

REPUBLIC OF KENYA



Enhancing Accountability



PARLIAMENT
OF KENYA
LIBRARY

REPORT

DATE: 18 JUN 2025

DAY.
Wednesday

OF

TABLED
BY:

Hon. Owen Baya MP
Deputy Leader of Opposition

CLERK-AT
THE-TABLE:

Lomale

THE AUDITOR-GENERAL

ON

GITWEBE TECHNICAL TRAINING INSTITUTE

FOR THE YEAR ENDED

30 JUNE, 2023



ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30TH JUNE 2023**

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

Table of Contents

1.	Acronyms & Glossary of Terms	ii
2.	Key Entity Information and Management	iii
3.	The Board of Governors	vi
4.	Key Management Team	viii
5.	Chairman's Statement	xi
6.	Report of the Senior Principal	xii
7.	Statement of Performance against Predetermined Objectives	xiii
8.	Corporate Governance Statement	xiv
9.	Management Discussion and Analysis	xvi
10.	Environmental And Sustainability Reporting Statement	xviii
11.	Report of the Board of Governors	xxi
12.	Statement of Board of Governor's Responsibilities	xxii
13.	Report of the Independent Auditor on Gitwebe Technical Training Institute	xxiii
14.	Statement of Financial Performance For The Year Ended 30 th June 2023	1
15.	Statement of Financial Position As At 30th June 2023	2
16.	Statement of Changes in Net Asset For The Year Ended 30 June 2023	3
17.	Statement of Cash Flows For The Year Ended 30 June 2023	4
18.	Statement of Comparison of Budget & Actual amounts For Year Ended 30 June 2023	5
19.	Notes to the Financial Statements	8
20.	Appendices	26

1. Acronyms & Glossary of Terms

BOG	Board of Governors
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
TTI	Technical Training Institute
TTC	Teacher Training College
TVC	Technical Vocational College
Fiduciary Management	Key management personnel who have financial responsibility in the entity

2. Key Entity Information and Management

(a) Background information

Gitwebe Technical training Institute was registered on 2016 by the ministry of education under TVET Act no 29 of 2013. It is one of the thirteen newly established Technical institutes in Kenya during the tenth parliament. Before registration it has been under mentorship of Kisii National Polytechnic. The Institute has governing board of Governors and directly funded by the Government. The posting of Principal was done and on January 2018 admission of the first students started. The Board of Governors was inaugurated on January 2018 The Institute is situated in Nyamira County a long Ikonge chabera road. Our main aim to ensure that the institute is recognised both nationally and internationally as a centre for academic excellence with full support from the national Government.

(b) Principal Activities

The mandate of the institute as provided by the ministry of education science and technology includes;

- a) To offer teaching/training in science and technology.
- b) To offer innovative discovery, transmission and preservation of knowledge.
- c) To carry research and entrepreneurial activities.
- d) To participate in commercial ventures and activities that promote the objectives of the institution
- e) To foster the general welfare of staff. Students and the community
- f) To develop and provide educational, cultural, professional, technical and vocational services to the community and in particular foster corporate social responsibility
- g) To promote social – economic development in line with the county’s development agenda

VISION

To be the Centre of excellence for Technical, Vocational Education and Training.

MISISON

To provide Competent Human Resource for Sustainability Development in Science and Technology.

MOTTO

To understand the course of things to innovate new ways of doing them better “home of innovation”

CORE VALUES

Gitwebe Technical Training Institute is committed to the following core values:

- i) Integrity
- ii) Transparency and Accountability
- iii) Creativity and Innovation
- iv) Professionalism & Teamwork
- vi) Financial Sustainability

(c) Key Management

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

1. Board of governors
2. Principal/ Bog Secretary
3. Deputy Principal
4. Principal 's Management Committees

(d) Fiduciary Management

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

No.	Designation	Name
1.	Principal	Albert Omariba
2.	Deputy principal	Abner Matoke Onchiri
3.	Ag. Registrar	Kenyagah Wilfred
4.	Ag. Dean of students	Kennedy Ongaga
5.	Head of Finance	Samuel P. Aamba
6.	Head of procurement	Onesimus Mesesi
7.	Human resource	Dennis Obike
8.	Internal Auditor	Catherine Oriku

(e) Fiduciary Oversight Arrangements

Committee

members

-Finance Committee

- Alfred Basweti Chair
- Twailer Chelangat Member
- Tom Olango Member
- Albert Omariba Principal

-ICT and Resource Mobilization Committee

- Alfred Basweti Chair
- Tom Olango Member
- Albert Omariba Principal

Gitwebe Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2023

KEY ENTITY INFORMATION AND MANAGEMENT

(f) Entity Headquarter

Gitwebe Technical Training Institute
P.O. Box 326-40500
Off Ikonge- Chabera Road
Nyamira.
Kenya.

(g) Entity Contacts

Telephone: (254) 0703151338
E-mail: gitwebetti@gmail.com
Website: www.gitwebetti.ac.ke

(h) Entity Bankers

Kenya Commercial Bank
P.O Box 403-40500
Nyamira
Kenya




(i) Independent Auditors

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

(j) Principal Legal Adviser

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

3.The Board of Governors

 <p>Mr. Noah Angwenyi (Chairman)</p>	<p>Working experience of over 30 Years.</p> <p>Holds Master’s degree in animal Health from Texas A and M University USA.</p> <p>Chairman Board of Governors Gitwebe tti.</p> <p>Bsc. Agriculture UNIVERSITY OF Nairobi, July 1978.</p> <p>Lecturer University of East Africa, Barton.</p> <p>Registrar University of East Africa, Barton.</p> <p>Farm Manager Kisii University 2019-2020.</p>
 <p>Mr Albert Omariba (Principal)</p>	<ul style="list-style-type: none"> • Currently Principal Gitwebe T.T.I. • Former Deputy Principal Ekerubo Gietai TVC. • Holds a degree in Human Resource Management from Egerton University. • Has an overwhelming experience of Over 20 Years in teaching field.
 <p>Mrs. Twailer Chelangat (Member)</p>	<ul style="list-style-type: none"> • She Holds a Bachelor degree in Computer Science from Moi University. • She has an Experience of over 8 years in ICT Consultancy in Web Development • She is an Ict guru • Ongoing with masters in ICT Policy & Regulation in the Moi University.



