


REPUBLIC OF KENYA



*Enhancing Accountability*

 THE NATIONAL ASSEMBLY PAPERS LAID			
DATE:	14 JUN 2023	DAY:	WED
TABLED BY:	LDM: HON. KIMANI 1 CHUNGWANI, MP		
CLERK-AT THE TABLE:	RUTHER NGWYO		

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**MATHENGE TECHNICAL TRAINING  
INSTITUTE**

**FOR THE YEAR ENDED  
30 JUNE, 2022**



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**MATHENGE TECHNICAL TRAINING INSTITUTE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
30 JUNE 2022**

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



**MATHENGE TECHNICAL TRAINING INSTITUTE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

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**MATHENGE TECHNICAL TRAINING INSTITUTE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

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**I. KEY INFORMATION AND MANAGEMENT OF MATHENGE TECHNICAL TRAINING INSTITUTE**

**(a) Background information**

Mathenge Technical Training Institute is established by and derives its authority and accountability from PFM Act, the State Corporations Act and the TVET Act. The Mathenge Technical Training 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/TVC/0046/2016**.

The Mathenge Technical Training 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.

The Institute was incorporated as a Legal entity on 6th April, 1984 under the Companies Act (Cap 486 Laws of Kenya) as a Company limited by Guarantee and without share capital. The Institute officially opened its doors on 25th November, 1984 following a major construction of buildings between 1984 and 1986. Since inception the Institute has experienced progressive growth from a Youth Institute to a Harambee Institute of Science and Technology and later upgraded to a Technical Training Institute in the year 2010.

The Institute achieved ISO 9001:2008 International Standards of Excellence Certification from Kenya Bureau of Standards on 17th July 2011 and successfully transitioned to the revised ISO 9001:2015 Re-certification in September 2018.

**Our Vision**

To be a Centre of Excellence in Scientific, Technological Training and Innovations

**Our Mission**

To produce competent graduates capable of integrating the acquired scientific and technological skills in innovative nation building

**Our Values**

- Integrity
- Innovation
- Competency
- Accountability
- Transparency
- Social Responsibility
- Team Work
- Equity

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#### (b) Management Structure

Mathenge Technical Training institute is managed by the Board of Governors, appointed by The Cabinet Secretary in charge of Education. The B.O.G. provides leadership in; policy direction and ensures that the institutes programmes and activities are in line with its mandate and set objectives. The principal is the secretary to the Board and executes all policies in line with the institute's core mandate. The principal is assisted by one deputy who is Administration and Academics in charge of the day-to-day activities of the school, all the non-teaching staff and implementation of the curriculum. The heads of departments report to the deputy principal.

*Mathenge Technical Training Institute's* day-to-day management is under the following key organs:

- Board of Governors
- Accounting officer/ Principal
- Fiduciary Management

#### (c) Principal Activities

Mathenge Technical Training Institute is under the Ministry of Education in the State Department of Technical and Vocational Training and has the mandate to provide quality Technical Vocational Training and Entrepreneurship training for effective and sustainable nation building.

#### (d) Fiduciary Management

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2022 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	Michael G. Njungu
2.	D /Principal – Administration	John Njeru Njagi
3.	D / Principal – Academics	Elizabeth Wangechi Mwangi
4.	Registrar	David Mugambi Kariuki
5.	Dean of Students	Lydia Muthoni Ndirangu
6.	Head of Finance	Charles Macharia Mbogo
7.	Head of Procurement	Naomi Wangari King'ori
8.	Internal Auditor	Kenneth Kung'u Maina

#### (e) Fiduciary Oversight Arrangements

Name of the Committee	Members
Risk, Audit and Compliance Committee	1.Mr. David N. Oyosi-Chairperson 2.Mr. Betty K. Miriti -Member. 3.Mr. Patrick M. Maina -Member
Academic and Research	1.Mr. Steve G. Gichuhi-Chairperson 2.Mrs. Betty K. Miriti-Member 3.Mr. Charles Nyota-Member
Finance and Human Resource Committee	1.Mrs. Dorcas N. Mungai -Chairperson 2.Mr. Rufus K. Nyaga-Member. 3.Eng. Alfred K. Wang'ondu -Member

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**(f) Mathenge Technical Training Institute Headquarters**

P.O. Box 665 – 10106  
Next to Gaturuturu Tea Centre  
Kagere –Mahiga - Ndunyu  
Othaya

**(g) Mathenge Technical Training Institute Contacts**

Telephone: / (254) 725737174  
E-mail: [info@mathengetti.ac.ke](mailto:info@mathengetti.ac.ke)  
Website: [www.mathengetti.ac.ke](http://www.mathengetti.ac.ke)

**(h) Mathenge Technical Training Institute Bankers**

Kenya Commercial Bank  
Othaya Branch  
P.O Box  
Othaya

**(i) Independent Auditors**

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


**(j) Principal Legal Adviser**

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

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**II. BOARD OF GOVERNORS**

 <p>Douglas T. Mathenge Chairman</p>	<p><b>Date of Birth:</b> 1958</p> <p><b>Qualifications:</b> Masters in Business Administration CPA (K)</p> <p><b>Work Experience:</b> 40 years</p>
 <p>Ms. Dorcas N. Mungai Member</p>	<p><b>Date of Birth:</b> 02/07/1982</p> <p><b>Qualifications:</b> M.Sc. Entrepreneurship</p> <p><b>Work experience:</b> She has 11 years' experience and currently an ICT Consultant</p>
 <p>Michael G. Njungu Principal/BOG Secretary</p>	<p><b>Year of Birth:</b> 14<sup>th</sup> June 1965</p> <p><b>Qualifications:</b> MBA Finance</p> <p><b>Work Experience:</b> 33 Years</p>
 <p>Eng. Alfred W. Kuria Member</p>	<p><b>Date of Birth:</b> 1962</p> <p><b>Qualifications:</b> Degree in Electrical Engineering</p> <p><b>Work Experience:</b> He has got 33 years of experience and currently he is a sole proprietor of Power deed Engineering Services.</p>
 <p>Mrs. Betty Miriti Member</p>	<p><b>Date of Birth:</b> 12/10/1960</p> <p><b>Qualifications:</b> Bachelor of Commerce (Marketing option)</p> <p><b>Work Experience:</b> 36 years</p>

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 <p>Mr. Rufus K. Nyaga Member</p>	<p><b>Date of Birth:</b> 27/04/1986</p> <p><b>Qualifications:</b> Bachelor of Business and Information Technology and currently pursuing Master's Degree in Information Systems Management.</p> <p><b>Work experience:</b> He has 12 years' experience. Currently he is the Information Systems Consultant and Project Manager at Association of Public Health Laboratories.</p>
 <p>Mr. Steve Gichohi Gichuhi Member</p>	<p><b>Date of Birth:</b> 09/10/1965</p> <p><b>Qualifications:</b> MBA Strategic Management</p> <p><b>Work Experience:</b> He has 33 years' experience and currently the General Manager, Equity Bank (K) Ltd.</p>
 <p>Mr. David N. Oyosi Member</p>	<p><b>Date of Birth:</b> 15/08/1957</p> <p><b>Qualifications:</b> Masters in Business Administration</p> <p><b>Work experience:</b> He has 36 years' experience. He is a retired Director of Administration at the Ministry of Devolution and Planning.</p>
 <p>Mr. Patrick Mwangi Maina Member</p>	<p><b>Date of Birth:</b> 13/12/1967</p> <p><b>Qualifications:</b> Bachelor of Education</p> <p><b>Work experience:</b> He has 26 years, experience. He is currently the Executive Secretary, KUPPET Nyeri County</p>

# MATHENGE TECHNICAL TRAINING INSTITUTE




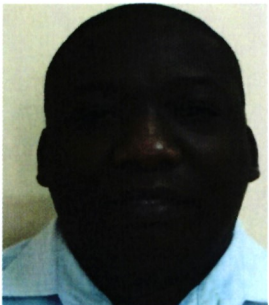
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### III. MANAGEMENT TEAM

Name of the Staff	Responsibility
 <p>Michael G. Njungu <b>Principal/BOG Secretary</b></p>	<p>Mr. Michael G. Njungu is in charge of day to day running of the Institute. He is the Chief Executive Officer who reports to all stakeholders. He is also the mandatory signatory to all the Institutes bank accounts and Secretary to Board of Governors</p>
 <p>John N. Njagi <b>Deputy principal- Admin</b></p>	<p>Mr. John N. Njagi deputizes the Principal and he is in charge of administration. He attends Board meetings and take minutes as in-attendance member. Ensures academic time tables are made in time. Also ensures that the lessons that appear on the timetable are adequately taught.</p>
 <p>Elizabeth Mwangi <b>Deputy principal Academics</b></p>	<p>Ms Elizabeth W. Mwangi deputizes the Principal and she is in charge of Academics. Ensures academic time tables are made in time. Also ensures that the lessons that appear on the timetable are adequately taught.</p>
 <p>David M. Kariuki <b>Ag. Registrar</b></p>	<p>Mr. David Kariuki ensures that term programmes, students who apply for courses in the institute meet the relevant requirements for admission. He is also in charge of marketing of institute courses to ensure increase in enrolment.</p>

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 <p>Lydia M. Ndirangu Dean of Students</p>	<p>Mrs. Lydia M. Ndirangu is the Dean of Students who is in charge of student affairs i.e., process boarding issues accommodation and disciplinary.</p> <p>She is also in charge of assisting students who apply for HELB loans and other bursary to support payment fees.</p>
 <p>Charles M. Mbogo Head of Finance</p>	<p>Mr. Charles Macharia is the Head of Finance and associated functions.</p> <p>Ensures effective systems and procedures for financial planning and budgeting are developed and maintained.</p> <p>Preparing the quarterly and final year books of accounts ready for external audit.</p> <p>Preparation of payroll. Monitoring and controlling expenditure and ensuring institute comply with relevant statutory obligations.</p>
 <p>Naomi W. Mugo Head of Procurement</p>	<p>Mrs. Naomi W. Mugo is the Head of Procurement.</p> <p>She is in charge of carrying out market surveys for purpose of tendering/ Quotation, preparation of LPO's / LSO's</p> <p>Checking and verification of supplies delivered,</p> <p>Managing inventories</p> <p>Receiving and processing requisition from departments,</p> <p>Carry out the purchase functions for approval of orders and enforcing internal controls of materials in store.</p>
 <p>Kenneth K. Maina Head of Internal Audit</p>	<p>Mr. Kenneth Kung'u Maina is the Head Internal Audit.</p> <p>Duties and responsibilities at this level will entail – Duties and responsibilities at this level will entail: - Coordinate internal audit activities.</p> <p>review and implement the Audit Policy, carry out internal audit investigations, review and ensure implementation of the recommendations for external audit report, ensuring the Institute's compliance with relevant statutory obligations and any other duty as assigned.</p>

## **MATHENGE TECHNICAL TRAINING INSTITUTE**

### **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

#### **IV. CHAIRMAN'S STATEMENT**

I am pleased to report that Mathenge Technical Training Institute (MTTI) has continued to perform well in returning exemplary examination results of the Kenya National Examinations Council (KNEC). 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 risks associated with the Institution, and our future outlook.

