

REPUBLIC OF KENYA



**OFFICE OF THE AUDITOR-GENERAL**

*Enhancing Accountability*

THE NATIONAL ASSEMBLY  
PAPERS T A I D

DATE: 02 MAR 2023

DAY:  
Thursday

**REPORT**

TABLED  
BY:

Leader of the Majority Party

CLERK-AT  
THE-TABLE:

Joyce Kemelette

**OF**

**THE AUDITOR-GENERAL**

**ON**

**SIALA TECHNICAL TRAINING INSTITUTE**

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



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**SIALA TECHNICAL TRAINING INSTITUTE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**30<sup>TH</sup> JUNE 2021**

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



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## **I. KEY ENTITY INFORMATION AND MANAGEMENT**

### **(a) Background information**

Siala Technical Training Institute was established under the TVET Act, 2013 in the year 2016.

The Institute is domiciled in Kenya and operates within the mandate of Ministry of Education which provides the general policy and strategic direction on Kenya's higher Education.

### **(b) Principal Activities**

The core business of the Institute as provided by the TVET Act 2013 section 26 (1) (a) and (d) includes;

- i. Promotion of skills training in (TVET) through, research, science, technology and innovation in commensurate with industry and community demands.
- ii. Promotion of gender balance and equality of opportunity among students and employees.
- iii. Promotion of equalization for persons with disability, minorities and other marginalized groups.

#### **Vision**

A centre of excellence in research and skills training commensurate with industry and community demand.

#### **Mission**

To be a national skills training centre in TVET, research, science, technology and innovation to meet community demands.

#### **Our slogan**

Making excellence a habit

#### **Core values**

- i Integrity
- ii Transparency and Accountability
- iii Team work
- iv Fairness
- v Creativity and Sustainability.



**(c) Key Management**

Siala Technical Training Institute day-to-day management is under the following organs:

- i) Board of Governors
- ii) Principal (Accounting Officer)
- iii) Management Team

**(d) Fiduciary Management**

The key management personnel who held office during the period ended 30<sup>th</sup> June 2021 and who had direct fiduciary responsibility were:

<b>No.</b>	<b>Designation</b>	<b>Name</b>
1.	Principal	Asha Bakari
2.	Deputy Principal Finance	Jenipher Obuya
3.	Deputy Principal Academics	Leah Odhiambo
4.	Registrar	Arkipo Odede
5.	Dean of Students	Jacob Oloo
6.	Head of Finance	Peter Aduda

**(e) Fiduciary Oversight Arrangements**

The Board has the overall mandate of ensuring the sound management of the Institute. This includes; approving policies, strategic governance, planning and reviewing policies and plans. Also approving budgets and quarterly/annual financial statements.

The Management team has the responsibility of ensuring that the policies approved by the Board are implemented and enhancing sound financial management for effective operations.



**KEY ENTITY INFORMATION AND MANAGEMENT (Continued)**

**(f) Headquarters**

P.O. Box 164-40404 **RONGO**,  
Rongo, Homa-Bay Road,  
**RONGO, KENYA**

**g) Contacts**

Telephone :( 254) 706 633 334  
E-mail: [sialainstitute@gmail.com](mailto:sialainstitute@gmail.com)  
Website: [www.sialatech.ac.ke](http://www.sialatech.ac.ke)

**(h) Bankers**

Kenya Commercial Bank Ltd.  
Rongo Branch,  
P.O. Box 266-40404

**RONGO, KENYA.**

**(i) Independent Auditors**

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

**(j) Principal Legal Adviser**

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

## II. THE BOARD OF GOVERNORS



**NAME:** Mr. George P. Ogutu  
**YOB:** 1963  
**POSITION/KEY RESPONSIBILITIES:**  
Board Chairman  
**QUALIFICATIONS:** B.A. (UON).  
**WORK EXPERIENCE:**  
District Officer in Busia, Kakamega, Mwingi and Meru, Assistant Secretary Ministry of Information and Broadcasting.



**NAME:** Ms. Jane Akelo Ombajo  
**YOB:** 1975  
**POSITION/KEY RESPONSIBILITIES:**  
Board Member  
**QUALIFICATIONS:** M.A .B.Sc  
(Dr. Ambedkar Marathwada University India), Dip (Aurangabad India).  
**WORK EXPERIENCE:**  
Process Operator-Invisible Technologies, Data Specialist-Cloud Factory Kenya, M&E Officer Lorna Foundation.



**NAME:** Ms. Vivian Chemiron  
**YOB:** 1991  
**POSITION/KEY RESPONSIBILITIES:**  
Board Member-Chair person Finance Committee.  
**QUALIFICATIONS:** B.Com. (Egerton University)  
**WORK EXPERIENCE:**  
Senior Account Assistant Rongo University.



**NAME:** Mr. John Mulatya Kisyula.  
**YOB:** 1964  
**POSITION/KEY RESPONSIBILITIES:**  
Board Member  
**QUALIFICATIONS:** B.Sc (CITDA India), Diploma with KTTC.  
**WORK EXPERIENCE:**  
Lecturer KITI (Nakuru)



**NAME:** Mr.SymonLawiMuriuki

**YOB:** 1963

**POSITION/KEY RESPONSIBILITIES:**

Board Member

**QUALIFICATIONS:** B.Sc.,Dip

**WORK EXPERIENCE:**

Managing Director- Housemark

Company,Director-Catch22 Bar and Lounge,  
Project Coordinator, Marketing Manager-  
ApproTEC, Lecturer- Muranga College of  
Technology.



**NAME:** Mr.PaulOtienoAol

**YOB:** 1985

**POSITION/KEY RESPONSIBILITIES:**

Board Member

**QUALIFICATIONS:**LLB. (UoN)

**WORK EXPERIENCE:**

Secretary- Taskforce for the restoration of  
Nairobi Dam, Office of the Legal Advisor  
Secretariat-Nairobi City County, Legal  
Assistant-Governor's Office Nairobi City  
County, Centre Secretary-EK Kenya.



**NAME:** Dr. Maurice O. Odondo

**YOB:** 1974

**POSITION/KEY RESPONSIBILITIES:**

Board Member

**QUALIFICATIONS:** PhD (JKUAT) MBA (K  
U), B.Ed (Moi University),

**WORK EXPERIENCE:**

Deputy Director of Training,Research and  
Consultancy-KEMI,Deputy Director  
Corporate Services-KEMI,Head of School of  
Management-KEMI,National Management  
Trainer-KEMI,Teacher-OwiroAkoko Girls  
Secondary School.



**NAME:** Mr. Tom Olang'o

**YOB:**

**POSITION/KEY RESPONSIBILITIES:**

County Director (TVET)

**QUALIFICATIONS:**

**WORK EXPERIENCE:**

County Director TVET Ministry of Education.



**NAME:** Ms. Asha Bakari

**YOB:** 1972

**POSITION/KEY RESPONSIBILITIES:**

Principal /BOG Secretary

**QUALIFICATIONS:** M.Ed., B.Sc., PGDE  
Maseno.

**WORK EXPERIENCE:**

Principal siala TTI, D/Principal, Head of  
Department, P.C coordinator, ISO 9001  
Management Representative and Trainer  
Mawego TTI.

MANAGEMENT TEAM



**NAME:** Ms. Asha Bakari  
**YOB:** 1972  
**POSITION/KEY RESPONSIBILITIES:**  
Principal /BOG Secretary  
**QUALIFICATIONS:** M.Ed., PGDE, B.Sc.  
**WORK EXPERIENCE:**  
Principal siala TTI, D/Principal, P.C  
Cordinator, Head of Department, ISO 9001  
Management Representative and Trainer  
Mawego TTI.



**NAME:** Ms. Jenipher A. Obuya  
**YOB:** 1963  
**POSITION/KEY RESPONSIBILITIES:**  
D/Principal (Administration)  
**QUALIFICATIONS:** M.sc. B.Ed.  
**WORK EXPERIENCE:**  
D/Principal (Administration) Siala  
TTI, HOD/Ag Dean of Students Siala  
TTI, D/Principal Kwoyo Kodalo Sec. School.



**NAME:** Ms. Leah A. Odhiambo  
**YOB:** 1967  
**POSITION/KEY RESPONSIBILITIES:**  
D/Principal (Academics)  
**QUALIFICATIONS:** B.sc.  
**WORK EXPERIENCE:**  
D/Principal (Academics) Siala TTI, HOD  
Kisii Nat. Poly, Ass. Dean of Students Moi  
Institute of Tech., Lecturer Ramogi Inst of  
Adv. Tech (RIAT), HOD RIAT.



**NAME:** Mr. Arkipo Odede  
**YOB:** 1982  
**POSITION/KEY RESPONSIBILITIES:**  
Registrar  
**QUALIFICATIONS:** MSc (UON), B.ED. (KU)  
**WORK EXPERIENCE:**  
Trainer Siala TTI, Teacher (Nyangowa  
Secondary)



**NAME:** Mr.Peter Aduda

**YOB:** 1977

**POSITION/KEY RESPONSIBILITIES:**

Finance Officer.

**QUALIFICATIONS:** CPA (K) (KCA Kisii.)

**WORK EXPERIENCE:**

Finance Officer Siala TTI, Accountant  
Southern Enterprises Ltd

**NAME:** Mr.JacobOlooOlwa

**YOB:**

**POSITION/KEY RESPONSIBILITIES:**

Dean of Students

**QUALIFICATIONS:** .

**WORK EXPERIENCE:**

Dean of StudentsSiala TTI.

**SIALA TECHNICAL TRAINING INSTITUTE  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021**



**CHAIRMAN'S STATEMENT.**



On behalf of Siala Technical Training Institute, I'm pleased to present the Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2021. These statements are prepared in conformity with the International Public Sector Accounting Standards (IPSAS) and International Accounting Standards (IASs).

Further, the statements incorporate the requirements of Article 81 of the Public finance management Act, 2012 and the National treasury guidelines with regards to adoption of IPSAS.

Siala Technical Training Institute is committed to its mission and strategic thrust of offering quality training within an environment of prudent financial management.

The plans to review the strategic plan in view of the existing economic realities and the new developments within the Institute are on.

The plan will act as a guide for resource mobilization, utilization and management in order to improve efficiency and effectiveness in service delivery to staff, students and other stakeholders.

Also it will enable prioritization of projects and activities that are central to growth of the Institute and the attainment of vision 2030 and the Big Four agenda.

This is the fifth year since the establishment of Siala TTI. During the financial year 2020/2021 the institute saw an increased number in student enrolment. This was attributed to the introduction of government fee capitation.

The trend was however affected in the first and third quarter by COVID-19 pandemic.

We are confident and satisfied that, with continued prudent management of resources and an increase in government development grants. In engaging other partners (NG-CDF and County Government) the Institute will develop into one of the modern TVET Institutions in the region.

I wish to thank the government for its financial support so far that has made it possible to implement the Institution's mandate and programs, more so the ongoing construction of Civil Engineering Workshop. However, I would like to appeal for more funding for capital development. This will enable the Institution build new infrastructure to support the growing student population.

Finally, I would also wish to thank the Board of Governors, Trainers, and Staff at Siala TTI, NG-CDF Rongo, Parents, Guardians and Students for their continued support and dedication, even as we together strive to achieve greater heights of excellence.

Thank you.

**Mr. George Philip Ogutu**  
**Chairman, Board of Governors Siala TTI.**



## **REPORT OF THE PRINCIPAL**



Presented here is the annual report and financial statements of Siala Technical Training Institute for the year ended 30<sup>th</sup> June 2021 as required by the Public Finance Management Act, 2012.

Siala TTI's performance during the year under review was impressive despite the financial constraints and COVID-19 pandemic faced during the year. The government capitation still remains as the institute's main source of income at 53.2% of tuition fee charged, followed by student's tuition fee and other income.

The Institute received from Government recurrent expenditure grants of Ksh.35,482,500 (Capitation grants). The institute also generated Ksh.11,698,110 from school fee, which was used to finance operations of the Institution and procurement of capital projects.

The Institution faces financial challenges in view of expansion in student population, the COVID-19 pandemic and financing the physical facilities as well as human resource capacity (BOG Staff).

