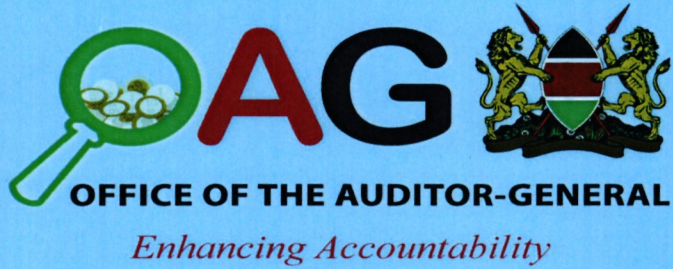
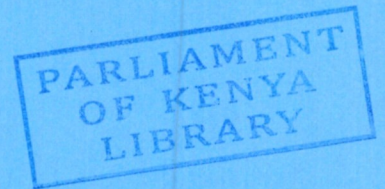


REPUBLIC OF KENYA



REPORT



OF

THE NATIONAL ASSEMBLY	
DATE: 23 NOV 2022	DAY: Wednesday
TABLED BY: Majority whip	
CLASSIFIED BY: Christine	

THE AUDITOR-GENERAL

ON

SOT TECHNICAL TRAINING INSTITUTE

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

SOT TECHNICAL TRAINING INSTITUTE



ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

Table of Contents

KEY INSTITUTE INFORMATION AND MANAGEMENT	iii
KEY INSTITUTE INFORMATION AND MANAGEMENT (Continued).....	v
THE BOARD OF GOVERNORS.....	vi
MANAGEMENT TEAM.....	vii
BOARD OF GOVERNORS SUB-COMMITTEES	vii
a) FINANCE AND HUMAN RESOURCES COMMITTEE	vii
CHAIRMAN’S STATEMENT	viii
REPORT OF THE PRINCIPAL	x
REVIEW OF SOT TECHNICAL TRAINING INSTITUTE’S PERFORMANCE FOR FY 2020/2021	xiv
CORPORATE GOVERNANCE STATEMENT.....	xvii
MANAGEMENT DISCUSSION AND ANALYSIS	xviii
ENVIRONMENTAL AND SUSTAINABILITY REPORTING.....	xx
Corporate Social Responsibility / Community Engagements	xxi
REPORT OF THE BOARD OF GOVERNORS.....	xxii
STATEMENT OF BOARD OF GOVERNORS MEMBERS’ RESPONSIBILITIES.....	xxiii
REPORT OF THE INDEPENDENT AUDITORS ON SOT TECHNICAL TRAINING INSTITUTE ..xiv	
I. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 TH JUNE 2021 .	1
II. STATEMENT OF FINANCIAL POSITIONAS AT 30 TH JUNE 2021	2
III. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 ^{T H} JUNE 2021	3
IV. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 TH JUNE 2021	4
V. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 TH JUNE 2021	5
VI. NOTES TO THE FINANCIAL STATEMENTS	6
APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS.....	22
APPENDIX II: PROJECTS IMPLEMENTED BY THE INSTITUTE	23
APPENDIX III: INTER-ENTITY TRANSFERS	24
APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES	25

KEY INSTITUTE INFORMATION AND MANAGEMENT

(a) Background information

The sot technical training institute was incorporated/ established under the TVET Act on 30TH JUNE 2015. The Institute is domiciled in Kenya and has a branch in Embu in Bomet East Constituency. The institute is under the Ministry of Education. The institute has eight departments namely;

- (a) Business department
- (b) Information communication technology department
- (c) Liberal studies department
- (d) Applied sciences department
- (e) Institutional management
- (f) Building & civil engineering department
- (g) Electrical & electronics engineering department
- (h) Automotive & mechanical engineering department

(b) Principal Activities

The principal activity of the institute is to provide quality training in technical, industrial, vocational and entrepreneurship. The mandate of the institute is through registration under the Ministry of Higher Education Science and Technology under the Education Act Cap 211 under the first schedule. It is also guided through its operations by other Acts of Parliament like KNEC Act, TSC Act, KIE Act and others.

(c) Mission

To provide technical, industrial, vocational, and entrepreneurial training that promotes innovation and creativity to meet global socio-economic and environmental challenges.

(d) Vision

A centre of excellence for technical, industrial, vocational and entrepreneurial training.

(e) Philosophy Statement

Sot Technical Training Institute envisions itself as an exceptional, innovative and unparalleled technical institute that provides an educated and superior workforce that makes a positive impact on the economic development of its service delivery county and the entire country.

(f) Key Management

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

- Board of governors
- Principal
- Deputy principal – Administration
- Deputy principal - Academic

(g) Fiduciary Management

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

No.	Designation	Name
1.	Principal	Mr Robert K. Cheres
2.	Deputy Principal - Administration	Mr David Kurgat
3.	Deputy Principal - Academic	Mr Lincoln Langat
4.	Registrar	Mrs Peris Mahugu
5.	Dean of students	Mr. Amos Keter

KEY INSTITUTE INFORMATION AND MANAGEMENT (Continued)

(h) Institute Headquarters

Sot Technical Training Institute,
P.O. Box 665,
Bomet, KENYA
Silibwet-Merigi Road

(i) SOT TTI Contacts

Telephone: (254) 0707 042 067
E-mail 1: sottechnicaltraininginstitute@gmail.com
E-mail 2: info@sotinstitute.ac.ke
Website: www.sotinstitute.ac.ke

(j) SOT TTI Bankers

1. National Bank of Kenya.
Bomet Branch,
P.O. Box 539-20400
Bomet, Kenya
2. Equity Bank
Bomet Branch
P.O. Box 475-20400
Bomet.








