

REPUBLIC OF KENYA



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PAPERS TAID

DATE: 28 FEB 2023 DAY: TUESDAY

TABLED BY: The leader of the Majority Party (LOM)
Clerk-at-the-table: Inzofu Mwalu

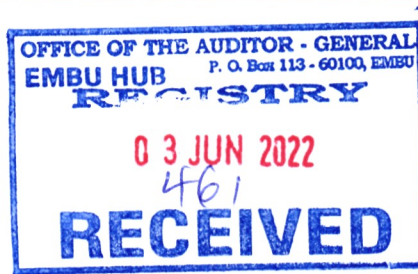
OF

THE AUDITOR-GENERAL

ON

**KIIRUA TECHNICAL TRAINING
INSTITUTE**

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



KIIRUA TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2021

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

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I. KEY INSTITUTE INFORMATION AND MANAGEMENT

(a) Background information

Kiirua Technical Training Institute was registered in 1999 under the Ministry of Research Technical Training and Technology and accredited in 2011 under the Ministry of Higher Education Science and Technology as a TVET Institution but currently operating under the ministry of Education Directorate of Technical Education. Kiirua Technical Training Institute is headed by a principal, who is responsible for the day running and general policy implementation in the institute. The principal is supported by the Board of Governors and Top Management team.

(b) Principal Activities

The principal activity for Kiirua Technical Training Institute is to offer Technical and Vocational Education under TVETA Act 2013.

Vision

To be the Regional Leader in Technical Training Research and Innovation for Sustainable National Development and Global Competitiveness

Mission

To offer Technical Industrial Vocational and Entrepreneurial Training and undertake Research to produce Skilled, innovative and market Relevant Human Resource.

Core values

Kiirua Technical Training Institute is guided by the following and competences

- Integrity
- Teamwork
- Hard work
- Responsibility
- Innovativeness
- Self-Development
- Courtesy

(c) Key Management

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

- Board of Governors
- Accounting officer/ Principal
- Top Management
- Heads of Department
- Heads of Sections

(d) Fiduciary Management

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

No.	Designation	Name
1.	Principal	Latichia Mutiiria
2	Deputy principal	Tabitha Mweti
3	Registrar	David Gituma
4	Dean of students	Gregory Murithi
5	Guidance & Counselling	Richard Jeremiah Kavyu
6.	Head of Finance	Florence Mwimbi
7.	Head of Procurement	Agnes kajuju

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(e) Fiduciary Oversight Arrangements

Kiirua Technical Training Institute is over sighted by the Development, finance and Internal committee, which approves quarter financial statements and reports before they are presented to the full board for approval and the committee is also charged with the responsibility of approving all development to be undertaken in the institute and submitting of quarterly financial reports and statements to the board of Governors and relevant government agencies such as National Treasury, Auditor General, Controller of Budgets and Commission of Revenue Allocation.

i) Finance, Development & Procurement committee:

Activities include planning and budgeting, evaluation, monitoring and implementation of planned activities.

ii) Risk and Audit committee:

Activities include checking internal control and ensuring that are implemented in the institute.

iii) Human Resource, Academic & Publicity Committee:

Activities include overseeing welfare of Students, Staff, Board Members, Institute Publicity & academic performance.

(f) Institute Headquarters

Kiirua Technical Training Institute
P.O. Box 1931-60200
MERU, KENYA

(g) Institute Contacts

Kiirua Technical Training Institute
Telephone: +254718621864
E-mail: kiiruatti@yahoo.com
Website: www.kiiruatti.ac.ke

(h) Institute Bankers

Kiirua Technical Training Institute Bankers

Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

Co-operative Bank of Kenya
Meru Branch

Equity Bank Limited
Makutano – Meru Branch

(h) Independent Auditors

Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084









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GOP 00100
Nairobi, Kenya.

- (i) Principal Legal Adviser**
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya




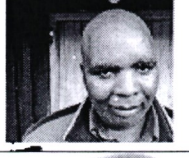


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THE BOARD OF GOVERNORS

No	Name	Designation	Photos	Date of Birth & Qualification
1	Latichia Mutiiria	Principal / Board Secretary		Born:28/11/1963 B. ED-Home economics
2	Mworia S. Karani	Board Chairman		Born:07/09/1956 Bachelor of Arc hatcher
3	Charles Kinyua Ikiara	Board Member		Born:14/09/1960 Masters - Banker
4	Fatuma Abdi	Board Member		Born:01/07/1973 Bachelor of education & counselling - Teacher
5	Rev. Daniel Lilah	Board Member		Born:10/08/1970 Bachelor of Education
6	Stella K. Wambeti	Board Member		Born:02/07/1978 Bachelor in computer science
7	Paul Wanyeki	Board Member		Born:31/03/1984 PHD – Mechanical Technology
8	Jennifer Murogocho	Board Member		Born:27/03/1957
9	Margaret Nduhiu	County Director TVET		Born:01/06/1964 Masters in educational Planning

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II. MANAGEMENT TEAM

No	Name of the Staff	Responsibility	Photos	Date of birth & Qualifications
1	Latichia Mutiiria	Principal		Born:28/11/1963 B.ED-Home economics
2	Tabitha Mweti	Deputy Principal		Born:2/2/1966 M.ED Management
3	David Gituma	Registrar		Born:15/5/1968 BED - Business
4	Gregory Murithi	Dean of Students		Born:28/08/1976 MBA - Project Management
5	Jeremiah Kavyu	Guidance & Counselling		Born:09/01/1984 Higher Dip in electrical
6	Florence Mwimbi	Finance Officer		Born:1/8/1980 Certified Public Accountant

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III. CHAIRMAN'S STATEMENT

Kiirua Technical Training Institute's mandate remains that of offering Technical Training, Research and Innovation. The Institute commits to offer quality Technical and Vocational Education programmes that meet customer requirements and exceeds their expectations as per our quality policy statement.

We look forward to continued support from our stakeholders, especially the Ministry of Education for timely and adequate resources to enable us meet the needs of our customers and achieve the government policies on TVET as a sector.

The Board has three BoG Sub-committees; that is the Finance and internal Audit committee, Procurement and Development committee and the Academic, Human Resource and Publicity committee. The Board is engaging the stakeholders to follow up the issue of relocating the Kiirua Vocational Training Centre to create room for expansion of the Institute since the Institute has no space for expansion. The community is positive towards the relocation. Members of the Board comprises of:

- | | |
|-------------------------|-----------------------------|
| 1. Margaret Nduhiu | County Director TVET |
| 2. Mworira S.Karani | BoG Chairman |
| 3. Charles Kinyua Kiara | BoG Member |
| 4. Fatuma Abdi | BoG Member |
| 5. Daniel Lilah | BoG Member |
| 6. Stella K.Wambeti | BoG Member |
| 7. Paul Wanyeki | BoG Member |
| 8. Jennifer Murogocho | BoG Member |
| 9. Latichia Mutiiria | Principal / Board Secretary |

Key Activities of the Board are;

1. Development of human resource policy
2. Recruitment of additional staff
3. Performance Contracting; setting of targets, evaluation and negotiations
4. Mobilizing of resources from the government and other development partners
5. Improvement infrastructure in the institute for example renovation of board room to hostels
6. Ensure implementation government policies by the institute
7. Completion of construction for Masonry and Plumbing workshop
8. Construction of roofed walkway from the main entrance to the upper entrance
9. Completion of the Library Complex

Challenges

1. Inadequate infrastructure such as tuition rooms, workshops, students Hostels and student dining hall
2. Space for expansion due to limited shared land
3. Inadequate trained staff both trainers and support
4. Inadequate resources to be able meet the needs of our customers
5. Delayed fees payment by NYS and GoK capitation.
6. General face of the institute does not attract access by the youth due the incomplete Library complex.

Prepared by 
Arch. Karani S. Mworia

Date 27/5/2022

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IV. REPORT OF THE PRINCIPAL

Kiirua Technical Training institute is the only TVET institution in Naari location, Buuri East Sub-County, Meru County. It is about 13km from Meru town and 2km from Kiirua Market off Meru Nanyuki highway. The Institution was established in 1990 under a Youth Support Training Programme (YSTP) by European Economic Commission (EEC), Voluntary Service Overseas (VSO), and the Government of Kenya through a joint funding scheme. In 1993, the physical facility was handed over to the Government and in 1999, it was registered as a public technical training institute under the Ministry of Education, Science and Technology (MoEST) to offer certificate and diploma courses. In the year 2011 Kiirua TTI was accredited under ministry of Higher Education, Science and technology as TIVET institution but currently is operating under Ministry of Education, State department of Vocational and Technical Training. Kiirua T.T.I is headed by the Principal, who is responsible for the day-to-day operations and general policy implementation in the institute. The principal is supported by the Board of Governors, Top management team and Heads of Departments.

Currently the students' population is at 675 expecting to be 1000 by June 2022. The staff establishment is as follows, 55 lecturers and 21 non-teaching staff. The Institute offers a total of 18 Diploma courses and 11 Craft and Artisan courses across the 6-academic departments. The Institute has a new Board inaugurated in the month of December 2019. The management is engaging the stakeholders to follow up the issue of relocating the Kiirua Vocational Training Centre to create room for expansion of the Institute. The institute has a stable financial performance for the financial year ending 30/06/2021, thus it is a going concern. The institute has been able to settle all its legal and statutory obligations such PAYE, NHIF and NSSF during the FY 2020/2021, thus no outstanding obligation for the year under review.

The institute partners with the Northern Rangelands Trust through a programme known as Ujuzi Manyattani to train the Youth and Women in different Conservancies covering Isiolo and Samburu Counties short courses in Mobile phone repair and maintenance, motor cycle repair and maintenance and Masonry. There are plans to expand the courses to include Hairdressing and Beauty Therapy, Tailoring and Dressing Making and Catering. There is a proposal to introduce these short courses at the Institute once presented to and approved by the Board.

Academic Departments

There are seven (7) Academic departments in the Institute:

1. Electrical & Electronics Engineering
2. Mechanical Engineering (Automotive Option)
3. Business Studies
4. Building and Civil Engineering
5. Information Communication Technology
6. Institutional Management
7. Liberal Studies

Kiirua TTI has a total of 39 Public Service Commission (PSC) trainers and 16 BoG trainers distributed across the 7 Academic Departments.

The Institute has 21 Board of Governors support staff and trainee enrolment of 675 which is composed of self-sponsored, Government (NYS) and other organizations such as CDF, Compassion International and Northern Rangelands Trust under the Ujuzi Manyattani Programme.

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Due to limited hostel space the Institute has partnered with the Community for the provision trainees' accommodation.

Source of Funds

1. Trainees' Fees
2. Capitation grants from the government
3. Hire of institute facilities – Bus and Seminar halls

Challenges

1. Incomplete Library complex housing the administration block, key offices and tuition rooms posing a poor face of the institute.
2. Inadequate infrastructure such as tuition rooms, workshops, laboratories, trainees' hostels and dining area.
3. Inadequate modern equipment for training in Building and Automotive departments.
4. Inadequate space for expansion
5. Insecurity leading to theft and vandalism of institute facilities, due to lack of fence round the institute due to lack of funds.
6. Inadequate staff, both trainers and support
7. Inadequate resources to be able meet the needs of our customers
8. Delayed fees payment by NYS and GoK capitation.
9. Low students Enrolment
10. Poor Road leading to the institute which becomes impassable during rainy seasons
11. Inadequate water supply.
12. Competition from well-established Institutes which trainees prefer to our institution.
13. Extreme cold weather seasons which make it impossible for students from hot weather areas to stay in the institute once posted by KUCCPS but they seek transfer immediately after admission thus affecting our student's enrolment.