The Institute has continued with its core business of disseminating knowledge through training, research and innovation and community outreach. The current student population is 911 and is expected to increase to 1,111 by the end of financial year 2021/2022. Staff population stood at ninety seven (97) at the close of financial year 2020/2021 and is expected to rise for both Academic and Administrative in the next financial year.

The Institute has done its best to control expenditure through a number of strategies. As a result the Institute realized savings in expenditure on non-priority activities which resulted to surplus funds where some funds were then reallocated to development of fixed asset. These savings are to be mobilized in the coming year to finance Development projects and other expenditures

### **Development partner's projects**

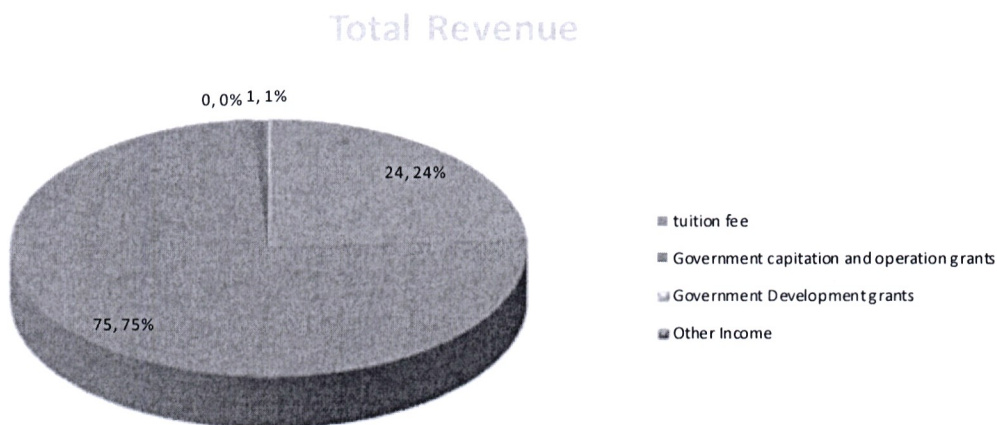
This financial year, the ongoing AfDB Phase II project is expected to be completed in financial year 2021/2022. The Dining Hall sponsored by NG-CDF Rongo has been completed and awaiting official handing over by the NG-CDF team.



**Financial performance summary.**

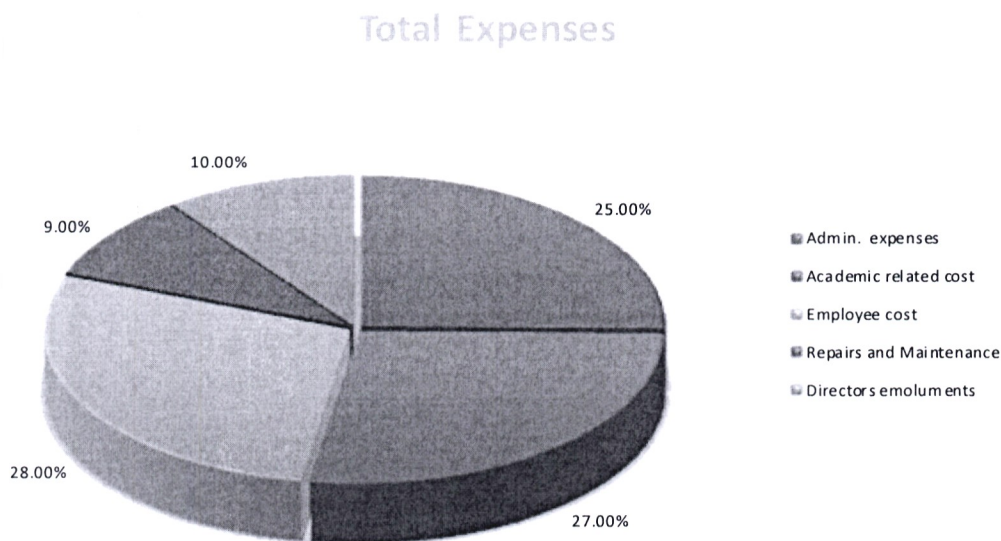
**Revenue**

During the year 2020/2021, the Institute received a total of Ksh.35,482,500 as Capitation grants, Ksh.11,196,710 as Tuition fee from parents, and Ksh.501,400 as other income.



**Expenses**

The Institute incurred Ksh.35,280,353. in Recurrent expenditure for the financial year 2020/2021. The biggest expenditure is shared between Employee cost and Academic expenses at 28% and 27% respectively followed by Admin. Expenses at 25%, Directors Emoluments at 10%, Repairs and Maintenance at 9%.



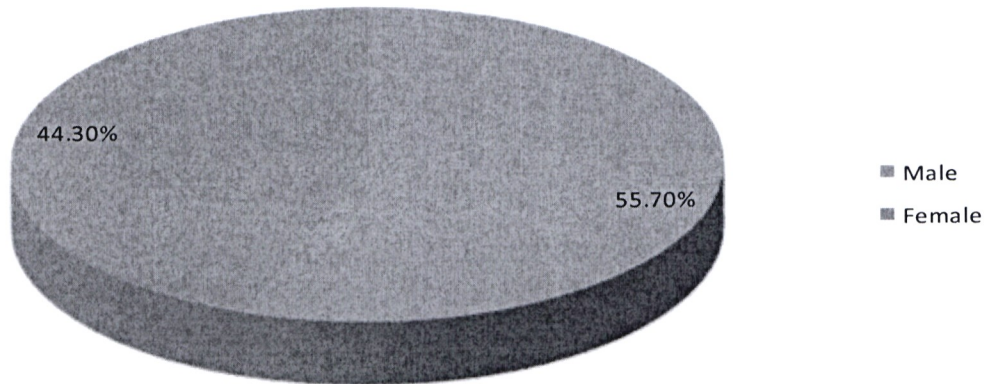


**Staff Members**

Staff population was ninety seven (97) at the close of Financial year 2020/2021 and is expected to rise for both Academic and Administrative entities in the next financial year.

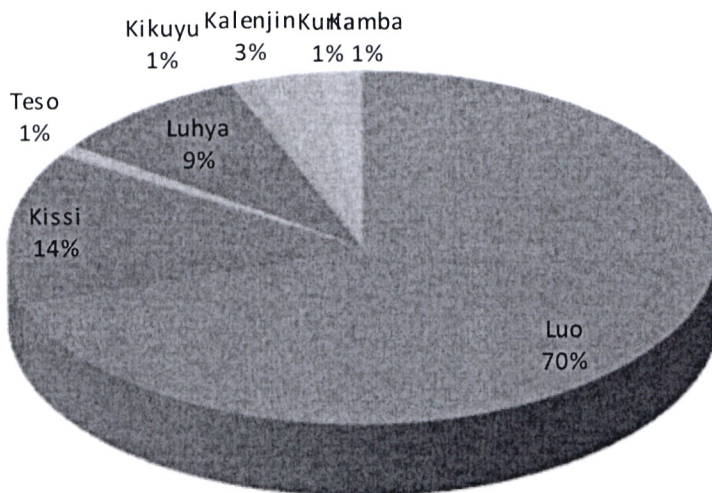
Gender Distribution; Male 54, Female 43.

**Staff Gender Distribution**



Geographical Distribution; Luo 68, Kisii 13, Luhya 9, Kalenjin 3, Kikuyu 1, Kamba 1 and Kuria 1, Teso 1

**Staff Geographical Distribution**



**SIALA TECHNICAL TRAINING INSTITUTE  
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**Conclusion**

To address the revenue shortfall occasioned by the COVID-19 pandemic, the Institution has put in place measures to improve revenue realization through the development and implementation of fee collection policy. The Institution has also put in place measures to improve resource utilization. This is by ensuring efficiency and economic probity in order to get value out of resources available.

On behalf of Siala TTI management and staff, I wish to take this opportunity to thank the Government, our Development partners (NG-CDF Rongo) and all Stakeholders for their continued support.

Finally, I would like to express my sincere gratitude to the Institute Board of Governors for providing policy and strategic guidance, the entire institute staff and trainees who worked tirelessly to ensure smooth and successful operations of the institute.

Thank you.

**Ms. Asha Bakari  
Principal**



### **Pending Bills**

Siala TTI had no pending bills as at 30 June 2021.

### **2. Service Delivery**

#### **Implementation of Citizens' Service Delivery Charter**

Siala TTI ensured the effective service delivery to all stakeholders through;

- i. Displaying the charter in both English and Kiswahili, with clearly visible font size of the contents prominently displayed at the entrance/service delivery points.
- ii. Sensitizing new staff and cascading the Charter to all departments.
- iii. Ensuring compliance with the commitments and standards in the charter by maintaining records on service delivery.
- iv. Customizing charter to unique needs of the customers.

#### **Application of Service Delivery Innovations**

Siala TTI continued to implement the following service delivery innovations:

- i. Posting online newsletters to students, parents and sponsors by end of every term on the Institute's website.
- ii. Operationalization of online admission and registration of students to maximize on the number of clients reached.

#### **Resolution of Public Complaints**

Siala TTI ensured prompt resolution of public complaints referred directly or channeled through the complaint box through;

- i. Capacity building of complaints resolution committee management and access to information infrastructure.
- ii. Proactively disclosing information as per the required format.
- iii. Creating awareness on the complaints handling frame work and the citizens' service delivery charter.
- iv. Processing all requests for access to information received.
- v. Resolving all complaints received.

### **3: Core Mandate**

#### **Priority projects/"Big Four" Initiative**

Siala TTI undertook four (4) Big Four initiatives Projects, which included increasing tuition space to comply with COVID-19 requirement on social distancing of 1.5m by doing the following;

#### **Purchasing of Tuition tents.**

Siala TTI purchased four (4) 50-sitter capacity tuition tents to increase tuition space.

#### **Collaborating with Industries for Industrial Attachment**

Siala TTI signed MoU with the industries listed below for industrial attachment of students.

- i. Sony Sugar Company Ltd.
- ii. Local juakali workshops
- iii. Migori County Government offices.

#### **Construction of Incinerator**

During the year Siala TTI constructed an incinerator to enhance health and environmental hygiene.

#### **Refurbishment of Institute Tuition Block**

Siala TTI committed to improve learning facility by repairing and painting the Mechanical tuition block and installation of water channels to washrooms.



### **Pending Bills**

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## **Outcomes aligned to SDGs and Sector Performance Standards (SPS)**

### **Increase Enrolment of Females in Science, Engineering and Technology (SET)**

During the year, Siala TTI managed to increase enrolment of female in SET courses by 30 students from 91 to 121 female students through advertisements in print media and website.

#### **(ii) Increased Enrolment**

Siala TTI managed to raise enrolment of students to 911 students.

### **Vision 2030 Flagship Programmes/Projects**

#### **Fabrication and Installation of Hand Washing Equipment**

During the year, Siala TTI fabricated and installed 20 handwashing equipment and placed them at various strategic points in the Institute.

#### **Establish a COVID-19 Screening Point and Equipping Isolation Room**

During the year, Siala TTI established COVID-19 Screening point, contact tracing and also equipped the isolation/holding room in compliance with the MoH protocols on COVID-19 containment measures.

#### **Project Completion Rate**

Siala TTI managed to complete the projects within the Institution 100% as per the projects work plan.

### **4. Access To Government Procurement Opportunities (AGPO)**

The total procurement allocation to the target groups was Kshs. 12,546,451.2, this was 30% of Ksh 41,821,504.00 of the total procurement budget. The following measures were taken to realize the same;

- a) Sensitized the public on procurement opportunities available to the youth and PWDs, through Chiefs 'Barraza's.
- b) Prequalified youth, women and persons with disability.
- c) Submitted a summary report of procurement opportunities allocated to PWDs and NCPWD.

### **5. Promotion of Local Content In Procurement**

Siala TTI continued to promote the Buy Kenya, Build Kenya Policy.

Forty percent which is (Ksh 16,728,601) of the Institute procurement budget was allocated to locally produced goods and services.

### **6. Cross - Cutting**

#### **a) Asset Management:**

##### **i. Inventory Management**

The Institute maintains a catalogue of the Assets and Properties including their status in terms of the working condition at a total Net Book Value of Kshs. 97,358,561.

##### **ii. Youth Internships/Industrial attachment/Apprenticeship**

The total in-post trainers in Siala Technical Training Institute was seventy two (72). The Institute engaged four (4) youths in internship/ Industrial Attachment for skills transfer.

