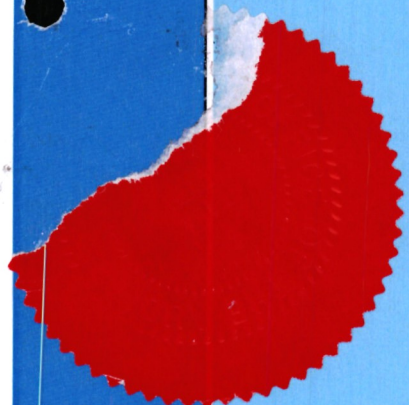
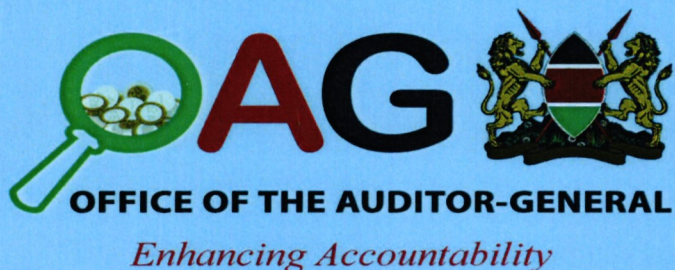


REPUBLIC OF KENYA



|                                  |  |
|----------------------------------|--|
| THE NATIONAL ASSEMBLY            |  |
| DATE: 24 NOV 2022                |  |
| BY: LOM                          |  |
| FOR THE YEAR ENDED: 30 JUNE 2021 |  |
| BY: E. Ngingyo                   |  |

PARLIAMENT  
OF KENYA  
LIBRARY

**THE AUDITOR-GENERAL**

**ON**

**KEROKA TECHNICAL  
TRAINING INSTITUTE**

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



**KEROKA TECHNICAL TRAINING INSTITUTE**

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**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**

Keroka Technical Training Institute (KETTI) was started in 1991 as a resource Centre offering short term courses to the Ministry of Labour officers serving as instructors in Youth Institutes. In 2008, KETTI was elevated to a Technical Training Institute under the Ministry of Education, Science and Technology offering Technical Education Programs (TEP) and other modular courses in business related courses. The entity is domiciled in Kenya and has no branches. Currently the institute is under the Ministry of Education, State Department for Vocational and Technical Training. Keroka Technical Training Institute was incorporated under the TVET Act 2013 Act. Since then, the curriculum has expanded to offer training in ten academic programs at Artisan, Craft and Diploma levels as; Building and Civil Engineering, Electrical and Electronics Engineering, Automotive Engineering, Institutional Management, Hospitality and Tourism, Mechanical Engineering, Applied and Health Science, Business and Entrepreneurship Studies, ICT and Library Studies and other short courses. Technical education activities have been recognized at KETTI since its inception as vital to the social and economic development of the nation. The institute, currently, sits on 5.6 acres of land. The first buildings to be put up were; a resource hall and one (1) hostel housing about 20 boarders. This infrastructure has since expanded to include; six workshops for each of the ten technical programs, a library block and additional lecture rooms and hostels. The Institute has a total of 87 teaching staff and 31 non-teaching staff. In the current financial year, the Institute's approved budget amounts to over KShs 165,780,003.00. The Government of Kenya, through the Ministry of Education and students' fees are the two main sources of funds for the Institute. Annual performance contracts entered into between the Government of Kenya through the Ministry of Education, KETTI's strategic plan and annual operational plans are the key drivers of the Institute's day-to-day activities.

**(b) Principal Activities**

The core principal activity of KETTI is to ensure that it has achieved its prospective objectives as whole, by offering quality training: in research, technology, innovation and entrepreneurship, skills, increasing the student enrolment and facilities used upon, improving net-working systems within the institution hence creating KETTI as Centre of excellence.

