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ON

SOTIK TECHNICAL TRAINING INSTITUTE

FOR THE YEAR ENDED

30 JUNE, 2024

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 29 JUL 2025	DAY: Tuesday
TABLED BY:	Hon. Owen Bayo, MP Deputy Leader of Majority Party
CLERK-AT THE TABLE:	A. Shikuko



THE UNIVERSITY OF CHICAGO



SOTIK TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30TH JUNE 2024**

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

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1 Key Entity Information and Management

(a) Background information

The Sotik Technical Training Institute was incorporated/ established under the Technical and Vocational Education and Training Act NO. 29 OF 2013 on May 2016. The Institute is domiciled in Kenya, Bomet County, Sotik sub-county and has no branches. The Institute is a centre of excellence of Automotive Engineering in both Artisan, Certificate and Diploma.

(b) Principal Activities

The principal activity of the Sotik Technical Training Institute is to offer quality Technical, Vocational, Education and Training to students to acquire technical skills relevant to the main agenda of government.

Vision:

To be a centre of excellence in offering quality Technical and Vocational Education and Training.

Mission:

To provide Quality and Technical knowledge, skills and competences that promotes innovation and creativity.

Core Objectives:

- i) To extend technological solutions through research in appropriate and emerging technologies.
- ii) To promote technology through linkages with institutions, community and industries.
- iii) To expand and harness use of Information Communication Technology in service delivery and Information Communication Technology integration.

(c) Key Management

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

- Board of Governors,
- Accounting officer/ Principal
- Deputy Principal Administration.
- Deputy Principal Academics.
- Registrar.
- Dean of students.
- Finance Officer.
- Procurement Officer.

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2024 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	Joel Maritim
2.	Deputy principal Administration	Josiah Langat
3	Deputy principal Academics	Sherryl Lilian
4	Registrar	Emmanuel Ngeno
5	Dean of students	Geofrey Cheruiyot
6	Head of Finance	Joseah Kirui
7	Head of Procurement	Gideon Chepkwony

Key Entity Information and Management

(Continued)

(e) Fiduciary Oversight Arrangements

The Board of Governors has three committees in place namely;

1. Risks and Audit committee with the membership as follows:

S NO.	Name	Designation	Expertise
i.	Caroline Chepngetich	Chairperson	Law
ii.	Bernard Rono	Member	ICT
iii.	Maurine Claris	Member	Education

The responsibility of the committee is to receive and consider reports, make recommendations and advise the Governing Council on:

- ✓ Internal and external audit reports
- ✓ Internal Audit annual plan
- ✓ Internal controls
- ✓ Risk management
- ✓ Compliance to laws, regulations and standards.
- ✓ Governance
- ✓ Governance Audit Reports

2. Finance and human resource committee with the membership as follows.

S NO.	Name	Designation	Expertise
i	Maurice Owino Oduor	Chairperson	Finance
ii	Cleophas Bill Ngetich	Member	Engineer
iii	Josephine Chepkoech	Member	Development specialist

The committee is in charge of oversight activities involving hiring and management of human resource personnel within the institution. To receive and consider reports, make recommendations and advise the Board of Governors on:

- ✓ The Institute planning and financial strategy
- ✓ Annual budget and medium-Term Expenditure Framework;
- ✓ Resource Mobilization
- ✓ Purchase and sale of property and disposal of idle assets.
- ✓ The Institute investment and borrowings.
- ✓ The progress of the implementation of plans and policies as outlined in the strategic plan.
- ✓ Approval of new construction projects.
- ✓ The progress of projects.
- ✓ Maintenance and development of buildings and land.
- ✓ Development, investment and enterprise.
- ✓ Collaboration and Partnerships
- ✓ Memorandum of Understanding
- ✓ College Legal and ICT Status
- ✓ Human Resource Strategy, Policies and Procedures and standards.
- ✓ Terms and conditions of employment for the college staff
- ✓ To discuss all personnel issues affecting Polytechnic employees.
- ✓ Staff recruitment, selection, deployment and career development

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3. Academics & Infrastructure committee with the membership as follows;

Name	Designation	Professional Background
1.Peter Okemwa	Chairman	Lecturer
2.Cleophas Bill Ngetich	Member	Engineering and technology
3.Maurine Claris	Member	Education

The committee's role and responsibility are to receive and consider reports, make recommendations and advise the BOG on:

- ✓ Issues relating to student's affairs.
- ✓ Establishment of new Campuses.
- ✓ Admissions and examinations.
- ✓ Curriculum development/ Reviews
- ✓ Quality management systems.
- ✓ Sports updates
- ✓ Graduation updates
- ✓ Research Activities
- ✓ Performance Contracting

(f) Entity Headquarters

Sotik Technical Training Institute
P.O. Box 895-20406, Sotik.
Sotik-Ndanai Highway
SOTIK, KENYA

(g) Entity Contacts

Telephone: (254) 792518945
E-mail: technicalsotik@gmail.com
Website: www.sotiktti.ac.ke

(h) Entity Bankers

Kenya Commercial Bank
Sotik branch
P.O. Box 264-20406,
SOTIK, Kenya.







(i) Independent Auditors

Auditor General
Office of the Auditor-General
Anniversary Towers, University 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.






2 Board of Governors

 <p>Dr. Daniel Kirui (Board Chairman)</p>	<p>Born in 1967. PhD in Business Management. Over twenty years' experience in Education training industry. Chairman of Board of Governors.</p>
 <p>Cleophas Bill Ngetich,</p>	<p>Born in 1989. Bachelor of Science in Civil engineering. Over nine years' experience as civil works engineer in Safaricom PLC</p>
 <p>Bernard Kipkurui Rono</p>	<p>Born in 1985. Masters in Information Systems Security. Over ten years' experience as ICT manager in Ketepa Tea Packers Limited. Technical & Infrastructure committee Chair.</p>
 <p>Caroline Chepngetich</p>	<p>Born in 4th September, 1991. Post graduate Diploma in Law (Expected) Over five years' experience as a lawyer.</p>
 <p>Peter Okemwa</p>	<p>Born in 1962. PhD in Technology Education. Over thirty years' experience in Technology Education training industry in universities.</p>
 <p>Joel Maritim (Principal)</p>	<p>Born in 1966. Bachelor's degree in Technology Education Over thirty years' experience trainer in technical training.</p>

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 <p>Maurice Owino Oduor ,</p>	<p>Born in 8th February, 1979. Postdoctoral Fellowship (DAAD Fellow) Also, PhD in pure mathematics. Over twenty years' experience of teaching, research and administrative experience at the University level. Deputy Vice Chancellor (Planning, Research and Development) of the University of Kabianga-Kenya.</p>
 <p>Maurine Anyango Claris Owiti</p>	<p>Born in 4th February, 1978. Bachelor's degree in Business Administration and Management. Over 10 years' experience in Secretarial management.</p>
 <p>Josephine Chepkoech</p>	<p>Born in 30th November 1983. Masters' degree in Business Administration. County Executive Committee Member in Bomet County Government-Trade,Energy,Tourism,Investment and Industry. Over ten years' experience in managerial skills.</p>

3 Management Team

 <p>Joel K. Maritim,</p>	<ul style="list-style-type: none"> -Principal/ Board Secretary -Bachelor’s degree in Technology Education. -Over Thirty years’ experience as a trainer in technical training.
 <p>Josiah K. Langat</p>	<ul style="list-style-type: none"> -Deputy Principal Administration -Diploma in technology education. -Over fifteen years’ experience in technical training.
 <p>Lilian Sherryl</p>	<ul style="list-style-type: none"> -Deputy Principal Academics - Bachelor’s degree in Technology Education -Over fifteen years’ experience in technical education.
 <p>Joseah K. Kirui ,</p>	<ul style="list-style-type: none"> -Finance Officer -Bachelor’s degree in Business Management, -Certified Public Accountant of Kenya. -Member of ICPAK in good standing. -ICPAK Member No. 24604.
 <p>Chepkwony K. Gideon,</p>	<ul style="list-style-type: none"> -Procurement Officer -Master of Science in Procurement and Logistics,Bachelors degree in Purchasing and Supplies Management,Higher National Diploma in Human Resource Management. -Member of KISM in good standing. -M/KISM 70999.