##### **iii. Competence Development**

Various activities were implemented for systematic enhancement of skills and proficiencies to address career progression of employees and improve institutional performance.

The Institute carried out Training Needs Assessment for the new staff members including Archicard, Autocard and CDACC trainings to enhance employee skills and proficiencies. The Institutional also undertook the following;

- (a) Data and knowledge management to establish trends and patterns to inform decisions in executing the Institute's mandate for continuous improvement.
- (b) The placed all staff on performance contract and PAS based on negotiated and agreed performance targets drawn from annual work plan.



**b).Disability Mainstreaming**

Siala TTI continued to implement Government policy on affirmative action for persons with Disability (PWD) through;

- i. Developing and submitting an annual work plan to NCPWD.
- ii. Developing and submitting Disability Mainstreaming Policy.
- iii. Reconstituting and operationalizing the disability mainstreaming committee.
- iv. Training disability mainstreaming committee and Senior Management and sensitize all staff on disability.
- v. Ensuring 5% of the total staff establishment comprises persons with disabilities.
- vi. Carry out an internal accessibility and usability audit and submit the report to NCPWD.

**c)Gender Mainstreaming**

Siala TTI continued to implement Government policy on affirmative action through;

- i. Mainstreaming Gender in Siala Technical Training Institutes' workplace Policies, Plans and Programs
- ii. Setting up and operationalizing a Gender Management System
- iii. Submitting quarterly reports using the prescribed format to the state Department for Gender with a copy to the National Gender and Equality Commission
- iv. Undertaking capacity building on Gender mainstreaming committee.

**d) Prevention of Alcohol and Drug Abuse**

Siala TTI continued to implement government policy on Alcohol and Drug Abuse through;

- i. Training of staff in charge of Student Welfare, student leaders and peer educators on ADA.
- ii) Development and implementing ADA workplace prevention policy using the national ADA workplace prevention guidelines.
- iii) Establishment and training of ADA control committee Establishment of support mechanisms for employees with Substance Use Disorders
- iv) Implementing the proposed activities and submitting quarterly progress reports and annual reports to NACADA using the prescribed format.
- v) Sensitizing staff and their family members on ADA
- vi) Undertaking Baseline Survey on Alcohol and Drug Abuse.

**e).Prevention of HIV Infections**

The Institute implemented HIV and AIDS workplace policy and MAISHA 1 as specified in the guidelines with a view to fighting the stigma, promoting access to treatment and preventing further infections through;

- i) Development of annual work plan and allocation resources for HIV programmes to be implemented.
- ii) Establishing and operationalizing HIV and AIDS Control Unit (ACU) based on NACCs recommended threshold.
- iii) Promoting comprehensive HIV and AIDS knowledge by reaching all staff and family members.

**f) Safety and Security Measures**

During the year the Institute adhered to safety and security programs involving personnel, documents, information, equipment and assets. An elaborate safety and disaster preparedness mechanism is being put in place to address emerging safety and security risks.



**g).National Cohesion and Values**

Siala TTI promotes National Cohesion, Values and Principles to create cohesion and peaceful nation. To achieve this, Siala TTI implemented a number of commitments and submitted an annual progress report on the implementation and way forward as captured in the 2018 Annual Presidential report on national values and Principles of Governance.

**h).Corruption Prevention**

The Institute is committed to combat and prevent corruption, unethical practices and promote standards and best practice in governance in line with the Ethics and Anticorruption Commission Act No.22 of 2011 and Leadership and Integrity Act of 2012.

To achieve this, Siala TTI undertook the following measures:

- i. Undertook a Corruption Risk Assessment and developed a Corruption Risk Mitigation Plan.
- ii. Implemented measures emanating from the Corruption Risk Mitigation Plan.
- iii. Submitted quarterly performance reports to EACC using the prescribed reporting format.



#### IV. CORPORATE GOVERNANCE STATEMENT

##### **Introduction**

Siala Technical Training Institute is governed by the Board of Governors. The TVET Act 2013, gives the Board of Governors all the necessary powers for the proper performance of its functions under the Act and in particular, without prejudice to the generality of the forgoing, the Board of governors shall have powers to:

- i. Manage, supervise, and administer the assets of the institute in such a manner as best promotes the purpose for which the Institute is established.
- ii. Receive any grants, donations or endowments on behalf of the Institution and make legitimate disbursements.
- iii. Approve the budgets, make policies and open bank accounts for the funds of the Institute.

##### **Governance Principles.**

It is our view that *governance* is not just a matter for the Board of Governors but rather, a good governance culture must be percolated through the Institute system.

The current socio-economic, business and political environment in which the Institution operates, underscore the need for continued high standards of corporate governance and accountability.

The emerging realities unmasked with the promulgation and implementation of the new Constitution, an enlarged space for expression and a more enlightened clientele, calls for diligence in governance.

##### **Size and composition of the Board of Governors**

The Board of Governors consists of Eight (8) board members and the Principal as their Secretary, who poses extensive experience in a variety of disciplines all of which are applied in the overall management of the Institute. The Board of Governors has the right balance of skills and experience appropriate for the requirements of the Institute. All members participate in the decision making and the Board operated effectively during the year and continues to do so. (The board has three Organs; Education, Training and Research Committee with four member and Finance and Development Committee with four members and Full Board with all the nine.)

##### **Board of Governors meetings.**

The Institute Board of Governors meetings are scheduled as follows: (a) Finance Committee meets five (5) times (b) Education and Training Committee meets (5) times

(c) Full Board four (4) times (d) Special Meetings took place five (5) times during the year. Members receive adequate notice and board papers in advance to enable them review and prepare for the meeting.

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The following table show the number of Board meetings held during the year and the attendance of individual Board members;

Board Members attendance during the financial year 2020/2021

No.	Board Members	Finance Committee Meetings	Education and Training Meetings	Full Board Meeting	Special/Emergency Meetings
1.	Mr. George Ogutu	0	0	8	9
2.	Ms. Jane Ombajo	0	1	7	6
3.	Ms. Vivian Chemiron	3	0	7	9
4.	Mr. John Kisyula	2	0	8	8
5.	Mr. Paul Aol	0	1	8	6
6.	Mr. Simon Lawi	2	0	8	5
7.	Mr. Tom Olang'o	1	1	8	3
8.	Dr. Maurice Odondo	0	1	8	2
9.	Mr. Fredrick Situma	0	0	2	8
10	Ms. Asha Bakari	3	1	2	3

#### Internal Controls

The ultimate responsibility of the Institute's risk management rests with the Board of Governors.

The Finance and Infrastructure committee of the Board, reviewed the adequacy of the financial statements and report independently to the Board.

The Board ensures the integrity and reliability of the financial statements and non-financial reporting as well as compliance with laws.

The purpose of internal control and risk management is to provide independent and objective assurance to the board that the governance process and internal control are adequate and effective.

#### Code of conduct and ethics

Ethical behaviour is derived from the values, beliefs, attitudes and knowledge that guide Board members, management and employees in all circumstances.

Siala TTI core values of professionalism, integrity, teamwork and safety culture are embodied within the ethical standard which are guided by Chapter six of the Constitution, the Leadership and Integrity Act, 2012, Anticorruption and Economic Act 2003 and the Public Officers Ethics Act 2003 among other legislations.

We are therefore mandated to exhibit high standards of Leadership and Integrity envisaged in our Constitution not only for the sake of compliance but also as part of our mandate as responsible citizens.

#### Going concern

The Institute expects to operate as a going concern into the foreseeable future. This assumption is based on the surplus recorded of **Ksh.8,846,051** in FY 2020/2021 as compared to **Ksh.6,558,343** for the FY2019/2020. The positive current ratio of **12.35** for FY2020/2021 as compared to **4.99** for FY 2019/2020.

The quick ratio was **54.74** for FY2020/2021 against **37.43** for FY2019/2020. The Institute focuses on investing significantly in student population and infrastructure and is not expected to curtail in its operations in the coming year.

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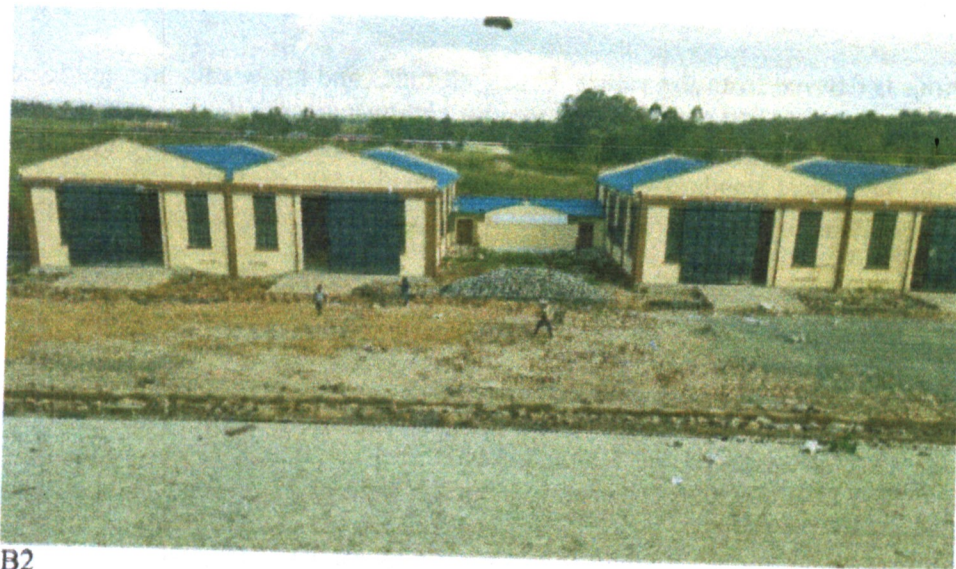
**V. MANAGEMENT DISCUSSION AND ANALYSIS**



**A 1**

The Civil Engineering Complex sponsored by AfDB through the Government of Kenya.(Block A1 tuition block ) at the top almost complete .

A2 .The Civil Engineering Complex Workshops sponsored by AfDB through the Government of Kenya (Block A2 workshops) below.



**B2**

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**TOP. NG-CDF Rongo Sponsored Dining Hall now complete awaiting handing over**



**Green House for EPIVOT Project , A partnership between Siala TTI and Meru University.(Above)**



**Above. The Electrical Workshop above Funded by GOK through the Ministry of Education now completed.**

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**TOP. NG-CDF Rongo Sponsored Dining Hall now complete awaiting handing over**



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**Above. The Electrical Workshop above Funded by GOK through the Ministry of Education now completed.**

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**Mechanical workshop Complex given a facelift (Above)  
XXIV**



## **VI. SUSTAINABILITY REPORTING**

### **ECONOMIC SUSTAINABILITY**

Siala TTI principal activity of skills training is an essential service that impacts on people's 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. This implies that we must respect the special status of our position and be financially sustainable to continue providing services overtime to our customers and the community.

Financial sustainability is the ability to sustain enough cash flows to maintain our core operational capacity, implement strategic plan and invest sufficiently in diversifying our operations as we continue to train and create value for the stakeholders. Siala TTI present its financial condition using among other financial measures, diversified revenue sources, financial ratios and operating cash flow.

Siala TTI relies on the society to allow it operate successfully. During the year under review Siala tti continued to make significant contributions to the society by carrying out its operations responsibly and implementing corporate social programs. The ongoing process of digital transformation to the Institution has involved integration of digital technology into all areas of our operations. This has led to fundamental changes on how Siala TTI operates and how ICT delivers value to all stake holders.

Our ICT continues to drive operational excellence through the implementation and enhancement of ICT solutions, this was witnessed during the COVID-19 pandemic when physical leaning was halted and the Institute had to adopt virtual/ online teaching which went smooth with slight hitches. The stake holders also have not been left behind as our ICT lab has been used to train computer packages for free to school leavers from local community around the Institute.

### **Environmental issues**

#### **Social Sustainability**

##### **Corporate Social Responsibility Statement**

Siala TTI is a responsible partner and continues to upscale its social programs and mainly focusing on the local community from around the Institute. The programs focused majorly on Education, Environment and Water & Sanitation which complement the Sustainable Development Goals.(SDGs)

##### **Education**

The core objective of Siala TTI education program is to enable beneficiaries realize their dream and life goals. This was achieved through training, while at the same time enabling them to become major contributors to the realization of the country's social and economic goals.