##### **Economic Focus**

In order to ensure efficient and effective 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 Big 4 Agenda and Sustainable Development Goals. In the past, the institute experienced tremendous growth in student enrolment but in the last two years the enrolment though growing has been unsteady due to the effects of Covid 19 that resulted to term dates disruptions. In the semester between September to December 2021 the student enrolment stood at **2,153**, January to March 2022 semester enrolment was **1,338** while for the April to June 2022 semester the student enrolment grew to **2,027**.

##### **Review of the Sector and Changes**

Though the year was faced with unusual challenge of Covid 19, the government capitation has continued to boost the growth in student enrolment due to reduction in fees payable to ensure affordable technical vocational training to every high school graduate who has not met the required threshold to join university education. This initiative of transition by the government has so far been successful, and the future looks bright. Students sponsorship programmes from HELB, National Youth Service, County and NG-CDF Bursaries have also helped Mathenge Technical to remain financially sound despite the hard economic times the country has been experiencing.

##### **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. MTTI has developed an enterprise risk management policy and framework to ensure that our activities are aligned with our strategic plan objectives. The Board of Governors regularly reviews risks identified - such as competition, information & communications technology and credit and operations; and how the risks involved can be mitigated by various risk owners.

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### **Operation and Management**

In the spirit to excel, we endeavour to be a centre of Excellence in scientific, technological, training and innovation so as to produce competent graduates who are capable of integrating the acquired skills in nation building in line with Vision 2030 and the Big4 Agenda (i.e. food security, affordable housing, universal health and manufacturing). To this end, MTTI has continuously participated in trade fairs (including the Annual Agricultural Show) whereby trainees have exhibited their patentable innovations in all of the Big 4 Agenda that have won them many trophies and meritorious accolades.

### **Key Challenges**

As mentioned above, in the last two years the education calendar has been affected by the outbreak of Covid 19 resulting to low rate of enrolment as well as crashing of programs. Complying with Ministry of Health Covid – 19 Protocols continues to limit the Institute’s realization of its full potential in terms of revenue collection, causing delays or postponement of projects implementation process. The institute had to incur heavily, beyond her budget, to meet the Ministry of Health Covid 19 Protocols.

The Institute also has limitation in boarding facilities forcing students to seek accommodation outside the school facilities.

### **Success**

**During the year, the board of Governors was able to accomplish various projects as listed below:**

Project	Completion rate
Construction of Tuition Block Phase I	50%
Construction of Automated Institute Gate	100 %
Purchased Principal’s official vehicle	100%

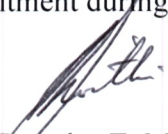
### **Outlook**

I am indeed deeply indebted to the members of the Board of Governors for their unwavering support, commitment and futuristic outlook towards realising the institute’s objectives in line with its strategic plan and core mandate of training market-driven technical manpower. Noteworthy is the Board’s diverse qualifications and experience. I unreservedly assure all our Stakeholders we at MTTI, shall remain focussed, committed and consistent in the delivery of opportunities and accountably availing of resources to both trainers and trainees within the Government framework of accountability, corporate governance and ethical sustainability. Going forward Mathenge TTI is committed to working closely in collaboration with

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other like-minded entities, institutions, agencies and any other bi-lateral & multi-lateral agencies involved in technical and vocational training to ensure that our trainees continue to receive Competency Based Training.

Lastly, I would like to whole-heartedly thank my fellow members of the Board of Governors, Management, Trainers, Trainees – and all other stake-holders for their co-operation, collaboration, continued support and commitment during this period under review.



CPA, Douglas T. Mathenge  
**CHAIRMAN, BOARD OF GOVERNORS**  
30<sup>th</sup> Sept, 2022.

# MATHENGE TECHNICAL TRAINING INSTITUTE

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## V. REPORT OF THE PRINCIPAL

Mathenge Technical Training institute is well placed to providing adequate and relevant training to her graduates that will enable them to contribute towards the attainment of our country's Vision 2030 strategic objectives. In furtherance of our mandate therefore, we have committed ourselves to consistently and regularly review, improve and consolidate our academic programs in several ways that will ensure their competitiveness in terms of quality and relevance.

With the guidance of the Governing Board, we worked hard in setting up structures and policies aimed at guiding the institution in the right strategic direction. Mathenge Technical Training Institute was able to achieve ISO 9001:2008 International Standards of Excellence Certification from Kenya Bureau of Standards on 17<sup>th</sup> July 2011 and successfully transitioned to the revised ISO 9001:2015 Re-certification in September 2018. Under my leadership and the overall direction of the Institute's Board we were able also to be in the forefront in ensuring that financial resources were utilized efficiently and effectively for optimum output. Despite the many challenges brought about by economic constraints, the Institute nevertheless continued to discharge its mandate of training, research and outreach.

### HIGHLIGHTS OF FY 2021/2022 PERFORMANCE

The Financial Year **2021/2022** started on a high note with the Government keen to ensure TVET Institutions absorb as many Form 4 leavers as possible.

During the year under review, the total capitation received from the government amounted to Kshs. 64,680,000/= . This comprised of ksh. 13,230,000.00 being arrears for the 4<sup>th</sup> Quarter fy 2020/2021 and ksh. 51,450,000/= in respect of 1<sup>st</sup>, 2<sup>nd</sup>, and 3<sup>rd</sup> Quarters for the year 2021/2022

Income from rendering of services reduced to 96 million compared to 109 million in 2020/2021, after the Government did not remit 4<sup>th</sup> Quarter FY 2021/2022 Capitation.

During the financial year under review, 2021/2022, the institute developed and delivered on several tangible targets:

#### Projects Undertaken

The Board was able to undertake the following projects:

Project	Completion rate
Construction of Tuition Block Phase I	50%
Construction of Automated Institute Gate	100 %
Purchased Principal's official vehicle	100%

Our future plans in relation to expansion and well-being of the institutes are as follows;

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- To operationalize food processing unit (under value additional equipment).
- Increase student enrolment to 5000 students
- Acquire National Polytechnic status
- To construct and equip a hospitality Complex
- To construct and Complete the Proposed Tuition Block up to Phase II

Under my leadership, we were able to Develop The finance and Risk Management Policies during the Financial Year 2021/2022.


I have confidence that the trainees are well equipped with the necessary skills that strategically aligns them with opportunities within the country, regionally and globally at the same time contributing to the realization of the Big 4 Agenda: Health, Manufacturing, Affordable Housing and Food security.

Technical Training Institute being a Tertiary institution desires to enhance its visibility, performance, and competitiveness in the tertiary education sector in the face of stiff competition. To do so, however the Institute requires a lot of support from the Government and other stakeholders in this crucial transitional stage to a National Institute in terms of funding, material support and other contributions. We shall continue to appeal for such support for several years to come.

On behalf of the Institute Board and Management, I take this opportunity to thank the Government for its unequivocal support during the year under review.

I also appreciate the financial, material and moral support of our collaborators, partners and friends during the year. It is because of the understanding and guidance of the Chairman of the Board as well as the cooperation of the Management team, all staff and our students that we ended the year within an environment of peace and stability. I wish to register my sincere gratitude to them all.

I look forward to their continued support in the new financial year and the years ahead.