Prepared by_.......... Date........
Jackson Mbae

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V. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government institute's performance against predetermined objectives.

Kiirua Technical Training Institute has 6 strategic pillars and objectives within its Strategic Plan for the FY 2018/2019- 2022/2023. These strategic pillars are as follows:

- i. To provide adequate facilities for the Institute
- ii. To increase student enrolment
- iii. Increase the Number of staff in the institute
- iv. To acquire modern equipment for the various departments
- iv. To develop Knowledge Management Information System and integrate ICT in Training and Technical Education
- v. To mobilize adequate resources for the development programs in the Institute

Kiirua T.T.I develops its annual work plans based on the above 6 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Kiirua T.T.I achieved its performance targets set for the FY 2020-2021 period for its 6 strategic pillars, as indicated in the diagram below:

Strategic Pillar	Strategic Objective	output	Key Performance Indicators	Activities	Achievements
Pillar 1:	To provide adequate facilities for the institute by constructing 2 workshops i) Masonry ii) Plumbing workshop	More facility for training	Number of workshops increased by 2	Construction of Masonry & Plumbing workshop	Masonry Plumbing workshop constructed and in use
Pillar 2:	To increase student enrolment from 367 to 527	More students enrolled	Number of students enrolment	marketing of the institute programme to attract more students	The institute target of enrolling 160 trainees in the year was surpassed with 148 more trainees. The total population at the end of the financial year was 675 from 367 at the beginning of the year.
Pillar 3:	Increase the number of staff in the institute from current 34 to 40	Recruit more B.O.G staff	No. of staffs recruited	carry out staff gaps analysis advertise for the vacant	1 staff recruited in the catering departments

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				positions recruit	
Pillar 4:	To acquire modern equipment for the various departments in ICT departments to ease on online teaching	Purchase ICT Equipment 1.projectors, 4 laptops 4 desktops	1.projectors, 4 laptops 4 desktops Purchased	source for quotation from prequalified suppliers and issue LPO to lowest bidder certify the equipments delivered and operationalise	The following equipment's were acquired 1.projectors, 4 laptops 4 desktops
Pillar 5:	To develop Knowledge Management Information System and integrate ICT in training and Technical Education	MIS Software Procured	No. of Software(s) modules purchased	Install the MIS train the staff on its usability	1.MIS ERP modules in finance, registration, Procurement
Pillar 6:	To mobilize adequate resources for the development programs in the Institute	Mobilize Resources	additional revenue streams IGA Funding of the institute programmes by donors & development partners	Establish IGA , Open satellite campus at Timua, collaborate in Ujuzi manyattani to train trainees at the camps on soft skills	Timau campus operational IGA policy developed Ujuzi manyattani programme being sponsored by NRT

VI. CORPORATE GOVERNANCE STATEMENT

Good corporate governance is key to the integrity of state corporations and is central to its sustainability. Corporate governance plays a leading role in how corporations and their boards of governors are directed, controlled and held to account. Corporate governance, therefore, encompasses the systems, practices and procedures by which the individual corporation is regulated in order to remain competitive, ethical, sustainable and fair.

Kiirua TTI Board adheres to principles of openness, integrity and accountability in its stewardship of the Institute's affairs. It recognizes the developing nature of corporate governance and assesses the Institute's compliance with generally accepted corporate governance practice on a regular basis, directly and through its full board and Board committees. The role of the Board is to ensure conformance by focusing on and providing the Institute's overall strategic direction and policy-making as well as performance review through accountability and ensuring appropriate monitoring and supervision. The Board is also responsible for the overall system of internal control and for reviewing its effectiveness. The controls are designed to both safeguard the Institute's assets and ensure the reliability of financial information.

The Institute Board meets regularly to consider issues of operational and strategic importance to the Institute. Below are the key features of the existing corporate governance practices within Kiirua TTI which are reviewed and improved on a regular basis.

1. Institute Board

The Institute Board consists of the Chairman and eight members, who have been appointed in accordance with the TVET Act (2013) the full Institute Board meets at least four times a year.

The Board is responsible for setting the direction of the Institute through the establishment of strategic objectives, key policies and approval of budgets. It monitors the implementation of strategies and policies through a structured approach of reporting by management and consequent accountability.

The Board is actively involved and brings strong independent judgment on its deliberations and discussions. The Institute Board members have diverse skill set, a wide range of knowledge and experience of Institute setting that is applied to the formulation of strategic objectives and decision-making. The Board meets regularly and retains full and effective control over the Institute in all

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strategic, financial, operational and compliance areas. During the year, the Institute Board held the following full Board meetings during the 2020/2021 financial year:

The FY 2020/2021, the table below shows the number of board and committee meetings held

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During the FY 2020/2021, the table below shows the number of board and committee meetings held

	Date	1/7	1/9	24/9	25/9	6/10	15/10	10/11	26/11	4/12	14/12	12/12	26/12	5/3	8/4	14/4	15/4
1	Mworia S. Karani Board Chairman	√		√	√		√	√		√	√	√		√			√
2	Charles Kinyua Ikiara Board Member	√		√	√		√	√		√	√		√				√
3	Fatuma Abdi Board Member	√					√			√	√		√				√
4	Rev. Daniel Lilah Board Member	√	√	√	√	√	√	√	√	√	√		√		√	√	√
5	Stella K. Wambeti Board Member						√			√	√	√	√		√	√	√
6	Dr.M.P. Wanyeki Board Member	√					√			√	√		√		√	√	√
7	Jennifer Murogocho Board Member	√		√	√		√		√	√	√		√		√		
8	Margaret Nduhiu County Director TVET				√		√		√		√			√			√
	TOTAL ATTEDANCE	6	1	4	5	1	8	4	7	8	1	3	5	3	3	3	7

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	Date		16/6	9TH - 15TH JUNE	21ST- 25TH JUNE
1	Mworia S. Karani	Board Chairman		√	√
2	Charles Kinyua Ikiara	Board Member	√		
3	Fatuma Abdi	Board Member			
4	Rev. Daniel Lilah	Board Member			
5	Stella K. Wambeti	Board Member			
6	Dr.M.P. Wanyeki	Board Member		√	
7	Jennifer Murogocho	Board Member	√		
8	Margaret Nduhiu	County Director TVET			
	TOTAL ATTEDANCE		2	2	1

- The board of governors is proposed by the panel as guided by a circular from the ministry of education composing of 5 members as per TVET Act 2013.
- The functions of the board are guided by the TVET ACT 2013
- The board is remunerated as stated below;
 1. Board Chairman – board sitting allowance ksh.15,000.00
 2. Board members – board sitting allowance ksh.12,000.00
 3. Board members Travel Allowance

From Nairobi – Kshs.5, 000.0

From isiolo and nyeri - Kshs.3, 000.0

From meru - kshs.2, 000.00

After nomination the panel forwards proposed names to the principal Secretary for Vocational Technical Training for initial approval and onward transmission to the Cabinet Secretary for Education, who is not bound to appoint any or all of the persons submitted by the nominating panel.

There were no governance issues among the Board or member(s) of the Board and the top management including conflict of interests

The board serves for a period of three years after which a new board is appointed either retaining all old members, appointing new board members and retaining a few old members in the board or completely appointing new members this is the discretion of Cabinet Secretary for Education.

There exist a board charter that outlines the board composition, appointment, independence, and division of duties, tenure of office, remuneration, resignation and succession plan.

BOARD COMMITTEES

To assist the Board in the discharge of its responsibilities, Board committees have been established. All the Board committees meet at least two times a year. The committees are as follows: -

1. FINANCE, PLANNING AND DEVELOPMENT COMMITTEE

Responsibilities:

1. To receive, consider and submit the proposed budget estimates from the various institute department for approval by the Board;
2. To receive and consider all requests for authorization of expenditure more than the approved annual estimates and make recommendations to the Board;
3. To report to the Board all matters related to finance and development;
4. To ensure that accurate records are kept on the establishments in the Institute;
5. To consider and recommend to the Board the priority development projects and receive reports, and the recommendations of Management on the progress of the physical development of the Institute;
6. To report to the Board on the progress of physical infrastructure development of the Institute;
7. To prepare Institute Development plans for an approved period and submit to the Board; and
8. To exercise such other powers as the Board may from time to time delegate to the Committee.

2. AUDIT AND RISK COMMITTEE

Responsibilities:

- a) To evaluate adequacy of management procedure with regard to issues relating to risk management, control and governance;
- b) To review external audit findings and recommendations and propose corrective and preventive actions where necessary;
- c) To review the systems established to ensure sound public financial management and internal controls, as well as compliance with policies, laws, regulations, procedures, plans and ethics;
- d) To initiate special audits and or investigations on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency in consultation with the Accounting Officer; and
- e) To exercise such other powers as the Board may from time to time delegate to the Committee

2. Board Members' Remuneration

The board remuneration is based on boards of governors minute for meeting held on 14th December, 2020. The remuneration for Board members consists of sitting and subsistence allowances in connection with Board & Board committee and Chairman's honorarium during

the financial year ended 30th June, 2021 are outlined under Note 12 on page 19 of these Financial Report and Financial Statements (Board expenses)

3. Succession Plan

The appointment of Board members is the prerogative of the Cabinet Secretary, Ministry of Education. Members have no control of the appointment and duration of service.

4. Board Charter

Kiirua TTI Board has a board charter. The Board is also guided by Mwongozo Code of Governance.

5. Appointment and removal of Board members

The appointment of Board members is the prerogative of the Cabinet Secretary, Ministry of Education

6. Induction and Training

Current Kiirua TTI Board of governors were inducted in the month of December, 2020, this was to enhance them with management skills on how execute their oversight responsibilities.

7. Board and Board Members' Performance

The Board performance evaluation exercise was done in July, 2021.

8. Conflict of interest

In every Board meeting held by the Kiirua TTI Board, Members declare conflict of interest on matters in the agenda and register the same in the conflict of interest register book.

9. Ethics and Conduct

Kiirua TTI Board Members uphold the highest standard of Ethics and conduct while executing their mandate.

10. Governance Audit

The Board has put in place a combination of processes and structures to inform, direct, manage and monitor the activities of the Institute towards the achievement of its objectives. There is an independent audit and risk committee that reports to the Board on a regular basis. The audit and risk committee plays a key role in assisting the Board to fulfill its oversight responsibilities in areas such as financial reporting, internal control systems, risk management systems and the external audit functions.

11. Internal Controls

The Institute has implemented and maintained internal controls designed to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard and maintain accountability of the Institute's assets.

Such controls are based on Law, Government & Institute regulations, Policies and circulars and are implemented by trained personnel with appropriate segregation of duties. The effectiveness

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of the system of internal controls is monitored regularly through operational meetings and the annual external audit.

12. Going Concern

The Institute Board confirms that Kiirua Institute has adequate resources to continue in operation for the foreseeable future and therefore, the continued use of going concern as a basis of preparing the financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial performance

Kiirua Technical Training Institute financial performance has shown a marked improvement due to increase in student enrolment thus raising our A-In-A. To cater for the increased student enrolment, we received 3 PSC trainers during the FY 2020/2021. In addition, the Board has recruited 15 BoG trainers to cover up the gap of government employed trainer's deficit. This has caused a financial strain on our budget due to low number of students.

The Institutes student's population is growing due to the increase access by the GoK through sponsorship of trainees through capitation. In addition, Kiirua TTI receives National Youth Service (NYS) sponsored students; thus, causing a shortage in lecture rooms, trainers, lecture chairs and accommodation facilities. The institute cannot be able to put up more facilities due limited land space and finances.