CPA Alfred Basweti

- He Holds a Bachelors Degree Of Commerce (Accounting) from the University of Jomo Kenyatta
- He is an ICPAK Member
- He has an Experience of more than 10 years in tax since he is an appoint of KRA in matters pertaining taxation.
- Works has an Auditor in Benson & Associates
- Currently pursuing Masters in taxation.






Director Tom Olango




- Currently regional director TVET
- More than 15 Years working experience.

4. Key Management Team



The management personnel who held office during this year ended 30th June 2023 and who had direct fiduciary responsibility were;

1	 <p>Mr Albert Omariba (Principal)</p>	<ul style="list-style-type: none"> • Currently Principal Gitwebe T.T.I • Former Deputy Principal Ekerubo Gietai TVC. • Holds a degree in Human Resource Management from Egerton University. • Has an overwhelming experience of Over 20 Years in teaching field.
2	 <p>Abner Onchiri (Deputy Principal)</p>	<ul style="list-style-type: none"> • Posted as the deputy principal. • Holder of Master's degree in entrepreneurship from the JKUAT University. • Hold a degree from India as well as PGDE from Egerton University. • Working experience of 33 years 27 years in secondary school and 6 years in technical. • Currently a deputy principal Gitwebe tti.
3		<ul style="list-style-type: none"> • Holds a bachelor's degree in Computer Science from Kisii University and an Advanced Diploma in Technical Education from Kenya Technical Trainers College (KTTC) now Known as Kenya School of TVET. • CICT-VI KASNEB holder.

Gitwebe Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2023

	Wilfred Kenyagah (Ag. Registrar)	<ul style="list-style-type: none"> • Currently he is the Ag. Registrar Gitwebe TTI.
4	 Kennedy (Ag. Dean of Student) Mongare	<ul style="list-style-type: none"> • Holder of Masters in sociology from the University of Nairobi. • Ag. Dean of students Gitwebe TTI. • Initially Head of Department Siaya TTI. • Director of communications Nyamira County. • Kiabonyoru High School teacher. • Overwhelming Experience in teaching of over 20 years.
5	 Samuel p. Aamba (Head of finance)	<ul style="list-style-type: none"> • CPA Finalist from Brilliant college of accountancy (BCA). • 2011-2014 Accountant Nyakeiri Boys High School. • 2015-2017 Accountant St. Charles Ichuni Girls High School. • 2018-to date Gitwebe TTI Finance Officer. • ICPAK Member.
6	 Dennis Obike. (Head of Human resource)	<ul style="list-style-type: none"> • Bachelor's Degree of commerce (Human Resource) from Kenyatta University. • Currently Human Resource Officer Gitwebe TTI. • Born 1992 • IHRM Member. • CHRP- Ongoing.

Gitwebe Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2023

7	 Onesimus Mesesi (Head of Procurement)	<ul style="list-style-type: none"> • Bachelor's Degree in Business Management (Purchasing and supply chain management) from JKUAT • procurement officer Gitwebe tti • Member KISM.
	 Catherine Oriku (Internal Auditor)	<ul style="list-style-type: none"> • MBA (ACCOUNTING) Kisii Universty ongoing. • Degree in bachelor of commerce from Kisi University. • Diploma in Human Resource Management from Moi University. • CPA III

5. Chairman's Statement

Gitwebe Technical Training Institute is a new TVET institution. It opened its operations towards the end of 2018 in admitting its students.

The board of governors was subsequently appointed by the cabinet secretary for education then and held its inaugural meeting on January 2018. On behalf of the entire board, I would wish to thank the cabinet secretary for this appointment.

The Board therefore embarked on a mission to put in place systems, policies, procedures and other frameworks to enable full operationalization of the college. Subsequent to this the Board has already approved the Gitwebe Technical Training Institute strategic plan, in addition to the strategic plan the Board has also nominated various board committees.

The college however faced a number of challenges due to lack of enough financial resources, there were also problem of enrolment at the start. The college seems to overcome the challenge since trainee's enrolment is increasing gradually hence making the future look promising.

The Board has entrusted day to day running of the institution to management headed by the principal who together with the staff ensures that policies put in place by the Board are adhered to the reports in all operational areas are reported to the Board to oversight whether targets set are met.

The Board intends to embark on massive resource mobilization, additional policy formulation, link the institution with key stakeholder groups, enhance sustainability and monitor achievement of targets the Board gives an assurance on continued support to management as they exercise their oversight role for effective performance.

The achievements of the college are attained through hard work and team work of our staff over a period of time. They also reflect commitment of the Board of governors to the academic strategy and the institute's financial sustainability.

I wish to thank the government of Kenya, ministry of education state department of TVET, fellow board members, management and staff for their devotion and participation in striving to make Gitwebe Technical Training Institute Nationally competitive for trainees in the country.

Thank you



Mr. Noah Angwenyi

CHAIRMAN OF THE BOARD

6. Report of the Senior Principal

Introduction.

Presented here is the yearly report and financial statements of Gitwebe Technical Training Institute for the financial year ended 30th June 2023 as required by the public finance management act 2012.

Gitwebe Technical Training Institute's performance during the year was impressive despite few challenges faced in its year like inadequate training staff leading to employing BOG trainers which is costly to maintain. The government capitation and HELB loan is the main source of income to the Institution.

The college has continued with its core business of disseminating knowledge through, training and innovation. The current trainee population has increased to 600 trainees and is expected to increase further by the end of the next financial year.

Development partner's project.

Currently we have completed installation of ICT department project (JITUME PROJECT) and we are committed to do more with availability of finances even though there is financial challenges we intend to operationalise fashion and design department in production.

Operational results.

Financial resources has been a big challenge in the just ended year.

At the close of the financial year, the college had received up to ksh 5,754,000 from the government funding.

The college had a total income of ksh12,512,130 against total expenditure of ksh 11,475,724 Giving a balance of ksh 1,036,406

We are working with the National government, CDF, county government and other donors to improve infrastructure. We intend to improve finances of the institution through regular marketing i.e media platforms and local meetings hopefully this will be realised in the coming financial year.