### **Water and Sanitation**

Siala TTI managed to address water and sanitation challenges faced by the nearby local community around the institute. This was achieved through the sustainable provision of clean accessible rain water as a major Corporate Social Responsibility activity.

Unsafe drinking water may cause water borne diseases and other health related problems besides affecting the socio-economic well-being of the local community.

To contribute towards the alleviation of water related problems, the Institute installed a water collection point to the locals around to make clean water accessible.

This was achieved by connecting water pipe from the institute rain water storage tank to water fetching point situated near the institute gate.

### **Health Care**

Health care has remained a crucial part of the country and community, more so with the rise of COVID-19 pandemic, the institute had to take appropriate measures to prevent the spread of this disease by following Ministry of Health guidelines and protocols.

This was achieved by setting up COVID-19 checkpoint, fabricating and installing hand washing stands, installed automatic sanitizer dispensers and setting up isolation room.

Some of our fabricated hand washing stands were donated to nearby primary school as part of corporate social responsibility.

### **Environmental conservation and awareness**

The Institute recognizes the need to enhance and protect the environment.

Siala TTI recognizes the fact that environmental degradation is a leading threat to sustainable development and is therefore committed to the protection, improvement and restoration of the environment through the promotion of sustainable use of natural resources.

Managing our natural environment to provide ecosystem services is fundamental.

This recognition prompted Siala TTI to start developing an environment sustainability policy which shall be presented to the Board for ratification.

To enhance sustainability of the ecosystem, Siala TTI in collaboration with Provincial Administration- Rongo Sub County, Kenya Forest Service and the surrounding community teamed up and participated in tree planting.

As resulted over 1,500 trees both indigenous and commercial have been planted.

The Institute managed to dig 200 metres drainage system, building a dike of 400 metres and rehabilitation of river Nyandito water ways.

As part of ecosystem restoration, more than 200 indigenous trees were planted along river Misadhi to help in retaining the vegetation cover.

Energy efficiency refers to using less energy to provide the same level of service.

To achieve this, Siala TTI has put in place measures which comprises energy saving devices, rational saving methods including switching off devices when not in use, changing the lighting system to LED lighting tubes and using alternative sources like solar. In an effort to manage energy consumption, Siala TTI has installed solar panels which are now used to power the security lights of the institute.

This is expected to significantly reduce electricity related expenses hence result in saving for the institution.



#### **Waste Management**

Siala TTI has constructed incinerator/ burning chamber to help in waste management (disposal of garbage). The incinerator has helped to solve garbage problem which had existed for some time.

The construction of a septic tank is ongoing that shall connect all the existing blocks. This is expected to solve the affluent waste management problem once and for all.

#### **Employee welfare**

Among the most critical assets of an organization is the human resource.

Siala TTI is an equal opportunity employer and is committed to attracting, recruiting and retaining skilled employees to fulfil the Institute goal and objectives.

Siala TTI continues to ensure that all employees continue to operate in a conducive work environment for maximum service delivery.

The Institute is developing a recruitment policy to promote equal opportunity in employment at all levels and is also committed to eliminating all form of discrimination.

Casual workers as a matter of policy, are sourced from the local community around the institution.

Within the financial year several employees attended capacity building trainings both internal and external which not only helped to improve their skills but also made them more productive and also have an impact on their personal lives.

The return on this investment has been seen in both staff performance and motivation.

For the financial year ended 30<sup>th</sup> June 2021, staff statistics were 97. This number has supported the Institute to sustain current operations. The staff turnover was at 2% due to the various retention strategies that the Institute has put in place.

The aggregated staff statistics reflect the number of male employees at 54 (56%) and female employees at 43 which is 44% of total employees. A total of 2 (2%) out of 97 employees are persons living with disability.

The Institute is compliance to the constitutional requirement of female employees being 30% of the staff establishment.

The Institute comprises a great diversity of ethnicity and religious orientation. It cuts across all cadres; the Board of Governors and Staff.

During the year under review, Siala TTI engaged four (4) youths for internship program and sponsored two (2) staff to pursue their Diploma in ICT.

Developing our skills enhances productivity and is a motivational aspect in terms of career growth. Skills development programs are aimed at target groups as well as individual employees.

These are based on needs assessment and gap analysis as skills development has a direct correlation to performance.

#### **Occupational safety and health**

Siala TTI is committed to the culture and safety of protecting the staff and the society. We have embarked on an integrated program which places primary responsibility of safety on the individual. Our approach is to strengthen our internal controls and mitigate hazards that cause harm.

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To enhance safe working environment, Siala TTI has put in place a robust organizational structure at all work places which promote general safety culture.

The Institution has safety committee who ensures that, safety culture is enhanced and comply to legal and regulatory requirements.

The safety team are competent in matters of occupational safety by OSHA 2007 and the committee rules. The committee is mandated to coordinate, implement, monitor and evaluate the occupational health safety and welfare of employees.

Siala TTI implemented a robust fire safety program with a fire risk assessment (fire drill) conducted twice during the year and the implementation of the recommendations is ongoing. Siala TTI has performance management appraisal that guides the performance of its employees, their productivity and output.

The process entails a bi-annual performance assessment which creates and communicates clear direction of the Institute to employees by defining the performance requirements, standards and expectations that are aligned to the Institute strategic goals.

This appraisal promotes continuous improvement and learning through the process of self-assessment and reflection. To demonstrate the Institute's appreciation of employees or committees with exceptional contribution/ work to aid operations, the management always reward by giving honoraria which are fair, equitable and performance driven.

Staff relation at Siala TTI is found on the principles of freedom of association, workplace democracy and collective bargaining.

The Institute is committed to upholding these fundamental principles and right at work including, but not limited to, freedom of association the rights to organize and collectively bargain for terms and conditions of service.

As a result of this KUDHEIA workers union has registered our non-teaching staff and nominated the focal persons amongst them.

The Institute has structures for succession planning in place. This is aimed at increasing employee motivation for equal opportunity whenever vacancies arise. Our succession planning strategy and programs has also saved costs associated with recruiting and hiring an outsider .e.g Electrical Technician.

As a result the learning curve necessary to get new employees up-to-speed on Institute procedures is shorter, resulting in quick transition.

The Institute acknowledges that it cannot only focus on job related skills but also has to look at the employee as a whole person. When an employee is functioning optimally, the Institute can expect them to achieve full productivity.

Therefore various support programs covering personal health are being developed .

#### **Market place practises (Supply value chain)**

The main objective for supply function is to improve process, increase wealth creation and deliver to stakeholders' value for sustained economic development. Supply chain plays a pivotal role in timely procurement of quality goods, works and services.

The procurement process is guided by the Public Procurement and Asset Disposal Act 2015, relevant regulations, company/institutional procedures and best industry practises.

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Our procurement for goods, works and services for the Institute is anchored on the legal framework and best practice. The institute's asset and procurement need are compliant to all regulatory requirements necessary for sustainable growth.

Supply chain is a strategic function in the Institution to achieve best returns on key initiatives like cost reduction and enhanced resource availability.

Siala TTI recognizes procurement opportunities emerging from its operating activities as great economic empowerment avenue for suppliers and contractors.

Siala TTI ensures local content (locally obtained products and services) requirements are embedded in the contracts. We continue to create an enabling environment for local enterprises to play an active role in Institute's supply chain to strengthen the local supply base.

Youths, women and persons living with disability are accorded a special portion of the procurement budget.

These vulnerable groups, as defined by the constitution of Kenya and covered in the procurement law, are entitled to procurement related business opportunities.

Our operations realizes the cogs of the economy and are kept in motion by the participation of every citizen.

Efforts are made to minimize the chances of giving many orders/contracts to one service provider at the same time.

This will ensure that more companies remain active and jobs are created and saved. The special groups were awarded ksh.9, 983,356 worth of business in the period under review.

#### **Compliance**

The supply chain function is guided by the Public Procurement and Asset Disposal Act 2015 and relevant regulations as established. We continue to process all procurement in compliance to all these statutory requirements.

During the year, we submitted all statutory reports as required and this demonstrates our commitment to compliance requirements that enhances transparency, fairness and value for money for sustainable growth.

Our procurement is anchored on the legal framework and best practises where the acquisition of goods, works and services embraces Total Cost of Ownership (TCO) approach.

Our assets and other procurements are compliant to safety, health and environmental requirements for sustainable growth.

These initiatives build a sustainable supply chain function for the future.

#### **Value for money**

The Institution maximizes return on money spent through the procurement of goods, works and services throughout the entire chain.

#### **Procurement planning**

The Institute prepares its procurement plan on annual basis, which guide all procurements as per the approved budgets. The procurement plan is approved by the Board of Governors and executed by the management to support the Institution's strategic objectives.

The plans are implemented in accordance with the Public Procurement and Asset Disposal Act 2015, by ensuring that all requirements ( e.g. reservation for special groups to access public procurement opportunities) are met.

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**Access To Government Procurement Opportunities (AGPO)**

CATEGORY	AWARDS	AWARDS
	FY 2020/2021	FY 2020-2021
	%	KShs
Women	60%	5,990,013.74
Youth	38%	3,793,675.36
PWD	2%	199,667.10
<b>Total</b>	<b>100%</b>	<b>9,983,356.20</b>

To achieve this the following initiatives were taken;

- i. Sensitize the public on procurement opportunities available to the youth and PWDs.
- ii. Prequalify youth, women and persons with disability.
- iii. Effective planning and monitoring of the implementing teams.

**Empowering local Firms**

The 40% local content requirement in the international tendering process has enabled local firms obtain apportion of money spent on procurement.

Promotion of local content in procurement (Buy Kenya, Build Kenya) initiative continues to be supported where by 40% of the Institution's non specialized budget, is spent on local products and services supplied by citizens.

During the year, procurement of locally manufactured goods and services (local content) allocation was Ksh. 13,311,141.60.

This was to support the growth of local industry for sustainable development of stakeholders.

*Corporate social responsibility.*



The incinerator/ Burning chamber.

**XXX**

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A



B



C

**Table A,B and C. The Former Permanent Secretary of Education State Department of TVET Prof .Julius O. Jwan Phd, MBS ,Deputy County Commissioner their team demonstrating during tree planting exercise.**

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D



E



F

Table D,E and F. BOG Chairman, Principal, Staff, Students and the Local community participating during tree planting exercise.

The Kenya Forest Service led the Tree planting Exercise

**XXXII**

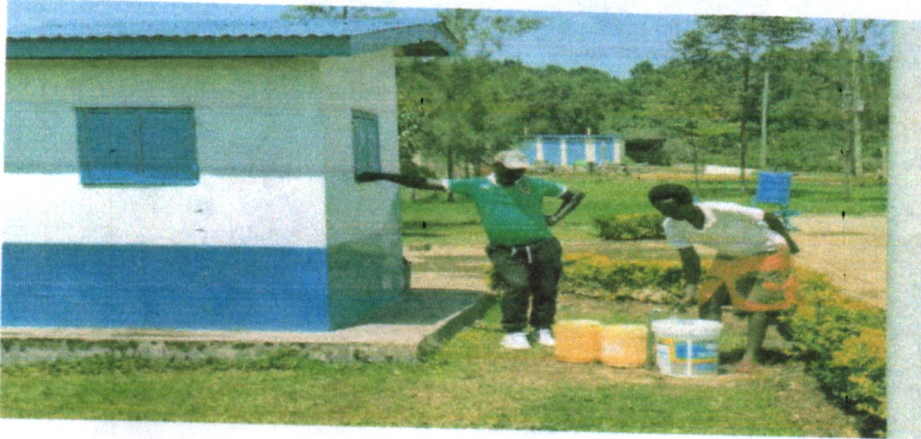


Tables G, below Shows Environmental cleaning exercise for tree planting and rehabilitation of river Misadhi water way.