(k) Independent Auditors


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

(l) Principal Legal Adviser





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

THE BOARD OF GOVERNORS

<p>1. Michael Kipkirui Cheruiyot</p> 	<p>MA-project planning & mgt -UON & Bsc- Ind-Technology - Egerton University General Manager – Korokwony Co-operative Date of Birth-23/08/1983 Work experience 9 years</p>
<p>2. Kipkirui Joseph Rono</p> 	<p>MED-Educational Planning-Kenyatta University Coordinator-Sotik Campus Date of Birth-27/11/1968 Work experience 30 years</p>
<p>3. Dr. Willy K. Rugutt</p> 	<p>PHD. (Accounting and Finance) MBA-Accounting and Finance-University of Nairobi Lecturer-University of Kabianga Work experience</p>
<p>4. Pauline W. Maina</p> 	<p>Master of Management-HRM option -Oral Roberts University- USA Manager- KIM Narok Branch Centre manager – Centum Investment Ajiry Date of Birth-22/03/1978 Work experience</p>
<p>5. Beatrice Chebet</p> 	<p>BSC Water engineering – Egerton University Director Bomet water Company Work experience</p>
<p>6. Wesley kerich</p> 	<p>BSC Electrical and electronic engineering – Moi University Regional manager Kenya Power Company Date of Birth-12/04/1979 Work experience</p>
<p>7. Lilian Osir</p> 	<p>BSC Chemical and processing Engineering - Moi University Production manager Pro-gas Date of Birth-22/05/1991 Work experience</p>

6. Mr Robert-K. Cheres-		MSC Pure and Applied mathematics – Kenyatta University Principal – SOT TTI Work experience
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MANAGEMENT TEAM

1. Mr Robert K. Cheres		Principal/ BOG Secretary
2. Mr David Kurgat		Deputy Administration
3. Mr Lincoln Langat		Deputy academics
4. Mrs Peris Mahugu		Registrar

BOARD OF GOVERNORS SUB-COMMITTEES

a) FINANCE AND HUMAN RESOURCES COMMITTEE

Dr. Willy K. Rugutt	Chairman
Ms.Pauline Maina	Member
Ms.Lilian Osir	Member

b) AUDIT AND RISK COMMITTEE

Mr.Kerich Wesley	Chairperson
Ms.Beatrice Chebet	Member

c) TECHNICAL AND ACADEMIC COMMITTEE

Ms.Lillian Osir	Chairperson
Ms.Pauline Maina	Member
Mr.Kipkirui Rono	Member

d) INFRASTRUCTURE & DEVELOPMENT COMMITTEE

Mr.Joseph Kipkirui Rono	Chairperson
Ms.Lilian Osir	Member

CHAIRMAN'S STATEMENT

I am pleased to report that Sot Technical Training Institute has continued to perform well and to produce exemplary results in Kenya National Examinations Council and NITA. I take this opportunity to share with you my views on the key initiatives and achievements we have had over the year on economic performance, Education sector changes, financial performance and operations and risk associated with the Institution and our future outlook.

ECONOMIC FOCUS

In order to ensure efficient and effectiveness in the provision of Technical Vocational Training, we have developed necessary policies and institutional framework to direct the running of the Institution in line with vision 2030, The Big4 Agenda and Sustainable Development Goals.

In the financial year, the Institution has experienced drop in Students enrolment as compared to financial year 2019/2020.

We thank the Government for providing state-of-the- art Training equipment that have helped increase the quality of Training and to enable us align our graduates with regional and global opportunities and innovations.

REVIEW OF THE SECTOR AND CHANGES

During the year, we have witnessed a Drop in Students enrolment owing to effect of Covid 19 pandemic. This led to prolonged closure of institution that hindered the Academic calendar and intake process.

RISK MANAGEMENT

The Technical Training sector presents plenty of opportunities as well as risks, both of which need to be analysed in order to deliver sustainable long-term returns, without compromising training outcomes. SOT T.T.I has developed an enterprise risk management policy and framework to ensure that our activities are aligned with our strategic plan and objectives. The Board of management regularly reviews risks identified such as, competition, information credit and operations risks on how they are being mitigated by various risk owners. This include the setting up of COVID-19 response team and process as per the guidelines from the ministry.

OPERATION AND MANAGEMENT

In the Spirit to Excel in Scientific and Technological Innovations, we endeavour to be a centre of Excellence in science, Technological Trainings and Innovations thereby producing competent graduates capable of integrating the acquired skills in innovative nation building in line with the Big4 Agenda; Food Security, Affordable Housing, universal health care and manufacturing. The COVID- 19 response committee ensured that after reopening of the college, containment measures have been put in place.

OUTLOOK

I am indebted to the Board of Management for providing supportive and complementary role while making progressive decisions towards directing this great Institution. I am impressed with their wealth of knowledge and experience in many different business and operational settings. I strongly assure all our Stakeholders that SOT T.T.I shall remain committed and will deliver exceptional services and opportunities consistent to needs of the Students, Government and the wider community without compromising the principles of corporate governance, ethics and sustainability.

Going forward SOT T.T.I is committed to working closely in collaboration with other Technical Vocational Training Institutions, Technical Trainers colleges, Universities, other institutions of Higher learning and partners, to ensure that our students continue to receive Competency Based Training. With successful transition due to government capitation, the youth who are unemployed without technical skill but meeting minimum requirements for various courses have taken the advantage.

As I conclude I would like to reiterate that Sot Technical Training Institute is highly committed to prudent financial management as per the public finance management Act.



MICHAEL KIPKIRUI CHERUIYOT
CHAIRMAN OF THE GOVERNING BOARD
30th September, 2021

REPORT OF THE PRINCIPAL

It is claring truth that Sot Technical Training Institute has just opened its first chapter of its existence and I believe that it is surely going to be one of Bomet's greatest success stories, one that will leave an impression for decades to come. This is purely based on faith in God who holds the universe and therein for we know Him as the only source of our success and prosperity.

Our Aspirations

Not only are we aspiring to become the largest training institute in Bomet but also the most relevant, vibrant, accessible and the most affordable postsecondary choice in Bomet county and the entire country. Our role is to be the county's leading workforce training provider, and to be at the center stage in revitalizing our economy. As Bomet stands ready to lead the nation, Sot TTI stands ready to lead the way.

Building a Stronger County

Sot Technical Training Institute is inspired by the opportunity we have to help build a stronger Bomet county, and optimistic about the future. Our theme for 2020/2021 FY '**Accelerating Greatness 2021**' reflects this optimism and details the ambitious goals we have in the coming years. Our true benchmark, however, is the stories of those we serve: our students, the innovative Kenyan companies we partner with to improve workforce skills, and the organizations that share our common vision for the future of our country's economy. Collectively, these stories demonstrate the incalculable, unmatched power that education/Training has to Change Lives and the opportunity we all have to make Bomet county and Kenya as a nation Great. We encourage you to follow our progress at Sot TTI Accelerating Greatness.

Success of Each Student

The success of each student who enrolls at Sot TTI is the primary focus of our Institute's administration and staff. We strive to welcome all students in a way that positions them for success, guides them through their progress in a way that helps them overcome obstacles along the way, and keeps them focused on completion in a way that encourages them to excel. Whether their goal is a career, transfer to University, or just the satisfaction of attaining a college diploma or certificate, Sot TTI is committed to giving them every opportunity to thrive and giving them the skills they need to Make Bomet and Kenya Great.