The institute is taking advantage of the large number of students who have cleared KSCE and are not able to access university education by employing robust advertisement activities through the media, local administration personal selling among others. This is to ensure more students from the surrounding area enrol to undertake different courses. Kiirua TTI has also introduced new courses to increase enrolment such Agriculture, Plumbing, Hair and Beauty Therapy.

Investment decision

The management has aggressively invested in the installation Management Information Software for efficiency and effectiveness in management process and data processing. In addition, we are refurbishing the institute website for marketing and for effective communication to all our stakeholders. Marketing of courses both locally and nationally to attract trainees to equip them with hand on skills for employability and self-employment. The institute's location in a low settlement area with adverse cold climatic weather conditions has affected its growth.

The management is committed to continual improvement of the face of the institute by roofing the walkway as well securing the facility by proper fencing and planting of flowers.

Kiirua Technical Training Institute is constructing a library complex which is an ongoing project which was started in 2012 but it is not yet complete due financial challenges and it is financed by the national government through Ministry of education, Directorate of Technical Education.

The institute upholds section 6 of the constitution of Kenya for all of the officers while on duty. The management has continually sensitized both staff and students on corruption prevention matters. The service charter in English and Swahili has clearly been displayed at the main gate and at strategic service points such as the cash office, library, registrar's office, dean's office, Guidance and counselling office, dining hall and procurement office.

The institute is mentoring three Technical Institutions in different constituencies' that is

1. Merti T.T.I in Isiolo North Constituency in Isiolo County which is complete, its furniture has been delivered to the institute and a Principal has been posted to the institute.
 - The board of management has been appointed and inaugurated in the Financial Year
 - It has started to admit students
 - it is awaiting completion handover from the contractor who has not yet handed it to the mentee board of governors and who will officially hand it over to institute board of governors.
2. Laikipia west T.T.I in Laikipia west Constituency in Laikipia county at 56% completion status.
3. Igembe South T.T.I in Igembe at South constituency in Meru County and the furniture is already delivered in the mentoring Institution at 50.43% completion status.

The latter two are in different stages of construction and they are financed by the National

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Government through Ministry of Education, Directorate of Technical Education and in partnership with respective constituencies in which these institutions are being constructed.

The management has implemented policy on planting of trees under the green economy for sustainable environment. In addition, we have improved our environment by planting flowers along designated pathways and gardens for general aesthetics. The Institute disposes its wastes appropriately both the WC waste and waste waters through the sewerage system. Adequate sanitation areas with hand wash have been provided for maintenance of hygiene.

Provision of clean water for consumption and for general cleaning through collaborations with water companies in the locality. Need for increase water reservoirs and connectivity for treated water systems to prevent water borne diseases.

Most at times the demands to equip the institute with modern facilities is not possible due finance challenges thus making the institute to constrain financially to meet these demands to offer quality services with limited resources and at times these demands are not meet. This is in reference to Building and Automotive department.

KEY PROJECTS AND INVESTMENT DECISIONS PLANNED AND IMPLEMENTED

Within the financial year ended 30th June 2021, the College has been implementing the following projects in order of priority;

Internal Projects

S/No	Project	%of Completion	Financing of the project	Remarks
1	construction of the library complex	48.52	A.I.A	Ongoing and behind schedule
2	construction of the gate & gate wing	100	A.I.A	Complete
3	construction of the roofing along the walk ways	100	A.I.A	Complete
4	construction of the cabro from the gate to the offices	100	A.I.A	Complete
5	installation of the MIS	75	A.I.A	ongoing

External projects

S/No	Project	%of Completion	Financing of the project	Remarks
2	Merti T.V.C	95.24	GoK	ongoing
3	Laikipia West T.T. I	55.97	GoK	ongoing
4	Igembe South T.T. I	50.43	GoK	ongoing

Funding for the projects was based on saving realized on cost cutting measures on recurrent expenditures as the Government stopped funding capital development.

COMPLIANCE WITH STATUTORY REQUIREMENTS

During the 2020/2021 financial year, the College complied with all statutory requirements. The Institution does not have any non-compliance that may result to any potential litigation issues or exposure to contingent liabilities.

MAJOR RISKS

OPERATIONAL RISKS

This is loss resulting from inadequate or failed procedures, systems or policies including:

Failure to collect the full income owing

Some students fail to pay their full fees

Some debtors from non-tuition activities delay paying for services rendered.

The College is facing the risk of insecurity which is prevalent in the country

Risk Mitigation Strategies

Strict enforcement of the fees payment policy

Enhancing debt collection measures

Enforcement of the 100% payment on admission or on reporting back in new term

Installation of CCTV security systems and use of the outsourced security guards

MARKET RISKS

These are losses due to factors that affect the overall performance of market including:

Risk of not attracting enough trainees due to the competition from other TVET colleges in the region

Risk of failing to get enough specialist trainers to act as thematic leaders due to competition.

Risk Mitigation strategies:

Aggressive marketing of programmes

Enhance the diversity and quality of the College programmes

Enhancing on the staff working environment and improving staff welfare

CAPITAL RISKS

The College is not exposed to any capital risks.

LIQUIDITY RISK

This is termed to be the inability to meet short term financial demands. This usually occurs due to the inability to convert assets like debts to cash.

Risk Mitigation strategies:

1) Step up efforts to collect the outstanding fees and sensitize the trainers on alternative sources of funding like NG CDF bursaries, HELB loan/bursaries,

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MATERIAL ARREARS IN STATUTORY AND OTHER FINANCIAL OBLIGATIONS

The College has no material arrears in statutory and financial obligations to the national exchequer or any other Government agency.

FINANCIAL PROBITY AND SERIOUS GOVERNANCE ISSUES

The College does not have any cases of financial improbity as reported by Audit committee, external auditors, or other National Government Agencies providing oversight.

There are no governance issues among the members of the board, college top management team, including conflict of interest. This has been due to the cordial working relationship between the board and College top management as well as adherence to constitutional requirements and guidelines.

VII. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

1. Sustainability strategy and profile

Kiirua Technical Training Institute has established several strategies to ensure sustainability of its programs amidst many challenges facing the management. The Board has engaged collaborations with the National Government through MoE under the State Department of Vocational and Technical Training for policy direction and funding on major projects. In addition; we have also enhanced collaborations with the County Government through the CDF of Buuri Sub –County for students’ sponsorships and community mobilization in development activities. Kiirua TTI will strive to acquire additional land for expansion of the institute as well seeks amicable solutions for relocation of the Kiirua VTC for growth and identity. We have set up a campus at Timau to offer new market driven courses such as Agriculture to supply labour force for the flower and horticulture farms at Nanyuki.

The management has aggressively invested in the installation Management Information Software for efficiency and effectiveness in management process and data processing. In addition, we are refurbishing the institute website for marketing and for effective communication to all our stakeholders. Marketing of courses both locally and nationally to attract trainees to equip them with hand on skills for employability and self-employment. The institute’s location in a low settlement area with adverse cold climatic weather conditions has affected its growth.

2. Environmental performance

The management has implemented policy on planting of trees under the green economy for sustainable environment. In addition, we have improved our environment by planting flowers along designated pathways and gardens for general aesthetics. The Institute disposes its wastes appropriately both the WC waste and waste waters through the sewerage system. Adequate sanitation areas with hand wash have been provided for maintenance of hygiene.

Provision of clean water for consumption and general cleaning through collaborations with water companies in the locality. Need for increase water reservoirs and connectivity for treated water systems to prevent water borne diseases.

3. Employee welfare

The management recruits BoG staff both trainers and support staff equity based on the need. The recruitment is guided by an MoU which details the terms and references of engagement of staff. The management observes integrity, professionalism, gender and disability inclusivity, as well as stakeholder involvement. The Board has developed staff establishment and career progression policy for Kiirua TTI BoG staff which was in draft awaiting board approval as the Financial Year came to an end. We undertake annual staff appraisal and training Needs assessment to establish gap for capacity building. Kiirua TTI Occupational Safety and Health Act of 2007, (OSHA) regulations by providing protection clothing to our staff while on duty.

4. Market place practices-

Kiirua TTI has outlined its efforts to:

a) Responsible competition practice.

The institute upholds section 6 of the constitution of Kenya for all of the officers while on duty. The management has continually sensitized both staff and students on corruption prevention matters. The service charter in English and Swahili has clearly been displayed

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at the main gate and at strategic service points such as the cash office, library, registrar's office, dean's office, Guidance and counselling office, dining hall and procurement office.

- b) Responsible Supply chain and supplier relations – The management implement the Public Procurement and Disposal Act of 2015 and its Regulations of 2020 in all its procurement for goods, services and contracts.
- c) Kiirua TTI advertises our training programs through our website, the media, and door to door marketing strategies through the Local administration and Personal selling through good examination performance and quality services and customer focus.
- d) Product stewardship - Our customer rights and interests have been safe guarded by clear communications to our customers through relevant offices the dean's office. We also provide newsletters to convey crucial and authentic information to our customers. We used authorised communication channels the official addresses, mobile numbers and emails.

5. Corporate Social Responsibility / Community Engagements

Kiirua TTI engages in social corporate responsibility activities by provision of face masks and hand wash detergents to the local administration nearby. We also visit children's homes in our locality through the Christian movement in the institute and support them with food and clothing. We undertake annual cleaning up of the Kiirua Market and its environs and sensitise them on the government policies in relation to access to TVET courses, Procurement opportunities among others.

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VIII. REPORT OF THE BOARD OF GOVERNORS

The Board members submit their report together with the financial statements for the year ended June 30, 2021 which show the state of the Kiirua Technical Training Institute affairs.

Principal Activities:

The principal activities of the institute are:

- a. To conduct training at tertiary level in technical and vocational education and training fields.
- b. To foster linkages with industry and other institutions for the promotion of quality and relevant training
- c. To promote and include Entrepreneurial skills and culture within the institute's staff and students.
- d. To conduct Applied Research and Innovation.
- e. To income generating activities through production, consultancy and tailor-made short courses.
- f. Foster spiritual growth among community members both staff and students.
- g. Collaborating with the local community

Results

The results of Kiirua Technical Training Institute for the year ended June 30, 2021 are set out on page 1 to 7

BOARD OF GOVERNORS

The members of the Board who served during the year are shown on page v During the Financial Year 2020/2021 no member(s) of board of Governors retired/ resigned.

Auditors

The Auditor General is responsible for the statutory audit of Kiirua Technical Training Institute in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or appoint an auditor for the period ended June 30, 2021 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



Principal/ BOG Secretary



Sign

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IX. STATEMENT OF BOARD OF GOVERNORS RESPONSIBILITIES

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

The board members are also responsible for safeguarding the assets of Kiirua Technical Training Institute. The board members are responsible for the preparation and presentation of Kiirua T.T.I financial statements, which give a true and fair view of the state of affairs of the institute for and as at the end of the financial year ended on June 30, 2021.

This responsibility includes:

- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity;
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) Safeguarding the assets of Kiirua T.T.I;
- (v) Selecting and applying appropriate accounting policies and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The board members accept responsibility for Kiirua T.T.I 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 section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013 - require the board members to prepare financial statements in respect of Kiirua T.T.I.

