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**OFFICE OF THE AUDITOR-GENERAL**

*Enhancing Accountability*

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**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**KENYA TECHNICAL TRAINERS COLLEGE**

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

24 AUG 2022

**RECEIVED**

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**KENYA TECHNICAL TRAINERS COLLEGE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**30 JUNE, 2021**

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

**Annual Report and Financial Statements For the year ended 30 June, 2021**

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## **Annual Report and Financial Statements For the year ended 30 June, 2021**

### **I. KEY ENTITY INFORMATION AND MANAGEMENT**

#### **a) Background information**

The Kenya Technical Trainers College (KTTC) was started in 1978 when it enrolled its first students. Since its inception, the College has continued to train Technical Teachers and it is among the leading Institutions of this kind in Eastern and Central Africa. KTTC derives its authority from the Education Act Cap. 211 (revised in 1980) and Legal Notice no. 242 of 1978. In the Year 2013 an act of parliament (TVET Act 2013) was passed to govern the Technical Training in Kenya. These policy documents mandate (KTTC) to train Technical Teachers for Technical and other Institutions of learning in the Country.

In July 2014, the Institution acquired a National Polytechnic status. This was done through a legal order Number 115 of July 2014.

Currently the College has 163 administrative and support staff, 118 teaching staff and a student population of 4,000.

Kenya Technical Trainers College is a public institution under the State Department of Vocational and Technical Training in the Ministry of Education. The overall management of the college is vested in the Governing Council appointed by the Cabinet Secretary in accordance with the law. One of the functions of the Governing Council is to appoint qualified persons to hold or to act in offices within the college establishment. The Council executes its mandate through committees responsible for various functions. The Principal is the Chief Executive Officer and is assisted in the day-to-day running of the college by two Deputy Principals, various Heads of Departments (HODs) and section heads.

As part of the wider organization and administrative structure, the Principal also includes elected leadership from both the Training and the Non-Training staff.

#### **b) Principal Activities**

The principal activity/mission of the *College* continues to be, to Train Technical Trainers.

## Annual Report and Financial Statements For the year ended 30 June, 2021

### c) Key Management

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

- Chief Principal
- Deputy Principal Planning, Administration & Finance
- Deputy Principal Academic Affairs
- Registrar
- Deans of Students
- Chief Finance Officer
- Heads of Departments

### d) Fiduciary Management

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2021 and who had direct fiduciary responsibility were:

<u>No.</u>	<u>Designation</u>	<u>Name</u>
1.	Chairman of the Council	Mathew Adams Karauri
2.	Chief Principal	Dr. Edwin Tarno PhD HSC
3.	Deputy Principal Planning, Administration & Finance	Thomas Mweu Kitonyi
4.	Finance Officer	Elizabeth Wangaruro
5.	Supply Chain Manager	Robert Maruti
6.	Internal Auditor	Paul Njuguna

## KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

### e) Fiduciary Oversight Arrangements

The following committees have been formed in line with the Legal Order that established KTTC as it is today.

- I. Finance & General Purposes Committee
- II. Audit Committee
- III. Academic Committee
- IV. Senior Management

## **Annual Report and Financial Statements For the year ended 30 June, 2021**

The Committees shall exercise all the powers of Council in Financial, Academic and other matters matters except in relation to the items which are reserved to Council in the Legal Order, on which the Committees shall advise Council.

### Government oversight activities

The government of Kenya's oversight role include provision of Grants for both Operations and Development as well as provision of the regulatory framework.

#### **f) College Location and address**

##### **College Headquarters**

P.O. Box 44600-00100  
 United Nations Avenue  
 Limuru Road  
 Nairobi, KENYA

##### **College Contacts**

Telephone:0707444222/0786444600  
 E-mail : [info@kttc.ac.ke](mailto:info@kttc.ac.ke)  
 Website : [www.kttc.ac.ke](http://www.kttc.ac.ke)

#### **g) College Bankers**

- |  |  |
|--|--|
| <p>1. Kenya Commercial Bank of Kenya Limited<br/>         Village Market Branch<br/>         Nairobi</p>   | <p>2. Absa Bank Kenya PLC<br/>         Muthaiga Branch<br/>         Nairobi, Kenya</p>   |
| <p>3. Equity Bank Limited<br/>         Gigiri Square,<br/>         Village Market<br/>         Nairobi</p> | <p>4. Cooperative Bank of Kenya Limited<br/>         Gigiri Square<br/>         United nations Avenue<br/>         Nairobi</p> |

#### **h) College Auditors**

Independent Auditors  
 Auditor General  
 Office of the Auditor General  
 Anniversary Towers, University Way  
 P.O. Box 30084  
 GOP 00100  
 Nairobi, Kenya

**Annual Report and Financial Statements For the year ended 30 June, 2021**

i) College Legal Advisor

Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue





P.O. Box 40112

City Square 00200



Nairobi, Kenya

**Annual Report and Financial Statements For the year ended 30 June, 2021**


**V. THE GOVERNING COUNCIL**

<b>Governor</b>	<b>Title</b>	<b>Photograph</b>	<b>Date of birth, key qualifications and work experience</b>		<b>Committee Membership</b>
1. Mathew Adams Karauri	Chairman		Date of Birth	16.11.1947	Full Council,
			Qualifications	Masters of Literature	
			Experience	30 Years	
2. Ugas Mohamed	Member		Date of Birth	17.05.1972	Full Council, Audit
			Qualifications	Msc Project Mgt	
			Experience	22 Years	
3. Phyllis Wangwe	Member		Date of Birth	02.10.1970	Full Council, Finance & General Purposes
			Qualifications	BLB	
			Experience	Banker /Financial expert	
Albert Mwilitsa	Member		Date of Birth	01.02.1952	Full Council, Education, Audit
			Qualifications	MA	
			Experience	40 Years	

**Annual Report and Financial Statements For the year ended 30 June, 2021**

4. Athony Lubulella	Member		Date of Birth	10.07.1957	Full Council, Executive, Finance & General Purposes
			Qualifications	Advocate, LLB,LLM, Fellow of CIARB	
			Experience	34 Years	
5. Richard Muteti	Member		Date of Birth	10.08.1971	Full Council, Finance & General Purposes
			Qualifications	MBA- Strategic Mgt, H Dip HRM,B.A	
6. Maryan A. Hassan	Member		Date of Birth	12.12.1977	Full Council,
			Qualification	B. Ed.	
			Experience	Educationist, County Director of TVET- Nairobi Region	
7. Veronicah Birgen	Member		Date of Birth	01.01.1960	Full Council, Education, Audit
			Qualifications	MSC(OD), BA(HONS) HNDCHRM	