Accelerating Greatness 2021

At the centre of **Accelerating Greatness 2021** are four strategies that will guide our resource allocation and decision-making process:

1. Ensuring that students achieve their educational goals
2. Ensuring that workforce from the institute are globally competitive
3. Ensuring an adequate and sustainable human resource base
4. Ensuring attainment of our vision through well-thought global networking and linkages.

Relevant Training

Today's business environment is more competitive than ever. As a result, Bomet county and Kenya at large needs a world-class workforce to help businesses succeed and to recruit and retain jobs. In serving as the fuel that drives Bomet's and Kenya's economic engine, Sot TTI works with employers to determine what skills they need from their employees, while also providing training that meets a variety of needs - everything from customized training and short-term flexible certification programs to National Diploma that result in jobs where people are needed most and that transfer to universities. By ensuring that our classes and training are relevant to every rung on the career ladder, Sot TTI is helping Bomet county keep pace with the global economy.

Quality and Efficiency

At Sot TTI, we believe quality and efficiency are inexorably linked. In order to provide those, we serve with unmatched programs, products, and services, it is imperative that we eliminate waste, red tape, and the types of duplicated efforts that conceal best practices. As we aspire to be a large institute with a complex mission, Sot TTI must leverage technology and be agile enough to adapt to a variety of needs, while ensuring an optimal deployment of resources. The degree to which we are a good steward of these resources is not, therefore, just a measure of our efficiency but also a measure of quality. We shall therefore endeavor in integrating information communication technology in both training and our management system. We therefore intent to procure a new ERP system by the close of the financial year.

Projects undertaken

Major infrastructural developments;

We successfully completed the construction of Twin workshops and Laboratories which consisted of Wing A and Wing B



Also the college managed to purchase: a pick up, Tractor, Trailer and a water Bowser.






We also managed to purchase a number of training equipment during the financial year under review and the notable ones are the lathe machines in mechanical Engineering departments.



Conclusion

At Sot TTI, your thirst for training is our business. Every person in our institution is important and there is space for everybody. We value you all.

WELCOME.


SIGN.....
ROBERT CHERES
PRINCIPAL

REVIEW OF SOT TECHNICAL TRAINING INSTITUTE'S PERFORMANCE FOR FY 2020/2021

Sot Technical Training Institute has 9 strategic pillars and objectives within its Strategic Plan for period January 2020 to December 2023. These strategic pillars are as follows:

1. HUMAN RESOURCE
2. STUDENTS
3. PHYSICAL INFRASTRUCTURE
4. ACCESSIBILITY
5. WATER
6. EQUIPMENT
7. FINANCIAL RESOURCES
8. ICT INTEGRATION

Sot Technical Training Institute develops its annual work plans based on the above 9 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Sot Technical Training Institute achieved its performance targets set for the FY 2020/2021 period for its 9 strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: HUMAN RESOURCE	<ul style="list-style-type: none"> ❖ Harness Human resource ❖ To upgrade the skills of Teaching and Non-Teaching staff 	<ul style="list-style-type: none"> ❖ Increased number of staff to match the increasing number of students ❖ Effective trainings carried out on teaching and non – teaching staff 	<ul style="list-style-type: none"> ❖ Write letters to Ministry of Education requesting for trainers in all areas of training. ❖ Make visits to Ministry of Education State Department of TVET to request for more trainers. ❖ Recruit BOG staff ❖ Train the Non-Teaching and teaching staff 	<ul style="list-style-type: none"> ❖ New BOG and PSC trainers have been employed ❖ Several trainings conducted on staff.
Pillar 2: STUDENTS	<ul style="list-style-type: none"> ❖ To increase student enrolment ❖ Increase the number of courses 	<ul style="list-style-type: none"> ❖ Increased number of trainees 	<ul style="list-style-type: none"> ❖ To introduce more market driven courses ❖ To market and to do publicity for the institute ❖ To participate in sports and recreational activities. ❖ To undertake corporate social responsibility to the community ❖ 	<ul style="list-style-type: none"> ❖ There is increase in student numbers ❖ New courses introducing e.g. Health sciences

<p>Pillar 3: PHYSICAL INFRASTRUCTURE</p>	<p>To provide the physical infrastructure in the Institute</p>	<ul style="list-style-type: none"> ❖ Increased Teaching Infrastructure ❖ Increased support Infrastructure 	<ul style="list-style-type: none"> ❖ To construct workshops for training purposes ❖ To equip training workshops ❖ To equip the existing library ❖ To construct a Female hostel ❖ To purchase land for expansion ❖ To construct a recreational Centre. 	<p>construction of food and Beverage complex is ongoing first phase is complete. -Additional Land has been donated by primary for expansion.</p>
<p>Pillar 4: ACCESSIBILITY</p>	<p>To improve the road-network within the Institution.</p>	<ul style="list-style-type: none"> ❖ Construct civil works within the institute. 	<ul style="list-style-type: none"> ❖ To construct access roads within the institute ❖ To construct parking bays 	<p>Institution's roads have been improved including placing of slabs.</p>
<p>Pillar 5: WATER</p>	<p>To provide adequate and sustainable water supply for the Institute</p>	<ul style="list-style-type: none"> ➤ Construct civil works within the institute 	<ul style="list-style-type: none"> ❖ Strengthen existing competitiveness benchmarks ❖ Establish new competitiveness benchmarks ❖ To Construct water storage tank ❖ Procure more water tanks 	<ul style="list-style-type: none"> ❖ More water tanks have been procured

<p>Pillar 6: EQUIPMENT</p>	<ul style="list-style-type: none"> ❖ To provide adequate training equipment for various courses. 	<ul style="list-style-type: none"> ❖ To provide training equipment 	<ul style="list-style-type: none"> ❖ To procure more training equipment for various courses ❖ Establish more workshops 	<ul style="list-style-type: none"> ❖ More training equipment for various courses. ❖ More workshop has been constructed to gap the shortage.
<p>Pillar 8: FINANCIAL RESOURCES</p>	<ul style="list-style-type: none"> ❖ Diversify sources and increase funding 	<ul style="list-style-type: none"> ❖ Establishment of Public-Private Partnerships ❖ lobby the Government for more funding ❖ Establishment of production unit in the Institute 	<ul style="list-style-type: none"> ❖ Establish Short-Term courses ❖ Offer Conference facilities ❖ Identify the relevant industries in the private sector ❖ Negotiate partnership agreements with the identified industries ❖ Write funding proposals and budgets to the government for more funding 	<ul style="list-style-type: none"> ❖ To establish adequate source of funding for the Institutes projects (IGA)
<p>Pillar 9: ICT INTEGRATION</p>	<ul style="list-style-type: none"> ❖ To integrate ICT in management and training in the institution 	<ul style="list-style-type: none"> ❖ Establishment of a Management Information System ❖ integrated ICT in curriculum delivery 	<ul style="list-style-type: none"> ❖ Install the MIS Software and hardware ❖ Train the staff on MIS ❖ Procure desktop computers, laptops and LCDs. ❖ Procure the training software ❖ Procure and install LAN 	<ul style="list-style-type: none"> ❖ Most Objectives achieved

CORPORATE GOVERNANCE STATEMENT

Sot Technical Training Institute is committed to good corporate governance, which promotes the long-term interests of the Government of Kenya and any other stakeholder, strengthens Board and management accountability and helps build public trust in the Institute.