4 Chairman's Statement

I am pleased to report that Sotik Technical Training Institute 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, operations & risks associated with the Institution, and lastly 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 BETA Agenda and Sustainable Development Goals. In the recent past, the institute has experienced growth in student enrolment from which we have projected an average of 25% annual growth, based on the current 2,784 in 2024 from that of 2,547 students in 2023.

We thank the Government of Kenya for providing training equipment, computers, capitation and employment of Trainers through the devolved system by the Public Service Commission that has greatly contributed towards increased student enrolment and improved quality of training to enable the institute align her graduates with regional and global trends and innovation.

Government financing using the new model of funding

During the year under review, students who enrolled in the Institute during the September 2023, January, and May 2024 intakes benefited from government financing under the new funding model. This significantly improved the Polytechnic's financial position compared to the previous capitation model. It is important to note that students who joined the Institute before September 2023 are still receiving government funding through the capitation system.

****Successes****

I am pleased to report that the institute successfully held its first graduation ceremony during the year under review. Over 700 students who completed their studies graduated with various qualifications, including diplomas, craft certificates, and artisan certificates. Additionally, we have observed positive growth in student enrolment and an increase in the number of students registering for KNEC examinations. The Institute also was able to attain the following success points during the financial year:

- The recruitment of students and staff was remarkable.
- Receiving and installation of Virtual Desktop Infrastructure (VDI) from the Ministry.
- Trees planted by Institute and sponsors like IEBC, KCB and Equity Bank.
- Board of Governors training which was held at Kisumu.
- Very united Board enthusiastic of progressive development of the institute.
- Impressive turn out of learners to a record tune of 2784 active students.

- Great participation of students in TVET Fairs Exhibitions, Research Paper Presentations, Robotics and Skills Contests.

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 BETA Agenda.

Challenges Faced

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. During the year, the Polytechnic faced the following challenges:

- Significant student debtors
- Delayed government funding (capitation and Government scholarship from the Ministry of Education).
- Water shortage during dry seasons.
- Study halls not sufficient to cater for high demand by prospective and existent students.
- Residential premises (hostels) not enough around the Institute for student's accommodation.
- Inadequate of trainers.
- Poor accessibility due to poor roads

Way forward

- Increase more learning halls through Government Funding and CDF.
- Construction of hostels.
- Do more harvesting of rain water and drill a borehole.
- Purchase of Driving Cars for Training.
- Construction of 7 more classrooms and a library.
- Construction of ICT complex.

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 of Governor's diverse qualifications and experience. I unreservedly assure all our Stakeholders we at Sotik Technical Training Institute, shall remain focused, committed and consistent in the delivery of opportunities and account-ably availing of resources to both trainers and trainees within the Government framework of accountability, corporate governance and ethical sustainability. Going forward Institute is committed to working closely in collaboration with 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.

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- Lastly, I would like to wholeheartedly thank my fellow members of the board, Management, Trainers, Trainees – and all other stakeholders for their co-operation, collaboration, continued support and commitment during this period under review

DR.DANIEL KIRUI
CHAIRMAN, BOARD OF GOVERNORS

Sign:


Date:


5 Report of the Principal

Sotik 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. 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.

Highlights of Financial Year 2023/2024 Performance

The Financial Year 2023/2024 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 and scholarship received from the government amounted to Kshs. 36 million compared to 41.6 million received in year 2022/2023. This is due to un-remitted funds for quarter four and also some students under new funding model were also not funded.

Students Enrolment;

During the year 2023/2024, there was increase in student enrolment 237 making the student number to 2,784. During the financial year under review, 2023/2024, the Institute developed and delivered on several tangible targets:

Projects Undertaken

The Board was also able to undertake the following projects:

Project	Completion rate
Institute Driving School Car	62%
Agriculture Offices	100%
Incinerator	100%
Building and civil engineering workshop	40%

The Institute has partnered with the County Government of Bomet, Finlays Limited, Post Bank Bomet, National Government-Constituency Development Fund Sotik Constituency, Curriculum Development Assessment and Certification Council, Kenya Commercial Bank Sotik branch, Kenya Universities and Colleges Central Placement Services, Higher Education Loans Board and we look forward to more partnerships in future.

The Institute has state of art equipment in Automotive Engineering and is a centre of excellence in this trade area.

The Institute has a potential to admit more students but this will be made possible only if the infrastructure is improved. We are in the process of constructing two Hostels with partnership from Finlays Kenya Ltd and National Government-Constituency Development Fund Sotik to

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accommodate about three hundred students so as to assist students who are placed by Kenya Universities and Colleges Central Placement Services.

Sotik Technical Training Institute has a very bright future in the Technical and Vocational Education and Training Sub-sector.

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.

JOEL K MARITIM
Principal/Secretary to the Board of Governors

Sign: 

DATE: 

6 Review of Sotik Technical Training Institute’s Performance for Financial Year 2023/2024

Sotik Technical Training Institute has eight strategic pillars and objectives within its Strategic Plan for period January 2024 to 2029. These strategic pillars are as follows:

1. Human resource
2. Students
3. Physical Infrastructure
4. Accessibility
5. Water
6. Equipment
7. Financial Resources
8. Information Communication Technology Integration

Sotik Technical Training Institute develops its annual work plans based on the above eight pillars. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The Sotik Technical Training Institute achieved its performance targets set for the Financial Year 2023/2024 period for its eight strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: HUMAN RESOURCE	<ul style="list-style-type: none"> ❖ Harness Human resource ❖ To upgrade the skills of Teaching and Non-Teaching staff 	<ul style="list-style-type: none"> ❖ Increased number of staff to match the increasing number of students ❖ Effective trainings carried out on teaching and non – teaching staff 	<ul style="list-style-type: none"> ❖ Write letters to Ministry of Education requesting for trainers in all areas of training. ❖ Make visits to Ministry of Education State Department of Technical and Vocational Education Training to request for more trainers. ❖ Recruit Board of Governors staff ❖ Train the Non-Teaching and teaching staff 	<ul style="list-style-type: none"> ❖ New Board of Governors and Public Service Commission trainers have been employed ❖ Several trainings conducted on staff.
Pillar 2: STUDENTS	<ul style="list-style-type: none"> ❖ To increase student enrolment ❖ Increase the number of courses 	<ul style="list-style-type: none"> ❖ Increased number of trainees 	<ul style="list-style-type: none"> ❖ To introduce more market driven courses ❖ To market and to do publicity for the institute ❖ To participate in sports and recreational activities. ❖ To undertake corporate social responsibility to the community ❖ 	<ul style="list-style-type: none"> ❖ There is increase in student numbers
Pillar 3:	To provide	<ul style="list-style-type: none"> ❖ Increased 	<ul style="list-style-type: none"> ❖ To construct workshops for 	School bus

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PHYSICAL INFRASTRUCTURE	the physical infrastructure in the Institute	Teaching Infrastructure ❖ Increased support Infrastructure	training purposes ❖ To equip training workshops ❖ To equip the existing library ❖ To construct a Female hostel ❖ To purchase land for expansion ❖ To construct a recreational Centre. ❖ To Construct water storage tank ❖ To purchase institute Bus	purchased and construction of food and Beverage complex launched 1 st quarter of 2020/2021.
Pillar 4: ACCESSIBILITY	To improve the road-network within the Institution	❖ Construct civil works within the institute	❖ To construct access roads within the institute ❖ To construct parking bays	Institution's roads have been improved
Pillar 5: WATER	To provide adequate and sustainable water supply for the Institute	➤ Construct civil works within the institute	❖ Strengthen existing competitiveness benchmarks ❖ Establish new competitiveness benchmarks	❖ Student numbers have continued to increase
Pillar 6: EQUIPMENT	To provide adequate training equipment for various courses.	❖ To provide training equipment	❖ To procure more training equipment for various courses ❖ Establish more workshops	❖ Student numbers have continued to increase
Pillar 7: FINANCIAL	❖ Diversify	❖ Establishment	❖ Establish Short-Term courses ❖ Offer Conference facilities	❖ To establish adequate

<p>RESOURCES</p>	<p>sources and increase funding</p>	<p>of Public-Private Partnerships</p> <ul style="list-style-type: none"> ❖ lobby the Government for more funding ❖ Establishment of production unit in the Institute ❖ 	<ul style="list-style-type: none"> ❖ Identify the relevant industries in the private sector ❖ Negotiate partnership agreements with the identified industries ❖ Write funding proposals and budgets to the government for more funding 	<p>source of funding for the Institutes projects</p>
<p>Pillar 8: INFORMATION COMMUNICATION TECHNOLOGY INTEGRATION</p>	<ul style="list-style-type: none"> ❖ To integrate Information Communication Technology in management and training in the institution 	<ul style="list-style-type: none"> ❖ Establishment of a Management Information System ❖ integrated Information Communication Technology in curriculum delivery 	<ul style="list-style-type: none"> ❖ Procure and install the Management Information System Software and hardware ❖ Train the staff on Management Information System ❖ Procure desktop computers, laptops and Liquid Crystal Display. ❖ Procure the training software ❖ Procure and install Local Area Network 	<ul style="list-style-type: none"> ❖ Objective achieved

7 Corporate Governance Statement

During financial year 2023/24, there was 95% eligible attendance at all meetings of the Board and Committees. 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 three Full board meetings in the financial year 2023/2024.