Table G



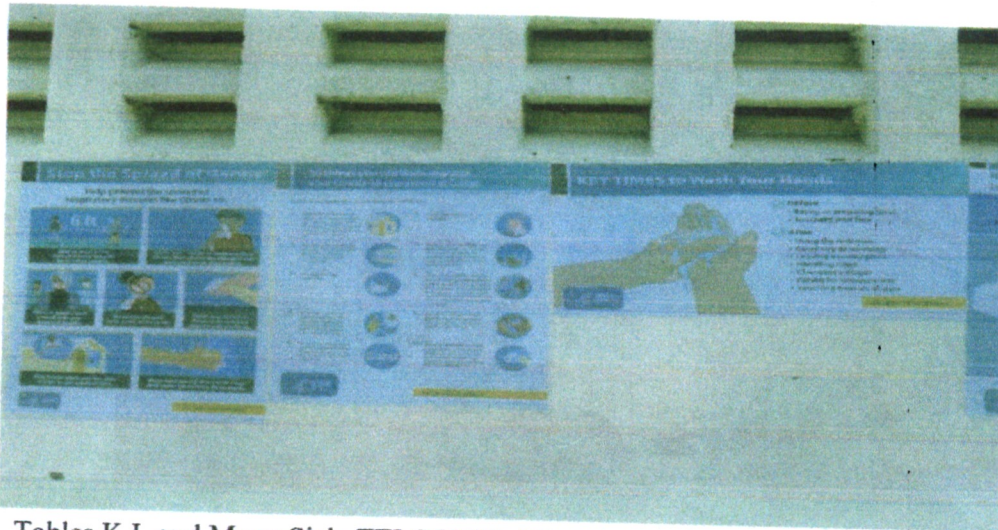
H



I



Table H above shows installed water collection point to help the local community from around .Table I above is our Institute Nurse taking care of the COVID-19 holding room .



M  
Tables K,L and M are Siala TTI COVID-19 prevention team playing their roll to ensure MOH protocol and guidelines are adhered to.  
XXXIV



## **VII. REPORT OF THE COUNCIL/BOARD OF GOVERNORS**

The Institute Board of Governors hereby submits its Financial Year 2020/2021 report together with the audited financial statements for the year ended June 30, 2020 which shows the state of affairs of Siala Technical Training Institute.

### **Principal activities**

The Core business of the Institute as provided for in the TVET Act 2013 section 26 (1) (a) and (d) includes;

- i. Promotion of Skills Training in (TVET) through, Research, Science, Technology and Innovation in commensurate with Industry and community demands.
- ii. Promotion of gender balance and equality of opportunity among students and employees.
- iii. Promotion of equalization for persons with disability, minorities and other marginalized groups.

### **Results**

The results of Siala TTI for the year ended June 30, 2021 are set out on page 1-to- 46.

## **COUNCIL/BOARD OF GOVERNORS**

The members of the Board who served during the year are shown on page XV. During the year Mr. Fredrick Situma served for the first six months and was transferred hence Ms. Asha Bakari took over as from 30<sup>th</sup> December 2020 to date.

### **Auditors**

The Auditor General is responsible for the statutory audit of Siala TTI financial statements FY2020/2021 in accordance with Article 229 of the Constitution of Kenya and in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

Asha Bakari  
BOG Secretary  
Date:27/9/2021



## **VIII. STATEMENT OF BOARD OF GOVERNOR'S RESPONSIBILITIES**

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

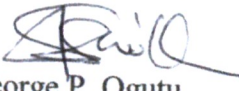
The Board members are responsible for the preparation and presentation of the Institution financial statements, which give a true and fair view of the state of affairs of the Institution at the end of the financial year on 30 June, 2021. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continues to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which discloses 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 Institution; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.


The Board of Governors accept responsibility for the Institution financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the TVET Act, 2013. The Board of Governors are of the opinion that the Institution's financial statements give a true and fair view of the state of Institution's transactions during the financial year ended June 30, 2021, and of the Institution financial position as at that date. The Board members further confirm the completeness of the accounting records maintained by the Institution which have been relied upon in the preparation of the institution's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Board to indicate that the institution 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 Institution's financial statements were approved by the Board on 27/9/2021 and signed on its behalf by:

  
Mr. George P. Ogutu

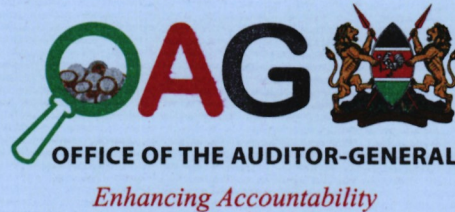
  
Ms. Asha Bakari

Chairperson of the Board

Accounting Officer/Principal

# REPUBLIC OF KENYA

Telephone: +254-(20) 3214000  
E-mail: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



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

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

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### **PREAMBLE**

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

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Siala Technical Training Institute set out on pages 1 to 37, which comprise of the statement of financial position as at 30 June, 2021, and the statement of financial performance, the statement of changes in

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Siala Technical Training Institute as at 30 June, 2021 and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Incomplete Property, Plant and Equipment**

The statement of financial position reflects a balance of Kshs.97,372,690 in respect to property, plant and equipment as disclosed in Note 18 to the financial statements. However, as previously reported, the value of buildings and equipment totalling Kshs.219,207,985 and land of unknown value and capital work in progress were not incorporated in the balance for property, plant and equipment. These values had been confirmed by Ministry of Education, State Department of Vocational and Technical Training as follows:

<b>Institute Assets</b>	<b>Value (Kshs.)</b>
Phase 1 GOK/AfDB Mechanical Engineering Workshop Block	97,494,489
Supply, Delivery, Installation, Commissioning and Training on the use and maintenance of Mechanical Engineering Training Equipment	121,713,496
<b>Total</b>	<b>219,207,985</b>

In the circumstances, the accuracy, completeness and fair presentation of the property, plant and equipment balance of Kshs.97,372,690 could not be confirmed.

#### **2. Receivables from Exchange Transactions**

The statement of financial position reflects receivables from exchange transactions balance of Kshs.13,582,299 as disclosed in Note 15 to the financial statements which relates wholly to student debtors. However, the Management did not provide the aging analysis. In addition, Management did not provide evidence of efforts made to collect the debts.

In the circumstances, the recoverability of the balance of Kshs.13,582,299 from exchange transactions could not be confirmed.

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

Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Key Audit Matters**

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

### **Other Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts shows total budgeted and actual revenue of Kshs.84,897,167 and Kshs.47,180,610 respectively resulting to a Kshs.37,716,557 shortfall which is equivalent to 44% of the approved budget. Similarly, the Institute spent Kshs.35,280,353 or approximately 41% of the budgeted expenditure of Kshs.84,897,167 resulting to under-expenditure of Kshs.49,616,814 or 59% of the budget.

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **Lack of Ethnic Diversity in Staff Composition**

Examination of human resource records revealed that, out of 113 employees, 84, translating to 74% were from one dominant community. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff and no public establishment shall have more than one third of its staff from the same ethnic community.

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

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

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Lack of Staff Establishment**

Review of human resource records revealed that the Institute has been operating without an approved staff establishment to ensure that appropriate systems, procedures, structures, skilled and competent staff are in place at the optimal level to deliver its mandate to the students and other stakeholders.

In the circumstances, it was not possible to confirm whether the total staff in the employment of the Siala Technical Training Institute is at the optimal operating level.

#### **2. Lack of a Functional Audit Committee**

The Institute does not have an Audit Committee contrary to Regulation 174 of the Public Finance Management (National Government) Regulations, 2015 which stipulates that a National Government entity shall establish an audit committee in accordance with prescribed regulations to monitor the entity's governance process, accountability process and control systems of the entity and to offer objective advice on issues concerning risk, control, regulatory requirements and governance.

In the circumstances, Management lacks support with regard to issues of risk, control and governance and associated assurance including follow up on the implementation of the recommendations of internal and external auditors.

#### **3. Lack of Internal Audit Function Unit.**

The institution had not established an internal audit unit to provide assurance on the state of risks, its management and controls contrary to the provisions of Section 73(1) of the Public Finance Management Act, 2012 which requires every National Government entity to ensure that it complies with this Act and has appropriate arrangements in place for conducting internal audit according to the guidelines of the Accounting Standards Board.

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

#### **4. Lack of Risk Management Policy and Framework**

Review of the Institute's risk management framework revealed that there was no Risk Management Policy Framework to guide in identification, assessment and mitigation of risks. This is a contravention of the provisions of Regulation 165(1) of the Public Finance Management (National Governments) Regulations, 2015 which outlines the role and responsibilities of Accounting Officers in respect to risk management.

In the absence of Risk Management Policy the Institute lacks a blue print for identifying, preventing and mitigating against risks to ensure that its operations are not interrupted in case of unforeseen events.

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

#### **Responsibilities of Management and those Charged with Governance**

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

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

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

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

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

governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a

basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Institute to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Institute to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
CPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**04 October, 2022**



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

	Notes	2020/2021 Kshs.	2019/2020 Kshs.
<b>Revenue from non-exchange transactions</b>			
Transfers from the National Government—grants/ gifts in kind	1	35,482,500	22,498,350
Grants from donors and development partners		0	0
Transfers from Other Institutions	2	0	0
		<b>35,482,500</b>	<b>22,498,350</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Fees from students	3	11,196,710	16,484,393
Finance income-external investments	4	0	0
Other income	5	501,400	73,380
<b>Total Revenue from exchange Transaction</b>		<b>11,698,110</b>	<b>16,557,773</b>
<b>Total Revenue</b>		<b>47,180,610</b>	<b>39,056,123</b>
<b>Expenses</b>			
Academic and Related Expenses	6	9,655,983	7,522,339
Employee costs	7	10,032,852	9,997,548
Remuneration of directors	8	3,380,375	2,090,893
Depreciation and amortization expense	9	3,054,206	2,984,944
Repairs and maintenance	10	3,245,622	2,189,262
Contracted services	11	0	0
Admin. Cost and General expenses	12	8,965,521	7,712,794
<b>Total expenses</b>		<b>38,334,559</b>	<b>32,497,780</b>
<b>Other gains/(losses)</b>			
Gain on sale of assets		0	0
Impairment loss		0	0
<b>Total other gains/(losses)</b>		<b>0</b>	<b>0</b>
<b>Net Surplus for the year</b>		<b>8,846,051</b>	<b>6,558,343</b>
<b>Surplus/Deficit B/forward</b>		<b>15,863,356</b>	<b>9,305,013</b>
<b>Accumulated Surplus C/forward</b>		<b>24,709,407</b>	<b>15,863,356</b>

1 The notes set out on page 22 to 40 form an integral part of the Annual Financial Statements.

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**V. STATEMENT OF FINANCIAL POSITION AS AT 30<sup>TH</sup> JUNE 2021**

	Notes	2020-2021 Kshs	2019-2020 Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	13	28,909,393	17,760,641
Receivables from exchange transactions	15	13,582,299	11,802,503
Receivables from non-exchange transactions	16	0	0
Inventories	17	790,688	811,465
		<b>43,282,380</b>	<b>30,374,609</b>
<b>Non-current assets</b>			
Property, plant and equipment	18	97,372,690	98,297,548
Investments		0	0
Intangible assets	19	346,155	494,508
		<b>97,718,845</b>	<b>98,792,056</b>
<b>Total assets</b>		<b>141,001,225</b>	<b>129,166,665</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	20	0	0
Refundable deposits from customers	21	276,500	375,533
Deferred income	22	0	874,938
Payments received in advance	23	3,187,779	4,840,014
		<b>3,464,279</b>	<b>6,090,485</b>
<b>Non-current liabilities</b>			
Borrowings		0	0
		<b>0</b>	<b>0</b>
<b>Total liabilities</b>		<b>3,464,279</b>	<b>6,090,485</b>
<b>Net assets</b>		<b>137,536,946</b>	<b>123,076,180</b>
Reserves			
Accumulated surplus		24,709,407	15,863,356
Capital Fund		103,886,539	103,886,539
<b>Total Capital and Reserve</b>		<b>128,595,946</b>	<b>119,749,895</b>
<b>Total net assets and liabilities</b>		<b>141,001,225</b>	<b>129,166,665</b>

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

**Chairman Board of Governors**

**Finance Officer**  
ICPAK No.ASSOC.1316

**Principal**

Date... 27/9/2021

Date 27/9/2021

Date 27/9/2021

**SIALA TECHNICAL TRAINING INSTITUTE**  
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**VI. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2021**