**Annual Report and Financial Statements For the year ended 30 June, 2021**




			Experience	Over 25 Years	
8. Hilda Omwoyo	Secretary to the Council Up to 21/9/2020		Date of Birth	15.11.1960	Membership to all Committees of the Council, apart from Audit
			Qualifications	Master of Education	
			Responsibility	Overall in Charge of College Affairs	
9. Dr. Edwin Tarno PhD, HSC	Secretary to the Council From 21/9/2020		Date of Birth	31.12.1964	Membership to all Committees of the Council, apart from Audit
			Qualifications	PhD- Entre.BCE	
			Experience	Overall in Charge of College Affairs	

**Annual Report and Financial Statements For the year ended 30 June, 2021**

**VI. MANAGEMENT TEAM**

Manager	Title	Photograph	Qualifications & Responsibility	
1. Hilda J.S. Omwoyo	Chief Principal Up to 21/9/2020		Qualifications	Master of Education
			Responsibility	Overall in Charge of College Affairs
2. Dr. Edwin Tarno PhD, HSC	Chief Principal From 21/9/2020		Qualifications	Master of Education
			Responsibility	Overall in Charge of College Affairs
3. Thomas Mweu Kitonyi	Deputy Principal Planning, Administration & Finance		Qualifications	BSC- Mech. Eng. MSC-Energy Mgt.
			Responsibility	Planning, Finance and Administration
Joyce Baraza	Deputy Principal Academic Affairs		Qualifications	Master of Education – Home Economics
			Responsibility	Academic Affairs

**Annual Report and Financial Statements For the year ended 30 June, 2021**

4.	Jeremiah Agira	Dean of Students		<table border="1"> <tr> <td>Qualifications</td> <td>Master of Education</td> </tr> <tr> <td>Responsibility</td> <td>Dean of Students</td> </tr> </table>	Qualifications	Master of Education	Responsibility	Dean of Students		
Qualifications	Master of Education									
Responsibility	Dean of Students									
5.	Julia W.R. Muriithi	Academic Registrar		<table border="1"> <tr> <td>Qualifications</td> <td>Master of Education</td> </tr> <tr> <td>Responsibility</td> <td>Academic Registrar</td> </tr> </table>	Qualifications	Master of Education	Responsibility	Academic Registrar		
Qualifications	Master of Education									
Responsibility	Academic Registrar									
6.	Elizabeth Wangaruro	Finance Officer		<table border="1"> <tr> <td>Qualifications</td> <td colspan="2">MBA,BCOM, CPA (K).</td> </tr> <tr> <td>Responsibility</td> <td colspan="2">Financial Management</td> </tr> </table>	Qualifications	MBA,BCOM, CPA (K).		Responsibility	Financial Management	
Qualifications	MBA,BCOM, CPA (K).									
Responsibility	Financial Management									

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7. Jeremiah Gitari	Estates Officer		Qualifications	Craft In Electrical Installation
			Responsibility	Estates Management
8. Boniface Munguti	Internal Auditor Upto 31 <sup>st</sup> December 2020		Qualifications	B-Com., CPA
			Responsibility	Internal Audit Affairs
9. Paul Njuguna	Internal Auditor From January 2021		Qualifications	B-Com., CPA
			Responsibility	Internal Audit Affairs
10. Catherine Musuku	Dean of Student From February 2021		Qualifications	Master of Education
			Responsibility	Dean of Students

## **Annual Report and Financial Statements For the year ended 30 June, 2021**

### **VII. CHAIRMAN'S STATEMENT**

It has been my pleasure to serve as the Chairman of the Council of KTTC since April 2015. KTTC has been offering training skills to trainers of technical institutions since 1978 when it was established. The role of the Governing Council is to ensure that the college is well managed in order to deliver efficient services. I wish to recognize the input and commitment displayed by members of the Governing Council in the oversight of the general running of the college. The diligence exhibited by the training and non- training staff is commendable for this is the force behind the continuous fulfilment of the KTTC core mandate. The serene environment away from the noisy city is what every student would call a conducive learning atmosphere.

KTTC is currently experiencing improvement in the enrolment of students; a sign that the attitude towards technical education has made a complete turnaround. The modern workshop equipment that was donated by the government has been a great relief and has made transfer of skills to the learner more efficient. This is clear evidence that the Government through the Ministry of Education is committed to the promotion of technical education. I am also grateful for the exposure our staff and students have received in competency-based education, and entrepreneurial skills development through collaborations with other organisations with similar interests. Government support initiatives are key to economic and social growth in realizing Vision 2030 and the Big 4 development agenda. The KTTC community has effectively adopted the Competency Based Education and Training (CBET) mode of learning in response to the demands of the labour market. We are aware that if skills' training is linked to employment, the informal sector will be able to provide a wide range of job opportunities in the country. KTTC is prepared to put in place well managed staff development strategies for purposes of the implementation of the competency-based curriculum. We shall also take the challenge from the Directorate of Technical Education that KTTC is to take the lead in the provision of in- service and short courses to the trainers on the job to refresh them on the implementation of the CBC. We are confident that the Government will provide adequate funding for these programs and also recruit more trainers to carry out the training.

On behalf of the Council, I extend my sincere thanks to the Government, the community, partners, parents, students and the entire staff of the College for their unyielding support. I want to especially thank the Principal for leading the College through the trying times we experience now. Together, I

**Annual Report and Financial Statements For the year ended 30 June, 2021**

am sure the KTTC community can forge ahead with confidence and faith and rise to the many challenges ahead.

**HON. MATHEW ADAMS KARAURI**  
**COUNCIL CHAIRMAN**

*Bo*  
SIGNATURE \_\_\_\_\_



DATE: 22/08/22

## **Annual Report and Financial Statements For the year ended 30 June, 2021**

### **VIII. REPORT OF THE CHIEF PRINCIPAL**

Kenya Technical Trainers College is mandated to provide relevant knowledge and skills to technical trainers. This has been made possible by the role played by the KTTC's Governing Council, the trainers and support staff who have shown remarkable dedication and provided selfless service to the trainees over the years.

I would like to recognize the contribution of the parent Ministry and particularly our State Department of Vocational and Technical In Government to KTTC. Through the TVET reforms that have led to the positive change of attitude towards technical education, evident fruits have been borne. This gives fresh hope to the country's achievement of the Big 4 agendas and Vision 2030.

As KTTC joins in the race towards embracing the ongoing reforms in the TVET sector, our focus is on the implementation of CBET programmes. We have already acquired 84 curriculum and 84 occupational standards for implementation and in collaboration with CDACC. KTTC is offering an opportunity for in-service of TVET trainers in Kenya and beyond.