Under the Technical, Vocational, Education & Training 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;
- (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 endeavored 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 Technical, Vocational, Education & Training 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.

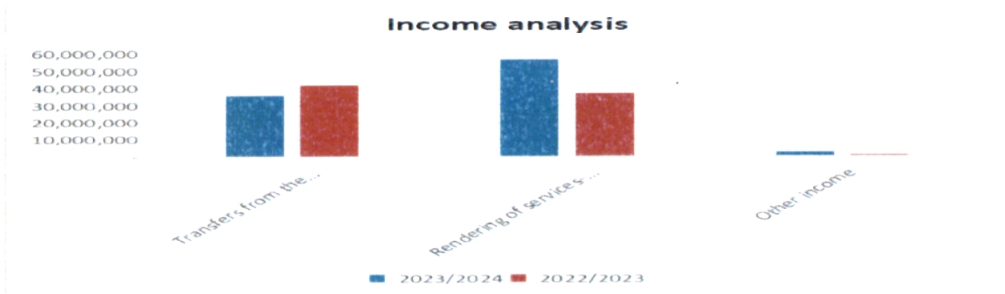
This will be attained with the incorporation of team spirit and self-sacrifice that is deep within them.

8 Management Discussion and Analysis

During the year under review, Revenue from government reduced due to non-remittance of quarter four funding which were disbursed in Q1 of year 2024/2025.

Revenue from exchange transactions increased mainly due to increase in the number of students

Below is an analysis of income and expenses.



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

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

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

i. Government Funding

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

ii. Constituency Development Fund (CDF)

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

iii. National Science Technology & Innovation Fund

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

iv. Donors (Development Partners)

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

v. County Government of Bomet

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

Risks and Opportunities facing Sotik Technical Training Institute

1 strengths	2 weaknesses
<ul style="list-style-type: none"> a) The institution enjoys substantial goodwill within its community b) Political goodwill from local political leaders. c) The strategic location of the institution is near Kapkelei market off Sotik-Ndanai tarmac road. d) Enrolment has continued to improve e) Institution has qualified and competent staff f) Availability of electricity g) Availability of Information Communication Technology facilities h) Availability of physical infrastructure i) Availability of power backup(generator) 	<ul style="list-style-type: none"> a) Limited finance to implement anticipated projects b) Inadequate training facilities and equipment in workshops c) Inadequate skilled manpower d) Lack of water supply in the institution e) Community apathy towards training near home area f) Limited land space for infrastructural expansion

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3 opportunities	4 threats
<ul style="list-style-type: none"> a) The high number of graduates from primary and secondary level of education who want to acquire technical skills. b) The location of institution is in close proximity to local industries such as tea factories and Kenya Co-operative Creameries c) Need to cope with rapid evolution of Science Technology and Innovation products and services such as Information Communication Technology, automation systems and industrial technology turnover for our graduates d) Availability of Higher Education Loan Board loans, bursaries from stakeholders and government capitation for Technical and Vocational Education and Training students 	<ul style="list-style-type: none"> a) Migration of staff to greener pastures b) Poor road network serving the institute from Makutano junction and Kamureito c) High cost of Science Technology and Innovation programs including training equipment and text books d) Increase of commercial colleges that offer same curriculum and Universities that offer certificate and diploma courses meant for Technical and Vocational Education and Training colleges e) Minimal awareness and appreciation of Technical and Vocational Education and Technical Training f) Ignorance of the availability of training courses that meet the market demand g) The upcoming of new technical colleges around our catchment areas

Major Challenges

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

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

Sotik Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2024

Sotik Technical Training Institute compliance with statutory requirements

Sotik Technical Training institute complies to deduction and remittance of statutory deductions such as National Hospital Insurance Fund (NHIF), National Social Security Fund (NSSF) and Pay As You Earn (PAYE).

Key projects and investment decisions

The projects under consideration in the financial year 2023/2024 are summarised in the table below

Project	Completion rate	Budget	Actual	Source of funds
Agriculture Offices	100%	4,500,000	2,029,800	Fees from students
Incinerator	100%	2,000,000	1,757,450	Fees from students
Driving School Car	61%	4,650,000	2,842,000	Fees from students
Building and civil engineering workshop	46%(W.I.P)	7,400,000	3,404,935	Fees from students

9 Corporate Social Responsibility Statement/Sustainability reporting

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

1. Sustainability strategy and profile -

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

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

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

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

2. Employee welfare

At Sotik Technical Training Institute, we value our employees and our many stakeholders, including the wider community where the training of our students has the potential to bring positive social and environmental change. We value the contribution that individuals and external entities make to our Institute through community consultation process. We integrate the principles of social responsibility into our core mandate internally by exhibiting the behaviors of good corporate governance, ethical decision making, and providing our personnel with opportunities to develop and excel. We integrate the principles of social responsibility into our training activities externally by minimizing our environmental impact and seeking to enhance the amenity of residential communities.

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

a) Policies guiding hiring process

The following are the Sotik 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	Sotik Technical Training Institute observes equal employment opportunities during staff recruitment across all genders
6	Disability Mainstreaming	Regularly	The institute offers equal employment opportunities to officers living with disability. The institute also offers rights and privileges as provided in the Persons With Disability Act and Board employment policies

3. Market place practices-

Responsible Supply Chain and Supplier relations

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

All procurement activities have continuously been carried out where Supply Chain ensured that there are sufficient funds to meet the obligations of the resulting contract and are reflected in the approved budget estimates. Knowledge of available funds acts as a guide in knowing what to procure and when to procure.

The organization has maintained and continuously updated list of registered suppliers, contractors and consultants in various specific categories of goods, works or services according to its procurement needs.

Sotik Technical Training Institute has at all-time ensured responsible treatment of the suppliers in various ways as featured below;

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

Sotik Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2024

10 Report of the Board of Governors

The Board members submit their report together with the audited financial statements for the year ended June 30, 2024 which show the state of the Sotik Technical Training Institute's affairs.

Principal activities

The principal activity of the Sotik Technical Training Institute is to offer quality Technical, Vocational, Education and Training to students to acquire technical skills relevant to the main agenda of government.

Results

The results of the entity for the year ended June 30, 2024 are set out on page 1-27

Board of Governors

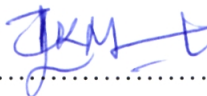
The members of the Board who served during the year are shown on page iv. During the year there was no board member who resigned.

Auditors

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

By Order of the Board

JOEL K. MARITIM
Principal/Secretary of the board.
Sotik Technical Training Institute.

Sign: 

Date: 

11 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 Board of Governors to prepare financial statements in respect of that Sotik Technical Training Institute, which give a true and fair view of the state of affairs of the Sotik Technical Training Institute at the end of the financial year and the operating results of the Sotik Technical Training Institute for that year. The Board of Governors are also required to ensure that the Sotik Technical Training Institute keeps proper accounting records which disclose with reasonable accuracy the financial position of the Sotik Technical Training Institute. The Board of Governors are also responsible for safeguarding the assets of the Sotik Technical Training Institute.


The Board of Governors are responsible for the preparation and presentation of the Sotik Technical Training Institute's financial statements, which give a true and fair view of the state of affairs of the Sotik Technical Training Institute for and as at the end of the financial year ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the Sotik Technical Training Institute, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Board of Governors accept responsibility for Sotik Technical Training Institute's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act, and the TVET Act. The Board of Governors are of the opinion that STTI'S financial statements give a true and fair view of the state of Sotik Technical Training Institute's transactions during the financial year ended June 30, 2024, and of its financial position as at that date. The Board of Governors further confirm the completeness of the accounting records maintained for Sotik Technical Training Institute, which have been relied upon in the preparation of the Sotik Technical Training Institute's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Board of Governors to indicate that Sotik Technical Training Institute will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Sotik Technical Training Institute's financial statements were approved by the Board on ~~20-06-2025~~.....and signed on its behalf by:

.....