**KETTI's Strategic Statement and Core Mandate**

The Institute's activities are anchored on a five-year strategic plan, 2016 to 2021. The strategic plan was the collective effort of the Institute's stakeholders including, Management, teaching staff, non-teaching staff, and the representatives from the neighbouring communities. The blue print strategically guides the Institute in its operations and realization of its set objectives. The following are the Institute's vision and Mission statements.

**Vision:** To be the Centre of Excellence in offering quality TVET training.

**Mission:** To be a market leader in offering quality training in Research, Technology, Innovation and Entrepreneurship Skills necessary to realize the national development goals and enhance quality of life.

**Core Values:** The Institute strongly upholds four (4) core values. These are: Transparency and Accountability, Effectiveness and Efficiency, Equity and Excellence.

**Strategic Objectives:**

The specific strategic objectives of KETTI are to;

- i. Increase student enrolment,
- ii. Increase the number of teaching and non-teaching staff,
- iii. Upgrade the skills of teaching and non-teaching staff,
- iv. Provide appropriate physical infrastructure of the Institute,
- v. Improve the Institute's civil works,
- vi. Provide and upgrade training Equipment,
- vii. Integrate ICT in management and training, and
- viii. Establish adequate sources of funding for the Institute's projects.

**Mandate and Core Functions**

The Institute has outlined its mandate in line with the TVET Act, TVET strategy and reforms. The key mandate of the Institute is to;

- i. Offer competence Based Technical Training.
- ii. Prepare and guide trainees, for evaluation and certification by appropriate examining bodies.
- iii. Promote Science, Technology and Innovation in all training programs.

The core functions of the Institution include;

- a) Implementation of TVET curriculum and approved programs,
- b) Supervision, monitoring and evaluation of programs,
- c) Strengthening linkages between the Institute and Industry,
- d) Diversifying income generating activities and optimizing available resources, and
- e) Formulating, reviewing and coordinating institutional policies.

**(c) Key Management**

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

- Board of Governors
- Principal
- Deputy principal Administration
- Deputy principal Academics
- Registrar
- Dean of students
- Head of Finance
- Procurement Officer
- Quality Assurance
- PC Co-Ordinator
- Industrial Attachment Co-Ordinator

**(d) Fiduciary Management**

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

| No. | Designation                        | Name                   |
|-----|------------------------------------|------------------------|
| 1.  | Principal                          | Mr. Sammy.K. Cheruiyot |
| 2.  | Deputy principal Administration    | Mr. Joseph Kawala      |
| 3   | Deputy principal Academics         | Mr. Kennedy Ombongi    |
| 4   | Registrar (s)                      | Mrs. Damaris Gwako     |
| 5   | Dean of students                   | Mr. Meshack Nyanamba   |
| 6   | Head of Finance                    | Mr. Yobesh Ondicho     |
| 7   | Accountant                         | CPA Joseph Nyaosi.     |
| 8   | Procurement Officer                | Mr. Polycarp Oriech    |
| 9   | Quality Assurance                  | Mr. Martin Mageto      |
| 10  | PC Co-Ordinator                    | Mr. Zablon Osindi      |
| 11  | Industrial Attachment Co-Ordinator | Mrs. Joan Nyachiro     |

**(e) Fiduciary Oversight Arrangements****Finance & Operations committee activities**

The Committee shall exercise all the powers of BOG in financial matters except in relation to the items, which are reserved, to BOG in these Standing Orders, on which the Committee shall advise BOG.

**Terms of Reference**

The role of the Committee shall be to monitor the financial status of the Institute on behalf of BOG. In addition to advising BOG on those matters referred to above, the Committee's responsibilities shall include:

- i. To monitor and facilitate the implementation of the Institute's strategy with regard to financial matters
- ii. To receive reports from the Principal and the Finance Officer
- iii. To monitor implementation of the strategy for the Institute
- iv. To receive reports of the extent and condition of the Institute estate including the efficiency of space utilization, the consumption of energy and the adequacy of property insurance arrangements
- v. To consider the adequacy of the Institute estate and proposals for its maintenance and development, including opportunities to dispose of and acquire new properties.
- vi. To determine the fees and charges made for Institute services and facilities.
- vii. To supervise the financial administration of the Institute and make recommendations to BOG where appropriate.
- viii. To supervise the arrangements for safeguarding the Institute's assets
- ix. To ensure the proper financial evaluation and control of projects
- x. To supervise the arrangements for investing the Institute's funds, including monitoring the performance of investments
- xi. To make recommendations to BOG on the financing of projects