KTTC intends to initiate short courses that will boost the skills of trainers. In addition, we shall mount in service courses to enable the trainers to collaborate with the industry in the effective transfer of competencies and skills. We shall also continue to offer the ordinary technical trainers course. This will bridge the existing gap created by lack of adequate trainers in the country. Our goal is to make KTTC the hub of technical trainers as well as sharpening the training skills. We appreciate the Government's plan of attaching trainers to the industry without disrupting the learning programs in the colleges. This will equip the trainers with the latest and most relevant skills and competencies required by the trainee and the industry.

We are in partnership with a number of local and international organizations which include; KEFEP, AHK , AVIC International, NITA and World bank among others. Through these partnerships KTTC has gained vast experience.

**Annual Report and Financial Statements For the year ended 30 June, 2021**

As Principal, I am keenly aware that I am carrying a baton passed to me by other generations who worked hard to build KTTC to become one of national and international standing, and I am the recipient of a tradition of excellent teaching. Fortunately, this is not a responsibility I carry alone. I believe our founders would be proud of the way in which our students and staff are working together with others to write the next chapter of the history of The Kenya Technical Trainers College. It has been a great pleasure and honour to guide and work with such talented staff and students over the period covered by this report. And despite the undoubted challenges ahead, I am confident that we are doing the right things for both our own future and that of the wider society we exist to serve.

Dr. Edwin Tarno, PhD, HSC  
CHIEF PRINCIPAL

SIGNATURE \_\_\_\_\_



DATE: 22/08/22

## **Annual Report and Financial Statements For the year ended 30 June, 2021**

### **IX. CORPORATE GOVERNANCE STATEMENT**

Kenya Technical Trainers College (KTTC) is committed to demonstrating best practice in corporate governance. The College has a duty to conduct affairs in a responsible and transparent way, and to take into account the requirements of funding bodies and the Government of Kenya requirements. KTTC has an effective Governing Council supported by a highly committed, focused and dynamic management. The college corporate values and ethics are entrenched in the strategic and quality objectives and are focused on providing quality Technical Education for National development.

The Governing Council is responsible for ensuring a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which the Governing Council is responsible. The College has applied the principles of governance in the year and up to the date of the approval of the financial statements by the Governing Council. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness against material misstatement or loss.

The Governing Council has adopted a statement of primary responsibilities, which is published on the college policy documents and as stipulated in the KTTC legal order No.115 of July 2014 and the Mwongozo code of Conduct for Public Officers. These policy documents set out the councils responsibilities in respect of the proper conduct of public business, strategic planning, monitoring effectiveness and performance, finance, audit, estate management, human resource management, equality and diversity and student welfare

The Governing Council has a formal schedule of matters reserved for it. The Council receives appropriate and timely information so that they can maintain full and effective control over strategic, financial, operational, compliance and governance matters. Ultimately, the Council determines the college's strategic objectives, values, key policies and procedures in accordance with best practice. It is responsible for establishing and maintaining the overall internal controls

**Annual Report and Financial Statements For the year ended 30 June, 2021**

of financial, operational and compliance functions as well as monitoring performance of the college management. The council has delegated the authority for day-to-day management of the college to the Principal. However, it retains overall responsibility for the college financial performance, compliance with laws and regulations, and monitoring of its operations as well as ensuring competent management of the institution.

The Governing Council meets regularly and has a number of committees including: the Audit Committee; a Finance and General-purpose Committee and Academic committee. All of these Committees are formally constituted with terms of reference and are comprised mainly of independent members. Each Committee is chaired by an independent member. All committees review and reflect on their work and provide a report to the full committee of the Governing council.

The Governing council's review of the effectiveness of the system of internal control is also informed by the work of the senior management within the college, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter.

Dr. Edwin Tarno, PhD, HSC  
CHIEF PRINCIPAL

SIGNATURE \_\_\_\_\_



DATE: 22/08/22

## **Annual Report and Financial Statements For the year ended 30 June, 2021**

### **X. MANAGEMENT DISCUSSION AND ANALYSIS**

#### **Operational Grants**

During the year under review, the institution had expected to receive Ksh.102, 000,000.00 according to the budget for that year which was fully realised.

#### **Development Grants**

KTTC was not allocated any development grant during the Financial Year under review.

#### **Student Population**

Currently the College has 163 administrative and support staff, 118 teaching staff and a student population of 4,000. During the year under review the Non-teacher training were relocated to TTIS' in order to allow KTTC concentrate on its core mandate of training the trainers however this has not significantly affected the student population .

#### **Financial and Management risks**

##### **1. Standard Workshops**

As at 30<sup>th</sup> June 2019, more than 6 years after the completion period, the contractor had been paid Kshs.50,335,791 or 95% for the Standard Workshops but with a variation claim of Kshs.21,269,341 arising out of a dispute over alterations to the original bill of quantities which were done without authority from the procurement committee for the variations or extension of contract period. The case was taken for Arbitration and an Award was given in favour of KTTC however the contractor made an appeal against the ruling and the appeal case has not been decided.

##### **2. The Institutional Management Training Centre.**

The Institutional Management Centre which consists of 50 executive rooms and a training centre for the Food Technology Department was not been completed at the close the Financial Year. The Completion rate stands at 92%.

## Annual Report and Financial Statements For the year ended 30 June, 2021

### XI. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

#### Corporate Social Responsibility Policy

- a) Kenya Technical Trainers College (KTTC) was founded for public benefit, to promote education and training in Technical Teacher Education, and to provide an institution open to all, irrespective of race, creed or political belief.
- b) The College endeavours to conduct its business in accordance with its core values stipulated in the 2018-23 Strategic Plan thus:
  - a. Innovation
  - b. Professionalism,
  - c. Teamwork,
  - d. Inclusivity,
  - e. Accountability.
- c) The CSR activities are made up of three central pillars: people and community, finance and economic activity, environmental sustainability.

#### People and Community

##### *The College as an employer*

- i) KTTC is committed to being a good employer, and to contributing positively to the local community, the education sector in the Kenya, and the global community.
- ii) As an employer the College is committed to ensuring that all staff are fully supported in their work, have a decent working environment, are fairly rewarded, and maintain a good work-life balance. The College engages with recognized Trade Unions that represent and protect the interests of its staff. The College offers competitive terms and conditions to its directly employed staff by:-
  - Embedding equality and diversity into all operations
  - Ensuring staff can achieve their full potential through training, mentoring and other staff development activities.