DANIEL K. KIRUI
Chairman of the Board

.....


JOEL K. MARITIM
Accounting Officer/Principal

REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON SOTIK TECHNICAL TRAINING INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

- A. Report on 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 the 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 the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Sotik Technical Training Institute set out on pages 1 to 29 which comprise the statement of financial position at 30 June, 2024 and the statement of financial performance, statement of changes in net

Report of the Auditor-General on Sotik Technical Training Institute for the year ended 30 June, 2024

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Sotik Technical Training Institute as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standard (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Misstatement of Rendering of Services

The statement of financial performance and as disclosed in Note 7 to the financial statements reflects rendering of services-fees from students amount of Kshs.57,722,326. However, review of student ledgers revealed total fees collected of Kshs.83,619,712 resulting in an unexplained and unreconciled variance of Kshs.25,897,386.

In the circumstances, the accuracy and completeness of rendering of services amount of Kshs.57,722,326 could not be confirmed.

2. Unsupported Repairs and Maintenance

The statement of financial performance and as disclosed in Note 12 to the financial statements reflect repairs and maintenance amount of Kshs.5,867,491. However, the repairs were not supported with pre and post inspection reports and user requisitions for the services.

In the circumstances, the accuracy, completeness and regularity of repairs and maintenance amount of Kshs.5,867,491 could not be confirmed.

3. Unsupported Cash and Cash Equivalent

The statement of financial position reflects cash and cash equivalents balance of Ksh.875,024 which includes a bank account balance of Kshs.559 as disclosed in Note 15 (a) to the financial statements. The balance was not supported with a cashbook, bank reconciliation statements, certificate of bank balance and bank statements.

In the circumstance, the accuracy and completeness of the cash and cash equivalent balance of Kshs.875,024 could not be confirmed.

4. Misstated Receivables from Exchange Transactions

The statement of financial position and as disclosed in Note 16 to the financial statements reflect receivables from exchange transactions balance of Kshs.9,346,204. However, the movement schedule reflects a closing balance of Kshs.9,898,614 resulting to an unexplained and unreconciled variance of Kshs.552,410. The schedule is noted below.

Receivables Movement Schedule	Amount
Opening Balance	6,774,239
Additions during the year	3,399,064
Less: Amount paid	274,689
Closing Balance	9,898,614

Further, the balance of Kshs.9,346,204 was not supported with a schedule showing students' details and the period the fees have been outstanding.

In addition, Note 16(b) to the financial statements, on aging debtor analysis shows receivables from exchange transactions that had been outstanding for more than one year of Kshs.6,499,550. The mechanism put in place to recover the long overdue debts has not been disclosed.

In the circumstances, the accuracy, completeness and recoverability of receivables from exchange transactions balance of Kshs.9,346,204 could not be confirmed.

5. Inaccuracies in Property, Plant and Equipment Balance

Review of Note 18 to the financial statements, on property, plant and equipment revealed that it did not conform with the revised International Public Sector Accounting Standards Board (IPSASB) reporting template dated 30 June,2024 in that the depreciation rates applied on the classes of assets were different from the institute's approved finance policy and procedure manual.

Further, review of the assets' records revealed that the work in progress, which includes the construction of the workshop and hall at estimated costs of Kshs.11,454,140 and Kshs.3,404,935 respectively were not disclosed in the financial statements.

In addition, review of assets' records revealed that the Institute has four vehicles and two (2) are registered under the State Department for Higher Education. However, no evidence was provided to show the management had made efforts to change ownership to reflect the name of the Institute.

The fixed asset register was also not updated to include details on the type of the asset, supplier, unique identification number, current value, accumulated depreciation and net book values. The fixed asset register also reflects property, plant and equipment balance Kshs.28,486,300 which differs with the financial statements balance of Kshs.186,115,543 by Kshs.157,629,243.

Physical verification of the assets also revealed that they were not tagged.

In the circumstance, the accuracy and completeness of property, plant, and equipment balance of Kshs.186,115,543 could not be confirmed.

6. Failure to Disclose Biological Assets

The statement of financial position reflects property, plant, and equipment balance of Kshs.185,581,211. However, review of the records and physical verification of assets revealed that the institution owns biological assets which includes four (4) cows, four (4) calves, poultry, and a greenhouse with cultivated tomato crops. The assets were not classified or disclosed in the financial statements.

In the circumstance, the property, plant, and equipment balance is understated.

7. Unsupported Trade and Other Payables Balance

The statements of financial position and as disclosed in Note 20 to the financial statements reflect trade and other payables balance of Kshs.6,602,560. However, the balance was not supported with a schedule of details on suppliers who were owed, invoices, delivery notes, copies of local service/purchase order, interim or completion certificates for the works done, counter receipt vouchers, counter requisition and issue vouchers and the dates when the bills were incurred to confirm the validity of the payables.

In the circumstance, the accuracy and completeness of trade and other payables balance of Kshs.6,602,560 could not be confirmed.

8. Unconfirmed Refundable Deposits from Customers

The statement of financial position and as disclosed in Note 21 to the financial statements reflects refundable deposits from customers balance of Kshs.912,000 which has been retained for over three (3) years period. However, a separate bank account was not maintained for the students' deposits.

In the circumstance, the existence of the refundable deposits balance of Kshs.912,000 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on a comparable basis of Kshs.144,758,920 and Kshs.95,971,369 respectively resulting to an under collection of 48,787,551 or 34% of the budget.

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

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the report of the Auditor-General for the financial year 2022/2023, several issues were raised under the Report on the Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources. However, the Management has not provided evidence on how some of the issues were resolved and explanation why some issues were not resolved contrary to Section 149(2)(l) of the Public Finance Management Act, 2012 which requires the Accounting Officers designated to try to resolve any issues resulting from an audit that remain outstanding.

Other Information

Management is responsible for the other information set out on page ii to xxv which comprise of Key Entity Information and Management, The Board of Governors, Key Management Team, Chairman Statement, Principal Statement, Statement of performance against predetermined objectives, Corporate governance statement, Management Discussion and Analysis, Corporate Social responsibility , Report of the Board of Governors and Statement of Board of Governors Responsibilities .The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Institute's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information and I am required to report that fact. I have nothing to report in this regard.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the 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. Failure to Implement Enterprise Resource Planning (ERP) System

The statement of financial position and as disclosed in Note 19 to the financial statements reflect intangible assets balance of Kshs.2,794,000, being value of Integrated Enterprise Resource Planning (ERP) System. The system was to include several key modules such as Financial and Accounting Management, Student Management, Procurement and Stores Management, Academics and Examinations Management, Human Resource and Payroll Management and Web Portals for both students and staff. However, the ERP system has not been implemented at any stage.

In the circumstances, value for money incurred on the system could not be confirmed.

2. Irregular Procurement of Fuel and Lubricants.

The statement of financial performance reflects use of goods and services amount of Kshs.62,474,555, which includes fuel and lubricants amount of Kshs.2,813,574 as disclosed in Note 9 to the financial statements. A review of the records revealed that cash payments totaling to Kshs.575,350 were incurred on purchase of fuel and lubricants. However, there were no detail orders and requisitions from user department. The procurement was thus irregular since the proper procedure was not followed.

In the circumstance, the regularity of expenditure of Kshs.575,350 could not be confirmed.

3. Failure to Comply with Ethnic Diversity Provision.

Review of staff biodata revealed that the Board of Governors employed forty-one (41) teaching staff, out of which thirty-three (33) or eighty percent (80%) of the teaching staff were from the dominant local community. Further, the Board employed forty (40) non-teaching staff, out of which thirty-eight (38) or ninety-five (95%) were from the dominant local community. This is contrary to section 7 (1) and (2) of the National Cohesion and

Integration Act, 2008 which requires that all public establishments shall seek to represent the diversity of the people of Kenya in the employment and no public establishment shall have more than one third of its employees from the same ethnic community.