**Senior Management Activities**

The main purpose of the Senior Management Team is to:

- i. Ensure that KETTI's BOG is able to take strategic decisions relating to KETTI's activities.
- ii. Provide leadership in communicating KETTI's mission, values, plans and achievements effectively and consistently to BOG Members, staff, Government, the voluntary and community sector, the general public and other stakeholders;
- iii. Be accountable for the development and implementation of KETTI's strategic, corporate and business plans in line with the mission and values.
- iv. Take a strategic overview of performance in all areas of KETTI's activities.
- v. Makes recommendations to the BOG on the implementation and achievement of the BOG's Strategic Framework;
- vi. Agrees KETTI's Corporate Plan, and monitor delivery through appropriate key management and performance information reporting to the Board of Governors as appropriate.
- vii. In the light of income projections and forecasts, considers the annual grants and operational expenditure and monitors such expenditure;

## **KEROKA TECHNICAL TRAINING INSTITUTE**

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021

- viii. Develops, agrees, monitors and reviews strategies relevant to the effective and efficient operation of KETTI, making recommendations as appropriate to the Board of Governors and/or its relevant Committees;
- ix. Determines strategic issues arising from the introduction of new policies or process, including actively managing risk across the organization and regularly reviewing the corporate risk register;
- x. Oversees and monitors KETTI's joint work with the other stakeholders
- xi. Considers the impact of external factors and developments, including specific political initiatives and the response to key consultation documents and where appropriate make recommendations to the BOG and/or its relevant Committees.
- xii. Leads all senior managers in motivating and developing KETTI staff to deliver the highest standards of performance and customer service

### **Government oversight activities**

The Government of Kenya's oversight role includes provision of Grants for both Capitation and Development as well as provision of the regulatory framework. The Office of the Auditor General undertakes the audit of the Institutional activities.

### **KEY ENTITY INFORMATION AND MANAGEMENT**

**(a) Institute Headquarters**

P.O Box 440 -40202  
Keroka – Kilgoris Highway  
Keroka, KENYA.

**(b) Institute Contacts**

Telephone: 254726588558/254731358155/254208065130  
Email: [technicalkeroka@yahoo.com](mailto:technicalkeroka@yahoo.com)  
Website: [www.kerokatechnical.ac.ke](http://www.kerokatechnical.ac.ke)

**(c) Entity Bankers**

Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya




Other Commercial Banks





1. Kenya Commercial Bank (KCB)  
Keroka Branch  
P.O. Box 394 – 40202  
Keroka.
2. Co-operative Bank  
Keroka Branch  
P.O.Box 754 – 40202  
Keroka.

**(d) Independent Auditors**  
Auditor General  
Office of Auditor General  
Anniversary Towers, Institute Way  
P.O. Box 30084  
GPO 00100  
Nairobi, Kenya