Michael G. Njungu

**PRINCIPAL/SECRETARY TO THE BOARD OF GOVERNORS**

Date: 28<sup>th</sup> Sept, 2022

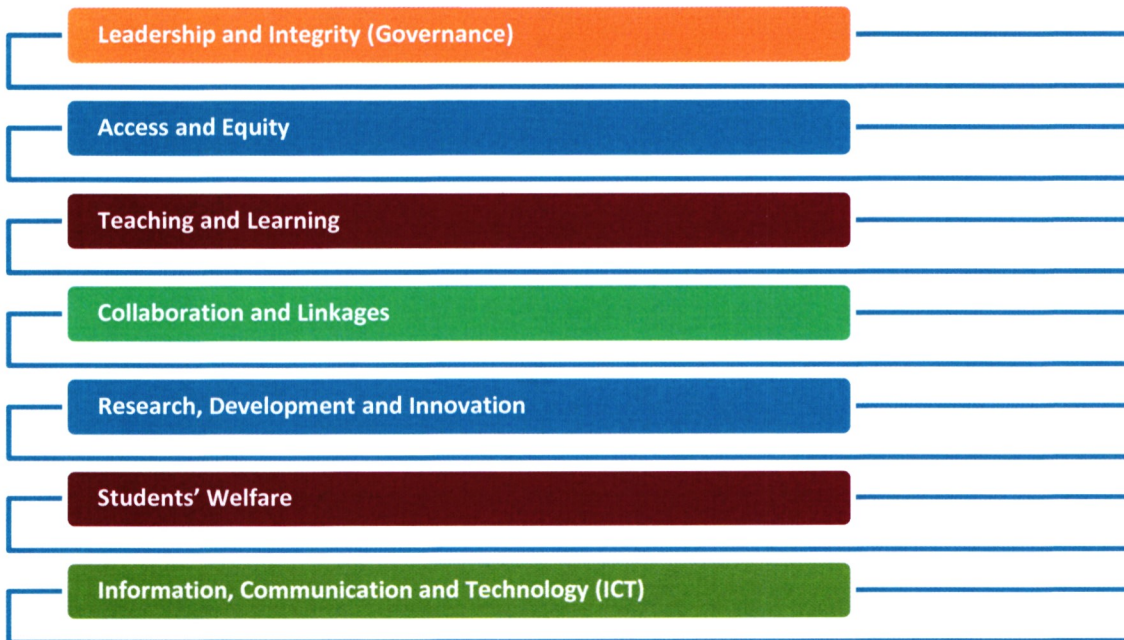


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**VI. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVE**

*Mathenge Technical Training Institute* has 7 strategic pillars and objectives within its Strategic Plan for the 2018/19 – 2022/23. These strategic pillars are as follows:



*Mathenge Technical Training Institute* develops its annual work plans based on the above 7 pillars. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The *institute* achieved its performance targets set for the FY 2021/2022 period for its 7 strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objectives	Strategies	Key Performance Indicators	Activities	Achievements
Pillar 1. Leadership and Integrity (Governance)	Ensure the Institute remains solvent and meets its legal obligations	Offer governance training to new BOG members	Number of BOG training conducted	Organize for a seminar for new BOG members training	BOG members were trained
		Enforcing compliance to laws and regulations	-Number of relevant laws and regulations -Survey reports	-Identify and enforce compliance with laws and regulations to be complied with	All relevant laws and regulations complied with as per audit report
		Participating in cultural and trade exhibitions at regional and national levels	Number of cultural and trade exhibitions attended	Identify and train teams to participate in cultural and trade exhibitions	Students facilitated to participate in regional and national cultural and trade exhibitions

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	Ensure environmental sustainability in project implementation	Enhance the green movement unit	% of total budget allocated to green movement	-Planting of trees and flowers -Landscaping the Institute compound	A total of Ksh. 215,500 spent in green movement activities
		Equip the academic departments	Budget allocation for learning and teaching materials departments	-Procurement of learning and teaching materials	A total budget of ksh. 5,234,400/= was allocated to procurement of learning and teaching equipment
		Expand administrative offices	Procurement documents	Partitioning of administrative offices	Two offices created and occupied
Pillar 2: Access and Equity	Promote access and equity in training	Enhance digital marketing opportunities	Number of digital marketing platforms in use	-Activating digital marketing platforms	-Institute's Facebook, website page and WhatsApp are in use
		Implement affirmative action for the target groups	Number of policies implemented	Develop Gender and Disability mainstreaming policy	Gender and Disability mainstreaming policy being implemented
		Provide academic and social support for students by establishing students and staff centre	Number of counselling sessions	Identify students in need of counselling	Counselling and guidance department implementing the counselling and guidance activities
Pillar 3: Teaching and Learning	To produce highly skilled, competent and self-driven human resource for the labour market.	Equip the library with books	% of budget allocated to purchasing of books	Identify and procure library books	A total budget of Ksh. 2,000,000 was allocated to procurement of library books
Pillar 4 Collaboration and Linkages	Establish and strengthen existing collaborations and linkages	Facilitate students for industrial attachment and internship	Number of students in attachment	-Identify, place and assess students on attachment	600 students placed on attachment
Pillar 5 Research, Development and Innovation	Promote innovation and creativity in the Institute through research and	Develop research and development policy	Number of research and development policy	-Development of research and development policy	One research and development policy developed

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	development and innovation	Participate in regional, national and international research exhibitions	Number of participation in national and international research exhibitions	Develop and rank research projects	Participation in regional and national TVET fair and robotic competition affected by covid-19 pandemic
		Register and patent innovation	Number of patents and copyrights registered	-Register and patent innovation	2 innovations were patented
		Recognize and reward innovation and creativity	% budget allocated to recognize reward innovation and creativity	-Assessing and ranking the research projects developed	A total budget of ksh. 350,000/ was allocated to recognizing and awarding highly ranked research projects
Pillar 6: Students' Welfare	Improve and enhance students welfare	Encourage students to register with medical insurance covers	Number of sensitization	-Organize for sensitization of students on available medical insurance covers	-Three sensitization sessions conducted
		Facilitate Sports, drama and music activities	% of total budget allocated to sports, Drama and music activities	Prepare and participate in extra curriculum activities.	A total budget of ksh. 3,717,200/= was allocated Sports activities
Pillar 7: Information, Communication and Technology (ICT)	Enhance use of Information Communication Technology in the Institute's operations	Develop adequate ICT capacity for staff	Number of members of staff trained in ICT	-Organize for ICT training for staff	70 members of staff trained on online learning
		Develop ICT infrastructure	% Budget allocated to purchasing of ICT infrastructure	Procure desktops, laptops and printers	A total budget of ksh. 412,000 was allocated to purchasing of ICT infrastructure

## **VII. CORPORATE GOVERNANCE STATEMENT**

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 of governors held four Full board meetings and nine committee board meetings in the financial 2021/2022. The current board was appointed on 4<sup>th</sup> October 2019 and inaugurated on 4<sup>th</sup> November 2019, for a term of three years ending on 5<sup>th</sup> October 2022.

On expiry of the tenure of the current board (5<sup>th</sup> October, 2022) the process of appointment of a new board of management is as laid out in the TVET act of 2013 shall be followed.

Under the TVET act of 2013, the functions of Board of Governors as set out under section 28 (1) shall include:-

- (a) Overseeing the conduct of education and training in the institutions in accordance with the provisions of this Act and any other written law;
- (b) Promoting and maintaining standards, quality and relevance in education and training in the institutions in accordance with this Act and any other written law;
- (c) Administering and managing the property of the institutions;
- (d) Developing and implementing the institutions' strategic plan;
- (e) Preparing annual estimates of revenue and expenditure for the institution and incurring expenditure on behalf of the institutions; (1) receiving, on behalf of the institution, fees, grants, subscriptions, donations, bequests or other moneys and to make disbursement to the institution or other bodies or persons;
- (g) determining the fees payable and prescribing conditions under which fees may be remitted in part or in whole in accordance with the guidelines developed under the provisions of this Act;
- (i) Developing and reviewing programmes for training and to make representations thereon to the Board;
- (j) Regulating the admission and exclusion of students from the institutions, subject to a qualifications framework and the provisions of this Act;

## **MATHENGE TECHNICAL TRAINING INSTITUTE**

### **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

- (k) Approving collaboration or association with other institutions and industries in and outside Kenya subject to prior approval by the Board;
- (l) Recruiting and appointing trainers from among qualified professionals and practising trades persons in relevant sectors of industry;
- (m) Determining suitable terms and conditions of service for support staff, trainers and instructors and remunerating the staff of the institutions, in consultation with the Authority;
- (n) Making regulations governing organization, conduct and discipline of the staff and students;
- (o) Preparing comprehensive annual reports on all areas of their mandate, including education and training services and submits the same to the Board;
- (p) Providing for the welfare of the students and staff of the institutions;
- (q) Encouraging, nurturing and promoting democratic culture, dialogue and tolerance in the institutions; and
- (r) Discharging all other functions conferred upon it by this Act or any other written law.

The board in the period it has been in existence has endeavoured to discharge its functions independently with vigour and passion. Their diligence and prudent management of resources has been result oriented and much has been achieved during their term in office. They have been able to interpret government policies and TVET Act as well as other relevant laws in existence making the institution to move forward as we actualize the strategic plan. Moving forward, the Board is aligning its discharging of duties by improving on its operations while surpassing the set targets where possible. In the interest of quality service delivery, the board is able to read from the same script as the render their duties above board.

This will be attained with the incorporation of team spirit and self-sacrifice that is deep within them.

**VIII. MANAGEMENT DISCUSSION AND ANALYSIS**

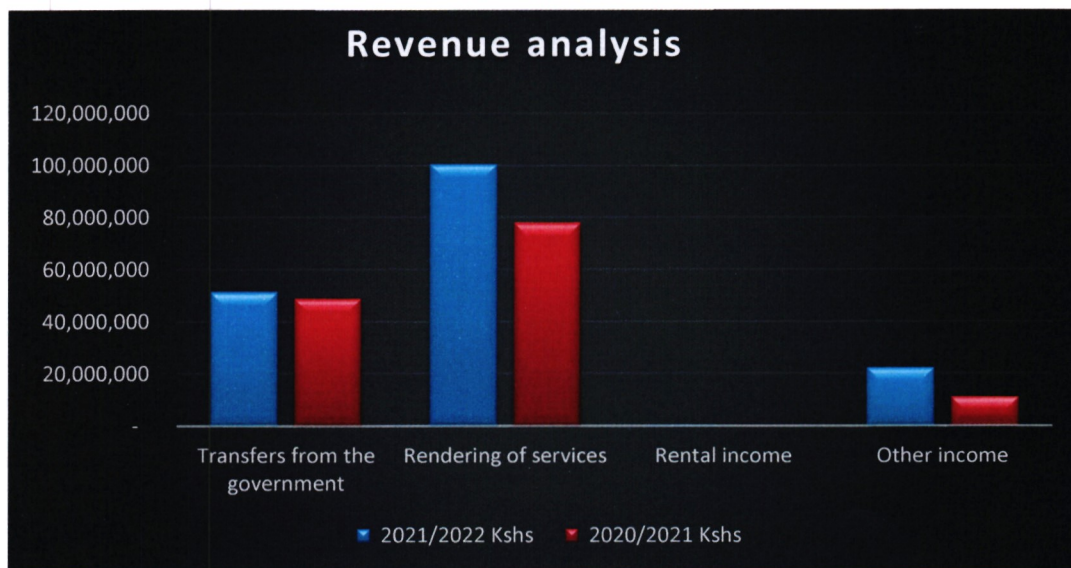
**Mathenge Technical Training Institute operational and financial performance**

During the year ended June 2022 the total income from government increased by 5% from Kshs. 48.9m to Kshs. 51.45m which was attributed to growth in student numbers.