Conclusion.

On behalf of Gitwebe Technical Training Institute management and staff, I wish to take this opportunity to thank the government of Kenya, our development partners and all stakeholders for their continued support.

Finally, I would like to express my sincere gratitude for constituting the college board of governors to help provide policy and strategic guidance, the entire college staff and students who have worked tirelessly to ensure smooth running of the institution.

Thank you

Albert Omariba

The principal.



7. Statement of Performance against Predetermined Objectives

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

Gitwebe Technical Training Institute has six strategic pillars and objectives within its strategic plan. These pillars are as follows;

- 1: To achieve financial viability and sustainability.
- 2: To develop a strong and a well-managed institution.
- 3: To provide quality education and technical training.
- 4: To improve corporate governance and image.
- 5: To expand and improve the physical facilities.
- 6: To enhance risk management and disaster preparedness.

Gitwebe Technical Training Institute has annual work plan based on the above pillars. Assessment of the Board performance against its annual work plan will be done on quarterly basis.

8. Corporate Governance Statement

We believe in good corporate governance as an institution. The board provides leadership through oversight, review and guidance whilst setting strategic direction.

The Board which has an appropriate mix of skills, knowledge and experience to perform its role effectively was inaugurated on

Board meetings are held quarterly and as and when need arises. The college ensures that it provides the necessary resources and expertise to the board to assist it in their decision making. The ministry of education is also regularly consulted on key policy matters.

General Responsibility

The Board has a duty to the people of Kenya to ensure that Gitwebe Technical Training Institute achieves its objectives efficiently and effectively and in compliance with PFM Act, 2012, TVET Act 2013, all relevant acts of parliament and all ministry directives and guidelines issued from time to time.

The statutory functions of the Board includes;

- Overseeing the conduct of education and training in the institution in accordance with the provisions of TVET act 2013
- Developing and implementing of Gitwebe Technical Training Institute strategic plan.
- Administering and managing the property of the institution.
- Mobilizing resources for the institution.
- Providing for the welfare of the students and staff of the institution.
- Making regulations governing organization and discipline of staff and students.
- Recruiting and appointing both trainers and support staff from among qualified professionals.
- Encouraging, nurturing and promoting democratic culture, dialogue and tolerance in the institution.
- Preparing comprehensive annual reports on all areas of their mandate.
- Discharging all other functions conferred upon by the TVET Act 2013 or any other written laws.

Risk Management and Internal Controls.

The Board has overall responsibility for the establishment and oversight of the institution's risk management frameworks. The risk management policies are established to identify and analyse the risk faced by the institution and to set appropriate risk limits and controls and to monitor adherence to these limits. Risk management policies and systems are reviewed regularly to reflect changes in operating conditions, legislation and services offered. Subsequently the institution identifies and manages risk through in-house risk review enhanced by compliance by internal and external audits.

The institution has in place a system of internal control systems with defined operating procedures, financial and operating controls to ensure that resources are safeguarded, transactions authorised, validated and reported in line with IPSAS.

Conflict of Interest

All Board members are under a duty to avoid any conflict of interest. This entails not engaging directly or indirectly in any business that competes or conflicts with the institution's business. The Board has established a robust process requiring members to disclose outside business interests that would conflict with institutions interests.

Compliance

The Board confirms that it is satisfied that though the institution has inadequate resources it can continue operate for the foreseeable future. For this reason it continues to adopt the going concern basis when preparing the financial statements.

The Board is satisfied that the institution as to the best of their knowledge complied with all relevant laws and conducted its business affairs in accordance with the laws in particular to;

- . The constitution of kenya, 2010.
- . TVET Act ,2012.
- . PFM Act ,2012.
- . Procurement and Asset disposal Act 2015.
- . IPSAS Standards.
- . All other relevant laws in its operation (Ministry of education circulars).

Gitwebe Technical Training Institute also has internal policies which are yet to be ratified and used in its operations. These policies are in line with all the relevant laws stated above and only direct the specific operations on how tasks are handled.

These policies are financial management policy, procurement policy and academic policy.

9. Management Discussion and Analysis

INTRODUCTION.

This discussion and analysis provide an overview of the results of activities and financial position of Gitwebe Technical Training Institute. Being the the third year of operation, comparative information is available for comparison over the previous year. This overview gives a brief financial statements and the notes that follow.

FINANCIAL HIGHLIGHTS.

Revenue.

Gitwebe Technical Training Institute's revenue stood at ksh 12,537,130.00 which is from both the government and HELB loan.

It is hoped that in FY 2023/2024, income of the institution will increase as a result of increase in number of students through marketing and familiarization of the institution via media platforms i.e Radio stations, website and registration with HELB and KUCCPS.

Expenditure.

Total expenditure stood at at ksh 13,555,860

This comprises basically of expenses incurred to operationalize the college. It is worth noting that due to lack of enough funds, trainees are having inadequate lecture rooms. However the college has fashion and design workshop, ICT workshop and classrooms to facilitate smooth learning of the trainees in the year.

Compliance with statutory Requirements.

The college is operating under legal frameworks necessary under public sector requirement such as;

- . The constitution of Kenya, 2010
- . TVET Act, 2013
- . PFM Act, 2012
- . Procurement and Asset disposal Act, 2015
- . IPSAS standards.
- . All other relevant laws in its operation (regular circulars from treasury and the ministry).

The college has also internal policies to be ratified to be used in its future operations. The Board is to discuss and approve the following policies in the next financial year;

- . Financial Management policy.
- . Procurement Policy.
- . Risk Analysis policy.
- . Operational Risk policy.

The Board has overall responsibility for the oversight of the college risk management framework. The college is developing risk management policies to identify and analyse the risk faced by the college, set appropriate risk limits and controls and monitor risk and adherence to limits. These risk management policies and systems will be reviewed regularly to reflect the changes in economic conditions and the college activities.

The principal will then oversee how management monitors compliance with the college risk management policies and procedures review the adequacy of the risk management framework in relation to the risk faced by the college. The college can also be exposed to the following risks in the future;

Liquidity risk.