## **Annual Report and Financial Statements For the year ended 30 June, 2021**

- iii) The college also encourages and supports staff to engage in activities that benefit the wider community and society.

### ***Local Community***

- i) The college provides subsidized early childhood education to children of its employees and the community.

### **Finance and Economic Activity**

- i. The College recognizes the way in which it conducts its activity financially has a bearing on those with an interest in its work. The College Financial Regulations ensure fair and ethical financial practice.
- ii. The college commits to providing clear information where required to organizations with whom we engage financially.

### **Environmental Sustainability**

KTTC recognizes environmental sustainability as the greatest challenge of the 21st century and commits to ensuring that all of its major strategies and operations consider their environmental and ecological aspects and impacts. The College will ensure that sustainable development is understood by staff and students and is an integral part of all aspects of major college plans, activities and strategies.

During the year under review, the College participated in the following CSR activities

- Fumigation services at Gigiri Police station
- Provision of sanitizers to the staff at the Gigiri Police station
- Donation of old computers to the Directorate of Technical and Vocational Training at the Ministry of Education.

**Annual Report and Financial Statements For the year ended 30 June, 2021**

**XII. REPORT OF THE GOVERNING COUNCIL**

The Governing Council submit their report together with the audited financial statements for the year ended June 30, 2021 which show the state of the KTTC's affairs.

**Principal activities**

The principal activities of the entity continue to be Training of Technical Trainers.

**Results**

The results of the entity for the year ended June 30, 2021 are set out on page 1to 4.

**The Council**

The members of the Governing Council who served during the year are shown on page vi.

**Auditors**

The Auditor General is responsible for the statutory audit of the Kenya Technical Trainers College for the year ended 30<sup>th</sup> June 2021 in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Council

Dr. Edwin Tarno, PhD, HSC

CHIEF PRINCIPAL/SECRETARY TO THE GOVERNING COUNCIL

SIGNATURE  \_\_\_\_\_

Date:

## **Annual Report and Financial Statements For the year ended 30 June, 2021**

### **XIII. STATEMENT OF THE GOVERNING COUNCIL'S RESPONSIBILITIES**

Section 81(1) 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 as well as legal order No. 115 of 2014, require the Governing Council to prepare financial statements in respect of that College, which give a true and fair view of the state of affairs of the College at the end of the financial year and the operating results of the College for that year. The Governing Council are also required to ensure that the College keeps proper accounting records which disclose with reasonable accuracy the financial position of the College. The Governing Council are also responsible for safeguarding the assets of the College.

The Governing Council is responsible for the preparation and presentation of the College's financial statements, which give a true and fair view of the state of affairs of the College for and as at the end of the financial year ended on 30 June 2020. This responsibility includes:

- i. Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- ii. Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the College;
- 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 College;
- v. Selecting and applying appropriate accounting policies; and
- vi. Making accounting estimates that are reasonable in the circumstances.

The Governing Council accept responsibility for the College's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the Public Finance Management Act (2012) and the State Corporations Act and section 29 of schedule 2 of the Technical and Vocational Education and

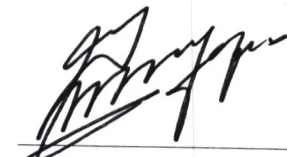
## Annual Report and Financial Statements For the year ended 30 June, 2021

Training Act, 2013 as well as legal order No. 115 of 2014. The Governing Council is of the opinion that the College's financial statements give a true and fair view of the state of College's transactions during the financial year ended June 30, 2021, and of the College's financial position as at that date. The Governing Council further confirm the completeness of the accounting records maintained for the College, which have been relied upon in the preparation of the College's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Governing Council to indicate that the *College* 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 College's financial statements were approved by the Council on 13<sup>th</sup> July 2021 and signed on its behalf by:



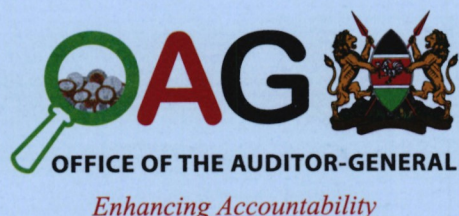
Hon. Mathew Adams Karauri,  
Chairman of Governing Council



Phyllis Wangwe  
Chairman FGPC

# REPUBLIC OF KENYA

Telephone: +254-(20) 3214000  
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 KENYA TECHNICAL TRAINERS COLLEGE FOR THE YEAR ENDED 30 JUNE, 2021

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### PREAMBLE

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

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

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

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution 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

#### Opinion

I have audited the accompanying financial statements of Kenya Technical Trainers College set out on pages 24 to 52, which comprise of the statement of financial performance, statement of financial position, statement of changes in net assets,

statement of cash flows, statement of comparison of budgets and actual amounts, and a summary of significant accounting policies, notes to the financial statements and other important disclosures 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, the financial statements present fairly, in all material respects, the financial position of the Kenya Technical Trainers College as at 30 June, 2021 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and the Kenya Technical Trainers College Order, 2014 and the Public Finance Management Act, 2012.

### **Basis for Opinion**

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

### **Emphasis of Matter**

#### **Missing Certificate of Lease**

The property, plant and equipment balance of Kshs.26,534,512,854 includes a parcel of land measuring 32.29 hectares situated at Gigiri area, Nairobi, recorded at a cost of Kshs.24,000,000,000. However, the College does not possess the original certificate of lease as the certificate was forwarded to the then Cabinet Secretary, Ministry of Education vide letter reference MOEST/VTT/CONF/9/4/3 on 9 September, 2016. The Management was notified on the loss of the original certificate of lease vide letter reference MOEST/CON/VTT/13/1(53) dated 2 February, 2021.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

### **Other Matter**

#### **Budget Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.470,809,563 and Kshs.233,162,210 respectively resulting to an under-funding of Kshs.237,647,353 or 50% of the budget. Similarly, the

College spent Kshs.221,895,276 against an approved budget of Kshs.291,788,736 resulting to an under-expenditure of Kshs.69,893,460 or 24% of the budget.

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Incomplete Standard Workshops Project**

As previously reported, the statement of financial position reflects a balance of Kshs.310,952,180 relating to work in progress. Included in the balance is Kshs.52,352,441 relating to construction of standard workshops whose handover to the College has been pending for over six (6) years. The delay was explained to have been caused by a case that arose between the College and the contractor and was being handled by an arbitrator as at 30 June, 2020. Review of the status on 8 February, 2021 showed that the arbitrator made a ruling on August, 2020 that the contractor should go ahead and finalize the remaining parts of the construction. However, this had not started. The contractor further moved to the court to contest the decision of the arbitrator but the case was dismissed by the court on 21 May, 2021 in favour of the College.