The board members are of the opinion that the institute's financial statements give a true and fair view of the state of Kiirua T.T.I transactions during the financial year ended June 30, 2021, and of Kiirua T.T.I financial position as at that date. The board members further confirm the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the institute's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the board members to indicate that the Kiirua T.T.I 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 Kiirua Technical Training Institute financial statements were approved by the Board on **16/09/2021** and signed on its behalf by:

Name *KARAN MUKHIA*
Signature *[Handwritten Signature]*

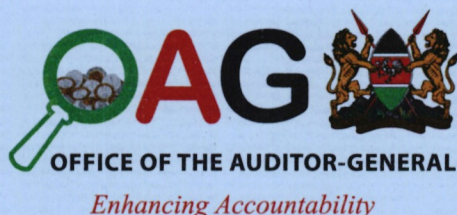
Chairperson of the Board/ Secretary

Name *S. MBOE*
Signature *[Handwritten Signature]*

Principal/ BoG

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 KIIRUA TECHNICAL TRAINING INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Kiirua Technical Training Institute set out on pages 1 to 36, which comprise the statement of financial position as at 30 June, 2021, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and

Report of the Auditor-General on Kiirua Technical Training Institute for the year ended 30 June, 2021

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.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of the Kiirua Technical Training Institute 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 do not comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Adverse Opinion

1. Inaccuracies in the Financial Statements

The annual reports and financial statements presented had the following inaccuracies;

- (i) The trial balance provided for audit was not balanced and certain components of the financial statements like student debtors' account were missing from the trial balance.
- (ii) The statement of financial position reflects total assets of Kshs.332,128,643 and total liabilities and reserves of Kshs.357,351,445 resulting to unexplained variance of Kshs.25,222,802.
- (iii) The statement of cash flows has not disclosed payments in respect to acquisition of intangible assets as cash outflows. In addition, the statement reflects the provision for depreciation and amortization for the year of Kshs.7,695,937 as a payment.
- (iv) The statement of financial position reflects cash and cash equivalents balance of Kshs.99,435,649 while the statement of cashflows reflects a closing cash and cash equivalents balance of Kshs.97,216,190 resulting to unreconciled variance of Kshs.2,219,459.
- (v) The statement of financial performance for the year ended 30 June, 2021 reflects revenue from rendering of services-fees from students of Kshs.19,857,343 out of which revenue amounting Kshs.15,834,933 was not supported with ledger.
- (vi) The statement of financial performance reflects revenue from hire of facilities and equipment totalling to Kshs.10,164,365 which as disclosed in Note 8 to the financial statements includes revenue from Pay as You Eat of Kshs.7,944,710. However, the schedule provided to support the Pay as You Eat revenue reflected an amount of Kshs.7,663,060 resulting to an unexplained variance of Kshs.281,650.

In the circumstances, the accuracy and completeness of the financial statements as at 30 June, 2021 could not be confirmed.

2. Unsupported Receivables from Exchange Transactions

The statement of financial position and as disclosed in Note 18 to the financial statements reflects current portion of receivables from exchange transactions of Kshs.12,011,359 out of which Kshs.11,833,359 relates to students debtors. However, ledgers and statements supporting the student debtors balances were not provided for audit.

In the circumstances, the accuracy and completeness of student balances amounting to Kshs.11,833,359 could not be confirmed.

3. Unsupported Receivable from Non-Exchange Transactions

The statement of financial position and as disclosed in Note 19 to the financial statements reflects an amount of Kshs.3,055,015 being transfers from other Government entities. However, the ledger supporting the balance was not provided for audit.

In the circumstances, the accuracy and completeness of receivables from non-exchange transactions of amounting to Kshs.3,055,015 as at 30 June, 2021 could not be confirmed.

4. Unsupported Fees Paid in Advance

The statement of financial position and as disclosed in Note 26 to the financial statements reflects trade and other payables from exchange transactions Kshs.16,074,236. The balance includes fees paid in advance of Kshs.9,669,057 and hostel income of Kshs.1,864,450 paid in advance. However, the students' statements to support the balances were not provided for audit review.

In the circumstances, accuracy and completeness of the trade and other payables balance of Kshs 16,074,236 could not be confirmed.

5. Unsupported Property, Plant and Equipment

The statement of assets and liabilities reflects property, plant and equipment balance of Kshs.215,552,521 as disclosed in Note 21 to the financial statements. Included in the balance are values of buildings amounting to Kshs.6,023,070. However, the land on which the buildings are constructed has been not included in the property, plant and equipment balance and the land ownership documents were not provided for audit. Further, the Institute's assets are not tagged for ease of identification and safeguard against losses.

In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.215,552,521 could not be confirmed and assets are exposed to risk of loss due to non-tagging.

6. Unsupported Remuneration of Directors

As disclosed in Note 12 to the financial statements, the statement of financial performance reflects directors remuneration of Kshs.1,849,767. Included in the balance are payments amounting to Kshs.833,000 paid as allowances for training of members of the Board of Governors and other key Institute officials. However, the expenditures were not supported with programme of activities and evidence of travel to the training venues. Further, the basis for the rates used in payment of allowances were not provided for audit.

In the circumstances, the accuracy of Kshs.833,000 incurred on Board allowances could not be ascertained.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kiirua Technical Training Institute Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical

requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse opinion.

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts for the year ended 30 June, 2021 reflects final receipts budget and actual receipts on comparable basis of Kshs.183,148,370 and Kshs.50,586,999, respectively resulting into an under-funding of Kshs.132,561,371 or 72% of the budget. Similarly, the Institute spent Kshs.57,687,702 against an approved budget of Kshs.183,148,352 resulting into an under-expenditure of Kshs.125,460,650 or 69 % 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, because of the significance of the matters discussed in the Basis for Adverse Opinion, Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, based on the audit procedures, performed, I confirm that, public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Delay in Project Completion

Review of project implementation report as at 30 June, 2021 revealed four (4) projects started between 14 February, 2012 and 6 February, 2017 and which had project durations ranging between twenty-five (25) weeks and fifty-two (52) weeks. However, the projects were not complete as at the time of audit in April, 2022 yet their contract periods had lapsed and no evidence of extension of the contract period was provided.

In the circumstances, value for money has not been realised due to the delay in completion of the projects.

2. Delayed Implementation of the Management Information System (MIS)

The statement of financial position and Note 25 to the financial statements reflects intangible assets with a net book value balance of Kshs.1,573,250. Review of records revealed that Management entered in to a contract agreement for the acquisition of a

Management Information System (MIS) at a cost of Kshs.1,798,000 for automation of five (5) modules namely student management module, financial management module, procurement, stores module, examination module and library management module. As at the time of audit, the Management had paid Kshs.1,348,500 or seventy-five (75%) of the contract sum out of which Kshs.590,000 was in relation to the finance management module which was not operational.

In the circumstance, value for money has not been realised in the implementation of the system.

3. Non-Compliance with Law on Ethnic Composition

During the year under review, the Institute had thirty-three (33) members of staff out of which nineteen (19) were non-teaching and fourteen (14) were teaching staff. However, analysis of the employee records revealed that eighty two percent (82%) of the staff belonged to one ethnic community. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which requires that, no public institution shall have more than one-third of its staff establishment from the same ethnic community.

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

4. Use of Goods and Services

The statement of financial performance reflects, use of goods and service expenditure of Kshs.28,654,069. Included in the amount are payments totalling Kshs.3,055,005 in respect to Merti TVC out of which an amount of Kshs.2,000,520 was issued as imprest for operations. Review of the procurement process revealed that most of the common user items were sourced through direct procurement method and no evidence that market survey was done was provided for audit. This was contrary to the requirements of Regulation 92 (d) of the Public Procurement and Asset Disposal Regulations, 2020 which states that the procuring entity may use low value procurement method under Section 107(b) of the Act, where the procedure has been recommended by the head of procurement function after conducting a market survey and approved by the accounting officer or such person delegated in writing by the accounting officer.

In the circumstances, Management of the Institution 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, because of the significance of the matters discussed in the Basis for Adverse Opinion, Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources and Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, based on the audit procedures performed, I confirm that, internal controls, risk management and Governance were not effective.

Basis of Conclusion

Lack of Internal Audit Function

Review of internal controls revealed that the Institution has not established an internal audit department. This was contrary to Section 155 of the Public Finance Management Act, 2012 which provides for the establishment of the internal audit function. As such the Institution did not benefit from the assurance and advisory services from the internal audit function.

Responsibilities of Management and the Board of Governors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal 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 Institute's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the institute or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015, and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Institute to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

12 October, 2022

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

	Notes	2020/2021	2019-2020
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government – grants/ gifts in kind	6	20,538,291.00	8,110,000.00
Revenue from exchange transactions			
Rendering of services- Fees from students	7	19,857,343.00	35,962,551.00
Rental revenue from facilities and equipment	8	10,164,365.00	14,398,250.00
Other income	9	27,000.00	182,500.00
Revenue from exchange transactions		<u>30,048,708.00</u>	<u>50,543,301.00</u>
Total revenue		<u>50,586,999.00</u>	<u>58,653,301.00</u>
Expenses			
Use of goods and services	10	28,654,069.00	24,631,332.00
Employee costs	11	6,665,483.00	6,390,443.00
Remuneration of directors	12	1,849,767.00	1,805,765.00
Repairs and maintenance	13	956,978.00	216,210.00
contracted services	14	60,000.00	0.00
Finance cost	15	5,760.00	0.00
Depreciation and amortization expense	16	7,695,937.00	0.00
Total expenses		<u>45,887,994.00</u>	<u>33,043,750.00</u>
Net Surplus for the year		<u>4,699,005.00</u>	<u>25,609,551.00</u>


The notes set out on pages 8 to 33 form an integral part of the Annual Financial Statements.

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XII. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Notes	2020-2021	2019-2020
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	17	99,435,649.04	107,931,334.00
Current portion of receivables from exchange transactions	18	12,011,359.00	19,201,814.00
Current portion of receivables from non-exchange transactions	19	3,055,015.00	0.00
Inventories	20	500,849.00	218,543.00
Total Current assets		<u>115,002,872.00</u>	<u>127,351,691.00</u>
Non-current assets			
Property, plant and equipment	21	215,552,521.17	155,737,717.00
Intangible assets	25	1,573,250.00	0.00
Total Non-current assets		<u>217,125,771.17</u>	<u>155,737,717.00</u>
Total assets		<u>332,128,643.17</u>	<u>283,089,408.00</u>
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	26	16,074,236.00	16,139,392.00
Refundable deposits from customers	27	14,539,580.00	12,923,719.00
Total Current liabilities		<u>30,613,816.00</u>	<u>29,063,111.00</u>
Reserves			
Accumulated surplus		97,225,126.00	92,943,721.00
Capital Fund		229,512,503.00	229,512,503.00
Total retained earnings and capital		<u>326,737,629.00</u>	<u>322,456,224.00</u>
Total Liabilities and Reserves		<u>357,351,445.00</u>	<u>351,519,335.00</u>

The Financial Statements set out on pages 1 to 7 were signed on behalf of the Institute Board of Governors by:


 Chairman Board of Governors
 Date: 27/5/22


 Finance Officer
 ICPAK No: 25435
 Date: 27/5/2022


 Principal
 Date: 27/5/22

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XIII. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2021

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/Development Grants/Fund	Total
At July 1, 2019			67,334,170.00	229,512,503.00	296,846,673.00
Revaluation gain					
Fair value adjustment on quoted investments					
Total comprehensive income			25,609,551.00	0.00	25,609,551.00
Capital/Development grants received during the year					
Transfer of depreciation/amortisation from capital fund to retained earnings					
At June 30, 2020			<u>92,943,721.00</u>	<u>229,512,503.00</u>	<u>322,456,224.00</u>
At July 1, 2020			<u>92,943,721.00</u>	<u>229,512,503.00</u>	<u>322,456,224.00</u>
Revaluation gain					
Prior year adjustment on the surplus			(417,600.00)		(417,600.00)
Fair value adjustment on quoted investments					
Total comprehensive income			4,699,005.00		4,699,005.00
Capital/Development grants received during the year					
Transfer of depreciation/amortisation from capital fund to retained earnings					
At June 30, 2021			<u>97,225,126.00</u>	<u>229,512,503.00</u>	<u>326,737,629.00</u>