Income from rendering of services which mainly tuition fee charged to students including other income like accommodation and facility hire significantly increased due to:

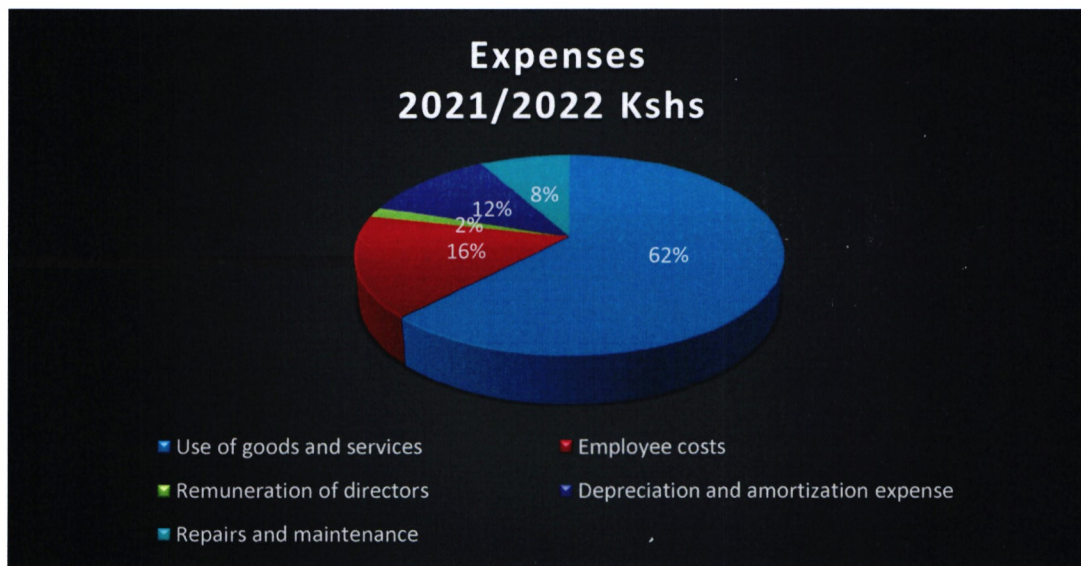
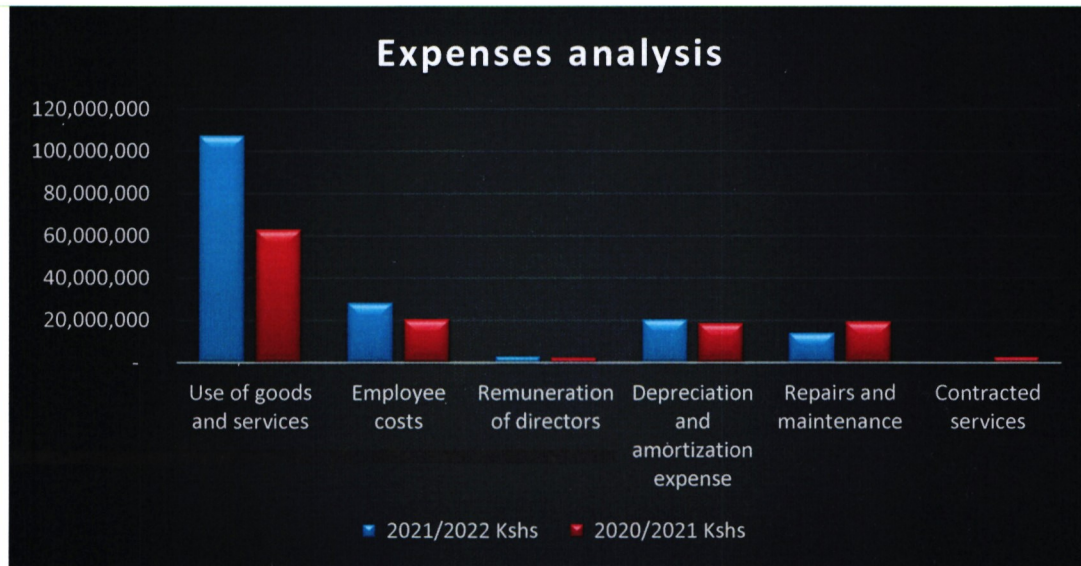
- Students prepayments recognised in previous years which was utilised but not taken to income in the year they were utilised has now been adjusted to income. The total prepayments already utilised amounted to Kshs. 10.7m.
- Increase in the number of students
- More accommodation space was made available after relaxing some of Covid 19 spacing protocols which increased the accommodation income by 98%

Below are the graphs and pie charts analysing the revenues and expenses of the institution.



The above analysis reviews that all expenses reduced drastically due to shortened term periods. The contribution of each expense as a percentage of total expenses is as shown below.

**MATHENGE TECHNICAL TRAINING INSTITUTE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**



**Risks and Opportunities facing MTTI**

<b>Opportunities</b>	<b>Threats</b>
Potential for collaboration & Linkages	Competition from other TVCS
High demand for Technical skills	Rapid Technological changes
Centralized placement of new students by KUCCPS	Rapid changes of policy
Positive perception of TVET by the Public	Rigid KICD Curriculum
Demand for short term courses	High cost of training in practical skills

## MATHENGE TECHNICAL TRAINING INSTITUTE

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Access to student loans & bursaries from H.E.L.B, county & NGCDF	Unpredictable job market
Government support	Formal employment culture in the society
Enabling legal & policy framework	Unfavourable economic changes
	Cybercrime
	Mental health
	HIV/ AIDS drugs and substance abuse
	Covid 19 pandemic

Other institute's major risks are mainly related to its core business which is training and human resource development. Some of the identified risks include;

- i. Low student enrolment.
- ii. Inadequate student accommodation and support facilities
- iii. Delayed disbursement of capitation and NYS sponsorship
- iv. Staff turnover due to inability to retain qualified trainers.

### Mathenge Technical Training Institute compliance with statutory requirements

Mathenge 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 2021/2022 are summarised in the table below

S/N	Name of Project	Budget	Actual cost (Kshs)	Amount paid as at 31 <sup>st</sup> June 2022	Completion rate	Timeline
1	Tuition Block( Phase I)	Internal	22,571,174	<b>11,932,337</b>	50%	1 year
2	Automated Institute Gate	Internal	1,000,000	<b>913,268</b>	100%	3 Months
3	Principal's official vehicle	Internal	9,200,000	<b>9,160,000</b>	100%	3 Months

**IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING STATEMENT**

*Mathenge 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 two 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

**2.Environment Performance**

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

**3.Employee welfare**

At Mathenge 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.

<b>Activity</b>	<b>Description</b>
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.

## MATHENGE TECHNICAL TRAINING INSTITUTE

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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 Mathenge 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.  This largely depends on availability of funds
2	Human Resource Manual	Regularly	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	Mathenge TTI 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

#### 4. 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. Mathenge 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.

## **MATHENGE TECHNICAL TRAINING INSTITUTE**

### **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

- 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.

#### **5. Corporate Social Responsibility / Community Engagement**

During the year under review Mathenge Technical Training Institute held an open day where the institute invited the community for an opportunity to learn more about the courses on offer and also have a one on one interaction with the trainers, management and staff. A cultural day event was also held within the institute grounds for which we were privileged to have our community leaders present.

Mathenge Technical Training Institute works collaboratively with the community, as we focus on delivering our core mandate of producing graduates capable of integrating the acquired scientific & technological skills in innovative Nation Building the community comes in handy by providing hostels for trainees unable to secure accommodation within the institute. For this reason, the management of Mathenge Technical Training Institute regularly holds meetings with the landlords and landladies providing accommodation to our trainees.

**MATHENGE TECHNICAL TRAINING INSTITUTE**

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

**X. REPORT OF THE BOARD OF GOVERNORS**

The Board members submit their report together with the audited financial statements for the year ended June 30, 2022 which show the state of the *Mathenge Technical Training Institute's* affairs.

**Principal activities**

The principal activities of Mathenge Technical Training Institute is to provide quality Technical Vocational Training and Entrepreneurship training for effective and sustainable nation building.

**Results**

The results of the Mathenge Technical Training Institute for the year ended 30<sup>th</sup> June 2022 are set out on page 1 to 27

**BOARD OF GOVERNORS**

The members of the Board who served during the year are shown on page vi - vii.

