Regulations, 2015 which requires an accounting officer to ensure that a national government entity develops risk management strategies, which includes; fraud prevention mechanism and a system of risk management and internal control that builds robust business operations.</p>	The Management has initiated the process of developing a risk management policy and framework for approval by the audit committee.	Not Resolved	2023 2024

Accounting Officer  
Asha Bakari  
Principal Siala TTI

Signature  
Date.25/9/2023

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**Projects**

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

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1.Phase 1 GOK/AFDB Mechanical Engineering Workshop Block	1	GOK/AF DB	2014-2016	Fully Committed	Yes	Partly.
2.Civil Engineering Complex	1	GOK/AF DB	2018-2019	Fully Committed	Yes	No.
3.Electrical Engineering Workshop	1	GOK/MOE	2020	Fully Committed	No	Yes
4.Burning Chamber (Incinerator)	1	SIALA TTI	2021	Fully Committed	No	Yes
5. Tuition Rooms	1	SIALA TTI	2022	Fully Committed	No	No.

**Status of Projects completion**

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Mechanical workshop.	219,207,984.67	-	90%	219,207,984.67	-	GOK/AfDB
2	Civil Engineering Workshop.	254,641,621.00	-	85%	254,641,621.00	-	GOK/AfDB
3	Electrical Engineering Workshop	3,040,151.00	3,056,700	100%	3,056,700	3,040,151	MOE
4	Burning Chamber (incinerator)	423,865.00	423,865	100%	500,000.00	423,865	SialaTTI Internal Funding
5	Tuition Rooms	1,650,000.00	1,650,000	85%	1,650,000.00	1,650,000	SialaTTI Internal Funding

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**APPENDIX II: INTER-ENTITY TRANSFERS**

ENTITY NAME:		SIALA TECHNICAL TRAINING INSTITUTE		
<b>Break down of Transfers from the State Department of Education</b>				
<b>2022-2023</b>				
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		31 December 2022	9,155,000	2022/2023
		31 March 2023	9,100,000	2022/2023
		30 June 2023	9,100,000	2022/2023
		<b>Total</b>	<b>27,355,000</b>	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		30 June 2023	0.00	2022/2023
		<b>Total</b>	<b>0.00</b>	
c.	Direct Payment			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		30 June 2023	0.00	2022/2023
		<b>Total</b>	<b>0.00</b>	

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

Finance Officer  
Siala TTI  
Sign -----

Head of Accounting Unit  
Ministry of Education



**APPENDIX III: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/Development/Others	Total Amount – KES	Where Recorded/reco gnized	Capital Fund	Deferred Income	Receivables	Others - Capitation	Total Transfers during Quarter 2
	as per bank statement			Statement of Financial Performance					
Ministry of Education	31 December.2022	Recurrent	9,155,000	9,155,000.00	0.00	0.00	0.00	9,155,000.00	9,155,000
Ministry of Education	31 March.2023	Recurrent	9,100,000	9,100,000.00	0.00	0.00	0.00	9,100,000.00	9,100,000
Ministry of Education	30 June.2023	Recurrent	9,100,000	9,100,000.00	0.00	0.00	0.00	9,100,000.00	9,100,000
Ministry of Education	30 June 2023	Development	0.00	0.00	0.00	0.00	0.00	0.00	0.00
USAID	30 June 2023	Donor Fund	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ministry of Education	30 June 2023	Direct payment	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total</b>			<b>27,355,000</b>	<b>27,355,000</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>27,355,000</b>	<b>27,355,000</b>