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XIV. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

		2020-2021	2019-2020
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other Government entities/Govt. grants	6	20,538,291.00	8,110,000.00
Rendering of services- Fees from students	7	19,857,343.00	35,962,551.00
Rental revenue from facilities and equipment	8	10,164,365.00	14,398,250.00
Other income	9	27,000.00	182,500.00
Total Receipts		<u>50,586,999.00</u>	<u>58,653,301.00</u>
Payments			
Use of goods and services	10	28,654,069.00	24,631,332.00
Employee costs	11	6,665,483.00	6,390,443.00
Remuneration of directors	12	1,849,767.00	1,805,765.00
Repairs and maintenance	13	956,978.00	216,210.00
contracted services	14	60,000.00	0.00
Finance cost	15	5,760.00	0.00
Depreciation and amortization expense	16	7,695,937.00	0.00
Total expenses		<u>45,887,994.00</u>	<u>33,043,750.00</u>
Net cash flows from operating activities	28	<u>17,895,174.00</u>	<u>25,609,551.00</u>
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	21	-28,610,318.00	-7,215,539.00
Net cash flows used in investing activities		<u>-28,610,318.00</u>	<u>-7,215,539.00</u>
Cash flows from financing activities		0.00	0.00
Proceeds from borrowings		0.00	0.00
Net cash flows used in financing activities		0.00	0.00
Net increase/(decrease) in cash and cash equivalents		-10,715,144.00	18,394,012.00
Cash and cash equivalents at 1 JULY	17	107,931,334.00	89,537,322.00
Cash and cash equivalents at 30 JUNE	17	<u>97,216,190.00</u>	<u>107,931,334.00</u>

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XV. 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		Utilization Difference	
	2020-2021	Kshs	2020-2021	Kshs	2020-2021	Kshs	2020-2021	Kshs	2020-2021	Kshs	2020-2021	Kshs
Revenue												
Transfers from other Govt entities - Govt grants	50,000,000.00		0.00		50,000,000.00		20,538,291.00		(29,461,709.00)			-58.92
Public contributions and donations	64,057,986.00		0.00		64,057,986.00		0		(64,057,986.00)			-100.00
Rendering of services- Fees from students	48,124,812.00		0.00		48,124,812.00		19,857,343.00		(28,267,469.00)			-58.73
Rental revenue from facilities and equipment's	16,268,100.00		0.00		16,268,100.00		10,164,365.00		(6,103,735.00)			-37.52
Other Income	4,697,472.00		0.00		4,697,472.00		27,000.00		(4,670,472.00)			-99.43
Total income	183,148,370.00		0.00		183,148,370.00		50,586,999.00		(132,561,371.00)			-72.38
Expenses												
General expenses	28,079,596.00		0.00		28,079,596.00		0.00		0.00			0.00
Administration cost	0.00		0.00		0.00		3,082,501.00		0.00			0.00
Local Travel & transport	0.00		0.00		0.00		2,694,743.75		0.00			0.00
KATTI, CAPA & ICPAK subscriptions	0.00		0.00		0.00		358,740.00		0.00			0.00
ISO,PC, surveys & Policies	0.00		0.00		0.00		1,391,845.00		0.00			0.00
Advertising	0.00		0.00		0.00		565,701.00		0.00			0.00
Examination fees	0.00		0.00		0.00		5,207,094.00		0.00			0.00
Registration	0.00		0.00		0.00		22,000.00		0.00			0.00
ICT Fund	0.00		0.00		0.00		38,705.00		0.00			0.00
Student welfare	0.00		0.00		0.00		283,057.00		0.00			0.00
Research and innovation	0.00		0.00		0.00		0.00		0.00			0.00
Bus expenses	600,000.00		0.00		600,000.00		635,849.00		0.00			0.00
Student Insurance	0.00		0.00		0.00		0.00		0.00			0.00
Activity	0.00		0.00		0.00		520,680.00		0.00			0.00
Tuition	0.00		0.00		0.00		322,596.00		0.00			0.00
Staff training and capacity Building	0.00		0.00		0.00		0.00		0.00			0.00
Attachment	0.00		0.00		0.00		116,000.00		0.00			0.00
Laikipia West TTI	0.00		0.00		0.00		452,838.00		0.00			0.00

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Igembe South TTI meetings	0.00	0.00	0.00	0.00	89,400.00	0.00	0.00
Pay AsYou Eat	12,223,410.00	0.00	12,223,410.00	0.00	4,591,759.00	0.00	0.00
Hostel rent	1,350,000.00	0.00	1,350,000.00	0.00	1,064,811.00	0.00	0.00
Ujuzi manyattani	750,000.00	0.00	750,000.00	0.00	1,742,488.00	0.00	0.00
Merti TVC		0.00	0.00	0.00	3,055,005.00	0.00	0.00
Timau Campus	760,030.00	0.00	760,030.00	0.00	4,081.00	0.00	0.00
Graduation	1,000,000.00	0.00	1,000,000.00	0.00	0.00	0.00	0.00
Sale of tender documents	60,000.00	0.00	60,000.00	0.00	0.00	0.00	0.00
Electricity, water and conservancy	1,200,000.00	0.00	1,200,000.00	0.00	823,120.00	0.00	0.00
Covid – 19 intervention	7,096,700.00	0.00	7,096,700.00	0.00	1,306,763.00	0.00	0.00
Corporate social responsibility	500,000.00	0.00	500,000.00	0.00	0.00	0.00	0.00
Life fence and flowers	300,000.00	0.00	300,000.00	0.00	10,000.00	0.00	0.00
ISMS – training fees and certification	1,000,000.00	0.00	1,000,000.00	0.00	0.00	0.00	0.00
Solar panels and batteries	300,000.00	0.00	300,000.00	0.00	38,700.00	0.00	0.00
Provision of bad & doubtful debts		0.00	0.00	0.00	96,393.00	(96,393.00)	-100.00
Provision for 2020/2021 audit fees		0.00	0.00	0.00	139,200.00	(139,200.00)	-100.00
	55,219,736.00	0.00	55,219,736.00	0.00	28,654,069.75	26,565,666.25	48.11
Compensation of employees	9,881,328.00	0.00	9,881,328.00	0.00	6,665,483.00	3,215,845.00	33
Repair and maintenance	663,650.00	0.00	663,650.00	0.00	956,978.00	(293,328.00)	-44
Institute asset valuation	100,000.00	0.00	100,000.00	0.00	60,000.00	40,000.00	40
Remuneration of directors	3,390,777.00	0.00	3,390,777.00	0.00	1,849,767.00	1,541,010.00	45
Depreciation and amortization expense		0.00	0.00	0.00	7,695,937.00	(7,695,937.00)	-100
conventional lighting system	234,875.00	0.00	234,875.00	0.00	0.00	234,875.00	100
Sever and its component	632,000.00	0.00	632,000.00	0.00	0.00	632,000.00	100
Management system installation	1,113,000.00	0.00	1,113,000.00	0.00	1,798,000.00	(685,000.00)	-62
Desktops	420,000.00	0.00	420,000.00	0.00	390,000.00	30,000.00	7
Laptops	140,000.00	0.00	140,000.00	0.00	209,997.00	(69,997.00)	-50
Kitchen expansion and equipment	4,000,000.00	0.00	4,000,000.00	0.00	0.00	4,000,000.00	100
Construction of gate and wing walls	275,556.00	0.00	275,556.00	0.00	2,982,318.00	(2,706,762.00)	-982
Construction of extra classrooms	20,000,000.00	0.00	20,000,000.00	0.00	0.00	20,000,000.00	100
Extra works – BCE workshop	533,430.00	0.00	533,430.00	0.00	513,261.00	20,169.00	4

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Smart board	854,000.00	0.00	854,000.00	0.00	854,000.00	0.00	854,000.00	100
Ergonomic chairs	180,000.00	0.00	180,000.00	0.00	180,000.00	108,000.00	72,000.00	40
Ergonomic tables	240,000.00	0.00	240,000.00	0.00	240,000.00	250,200.00	(10,200.00)	-4
Purchase of land (2 Acres)	4,000,000.00	0.00	4,000,000.00	0.00	4,000,000.00	0.00	4,000,000.00	100
Basketball court	1,000,000.00	0.00	1,000,000.00	0.00	1,000,000.00	31,457.00	968,543.00	97
Cabro works for parking area	2,400,000.00	0.00	2,400,000.00	0.00	2,400,000.00	3,191,020.00	(791,020.00)	-33
Lecture chairs	1,320,000.00	0.00	1,320,000.00	0.00	1,320,000.00	0.00	1,320,000.00	100
Generator	1,500,000.00	0.00	1,500,000.00	0.00	1,500,000.00	0.00	1,500,000.00	100
Master planning of the institute	500,000.00	0.00	500,000.00	0.00	500,000.00	0.00	500,000.00	100
Roofing walk way & kitchen service area	1,500,000.00	0.00	1,500,000.00	0.00	1,500,000.00	1,401,255.00	98,745.00	7
Water tank concrete base	50,000.00	0.00	50,000.00	0.00	50,000.00	4,170.00	45,830.00	92
Motor vehicle workshop	3,000,000.00	0.00	3,000,000.00	0.00	3,000,000.00	0.00	3,000,000.00	100
Completion of library complex	70,000,000.00	0.00	70,000,000.00	0.00	70,000,000.00	925,789.00	69,074,211.00	99
Total expenditure	183,148,352.00	0.00	183,148,352.00	0.00	183,148,352.00	57,687,701.75	125,460,650.25	68.50
deficit for the period						-7,100,702.75		

Repair and Maintenance - 44.2 %

- The budget exceeded the budgeted amount the management did painting for ESP and electrical workshop buildings which were not budgeted for in the Financial year under review but the painting was done for readiness of institute for full reopening after a long closure due to Covid -19 pandemic.

Ujuzi Manyattani - 132.3%

- After the government directive on physical learning closure the training site were also affected thus no learning went on those sites hence learning resumed in the Financial year under review and very little amount of expense of Ksh.76, 000.00 was paid in the FY 2019/2020 but all other expenses relating to Kalama and Meibae training sites were paid in the financial year under review thus affecting after the budget for the FY 2020/2021.

Construction of gate and wing walls - 982.3 %

- The construction started in late FY 2019/2020 and it was budgeted in the same financial year but no payment was done in that Financial Year but all the payments were done in FY 2020/2021.
- The amount budgeted in FY 2020/2021 of kshs.275, 556.00 was to top the deficit for the total amount required to complete the project.

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XVI. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Kiirua Technical Training Institute is established by and derives its authority and accountability from TVET Act. The institute is wholly owned by the Government of Kenya and is domiciled in Kenya. The institute's principal activity is offering Technical Training courses.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Kiirua T.T.I 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 22 on depreciation of assets.

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

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

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3. ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2021.

Standard	Impact
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks.</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment.</p> <p>Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved.</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets.</p> <p>Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs).</p> <p>Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</p>

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ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021.

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

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Early adoption of standards

The institute did not early – adopt any new or amended standards in year 2021.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

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

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 Council or Board on 09/07/2020. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the institute upon receiving the respective approvals in order to conclude the final budget. Accordingly, the institute recorded additional appropriations of ksh234, 875.00 on the FY 2020/2021 budget following the Board's approval.