**Auditors**

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

By Order of the Board



.....  
Secretary of the Board of Governors  
Mathenge Technical Training Institute  
Date: 28<sup>th</sup> September 2022

# MATHENGE TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

## XI. STATEMENT OF BOARD OF GOVERNORS' RESPONSIBILITIES

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

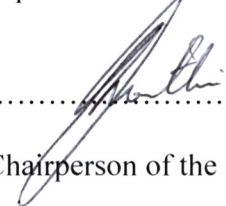
The council members are responsible for the preparation and presentation of Mathenge TTI financial statements, which give a true and fair view of the state of affairs of Mathenge TTI for and as at the end of the financial year (period) ended on June 30, 2022. This responsibility includes: (i) maintaining 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 Mathenge Technical Training Institute; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of Mathenge TTI (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The council members accept responsibility for Mathenge TTI 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 State Corporations Act, and the TVET Act of 2013*). The board of governors are of the opinion that Mathenge TTI financial statements give a true and fair view of the state of Mathenge TTI transactions during the financial year ended June 30, 2022, and of Mathenge TTI financial position as at that date. The council members further confirm the completeness of the accounting records maintained for Mathenge TTI, which have been relied upon in the preparation of Mathenge TTI financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the council members to indicate that Mathenge TTI 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 *Mathenge Technical Training Institute's* financial statements were approved by the Board on 30<sup>th</sup> September 2022 and signed on its behalf by:

  
.....  
Chairperson of the Board

  
.....  
Accounting officer/Principal



# REPUBLIC OF KENYA



*Enhancing Accountability*

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P.O. Box 30084-00100  
NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON MATHENGE TECHNICAL TRAINING INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2022

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### PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, 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 Mathenge Technical Training Institute set out on pages 1 to 29, which comprise of the statement of financial position as at 30 June, 2022, 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 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 the financial position of the Mathenge Technical Training Institute as at 30 June, 2022, 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**

#### **Undisclosed Long Outstanding Receivable Balance**

The board of cash survey report as at 30 June, 2022 provided for audit indicated that there was long outstanding imprest totalling to Kshs.177,250 which was issued to trainers as salary advances between 13 February, 2018 and 6 January, 2020. The outstanding imprest had not been recovered as at 30 June, 2022 and was not disclosed in the financial statements for the year ended 30 June, 2022.

In the circumstances, the recoverability of long outstanding imprest totalling to Kshs.177,250 and accuracy of total current assets balance of Kshs.125,335,476 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Mathenge 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 development expenditure budget and actual on comparable basis of Kshs.46,084,969 and

Kshs.27,779,862 respectively, resulting to under-absorption of Kshs.18,305,107 representing 40% of the budget.

The under-absorption of development funds may have affected implementation of planned projects which negatively impacted on service delivery to the public.

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Unapproved Expenditure**

The statement of comparison of budget and actual amounts reflects final recurrent expenditure budget and actual on comparable basis of Kshs.134,544,099 and Kshs.152,902,697 respectively, resulting to an expenditure of Kshs.18,358,598 or 14% of the budget without approval contrary to Regulation 54(1) of the Public Finance Management (National Government) Regulations, 2015 which states that except as provided for in the Act and these regulations, an Accounting Officer of an entity may not authorise payment to be made out of funds earmarked for specific activities other than those activities.

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

#### **2. Non-Compliance with Law on Ethnic Composition**

Review of the personnel records revealed that during the year under review, the Institute's employees comprised of 97 staff, 73 of which (or 75%) are from one dominant ethnic community. This is contrary to the requirements of Section 7(2) of the National Cohesion and Integration Act, 2008 which states that, no public establishment shall have more than one third of its staff from the same ethnic community.

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

#### **3. Incomplete Annual Procurement Plan**

Review of the Annual Procurement Plan provided for audit revealed that it was not prepared in accordance with the format specified in the third schedule of the Public Procurement and Asset Disposal Regulations, 2020 as the plan did not contain the details on time required for tender processing. This is contrary to Regulation 42 of the Public Procurement and Asset Disposal Regulations, 2020 which states that pursuant to section

53(2) of the Act, the annual procurement plan shall be done in accordance with the format specified in the Third Schedule.

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

### Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter 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

#### Lack of Annual Board Work Plan, Board Charter and Board Register

The statement of financial performance and as disclosed in Note 12 to the financial statements reflects remuneration of directors' amount of Kshs.2,869,122. However, examination of records provided revealed that Management did not maintain a Board annual work plan, Board registers, and a Board charter contrary to requirement of Mwongozo Code of Governance for State Corporations, 2015.

In the circumstances, it was not possible to confirm how the Board has been executing its mandate in the absence of the Work Plan, Board Charter and Board Attendance Register.

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

### Responsibilities of Management and those Charged with Governance

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

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

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

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

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

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

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

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in

accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal 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 controls components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls 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

18 May, 2023

**MATHENGE TECHNICAL TRAINING INSTITUTE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**XIII. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022**

	Notes	2021/2022	2020/2021
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the National Government – grants	6	51,450,000	48,975,000
<b>Total Revenue from non-exchange transactions</b>		<b>51,450,000</b>	<b>48,975,000</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Fees from students	7	100,516,107	77,937,808
Rental revenue from facilities and equipment	8	254,500	103,800
Other income	9	23,216,001	11,143,845
<b>Revenue from exchange transactions</b>		<b>123,986,608</b>	<b>89,185,453</b>
<b>Total revenue</b>		<b>175,436,608</b>	<b>138,160,453</b>
<b>Expenses</b>			
Use of goods and services	10	106,484,278	62,974,825
Employee costs	11	28,053,019	20,515,857
Remuneration of directors	12	2,869,122	2,147,520
Depreciation and amortization expense	13	20,476,842	18,522,783
Repairs and maintenance	14	13,945,895	19,334,198
Contracted services	15	1,550,383	2,560,000
<b>Total expenses</b>		<b>173,379,539</b>	<b>126,055,183</b>
<b>Net surplus for the year</b>		<b>2,057,069</b>	<b>12,105,270</b>

The notes set out on pages 6 to 26 form an integral part of the Annual Financial Statements.

The Financial Statements set out on pages 1 to 27 were signed on behalf of the Institute Board of Governors by:

Chairman of Board of Governors

Date: 30/9/2022

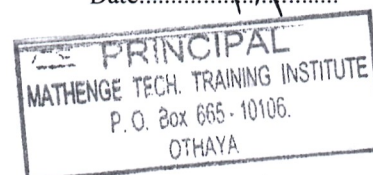
Finance Officer

ICPAK No. 14834

Date: 30/9/2022

Principal

Date: 30/9/2022



MATHENGE TECHNICAL TRAINING INSTITUTE  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

XIV. STATEMENT OF FINANCIAL POSITION AS AT 30th JUNE 2022

	Notes	2021/2022	2020/2021
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	16	75,990,093	76,469,912
Receivables from exchange transactions	17	43,513,816	49,447,396
Receivables from non-exchange transactions	17 (b)	-	13,230,000
Receivables from mentored institution	18	5,831,567	5,906,567
<b>Total Current Assets</b>		<b>125,335,476</b>	<b>145,053,875</b>
<b>Non-current assets</b>			
Biological assets	19	814,000	495,000
Property, plant and equipment	20	488,739,164	480,527,229
Intangible assets	21	3,635,658	3,963,173
<b>Total Non-current Assets</b>		<b>493,188,822</b>	<b>484,985,402</b>
<b>Total assets</b>		<b>618,524,298</b>	<b>630,039,277</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	22	15,384,178	29,501,531
Payable to mentored institutions	23	1,311,325	1,313,455
Refundable deposits from students	24	1,700,328	1,151,828
<b>Total Current Liabilities</b>		<b>18,395,831</b>	<b>31,966,814</b>
<b>Non-current liabilities</b>			
Deferred income	25	13,208,645	13,209,710
<b>Total Non-current liabilities</b>		<b>13,208,645</b>	<b>13,209,710</b>
<b>Total liabilities</b>		<b>31,604,476</b>	<b>45,176,524</b>
<b>Reserves</b>			
Accumulated surplus		305,857,262	301,363,166
Revaluation reserve	27	178,643,303	178,643,303
Capital Grants	28	102,419,257	104,856,284
<b>Total Reserves</b>		<b>586,919,822</b>	<b>584,862,753</b>
<b>Total Liabilities and Reserves</b>		<b>618,524,298</b>	<b>630,039,277</b>

The Financial Statements set out on pages 1 to 27 were signed on behalf of the Institute Board of Governors by:

Chairman of Board of Governors

Date: 30/09/2022

Finance Officer

ICPAK No. 14834

Date: 30/9/2022

Principal

Date: 30/9/2022

PRINCIPAL  
MATHENGE TECH. TRAINING INSTITUTE  
P.O. Box 665 - 10106  
OTHAYA

MATHENGE TECHNICAL TRAINING INSTITUTE  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

XV. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2022


	Revaluation reserve	Accumulated surpluses	Capital Grants	Total
<b>Balance b/f as at July 1, 2019</b>	-	279,011,432	110,573,648	389,585,080
Revaluation reserve	178,643,303			178,643,303
Surplus for the year	-	4,034,100	-	4,034,100
Transfer of depreciation from development grants to retained earnings	-	2,858,682	(2,858,682)	-
<b>Balance c/d as at June 30, 2020</b>	178,643,303	285,904,214	107,714,966	572,262,483
<b>Balance b/f as at July 1, 2020</b>	178,643,303	285,904,214	107,714,966	572,262,483
<b>Prior year adjustments:</b>				
<b>Cost of biological assets</b>		495,000		495,000
Surplus for the year	-	12,105,270	-	12,105,270
Transfer of depreciation from development grants to retained earnings	-	2,715,748	(2,715,748)	-
<b>Balance c/d as at June 30, 2021</b>	178,643,303	301,220,232	104,999,218	584,862,753
<b>Balance b/f as at July 1, 2021</b>	178,643,303	301,220,232	104,999,218	584,862,753
Surplus for the year	-	2,057,069	-	2,057,069
Transfer of depreciation from development grants to retained earnings	-	2,579,961	(2,579,961)	-
<b>Balance c/d as at June 30, 2022</b>	178,643,303	305,857,262	102,419,257	586,919,822

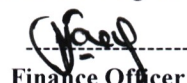
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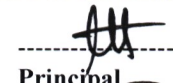
**XVI. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022**