The College was informed by its advocates vide letter dated 14 March, 2022 that they will be executing the award against the contractors

In the circumstances, the Public may not obtain value for money on the building with a cost of Kshs.52,352,441 due to the delay in completion of the project.

#### **2. Unbalanced Budget**

The Management prepared a budget which reflects the final budgeted receipts of Kshs.470,809,563 against budgeted expenditure of Kshs.291,788,736 resulting to a variance of Kshs.179,020,827. This is contrary to Regulation 33(c) of the Public Finance Management (National Government) Regulations, 2015 which provides that the budget shall be balanced.

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

#### **3. Non-Compliance with the One-Third of Basic Salary Rule**

During the year, twenty (20) employees earned a net salary of less than a third (1/3) of the basic salary. This is contrary to Section 19(e) of the Employment Act, 2007 which

states that, without prejudice to any right of recovery of any debt due and notwithstanding the provisions of any other written law, the total amount of all deductions which under the provisions of sub-section (1) may be made by an employer from the wages of his employee at any one time shall not exceed two thirds of such wages or such additional or other amount as maybe prescribed by the Minister either generally or in relation to a specified employer or employee or class of employers or employee or any trade or industry”.

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

#### **4. Irregular Procurement of Goods and Services**

The statement of financial performance reflects Kshs.55,063,957 in respect of use of goods and services and as disclosed in Note 9 to the financial statements. Included in this amount is an expenditure of Kshs.2,334,611 being payments to a number of suppliers for supply of goods under low value procurement method. However, the payments were not supported by ETR receipts, which is contrary to Regulation 93(1)(2) of the Public Procurement and Asset Disposal Regulations, 2020 which stipulates that the Accounting Officer must ensure that where low value procurement method of goods, works or services is used the invoices shall be supported by the original Kenya Revenue Authority Electronic Tax Register duly signed by the person undertaking the low value procurement of goods, works or services

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

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

#### **Conclusion**

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

#### **Basis for Conclusion**

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material

misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the College's ability to continue to sustain its services, disclosing as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the Management is aware of the intention to terminate the College or cease operations. Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

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

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

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

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of

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


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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the College's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the College to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the College to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

09 September, 2022

**XV. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021**

		<b>2021</b>	<b>2020</b>
		<b>Kshs</b>	<b>Kshs</b>
<b><u>REVENUE</u></b>	Note		
Revenue from Non-exchange transactions	5	102,000,000	122,535,000
Revenue from exchange transactions	6	112,882,560	84,099,597
Revenue from Rental Facilities & Equipment	7	8,446,862	15,017,066
Income from Investments	8	-	56,977
Other Incomes	9	9,832,918	16,210,464
<b>Total revenue</b>		<b>233,162,340</b>	<b>253,833,395</b>
<b><u>EXPENSES</u></b>			
Use of Goods and Services	10	55,063,957	98,457,389
Employee Costs	11	79,894,881	90,971,340
Council Expenses	12	5,457,480	3,191,200
Provision for Depreciation	13	54,815,356	70,158,158
Repairs and Maintenance	14	21,214,723	5,850,014
Contracted Professional Services	15	3,739,890	2,754,408
Finance Costs	16	1,208,989	879,818
Audit Fees	17	500,000	500,000
<b>Total Expenses</b>		<b>221,895,275</b>	<b>272,762,327</b>
<b>Surplus for the Period</b>		<b>11,267,065</b>	<b>(18,928,933)</b>

**STATEMENT OF FINANCIAL POSITION AS AT 30<sup>TH</sup> JUNE 2021**

	Note	2021 Kshs	2020 Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	18	81,406,891	55,901,661
Receivables from exchange transactions	19	6,334,003	27,918,166
Refundable Deposits	20	1,000,000	1,000,000
<b>Total Current Assets</b>		<b>88,740,894</b>	<b>84,819,826</b>
<b>Non-current assets</b>			
Property, plant and equipment	21	26,534,512,854	26,584,453,146
Work in Progress	22	310,952,180	310,952,180
<b>Total Non-Current Assets</b>		<b>26,845,465,034</b>	<b>26,895,405,326</b>
<b>Total Assets</b>		<b>26,934,205,928</b>	<b>26,980,225,152</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	23	10,531,675	6,929,583
Retentions	24	19,698,097	27,895,377
Payables for Construction Contracts	25	725,399	619,500
<b>Total liabilities</b>		<b>30,955,171</b>	<b>35,944,460</b>
<b>Capital Reserves &amp; Surpluses</b>			
Revenue Reserves	26 (i)	(183,528,734)	(194,795,799)
Capital Reserves	26 (ii)	27,086,779,491	27,139,576,491
<b>Total Capital Reserves &amp; Surpluses</b>		<b>26,903,250,757</b>	<b>26,944,780,693</b>
<b>Total Reserves and liabilities</b>		<b>26,934,205,928</b>	<b>26,980,225,152</b>

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Governing Council by:

Dr. Edwin Tarno, PhD, HSC  
Chief Principal

Elizabeth Wangaruro  
Finance Officer

ICPAK Member Number: 12511

Hon. Mathew Adams Karauri  
Chairman of the Governing  
Council

Date: 22/08/22

Date: 22/08/22

Date: 22/08/22

**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2021**

	REVENUE RESERVE	CAPITAL RESERVE	DEFERRED INCOME	TOTAL
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2019	(175,866,866)	27,208,894,503	1,089,038	27,034,116,675
As at 1 July 2020	(175,866,866)	27,208,894,503	1,089,038	27,034,116,675
Deferred Income (Payments)			(1,089,038)	(1,089,038)
Transfer of Bahati TTI to Nakuru County Government		(60,149,675)		(60,149,675)
Development Grant		9,680,500		9,680,500
Transfer of North Horr TTI to Marsabit County Government		(18,848,837)		(18,848,837)
Surplus for the year	(18,928,933)	-		(18,928,933)
As at 30 June 2020	(194,795,799)	27,139,576,491		26,944,780,693
As at 1 July 2020	(194,795,799)	27,139,576,491		26,944,780,693
Fully Depreciated		(52,797,000)		(52,797,000)
Surplus for the year	11,267,065	-		11,267,065
As at 30 June 2021	(183,528,734)	27,086,779,491		26,903,250,757