**(e) Principal Legal Adviser**  
The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya

**II. BOARD OF GOVERNORS**

| No.                               | Member/ Director  | Details   |
|-----------------------------------|---|---|
| 1. <b>Mr. Thomas Mocha</b>        |    | <p>Mr. Thomas M. Mocha was born on 21<sup>st</sup> September 1953. Mr. Mocha Served as an advocate of high court of Kenya and commission of Oaths. HE holds of Masters of law and Bachelors of law from, University of Nairobi, Executive MBA (Arusha TZ) and B.Ed. Hons. (Nairobi university)</p>  |
| 2. <b>Mr. Sammy .K. Cheruiyot</b> |   | <p>Mr. Sammy, the Principal of KETTI holds a Masters’ in Education Management which he uses the skills in his managerial post in the institution and transforming it into a better learning organization. He also holds a Bachelors’ Degree of Education in Arts. With his vast knowledge in Human Resource Management that he attained at diploma level, it has enabled him to bring KETTI upfront in co-existence both socially and academically. The Institute runs a total of <b>10</b> departments with over 98 different courses, and all credit goes to the innovative and foresighted Principal, Mr. Sammy. The Principal serves as the Chief Accounting Officer for the Institute and Secretary to the Board of Governors. His vision is to effectively and efficiently manage the Institute, both in terms of Competence Based Education and Training (CBET) as defined by TVET Act 2013 as well as the KETTI Strategic plan.</p> |
| 3. <b>DR. Herbert Dimo</b>        |  | <p>Mr. Herbert Dimo was born in 1955, he is a BOG Member and a Chair the research and training committee. He holds Ph.D (Eng), from Tsinghua University of Beijing, M.Sc. (Mech. Eng), H.Dip. (Mech.Eng.) and also has a Diploma in Education from KTTC. Mr. Herbert is currently a senior Lecturer at the University of Eldoret.</p>   |

|   |   |   |
|---|---|---|
| <p>4. <b>Mrs. Lucy Mungatia</b></p>           |    | <p>Mrs Lucy Mungatia was born 2<sup>nd</sup> October 1967. She is a BOG Member and chair of the Audit and Risk Committee. She holds a Master’s in Business Administration with specialization in supply chain management.</p>   |
| <p>5. <b>Mrs: Ruth Mogotu</b></p>             |    | <p>Mrs. Ruth Mogotu was born in 6<sup>th</sup> February 1976, she holds a Diploma in Business Management from the University of Mount Kenya. She holds also a certificate in Early Childhood Development Education<br/>Madam Ruth is currently the Entrepreneur and Manager at Dabo Dabo Enterprises and also a Relationship Manager at Golden Touch Beauty Shop and Salon.</p>   |
| <p>6. <b>MR. Duncan Nyabochoa Mokamba</b></p> |  | <p>Mr. Duncan Mokamba was born in 20<sup>th</sup> October 1964, he has a Degree in Bachelors in Law from Marathda University.<br/>Mr. Duncan has over 18 years work experience with Momanyi Gichuki ad CO. Advocates.</p>   |
| <p>7. <b>Mrs. Lineth Oyugi</b></p>            |  | <p>Mrs. Lineth was born in 4<sup>th</sup> February 1971. She holds a M.Sc. in Economics from the university of Nairobi, Bachelors of Arts (Economics) from the university of Nairobi.<br/>She comes in with a lot of experience, she is working with the commission on Revenue Allocation currently.<br/>She has also worked with Federation of Kenya Employers (FKE). She also worked in the following universities as a part-time lecturer: Kenyatta University and Africa Nazarene University.</p> |



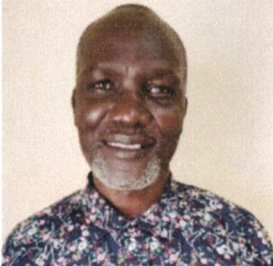

**KEROKA TECHNICAL TRAINING INSTITUTE**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021**8. MR. Tom Olang'o**




Mr. Olang'o is the County Director of Technical Education currently serving as a Regional Director of Technical and Vocational Education and Training (TVET) in charge of Kisii, Nyamira, Migori and Homa Bay Counties. He is a long serving public servant with twenty-six years of experience. He is a holder of Master of Education in Curriculum Studies from Nairobi University and currently concluding a PhD on the same at Kenyatta University. He has been engaged in several international assignments and is currently the Ministry's Focal Point Person for Skills Initiative for Africa Project by AUDA NEPAD. He brings to the Board the latest policy information and directives from the state department in the ministry.