This is the risk that the college will not meet its financial obligations as they fall due. There is therefore need to increase the number of trainees to cover the fixed costs. The college's approach to manage liquidity is to ensure as far as possible, that there is always sufficient cash to meet liabilities as and when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking to damage the college reputation.

Credit risk.

Credit risk is the risk of financial loss to the college if a customer or counter party to a financial instrument fails to meet its current obligations. The receipt of fees from student minimizes the credit risk exposure. The college will in the future implement fees payment policy which will define how and when fees are supposed to be paid thus minimizing the credit risk exposure.

10. Environmental And Sustainability Reporting Statement

Gitwebe Technical Training Institute's main aim is to transform lives of people. This is what guides us to deliver our strategy of putting the customer first, delivering relevant goods and services and improve operational activities.

Environmental performance

The college's approach to sustainability is based on the college mission to develop highly qualified human resources by providing quality education, applied research and practicability in partnership with industry players.

The institution recognises the importance of sustainable growth and has initiated programmes to generate income to use it in its day to day operations. It is also establishing policies and programmes that are needed to promote sustainable development especially at local and regional level.

Sustainability is also incorporated into student learning through both curricular and co-curricular programs by introducing practicability into the programmes as well as incorporating on job practical training. Programmes have also been planned at increasing the capacity and capability of the trainers through development workshops and trainings.

Environmental performance

Gitwebe Technical Training Institute strives to be a responsible business representing the higher standards of ethics and professionalism. We have reviewed the global best practise guidelines and standards including IPSAS, in order to help inform relevant policy areas. It is therefore important that Gitwebe Technical Training Institute is aware of current environmental issues and informs, educates and stand with the local community to improve the environment.

Our institution's social responsibilities are defined by both compliance and pro activeness. Gitwebe Technical Training Institute, compliance refers to our commitment to upholding all legal requirements, and willing to observe acknowledgement, and respect community values and laws.

- Recognise that privacy is a fundamental right, and we will comply with all laws and expectations. In addition, we will work whenever possible to ensure that we respect the ability for all to manage their personal data.

Gitwebe Technical Training Institute values our natural environment and the need to protect it. Keeping our environment unpolluted and clean is paramount to the success of our communities and business. We will also follow best practices in disposal of garbage, compost, and seek out working facilities that strive to minimize their carbon footprint through National Environmental Management Authority (NEMA) certificate and other environmentally sustainable best practice.

Employee welfare

We recognize the value of human relationships and put people at the heart of our business. We seek to treat all staff fairly and consistently, to create a workplace and business environment that is open, transparent, and trusted. Aligned with this approach, all members of the Gitwebe Technical Training Institute are required to conduct their activities in accordance with our codes and policies, as they are implemented and updated from time to time.

Gitwebe Technical Training Institute respect all employees, and strive to make their experience a positive one in all aspects of their relationship with the institution. Our success is closely tied to staff happiness, growth, development, and teamwork, and we work to assess, measure and support the personal and professional growth of our employees at all times, recognize that the success of Gitwebe Technical Training Institute is led first by the success and happiness of our staff.

We require our staff to act according to the highest standards of honesty and integrity as well as comply with all legal and regulatory requirements, which extend to the protection of human rights.

As an institution, we will also ensure that we do not risk the health and safety of our employees and community, we avoid harming the lives or safety of local and indigenous people, and we respect the basic human rights of all people, involved in our business. Gitwebe Technical Training Institute is dedicated to protecting human rights. We practice and commit to equal opportunity.

Additionally, Gitwebe Technical Training Institute will ensure that our activities do not directly or indirectly violate human rights in any way.

Market place practices

Diversity and inclusion are deeply ingrained in all aspects of our mission. There are core values to our institution because they are aligned to our institution's ethics. These policies also have the added value of improving training performance. Studies show that more diverse teams perform better, and institutions that have more inclusive environments also experience less turnover, have higher internal morale, and higher productivity rates from their employees.

Corporate Social Responsibility / Community Engagements.

Gitwebe Technical Training Institute recognises an expectation to have a positive impact on our community, and we promote this expectation through provision of water to the community during dry seasons, volunteering and community services like encouraging students to rent houses from the community.

Our pro activeness is manifested by emphasising and recognizing human rights locally and globally and actively engaging with our communities through volunteering and community services like educating the community on the importance of education (why educate their sons and daughters) this is done through sensitization forums like churches and barasa .

As an institution, we will formulate policies and take action to drive diversity and inclusion by providing an inclusive environment where all are empowered to share their diverse

perspectives and experiences so we can ultimately be better together. Our policies , practices , programs , activities and decisions regarding employment , hiring , assignment , promotion, compensation , volunteerism and internships are not based on a person's ethnicity ,colour , sex, age, religion, national origin, mental or physical disability , ancestry , sexual orientation , gender identity or expression , marital status , source of income, parental status , housing status, or other protected status. We strongly encourage women, youth, persons with disabilities and members of the community to join the institution and live our shared values.

Gitwebe Technical Training Institute will always;

- . Respect and uphold applicable local, county, and national laws to the best of our abilities.
- . Honour and review all internal policies for complete and responsible implementation.
- . Ensure that all business transactions and relationships are legitimate, free of influence and bribery.
- . Keep all partnerships and collaborations transparent and open.

11. Report of the Board of Governors

The board members is committed to submit their financial statements for the year ended 30th June 2023. Which shows the state of Gitwebe Technical Training Institute's affairs.

Principal activities.

The principal activity of Gitwebe Technical Training Institute is to provide technical skills, research, innovation and management services. In addition, the college intends to participate in technological innovation beneficial to the society as well as contributing to industrial and technological development of Kenya in partnership with industry.

Results.

The results of Gitwebe Technical Training Institute for the year ended 30th June 2023 are set out on pages 1-5

Board of Governors

The members of the Board who served during the year are shown on page ii-iii

Auditors

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

By Order of the Board


.....
Secretary of the Board

Date:.....