**VIII. STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 30 JUNE 2021**

<b>Cashflow from Operating Activities</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
<b>Receipts</b>			
Transfer from the National Government	5	102,000,000	122,535,000
Cash flows from Rendering of Services	6	112,882,560	84,099,597
Cashflow from Rents facilities and equipment	7	8,446,862	15,017,066
Cashflow from external investments	8	-	56,977
Cashflows from other transactions	9	9,832,918	32,124,755
		<b>233,162,340</b>	<b>253,833,395</b>
<b>Payments</b>			
Use of Goods and Services	10	55,063,957	98,457,389
Employee Costs	11	79,894,881	90,971,340
Council Expenses	12	5,457,480	3,191,200
Repairs and Maintenance	14	21,214,723	5,850,014
Contracted Services	15	3,739,890	2,754,408
Finance Costs	17	1,208,989	879,818
Audit Fees	18	500,000	500,000
		<b>167,079,919</b>	<b>202,604,169</b>
<b>Net cash flows from operating activities</b>		<b>66,082,421</b>	<b>51,229,226</b>
<b>Cash flows from investing activities</b>			
Purchase of PPE assets	21	-4,875,064	-4,343,500
Construction of Buildings (Work in Progress)	22		-44,300,259
<b>Net cash flows used in investing activities</b>		<b>-4,875,064</b>	<b>-48,643,759</b>
<b>Cash flows from financing activities</b>			
Grants for development		-9,680,500	9,680,500
Increase/ (Decrease) in Other Payables	23	3,602,092	-38,593,011
Decrease in Payables to Contractor (IM)	25	-	1,582,212
(Increase)/ Decrease in Receivables	19	21,584,163	3,759,897
Decrease in Retention	24	-8,197,280	-1,089,038
Transfers to Relocated NYS students		-27,914,395	
<b>Net cash flows used in financing activities</b>		<b>-20,605,920</b>	<b>-24,659,440</b>
<b>Cash and cash equivalents at the beginning of the Year</b>		<b>55,901,660.8</b>	<b>77,975,634</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>25,505,231</b>	<b>-22,073,973</b>
<b>Cash and cash equivalents at end of the year</b>	<b>19</b>	<b>81,406,891</b>	<b>55,901,661</b>



**XIX. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**

FOR THE YEAR ENDED 30 JUNE 2021

	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Performance difference	% Change	Remarks
	2020-2021		2020-2021	2020-2021	2020-2021		
<b>REVENUE</b>							
Transfer from the National Government	102,000,000	0	102,000,000	102,000,000	-	-	
Revenue From Exchange Transactions	299,327,133	0	299,327,133	112,882,430	-186,444,703	-62.29	Affected due to COVID 19 Effect
Rental Revenue from Facilities & Equipment	19,756,430	0	19,756,430	8,446,862	-11,309,568	-57.24	Facilities not hired out as expected due to COVID 19 effect
Finance Income from External Investments	300,000	0	300,000	-	-300,000	-100	Closed the investment amount
Other Incomes	49,426,000	0	49,426,000	9,832,918	-39,593,082	-80.11	Affected due to COVID 19 Effect
<b>TOTALS REVENUE</b>	<b>470,809,563</b>	<b>0</b>	<b>470,809,563</b>	<b>233,162,210</b>	<b>-237,647,353</b>	<b>-50.48</b>	Revenue from exchange transaction was affected due to the COVID 19
<b>EXPENDITURE</b>				<b>2020-2021</b>			
Use of goods and services	75,000,000	0	75,000,000	55,063,957	19,936,043	26.13	The College remained Closed due to COVID 19 pandemic



<b>Employee costs</b>	96,926,701	0	96,926,701	79,894,881	17,031,820	8.67	
<b>Council Expenses</b>	5,844,000	0	5,844,000	5,457,480	386,520	1.73	
<b>Depreciation expense</b>	86,933,701	0	86,933,701	54,815,356	32,118,345	33.26	Additional assets not purchased
<b>Repairs and Maintenance</b>	19,435,392	0	19,435,392	21,214,723	-1,779,331	9.04	
<b>Contracted Professional Services</b>	6,044,542	0	6,044,542	3,739,890	2,304,652	85.59	Affected due to COVID 19 Effect
<b>Finance Costs</b>	1,104,400	0	1,104,400	1,208,989	-104,589	53.17	Reduced number of transactions.
<b>Audit Fees</b>	500,000	0	500,000	500,000	0	0.00	
<b>TOTAL EXPENDITURE</b>	<b>291,788,736</b>	<b>0</b>	<b>291,788,736</b>	<b>221,895,275</b>	<b>69,893,461</b>		Expenditure reduced because of COVID 19 pandemic

**Annual Report and Financial Statements For the year ended June 30, 2021**

**XX. NOTES TO THE FINANCIAL STATEMENTS**

**1. GENERAL INFORMATION**

Kenya Technical Trainers College (KTTC) is established by and derives its authority and accountability from Education Act Cap. 211 (revised in 1980) and Legal Notice no. 242 of 1978 coupled with the TVET Act 2013, which mandates it to train Technical Teachers for Technical and other Institutions of learning in the Country. In the Year 2014, a Legal Order No. 115 was issued which elevated the institution to a National Polytechnic. KTTC is wholly owned by the Government of Kenya and is domiciled in Kenya.

**2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION**

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

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

The financial statements have been prepared in accordance with the PFM Act No. 18 of 24<sup>th</sup> July 2012, the State Corporations Act, the TVET Act 2013, Legal Order No. 115 (July 2014), and International Public Sector Accounting Standards (IPSAS). The Institution adopted IPSAS in the year 2016 following elevation into a SAGA. The accounting policies adopted have been consistently applied to all the years presented.

**Annual Report and Financial Statements For the year ended June 30, 2021**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions**

**Fees, taxes and fines**

The entity recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

**Transfers from other government entities**

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

**ii) Revenue from exchange transactions**

***Rendering of services***

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

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

**Interest income**

## **Annual Report and Financial Statements For the year ended June 30, 2021**

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

### **Rental income**

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

### **b) Budget information**

The original budget for FY 2020-2021 was approved by the Governing Council in January 2020. No subsequent revisions were made during the year to the original budget.

### **c) Taxes**

#### ***Current income tax***

Kenya Technical Trainers College is exempted from paying taxes as per First schedule Section 10 subsection (a) and (b) of the 2010 Income Tax Act

### **d) Investment property**

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

**Annual Report and Financial Statements For the year ended June 30, 2021**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**e) Property, plant and equipment**

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

**f) Intangible assets**

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

**Annual Report and Financial Statements For the year ended June 30, 2021**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**g) Research and development costs**

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

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

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

**h) Financial instruments**

***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.

**Annual Report and Financial Statements For the year ended June 30, 2021**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**i) Provisions**

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

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

**j) *Contingent liabilities***

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

***Contingent assets***

The Entity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements.