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

4. Irregular Hire of Interns

The statement of financial performance reflects employee costs of Kshs.12,782,469, which includes salaries and wages amount of Ksh.11,718,855 as disclosed in Note 10 to the financial statement. Review of records revealed that payments totalling to Kshs.250,000 were for salaries to intern trainers. The institute hired nine (9) intern trainers on contract basis renewable on basis performance evaluation after every three (3) months contrary to Section 23 (1) of the Technical and Vocational Education and Training Act, 2013 which requires employment of trainers registered by the Board for Higher Education.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effects of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Failure to Insure Assets

Review of the assets' records revealed that the Institute's assets including buildings, plant, equipment and furniture and fittings were not insured contrary to Regulation 139 (1) (a) of Public Finance Management (National Government) Regulations, 2015. The Regulation states that the Accounting Officer of a National Government entity shall take full responsibility and ensure that proper control systems exist for assets and that preventative mechanisms are in place to eliminate theft, security threats, losses, wastage and misuse. The Institute is therefore exposed to possible loss from insurable risks which in turn may impact negatively on the service delivery.

In the circumstances, the assets are exposed to losses in event of damage or theft.

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

Responsibilities of Management and Board of Directors

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

In preparing the financial statements, Management is responsible for assessing the Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

The Board of Governors 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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48

of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAI will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

17 July, 2025

13 Statement of Financial Performance for the Year Ended 30 June 2024

Description	Notes	2023/2024	2022/2023
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government – grants/ gifts in kind	6	35,910,332	41,635,000
Total Revenue from non-exchange transactions		35,910,332	41,635,000
Revenue from exchange transactions			
Rendering of services- Fees from students	7	57,722,326	37,241,208
Other income	8	2,338,711	874,035
Revenue from exchange transactions		60,061,037	38,115,243
Total revenue		95,971,369	79,750,243
Expenses			
Use of goods and services	9	62,474,555	35,806,022
Employee costs	10	12,782,469	11,125,737
Depreciation and amortization expense	11	14,852,155	5,877,030
Repairs and maintenance	12	5,867,491	4,270,124
Board allowances	13	794,500	840,000
Impairment loss	14	-	712,918
Total expenses		96,771,170	58,631,831
Net Surplus for the year		(799,801)	21,118,412

The notes set out on pages 1 to 27 form an integral part of these Financial Statements

Dr. Daniel K. Kirui

Chairman of the Board

ID NO: 9043604

Sign: 

Date: *20.06.25*

Joel K. Maritim

Principal

ID NO:9233834

Sign: 

Date: *20.06.2025*

Joseah K. Kirui

Finance Officer

ICPAK No: 24604

Sign: 

Date: *20-06-2025*

Sotik Technical Training Institute
Annual Reports and Financial Statements for the year ended June 30, 2024

14 Statement of Financial Position as at 30 June 2024

Description	Notes	2023/2024	2022/2023
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	15	875,024	8,797,266
Receivables from exchange transactions	16	9,346,204	6,774,239
Inventories	17	224,700	128,300
Total Current Assets		10,445,928	15,699,805
Non-current assets			
Property, plant and equipment	18	186,115,543	152,084,480
Intangible assets - WIP	19	2,794,000	2,794,000
Total Non-current Assets		188,909,543	154,878,480
Total assets		199,355,471	170,578,285
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	20	6,602,560	10,103,425
Refundable deposits from customers	21	912,000	912,000
Total Current Liabilities		7,514,560	11,015,425
Total liabilities		7,514,560	11,015,425
Reserves			
Accumulated surplus	23	74,176,974	69,762,251
Capital Fund	22	78,587,887	55,272,461
Revaluation reserve	25	39,076,050	34,528,148
Total Capital and Reserves		191,840,911	159,562,860
Total Liabilities and Reserves		199,355,471	170,578,285

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

Dr. Daniel K. Kirui
Chairman of the Board
ID NO: 9043604

Sign:

Date: 20.06.25

Joel K. Maritim
Principal
ID NO:9233834

Sign:

Date: 20.06.2025

Joseah K. Kirui
Finance Officer
ICPAK No: 24604

Sign:

Date: 20-06-2025

15 Statement of Changes in Net Assets for the Year ended 30 June 2024

Description	Notes	Accumulated Reserves KShs	Capital Grants KShs	Revaluation reserve KShs	Total KShs
At July 1, 2022		47,287,768	45,928,532		93,216,300
Revaluation gain				34,528,148	34,528,148
Capital grants land and motor vehicles			10,700,000		10,700,000
Surplus for the year		21,118,412	-		21,118,412
Transfer of depreciation from accumulated surplus to capital fund		1,356,071	(1,356,071)		-
Prior year adjustment; Capital donation of furniture and equipment	26		16,112,500		16,112,500
Revaluation reserve - furniture and equipment				4,547,902	4,547,902
Depreciation for Equipment and furniture understated		(2,582,550)			(2,582,550)
At June 30, 2023		67,179,700	71,384,961	39,076,050	177,640,712
At July 1, 2023		67,179,700	71,384,961	39,076,050	177,640,712
Capital donations during the year- computers	22		15,000,000		15,000,000
Surplus for the year		(799,801)	-		(799,801)
Transfer of depreciation from accumulated surplus to capital fund	24	7,797,075	(7,797,075)		-
At end of year 30 June 2024		74,176,974	78,587,887	39,076,050	191,840,911

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16 Statement of Cash Flows for the Year Ended 30 June 2024

Description	Notes	2023/2024	2022/2023
		kshs	kshs
Transfers from the National Government – Recurrent grants	6	35,910,332	41,635,000
Total Revenue from non-exchange transactions		35,910,332	41,635,000
Revenue from exchange transactions			
Rendering of services- Fees from students		54,323,262	34,506,567
Prior year fee arrears collected during the year		274,689	286,260
Other income	8	2,338,711	874,035
Revenue from exchange transactions		56,936,662	35,666,862
Total revenue		92,846,994	77,301,862
payments			
Use of goods and services		61,419,170	33,232,755
Employee costs	10	12,782,469	11,257,737
Repairs and maintenance		5,821,691	3,645,654
Board allowances		794,500	840,000
Prior year payables paid during the year		6,074,040	4,575,907
Total expense		86,891,870	53,552,054
Net cash flow from operating activities		5,955,124	23,749,809
Cash flows from investing activities			
Purchase of property, plant, equipment		(13,877,366)	(19,485,399)
Purchase of intangible assets		-	(990,000)
Net cash flows used in investing activities		(13,877,366)	(20,475,399)
Net (decrease)/ increase in cash and cash equivalents		(7,922,242)	3,274,410
Cash and cash equivalents at start of year		8,797,266	5,522,857
Cash and cash equivalents at end of year	15	875,024	8,797,266
Cash and cash equivalents as per the Balance Sheet		875,024	8,797,266

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17 Statement of Comparison of Budget and Actual Amounts for the Year ended 30 June 2024

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization difference %ge
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Transfers from other Govt entities Govt grants	69,013,000	0	69,013,000	35,910,332	(33,102,668)	-48%
Rendering of services- Fees from students	70,175,720	0	70,175,720	57,722,326	(12,453,394)	-18%
Other income	5,570,200	0	5,570,200	2,338,711	(3,231,489)	-58%
Total income	144,758,920	0	144,758,920	95,971,369	(48,787,551)	-34%
Expenses						
Compensation of employees	15,000,000	0	15,000,000	12,782,469	(2,217,531)	-15%
Use of Goods and services	75,021,994	0	75,021,994	62,474,555	(12,547,439)	-7.4%
Repairs and maintenance	6,781,926	0	6,781,926	5,867,491	(914,435)	-14%
Remuneration of directors	2,800,000	0	2,800,000	794,500	(2,005,500)	-72%
Total expenditure	99,603,920	0	99,603,920	81,919,015	(17,684,905)	-18%
Surplus for the period	45,155,000	0	45,155,000	14,052,354	(31,102,646)	-69%
Capital expenditure	45,155,000	0	45,155,000	15,805,366	(29,349,634)	-65%

Reconciliation between the actual revenue and expenditure as per the testament of financial performance and as per the Statement of Comparison of Budget and Actual Amounts

	Amount KShs.
Total revenue as per the statement of financial performance	95,971,369
Add: receipt from students in relation to prior year invoices	274,689
Less: student fees accrued in the current year	(2,846,654)
Less: Prior years prepaid fees utilized in the current year invoices	(552,410)
Total revenue as per the statement of Comparison of Budget and Actual Amounts	92,846,994
Total current expenditure as per the statement of financial per performance	96,771,170
Less: depreciation charge	(14,852,155)
Add: prior year payables paid during the year	6,074,041
Training materials held as at end of year transferred to inventories	96,400
Less: Current year unpaid expenditure	(1,197,586)
Total current expenditure as per the statement of Comparison of Budget and Actual Amounts	86,891,870

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Total additions to capital expenditure as per note 19 to the financial statements
Less: additions to capital expenditure payable as at year end

15,805,366
(1,928,000)

Total additions to capital expenditure as per the statement of Comparison of Budget and Actual Amounts

13,877,366

Budget notes

- The variance was as a result of capitation for quarter 4 and was not disbursed.
- Non remittance of scholarship funding to all students.
- Non remittance of helb loan to all students yet they applied.