	Retained earnings	Capital/ Development Grants/Fund	Total
	Ksh.	Ksh.	Ksh.
<b>At July 1, 2018</b>	<b>15,134,452</b>	<b>1,500,000</b>	<b>16,634,452</b>
Revaluation gain	0	0	0
Fair value adjustment on quoted investments	0	0	0
Total comprehensive income	(5,829,439)	0	(5,829,439)
Capital/Development grants received during the year	0	100,858,189	100,858,189
Transfer of depreciation/amortisation from capital fund to retained earnings	0	0	0
<b>At June 30, 2019</b>	<b>9,305,013</b>	<b>102,358,189</b>	<b>111,663,202</b>
<b>At July 1, 2019</b>	<b>9,305,013</b>	<b>102,358,189</b>	<b>111,663,202</b>
Revaluation gain	0	0	0
Fair value adjustment on quoted investments	0	0	0
Total comprehensive income	6,558,343	0	6,558,343
Capital/Development grants received during the year	0	1,528,350	1,528,350
Transfer of depreciation/amortisation from capital fund to retained earnings	0	0	0
<b>At June 30, 2020</b>	<b>15,863,356</b>	<b>103,886,539</b>	<b>119,749,895</b>
Revaluation gain	0	0	0
Fair value adjustment on quoted investments	0	0	0
Total comprehensive income	8,846,051	0	8,846,051
Capital/Development grants received during the year	0	0	0
Transfer of depreciation/amortisation from capital fund to retained earnings	0	(0)	0
<b>At June 30, 2021</b>	<b>24,709,407</b>	<b>103,886,539</b>	<b>128,595,946</b>

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**SIALA TECHNICAL TRAINING INSTITUTE**  
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**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021**



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

	Note	2020/2021 Kshs.	2019/2020 Kshs.
<b>Cashflowsfromoperatingactivities</b>			
<b>Receipts</b>			
Transfers from other Government entities/Govt. grants	1	35,482,500	20,970,000
Transfer From Other Institutions	2	0	0
Renderingofservices- Fees from students	3	11,196,710	16,484,393
Financeincome (Fixed deposit)	4	0	0
Otherincome	5	501,400	73,380
<b>Total Receipts</b>		<b>47,180,610</b>	<b>37,527,773</b>
<b>Payments</b>			
Academic Expenses	6	9,655,983	7,522,339
Compensation of Employees	7	10,032,852	9,997,548
Remuneration of directors	8	3,380,375	2,090,893
Repairs and Maintenance	10	3,245,622	7,500
Admin. cost and General expenses	12	8,965,521	7,712,794
<b>Total Payments</b>		<b>35,280,353</b>	<b>27,331,074</b>
<b>Netcashflowsfromoperatingactivities</b>		<b>11,900,257</b>	<b>10,196,699</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangibleassets		(751,505)	(2,181,762)
Proceedsfromsaleofproperty,plantand Equipment		0	0
Decreaseinnon-currentreceivables		0	0
Increase in investments		(0)	(0)
<b>Netcashflowsusedininvestingactivities</b>		<b>(751,505)</b>	<b>(2,181,762)</b>
<b>Cashflowsfromfinancingactivities</b>			
Proceedsfromborrowings	0	0.00	0.00
Increaseindeposits(Development Grants)		0.00	1,528,350
<b>Netcashflowsusedinfinancingactivities</b>		<b>0.0</b>	<b>1,528,350</b>
<b>Netincrease/(decrease)incashandcash equivalents</b>		<b>11,148,752</b>	<b>9,055,139</b>
Cashandcashequivalentsat Start		17,760,641	8,705,502
<b>Cashandcashequivalentsat End</b>	13	<b>28,909,393</b>	<b>17,760,641</b>

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**VIII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021**

	Original budget 2020-2021 Kshs	Actual on comparable basis 2020/2021 Kshs.	Performance difference 2020-2021 Kshs
<b>Revenue</b>			
Transfers from other Gov't. entities and Gov't grants	44,300,000	35,482,500	(8,817,500)
Rendering of services- Fees from students	40,556,667	11,196,710	(29,359,957)
Finance income	0	0	0
Other income	40,500	501,400	460,900
<b>Total income</b>	<b>84,897,167</b>	<b>47,180,610</b>	<b>(37,716,557)</b>
<b>Expenses</b>			
Compensation of employees	12,746,223	10,032,852	2,713,371
Academic cost	42,616,224	9,655,983	32,960,241
Repairs and maintenance Expenses	8,750,300	3,245,622	5,504,678
Remuneration of Directors	3,744,000	3,380,375	363,625
Administration and General expenses	17,040,420	8,965,521	8,074,899
<b>Total expenditure</b>	<b>84,897,167</b>	<b>35,280,353</b>	<b>49,616,814</b>
<b>Surplus/Deficit for the period</b>		<b>11,900,257</b>	<b>(11,900,257)</b>

**Explanation on variances**

- GOK capitation grants for the fourth quarter were received by the Institute during closure of the financial year 2020/2021.
- A number of students did not clear their fee as they were waiting for HELB Loan and NG-CDF Sponsorship fund.

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

### **1. GENERAL INFORMATION**

;;Siala TTI was established by and derives its authority and accountability from TVET Act,2013. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is outlined on page 3.

### **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 judgment in the process of applying the Institute's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements are disclosed in Note 18

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

The financial statements have been prepared in accordance with the PFM Act,2012, the State Corporations Act, the TVET Act,2013 and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.



**3.ADOPTION OF NEW AND REVISED STANDARDS**

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

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



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

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

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 41: Financial Instruments	<p><b>Applicable: 1<sup>st</sup> January 2023:</b>                      The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>•Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>•Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>•Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul> <p><i>(State the impact of the standard to the entity if relevant)</i></p>
IPSAS 42: Social Benefits	<p><b>Applicable: 1<sup>st</sup> January 2023</b>                      The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the entity;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</li> </ul> <p><i>(State the impact of the standard to the entity if relevant)</i></p>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p><b>Applicable: 1st January 2023:</b></p> <ul style="list-style-type: none"> <li>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> <li>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</li> <li>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</li> </ul>

**iii. Early adoption of standards**

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



#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### a) Revenue recognition

##### i) Revenue from non-exchange transactions IPSAS 23

###### **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 IPSAS 9

###### **Rendering of services**

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

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

###### **Sale of goods**

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

###### **Interest income**

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

###### **Dividends**

Dividends or similar distributions must be recognized when the shareholder's or the entity's right to receive payments is established.



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

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**a) Revenue recognition (Continued)**

**ii) Revenue from exchange transactions (continued)**

**Rental income**

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

**b) Budget information**

**a) Budget information IPSAS 24**

The original budget for FY 2020/2021 was approved by the Board on 9<sup>th</sup> April 2020. Subsequent revisions or additional appropriations were not made to the approved budget.

The Institution's budget is prepared using cash basis. IPSAS 24 requires disclosure of budget information through the Statement of Comparison of Budget.

The Institute Budget is prepared before the beginning of every financial year and is approved by the Board of Governors any variations to this Approved Budget are taken to the Institute Board of Governors for ratification.

The actual income and expenditure are 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 page 28 of these financial statements.

**c).Taxes**

***Current income tax***

The Institute is exempt from paying taxes as per the Income Tax Act 2014



#### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### c) Taxes (continued)

###### *Sales tax/ Value Added Tax*

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

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

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

##### d) Investment property IPSAS 16

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of *xxx* years.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

##### e) Property, plant and equipment IPSAS 17

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 Institution recognizes such parts as individual assets with specific useful lives and depreciates them accordingly (Reducing balance method). 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.



#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### e) Property, plant and equipment IPSAS 17 (continued)

The annual rates used are:-

Building	2.5%
Machinery and Equipment	12.5%
Furniture and Fittings	12.5%
Motor Vehicle	25%
Library Books	30%
Computers and Appliances	30%
Software	30%
Work in Progress	0%

Land not depreciated as it is deemed to have an indefinite life.

##### f) Leases IPSAS 13

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.



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

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**g) Intangible assets IPSAS 31**

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

**h) Research and development costs**

The Institution expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Institution 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.



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### i) Financial instruments IPSAS 29

##### *Financial assets*

##### *Initial recognition and measurement*

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

##### *Held-to-maturity*

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

##### *Impairment of financial assets*

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:



#### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### i) Financial instruments (Continued)

###### *Financial assets (Continued)*

###### *Impairment of financial assets (Continued)*

- The debtors or a entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

###### *Financial liabilities*

###### *Initial recognition and measurement*

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

###### *Loans and borrowing*

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

##### j) Inventories IPSAS 12

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



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **j) Inventories (Continued)**

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 Entity.

#### **k) Provisions IPSAS 19**

Provisions are recognized when the Entity 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 Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

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

#### ***Contingent liabilities***

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

#### ***Contingent assets***

The Entity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.



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

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**l) Nature and purpose of reserves**

The Institution has a capital reserve which represents the government interest in net asset /equity of the Institute and is a combination of contributed capital (Asset )by the Government and the aggregate of the Institute accumulated Surpluses or deficits.

**m) Changes in accounting policies and estimates IPSAS 3**

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

**n) Employee benefits IPSAS 25**

**Retirement benefit plans**

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

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**o) Foreign currency transactions IPSAS 4**

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

**p) Borrowing costs IPSAS 5**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.



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

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**q) Related parties IPSAS 20**

The 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 Institute, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO/principal and senior managers.

**r) Service concession arrangements**

The Institute analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Institute recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Institute also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**s) Cash and cash equivalents**

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

**t) Comparative figures**

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

**u) Subsequent events IPSAS 14**

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



## 5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

### **Estimates and assumptions**

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

### **Useful lives and residual values**

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

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

### **Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.



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

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

Description	2020-2021	2019-2020
	Kshs	Kshs
<b>Unconditional grants</b>		
Operational grant	0	0
Other grants (Capitation)	35,482,500	20,970,000
<b>Conditional grants</b>		
Administration block grant	0.00	0.00
Laboratory grant	0.00	0.00
Learning facilities grant	0.00	1,528,350
<b>Total government grants and subsidies</b>	<b>35,482,500</b>	<b>22,498,350</b>

**2. TRANSFERS FROM OTHER LEVELS OF GOVERNMENT**

Description	2020-2021	2019-2020
	KShs	KShs
Transfer from County	0.00	0.00
Transfer from Mentor institute	0.00	0.00
<b>Total Transfers</b>	<b>0.00</b>	<b>0.00</b>

**3. RENDERING OF SERVICES**

Description	2020-2021	2019-2020
	Ksh.	Ksh.
Tuition fees	32,123,942	31,008,891
Activity fees	2,010,066	1,831,733
Examination fees	2,385,250	3,617,250
Library fees	0.00	0.00
Facilities and materials	1,036,549	878,519
Registration fees	213,403	118,000
<b>Total revenue from the rendering of services</b>	<b>37,769,210</b>	<b>37,454,393</b>
<b>Absorbed transfers from Gok and mentor inst.</b>	<b>26,572,500</b>	<b>20,970,000</b>
<b>Total Net Revenue from fee</b>	<b>11,196,710</b>	<b>16,484,393</b>

**4. FINANCE INCOME**

Description	2020-2021	2019-2020
	KShs	KShs
Cash investments and fixed deposits	0	0
Interest from outstanding debtors	0	0
<b>Total finance income</b>	<b>0</b>	<b>0</b>



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

**5. OTHER INCOME**

Description	2020-2021	2019-2020
	Ksh.	Kshs.
Income from sale of tender	0.00	59,000
Centre fee/c. money	13,500	6,000
P/U and Rent	41,000	2,000
EPIVOT Project	206,500	6,380
Application fee	94,000	0
Contingency /Admin cost	146,400	0
<b>Total other income</b>	<b>501,400</b>	<b>73,380</b>

**6. ACADEMIC RELATED EXPENSES**

Description	2020-2021	2019-2020
	Kshs.	Kshs.
Tuition	4,326,955	3,556,170
Library and attachment	636,396	630,477
Examinations	3,902,510	1,726,777
Activity and Research	104,992	1,295,320
Medical and S/Council	685,130	313,595
<b>Total good and services</b>	<b>9,655,983</b>	<b>7,522,339</b>