If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

## **Annual Report and Financial Statements For the year ended June 30, 2021**

### **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

#### **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **k) Changes in accounting policies and estimates**

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

##### **l) Related parties**

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

##### **m) 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.

##### **n) Comparative figures**

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

##### **o) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2019.

## **Annual Report and Financial Statements For the year ended June 30, 2021**

### **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

#### **4 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

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

##### **Estimates and assumptions**

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

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

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

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

##### **Provisions**

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

**Annual Report and Financial Statements For the year ended June 30, 2021**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**4 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

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.

The college has made a provision of 5% towards bad debts from receivables.

**5(a) TRANSFERS FROM OTHER GOVERNMENTS**

Description	2020-2021	2019-2020
	KShs	KShs
Unconditional grants		
<b>Operational grant</b>	102,000,000	119,535,000
<b>Other</b>	-	-
Conditional grants		
<b>Government Grants – Mentee Institutions</b>		3,000,000
<b>Total</b>	102,000,000	122,535,000

**5(b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES**

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund. KShs	Total grant income during the year KShs	2020-2021
State Department for Technical and Vocational Training	102,000,000	-		102,000,000	120,000,00
<b>Total</b>	102,000,000	-		102,000,000	102,000,000



**Annual Report and Financial Statements For the year ended June 30, 2021**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**10. USE OF GOODS AND SERVICES**

Electricity Expenses	8,425,949	10,808,849
Water, Fuel And Conservancy	2,627,873	11,549,290
Teaching Practice Expenses	3,431,201	11,985,906
Purchase Of Food and rations	15,168,015	22,541,453
Purchase Tuition Materials	6,253,068	8,484,650
Graduation	1,432,150	-
Transport Operating Expenses	3,734,384	6,191,391
Grants For Staff Training	1,519,640	816,477
Farewell And Special Events	361,368	1,067,130
International Trips (Capa & Others)	-	1,186,096
Domestic Travel	384,980	-
Library Expenses	98,560	395,980
Insurance for Vehicles	456,303	457,349
Payment Of Rents And Rates (nr)	283,540	-
Postal And Telegrams Expenses	-	69,450
Purchase of Uniform and Clothing	836,208	477,830
Telephone Expenses	516,432	613,839
Advertising And Publicity	412,000	2,058,913
Hire Of College Facilities Expenses	-	526,275
Research Innovation & Incubation	-	1,758,420
Student Activities	63,000	5,860,159
Fees Commission And Honoraria	-	168,000
Official Entertainment	-	336,180
Purchase Of Stationery	1,860,566	3,793,129
ICT Expenses	1,428,995	-
Consultancy and Trainings	3,487,248	11,070,520
COVID – 19 Expense	1,949,109	
	54,730,588	79,859,147
Provision for Doubtful Debts	333,369	3,759,897
<b>Total General Expenses</b>	<b>55,063,957</b>	<b>98,457,389</b>

**Annual Report and Financial Statements For the year ended June 30, 2021**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**11. EMPLOYEE COSTS**

	2021	2020
Commuter Allowance	7,600,000	8,378,000
Gratuity And Pensions	7,291,580	5,796,386
Honoraria To Administration Staff	2,178,921	2,645,876
House Allowance	10,832,300	12,168,200
Medical Allowances	1,476,990	1,635,195
Passage And Leave Expenses	724,000	802,000
Personal Emoluments	48,124,090	58,148,683
Responsibility Allowance	1,667,000	1,397,000
<b>Total Staff Costs</b>	<b>79,894,881</b>	<b>90,971,340</b>

**12. COUNCIL EXPENSES**

Chairman's Honoraria	720,000	720,000
Sitting Allowance	2,670,000	1,575,000
Transport	479,000	78,000
Accommodation	1,001,000	478,200
Air Time	282,000	232,000
Lunches	305,480	108,000
<b>Total</b>	<b>5,457,480</b>	<b>3,191,200</b>

**14 REPAIRS AND MAINTENANCE**

Maint. Of Buildings And Furniture	20,312,086	2,651,300
Maint. Of Plant M. & Equipment	902,637	2,944,214
Maintenance Of Water Supplies	-	254,500
	<b>21,214,723</b>	<b>5,850,014</b>

**15 CONTRACTED PROFESSIONAL SERVICES**

	2021	2020
Technical Expertise	399,000	1,687,078
Legal Fees	1,205,618	930,030
ISO Audits	612,400	137,300
Consultancies for Projects	1,522,872	-
<b>Total</b>	<b>3,739,890</b>	<b>2,754,408</b>

**Annual Report and Financial Statements For the year ended June 30, 2021**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**16 FINANCE COSTS**

	2021	2020
Continuing Education Program _ BARCLAYS	18,804	23,604
KCB - KESSP Account	13,974	
KCB - Main Account	769,597	715,869
KCB - ESP Account	7,794	9,585
Equity – Savings Account	1,020	
Coop. Bank – Fees Collection	397,800	
	1,208,989	879,818

**17 AUDIT FEES**

2021	2020
500,000	500,000

**18 CASH AND CASH EQUIVALENTS**

Cooperative Bank	Fees Collection A/C	40,438,597	38,768,854
Equity Bank	Fees Collection A/C	8,300,757	3,358,191
Kenya Commercial Bank	Main A/C	2,944,164	5,326,161
Kenya Commercial Bank	ESP A/C	5,612,246	5,059,126
Kenya Commercial Bank	KESSP A/C	24,079,559	1,417,679
Barclays Bank	College Fund A/C	31,568	894,918
Barclays Bank	Continuing Education Program	-	7,576
	Old Mutual	-	1,069,156
		81,406,891	55,901,661

**19 RECEIVABLES FROM EXCHANGE TRANSACTIONS**

	2021	2020
Staff Advance	317,094	391,097
Staff Imprest	441,600	3,561,675
Students Fees Debtors	4,658,287	19,199,649
Rent Debtors	1,250,390	3,451,762
KTTC IITC	-	2,217,500
Bill Board Debtors		5,117,570
<b>Total Receivables</b>	<b>6,667,371</b>	<b>31,721,753</b>
Less: 5% Provision for bad and doubtful debts	333,368.57	1,586,088
Less: Provision for specific bad debts		2,217,500
<b>Net Receivables from Exchange transactions</b>	<b>6,334,003</b>	<b>27,918,166</b>

**20 REFUNDABLE DEPOSITS FROM CUSTOMERS**

Deposits - Total Kenya Limited	1,000,000	1,000,000
<b>Total Deposits</b>	<b>1,000,000</b>	<b>1,000,000</b>