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

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

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c) Taxes

Current income tax

The institute is exempted from paying taxes as per FIRST SCHEDULE of the Income Tax Act cap 470

d) Property, plant and equipment

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

Depreciation of assets has been provided at cost of asset regardless of when the asset was bought at the following rates

- a) Land and buildings 2.5%
- b) Motor vehicles 25%
- c) Furniture and fittings 12.5%
- d) Computers and printers 33.3%
- e) Plant and equipments 12.5%
- f) Other assets 12.5%

e) 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. The useful life of the intangible assets is assessed as either finite or indefinite

f) Inventories

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

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

g) Provisions

Provisions are recognized when the Institute has a present obligation 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.

Contingent liabilities

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

Contingent assets

The Institute 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

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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.

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i) Nature and purpose of reserves

The Institute creates and maintains reserves in terms of specific requirements.

Changes in accounting policies and estimates

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

j) Employee benefits

Retirement benefit plans

The Institute does not provide provides retirement benefits for its employees but are paid gratuity on retirement or in on termination of services.

k) Foreign currency transactions

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

l) Related parties

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

m) 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.

n) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank. Bank account balances include amounts held at various commercial banks at the end of the financial year.

o) Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation. The figure for the refundable deposit has been amended to include the retention for the mentor institutions for the previous year that had not been disclosed.

p) 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, 2021.

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5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION

UNCERTAINTY

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

Estimates and assumptions

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

- a) The condition of the asset based on the assessment of experts employed by the institute.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- c) The nature of the processes in which the asset is deployed
- d) Availability of funding to replace the asset
- e) 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 13 on depreciation

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 institute makes provision of bad & doubtful debts at the following rates

- a) Period outstanding percentages provision 241 – 360 days (8 – 12months) 25%
- b) over 1 year 50 %
- c) over 2 years 100%

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6. (a) TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2020-2021	2019-2020
	KShs	KShs
Unconditional grants		
Capitation grants	11,947,500.00	7,110,000.00
Total Unconditional grants	<u>11,947,500.00</u>	<u>7,110,000.00</u>
Conditional grants		
Other organizational grants		
Merti TVC Grants	3,500,000.00	1,000,000.00
Development grants – Merti TVC	5,090,791.00	0.00
Totals Conditional grants	<u>8,590,791.00</u>	<u>0.00</u>
Total government grants and subsidies	<u>20,538,291.00</u>	<u>8,110,000.00</u>

(b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Institute sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	2019-2020
			KShs	KShs	KShs
Ministry Of Education	20,538,291.00	0.00	0.00	20,538,291.00	8,110,000.000
Total	20,538,291.00	0.00	0.00	20,538,291.00	<u>8,110,000.000</u>

7. RENDERING OF SERVICES

Description	2020-2021	2019-2020
	KShs	KShs
Tuition fees	2,768,666.67	4,524,333.00
Activity fees	998,516.67	1,600,867.00
Examination Fees	2,161,350.00	6,483,148.00
Exam Practical Materials	76,000.00	1,985,590.00
Personal Emolument	3,260,160.00	5,556,480.00
Administration cost	1,327,033.33	1,447,000.00
ICT Fund	849,000.00	1,447,000.00
Bog Teacher levy	1,273,500.00	2,170,500.00
Registration fees	141,866.67	117,333.00
Student Welfare	938,333.33	1,465,333.00
Local Transport & Travel	1,698,000.00	2,170,500.00
Repair maintenance & Improvement	902,533.33	1,447,000.00
Electricity Water & Conservancy	902,200.00	1,491,000.00
Development	255,000.00	1,447,000.00
Industrial Attachment & Insurance	775,183.33	1,311,467.00
HELB	0.00	98,000.00
Ujuzi manyattani	1,530,000.00	1,200,000.00
Total revenue from the rendering of services	<u>19,857,343.00</u>	<u>35,962,511.00</u>

8. HIRE OF FACILITIES AND EQUIPMENT

Description	2020-2021	2019-2020
	KShs	KShs
Bus hire	256,655.00	265,500.00

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Hostel rent	1,963,000.00	1,963,000.00
Pay As you Eat	7,944,710.00	12,169,750.00
Total	10,164,365.00	14,398,250.00

9. OTHER INCOME

Description	2020-2021	2019-2020
	KShs	KShs
Income from sale of tender	27,000.00	175,000.00
Library charges	0.00	7,500.00
Total other income	27,000.00	182,500.00

10. USE OF GOODS AND SERVICES

Description	2020-2021	2019-2020
	KShs	KShs
Water & Electricity	823,120.00	897,578.00
Administration cost	3,082,501.00	2,675,557.00
Local Travel & transport	2,694,743.75	3,205,429.00
KATTI, CAPA & ICPAK Membership subscriptions	358,740.00	214,200.00
ISO, PC, surveys & Policies	1,391,845.00	1,314,445.00
Advertising	565,701.00	418,800.00
Examination fees	5,207,094.00	3,513,425.00
Registration	22,000.00	7,000.00
ICT Fund	38,705.00	204,182.00
Student welfare	283,057.00	267,715.00
Research and innovation	0	608,275.00
Bus expenses	635,849.00	591,291.00
Student Insurance	0	163,388.00
Activity	520,680.00	881,526.00
Tuition	322,596.00	1,688,476.00
Staff training and capacity Building	0	776,773.00
Attachment	116,000.00	27,900.00
Laikipia West TTI	452,838.00	367,500.00
Igembe South TTI meetings	89,400.00	0.00
Pay AsYou Eat	4,591,759.00	4,523,260.00
Hostel rent	1,064,811.00	1,017,200.00
HELB	0	7,450.00
Timau campus	4,081.00	563,904.00
Ujuzi manyattani	1,742,488.00	76,000.00
Library Complex	0	12,000.00
Solar panels and batteries	38,700.00	0.00
Merti TVC	3,055,005.00	608,058.00
Live fences and flowers	10,000.00	0.00
Covid -19	1,306,763.00	0.00
Provision of bad & doubtful debts	96,393.00	0.00
Provision for 2020/2021 audit fees	139,200.00	0.00
Total good and services	28,654,069.75	24,631,332.00

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11. EMPLOYEE COSTS

Description	2020-2021	2019-2020
	KShs	KShs
Salaries and wages	6,665,483.00	6,390,443.00
Employee costs	<u>6,665,483.00</u>	<u>6,390,443.00</u>

12. REMUNERATION OF DIRECTORS

Description	2020-2021	2019-2020
	KShs	KShs
Directors' emoluments	1,849,767.00	1,805,765.00
Total director emoluments	<u>1,849,767.00</u>	<u>1,805,765.00</u>

13. REPAIRS AND MAINTENANCE

Description	2020-2021	2019-2020
	KShs	KShs
Repairs on motor vehicles	17,000.00	216,210.00
Repairs on building	801,766.00	0.00
Repairs on computers & printers	55,552.00	0.00
Repairs on equipments	68,660.00	0.00
Repairs on machines	14,000.00	0.00
Total repairs and maintenance	<u>956,978.00</u>	<u>216,210.00</u>

14. CONTRACTED SERVICES

Description	2020-2021	2019-2020
	KShs	KShs
Property valuations	60,000.00	0.00
Total contracted services	<u>60,000.00</u>	<u>0.00</u>

15. FINANCE COSTS

Description	2020-2021	2019-2020
	KShs	KShs
Bank charges	5,760.00	0.00
Total finance costs	<u>5,760.00</u>	<u>0.00</u>

16. DEPRECIATION AND AMORTIZATION EXPENSE

Description	2020-2021	2019-2020
	KShs	KShs
Property, plant and equipment	7,471,187.00	0.00
Intangible assets	224,750.00	0.00
Total depreciation and amortization	<u>7,695,937.00</u>	<u>0.00</u>

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17. CASH AND CASH EQUIVALENTS

Description	2020-2021	2019-2020
	KShs	KShs
Current account	99,279,903.04	107,892,511.00
cash at hand	155,746.00	38,823.00
Total cash and cash equivalents	99,435,649.04	107,931,334.00

17 (a). DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

Financial institution	Account number	2020-2021	2019-2020
		KShs	KShs
a) Current account			
Co-operative Bank - Operations	01139020668101	13,189,016.25	4,071,356.00
Co-operative Bank - Development	01139020668100	51,495,021.80	68,997,191.00
Co-operative Bank – Merti T.V.C	01141437222600	3,631,311.75	6,316,757.00
Equity Bank – Institute fund	1040298395060	30,964,393.24	28,507,047.00
Equity Bank – Laikipia west T.T. I	1040273638568	160.00	160.00
Sub- total		99,279,903.04	107,892,511.00
b) Others(specify)			
cash in hand		155,746.00	28,323.00
Mobile Money account		0.00	10,500.00
Sub- total		155,746.00	38,823.00
Grand total		99,435,649.04	107,931,334.00

18. RECEIVABLES FROM EXCHANGE TRANSACTIONS

18(a) Current Receivables from Exchange Transactions

Description	2020-2021	2019-2020
	KShs	KShs
Current receivables		
Student debtors	11,833,359.00	18,971,814.00
Employees Advances	178,000.00	230,000.00
Total current receivables	12,011,359.00	19,201,814.00

18(b) Provision of bad & doubtful debt of Current Receivables from Exchange Transactions

Description	Receivables	Provision of bad debt	bad & doubtful debts	2020-2021	2019-2020
				KShs	KShs
Current receivables					
Student debts (Over 2 years)	45,806.00	100%	45,806.00	0.00	0.00
Student debts (between 361 days to 720 days)	49,390.00	50%	24,695.00	24,695.00	0.00
students' debt (between 241 days to 360 days)	103,566.00	25%	25,892.00	77,674.00	0.00
debtors below 240 days	11,730,990.00	0%	0.00	11,730,990.00	18,971,814.00
Employees Advances	178,000.00	0%	0.00	178,000.00	230,000.00
Total current receivables	12,107,752.00		96,393.00	12,011,359.00	19,201,814.00

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19. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

19(a) Current Receivables from Non-Exchange Transactions

Description	2020-2021	2019-2020
	KShs	KShs
Transfers from other govt. entities (Merti TVC)	3,055,015.00	0.00
Total current receivables	<u>3,055,015.00</u>	<u>0.00</u>

19(b) Reconciliation for Impairment Allowance on Receivables from Non-Exchange Transactions

Description	2020-2021	2019-2020
	KShs	KShs
At the beginning of the year	0.00	0.00
Additional provisions during the year	0.00	0.00
Recovered during the year	0.00	0.00
Written off during the year	0.00	0.00
At the end of the year	<u>0.00</u>	<u>0.00</u>

20. INVENTORIES

Description	2020-2021	2019-2020
	KShs	KShs
Consumable stores	500,849.00	218,543.00
Total inventories at the lower of cost and net realizable value	<u>500,849.00</u>	<u>218,543.00</u>