18 Notes to the Financial Statements

1. General Information

Sotik Technical Training Institute is established by and derives its authority and accountability from Public Finance Management. The Sotik Technical Training Institute is wholly owned by the Government of Kenya and is domiciled in Kenya. The Sotik Technical Training Institute’s principal activity is to provide quality and technical knowledge, skills and competences that promotes innovation and creativity.

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 Sotik 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 Sotik Technical Training Institute.

The financial statements have been prepared in accordance with the Public Finance Management Act, the State Corporations Act, the Technical and Vocational Education and Training 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. New and amended standards and interpretations in issue effective in the year ended 30 June 2024.
There are no new standards in the year ended 30th June 2024

ii. **New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.**

Standard	Effective date and impact:
IPSAS 43: Leases	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash-flows of an Entity.</p> <p>The new standard requires entities to recognize, measure and present information on right of use assets and lease liabilities.</p> <p>There is no expected impact of the standard to the Entity</p>

<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p>Applicable 1st January 2025</p> <p>The Standard requires, 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: 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>There is no expected impact of the standard to the Entity</p>
<p>IPSAS 45: Property Plant and Equipment</p>	<p>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p>There is no expected impact of the standard to the Entity</p>
<p>IPSAS 46: Measurement</p>	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p>There is no expected impact of the standard to the Entity</p>
<p>IPSAS 47: Revenue</p>	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p>There is no expected impact of the standard to the Entity</p>
<p>IPSAS 48: Transfer Expenses</p>	<p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense</p>

	<p>transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p>There is no expected impact of the standard to the Entity</p>
<p>IPSAS 49: Retirement Benefit Plans</p>	<p>Applicable 1st January 2026</p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p>There is no expected impact of the standard to the Entity</p>

iii. Early adoption of standards

Sotik Technical Training Institute did not early adopt any new or amended standards in year 2024

Notes to the Financial Statements (continued)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. 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 Sotik 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 financial year 2023/2024 was approved by the Board of Governance on 17/06/2023 Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

The Sotik 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.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actual as per the statement of financial performance has been presented under section 13 of financial provisions of Technical and Vocational Education and Training 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 entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

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

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

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

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

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

d) Intangible assets

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

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) Research and development costs

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

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

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

i) Inventories

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

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

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

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

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Sotik Technical Training Institute.

j) Provisions

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

Where the Sotik Technical Training Institute expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

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

k) 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.

l) Changes in accounting policies and estimates

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

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.

m) 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 National Social Security Fund Act. The institution's contributions to the defined contribution scheme are charged to profit or loss in the year to which they relate.

n) Related parties

Sotik Technical Training Institute regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the 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 Sotik Technical Training Institute.

o) Cash and cash equivalents

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

p) Comparative figures

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

q) 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, 2024.

5. Significant Judgments and Sources of Estimation Uncertainty

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

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 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.

Notes to the Financial Statements (continued)

6. Transfers from Other Levels of Government

Description	2023-2024	2022-2023
	KShs	KShs
Unconditional grants		
Capitation grants	25,234,000	41,635,000
Scholarship funds (MOE)	10,676,332	-
Conditional grants		
Other organizational grants	-	-
Total government grants and subsidies	35,910,332	41,635,000

Transfers from ministries, departments and agencies

Ministry of Education	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	2022-2023
			KShs	KShs	KShs
State department of Vocational and Training	35,910,332	-	-	35,910,332	41,635,000
Total	35,910,332	-	-	35,910,332	41,635,000

7. Rendering of Services

Description	2023-2024	2022-2023
	KShs	KShs
Tuition fees	46,302,887	27,188,336
Bursary fees	1,764,286	1,370,180
Activity fees	22,330	41,100
Registration and Examination fees	8,839,823	7,596,510
Industrial attachment fees	793,000	1,045,082
Total Rendering of Services	57,722,326	37,241,208

8. OTHER INCOME

Description	2023-2024	2022-2023
	KShs	KShs
Student council	2,300	7,800
Student ID's	76,650	-
Internet fee	3,950	15,350
Other income generating activities	141,565	211,085
Medical	6,580	11,700
Food & Beverage Practicals	289,090	255,100
Graduation fee	323,440	313,000

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Computer Packages	40,000	-
Hire of facilities	1,455,136	60,000
Total other income	2,338,711	874,035

9. Use of Goods and Services

Description	2023-2024	2022-2023
	KShs	KShs
Electricity and Water	1,686,111	1,323,714
Student IDs	265,780	146,775
Examination and registration	13,514,041	11,944,642
Subscriptions	84,150	48,400
Activity	2,590,813	942,181
Advertising	635,552	800,800
Administration cost	3,049,855	1,104,907
Printing and stationery	6,283,692	3,383,916
Bank charges	54,702	37,187
Skills development	1,226,247	58,000
Telecommunication	1,220,769	860,567
Training expenses	668,878	-
Other -Student council	961,315	280,800
Medical	684,055	374,191
Insurance	466,842	502,788
Withholding tax	-	270,978
HELB refund	-	132,000
Attachments	689,520	645,200
Cleaning	2,364,856	1,055,932
Training materials expenses	10,965,374	5,931,590
Fuel and Lubrications	2,813,574	1,083,798
Local Travel and transport	5,076,237	2,696,780
Consumables	1,976,129	603,881
Hire charges	-	153,450
Library expense	7,500	7,500
Conference expenses	495,350	388,600
IGA expenses	1,483,192	727,445
Trees	-	300,000
Graduation expenses	3,205,021	-
Bursary	5,000	-
Total good and services	62,474,555	35,806,022

Notes to the Financial Statements (continued)

10. Employee Costs

	2023-2024	2022-2023
	KShs	KShs
Salaries and wages	11,718,855	10,164,066
Social contributions	1,063,614	961,672
Employee costs	12,782,469	11,125,737

11. Depreciation Expense

Description	2023-2024	2022-2023
	KShs	KShs
Property, plant and equipment	14,852,155	5,877,030
Total depreciation and amortization	14,852,155	5,877,030

12. Repairs and Maintenance

Description	2023-2024	2022-2023
	KShs	KShs
Property	5,867,491	4,270,124
Total repairs and maintenance	5,867,491	4,270,124

13. Board Allowances

Description	2023-2024	2022-2023
	KShs	KShs
Board allowances	794,500	840,000
Total board remuneration	794,500	840,000

14. Impairment loss

Description	2023-2024	2022-2023
	KShs	KShs
Cost of computers	-	5,446,750
Depreciation brought forward	-	(3,359,832)
Net book value	-	2,086,918
Valuation amount	-	1,374,000
Total impairment loss	-	712,918

15. Cash and Cash Equivalents

The carrying amounts of the institution's cash and cash equivalents are denominated in Kenya Shillings.

Description	2023-2024	2022-2023
	KShs	KShs
Current account	825,861	8,745,417
Others(Cash)	49,163	51,849
Total cash and cash equivalents	875,024	8,797,266

The institution's cash and bank balances are held with a major Kenyan financial institution and, insofar as the directors are able to measure any credit risk to these assets, it is deemed to be.