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

The Board has established Corporate Governance Guidelines which provide a framework for the effective governance of the Institute. The guidelines address matters such as the Governing Board 's Vision and mission, overall strategy, members' responsibilities, Board committee structure, recommendation of the Chief Executive Officer, Over-sighting the performance and evaluation of management. The Board regularly reviews developments in corporate governance and updates the Corporate Governance Guidelines and other governance materials as it deems necessary and appropriate.

The Institute's corporate governance materials, including the Corporate Governance Guidelines, the Institute's legal order, the terms and reference for each Board committee, the Institute's Codes of Business Conduct, information about how to report concerns about the Institute and the Institute's public policy engagement and technological contributions policy.

During the year under review, the board of governance held meetings.

The remunerations for the board of governance are in form of sitting allowances which are in line with the industry allowances.

Succession plan

The current board of governors' term is expiring on October 2021 and the nomination of the new board that will take over from November 2021 will kick start at least six months before the expiry of the current board of governors.

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

i. Government Funding

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

ii. Constituency Development Fund (CDF)

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

iii. National Science Technology & Innovation Fund

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

iv. Donors (Development Partners)

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

v. County Government of Bomet

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

Risks and Opportunities facing Sot Technical Training Institute

Major Challenges

The following key challenges may hinder the full realization of the Sot Technical Training Institute mandate if not addressed in this strategic plan.

- Capacity to cope with global trends in technology
- Inadequate research, technology and incubation.
- Inadequate integration of Information Communication Technology in Training programmes offered in the institution.
- Inadequate land for future expansion.
- Inadequate staff and skills capacity
- Inadequate and low technologically relevant training materials/equipment
- Inadequate reference materials
- Poor accessibility due to poor roads
- Lack of consistent tapped water supply
- Inadequate trainers
- Inadequate furniture for offices and trainees
- Covid-19 pandemic

Sot Technical Training Institute compliance with statutory requirements

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

Key projects and investment decisions

The projects under consideration in the FY 2020/2021 are summarised in the table below

S/N	Name of Project	Location	Budget (Kshs)	Completion rate	Timeline
1	Food and beverage workshop	SOT TTI	17,910,000	Est.50%	Depends on availability of funds
3	Wing B workshop and classrooms	SOT TTI	12,835,125	complete	Depended on availability of funds

ENVIRONMENTAL AND SUSTAINABILITY REPORTING

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

1. Sustainability strategy and profile -

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

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

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

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

2. Employee welfare

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

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

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

a) Policies guiding hiring process

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

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

3. Market place practices-

Responsible Supply Chain and Supplier relations

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

All procurement activities have continuously been carried out where Supply Chain ensured that there are sufficient funds to meet the obligations of the resulting contract and are reflected in the approved budget estimates. Knowledge of available funds acts as a guide in knowing what to procure and when to procure. The organization has maintained and continuously updated list of registered suppliers, contractors and consultants in various specific categories of goods, works or services according to its procurement needs. Sot Technical Training Institute has at all-time ensured responsible treatment of the suppliers in various ways as featured below;

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

Corporate Social Responsibility / Community Engagements

The institute donated internally made masks to neighbouring primary schools like Emitiot primary and chepkirib primary school to assist against the fight of Covid 19 pandemic that ravaged the country since march 2020.

REPORT OF THE BOARD OF GOVERNORS

The Board of Governors submit their report together with the audited financial statements for the year ended 30th June, 2021 which show the state of the Institute's affairs.

Principal activities

The principal activity of the institute is to provide quality training in technical, industrial, vocational and entrepreneurship. The mandate of the institute is through registration under the Ministry of Higher Education Science and Technology under the Education Act Cap 211 under the first schedule. It is also guided through its operations by other Acts of Parliament like KNEC Act, TSC Act, KIE Act and others.

Results

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


BOARD OF GOVERNORS

1. The members of the Board of Governors who served during the year are shown on page vi

Auditors

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

By Order of the Board

Sign.....

Mr Robert K. Cheres
Institute's BOG Secretary
Date: 30 September 2021

STATEMENT OF BOARD OF GOVERNORS MEMBERS' RESPONSIBILITIES

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

The board of governors are responsible for the preparation and presentation of the Institute's financial statements, which give a true and fair view of the state of affairs of the Institute for and as at the end of the financial year ended on June 30, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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 the Institute; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The board of governors accept responsibility for the 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 Board of Governors are of the opinion that the Institute's financial statements give a true and fair view of the state of Institute's transactions during the financial year ended June 30, 2021, and of the Institute's financial position as at that date. The board of governors further confirm the completeness of the accounting records maintained for the Institute, which have been relied upon in the preparation of the Institute's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the board of governors to indicate that the Institute will not remain a going concern, for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Institute's financial statements were approved by the Board of Governors on 30th September, 2021 and signed on its behalf by:



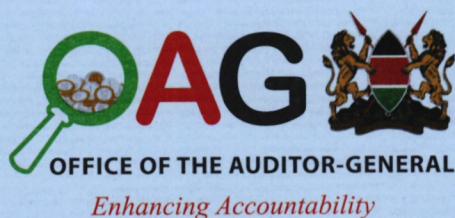
Chairperson of the Board
Michael Kipkirui Cheruiyot



Accounting officer/Principal
Robert cheres

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
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Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON SOT TECHNICAL TRAINING INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Sot Technical Training Institute set out on pages 1 to 22, which comprise of the statement of financial position as at 30 June, 2021, and the statement of financial performance, statement of changes in net

assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the 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 the Sot Technical Training Institute as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Technical and Vocational Education and Training Act, 2013.

Basis for Qualified Opinion

1. Unsupported Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions balance of Kshs.59,228,970 as disclosed in Note 15 to the financial statement. The amount includes an amount of Kshs.58,793,068 relating to student debtors. However, the schedule of student debtors did not have the opening balances, fees payable, payments made, and closing balances. In addition, an aging analysis report was not provided for audit.