## KENYA TECHNICAL TRAINERS COLLEGE

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### Annual Report and Financial Statements For the year ended June 30, 2021

#### 21. PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment	Land	Buildings 2%	Plant, Machinery and Equipment 10%	Motor Vehicles 25%	Computers 30%	Intangible Assets 30%	Furniture 10%	Total
COST	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
Cost as at 1st July 2020	24,000,000,000	2,552,885,550	17,902,643	-	-	-	13,664,953	26,584,453,146
Additions for the Year		552,440			787,870		3,534,754	4,875,064
Cost as at 30 June 2021	24,000,000,000	2,553,437,990	17,902,643	-	787,870	-	17,199,707	26,589,328,210
Depreciation As at 1st July 2020		222,114,450	12,784,241	-	-	-	8,535,244	243,433,935
Charge for the year	-	51,068,760	1,790,264	-	236,361	-	1,719,971	54,815,356
Depreciation as at 30 June 2021	-	273,183,210	14,574,506	-	236,361	-	10,255,215	298,249,291
Book Value as at 30th June 2021	24,000,000,000	2,502,369,230	16,112,379	-	551,509	-	15,479,737	26,534,512,854
Net Book Value as at 30 June 2020	24,000,000,000	2,552,885,550	17,902,643	-	--	-	13,664,953	26,584,453,146



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**Annual Report and Financial Statements For the year ended June 30, 2021**

**22. WORK IN PROGRESS (See Schedule Below)**

	IM TC	STD WORKSHOPS	Total
Work in Progress as at 01.07.2020	258,599,739	52,352,441	310,952,180
Additions during the year	-	-	-
Disposal during the year			-
Work in Progress as at 30.06.2021	258,599,739	52,352,441	310,952,180

**24 RETENTION**

Retentions	IM TC	STD WORKSHOPS	North HERR TTI	Heroes TTI	Total
Balance as at 1st July 2020	19,762,730	5,253,243	194,077	2,685,327	27,895,377
Adjustments during the year	(5,317,876)	-	(194,077)		(5,511,953)
Payments during the year		-		(2,685,327)	(2,685,327)
Balance as at 30.06.2021	14,444,854	5,253,243	-	-	19,698,097

**Annual Report and Financial Statements For the year ended June 30, 2021**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**23. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS**

<b>PAYABLES FROM EXCHANGE TRANSACTIONS</b>	<b>2021</b>	<b>2020</b>
Trade Payables	10,531,675	5,407,180
Resource Persons Claims	-	522,403
Audit fees	-	1,000,000
<b>TOTAL PAYABLES</b>	<b>10,531,675</b>	<b>6,929,583</b>

**25 PAYABLE TO IM CONSTRUCTION CONTRACTS**

	<b>2021</b>	<b>2020</b>
Balance b/f		-
Amount as per Certificate No. 2	619,500	10,300,000
Less: Payments	-	(8,712,450)
Less: Retentions on Certificate No. 10	-	(968,050)
Adjustments during the year	105,899	
Payable to Contractors as at 30 June 2020	<b>725,399</b>	<b>619,500</b>

**26 NET ASSETS**

**26 (i) REVENUE RESERVES**

Balance b/f	(194,795,799)	(175,866,866)
Surplus/Deficit for the year	11,267,0659	(18,928,933)
Total	<b>(183,528,734)</b>	<b>(194,795,799)</b>

**26 (ii) CAPITAL RESERVES**

Balance b/f	27,139,576,491	27,208,894,503
Development Grant	-	9,680,500
Adjustments during the year	(52,797,000)	(78,998,512)
Total	<b>27,086,779,491</b>	<b>27,139,576,491</b>

## Annual Report and Financial Statements For the year ended June 30, 2021

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 28 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 college overall risk management programme focuses on unpredictability of changes in the operating environment and seeks to minimise the potential adverse effect of such risks on its performance. 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.

##### (ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the entity's managers, 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.

##### (iii) Market risk

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the 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.

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

## Annual Report and Financial Statements For the year ended June 30, 2021

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 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.

**(KTTC did not make any foreign currency transactions during the year under review)**

### 30. FINANCIAL RISK MANAGEMENT (Continued)

#### 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.

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

#### Fair value of financial assets and liabilities

##### a) *Financial instruments measured at fair value*

Determination of fair value and fair values hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the *entity's* market assumptions.

**(KTTC did not hold any financial instruments during the year under review)**

## **Annual Report and Financial Statements For the year ended June 30, 2021**

### **iv) Capital Risk Management**

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

## **29 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.

### **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) Teachers Service Commission;
- iv) National Industrial Training Authority;
- v) Governing Council

## **30 EVENTS AFTER THE REPORTING PERIOD**

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

## **31 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.

## **32 Currency**

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

**Annual Report and Financial Statements For the year ended June 30, 2021**

**35 GOING CONCERN**

The College closed the year with a surplus of Ksh.11,267,065 indicating that its operations are within its means. Thus the College is deemed to continue with its operations for the foreseeable future.



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**Annual Report and Financial Statements For the year ended June 30, 2021**

**APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Focal Point person to resolve the issue (Name and designation)</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
<b>Emphasis of Matter</b>	<b>Going Concern</b> Attention was drawn to note 39 on the financial statements which described the rationale upon which the Council members had prepared the financial statements on a going concern basis. The College registered a deficit of Ksh. 50,388,865 (2017 deficit: Ksh. 101,414,756 thereby reducing revenue	The Ministry has made some good progress in facilitating payment of the third party liabilities.	<b>Dr. Edwin Tarno</b> – The Chief Principal and <b>Elizabeth Wangaruro</b> – The Finance Officer.	Not yet resolved in the current the year.	To be resolved in the year 2019/2020



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**Annual Report and Financial Statements For the year ended June 30, 2021**

	<p>reserves from negative Kshs.86,036,534 to negative Kshs. 136,425,400 as at 30 June 2018. Further, the total current liabilities of Kshs. 85,101,369 exceeded the current assets of Ksh. 71,215,294 resulting in negative working capital of Ksh. 13,886,075 at the same time. The management however attributed the negative working capital to third party liabilities in respect to projects being carried out on behalf of the parent Ministry and depreciation charge for the year of assets that were valued in 2016/2017.</p>				
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**Guidance Notes:**

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;



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**Annual Report and Financial Statements For the year ended June 30, 2021**

- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

DR. EDWIN TARNO, PHD, HSC  
Principal/Secretary to the Governing Council

Date..... 22/08/22 .....

MATHEW ADAMS KARAURI  
Chairman of the Council

Date..... 22/08/22 .....



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