15 (a). DETAILED ANALYSIS OF THE CASH AND CASH EQUIVALENTS

Financial institution	Account number	2023-2024	2022-2023
		KShs	KShs
a) Current account			
Kenya Commercial bank-FEES	1225821479	387,365.15	2,588,622
Kenya Commercial bank-Recurrent	1212348028	207,434.30	5,737,185
Kenya Commercial bank-CDF A/C	1234234645	559	559
Kenya Commercial bank-DEV'T A/C	1212348125	230,503	419,051
Sub- total		825,861.45	8,745,417
Cash on hand		49,163	51,849
Sub- total		49,163	51,849
Grand total		875,024.45	8,797,266

16. RECEIVABLES FROM EXCHANGE TRANSACTIONS**16.(a) Current Receivables from Exchange Transactions**

Description	2023-2024	2022-2023
	KShs	KShs
Current receivables		
Sundry debtors	9,346,204	6,774,239
Total receivables	9,346,204	6,774,239

These are receivables from students relating to the school fees payable for the year and it excludes Government capitation. During the year, there were no defaults from these debtors.

16 (b) Ageing Analysis of Receivables from Exchange transactions

Description	2023-2024		2022-2023	
	Kshs	% of the total	Kshs	% of the total
Less than 1 year	2,846,654	30%	1,583,142	23%
Between 1- 2 years	1,583,142	17%	2,824,489	42%
Between 2-3 years	2,824,489	30%	2,091,919	31%
Over 3 years	2,091,919	22%	274,689	4%
Total	9,346,204	100%	6,774,239	100%

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. Inventories

Description	2023-2024	2022-2023
	KShs	KShs
Electrical Stores	54,500	31,260
Stationery Stores	41,000	23,490
Mechanical Stores	14,000	25,060
Plumbing Stores	38,000	12,830
Cleaning Materials Stores	32,000	20,600
Catering Stores	16,800	15,060
General Agriculture Stores	28,400	-
Total inventories	224,700	128,300

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and Structures	Culverts, cabro, Terazzo and Pavements	Tents	Dairy shed, green house and temporary buildings	Computers and Accessories	Motor vehicles	Office Equipment & Furniture	Generator and Transformer	Library Books	Capital Work in progress	Total
Cost		Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
		2%	20%	20%	10%	30%	12.5%	12.5%	10%	10%		
At 30 th June 2022	-	84,277,964	3,763,340	511,000	1,769,145	5,446,750	-	3,133,736	3,365,050	1,001,500	-	103,268,485
Additions	-	-	2,431,347	-	1,413,285	-	13,851,300	4,459,720	1,217,200	-	-	23,372,852
Capital grants	7,200,000	-	-	-	-	-	3,500,000	-	-	-	-	10,700,000
Valuation	-	26,951,102	-	-	941,789	(4,072,750)	-	-	-	-	-	23,820,141
At 30 th June 2023 as previously stated	7,200,000	111,229,066	6,194,687	511,000	4,124,219	1,374,000	17,351,300	7,593,456	4,582,250	1,001,500	-	161,161,478
Prior year adjustments												
Capital grants								16,112,500				16,112,500
Valuation								3,516,064				3,516,064
At 30 th June 2023 as restated	7,200,000	111,229,066	6,194,687	511,000	4,124,219	1,374,000	17,351,300	27,222,020	4,582,250	1,001,500	-	180,790,042
Additions	-	4,933,260	-	-	-	497,921	4,594,240	2,375,010	-	-	3,404,935	15,805,366
Capital grants	-	-	-	-	-	15,000,000	-	-	-	-	-	15,000,000
At 30 th June 2024	7,200,000	116,162,326	6,194,687	511,000	4,124,219	16,871,921	21,945,540	29,597,030	4,582,250	1,001,500	3,404,935	211,595,408
Depreciation and impairment												
At 30 th June 2022		6,323,216	1,023,548	102,200	312,041	3,359,832	-	1,031,838	697,967	344,416	-	13,195,058
Reversal of depreciation	-	(6,323,216)	-	-	(312,041)	(3,359,832)	-	-	-	-	-	(9,995,089)
Depreciation	-	2,224,581	1,034,228	81,760	412,422	412,200	437,500	820,202	388,428	65,708	-	5,877,029
At 30 th June 2023 as previously stated	-	2,224,581	2,057,776	183,960	412,422	412,200	437,500	1,852,040	1,086,395	410,124	-	9,076,998
Prior year adjustment:												
Reversal of depreciation								(1,031,838)				(1,031,838)
Prior year depreciation charge								2,582,550				2,582,550
At 30 th June 2023 as restated	-	2,224,581	2,057,776	183,960	412,422	412,200	437,500	3,402,753	1,086,395	410,124	-	10,627,711
Depreciation	-	2,278,755	827,382	65,408	371,180	4,937,916	2,688,505	3,274,285	349,586	59,138	-	14,852,155
At 30 th June 2024	-	4,503,336	2,885,158	249,368	783,602	5,350,116	3,126,005	6,677,038	1,435,981	469,262	-	25,479,866
Net book values												
At 30 th June 2024	7,200,000	111,658,990	3,309,529	261,632	3,340,617	11,521,805	18,819,535	22,919,993	3,146,269	532,238	3,404,935	186,115,543
At 30 th June 2023	7,200,000	109,004,485	4,136,911	327,040	3,711,797	961,800	16,913,800	5,741,416	3,495,855	591,376	-	152,084,480

NOTES TO THE FINANCIAL STATEMENTS (continued)

Valuation

As per National Treasury guidelines, Land and buildings were identified and valued as per the National Liabilities and Management Policy and guidelines (Issued June 2020). The assets were revalued by Mackland Valuers Limited professional valuers on September 2022. These amounts were adopted in the financial statements on 30th June 2023.

18 (b) Property, Plant and Equipment at Cost

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

	Cost as at 30 June 2023	Additions	Total cost As at 30 June 2024	Accumulated Depreciation B/F	Charge for the year	NBV As at 30 June 2023
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Buildings	84,277,964	6,133,550	90,411,514	7,882,311	1,650,584	80,878,619
Semi-permanent structures	3,182,430	891,550	4,073,980	599,080	347,490	3,127,410
Land	-	-	-	-	-	-
Computers	5,446,750	497,921	5,944,671	3,985,907	587,629	1,371,135
Equipment and furniture	3,133,736	5,866,361	9,000,097	1,852,040	893,507	6,254,550
Total	96,040,880	13,389,382	109,430,262	14,319,338	3,479,210	91,631,713

19. Intangible assets (ERP System)

Description	2023-2024	2022-2023
	KShs	KShs
Cost		
At the start of the year	2,794,000	1,676,400
Additions	-	1,117,600
At the end of the year	2,794,000	2,794,000

20. Trade and Other Payables from Exchange Transactions

Description	2023-2024	2022-2023
	KShs	KShs
Trade payables	6,602,560	9,551,015
Payments received in advance-Prepaid fees	-	552,410
Total trade and other payables	6,602,560	10,103,425

Ageing analysis:	2023-2024	% of the Total	2022-2023	% of the Total
Under one year	3,125,585	47%	6,204,680	62%
1-2 years	3,476,975	53%	3,346,335	32%
2-3 years	-	0%	552,410	6%
Over 3 years	-	0%	-	0%
Total	6,602,560	100%	10,103,425	100%

21. Refundable Deposits from Customers

Description	2023-2024	2022-2023
	KShs	KShs
Caution money	912,000	912,000
Total deposits	912,000	912,000

Ageing analysis:	2023-2024	% of the Total	2022-2023	% of the Total
Under one year	0	0%	0	0%
1-2 years	0	0%	0	0%
2-3 years	0	0%	74,000	8%
Over 3 years	912,000	100%	838,000	92%
Total	912,000	100%	912,000	100%

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22. Capital Grants

Description	2023-2024	2022-2023
	KShs	KShs
Tracking land donated		
Cost as per valuation report	7,200,000	7,200,000
Tracking buildings donated		
Cost	50,810,350	50,810,350
Accumulated depreciation brought forward	(5,800,389)	(4,881,818)
Depreciation rate on reducing balance basis	2%	2%
Charge for the year	900,199	918,571
NBV of donated buildings	44,109,762	45,009,961
Tracking donated equipment		
Cost	16,112,500	-
Depreciation rate	12.5%	-
Accumulated depreciation brought forward	-	-
Charge for the year	2,014,063	-
NBV of donated equipment	14,098,438	-
Tracking donated computers		
Cost	15,000,000	-
Depreciation rate	30.0%	-
Accumulated depreciation brought forward	-	-
Charge for the year	4,500,000	-
NBV donated computers	10,500,000	-
Motor vehicles donated		
cost		
Motor vehicle donated by CDF Toyota Double cabin - GKB 029U	2,200,000	2,200,000
Motor vehicle donated by MOE Toyota Rush - GKB 540U	1,300,000	1,300,000
Total cost - donated motor vehicles	3,500,000	3,500,000
Accumulated depreciation brought forward	-437,500	-
Depreciation rate on reducing balance basis	12.5%	12.5%
Charge for the year	382,813	437,500
NBV of donated motor vehicles	2,679,687	3,062,500
Total net capital reserve	78,587,887	55,272,461