		2021/2022	2020/2021
	Note	Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Net cash flows from operating activities</b>	26	27,881,443	(13,381,896)
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment	20	(27,779,862)	(31,286,077)
Purchase of intangible assets	21	(581,400)	(3,963,173)
<b>Net cash flows used in investing activities</b>		(28,361,262)	(35,249,250)
<b>Cash flows from financing activities</b>			
<b>Net (decrease) in cash and cash equivalents</b>		(479,819)	(48,631,146)
Cash and cash equivalents at 1 July		76,469,912	125,101,058
<b>Cash and cash equivalents at 30 June</b>	16	<b>75,990,093</b>	<b>76,469,912</b>

The Financial Statements set out on pages 1 to 27 were signed on behalf of the Institute Board of Governors by:

  
 Chairman of Board of Governors  
 Date: 30/9/2022

  
 Finance Officer  
 ICPAK No. 14834  
 Date: 30/9/2022

  
 Principal  
 Date: 30/9/2022

**PRINCIPAL**  
**MATHENGE TECH. TRAINING INSTITUTE**  
 P. O. Box 665 - 10106.  
 OTHAYA

**MATHENGE TECHNICAL TRAINING INSTITUTE**  
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**XVII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022**

	Original budget		Adjustments		Final budget		Actual on comparable basis		Over/(under) utilization	
	2021/2022	Kshs	2021/2022	Kshs	2021/2022	Kshs	2021/2022	Kshs	2021/2022	Kshs
<b>Revenue</b>										
Transfers from government	73,000,000		(13,000,000)		60,000,000		51,450,000		(8,550,000)	
Rendering of services- Fees from students	127,076,516		(27,725,332)		99,351,184		100,516,107		1,164,923	
Other income	16,802,690		4,323,194		21,125,884		23,216,001		2,090,117	
Rental income and hire of facility	172,000		(20,000)		152,000		254,500		102,500	
<b>Total income</b>	<b>217,051,206</b>		<b>- 36,422,138</b>		<b>180,629,068</b>		<b>175,436,608</b>		<b>(5,192,460)</b>	
<b>Expenses</b>										
Compensation of employees	25,699,600		492,479		26,192,079		28,053,019		1,860,940	
Use of Goods and services	86,279,806		6,144,970		92,424,776		106,484,278		14,059,502	
Repairs and maintenance	10,683,375		1,443,869		12,127,244		13,945,895		1,818,651	
Remuneration of directors	2,500,000		-		2,500,000		2,869,122		369,122	
Contracted services	1,300,000		-		1,300,000		1,550,383		250,383	
<b>Total expenditure</b>	<b>126,462,781</b>		<b>8,081,318</b>		<b>134,544,099</b>		<b>152,902,697</b>		<b>18,108,215</b>	
<b>Surplus for the period before depreciation</b>	<b>90,588,425</b>		<b>(44,503,456)</b>		<b>46,084,969</b>		<b>22,533,911</b>		<b>(23,300,675)</b>	
<b>Capital expenses</b>										
Development expenditure	90,588,425		(44,503,456)		46,084,969		27,779,862		18,305,107	
<b>Surplus for the period after depreciation and capital expenditure</b>	<b>0</b>		<b>0</b>		<b>0</b>		<b>(5,245,951)</b>			

- i. The government did not release the funds on time as expected. Also the capitation for quarter four was cancelled quite late and it was not possible to invoice the student for the unremitted revenue by the government since most of them had already cleared.
- ii. The institute was able to receive more revenue from hire of the facilities and the school bus than anticipated.
- iii & iv. The increase in actual cost of use of goods and services as well as repairs and maintenance was due to high inflation and prolonged drought in the country that resulted into unprecedented rise of the common commodities throughout the year. Institution's common commodities includes: training and teaching materials and food stuffs.
- v) The increase in board expenses was due to a ministry training that required all the board members to be trained on governance matters as per the Mwongozo. The institute had not foreseen this requirements during planning and as a result it was not budgeted for.
- vi) The increase in actual cost of security expenses was due to change of the supplier of the services during the year. The contract of the previous supplier had expired and the rate charged by the new supplier was a little bit higher than the previous year.

(vii). Due to insufficient revenue, the institution was not able to procure all the assets that were budgeted for.

## **XVIII. NOTES TO THE FINANCIAL STATEMENTS**

### **1. GENERAL INFORMATION**

Mathenge Technical Training Institute is established by and derives its authority and accountability from PFM Act, the State Corporations Act and the TVET Act. The Mathenge Technical Training 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 **MOHEST/GC/1296/010**.

The Mathenge Technical Training 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, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *Mathenge Technical Training Institute's* accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5.

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

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

**3. Adoption of New and Revised Standards**

**i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2022.**

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

**ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.**

Standard	Effective date and impact:
<p><b>IPSAS 41:</b> Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity’s future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul> <p><i>No impact of the standard to the Entity</i></p>

<b>Standard</b>	<b>Effective date and impact:</b>
<p><b>IPSAS 42:</b> Social Benefits</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>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> <p>(a) The nature of such social benefits provided by the Entity;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p> <p><i>No impact of the standard to the Entity</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1st January 2023:</b></p> <p>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.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p><i>No impact of the standard to the Entity</i></p>
<p>Other improvements to IPSAS</p>	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul>

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Standard	Effective date and impact:
	<p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b> Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</li> </ul> <p><i>No impact of the standard to the Entity</i></p>
IPSAS 43	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>No impact of the standard to the Entity</i></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>No impact of the standard to the Entity</i></p>

**iii. Early adoption of standards**

(The entity) did not early-adopt any new or amended standards in year 2022.

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Revenue recognition**

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

**Fees**

Mathenge TTI recognizes capitation from government when the transfer of funds is done.

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 Mathenge Technical Training 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 Mathenge Technical Training 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 Mathenge Technical Training 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 2021-2022 was approved by the Board of Governors on 3rd July 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by Mathenge TTI upon receiving the respective approvals in order to conclude the final budget

The Mathenge Technical Training Institute's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis.

The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

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**2022**

The revised budget was approved by the Board of Governors on 8<sup>th</sup> April 2022.

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 Mathenge Technical Training 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	5%
Motor vehicles	25
Furniture and fittings	12.5
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.

**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**

Mathenge 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 adoption of accrual basis of accounting from the cash basis. This policy will help the institution to report its financial performance and position more accurate 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**

Mathenge TTI regards a related party as a person or an Mathenge Technical Training 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 Mathenge TTI.

**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) Comparative figures**

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

**k) 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.

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

The preparation of the Mathenge 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 Governance 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 Mathenge Technical Training Institute
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

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**2022**

**6(a) TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>KShs</b>	<b>KShs</b>
<b>Unconditional grants</b>		
Other grants - Capitation	51,450,000	48,975,000
	<b>51,450,000</b>	<b>48,975,000</b>

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

<b>Name of the entity sending the grant</b>	<b>Amount recognized to Statement of Comprehensive Income KShs</b>	<b>Amount deferred under deferred income KShs</b>	<b>Amount recognised in capital fund.</b>	<b>Total grant income during the year</b>	<b>2020-2021</b>
			<b>KShs</b>	<b>KShs</b>	<b>KShs</b>
Ministry of Education State department of Vocational and Training	51,450,000	-	-	51,450,000	48,975,000
<b>Total</b>	<b>51,450,000</b>	<b>-</b>	<b>-</b>	<b>51,450,000</b>	<b>48,975,000</b>

**7 RENDERING OF SERVICES**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>KShs</b>	<b>KShs</b>
Tuition fees	69,880,813	55,521,476
Activity fees	7,866,110	6,629,140
Examination fees	19,548,224	12,461,922
Students attachment	3,220,960	3,325,270
<b>Total Rendering of Services</b>	<b>100,516,107</b>	<b>77,937,808</b>

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

**8 RENTAL REVENUE FROM FACILITIES AND EQUIPMENT**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>KShs</b>	<b>KShs</b>
House rent	106,000	30,000
Hire Of Facilities	148,500	73,800
<b>Total rentals</b>	<b>254,500</b>	<b>103,800</b>

**9 OTHER INCOME**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>KShs</b>	<b>KShs</b>
Students ID Cards & Deposits	1,250,910	391,800
Accommodation & Pay As You Eat	20,845,899	10,552,950
Income from Farm	701,592	145,990
Other income	-	14,070
Production unit	14,100	39,035
Staff meals	220,500	-
Sale of tender	16,000	-
Fair value gain - Biological assets	167,000	-
<b>Total other income</b>	<b>23,216,001</b>	<b>11,143,845</b>

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

**10 USE OF GOODS AND SERVICES**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>KShs</b>	<b>KShs</b>
Electricity	4,454,251	3,173,422
Accommodation and Pay As You Eat	20,326,479	12,791,315
Activity and sports	4,195,705	914,358
Students welfare	552,835	154,400
Student council	62,960	-
Students attachment	768,080	346,600
Contingencies	1,368,081	1,964,369
Training and practical materials	16,180,823	11,130,436
Examination	16,874,250	13,378,720
Tvet Fair/robotics and research	880,510	2,200
Research and Development	334,670	1,125
Accommodation/FAB Hall	31,800	218,497
Staff Uniform	110,550	143,329
Library books upgrading	1,601,749	64,900
Advertising	1,278,240	333,880
Entertainment	312,657	355,574
Refunds	386,298	-
Conferences, delegations, seminars and workshops	4,841,955	1,918,815
Farm	671,440	517,119
Performance Contract/ISO	1,956,676	1,072,017
Newspapers	112,320	99,750
Students deposits	383,010	88,462
Insurance	617,717	269,313
Postage	1,511,396	1,960,944
Stationery equipment and stores	3,922,346	2,082,613
Security expense		1,162,800
Travel and accommodation cost	5,329,312	5,065,552
Staff Motivation	-	631,275
PAYE & Boarding	169,560	1,970,585
Hire Of Facilities Expense	33,000	179,860
Generator-project expense	101,918	43,846
Boarding Equipment	-	93,400
Production Units	955,896	54,720
School Equipment & Stores	701,922	501,382
Bank charges	2,660	36,816
Staff meals	1,683,098	252,431
Dispensary & House keeping	2,157,720	-
Bad debts written off	11,612,394	-
<b>Total good and services</b>	<b>106,484,278</b>	<b>62,974,825</b>