12 Statement of Board of Governor's Responsibilities

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

The Board members are responsible for the preparation and presentation of Gitwebe Technical Training Institute, 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 30th June 2023. 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 Gitwebe Technical Training Institute;
- (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) safeguarding the assets of Gitwebe Technical Training Institute; (v) selecting and applying appropriate accounting policies; and
- (v) Making accounting estimates that are reasonable in the circumstances.

The council members accept responsibility for Gitwebe Technical Training Institute's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and The TVET Act. The Board members are of the opinion that Gitwebe Technical Training Institute's financial statements give a true and fair view of the state of Gitwebe Technical Training Institute's transactions during the financial year ended June 30, 2023, as at that date. The Board members further confirm the completeness of the accounting records of Gitwebe Technical Training Institute which have been relied upon in the preparation of Gitwebe Technical Training Institute's financial statements as well as the adequacy of the systems of internal financial control.

It's of the opinion that Gitwebe Technical Training Institute will be a going concern for the foreseeable future.

Approval of the financial statements

Gitwebe Technical Training Institute's financial statements were approved by the Board on 30th June 2023 and signed on its behalf by:

Name... *Noah Angwenyi*
Signature... *[Handwritten Signature]* Board chairperson

Name... *A. Omara*
Signature... *[Handwritten Signature]* Principal



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 GITWEBE TECHNICAL TRAINING INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

The accompanying financial statements of Gitwebe Technical Training Institute set out on pages 1 to 27 which comprise the statement of financial position as at 30 June, 2023

and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information, have been audited on my behalf by BACE Partners LLP Certified Public Accountants (Kenya), auditors appointed under Section 23 of the Public Audit Act,

2015. The auditors have duly reported to me the results of their audit and on the basis of their report, I am satisfied that all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit were obtained.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Gitwebe Technical Training Institute as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in the Statement of Financial

The statement of financial position reflects Notes to the financial statements which do not Match with the respective Notes to the financial statements as shown below:

Component	Note in the Statement Financial Position	Corresponding Note to Financial Statement
Cash and Cash Equivalents	14	12
Current Portion of Receivables from Exchange Transactions	15	13 (a)
Receivables from Non-Exchange Transactions	16	14 (a)
Inventories	17	15
Property, Plant and Equipment	18	16
Trade and Other Payables	19	17

In the circumstances, the financial statements are not accurately presented.

2. Inaccuracy in Employee Costs

The statement of the financial performance reflects employee costs amount of Kshs.7,808,338 as further disclosed in Note 10 to the financial statements. However, amount includes employee costs of 1,448,767 relating to 2021/2022 financial year.

In the circumstance, the accuracy and completeness of employee costs amounting to Kshs.7,808,338 could not be confirmed.

3. Inaccuracy in Current Portion of Receivables from Exchange Transactions

The statement of financial position reflects current portion of receivables from exchange transactions balance of Kshs.6,193,000 in respect of student debtors as disclosed in Note 13(a) to the financial statements. The balance is an increase of Kshs.5,128,000 from the previous year balance of Kshs.1,065,000 or four hundred and eighty one percent (481%) increase. However, the ageing analysis of the receivables has not been disclosed in the financial statements and no provision has been made for impairments.

Further, Note 13(a) to the financial statements has not been presented in the recommended format.

In the circumstances, the accuracy, completeness and existence of current portion of receivables from exchange transactions balance of Kshs.6,193,000 could not be confirmed.

4. Inaccuracy in Receivables from Non-Exchange Transactions

The statement of financial position reflects receivables from non-exchange transactions balance of Kshs.6,701,000. The balance includes capitation and recurrent grants totalling Kshs.6,201,000 as disclosed in Note 14(a) to the financial statements. The capitation and recurrent grants balance is an increase of Kshs.4,476,000 from the previous year balance of Kshs.1,725,000 or two hundred and fifty nine percent (259%) increase. However, the ageing analysis of the receivables has not been disclosed in the financial statements and no provision has been made for impairments.

Further, Note 14(a) to the financial statements has not been presented in the recommended format.

In the circumstances, the accuracy, completeness and existence of current portion of receivables from exchange transactions totalling Kshs.6,201,000 could not be confirmed.

5. Inaccuracy in Property, Plant, and Equipment

The statement of financial position reflects property, plant, and equipment balance of Kshs.145,679,480 as further disclosed in Note 16(a) to the financial statements . However, the items of property, plant, and equipment have not been depreciated contrary to Paragraph 43 of International Public Sector Accounting Standards (IPSAS) 17 which states that an item of property, plant, and equipment shall be carried at its cost, less any accumulated depreciation and any accumulated impairment losses.

Further, the balance includes land and building of Kshs.32,002,480. A review of records revealed that the Institute owned land which is approximately 3.23 Hectares. However, the land has been encroached by a Church and a Tea Buying Centre.

In addition, a comprehensive fixed asset register that reflects a description of the assets owned, cost for each asset, date of purchase/initial use, accumulated depreciation, charge for the year and net book values of the assets was not provided for audit review.

In the circumstances, the accuracy and completeness of property, plant, and equipment balance of Kshs.145,679,480 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects total income final budget and actual on comparable basis amount of Kshs.26,503,231 and Kshs.12,537,130, respectively, resulting to underfunding of Kshs.14,253,870 or fifty-four percent (54%) of the budget.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Information

Management is responsible for the other information set out on page iii to xxii which comprise of Key Entity Information and Management, the Board of Governors, Key Management Team, Chairman's Statement, Report of the Senior Principal, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting Statement, Report of the Board of Governors, and Statement of Board of Governors' Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Institute's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I

conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Non-Compliance with Law on Ethnic Composition

Review of Human Resource records revealed that the Institute has twenty-four (24) employees out of which twenty-three (23) or 96% of the employees are members of the dominant ethnic community. This is contrary to section 7 (2) of the National Cohesion and Integration Act, 2008 which states that no public institution shall have more than one-third of its staff establishment from the same ethnic community.