23. Accumulated Surpluses

Description	2023-2024	2022-2023
	KShs	KShs
At start of year	69,762,251	47,287,768
Surplus for the year	(799,801)	21,118,412
Depreciation for Equipment and furniture understated	(2,582,550)	-
Transfer of capital grants depreciation	7,797,074	1,356,071
Total Accumulated surpluses	74,176,974	69,762,251

24. Depreciation being transferred from accumulated surplus to capital grants reserve

Description	2023-2024	2022-2023
	KShs	KShs
a) Buildings donated		
Cost	50,810,350	50,810,350
Accumulated depreciation brought forward	(4,881,818)	(4,881,818)
Depreciation rate on reducing balance basis	2%	2%
Charge for the year - buildings	918,571	918,571
b) Motor vehicles donated		
cost		
Motor vehicle donated by CDF Toyota Double cabin - GKB 029U	2,200,000	2,200,000
Motor vehicle donated by MOE Toyota Rush - GKB 540U	1,300,000	1,300,000
Total cost - donated motor vehicles	3,500,000	3,500,000
Accumulated depreciation brought forward	-	-
Depreciation rate on reducing balance basis	12.5%	12.5%
Charge for the year - Vehicles	437,500	437,500
c) Equipment and Furniture donated		
Cost	16,112,500	
Depreciation rate	12.5%	
Acc dep brought forward	-	
Charge for the year	2,014,063	
d) Computers donated		
Cost	15,000,000	
Depreciation rate	30.0%	
Acc dep brought forward	-	
Charge for the year	4,500,000	
Total depreciation charge for the year to be charged to capital donation reserve	7,797,075	1,356,071

25. Revaluation reserve

	2023-2024	2022-2023
	KShs	KShs
a) Permanent buildings		
Cost as at 30th June 2022	84,277,964	84,277,964
Less Accumulated depreciation	(6,323,216)	(6,323,216)
Net book value as at 30th June 2022	77,954,748	77,954,748
Market value upon valuation	111,229,066	111,229,066
Revaluation reserve (Market value less NBV)	33,274,318	33,274,318
b) Semi-permanent buildings		
Cost as at 30th June 2022	1,769,145	1,769,145
Less Accumulated depreciation	(312,041)	(312,041)
Net book value as at 30th June 2022	1,457,104	1,457,104
Market value upon valuation	2,710,934	2,710,934
Revaluation reserve (Market value less NBV)	1,253,830	1,253,830
c) Equipment and furniture		
Cost as at 30th June 2022	3,133,736	-
Less Accumulated depreciation	(1,031,838)	-
Net book value as at 30th June 2022	2,101,898	-
Market value upon valuation	6,649,800	-
Revaluation reserve (Market value less NBV)	4,547,902	-
Total revaluation reserve (a+b+C)	39,076,050	34,528,148

26. Prior year adjustments

Prior year adjustments relates to Valuation of furniture and equipment that was done in the financial year 2022/2023 but was not captured in the financial statements. Some of the equipment were donated and the value was not known until the valuation was done.

The prior year adjustments were:

- ❖ To recognise the market prices of the furniture and equipment that were purchase by the institute and also the ones that were internally made using labour based approach.
- ❖ To recognise the furniture and equipment that were donated by the government but the value was not know until the valuation of the same was done.

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	Accumulated surplus	Capital donation	Revaluation reserve	Total reserve
	KShs	KShs	KShs	KShs
Reserves as previously stated as at 30 June 2023	69,762,251	55,272,461	34,528,148	159,562,860
Adjusted for:				
Market value of the donated furniture and equipment	16,112,500	-	-	16,112,500
Revaluation reserve arising from furniture & equipment initially recorded in the books at cost	-	-	4,547,902	4,547,902
Depreciation arising from the revaluation of furniture and equipment not recognised in 2022/2023	(2,582,550)			(2,582,550)
Reserves as restated 30 June 2024	67,179,700	71,384,961	39,076,050	177,640,712

27. Cash Generated from Operations

	2023-2024	2022-2023
	KShs	KShs
Surplus for the year	(799,801)	21,118,412
Adjusted for:		
Depreciation and amortisation	14,852,155	5,877,029
Impairment loss	-	712,918
Working Capital adjustments		
Increase in inventories	(96,400)	(128,300)
Decrease/(increase) in receivables	(2,571,965)	(1,571,569)
(Decrease)/increase in payables	(5,428,865)	(2,258,682)
Net cash flow from operating activities	5,955,124	23,749,808

NOTES TO THE FINANCIAL STATEMENTS (continued)

28. RELATED PARTY BALANCES

Government of Kenya

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

- i) The National Government;
- ii) The Parent Ministry;

29. EVENTS AFTER THE REPORTING PERIOD

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

30. ULTIMATE AND HOLDING ENTITY

The Sotik Technical Training Institute a Semi- Autonomous Government Agency under the Ministry of Education. Its ultimate parent is the Government of Kenya.

31. CURRENCY

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

SOTIK TECHNICAL TRAINING INSTITUTE

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APPENDIX I: PROJECTS IMPLEMENTED BY THE SOTIK TECHNICAL TRAINING INSTITUTE

Status of Projects completion

Project	Completion rate	Budget	Actual	Source of funds
Agriculture Offices	100%	4,500,000	2,029,800	Fees from students
Incinerator	100%	2,000,000	1,757,450	Fees from students
Driving School Car	61%	4,650,000	2,842,000	Fees from students
Building and Civil Engineering workshop	46%	7,400,000	3,404,935	Fees from students

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)
1	Inaccuracy of Receivables from Exchange Transactions	The receivables aging analysis has been disclosed under note 16(b) to the financial statements and also provision has been made on the receivables.	Resolved	2023/2024.
2	Inaccuracy of Trade and other Payables from Exchange Transactions	Subsequently, the ageing analysis of the payables has been disclosed under note 20 to the financial statements.	Resolved	2023/2024.
3	Inaccuracy of Refundable deposits from customers	The refundable deposits from customers will be transferred to reduce fee balances of the respective students since they have outstanding arrears.	Resolved	2024/2025.
4	Unsupported Transfer of depreciation from accumulated surplus	The amount being transferred from accumulated surplus to capital reserve has now been supported under note 24 to the financial statements.	Resolved	2023/2024
	Budgetary Control and Performance	This is due to delays and non-remittance and under financing by the government through capitation. The management is hoping that in future the government funding will be received on time and in full to ensure services are adequately offered.	Not Resolved (Depends on Gov't remittance)	2024/2025
	Non-Compliance with the National Cohesion and Integration Act, 2008	The Board of Governors going forward will ensure that national cohesion is observed when hiring employees of the Institute.	Not Resolved	2023/2024

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Appendix III- Inter-Entity Confirmation Letter

Sotik Technical Training Institute
P.O. Box 895-20406
Sotik

The Ministry of Education, Science and Technology, state department Vocational and Technical Training wishes to confirm the amounts disbursed to you as at 30th June 2024 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.

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 th June 2024								
Ref Number	Date Disbursed	Amounts Disbursed by Ministry of Education Kshs.35,910,332.10 as at 30th June 2024				Total (D)=(A+B+C)	Amount Received by Sotik Technical Training Institute (KShs) as at 30 th June 2024 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Minist erial (C)				
1	2-Oct-23	8,029,000	0	0	8,029,000	8,029,000	-	
2	18-Jan-24	8,029,000	0	0	8,029,000	8,029,000	-	
3	5-Feb-24	9,176,000	0	0	9,176,000	9,176,000	-	
4	27-Feb-24	10,192,571.3	0	0	10,192,571.3	10,192,571.3		
5	6-Mar-24	483,760.8	0	0	483,760.8	483,760.8		
Total		35,910,332.10	0	0	35,910,332.10	35,910,332.10	-	

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

Head of Accounting department of Sotik Technical Training Institute:

Name Joel K. Mariani Sign [Signature] Date 20.06.2025