**BOARD COMMITTEES**

| Name of the Committee     | Members   |
|---------------------------|---|
| i. Finance and Operations | 1. Lineth Nyaboke Oyugi – Chair Person<br>2. Dancan Nyabochoa Mokamba – Member<br>3. Sammy Cheruiyot - Member         |
| ii. Training and Research | 1. Dr. Herbert Dimo – Chair<br>2. Ruth Mogotu – Member<br>3. Dancan Nyabochoa – Member<br>4. Sammy Cheruiyot – Member |
| iii. Audit and Risk       | 1. Lucy Mungatia – Chair<br>2. Dr. Herbert Dimo – Member<br>3. Internal Auditor – Secretary                           |

**III. MANAGEMENT TEAM**

| No.                               | Member/ Director  | Details  |
|-----------------------------------|---|--|
| 1. <b>MR. SAMMY .K. CHERUIYOT</b> |    | <p><b>RESPONSIBILITY.</b><br/>Principal/B.O.G Secretary</p> <p><b>QUALIFICATIONS.</b></p> <ul style="list-style-type: none"> <li>- Masters' in Education Management.</li> <li>- Bachelors' Degree in Education-Arts.</li> <li>- Diploma in Human Resource Management.</li> </ul> |
| 2. <b>MR. JOSEPH KAWALA</b>       |    | <p><b>RESPONSIBILITY:</b><br/>Deputy Principal-Administration</p> <p><b>QUALIFICATION.</b><br/>Bachelor of Education.(Technology)</p>  |
| 3. <b>MR. KENNEDY OMBONGI</b>     |  | <p><b>RESPONSIBILITY.</b><br/>Deputy Principal-Academics.</p> <p><b>QUALIFICATION.</b><br/>Post graduate Diploma in Education. Bachelor of Commerce</p>  |
| 4. <b>MRS. DAMARISE GWAKO</b>     |  | <p><b>RESPONSIBILITY.</b><br/>Registrar.</p> <p><b>QUALIFICATION.</b></p> <ul style="list-style-type: none"> <li>- Diploma in Technical Education (Business Secretarial)</li> <li>- Bachelor of Business Administration (Human Resource Management)</li> </ul>                   |

|                                       |   |   |
|---------------------------------------|---|---|
| <p>5. <b>MR. MESHACK NYANAMBA</b></p> |    | <p><b>RESPONSIBILITY</b><br/>Dean of Students.</p> <p><b>QUALIFICATION</b></p> <ul style="list-style-type: none"><li>- Masters of Arts – linguistics</li><li>- Bachelors’ Degree in Education – English literature.</li></ul> |
| <p>6. <b>MR. YOBESH ONDICHO</b></p>   |    | <p><b>RESPONSIBILITY</b><br/>Finance officer.</p> <p><b>QUALIFICATIONS</b><br/>Certified Public Accountant-Part II</p>  |
| <p>7. <b>CPA. JOSEPH MAGATI</b></p>   |  | <p><b>RESPONSIBILITY</b><br/>ACCOUNTANT</p> <p><b>QUALIFICATIONS</b><br/>CPA-K, ICPAK MEMBER</p>  |

**IV. CHAIRMAN'S STATEMENT**

It is my pleasure to present the annual financial statements for the year ended 30 June 2021. Keroka Technical Training Institute continues to carry out activities that will help in nurturing innovation talent, science, technology and development. In the current financial year, we aligned our policies, processes and strategies to ensure that we attain regional competitiveness.

Unlike last financial year, this year we faced financial constraints due to covid-19 pandemic, necessitating closure by the Ministry. Students remained at home for a good number of their academic calendar days, leaving the institution with a deficit of the anticipated fees collection.

During this period under consideration as per the government transfer policy the institution received a new Principal. The same year saw the previous board's term come to an end, ushering the new Board into office.

We operate in an increasingly challenging and dynamic education sector. This calls for efficiency in operations to ensure delivery of quality education and service to our students and other stakeholder. In this regard, the KETTI Board of Governors will work together with the management to put in place the relevant institutional policies and procedures and improve KETTI infrastructure.