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

The audit was conducted in accordance with ISSAI 3000 and 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective

processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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 as a going concern disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

The Board of Governors 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

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

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

19 May, 2025

Gitwebe Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2023

14. Statement of Financial Performance For The Year Ended 30th June 2023

	Notes	FY	FY
		2022-2023	2021-2022
		Kshs	Kshs
Revenue from Non-Exchange transactions			
Transfers from other National Government entities	6a	12,455,000.00	8,375,000.00
Grants from donors and development partners	-	-	-
Transfers from other levels of government		-	-
Public contributions and donations		-	-
Revenue from Non-Exchange transactions		12,455,000.00	8,375,000.00
Revenue from Exchange transactions			
Rendering of services- fees from students	7	6,758,130.00	4,866,040.00
Sale of goods	8	25,000.00	12,000.00
Rental revenue from facilities and equipment	-	-	-
Other income	-	-	-
Revenue from Exchange transactions		6,783,130.00	4,878,040.00
Total Revenue		19,238,130.00	13,253,040.00
Expenses			
Use of goods and services	9	1,374,176.00	1,246,227.00
Employee costs	10	7,808,338.00	7,323,445.69
Repairs and maintenance	11	182,700.00	73,005.00
Local Travelling and Subsistence		661,900.00	1,132,150.00
Exam		799,460.00	461,810.00
Administration/ Operational		782,013.00	1,323,142.00
Contingencies		1,714,489.00	1,979,123.00
Electricity, Water and Conservancy		232,784.00	171,510.00
Total Expenses		13,555,860	13,710,412.69
Net Surplus for the year		5,682,270	457,372.69



Chairman of Board

Date

GITWEBE TECHNICAL TRAINING INSTITUTE
Finance officer
07 JAN 2025
 SIGN:  DATE

A. Omari

Principal

GITWEBE TECHNICAL TRAINING INSTITUTE
 P. O. Box 326-40500, NYAMIRA.
PRINCIPAL
 SIGN:  DATE

7/1/2025



.

.

.

.

2023 MAR 9

.

.

3

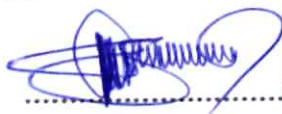
.

.

Gitwebe Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2023

15. Statement of Financial Position As At 30th June 2023

Description	Notes	FY	FY
		2022-2023	2021-2022
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	14	1,405,767.00	319,360.96
Current portion of receivables from exchange transactions	15	6,193,000.00	1,065,000.00
Receivables from non-exchange transactions	16	6,701,000.00	1,725,000.00
Inventories	17	125,200.00	223,500.00
Total Current Assets		14,424,967.00	3,332,860.96
Non-Current Assets			
Investments	-	-	-
Property, plant, and equipment	18	145,679,479.51	133,582,479.51
Total Non-Current Assets		145,679,479.51	133,582,479.51
Total Assets		160,104,446.00	136,915,340.47
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	19	3,004,776.00	
Total Current Liabilities		3,004,776.00	
Non-Current Liabilities		-	-
Total Liabilities		3,004,776.00	
Reserves		-	
Accumulated Surplus		11,517,191.00	3,016,392.88
Capital Fund		145,582,479.00	133,582,479.51
Total Net Assets and Liabilities		160,104,446.00	136,915,340.47

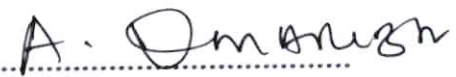


Chairman of Board

Date

GITWEBE TECHNICAL TRAINING INSTITUTE
 P. O. BOX 326, NYAMIRA
07 JAN 2025
 Finance officer
 SIGN: 

Date



Principal

GITWEBE TECHNICAL TRAINING INSTITUTE
 P. O. BOX 326, NYAMIRA
PRINCIPAL
 SIGN: 
 DATE: 

7/1/2025

Gitwebe Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2023
16. Statement of Changes in Net Asset For The Year Ended 30 June 2023

Description	Revaluation reserve	Accumulated Fund	Capital Grants/Fund	Total
At July 1, 2021	-	5,377,548.31	133,582,479.51	138,960,027.80
Revaluation gain	-	-		
Surplus/(deficit) for the year	-	457,372.69		457,373.69
Capital grants received during the year	-	-		
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-		
At June 30, 2022	-	5,834,921.00	133,582,479.51	139,417,400.50
At July 1, 2022	-	5,834,921.00	133,582,479.51	139,417,400.50
Revaluation gain	-	-		
Surplus/(deficit) for the year	-	5,682,270.00		5,682,270.00
Capital grants received during the year	-	-	12,000,000.00	12,000,000.00
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-		
At June 30, 2023	-	11,517,191.00	145,582,479.00	157,099,670.50

17. Statement of Cash Flows For The Year Ended 30 June 2023

Description		FY 2022-2023	FY 2021-2022
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other National Government entities	6	5,754,000.00	6,150,000.00
Rendering of services- fees from students	7	6,758,130.00	4,866,040.00
Sale of goods	8	25,000.00	12,000.00
Other income		-	-
Total Receipts		12,562,130.00	11,028,040.00
Payments			
Use of goods and services	9	1,374,176.00	929,102.00
Employee costs	10	5,631,202.00	5,719,867.69
Repairs and maintenance	11	182,700.00	73,005.00
Local Travelling and Subsistence		661,900.00	1,132,150.00
Exam		799,460.00	461,810.00
Administration/ Operational		782,013.00	1,323,142.00
Contingencies		1,714,489.00	1,386,663.00
Electricity, Water and Conservancy		232,784.00	171,510.00
Total Payments		11,378,724.00	11,197,249.69
Net Cash Flows from operating activities			
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(97,000.00)	-
Proceeds from sale of property, plant and equipment		-	-
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
Proceeds From Borrowing		-	-
Net cash flows used in financing activities		-	-
Net Decrease in Cash and Cash equivalents		1,086,406.00	
Cash and Cash equivalents at 1 JULY		319,361.00	
Cash and Cash equivalents at 30 JUNE	14	1,405,767.00	319,360.96