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21. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Motor vehicles	Furniture and fittings	Printers & Computers	Other Assets	Plant and equipment	Capital Work in progress	Total
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
Cost									
Jul-19	0.00	0.00	0.00	547,500.00	1,401,600.00	581,500.00	0.00	145,927,578.00	148,458,178.00
Additions	0.00	0.00	0.00	0.00	248,200.00	1,280,750.00	1,193,581.00	4,493,008.00	7,215,539.00
Disposal	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transfer/Adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
At 30th June 2020	0.00	0.00	0.00	547,500.00	1,649,800.00	1,862,250.00	1,193,581.00	150,420,586.00	155,673,717.00
At 1 July 2021	0.00	0.00	0.00	547,500.00	1,649,800.00	1,862,250.00	1,193,581.00	150,420,586.00	155,673,717.00
Valuation			6,000,000.00		1,845,400.00		30,894,274.00		38,739,674.00
Additions	6,177,508.00		-	378,195.00	722,797.00	10,000.00	411,457.00	20,910,361.00	28,610,318.00
Disposal	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transfer/Adjustments									
At 30th June 2021	6,177,508.00	6,000,000.00	6,000,000.00	925,695.00	4,217,997.00	1,872,250.00	32,499,312.00	171,330,947.00	223,023,709.00
Depreciation & Impairments									
At 1 July 2020	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Impairment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
At 30 June 2021	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
At 1 July 2020									
Depreciation	154,437.70	1,500,000.00	1,500,000.00	115,711.88	1,404,593.00	234,031.25	4,062,414.00	0.00	7,471,187.83
Depreciation Rate	0.025	0.025	0.25	0.125	0.333	0.125	0.125		
Impairment									
At 30th June, 2021	154,437.70	1,500,000.00	1,500,000.00	115,711.88	1,404,593.00	234,031.25	4,062,414.00	0.00	7,471,187.83
Net Book Value									
At 30 June 2020		6,023,070.30	4,500,000.00	809,983.13	2,813,404.00	1,638,218.75	28,436,898.00	171,330,947.00	215,552,521.17
At 30 June 2021		6,023,070.30	4,500,000.00	809,983.13	2,813,404.00	1,638,218.75	28,436,898.00	171,330,947.00	215,552,521.17

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22. Work In Progress

Description	2020-2021	2019-2020
	KShs	KShs
BCE workshop	513,261.00	0.00
Library Complex	925,789.00	0.00
Roofing walking & Kitchen Service Area	135,295.00	0.00
Merti Tti	2,558,661.00	0.00
Laikipia West Tti	3,823,677.00	0.00
Igembe South TTI	12,953,678.00	0.00
Total work in progress	20,910,361.00	0.00

23. Depreciation of assets

Depreciation of assets has been provided at cost of asset regardless of when the asset was bought at the following rates

- a) Land and buildings 2.5%
- b) Motor vehicles 25%
- c) Furniture and fittings 12.5%
- d) Computers and printers 33.3%
- e) Plant and equipments 12.5%
- f) Other assets 12.5%

Valuation

Land and buildings were valued by Ministry of public works Meru County on 2020/2021 FY on historical basis of valuation.

24. Properties, Plant and Equipment at Cost

The buildings and other assets were stated on the historical cost basis the amount is as follows:

Assets	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	0.00	0.00	0.00
Buildings	6,177,508.00	154,437.70	6,023,070.30
Plant and machinery	32,499,312.00	4,062,414.00	28,436,898.00
Motor vehicles, including motorcycles	6,000,000.00	1,500,000.00	4,500,000.00
Computers and related equipment	4,217,997.00	1,404,593.00	2,813,404.00
Office equipment, furniture, and fittings	925,695.00	115,711.88	809,983.12
other assets	1,872,250.00	234,031.25	1,638,218.75
Work In Progress	171,330,947.00	0.00	171,330,947.00
Total	223,023,709.00	7,471,187.83	215,552,521.17

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25. INTANGIBLE ASSETS-SOFTWARE

Description	2020-2021	2019-2020
	KShs	KShs
Cost		
At beginning of the year	0.00	0.00
Additions	1,798,000.00	0.00
At end of the year	1,798,000.00	0.00
Amortization and impairment		
At beginning of the year	0.00	0.00
Amortization (ERP to be in use for 8 years)	224,750.00	0.00
At end of the year	224,750.00	0.00
Impairment loss		
At end of the year	224,750.00	0.00
NBV	1,573,250.00	0.00

26. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2020-2021	2019-2020
	KShs	KShs
Trade and other payables	4,540,729.00	5,576,705.00
Fees paid in advance	9,669,057.00	9,356,687.00
Hostel income paid in advance	1,864,450.00	1,206,000.00
Total trade and other payables	16,074,236.00	16,139,392.00

27. (a) REFUNDABLE DEPOSITS FROM CUSTOMERS

Description	2020-2021	2019-2020
	KShs	KShs
Refundable deposits to students: Caution Money	117,333.00	117,333.00
Refundable deposits from mentor institutions & construction projects	14,422,247.00	12,806,386.00
Total deposits	14,539,580.00	12,923,719.00

27(b) REFUNDABLE DEPOSITS FROM MENTOR INSTITUTIONS & CONSTRUCTION PROJECTS

	2020-2021	2019-2020
	KShs	KShs
Retentions for construction projects		
Laikipia West TTI	3,104,780.00	2,679,875.00
Merti TVC	5,508,038.00	5,213,844.00
Igembe South TTI	2,918,268.00	1,478,970.00
(Library complex) Corban construction	2,759,285.00	2,759,285.00
Famous General contractors	0.00	674,412.00
BCE workshop (Nkingo construction co.)	131,876.00	0.00
Total deposits	14,422,247.00	12,806,386.00

Retirement benefit Asset/ Liability

The institute does not operate a defined benefit scheme for all full-time employees.

The institute also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The institute's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at **Kshs. 400.00** per employee per month

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28. CASH GENERATED FROM OPERATIONS

	2020-2021	2019-2020
Surplus for the year before tax	KShs	KShs
Net Surplus for the year	4,699,005.00	25,609,551.00
Adjusted for:		
(add)Provision on Depreciation of assets	7,695,937.00	0.00
(add)provision on bad & doubtful debts	96,393.00	0.00
Working Capital adjustments		
Increase in inventory	-282,306.00	0.00
Decrease /Increase in receivables	4,135,440.00	0.00
Decrease /Increase in deferred income	0.00	0.00
Decrease/Increase in payables	1,550,705.00	0.00
Net cash flow from operating activities	17,895,174.00	25,609,551.00

29. FINANCIAL RISK MANAGEMENT

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

(i) Credit risk

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

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

	Total amount	Fully performing	Past due	Impaired
At 30 June 2020	Kshs	Kshs	Kshs	Kshs
Receivables from exchange transactions	19,201,814.00	19,201,814.00	0.00	0.00
Receivables from non-exchange transactions	0.00	0.00	0.00	0.00
Bank balances	107,931,334.00	107,931,334.00		
Total	127,133,148.00	127,133,148.00	0.00	0.00
At 30 June 2021				
Receivables from exchange transactions	12,011,359.00	10,129,089.00	1,836,464.00	45,806.00
Receivables from non-exchange transactions	3,055,015.00	0.00	3,055,015.00	0.00
Bank balances	99,435,649.04	99,435,649.04	0.00	0.00
Total	114,502,023.04	109,564,738.00	4,891,479.00	45,806.00

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(i) Credit risk (continued)

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

(ii) Liquidity risk management

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

The 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 3 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2020				
Trade and other payables	0.00	29,063,111.00	0.00	29,063,111.00
Employee benefit obligation	0.00	0.00	0.00	0.00
Total	0.00	29,063,111.00	0.00	29,063,111.00
At 30 June 2021				
Trade and other payables	3,673,628.75	6,453,881.00	20,486,306.25	30,613,816.00
Employee benefit obligation	0.00	0.00	0.00	0.00
Total	3,673,628.75	6,453,881.00	20,486,306.25	30,613,816.00

(iii) Market risk

The institute out sources external auditor from sister TVET institute to assist it in assessing the risk faced by the institute on an on-going 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 which will affect the institute's income. 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 Board Committee.

The institute's Finance Department is responsible for the development of detailed risk management policies and for the day-to-day implementation of those policies.

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

a) Foreign currency risk

The institute 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

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date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The carrying amount of the institute's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2021			
Financial assets (cash, debtors)	0.00	0.00	0.00
Liabilities	0.00	0.00	0.00
Trade and other payables	0.00	0.00	0.00
Borrowings	0.00	0.00	0.00
Net foreign currency asset/(liability)	0.00	0.00	0.00

The institute 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.

b) Interest rate risk

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

Sensitivity analysis

The institute analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on surplus or deficit 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.

iv) Capital Risk Management

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

	2020-2021	2019-2020
	Kshs	Kshs
Revaluation reserve	0.00	0.00
Retained earnings	97,225,126.00	92,943,721.00
Capital reserve	229,512,503.00	229,512,503.00
	<u>326,737,629.00</u>	<u>322,456,224.00</u>
Total funds		
Total borrowings	0.00	0.00
Less: cash and bank balances	99,435,649.04	107,931,334.00
Net debt/ (excess cash and cash equivalents)	<u>99,435,649.04</u>	<u>107,931,334.00</u>
Gearing	0.00	0.00

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Nature of related party relationships

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

Government of Kenya

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

- i) The National Government;
- ii) The Parent Ministry;
- iii) Institute Top Management;
- iv) Board Of Governors;
- v) Sponsors Of Institute Programme (Nrt- Ujuzi Manyattani)
- vi) Parents/Guardians

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

	2020-2021	2019-2020
	Kshs	Kshs
Transactions with related parties		
a) Grants /Transfers from the Government		
Grants from National Govt: Capitation	11,947,500.00	7,110,000.00
Merti TVC Grants	3,500,000.00	1,000,000.00
Development grants – Merti TVC	5,090,791.00	0.00
b) Sponsors Of Institute Programme (NRT- Ujuzi Manyattani)	1,530,000.00	1,200,000.00
c) Parents/Guardians	18,327,343.00	34,762,511.00
Total	40,395,634.00	44,072,511.00
c) Expenses incurred on behalf of related party		
Payments of operations expenses of behalf mentee institutions		
Laikipia West TTI	452,838.00	367,500.00
Igembe South TTI meetings	89,400.00	0.00
Merti TVC	3,055,005.00	0.00
Total	3,597,243.00	367,500.00
d) Key management compensation		
Directors' emoluments	1,849,767.00	1,805,765.00
BoG employees costs	6,665,483.00	6,832,929.00
Total	8,515,250.00	8,638,694.00

31. SEGMENT INFORMATION

The institute does not operate in segments

32. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent Assets

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	2020-2021	2019-2020
	Kshs	Kshs
Contingent assets	0.00	0.00
Total	0.00	0.00

Contingent Liabilities

	2020-2021	2019-2020
	Kshs	Kshs
Contingent liabilities	0.00	0.00
Total	0.00	0.00

33. EVENTS AFTER THE REPORTING PERIOD

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

34. ULTIMATE AND HOLDING ENTITY

The institute is TVET institute under the Ministry of education. Its ultimate parent is the Government of Kenya.

35. CURRENCY

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

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APPENDIX 1: 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.