In the circumstances, the accuracy and completeness of the receivables from the exchange transactions balance of Kshs.59,228,970 could not be confirmed.

2. Unsupported Trade and Other Payables from Exchange Transactions

The statement of financial position reflects trade and other payables from exchange transactions balance of Kshs.29,463,861 as disclosed in Note 18 to the financial statements. Included in the amount is fees paid in advance of Kshs.28,805,150 which however was not supported by a schedule of students who had made advance payments. In addition, aging analysis and reconciliation of the above balance was not also provided.

In the circumstances, the accuracy and completeness of the trade and other payable balance of Kshs.29,463,861 could not be confirmed.

3. Inaccuracies in Property, Plant and Equipment

The statement of financial position reflects property, plant, and equipment balance of Kshs.128,878,577 and as disclosed in Note 17 to the financial statement. However, this amount excludes value of several donated workshop equipment and four (4) parcels of land. Further, these assets had not been disclosed in Note 17 on property, plant and equipment movement schedule or recorded in the asset register.

In addition, the Institute assets were not tagged and the asset register lacked details of unique assets identification numbers, location, and responsibility for custody, nature, and description of the asset, the cost, and date of purchase, and the estimated useful life.

In the circumstances, the accuracy and completeness of the property, plant, and equipment balance of Kshs.128,878,577 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Sot 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.

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects total budgeted revenue of Kshs.388,493,300 and actual receipts of Kshs.107,100,725 resulting in an under-funding of Kshs.281,392,575 or 72% of the budget. Similarly, the College expended Kshs.65,394,078 against an approved budget of Kshs.160,904,175 resulting to an under-expenditure of Kshs.95,510,097 or 59% of the budget.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the 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

During the year under review, the total number of employees was one hundred and thirty-three (133) out of which one hundred and thirty-one (131) or 98% of the total number

were members of the same/dominant ethnic community in the Institute. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that, "all public offices shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public institution shall have more than one-third of its staff establishment from the same ethnic community".

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

The audit was conducted in accordance with ISSAI 4000. The standard requires 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 are in compliance, 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, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1. Lack of Board Performance Evaluation Report

The statement of financial performance reflects board allowances amounting to Kshs.1,562,000. However, the Board did not conduct an annual evaluation to evaluate its performance. This was contrary to paragraph 17 of the Mwongozo Code of Governance for state corporations, 2015.

In the circumstances, the effectiveness of the overall governance of the Institute could not be confirmed.

2. Lack of Approved Staff Establishment

Review of human resource records revealed that the Institute operated without an approved staff establishment. Therefore, the Institute has not determined its optimal staffing levels for effective operations.

In the circumstances, the adequacy of Institute staff levels could not be confirmed.

3. Lack of Risk Management Policy

The Management had not put in place risk management policy, strategies, and risk register to mitigate against risk. It was, therefore, not clear how the management manages risk exposures. This was contrary to Regulation 165(1) of the Public Finance Management (National Government) Regulations, 2015, which provides that an

Accounting Officer of a Government Entity should develop risk management strategies that include a fraud prevention mechanism, and a system of risk management and internal control that builds robust business operations. In addition, business continuity and disaster recovery plan have not been put in place.

In the circumstances, the effectiveness of Institute risk management could not be confirmed.

4. Lack of Internal Audit Function

The Institute has not established an internal audit function. This was contrary to Section 73(1) of the Public Finance Management Act, 2012 which provides that every national government entity shall ensure that it complies with this Act and (a) has appropriate arrangements in place for conducting internal auditing according to the guidelines of the Accounting Standards Board. As such the Institute did not benefit from the assurance and advisory services from the internal audit function as well as oversight from the Audit Committee.

In the circumstances, the effectiveness of assurance and advisory services on internal controls, risk management, and overall governance of the Institute could not be confirmed.

5. Establishment and Functioning of the Audit Committee

The Institute has established an audit committee but no member has a background in finance. This was contrary to Regulation 174(7)(a) of the Public Finance Management (National Governments) Regulations, 2015 which requires that all members of an audit committee shall have a good understanding of government operation, financial reporting, or auditing. It was also noted that the committee met only once in the financial year under review.

In the circumstances, the effectiveness of oversight of the audit committee could not be confirmed.

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

Responsibilities of Management and the Board of Directors

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

In preparing the financial statements, Management is responsible for assessing the Institute's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services, and using the applicable basis of accounting unless Management is aware of the intention to terminate the Institute or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in

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

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

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

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

23 September, 2022

L STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2021

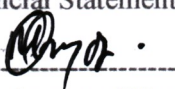
	Notes	2020/2021	2019/2020
		Kshs	
Revenue from non-exchange transactions			
Transfers from the National Government	6	77,745,000.00	62,424,500
Total Revenue from non-exchange transactions		77,745,000.00	62,424,500
Revenue from exchange transactions			
Rendering of services- Fees from students	7	29,307,071.00	63,509,891
Other income	8	48,654.00	1,406,844
Revenue from exchange transactions		29,355,725.00	64,916,735
Total revenue		107,100,725	127,341,235
Expenses			
Use of goods and services	9	46,274,518.00	32,419,481
Employee costs	10	16,823,672.00	22,143,655
Board allowances	11	1,562,000.00	961,500
Depreciation charge	12	11,982,097.00	10,996,595
Repairs and maintenance	13	733,888.00	6,756,267
Total expenses		77,376,175.00	73,277,498
Net Surplus for the year		29,724,550.00	54,063,737

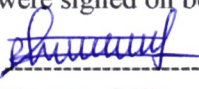
The notes set out on pages 6 to 22 form an integral part of the Annual Financial Statements.