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

**11 EMPLOYEE COSTS**

	<b>2021-2022</b>	<b>2020-2021</b>
	<b>KShs</b>	<b>KShs</b>
Salaries and wages	28,053,019	20,515,857
<b>Total Employee costs</b>	<b>28,053,019</b>	<b>20,515,857</b>

**12 REMUNERATION OF DIRECTORS**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>KShs</b>	<b>KShs</b>
Chairman's Honoraria	592,852	582,187
Other allowances	2,276,270	1,565,333
<b>Total director emoluments</b>	<b>2,869,122</b>	<b>2,147,520</b>

**13 DEPRECIATION AND AMORTIZATION EXPENSE**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>KShs</b>	<b>KShs</b>
Property, plant and equipment	19,567,927	18,522,783
Intangible assets	908,915	-
<b>Total depreciation and amortization</b>	<b>20,476,842</b>	<b>18,522,783</b>

**14 REPAIRS AND MAINTENANCE**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>KShs</b>	<b>KShs</b>
Repairs and maintenance of buildings and equipment	13,945,895	19,334,198
<b>Total repairs and maintenance</b>	<b>13,945,895</b>	<b>19,334,198</b>

**15 CONTRACTED SERVICES**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>KShs</b>	<b>KShs</b>
Assets valuation	-	2,560,000
Security expense	1,550,383	-
<b>Total</b>	<b>1,550,383</b>	<b>2,560,000</b>

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

**16 (a) CASH AND CASH EQUIVALENTS**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>KShs</b>	<b>KShs</b>
Current account	61,339,108	61,796,207
Mentees bank accounts	1,311,325	1,313,455
Development account	13,208,645	13,209,710
Cash on hand	131,015	150,540
<b>Total cash and cash equivalents</b>	<b>75,990,093</b>	<b>76,469,912</b>

**(b) DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS**

<b>Financial institution</b>	<b>Account number</b>	<b>2021-2022</b>	<b>2020-2021</b>
		<b>KShs</b>	<b>KShs</b>
<b>a) Current account</b>			
Kenya Commercial bank - Main	1101539992	61,339,108	61,796,207
<b>Sub- total</b>		<b>61,339,108</b>	<b>61,796,207</b>
<b>b) Development account</b>			
Kenya Commercial bank	1103196731	13,208,645	13,209,710
<b>Sub- total</b>		<b>13,208,645</b>	<b>13,209,710</b>
<b>c) Mentees bank accounts</b>			
Kieni TTI -Kenya Commercial bank	1175681075	467,090	468,155
Laikipia East TTI --Kenya Commercial bank	1153091712	844,235	845,300
<b>Sub- total</b>		<b>1,311,325</b>	<b>1,313,455</b>
<b>d) Others</b>			
cash in hand		131,015	150,540
<b>Sub- total</b>		<b>131,015</b>	<b>150,540</b>
<b>Grand total</b>		<b>75,990,093</b>	<b>76,469,912</b>

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

**17 RECEIVABLES FROM EXCHANGE TRANSACTIONS**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>KShs</b>	<b>KShs</b>
Student debtors	43,339,816	49,055,546
Staff advances	174,000	215,000
Staff imprest	-	176,850
<b>Total current receivables</b>	<b>43,513,816</b>	<b>49,447,396</b>

Receivables from exchange transactions are majorly from students. The management has a policy of writing off debtors from students who are deceased or from students who have been away from the institution for a period of over 7 years.

Debtors over seven years are provided for.

**17 b) RECEIVABLES FROM NON- EXCHANGE TRANSACTIONS**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>KShs</b>	<b>KShs</b>
Capitation receivable from the ministry	-	13,230,000
<b>Total receivables from Non-exchange Transactions</b>	<b>-</b>	<b>13,230,000</b>

Receivable from non-exchange transactions are not provided for since they are purely capitation from government which we only recognise after year end when there is reasonable evidence that funds will be disbursed.

**18 RECEIVABLES FROM MENTORED INSTITUTION**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>KShs</b>	<b>KShs</b>
At start of the year	5,906,567	5,831,567
Advances during the year	(75,000)	75,000
<b>At close of year</b>	<b>5,831,567</b>	<b>5,906,567</b>

**19 BIOLOGICAL ASSETS**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>KShs</b>	<b>KShs</b>
Four Friesian cows – opening balance	495,000	495,000
Fair value gain	68000	
Total value of the cows	<b>563,000</b>	
<b>Sheep</b>		
9 mature Hampshire adult sheep cost @ 15,200	152,000	
Fair value gain	99,000	
Total value of the sheep	<b>251,000</b>	-
<b>Total</b>	<b>814,000</b>	<b>495,000</b>

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**20 PROPERTY, PLANT AND EQUIPMENT**

Fixed assets were revalued by a professional valuer and given that the books of accounts had not been prepared by then, the institution adopted the values after the revaluation. There is no significant change in market values between 30 June 2020 and the date of valuation.

Cost	Land	Buildings	Basket ball	Shed	Tents	Machinery	Motor Vehicles	Computer equipment	Office Equipment	Furniture and Fittings	Other loose assets	Gate	Capital Work in progress	Total
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
Depreciation rates		2.0%	20.0%	30.0%	50.0%	5.0%	25.0%	30.0%	20.0%	12.5%	33.3%	5.0%	0.0%	
At 1 July 2020	53,400,000	331,200,000	-	-	65,872,400	13,800,000	5,665,000	585,500	9,616,500	6,013,220	-	-	-	486,152,620
Additions	-	17,594,376	3,487,967	201,224	590,989	4,879,859	2,447,393	-	2,084,269	-	-	-	-	31,286,077
As at 30 June 2021	53,400,000	348,794,376	3,487,967	201,224	590,989	70,752,259	13,800,000	8,112,393	585,500	11,700,769	6,013,220	-	-	517,438,697
Additions	-	-	-	-	-	-	9,160,000	1,545,690	2,395,510	1,833,055	-	913,268	11,932,339	27,779,862
As at 30 June 2022	53,400,000	348,794,376	3,487,967	201,224	590,989	70,752,259	22,960,000	9,658,083	2,981,010	13,533,824	6,013,220	913,268	11,932,339	545,218,559
<b>Depreciation</b>														
30-Jun-20	-	6,624,000	-	-	-	3,293,620	3,450,000	1,699,500	117,100	1,202,063	2,002,402	-	-	18,388,685
Depreciation	-	6,843,408	697,593	60,367	295,495	3,372,932	2,587,500	1,923,868	93,680	1,312,338	1,335,602	-	-	18,522,783
30-Jun-21	-	13,467,408	697,593	60,367	295,495	6,666,552	6,037,500	3,623,368	210,780	2,514,401	3,338,004	-	-	36,911,468
Depreciation	-	6,706,539	558,075	42,257	147,747	3,204,285	4,230,625	1,810,415	554,046	1,377,428	890,847	45,663	-	19,567,927
30-Jun-22	-	20,173,947	1,255,668	102,624	443,242	9,870,837	10,268,125	5,433,783	764,826	3,891,829	4,228,851	45,663	-	56,479,395
<b>Net book value</b>														
30-Jun-22	53,400,000	328,620,429	2,232,299	98,600	147,747	60,881,422	12,691,875	4,224,300	2,216,184	9,641,995	1,784,369	867,605	11,932,339	488,739,164
30-Jun-21	53,400,000	335,326,968	2,790,374	140,857	295,494	64,085,707	7,762,500	4,489,025	374,720	9,186,368	2,675,216	-	-	480,527,229

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**21 INTANGIBLE ASSETS – Work-In-Progress**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>KShs</b>	<b>KShs</b>
At beginning of the year	3,963,173	-
Additions	581,400	3,963,173
<b>Cost end of the year</b>	<b>4,544,573</b>	<b>3,963,173</b>
<b>Amortization and impairment</b>		
At beginning of the year	-	-
Amortization	908,915	-
<b>Amortization at end of the year</b>	<b>908,915</b>	<b>-</b>
<b>NBV</b>	<b>3,635,658</b>	<b>3,963,173</b>

**22 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>KShs</b>	<b>KShs</b>
Trade payables	1,117,182	1,144,725
Other payables	195,846	40,346
Fees paid in advance	12,877,917	28,316,460
Retention fee	1,193,233	-
<b>Total trade and other payables</b>	<b>15,384,178</b>	<b>29,501,531</b>

**23 PAYABLE TO MENTORED INSTITUTIONS**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>KShs</b>	<b>KShs</b>
Opening balance	1,313,455	1,958,847
Less: bank charges	(2,130)	-
Less: Payments during the year	-	(645,392)
<b>Closing balance</b>	<b>1,311,325</b>	<b>1,313,455</b>

**24 REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>KShs</b>	<b>KShs</b>
At start of year	1,151,828	590,828
Caution money received during the year	874,000	566,500
Caution money refunded during the year	(325,500)	(5,500)
<b>Total deposits</b>	<b>1,700,328</b>	<b>1,151,828</b>

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**25 DEFERRED INCOME**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>KShs</b>	<b>KShs</b>
At start of year	13,209,710	6,074,390
Development funds received in previous year but recognized as income		7,137,576
Bank charges	(1,065)	(2,256)
<b>At end of year</b>	<b>13,208,645</b>	<b>13,209,710</b>