Ref No.	Issue / Observations	Management comments	Status:	Timeframe:
1.0	Inaccuracies in Financial Statements			
1.1	Statement of Financial Position: Unbalanced Statement of Financial Position reflecting variance of Kshs. 68,429,927. In addition, the variance in comparative of Kshs. 127,683,849 was not explained.	The errors in the statement of financial position originated in the 2018/19 financial years reports. The misstatements in 2020/2019 financial statement to be adjusted in 2020/21 financial reports	Not Resolved	June 30 th , 2022
1.2	Statement of Changes in Net Assets: Unreconciled Variance of Kshs 174,738,348.	The errors in the statement of change in net asset resulted due to omission of the opening balance of the receivables and payables for the prior year in the financial statements. The misstatements in 2020/2019 financial statement to be adjusted in 2020/21 financial reports	Not Resolved	June 30 th , 2022
1.3	Unreconciled variance between the Statement of Comparison of Budget and Actual Amounts and Statement of Financial Performance Kshs. 3,768,497.	The statement of the comparison of the budget and actual was done on cash basis while the statement of the financial performance was on accrued bases.	Resolved	
2.0	Inaccuracies in Property, Plant and Equipment:			
2.1	The statements of financial position reflect a figure of Kshs. 155,737,717 while recasting of the balance amount to Kshs. 155,673,717 resulting in unreconciled variance of Kshs. 64,000.	The errors in the statement of financial position originated in the 2018/19 financial years reports. The misstatements in 2020/2019 financial statement to be adjusted in 2020/21 financial reports	Not Resolved	June 30 th , 2022
2.2	Property, plant and equipment was not depreciated contrary to paragraph 88 of IPSAS 17.	The misstatements in 2020/2019 financial statement to be adjusted in 2020/21 financial reports to factor the prior year omitted depreciations	Not Resolved	June 30 th , 2022
3.0	Unconfirmed Fees from Students: Bursaries amounting Kshs. 249,550 received from various Constituency Development Fund, County Government and Non Government Organizations in respect to 32 students was not posted in student fees accounts.	The unreconciled bursaries of the kshs.249,550.00 were in respect for the trainees who hadn't reported back from during the term the audit was done. However they were received in	Resolved	

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Ref No.	Issue / Observations	Management comments	Status:	Timeframe:
4.0	Rental Revenue from Facilities and Equipment: The statement of financial performance reflect rental revenue amount of Kshs. 14,398,250 which includes Kshs. 12,169,750 in respect of Pay As You Eat which relate to National Youth Service. However, review of the receipt books, kitchen sales register and NYS registers revealed that some did not indicate the student unique service numbers. In addition, reconciliation records were not provided.	NYS registers used to give the trainees food ration has service number. The reconciliation of the cost of the foods and sales is done to ensure that the cafeteria is self sustaining	Resolved	
5	Current Liabilities: Unconfirmed Current Liabilities: The statement of financial position reflects comparative balances on development, bus project, jua kali project and production unit balance of Kshs. 503,218, Kshs. 1,172,200,504,915 and 18,821 respectively totalling Kshs. 2,201,154 but nil balance were reflected in the statement of financial position for the year ended 30th June 2020.No records were availed to confirm how the balances were cleared.	The liabilities disclosed in the 2018/19 financial years were debited in the respective ledgers and credited in the institute accounts as revenues	Resolved	
5.2	Unsupported Trade and Other Payables from Exchange Transactions :Supporting documents including schedules, invoices, contracts and local purchase orders were not provided to support an amount of Kshs. 1,749,521	The supporting documents for the trade and other payables has been sourced and provided to support the kshs 1,749,521 The said payables have so far been cleared	Resolved	
6.0	Inaccuracies in cash and cash equivalent: Supporting records on receipts in bank not receipted, unrepresented cheques, Higher Educational Loans Board (HELB), NYS and bank charges of Kshs. 1,523,952, Kshs. 257,273, Kshs. 1,394,400, Kshs. 7,107,900 and Kshs. 30,840 respectively were not provided.	Bank reconciliation statement reconciling the cashbook bank balance and the bank balance as per the bank statement was done	Resolved	
7.0	Unsupported Receivables from Exchange Transactions Note 27(a) reflects receivable from exchange transactions balance of Kshs. 19,201,814 which include student receivable of Kshs. 18,971,814 which was not supported with debtors ageing analysis.	The supporting of the Receivables from Exchange Transactions has been availed; however the recovery has been made for the disclosed kshs. 18,971,814. In the 2019/2020 financial year, the ageing of the debtors has been made.	Resolved	
8.0	Remuneration of Directors: Note 17 reflect remuneration of Directors balance of Kshs. 1,807,765 which was not supported with attendance	Remuneration of Directors balance of Kshs. 1,807,765 which was not supported as at the	Resolved	

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Ref No.	Issue / Observations	Management comments	Status:	Timeframe:
	registers, approved rates and invitation letters.	time of the audit with attendance registers, approved rates has been fully supported with the prerequisite evidences		
9	9.0 Use of Goods and Services:			
9.1	Unsupported Bus Expenses: Expenditure of Kshs., 383,941 was not supported with register for repairs and approval letters.	supporting of the bus expenses of kshs.383,941.00 has been done	Resolved	
9.2	Unsupported Consumables: Expenditure amounting Kshs. 382,800 on training was not supported with work tickets, bus tickets, authority to use own vehicles and assessment report.	Supporting of the Consumables expenditure amounting Kshs. 382,800 on training has been done	Resolved	
9.3	Unconfirmed activity expenses: Payment amounting Kshs. 127,815 was not supported with acknowledgement receipt and invoice.	Unconfirmed activity expenses amounting to Kshs. 127,815 which was not supported with acknowledgement receipt and invoice at the time of audit, the supporting were sourced and provided.	Resolved	
9.4	Training Expenses: Common Wealth Association of Technical Universities and Polytechnics in Africa (CAPA) 2019 International Conference in Kigali: The Principal was over paid by Kshs. 33,952 in respect to subsistence allowances without justification. Further, documents provided for audit review show that the Principal was paid Kshs. 377,438 instead of Kshs. 277,438 resulting to a variance of Kshs. 100,000 which was not accounted for.	The principal attended CAPA principal meeting at Kigali, Rwanda. The meeting was of 7 days, each day being subsistence allowance of kshs.33,951 totalling to kshs.237,658.00 Air ticket of kshs 36,780.00 Travel to Nairobi and back kshs 3,000.00 excursion payment of kshs.100,000.00 see annex 9.4 for copy of the PV no 94	Resolved	
9.5	Unsupported Laikipia West Technical Training Institute Expenditure: Documents supporting expenditure amounting Kshs. 248,500 were not provided. In addition, the balance of Kshs, 367,500 include expenditure purportedly paid to a firm for provision of transport services to Laikipia West but supporting records revealed Kshs.57,400 was paid to the Principal and the Principal's driver.	The supporting documents for Kshs. 248,500 and Kshs, 367,500 expenditures have been availed for review.	Resolved	
9.6	Unsupported Hostel Rent and Other Expenses: Quotations, evaluation minutes, professional opinion, notification of award and contract agreements between suppliers and the Institution were not availed to support expenditure amounting Kshs. 971,500. Also no evidence was provided to confirm the service was competitively procured.	Hostel Rent and Other Expenses that were not supported at the time of audit have been supported with the prerequisite supporting evidences .		

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Ref No.	Issue / Observations	Management comments	Status:	Timeframe:
10	Other Matters			
10.1	Budget Control Performance: Under collection of revenue budget by Kshs. 13,041,705 or 18% and under expenditure of Kshs.36.869,033 or 46 %. In addition, no supplementary approval to support over expenditure of Kshs. 8,320,533.	The under collection of revenue and under expenditure was due to the suspension of physical learning in all institution Kenya due to effects of the Covid 19 from March, 2020	Resolved	
12	Lawfulness and effectiveness in use of public resources			
12.1	Stalled project in Laikipia West Training Institute: The project had stalled and reported to have been terminated due to fundamental breach by the contractor but the Institute had not sought compensation in form of liquidated damages in case of delay for completion.	The disputes that had made the project to be terminated were resolved and contractors reinstated.	Resolved	
12.2	2.0. Irregular Award of Tender: Contract for supply of property, plant and equipment additions of Kshs. 990,000 was awarded to the 5 th Lowest bidder but the two grounds for disqualification of were not stated in quotations.	See the minute for the award of the tender which justifies the ward to the lowest evaluated bidder <i>see note 12.2 for the appendix 1</i>	Resolved	
12.3	3.0. Delayed completion of Igembe South Technical Training Institute: The expected completion date was 24th February 2017 but by September 2020, 220 weeks after project commencement the project was not completed. In addition, the lowest bidder was not awarded and tender processing committee did not justify award to the highest bidder	See the report on the delay of the completion of the project <i>see note 12.3 for the appendix 1</i>	Resolved	

Accounting Officer

Name *Jackson Mboe* **Principal / BoG Secretary**

Signature *Alexander Mboe*

Date *27/5/2022*

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APPENDIX II: PROJECTS IMPLEMENTED BY THE INSTITUTE

Projects

Projects implemented by the institute funded by the GoK

Project title	Project Number	Donor	Period/duration	GOK	Provide appropriate heading(e.g.) expenditure to date	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
Library Complex	1	GOK	3yrs	110,790,566.00	53,756,658.56	NO	N/A
Merti T.V.C	2	GOK	3yrs	57,834,143.00	55,080,392.00	NO	N/A
Laikipia West T.T. I	3	GOK	3yrs	55,471,853.00	31,047,796.40	NO	N/A
Igembe South T.T. I	4	GOK	3yrs	57,520,415.00	29,182,676.40	NO	N/A
				281,616,977.00	169,067,523.36		

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Library Complex	110,790,566.00	53,756,658.56	48.52	110,790,566.00	53,756,658.56	GOK
2	Merti T.V.C	57,834,143.00	55,080,392.00	95.24	57,834,143.00	55,080,392.00	GOK
3	Laikipia West T.T. I	55,471,853.00	31,047,796.40	55.97	55,471,853.00	31,047,796.40	GOK
4	Igembe South T.T. I	57,520,415.00	29,182,676.40	50.43	57,520,415.00	29,182,676.40	GOK
	Total	281,616,977.00	169,067,522.96		281,616,977.00	169,067,522.96	

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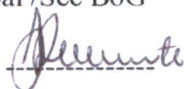
APPENDIX III: INTER-INSTITUTETRANSFERS

INSTITUTENAME:		KIIRUA TECHNICAL TRAINING INSTITUTE		
Break down of Transfers from the State Department of Technical & Vocational Training				
FY 2020/2021				
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	Grants for Merti TVC	18/11/2020	500,000.00	2020/2021
		18/11/2020	500,000.00	2020/2021
		22/02/2021	500,000.00	2020/2021
		22/02/2021	500,000.00	2020/2021
		1/04/2021	500,000.00	2020/2021
		1/04/2021	500,000.00	2020/2021
		10/05/2021	500,000.00	2020/2021
		Total	3,500,000.00	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	Merti TVC Dev Grants	29/06/2021	5,090,791.00	2020/2021
		Total	5,090,791.00	
c.	Direct Payments			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		19/11/2020	4,005,000.00	2020/2021
		10/02/2021	1,095,000.00	2020/2021
		30/03/2021	3,547,500.00	2020/2021
		30/06/2021	3,300,000.00	2020/2021
		Total	11,947,500.00	
		Total	20,538,291.00	

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

Principal /Sec BoG

Sign



Head of Accounting Unit



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APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/Development/Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
	as per bank statement				Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Education	18/11/2020	Recurrent – Merti TVC	500,000.00	500,000.00					500,000.00
	18/11/2020	Recurrent – Merti TVC	500,000.00	500,000.00					500,000.00
	22/02/2021	Recurrent – Merti TVC	500,000.00	500,000.00					500,000.00
	22/02/2021	Recurrent – Merti TVC	500,000.00	500,000.00					500,000.00
	1/04/2021	Recurrent – Merti TVC	500,000.00	500,000.00					500,000.00
	1/04/2021	Recurrent – Merti TVC	500,000.00	500,000.00					500,000.00
	10/05/2021	Recurrent – Merti TVC	500,000.00	500,000.00					500,000.00
			<u>3,500,000.00</u>	<u>3,500,000.00</u>					<u>3,500,000.00</u>
Ministry of Education	19/11/2020	Capitation	4,005,000.00	4,005,000.00					4,005,000.00
	10/02/2021	Capitation	1,095,000.00	1,095,000.00					1,095,000.00
	30/03/2021	Capitation	3,547,500.00	3,547,500.00					3,547,500.00
	30/06/2021	Capitation	3,300,000.00	3,300,000.00					3,300,000.00

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			<u>11,947,500.00</u>	<u>11,947,500.00</u>					<u>11,947,500.00</u>
Ministry of Education	30/06/2021	Development – Merti TVC	5,090,791.00		5,090,791.00				5,090,791.00
Total			20,538,291.00	15,447,500.00	5,090,791.00				20,538,291.00