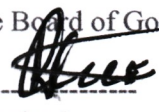
II. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2021

	Notes	2020/2021	2019/2020
		Kshs	Restated
			Kshs
Assets			
Current assets			
Cash and cash equivalents	14a&b	18,594,418.00	33,809,667
Receivables from exchange transactions	15	59,228,970.00	56,370,256
Biological assets	16	596,000.00	230,000
Total Current Assets		78,419,388.00	90,409,923
Non-current assets			
Property and equipment	17	128,878,577.00	89,463,040
Intangible assets	18	340,000.00	340,000
Total Non-current Assets		129,218,577.00	89,803,040
Total assets		207,639,065.00	180,212,963
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	19	29,463,861.00	29,890,080
Refundable deposits from customers	20	1,199,684.00	1,240,304
Employee benefit obligation	21	(1,831,609.00)	-
Total Current Liabilities		28,831,936.00	31,130,384
Reserves			
Accumulated surplus		142,670,549.00	100,963,902
Capital grants		36,136,580.00	48,118,677
Total Reserves		178,807,129.00	149,082,579
Total Liabilities and Reserves		207,639,065.00	180,212,963

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Institute Board of Governors by:


 Chairman of Board of Governors
 Michael Kipkirui Cheruiyot
 Date: 30/9/2021


 Finance Officer
 Ronald Rono
 Date: 30/9/2021


 Principal
 Robert Cheres
 Date: 30/9/2021

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

	Accumulated surplus	Development fund	Capital grants	Total
Balance c/d as at July 1, 2020	35,770,787	2,558,047	59,115,272	97,444,106
Prior year adjustments:				
Development funds double counted prior year		(2,558,047)		(2,558,047)
Unrecorded expenses in prior year	(30,004)			
Balance c/d as at July 1, 2020 as restated	35,740,783	-	59,115,272	94,856,055
Surplus for the year	54,063,737	-	-	54,063,737
Prior year adjustment opening balance omitted in fy 2019/2020	162,787			
Transfer of depreciation from accumulated surplus to capital grants	10,996,595		(10,996,595)	-
Balance c/d as at June 30, 2020 as restated	100,963,902	-	48,118,677	148,919,792
Balance b/f as at July 1, 2020 as restated	100,963,902	-	48,118,677	148,919,792
Surplus for the year	29,724,550	-	-	29,724,550
Development funds utilized during the year	-	-	-	-
Development grants received during the year	-	-	-	-
Transfer of depreciation from accumulated surplus to capital grants	11,982,097	-	(11,982,097)	-
Balance c/d as at June 30, 2021	142,670,549	-	36,136,580	178,807,129

Note:

Prior adjustment in surplus for fy 2019/2020 related to opening balance of kshs, 162,787 not previously disclosed in equity bank account since the account was dormant.

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

		2020/2021	2019/2020
	Note	Kshs	Kshs
Cash flows from operating activities			
Net cash flows from operating activities	22	36,549,485.00	50,244,189
Cash flows from investing activities			
Purchase of property and equipment		(51,397,634)	-
Other WIP			(29,053,322)
Purchase of biological assets		(366,000)	
Purchase of intangible assets		0	(340,000)
cash flows used in investing activities		(51,763,634)	(29,393,322)
Net cash flows used in investing activities		(15,215,249)	20,850,867
Cash flows from financing activities			
Increase in development deposits		-	-
Net cash flows used in financing activities		-	-
Net increase in cash and cash equivalents		(15,215,249)	20,850,867
Cash and cash equivalents at start of year restated		33,809,667	12,796,012
Cash and cash equivalents at end of year	14	18,594,418	33,646,880

V. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2021

	Original budget	Final budget	Actual on comparable basis	Performance difference	Utilisation percentage
	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021
Revenue	Kshs	Kshs	Kshs	Kshs	%
Transfers from other Govt entities Govt grants	75,000,000	75,000,000	77,745,000	(2,745,000)	103.66%
Public contributions and donations CDF	5,000,000	5,000,000	0	5,000,000	0%
Rendering of services- Fees from students	67,400,000	67,400,000	29,307,071.00	38,092,929	43%
Other income	4,584,175	4,584,175	48,654	4,535,521	1%
Total income	151,984,175	151,984,175	107,100,725	44,883,450	70%
Development grants	236,505,125	236,505,125	0	236,505,125	0%
Total income	388,489,300	388,489,300	107,100,725	281,388,575	28%
Expenses					
Compensation of employees	23,844,000	23,844,000	16,823,672.00	7,020,328	71%
Use of Goods and services	60,560,175	60,560,175	46,274,518.00	14,285,657	76%
Repairs and maintenance	8,500,000	8,500,000	733,888.00	7,766,112	9%
Remuneration of directors	2,500,000	2,500,000	1,562,000	938,000	62%
Total expenditure	95,404,175	95,404,175	65,394,078	30,010,097	52%
Surplus for the period	293,085,125	293,085,125	41,706,647	251,378,478	14%
Capital expenditure	293,085,125	293,085,125	37,353,261	255,731,864	13%

Budget notes

1. The difference between actual and budgeted amounts can majorly be articulated to the covid-19 pandemic which led to the prolonged closure of the institutions.
2. The difference in surpluses as compared to financial performance is the difference in accounting formats.

VI. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Sot Technical Training Institute is established by and derives its authority and accountability from PFM Act, the State Corporations Act and the TVET Act. The Institute is wholly owned by the Government of Kenya and is domiciled in Kenya. The institute is established under the Ministry of Higher Education, Science and Technology via certificate number TVETA/PUBLIC/ RC/00011/2014.

The Institute's principal activity is to provide quality training in technical, industrial, vocational and entrepreneurship. The mandate of the institute is through registration under the Ministry of Higher Education Science and Technology under the Education Act Cap 211 under the first schedule. It is also guided through its operations by other Acts of Parliament like KNEC Act, TSC Act, KIE Act KASNEB Act and others.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, 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 Sot Technical Training Institute's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5

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

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

3. ADOPTION OF NEW AND REVISED STANDARDS

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

Standard	Impact
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <ul style="list-style-type: none">a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks.b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved.c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard. <p><i>(There is no impact of the standard to the entity)</i></p>

3 ADOPTION OF NEW AND REVISED STANDARDS (Continued)

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

Standard	Effective date and impact:
<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><i>(There is no impact of the standard to the entity)</i></p>
<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><i>(There is no impact of the standard to the entity)</i></p>
<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.

Standard	Effective date and impact:
	c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.

iii. Early adoption of standards

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees

The Sot TTI recognizes student capitation under other government grants because the amount is not payable by the students.

Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Institute and the fair value of the asset can be measured reliably.

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Institute and can be measured reliably.

Recurrent grants are recognized in the statement of comprehensive income.

Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

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

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

b) Budget information

The original budget for FY 2020/2021 was approved by the Board on 04th July 2020.