Gitwebe Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2023

18. Statement of Comparison of Budget & Actual amounts For Year Ended 30 June 2023

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization Difference
	Kshs	Kshs	Kshs	Kshs	Kshs	%
Revenue						
Transfers from other National Government entities	13,725,000.00	-	13,725,000.00	5,754,000.00	8,471,000.00	61.72
Transfers from other levels of government(c d f)	-	-	-	-	-	-
Rendering of services- fees from students	11,616,000.00	-	11,616,000.00	6,758,130.00	4,857,870.00	71.88
Sale of goods	950,000.00	-	950,000.00	25,000.00	925,000.00	97.37
Miscellaneous Income	212,231.00	-	-212,231.00	212,231.00	-	-
Total Income	26,503,231.00	-	26,503,231.00	12,537,130.00	14,253,870.00	53.78
Expenses						
Use of goods and services(S.E.S)	5,237,125.00	-	5,237,125.00	1,374,176.00	3,862,949.00	73.76
Employee costs	9,852,630.00	-	9,852,630.00	6,569,722.12	3,282,907.88	33.32
Repairs and maintenance	360,000.00	-	360,000.00	182,700.00	177,300.00	49.25
Local Travelling and Subsistence	1,720,000.00	-	1,720,000.00	661,900.00	1,058,100.00	61.52
Exam	-	-	-	799,460.00	-799,460.00	-
Administration/ Operational	3,715,000.00	-	3,715,000.00	782,013.00	2,932,987.00	78.95
Contingencies	3,708,476.00	-	3,708,476.00	1,769,112.00	1,939,364.00	52.30
Activity	850,000.00	-	850,000.00	-	850,000.00	-
Infrastructure development	30,000.00	-	30,000.00	-	30,000.00	-
Electricity, Water and Conservancy	900,000.00	-	900,000.00	232,784.00	667,216.00	74.14
Attachment	130,000.00	-	130,000.00	-	130,000.00	-
Grants and subsidies	-	-	-	-	-	-
Total Expenditure	26,503,231	-	26,503,231	12,371,867.12	14,131,363.88	53.32

Gitwebe Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2023

Deficit/surplus For the Period	-	-	-	165,262.88	122,506.12	-
Capital Expenditure	-	-	-	-	-	-

(Budget notes)

1. The college projected to raise ksh 26,503,231.00 from KUCCPS, Student fees (HELB Application) and income generating activities but managed to raise only ksh 5,754,000 both capitation and grants from government. This is because the college budgeted capitation rate per trainee to be ksh 7,500 but the Government only managed to fund students at the rate of ksh 5,000, ksh 4,000, ksh 4,000 per trainee in 1st quarter, 2nd quarter, 3rd quarters but did not fund for 4th quarter in the financial year 2022-2023. On the other hand through HELB the government did not remit loans to some of the trainees due to financial constraints.
 2. HELB and Capitation were the main sources of revenue.
2. Because of the above explanation in return it resulted to low spending leading to underutilization differences.
1. Reconciliation of Budget and statement of Financial performance

Actual cash income on comparable basis in the Budget.....Ksh 12,562,130.00

Add income not yet received during the year from capitation & recurrent grant.....Kshs 6,701,000.00

Total Cash income as per the statement of financial performance.....Kshs.19, 263,130

19. Notes to the Financial Statements

1. General Information.

Gitwebe Technical Training Institute was established under the TVET Act 2013 and commenced its operations on The entity is domiciled in Gitwebe approximately 3 Kilometres from Magwagwa. The institute is under the Ministry of Education.

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 Gitwebe Technical Training Institute accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *entity*

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

3. Adoption of New and Revised Standards

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

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

Gitwebe Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2023

Standard	Effective date and impact:
	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
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement. Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.

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

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

iii. **Early adoption of standards**

Gitwebe Technical Training Institute did not early-adopt any new or amended standards in year 2022-2023.

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 entity and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

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

b) Budget information

The original budget for FY 2022/2023 was approved by the Board. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. Gitwebe Technical Training 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 cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 5 of these financial statements.

c) Taxes

Current income tax

There were no income tax to be paid for the year 2022-2023.

Sales tax/ Value Added Tax

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

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

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

d) Investment property

Gitwebe Technical Training Institute currently does not have any investment properties.

e) Property, plant and equipment

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

f) Leases

Gitwebe Technical Training Institute currently does not have any Finance lease or operating lease.

g) Intangible assets

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

Trade and other receivables

Gitwebe Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2023

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end. Gitwebe Technical Training Institute don't have any provision that some debtors will not honour their obligation to pay.

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. Gitwebe Technical Training Institute did not amortize any of its Assets during the year under review.

h) Inventories

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

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

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

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

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of Gitwebe Technical Training Institute.

i) Provisions

Provisions are recognized when Gitwebe Technical Training Institute has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where Gitwebe Technical Training Institute expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

Gitwebe Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2023

Gitwebe Technical Training 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

Gitwebe Technical Training 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 more uncertain future events not wholly within the control of Gitwebe Technical Training 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.

j) Social Benefits

Social benefits are cash transfers provided to

- i. specific individuals and / or households that meet the eligibility criteria,
- ii. mitigate the effects of social risks
- iii. Address the need of society as a whole. Gitwebe Technical Training Institute recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability. Gitwebe Technical Training Institute did not have any social benefits during the financial year under review.

k) Changes in accounting policies and estimates

Gitwebe Technical Training 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.

l) Employee benefits

Retirement benefit plans

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

m) Foreign currency transactions

Gitwebe Technical Training Institute did not have any foreign currency transactions.

n) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

o) Related parties

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

p) Service concession arrangements

Gitwebe Technical Training 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, Gitwebe Technical Training 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, Gitwebe Technical Training Institute also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

q) Cash and cash equivalents

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

r) Comparative figures

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

s) Subsequent events

Gitwebe Technical Training Institute

Annual Report and Financial Statements for the year ended 30th June 2023

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

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

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

6. Transfers from other National Government entities

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Unconditional Grants		
Capitation Grants	10,455,000	6,150,000.00
Operational Grant	2,000,000.00	0
Total unconditional Grants	12,455,000.00	6,150,000.00
Conditional Grants amortised/ recognised in revenue	-	-
Total Government Grants and Subsidies	12,455,000.00	6,150,000.00

7. Rendering of Services

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Tuition Fees(S.E.S)	1,883,300.00	1,412,040.00
Personal emolument	2,969,347.00	1,350,000.00
Electricity water and conservancy	290,483.00	120,000.00
Administration	235,000.00	832,000.00
Local travelling and transport	400,000.00	450,000.00
Repair Maintenance and Improvement	150,000.00	110,000.00
Activity Fees	120,000.00	112,000.00
Examination Fees	710,000.00	480,000.00
Total Revenue from The Rendering of Services	6,758,130.00	4,866,040.00

8. Sale of Goods

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Sale of Farm Produce	25,000.00	12,000.00
Total Revenue from Sale of Goods	25,000.00	12,000.00

(a) The college made sales of honey worth ksh 25,000 in the financial year 2022-2023.