**26 CASH GENERATED FROM OPERATIONS**

	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Surplus for the year	2,057,069	19,242,846
Adjusted for:		
Depreciation and amortisation	20,476,842	18,522,783
Fair value gain	(167,000)	-
Working Capital adjustments:		
(Increase) in receivables	19,238,580	(16,622,139)
Purchase of biological assets	(152,000)	-
Decrease in payables	(13,572,048)	(27,387,810)
Net cash flow from operating activities	27,881,443	<b>(13,381,896)</b>

**27 REVALUATION RESERVE**

	<b>Buildings</b>	<b>Loose tools</b>	<b>Motor vehicles</b>	<b>Computers</b>	<b>Total</b>
	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>
Cost before revaluation	168,607,299	3,032,085	12,390,000	2,666,300	186,695,684
Market values at revaluation	331,200,000	6,013,220	13,800,000	5,665,000	356,678,220
Gain in value	162,592,701	2,981,135	1,410,000	2,998,700	169,982,536
Brought forward depreciation reversed	4,161,949	719,135	3,097,500	682,184	8,660,767
Revaluation reserve	<b>166,754,650</b>	<b>3,700,270</b>	<b>4,507,500</b>	<b>3,680,884</b>	<b>178,643,303</b>

**28 CAPITAL RESERVE**

<b>Cost</b>	<b>Equipment</b>	<b>Land</b>	<b>Total</b>
	KShs	KShs	KShs
As at 30th June 2021	57,173,648	53,400,000	110,573,648
Additions	-	-	-
<b>As at 30th June 2022</b>	<b>57,173,648</b>	<b>53,400,000</b>	<b>110,573,648</b>
Depreciation			
As at 30 June 2020	2,858,682	-	<b>2,858,682</b>
Charge for the year	2,715,748	-	2,715,748
As at 30 June 2021	<b>5,574,430</b>	-	<b>5,574,430</b>
Charge for the year	2,579,961	-	2,579,961
As at 30 June 2022	<b>8,154,391</b>	-	<b>8,154,391</b>
<b>Net book value</b>			
30th June 2022	<b>49,019,257</b>	<b>53,400,000</b>	<b>102,419,257</b>

**29 FINANCIAL RISK MANAGEMENT**

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

The Mathenge Technical Training Institute’s financial risk management objectives and policies are detailed below:

**(i) Credit risk**

The Mathenge Technical Training 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 institution’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 Mathenge Technical Training Institute’s maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

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

**FINANCIAL RISK MANAGEMENT (Continued)**

	<b>Total amount Kshs</b>	<b>Fully performing Kshs</b>
<b>At 30 June 2022</b>		
Cash and cash equivalents	75,990,093	75,991,158
Receivables from exchange transactions	43,513,816	43,513,816
Receivables from mentored institutions	5,831,567	5,831,567
<b>Total</b>	<b>125,335,476</b>	<b>125,335,476</b>
<b>At 30 June 2021</b>		
Cash and cash equivalents	76,469,912	76,469,912
Receivables from exchange transactions	49,447,396	49,447,396
Receivables from non-exchange transactions	13,230,000	13,230,000
Receivables from mentored institutions	5,906,567	5,906,567
<b>Total</b>	<b>145,053,875</b>	<b>145,053,875</b>

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

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

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

**(ii) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Mathenge Technical Training Institute's directors, who have built an appropriate liquidity risk management framework for the management of the Mathenge Technical Training Institute's short, medium and long-term funding and liquidity management requirements. The Mathenge Technical Training 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.

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	<b>Less than 1 month</b>	<b>Between 1-3 months</b>	<b>Over 5 months</b>	<b>Total</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>At 30 June 2022</b>				
Trade and other payables from exchange transactions		15,384,178	-	15,384,178
Mentoring institution balances		<b>1,311,325</b>		<b>1,311,325</b>
Refundable deposits from students			1,700,328	1,700,328
Deferred income			<b>13,208,645</b>	<b>13,208,645</b>
<b>Total</b>		<b>16,659,503</b>	<b>14,908,973</b>	<b>31,568,476</b>
<b>At 30 June 2021</b>				
Trade and other payables from exchange transactions	111,846	29,389,685	-	29,501,531
Mentoring institution balances		1,313,094		1,313,094
Refundable deposits from students		-	1,151,828	1,151,828
Deferred income			13,209,710	13,209,710
<b>Total</b>	<b>111,846</b>	<b>30,702,779</b>	<b>14,361,538</b>	<b>45,176,163</b>

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**FINANCIAL RISK MANAGEMENT (Continued)**

**(iii) Market risk**

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

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

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

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

**30 RELATED PARTY BALANCES**

**Nature of related party relationships**

Entities and other parties related to the Mathenge Technical Training 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 *Mathenge Technical Training Institute*, holding 100% of the *Mathenge Technical Training Institute's* equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Mathenge Technical Training Institute, both domestic and external. Other related parties include:

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

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

	2021-2022	2020-2021
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Grants /Transfers from the Government</b>		
Grants from National Government	51,450,000	48,975,000
<b>Total</b>	<b>51,450,000</b>	<b>48,975,000</b>

**MATHENGE TECHNICAL TRAINING INSTITUTE**  
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**31 CAPITAL COMMITMENTS**

<b>Capital commitments</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Authorised for	-	96,203,120
<b>Total</b>	<b>-</b>	<b>96,203,120</b>

**32 EVENTS AFTER THE REPORTING PERIOD**

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

**33 ULTIMATE AND HOLDING MATHENGE TECHNICAL TRAINING INSTITUTE**

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

**34 Currency**

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

**MATHENGE TECHNICAL TRAINING INSTITUTE**

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**APPENDIX I: PROJECTS IMPLEMENTED BY THE MATHENGE TECHNICAL TRAINING INSTITUTE**

**Status of Projects completion**

S/No	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Tuition Block	22,571,174	<b>11,932,337</b>	50%	25,000,000	22,571,174	Tuition fees (Internal)
2	Fabricated Gate	<b>913,268</b>	<b>913,268</b>	<b>100%</b>	1,000,000	<b>913,268</b>	Tuition fees (Internal)
3	Management vehicle	<b>9,160,000</b>	<b>9,160,000</b>	<b>100%</b>	9,200,000	<b>9,160,000</b>	Tuition fees (Internal)

**APPENDIX II: PROGRESS ON FOLLOW-UP OF PRIOR YEAR AUDIT ISSUES**

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)
	Errors on the presentation of the financial statements	All errors were amended and the final report was in compliance to the template issued by the National treasury	<b>Resolved</b>	May 2022.
	Receipts in the bank statement not in the cashbook	The management has been continuously sending reminders to all student to bring forth the banking slips for the un-receipted monies and going forward, we have included a note on the fee structure that every student needs to include the student registration number for all the payment made in the bank	<b>Resolved</b>	May 2022.
	Variance of KShs. 2,130 between the cashbook and the financial statements for Laikipia East Account	The variance was due to the bank charges on the said account which have been subsequently amended.	<b>Resolved</b>	May 2022.
	Long outstanding sundry debtors	We have now reclassified them from cash on hand to other staff receivables.	<b>Resolved</b>	May 2022.

**MATHENGE TECHNICAL TRAINING INSTITUTE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

		The management has also taken a step to follow –up with the specific employees owing the institute to ensure they account for imprest issued and repay the advances. The balances are held by PSC staff and management is also making a move to write to the employer on the recovery of the same.		
	Deferred income	During the audit via guidance of the auditor general officers, we managed to correct the deferred income.	<b>Resolved</b>	May 2022.
	Unexplained Budget via actual variations	This was an overlook on our side since the management revised the original budget mid the financial period after the funds expected were delayed by the government. However, when sharing the financial statements, we forgot to attach the revised budget which had a total income and expenditure of only KES 146,657,284 which was a 1% deviation from the actual income for the year 2020/2021. We have subsequently amended the budget statement in the revised financial statements	<b>Resolved</b>	May 2022.
	unreconciled student debtors difference	The management has noted the above and in the meantime, we are carefully analysing the student debtors reported in the system and reviewing each of them to be able to come up with an accurate student debtors age listing. The management with the help of a consultant is almost finalising the clean-up exercise for both student debtors and prepaid fees liability.	<b>Resolved</b>	May 2022.
	Unsupported fees paid in advance	As explained above, we are in the process of reviewing our student balances to ensure the student debtors and prepaid fees are shown in the system are accurate properly supported.	<b>Resolved</b>	During the audit

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	Mis-classification of Security services under Employee Costs	We have noted the above misclassification and subsequently we have corrected the revised financial statements by reclassifying the security expenses from employment costs to use of goods and services.	<b><i>Resolved</i></b>	During the audit
	Lack of an approved IT Policy	The management is in the process of developing the ICT policy to address the data security and access.	<b><i>Resolved</i></b>	During the audit
	Lack of approved risk management policy	The management has subsequently developed risk management policy which has been approved by the board of governors.	<b><i>Resolved</i></b>	2021/2022

**MATHENGE TECHNICAL TRAINING INSTITUTE  
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Appendix III- Inter-Entity Confirmation Letter**

**[Insert your Letterhead]**

[Insert name of beneficiary Entity]


[Insert Address]

The [insert SC/SAGA/Fund name here] wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2022 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

<b>Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30<sup>th</sup> June 2022</b>						
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30th June 2022			Amount Received by [beneficiary Entity] (KShs) as at 30 <sup>th</sup> June 2021 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)		
1	25th November 2021	17,550,000			17,550,000	-
2	03 March 2022	17,550,000			17,550,000	-
3	7th June 2022	16,350,000			16,550,000	-
Total		<b>51,450,000</b>			<b>51,450,000</b>	-

In confirm that the amounts shown above are correct as of the date indicated.

**Head of Accountants department of beneficiary Entity:**

Name **CHARLES MACHARIA** Sign  Date **30.06.2022**