On revenue, although KETTI projected to raise KShs, 165,780,003.00 the Institute raised KShs. 136,462,747.00 this is equivalent to 82% of the budget. The drop in revenue collection was as a result of the closure of the institution by the Ministry as one of the measures to contain Covid-19 Epidemic.

During the year the institution managed to undertake various projects to mitigate the spread of covid-19 in the institution in conformity with the Ministry of Education and the Ministry of Health protocols.

I am indeed deeply indebted to the members of the Board of Governors for their unwavering support, commitment and futuristic outlook towards realizing the institute's objectives. This in line with its strategic plan and core mandate of training market-driven technical manpower. Our Board has members with diverse qualifications and many years of experience in managing companies in public and private sector.

I assure all our Stakeholders that institute shall remain focused, committed and consistent in the delivery of opportunities. Going forward Keroka Technical Training Institute is committed to working closely in collaboration with other like-minded entities to ensure that our trainees continue to receive Competency Based Training.

**KEROKA TECHNICAL TRAINING INSTITUTE**

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021

On behalf of the Board of governors of Keroka Technical Training Institute I would like to thank the government of Kenya, management team and the employees for their commitment and support they continue to extend to the Institute to ensure that it's a Centre of academic excellence in the region.

Thank you.



.....  
**THOMAS M. MOCHA**

**Chairman-Board of Governors (B.O.G)**

**V. REPORT OF THE PRINCIPAL**

The higher education sector has had significant and dynamic changes in the recent past. The number of public and private Technical Institutes has increased significantly. The expansion in the number of Government Technical Institutes has increased access to higher education but at the same time also increased competition amongst the Technical Institutes.

The most significant event in terms of enrolment for Government Technical Institutes during the year was the massive increase in the number of students that qualified to join Institutes. This increase had a positive impact in the Institute's revenue during this financial year.

The Government's Education Sector Report for the period 2017/18 – 2019/20 recognizes inadequate funding as one of the challenges facing the higher education sector. The need to scale up expenditure in order to ensure better access, quality, equity and relevance of education and training is a key emerging issue that needs to be addressed in the light of increase in the number of students qualifying to join Institutes. However, the Government's resource allocated for education still remains constrained when measured against the overall budget making it imperative that we as Institute seriously look for alternative sources of income to supplement our budget.

The Financial Year 2020/2021 started on a low note due to the emergency of Covid-19 pandemic that grounded learning. These led to decrease of fees from students as anticipated. This forced our graph for revenue to go down. This was majorly because the uncertainty of closure and reopening of institutions while complying with the ministry of health guidelines on the mitigation of covid-19.

Previously, in a move to boost student enrolment the Government had introduced Capitation to the tune of Ksh. 30,000/= per annum to all joining and current students in all Technical Training Institutions. The total student's fees is capped at Ksh. 56,420/= per annum with the Government subsidizing Kshs 30,000 in form of government capitation while the balance of Kshs 26,420 is paid by the parents, guardians and sponsors including The Higher Education Loans Board (HELB).

**Projects**

In the FY2020/2021 the Board of Governors managed to initiate and complete various projects within the Institute to mitigate the spread of covid-19, at the same time enabling a conducive learning environment for the trainees. The projects included:

- Hand washing water points
- Foot operated hand washing machines
- Production of hand washing detergents and hand sanitizers
- Water harvesting projects
- Tiling of lecture halls and laying down of terrazzo in workshops
- Construction of an additional unit of student's washrooms

**Academic Programmes**

I am proud of our high calibre academic and administrative staff who have ensured that our services continue to be of high standards. This has contributed to the Institute improving its ranking and made it to be among the top ranked Institutes in Kenya.

**Financial Performance**

The increase in the number of students qualifying to join the Institute through various sponsorship like Higher Education loans Board, Constituency Development Fund and County Governments, has improved the institute's recurrent revenue that led to an average financial performance during the year. However, there's need for capital development funding to enable the institute increase its infrastructure to cater for the increasing number of students.