**7. EMPLOYEE COSTS**

Description	2020-2021	2019-2020
	Kshs.	Kshs.
Salaries and wages (Non-Teaching)	4,942,668	4,511,580
Salaries and Wages Trainers	5,090,184	5,485,968
Social contributions	0.00	0.00
<b>Employee costs</b>	<b>10,032,852</b>	<b>9,997,548</b>



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

**8.REMUNERATION OF DIRECTORS**

Description	2020-2021	2019-2020
	Ksh.	Ksh.
Chairman's Honoraria	0.00	0.00
Directors emoluments	3,380,375	2,090,893
Other allowances	0.00	0.00
<b>Total director emoluments</b>	<b>3,380,375</b>	<b>2,090,893</b>

**9.DEPRECIATION AND AMORTIZATION EXPENSE**

Description	2020-2021	2019-2020
	Ksh.	Ksh.
Property, Plant and Equipment	2,905,854	2,773,012.00
Intangible Assets	148,352	211,932
Investment Property	0.00	0.00
<b>Total director emoluments</b>	<b>3,054,206</b>	<b>2,984,944</b>

**10.REPAIRS AND MAINTENANCE**

Description	2020-2021	2019-2020
	Kshs.	Ksh.
Property	0.00	0.00
Furniture and fittings	64,000.00	0.00
Computers and accessories	0.00	0.00
Other	3,181,622	7,500.00
<b>Total repairs and maintenance</b>	<b>3,245,622</b>	<b>7,500.00</b>

**11.CONTRACTED SERVICES**

Description	2020-2021	2019-2020
	KShs	KShs
Investmentvaluations	0.00	0.00
Propertyvaluations	0.00	<b>0.00</b>
<b>Totalcontractedservices</b>	<b>0.00</b>	<b>0.00</b>



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

**12. ADMINISTRATION COST AND GENERAL EXPENSES**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Admin. Expenses	5,240,235	3,315,369
Local Travels	2,567,300	3,017,050
Consumables	0.00	0.00
Electricity	666,786	487,854
Performance Contract and ISO	292,000	828,554
Tender expenses	0.00	53,700
Production unit	0.00	0.00
Other	199,200	0
Supplementary exams	0.00	10,267
<b>Total Admin and general expenses</b>	<b>8,965,521</b>	<b>7,712,794</b>

**13. CASH AND CASH EQUIVALENTS**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>Ksh.</b>	<b>Kshs.</b>
Current account	28,329,650	16,519,816
On - call deposits	0.00	0.00
Fixed deposits account	0.00	0.00
Development A/C	22,673	1,035,325
Others (Cash and M-pesa)	557,070	205,500
<b>Total cash and cash equivalents</b>	<b>28,909,393</b>	<b>17,760,641</b>



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

**14 (a). DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS**

<b>Financial institution</b>	<b>Account number</b>	<b>2020-2021</b>	<b>2019-2020</b>
		<b>KShs</b>	<b>KShs</b>
<b>a) Current account</b>			
Kenya Commercial bank	A/C 1198612371	28,088,176	16,276,386
Kenya Commercial bank	A/C 1224498747	241,474	243,430
Kenya Commercial bank	A/C 1224498879	22,673	1,035,325
<b>Sub- total</b>		<b>28,352,323</b>	<b>17,555,141</b>
<b>b) On - call deposits</b>			
Kenya Commercial bank		0.00	0.00
<b>Sub- total</b>		<b>0.00</b>	<b>0.00</b>
<b>c) Fixed deposits account</b>			
Kenya Commercial bank	A/C 1198612371	0.00	0.00
<b>Sub- total</b>		<b>0.00</b>	<b>0.00</b>
<b>d) Others(specify)</b>			
Imprest		147,000.00	143,000.00
Cash in hand		20,510.00	33,000.00
M pesa		389,560	29,500.00
<b>Sub- total</b>		<b>557,070</b>	<b>205,500.00</b>
<b>Grand total</b>		<b>28,909,393</b>	<b>17,760,641.00</b>



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

**RECEIVABLES FROM EXCHANGE TRANSACTIONS**

**15(a) Current Receivables from Exchange Transactions**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>Kshs.</b>	<b>Kshs.</b>
<b>Current receivables</b>		
Student debtors	13,582,299	11,802,503
<b>Total current receivables</b>	<b>13,582,299</b>	<b>11,802,503</b>
<b>Non-current receivables</b>		
Refundable deposits	0.00	0
Less: impairment allowance	0.00	0
<b>Total</b>	<b>0.00</b>	<b>0.00</b>
Current portion transferred to current receivables	0.00	0
<b>Total non-current receivables</b>	<b>0.00</b>	<b>0.00</b>
<b>Total receivables</b>	<b>13,582,299</b>	<b>11,802,503</b>

**16. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
<b>Current receivables</b>		
Transfers from other govt. entities	0.00	0.00
Less: impairment allowance	(0.00)	(0.00)
<b>Total current receivables</b>	<b>0.00</b>	<b>0.00</b>

**17. INVENTORIES**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Consumable stores	354,608.00	207,263.00
Maintenance stores	101,130.00	418,759.00
Health Unit stores	54,950.00	11,433.00
Electrical stores	280,000.00	174,010.00
<b>Total inventories at the lower of cost and net realizable value</b>	<b>790,688</b>	<b>811,465</b>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

**18. PROPERTY, PLANT AND EQUIPMENT**

Cost	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Other Assets (Specify)	Plant and equipment	Capital Work in progress	Total
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 1 July 2017	0	0	0	420,000	69,950	193,037	0	0	682,987
Additions	0	307,000	0	849,212	48,000	0	0	0	1,204,212
Disposals	0	0	0	0	0	0	0	0	0
Transfers/adjustments	0	0	0	0	0	0	0	0	0
<b>At 30<sup>th</sup> June 2018</b>	<b>0</b>	<b>307,000</b>	<b>0</b>	<b>1,269,212</b>	<b>117,950</b>	<b>193,037</b>	<b>0</b>	<b>0</b>	<b>1,887,199</b>
Additions	0	99,107,507	0	605,100	91,750	310,178	0	0	100,114,535
Disposals	0	0	0	0	0	0	0	0	0
Transfer/adjustments	0	0	0	0	0	0	0	0	0
<b>At 30<sup>th</sup> June 2019</b>	<b>0</b>	<b>99,414,507</b>	<b>0</b>	<b>1,874,312</b>	<b>209,700</b>	<b>503,215</b>	<b>0</b>	<b>0</b>	<b>102,001,734</b>
Additions	0	0	0	0	0	0	0	2,181,762	2,181,762
Disposals	0	0	0	0	0	0	0	0	0
Transfer/adjustments	0	0	0	0	0	0	0	0	0
<b>At 30<sup>th</sup> June 2020</b>	<b>0</b>	<b>99,414,507</b>	<b>0</b>	<b>1,874,312</b>	<b>209,700</b>	<b>503,215</b>	<b>0</b>	<b>2,181,762</b>	<b>104,183,496</b>
Additions	0	3,040,151	0	94,800	230,382	437,141	0	360,284	4,162,758
Disposals	0	0	0	0	0	0	0	0	0
Transfer/adjustments	0	0	0	0	0	0	0	0	0
<b>At 30<sup>th</sup> June 2021</b>	<b>0</b>	<b>102,454,658</b>	<b>0</b>	<b>1,969,112</b>	<b>440,082</b>	<b>940,356</b>	<b>0</b>	<b>360,284</b>	<b>106,164,492</b>
Impairment	0	0	0	0	0	0	0	0	0
<b>Accumulated Depreciation as At 30 June 2018</b>	<b>0</b>	<b>7,675</b>	<b>0</b>	<b>158,651.5</b>	<b>35,385</b>	<b>57,911</b>	<b>0</b>	<b>0</b>	<b>259,622.5</b>

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Depreciation		2,485,170.8	0	214,457.6	52,294.5	133,591	0	0	2,885,513.9
Disposals		0	0	0	0	0	0	0	0
Impairment		0	0	0	0	0	0	0	0
Transfer/adjustment		0	0	0	0	0	0	0	0
Accumulated Depreciation as At 30 <sup>th</sup> June 2019	0	2,492,845.8	0	373,109	87,679	191,502	0	0	3,145,135.8
Net book values at 30 <sup>th</sup> June 2018	0	299,325	0	1,110,561	82,565	135,126	0	0	1,627,577
Accumulated Depreciation as At 30 <sup>th</sup> June 2019	0	2,492,845.8	0	373,109	87,679	191,502	0	0	3,145,135.8
Depreciation		2,423,042	0	187,650	36,606	93,514	0	0	2,740,812
Disposals		0	0	0	0	0	0	0	0
Impairment		0	0	0	0	0	0	0	0
Transfer/adjustment		0	0	0	0	0	0	0	0
Accumulated Depreciation as At 30 <sup>th</sup> June 2020	0	4,915,888	0	560,759	124,285	285,016	0	0	5,885,948
Depreciation		2,438,469	0	176,044	94,739	196,602	0	0	2,905,854
Disposals		0	0	0	0	0	0	0	0
Impairment		0	0	0	0	0	0	0	0
Transfer/adjustment		0	0	0	0	0	0	0	0
Accumulated Depreciation as At 30 <sup>th</sup> June 2021	0	7,354,357	0	736,803	219,024	481,618	0	0	8,791,802
Net book values		95,100,301	0	1,232,309	221,058	458,738	0	0	97,372,690
At 30 <sup>th</sup> June 2021		95,100,301	0	1,232,309	221,058	458,738	0	0	97,372,690
At 30 <sup>th</sup> June 2020	0	94,498,619	0	1,313,553	85,415	218,199	0	0	98,297,548

**NB:-PPE Actual Cash outflow totals Ksh. 751,505 comprising of:-**

Work in progress:-Kshs 360,284; Library books:-Kshs 325,146; Kshs 59,999; Oven:-Kshs 5,000; Blender-Kshs 1,076



NOTES TO THE FINANCIAL STATEMENTS (Continued)

**20. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS**

Description	2020-2021	FY 2019-2020
	Kshs.	Kshs.
Trade payables	0.00	0.00
Other payables	0.00	0.00
<b>Total payables</b>	<b>0.0</b>	<b>0.0</b>

**21. REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS**

Description	2020-2021	FY 2019-2020
	Kshs.	Kshs.
Consumer deposits	0.00	0.00
Caution money B/f	276,500.00	276,500.00
Other refundable deposits	0.00	99,033.00
<b>Total deposits</b>	<b>276,500</b>	<b>375,533</b>

**22. DEFERRED INCOME**

Description	2020-2021	FY 2019-2020
	Kshs.	Kshs.
National government	0	874,938.00
Public contributions and donations	0.00	0.00
<b>Total deferred income</b>	<b>0</b>	<b>874,938.00</b>

**23. PAYMENTS RECEIVED IN ADVANCE**

Description	2020-2021	FY 2019-2020
	Kshs.	Kshs.
Trade payables	0.00	0.00
Fees paid in advance	3,187,779	4,840,014
Other payables	0.00	0.00
<b>Total payments received in advance</b>	<b>3,187,779</b>	<b>4,840,014</b>

The deferred income movement is as follows:

	National government	International funders/ donors	Total
Balance brought forward	874,938.00	0.00	874,938.00
Additions during the year	0.00	0.00	0.00
Transfers to Capital fund	(874,938.00)	(0.00)	(874,938.00)
Transfers to income statement	(0.00)	(0.00)	(0.00)
Other transfers (W I P)	(0.00)	(0.00)	(0.00)
<b>Balance carried forward</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>



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

**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:

	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>NBV</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Land	0.00	0.00	0.00
Buildings	102,454,658	7,354,357	95,100,301
Plant and machinery	0.00	0.00	0.00
Motor vehicles, including motorcycles	0.00	0.00	0.00
Computers and related equipment	1,380,438	700,642	679,796
Office equipment, furniture, and fittings	1,969,112	736,803	1,232,309
Work in progress (Building)	360,284	0.00	360,284
<b>Total</b>	<b>106,164,492</b>	<b>8,791,802</b>	<b>97,372,690</b>