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Budget information (Continued)

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 under section 13 of Financial Provisions of TVET ACT No. 29 OF 2013 of these financial statements.

c) Property, plant and equipment

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

Depreciation on all other assets is calculated on the reducing balance basis method to write down the cost of each asset, or the revalued amount, to its residual value over its estimated useful life using the following annual rates:

	<u>Rate %</u>
Buildings	2
Plant and machinery	20
Motor vehicles	25
Library books	10
Furniture and fittings	12.5
Transformer	10
Computer equipment	30

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating profit/loss. On disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to retained earnings in the statement of changes in equity.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on

a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Computer software

Computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives which are estimated to be 5 years.

e) Nature and purpose of reserves

a. Accumulated surpluses

This relates to surpluses brought forward and the one for the current year.

b. Capital reserves

This relates to fixed assets granted by the government or any other donor.

f) Changes in accounting policies and estimates

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

The changes in accounting policy that took place during the year is the adoption of accrual basis of accounting from the cash basis. This policy will help the institution to report its financial performance and position more accurately and fairly state the position and performance than the cash basis.

g) Employee benefits

Retirement benefit plans

The institution and its employees contribute to the National Social Security Fund (NSSF), a statutory defined contribution scheme registered under the NSSF Act. The institution's contributions to the defined contribution scheme are charged to profit or loss in the year to which they relate.

h) Related parties

Sot TTI regards a related party as a person or an Institute with the ability to exert control individually or jointly, or to exercise significant influence over the Institution, or vice versa. Members of key management are regarded as related parties and comprise the Board of Governors, the Principal, Head of Finance and Head of Procurement.

The government of Kenya through the ministry of education is also related party to the Sot TTI.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

j) Biological assets

The biological assets have been stated at their fair values less estimated point-of-sale costs. The fair value is determined based on market prices.

k) Comparative figures

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

l) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2021.

5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

The board of Governors made only one significant judgement in preparing these financial statements.

Useful lives and residual values

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

-The condition of the asset based on the assessment of experts employed by the Institute

The nature of the asset, its susceptibility and adaptability to changes in technology and processes

-The nature of the processes in which the asset is deployed

-Availability of funding to replace the asset

-Changes in the market in relation to the asset

6 TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2020-2021	2019-2020
	kshs	KShs
Unconditional grants		
Operational grant	-	-
Capitation	77,745,000	57,330,000
Development grants	0	5,094,500
Total government grants and subsidies	77,745,000	62,424,500

6a) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Institute sending the grant	Amount recognized to Statement of Comprehensive Income KShs.	Amount deferred under deferred income KShs.	Amount recognised in capital fund.	Total grant income during the year	2020-2021
			KShs	KShs	KShs
State Department of vocational and technical training institutions	77,745,000	-	-	77,745,000	77,745,000
Total	77,745,000	-	-	77,745,000	77,745,000

7 RENDERING OF SERVICES-FEE FROM STUDENTS

Description	2020-2021	2019-2020
	kshs	KShs
Tuition fees	25,734,211.00	47,986,563
Examination	3,572,860.00	12,660,889
Activity fees	0	2,033,320
Registration fees	0	829,119
Project	0	-
Total Rendering of Services	29,307,071.00	63,509,891

8 OTHER INCOME

Description	2020-2021	2019-2020
	KShs	KShs
Other income generating activities	48,654	223,292
Catering services	-	693,180
Accommodation	-	490,372
Total other income	48,654	1,406,844

9 USE OF GOODS AND SERVICES

Description	2020-2021	2019-2020
	KShs	KShs
Electricity, fuel, water and conservation	3,013,885	1,537,944
Activity	28,680	1,337,420
Examination	11,129,264	8,650,268
Medical	830,130	35,110
Student council	533,400	0
Industrial attachment	286,050	985,900
Tuition expenses	21,517,517	15,254,839
Registration	0	17,000
Administration expenses	4,123,293	1,811,717
Income generating activity	0	233,796
Cafeteria	0	1,284,095
Accommodation	195,571	608,100
Subscriptions	15,000	500,872
Other expenses	0	162,420
Local transport and travelling expenses	2,645,146	0
Covid 19 Response	1,905,112	0
Bank charges	51,470	0
Total good and services	46,274,518	32,419,481

10 EMPLOYEE COSTS

	2020-2021	2019-2020
	KShs	KShs
Salaries and wages	12,698,172	19,533,981
Travel, motor car, accommodation, subsistence and Medical allowances	4,125,500	2,609,674
Employee costs	16,823,672	22,143,655

11 BOARD ALLOWANCES

Description	2020-2021	2019-2020
	KShs	KShs
Chairman Honoraria	290,000	230,500
Other allowances	1,272,000	731,000
Total board allowances	1,562,000	961,500

12 DEPRECIATION AND AMORTIZATION EXPENSE

Description	2020-2021	2019-2020
	KShs	KShs
Property, plant and equipment	11,982,097	10,996,595
Total depreciation	11,982,097	10,996,595

13 REPAIRS AND MAINTENANCE

Description	2020-2021	2019-2020
	KShs	KShs
Repairs and maintenance	733,888	6,756,267
Total repairs and maintenance	733,888	6,756,267

14 a) CASH AND CASH EQUIVALENTS

Description	2020-2021	2019-2020
	KShs	Restated KShs
Development account	83,665	22,461
Operational account	18,065,491	33,391,551
Equity Bank account	199,891	162,787
Cash in hand	245,371	232,868
Total cash and cash equivalents	18,594,418	33,809,667

14(b). DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

Financial institution	Account number	2020-2021	2019-2020
		KShs	Restated KShs
a) Current account			
National bank	01020067454900	18,065,491	33,391,551
Sub- total		18,065,491	33,391,551
b) Development			
National bank	01020101644900	83,665	22,461
Sub- total		83,665	22,461
c) Equity account			
Equity account	1220273358126	199,891	162,787
Cash on hand		245,371	232,868
Grand total		18,594,418	33,809,667

15 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2020-2021	2019-2020
	KShs	KShs
Current receivables		
Student debtors	58,793,068	56,131,654
Staff advances	435,902	238,602
Total receivables	59,228,970	56,370,256

16 BIOLOGICAL ASSETS

Description	2020-2021	2019-2020
	KShs	KShs
Cattles (5 Friesians and 1 Ayrshire)	520,000	230,000
Lab rats(95@kshs 800)	76,000	-
Total biological assets	596,000	230,000

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17 PROPERTY, PLANT AND EQUIPMENT

The institute received several equipment from the parent ministry whose value was not issued at the time of donation. The board of governance is in the process of contracting a professional valuer who will revalue all the assets of the institution. The cost of the donated equipment has not yet been established and therefore, it's not included in the movement schedule below. Also the institute has four parcels of land and we have written to the ministry of lands to assist us in valuing the land so as to incorporate it on the movement schedule.