**Growth prospects**

The institute envisages that we still have opportunities for growth in various academic programmes. The Government's projections are for all Institutes to enrol at least 5,000 students per year in order to meet the demands of our higher education sector. Accordingly, we will leverage on the strengths of our programmes in order to increase the number of new courses.

**Appreciation**

On behalf of Management, I would like to express our sincere gratitude and appreciation to the Government and the Institute for the support and advice that we have unwaveringly received during the year.

I also want to thank our staff and students, development partners, collaborating institutions and other partners and stakeholders for the help and support that we continue to receive.



**MR. SAMMY.K. CHERUIYOT**

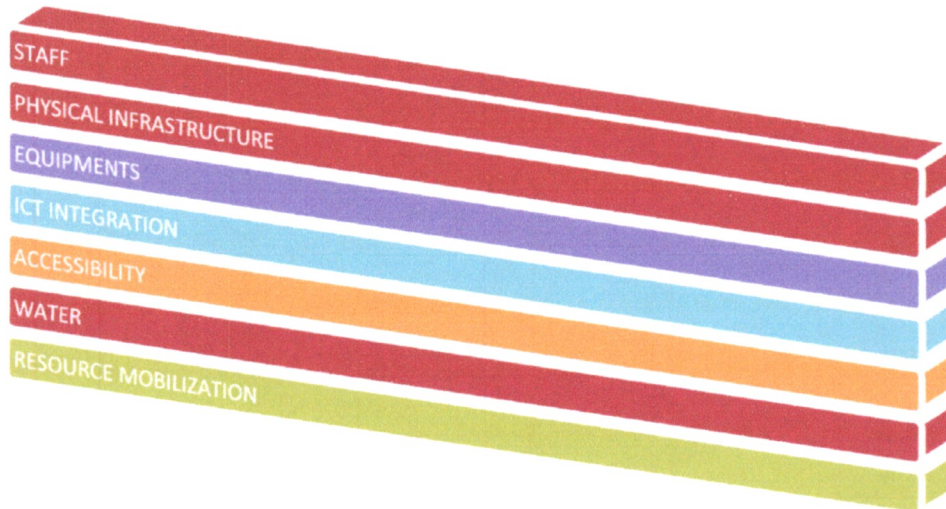
**PRINCIPAL/ SECRETARY B.O.G**

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

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

KETTI has 7 strategic pillars/issues/themes and objectives within current Strategic Plan for the performance targets set for the FY 2020/2021 period for its seven (7) strategic pillars, as indicated in the diagram below:

**KETTI STRATEGIC ISSUES/AREAS/PILLARS**



Keroka Technical Training Institutes develops its annual work plans based on the above 7 pillars. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The institute achieved its performance targets set for the FY 2020/21 period for its 7 strategic pillars, as indicated in the diagram below:

| Strategic Pillar        | Objective   | Key Performance Indicators  | Activities   | Achievements                               |
|-------------------------|---|---|--|--|
| Staff                   | To increase the number of Teaching and Non-Teaching staff | Number of teaching and non-teaching staff increased               | Recruitment of more staff                            | Additional staff                           |
|                         | To upgrade the skills of Teaching and Non-Teaching staff  | Trainers’ skills upgraded by attending capacity building exercise | Attending workshops , seminars and capacity building | Presence of certificates                   |
| Physical Infrastructure | To provide the required physical                          | Workshops, laboratories constructed                               | Building of workshops and laboratories               | Presence of new workshops and laboratories |