**19. INTANGIBLE ASSETS-SOFTWARE**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>Kshs.</b>	<b>Kshs.</b>
<b>Cost</b>		
<b>At beginning of the year 1<sup>st</sup> July 2017</b>	0.00	0.00
Additions	1,009,200.00	1,009,200.00
<b>At end of the year 30<sup>th</sup> June 2018</b>	1,009,200.00	1,009,200.00
Additions—internal development	0.00	0.00
<b>At end of the year 30<sup>th</sup> June 2019</b>	1,009,200.00	1,009,200.00
<b>Amortization and impairment</b>	0.00	0.00
<b>At beginning of the year 1<sup>st</sup> July 2018</b>	1,009,200.00	1,009,200.00
Amortization	302,760.00	302,760.00
<b>At end of the year 30<sup>th</sup> June 2019</b>	706,440.00	706,440.00
Impairment loss	0.00	0.00
<b>At end of the June 30<sup>th</sup> 2019</b>	706,440.00	706,440.00
<b>NBV</b>	706,440.00	706,440.00
<b>At 30 June 2018</b>	1,009,200.00	1,009,200.00
<b>At the beginning of the July 1<sup>st</sup> 2019</b>	706,440.00	706,440.00
Additions—internal development	0.00	0.00
<b>At 30<sup>th</sup> June 2020</b>	706,440.00	706,440.00
<b>Amortization</b>	211,932	211,932
<b>At 30<sup>th</sup> June 2020</b>	494,508	494,508
<b>NBV</b>	494,508	494,508
<b>At 30<sup>th</sup> June 2019</b>	706,440.00	706,440.00
<b>At 30<sup>th</sup> June 2020</b>	494,508	494,508
<b>Amortization</b>	148,352	211,932
<b>NBV</b>	346,155	494,508
<b>At 30<sup>th</sup> June 2021</b>	346,155	706,440.00
<b>At 30<sup>th</sup> June 2020</b>	494,508	706,440.00



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**24. FINANCIAL RISK MANAGEMENT**

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

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

**(i) Credit risk**

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

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

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

	<b>Total amount Kshs</b>	<b>Fully performing Kshs</b>	<b>Past due Kshs</b>	<b>Impaired Kshs</b>
<b>At 30 June 2019</b>				
Receivables from exchange transactions	5,708,988.00	5,708,988.00	0.00	0.00
Receivables from non-exchange transactions	0.00	0.00	0.00	0.00
Bank balances	0.00	0.00	0.00	0.00
<b>Total</b>	<b>5,708,988.00</b>	<b>5,708,988.00</b>	<b>0.00</b>	<b>0.00</b>
<b>At 30 June 2020</b>				
Receivables from exchange transactions	11,802,503.00	11,802,503.00	0.00	0.00
Receivables from non-exchange transactions	0.00	0.00	0.00	0.00
Bank balances	0.00	0.00	0.00	0.00
<b>Total</b>	<b>11,802,503.00</b>	<b>11,802,503.00</b>	<b>0.00</b>	<b>0.00</b>
<b>At 30 June 2021</b>				
Receivables from exchange transactions	13,582,299.00	13,582,299.00	0.00	0.00
Receivables from non-exchange transactions	0.00	0.00	0.00	0.00
Bank balances	0.00	0.00	0.00	0.00
<b>Total</b>	<b>13,582,299</b>	<b>13,582,299</b>	<b>0.00</b>	<b>0.00</b>



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

**24. FINANCIAL RISK MANAGEMENT (Continued)**

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

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

The entity has significant concentration of credit risk on amounts due from xxx

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

**(ii) Liquidity risk management**

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

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

	<b>Less than 1 month</b>	<b>Between 1-3 months</b>	<b>Over 5 months</b>	<b>Total</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>At 30 June 2019</b>				
Trade payables	0.00	500,000.00	2,330,626.00	2,830,626.00
Deferred income	0.00	0.00	1,528,350.00	1,528,350.00
Refundable Deposits	0.00	85,000.00	207,279.00	292,279.00
<b>Total</b>	<b>0.00</b>	<b>585,000.00</b>	<b>4,066,255.00</b>	<b>4,651,255.00</b>
<b>At 30 June 2020</b>				
Trade payables	0.00	4,840,014.00	0.00	4,840,014.00
Deferred income b/f	874,938.00	0.00	0.00	874,938.00
Refundable Deposits	0.00	0.00	292,279.00	292,279.00
<b>Total</b>	<b>874,938.00</b>	<b>4,840,014.00</b>	<b>292,279.00</b>	<b>6,007,231.00</b>
<b>At 30 th June 2021</b>				
Trade payables	0.00	3,187,779.00	0.00	3,187,779.00
Deferred income b/f	0.00	0.00	0.00	0.00
Refundable Deposits	0.00	0.00	276,500.00	276,500.00
<b>Total</b>	<b>0.00</b>	<b>3,187,779</b>	<b>276,500</b>	<b>3,464,279</b>



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

**24. FINANCIAL RISK MANAGEMENT (Continued)**

**(iii) Market risk**

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

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

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

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

**a) Foreign currency risk**

The institute has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

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

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

The entity manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.



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

**24. FINANCIAL RISK MANAGEMENT (Continued)**

(iii) Market risk (Continued)

a) Foreign currency risk (Continued)

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

**Foreign currency sensitivity analysis**

The following table demonstrates the effect on the company's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

	Change in currency rate	Effect on Profit before tax	Effect on Equity
	Kshs	Kshs	Kshs
<b>2018</b>			
Euro	10%	0.00	0.00
USD	10%	0.00	0.00
<b>2019</b>			
Euro	10%	0.00	0.00
USD	10%	0.00	0.00

b) Interest rate risk

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

*Management of interest rate risk*

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.



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

**24. FINANCIAL RISK MANAGEMENT (Continued)**

(iii) Market risk (Continued)

b) Interest rate risk(continued)

*Sensitivity analysis*

The institute analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs xxx (2016: KShs xxx ). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs xxx (2020 – KShs xxx)

**iv) Capital Risk Management**

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

<b>Description</b>	<b>FY2020-2021</b>	<b>FY 2019-2020</b>
Revaluation reserve	0	0
Retained earnings/Accumulated surplus	24,709,407	15,863,356
Capital reserve	103,886,539	103,886,539
	128,595,946	119,749,895
<b>Total funds</b>	<b>128,595,946</b>	<b>119,749,895</b>
Total borrowings	0.00	0.00
Less: cash and bank balances	0.00	0.00
Net debt/(excess cash and cash equivalents)	0.00	0.00
<b>Gearing</b>	<b>0%</b>	<b>0%</b>



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

**25. RELATED PARTY BALANCES**

**Nature of related party relationships**

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

**Government of Kenya**

The Government of Kenya is the principal shareholder of Siala TTI, holding 100% of Siala TTI'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 Ministry of Education
- iii) Board of directors
- iv) Key management;

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

	<b>FY2020-2021</b>	<b>FY 2019-2020</b>
	<b>Kshs.</b>	<b>Kshs</b>
<b>Transactions with related parties</b>		
<b>a) Grants from the Government</b>		
Recurrent Grants from National Gov.( Capitation) for FY2020/2021	35,482,500	20,970,000.00
Development Grants from National Government	0	1,528,350.00
<b>Total</b>	<b>35,482,500</b>	<b>22,498,350</b>
<b>b) Key management compensation</b>		
Directors' emoluments	3,380,375	2,090,893

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

**26. EVENTS AFTER THE REPORTING PERIOD**

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

**27. ULTIMATE AND HOLDING ENTITY**

The institute is a Semi- Autonomous Government Agency under the Ministry of Education Its ultimate parent is the Government of Kenya.

**28. CURRENCY**

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

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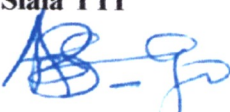
**APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
KIS/HUB/SIALA TTI/2019/2020/(11)	<b>Property, Plant and Equipment.</b> Values of Equipment mechanical engineering supplied by the Ministry of Education amounting to Ksh.121,713,496. Are missing in the financial statement and PPE schedule.	The management had written to the Ministry of Education seeking clarification on the individual values of equipment supplied but response was yet to be received.	Not resolved.	FY2021/2022.
KIS/HUB/SIALA TTI/2019/2020/(11)	<b>Budgetary Control and Performance</b> Statement of comparison of budget and actual amounts reflects budgeted receipts of Ksh. 73,805,824. And actual receipts of Ksh.39,056,123 resulting to under receipts.	The shortfall in revenue realized was as a result of COVID-19 pandemic which made it difficult for students coming back from attachment and students intake to halt hence shortfall	Resolved	N/A
KIS/HUB/SIALA TTI/2019/2020/(11)	<b>Receivable from Exchange transaction.</b> a)The financial statements reflects Kshs.11,802,503 in respect to student debtors. However, the Institution does not have an effective fee collection policy in place to ensure outstanding fees are remitted by students in a timely manner.	The management has completed the process of developing fee collection policy which is just awaiting approval of the board for adoption and implementation.	Not yet resolved	FY 2021/2022
KIS/HUB/SIALA TTI/2019/2020/(11)	<b>Staff Composition.</b> Examination of employee records revealed that out of 100 employees, 72, translating to 72% were from one dominant community, contrary to the National Cohesion and Integration Act, 2008 which states that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff have not more than one third of its staff from same ethnic community.	The Management undertakes to Comply with the recommendation and make the necessary changes immediately	Resolved	N/A

Accounting Officer  
 Asha Bakari  
**Principal Siala TTI**

Signature  
 Date.

  
 27/9/2021



**APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY**

**Projects**

Projects implemented by the State Corporation/ SAGA Funded by development partners

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1.Phase 1 GOK/AFDB Mechanical Engineering Workshop Block	1	GOK/AFDB	2014-2016	Fully Committed	Yes	Partly.
2.Civil Engineering Complex	1	GOK/AFDB	2018-2019	Fully Committed	Yes	No.
3.Electrical Engineering Workshop	1	GOK/MOE	2020	Fully Committed	No	Yes
4.Burning Chamber (Incinerator)	1	SIALA TTI	2021	Fully Committed	No	Yes

**Status of Projects completion**

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Mechanical workshop.	219,207,984.67	xxx	90%	219,207,984.67	Xxx	GOK/afDB
2	Civil Engineering Workshop.	254,641,621.00	xxx	65%	254,641,621.00	Xxx	GOK/afDB
3	Electrical Engineering Workshop	3,040,151.00	3,056,700	100%	3,056,700	3,040,151	GOK
4	Burning Chamber (incinerator)	423,865.00	0.00	80%	500,000.00	423,865	Siala TTI internal funding

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**APPENDIX III: INTER-ENTITY TRANSFERS**

<b>ENTITY NAME:</b>		<b>SIALA TECHNICAL TRAINING INSTITUTE</b>		
<b>Break down of Transfers from the State Department of Education</b>				
<b>FY 2020-2021</b>				
a. Recurrent Grants				
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>	
		0.00	-	
	03 July 2020	5,955,000.00	2019/2020	
	06 November 2020	7,237,500.00	2020/2021	
	23 February 2021	6,967,500.00	2020/2021	
	31 March 2021	6,412,500.00	2020/2021	
	30 June 2021	8,910,000.00	2020/2021	
	<b>Total</b>	<b>35,482,500</b>		
b. Development Grants				
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>	
		0.00		
	<b>Total</b>	<b>0.00</b>		

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

Finance Officer  
Siala TTI

Head of Accounting Unit  
Ministry of Education

Sign -----

Sign-----

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**APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Name of the MDA/Donor Transferring the funds	Date received		Nature: Recurrent/ Development/ Others	Total Amount - KES	Where Recorded/reco gnized	Statement of Financial Performance				Total Transfers during the year.
	as per bank statement					Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Education	03 July 2020		Recurrent	5,955,000.00	5,955,000	0.00	0.00	0.00	0.00	5,955,000
Ministry of Education	06 November 2020		Recurrent	7,237,500.00	7,237,500	0.00	0.00	0.00	0.00	7,237,500
Ministry of Education	23 February 2021		Recurrent	6,967,500.00	6,967,500	0.00	0.00	0.00	0.00	6,967,500
Ministry of Education	31 March 2021		Recurrent	6,412,500.00	6,412,500	0.00	0.00	0.00	0.00	6,412,500
Ministry of Education	30 June 2021		Recurrent	8,910,000.00	8,910,000	0.00	0.00	0.00	0.00	8,910,000
<b>Total</b>				<b>35,482,500.00</b>	<b>35,482,500</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>35,482,500</b>