	Buildings	Furniture and fittings	Computers	Motor vehicles	Plant and equipment	Capital work in progress	Total
Cost	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 30 th June 2019	4,187,000	4,400,772	2,870,399	-	61,440,072	12,291,041	85,189,284
Additions	-	-	-	-	-	29,053,322	29,053,322
At 30 th June 2020	4,187,000	4,400,772	2,870,399	-	61,440,072	41,344,363	114,242,606
Additions	-	2,063,000	1,779,500	7,242,543	2,959,330	37,353,261	51,397,634
At 30 th June 2021	4,187,000	6,463,772	4,649,899	7,242,543	64,399,402	78,697,624	165,640,240
Depreciation and impairment	-	-	-	-	-	-	-
At 1 July 2018	-	-	-	-	-	-	-
Depreciation	83,740	550,097	861,120	-	12,288,014	-	13,782,971
At 30 th June 2019	83,740	550,097	861,120	-	12,288,014	-	13,782,971
Depreciation	82,065	481,334	602,784	-	9,830,412	-	10,996,595
At 30 th June 2020	165,805	1,031,431	1,463,904	-	22,118,426	-	24,779,566
Depreciation	80,424	679,044	955,799	1,810,636	8,456,194	0	11,982,097
At 30 th June 2021	246,229	1,710,475	2,419,703	1,810,636	30,574,620	0	36,761,663
Net book values	-	-	-	-	-	-	-
At 30 th June 2021	3,940,771	4,753,297	2,230,196	5,431,907	33,824,782	78,697,624	128,878,577
At 30 th June 2020	4,021,195	3,369,341	1,406,495	-	39,321,646	41,344,363	89,463,040
At 30 th June 2019	4,103,260	3,850,675	2,009,279	-	49,152,058	12,291,041	71,406,313

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 INTANGIBLE ASSETS

The institute acquired management information system from Donna Empire which costed kshs 340,000.

19. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS.

Description	2020-2021	2019-2020
	KShs	KShs
Trade payables	-	1,084,930
Fees paid in advance	28,805,150	28,805,150
General Creditors	108,703	-
Helb Control A/C	(1,803,700)	-
CDF Account	870,138	-
Capitation C/A	1,483,570	-
Total trade and other payables	29,463,861	29,890,080

20 REFUNDABLE DEPOSITS FROM STUDENTS (CAUTION MONEY)

Description	2020-2021	2019-2020
	KShs	KShs
Caution money	1,199,684	1,240,304
Total deposits	1,199,684	1,240,304

21 EMPLOYEE BENEFIT OBLIGATION

The obligation reported in the financial year related to unpaid salaries and nssf totalling to kshs.1, 831,609. Financial year closed before the payments were made.

22 CASHFLOW FROM OPERATING ACTIVITIES

	2020-2021	2019-2020
	KShs	KShs
Surplus for the year	29,724,550.00	54,063,737
Adjusted for:		
Depreciation	11,982,097.00	10,996,595
Decrease/(increase) in receivables	(2,858,714.00)	(44,477,476)
(Decrease)/increase in total current liabilities	(2,298,448.00)	29,661,333
Net cash flow from operating activities	36,549,485.00	50,244,189

23 FINANCIAL RISK MANAGEMENT

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

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

(i) Credit risk

The Institute has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables 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 Institute's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount Kshs	Fully performing Kshs	Past due Kshs
At 30 June 2021			
Receivables from exchange transactions	29,812,561	-	29,812,561
Bank balances	18,548,318	18,548,318	-
Total	48,360,879	18,548,318	29,812,561

	Total amount Kshs	Fully performing Kshs	Past due Kshs
At 30 June 2020			
Receivables from exchange transactions	56,370,256	-	56,370,256
Bank balances	33,646,880	33,646,880	-
Total	90,017,136	33,646,880	56,370,256

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the institute potentially irrecoverable amounts.

The Institute has significant concentration of credit risk on amounts due from students

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

(ii) Liquidity risk management

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

The table below represents cash flows payable by the company under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2021				
Trade payables		-		-
Caution money		-	1,199,684	1,199,684
Total			1,199,684	1,199,684

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2020				
Trade payables		1,084,930		1,084,930
Caution money		-	1,240,304	1,240,304
Total		1,084,930	1,240,304	2,325,234

24 RELATED PARTY BALANCES

Nature of related party relationships

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

Government of Kenya

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

- i) The National Government;

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

25 EVENTS AFTER THE REPORTING PERIOD

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

26 ULTIMATE AND HOLDING ENTITY

The Institute is a State Corporation under the Ministry of Education State Department of vocational and technical training institutions. Its ultimate parent is the Government of Kenya.

27 CURRENCY

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

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

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)
Compensation of employees	Hiring without advertisement of vacancies, list of candidates and interview minutes.	During the year of review Human resource function had not been installed and so there were many challenges regarding staff management	Resolved	-
Biological Assets	Unsupported biological assets and no valuation report.	-we have provided the schedule for review and the sale agreement -management is in process of doing valuation.	Only valuation pending	By June 2022

Accounting Officer
Name Robert cheres
(PRINCIPAL)

Signature.....

Date... 30/9/2021

SOT TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021
APPENDIX II: PROJECTS IMPLEMENTED BY THE INSTITUTE

Projects

Status of Projects completion

	Project	Total project Cost	Completion % to date	Budget	Sources of funds
1	FOOD AND BEVERAGE WORKSHOP	28,180,908.15	50%	12,000,000	FEES
2	WING B WORKSHOP	21,740,171	100%	21,740,171	GOK & Capitation

APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME:		SOT TECHNICAL TRAINING INSTITUTE		
Break down of Transfers from the State Department of Education				
FY 20/21				
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>Indicate the FY to which the amounts relate</u>
		03 rd July 2020	15,817,500	2019/2020
		06 th Nov 2020	17,160,000	2020/2021
		12 th Feb 2021	17,160,000	2020/2021
		30 th March 2021	14,025,000	2020/2021
		30 th June 2021	13,582,500	2020/2021
		Total	77,745,000	

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

Finance Officer
Sot TTI entity

Head of Accounting Unit
Education Ministry

Sign 

Sign-----

APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/Development/Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others	
Ministry of Education	03 rd July 2020	Capitation	15,817,500	15,817,500	-	-	-	-	-
Ministry of Education	06 th Nov 2020	Capitation	17,160,000	17,160,000	-	-	-	-	-
Ministry of Education	12 th Feb 2021	Capitation	17,160,000	17,160,000	-	-	-	-	-
Ministry of Education	30 th March 2021	Capitation	14,025,000	14,025,000	-	-	-	-	-
Ministry of Education	30 th June 2021	Capitation	13,582,500	13,582,500	-	-	-	-	-
Total			77,745,000	77,745,000	-	-	-	-	-