9. Use of Goods and Services

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Institutional Management	420,000.00	301,320.00
Building Department	110,000.00	101,000.00
Applied Sciences Department	425,600.00	344,315.00
Computer / Mathematics (I. C. T)	260,600.00	92,467.00
Business Department	55,600.00	90,000.00
Electrical & Electronics	102,376	
Total goods and services	1,374,176.00	929,102.00

10. Employee Costs

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Salaries and wages	5,631,202.00	5,719,867.69
Salary Accrued	2,177,136.00	1,603,578.00
Employee Costs	7,808,338.00	7,323,445.69

11. Repairs and Maintenance

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Property	-	-
Investment property – earning rentals	-	-
Repairs and improvement of buildings & workshops	182,700.00	73,005.00
Vehicles	-	-
Furniture and fittings	-	-
Computers and accessories	-	-
Total Repairs and Maintenance	182,700.00	73,005.00

12. Detailed Analysis of Cash and Cash equivalents

Financial Institution	Account number	FY 2022-2023	FY 2021-2022
		Kshs	Kshs
a) Current Account			
Kenya Commercial Bank			
Recurrent a/c	1222760789	1,229,453.00	122,127.36
Fees a/c	1222759683	176,314.00	197,233.60
Sub- Total		1,405,767.00	319,233.60
b) Others (Specify)			
Sub- Total		-	-
Grand Total		1,405,767.00	319,360.96

13. (a) Current Receivables from Exchange transactions

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Current Receivables		
Student Debtors	6,193,000.00	1,725,000.00
Total Current Receivables	6,193,000.00	1,725,000.00

14. (a) Receivables from Non-Exchange transactions

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Current Receivables		
Capitation & Recurrent Grants	6,201,000.00	1,725,000.00
Transfers from Other Govt. entities	500,000.00	-
Undisbursed Donor Funds	-	-
Other Debtors		-
Less: Impairment Allowance	-	-
Total Current Receivables	6,701,000.00	1,725,000.00

15. Inventories

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Stationery	29,200.00	69,050.00
Fashion and Design	26,000.00	63,500.00
Cleaning Material	15,500.00	23,000.00
Catering	29,200.00	25,650.00
Electrical stores	25,300.00	42,300.00
Total Inventories at lower of Cost and Net Realizable Value	125,200.00	223,500.00-

**Gitwebe Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2023**

16. (a) Property, Plant and Equipment

Cost	Land/Buildings	Motor vehicles	Furniture and fittings	Computers and printers	Plant and equipment	Water tanks	Fashion Design machines	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	ksh	Kshs
At 1 July 2021	32,002,479.51	-	520,000	498,000	-	412,000	100,150,000	133,582,479.51
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-	-	-
At 30th June 2022	32,002,479.51	-	520,000	498,000	-	412,000	100,150,000	133,582,479.51
Additions	-	-	-	12,000,000	-	-	97,000	12,097,000.00
Disposals	-	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	-	-
At 30th June 2023	32,002,479.51	-	520,000	12,498,000	-	412,000	100,247,000	145,679,479.51
Depreciation And Impairment								
At 1 Jun 2022	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
At 30 Jun 2022	32,002,479.51	-	520,000	12,498,000	-	412,000	-	145,679,479.51
Depreciation	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	-
At 30th Jun 2023	32,002,479.51	-	520,000	12,498,000	-	412,000	100,247,000	145,679,479.51
Net Book Values								
At 30th Jun 2022	32,002,479.51	-	520,000	12,498,000	-	412,000	-	133,582,479.51
At 30th Jun 2023	32,002,479.51	-	520,000	12,498,000	-	412,000	100,247,000	145,679,479.51

Valuation

Gitwebe Technical Training Institute has not done valuation, the figures in the financial statements are estimated fair values.

17. Trade and Other Payables

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Trade payables	827,640.00	-
Fees paid in advance	-	-
Other Payables (salary, KUCCPS)	2,177,136.00	-
Total Trade and Other Payables	3,004,776.00	

Retirement benefit Asset/ Liability.

Gitwebe Technical Training Institute does not operate a defined benefit scheme for full-time employees from its inception.

18. Financial Risk Management

Gitwebe Technical Training 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.

Gitwebe Technical Training Institute's financial risk management objectives and policies to be used in the next financial years are detailed below:

(i) Credit risk

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

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

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

(ii) Liquidity risk management

Gitwebe Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2023

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

(iii) Market risk

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

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

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

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

a) Foreign currency risk

Gitwebe Technical and vocational college only transacts in Kenya shillings.

b) Interest rate risk

Gitwebe Technical Training Institute currently does not have any fixed bank deposits with an aim of earning profit.

iv) Capital Risk Management

The objective of Gitwebe Technical Training Institute's capital risk management is to safeguard its ability to continue as a going concern.

19. Related Party

Nature of related party relationships

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

Government of Kenya

The Government of Kenya is the principal shareholder of Gitwebe Technical Training Institute, holding 100% of Gitwebe Technical Training 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) Key management;
- iv) Board of directors;

20. Events After The Reporting Period

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

21. Currency

The financial statements are presented in Kenya Shillings (Kshs) and the values are rounded off to the nearest shilling.

20. Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Opinion				
Other Matters;				
1.				
2.				
Report on lawfulness on use of public resources;				
1.				
2.				
Report on internal controls, risk management and governance;				

**Gitwebe Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2023**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

.....
A- Dm *Handwritten Signature*.....

Name
Accounting Officer
(Principal)

Date