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

|                       |   |  |                                     |  |
|-----------------------|---|--|-------------------------------------|--|
|                       | infrastructure in the Institute                                     |  |                                     |  |
| Equipment             | To provide adequate training equipment                              | Training equipment requisitioned and procured across the departments | Procurement                         | Presence of presence of additional equipment         |
|                       | To upgrade and improve existing training equipment                  | Equip workshops with modern facilities                               | Procurement                         | Presence of additional modern and upgraded equipment |
| ICT Integration       | To integrate ICT in management and training                         | Installed MIS modules i.e. finance and admissions                    | Procurement process                 | Automated operations in targeted areas               |
| Accessibility         | To improve the road-network to and within the Institution           | Cabros laying done within the institute                              | Procurement process                 | Improved Road network or wider coverage on cabros    |
| Water                 | To provide adequate and sustainable water for the Institute         | Drilled borehole to provide adequate water to the institute          | Procurement process                 | Availability of water                                |
| Resource mobilization | To establish adequate source of funding for the Institutes projects | Increased enrolment to increase fee collection                       | Marketing, advertising and outreach | Increased student population                         |

**VII. CORPORATE GOVERNANCE STATEMENT**

Corporate governance comprises rules, procedures, regulations and processes through which the Institute is directed. It involves balancing the interests of the Institute in order to achieve long-term strategic objectives of the Institute.

The roles and functions of the Board members are clearly defined and include:

- i. Giving the overall oversight of management and giving the strategic direction of the Institute.
- ii. Defining the Institute's strategies, objectives, values and ensures that procedures and practices are put in place to ensure effective control over strategic, financial, operational and compliance issues.
- iii. Developing short and long-term goals of the Institute, develops strategies to achieve those goals and monitors the performance of the Institute against the set goals.
- iv. Spearheading the preparation of financial statements and reports of the Institute, approves and reviews annual budgets and ensures that the Institute has adequate systems of internal controls together with appropriate monitoring of compliance activities to ensure business continuity.

The Board members provides oversight to the Institute's top management and has unrestricted access to timely and relevant information as well as advice and services of the Corporation Secretary to discharge its duties effectively.

Keroka Technical Training Institute Board members operates in compliance with the Mwongozo code that offers corporate governance framework for all state corporations. The members of Board have duly undergone training under this code.

The Board members prepares an annual almanac showing the schedule of meetings planned for each year. During the year, the Institute Board members held regular quarterly meetings, while special meetings were called when necessary.

The Board is headed by the Chairman and is composed of eight members inclusive of the Principal who is the only executive member. The constitution of the Board members takes into consideration requirements of the sector, diversity of skills, academic qualifications, gender, age and experience necessary to add value to the operations of the Institute. The Board members are appointed to various Board Members' Committees mandated to carry out specified functions. The Board members therefore bring their diverse experiences in deliberations during Board meetings.

The Board members' committees have well defined terms of reference. The committees are intended to facilitate efficient decision making by the Board members in them discharging their duties and responsibilities.

## **VIII. MANAGEMENT DISCUSSION AND ANALYSIS**

### **SECTION A**

#### **The entity's operational and financial performance.**

##### **For the financial year 2020/2021:**

The entity's financial statements indicates that, the entity's performance is in a good position as an entity is in a going concern state.

Cash and cash equivalent obtained from the cash flow statement, explains that, *cash available in liquid form is mostly generated from operating activities.*

The Board of Governors are of the opinion that, the financial statements give a true and fair view state of financial affairs of the entity.

### **SECTION B**

#### **Entity's compliance with statutory requirements.**

In the financial year 2020/2021, the entity is fully compliant with statutory requirements, in accordance with section 83[5] of Public Finance Management, and the IPSAS applicable for the preparation of the financial statements.

The Board further accepts, responsibility for maintenance of accounting records that may be relied upon, in preparation of the financial statements as well as adequate systems of internal financial controls.

**SECTION C**

**Key projects and investment decisions the entity has initiated and planning /implemented.**

During the financial year 2020/2021 the entity initiated and implemented the following projects;

| Projects Initiated/Planning                              | Projects On-going | Projects Implemented  |
|--|-------------------|---|
| -Construction of 40 storey classrooms block.             | -                 | -Construction of phase I and II of the Electrical and Automotive engineering workshops.                 |
| -Construction of Underground water tank.                 |                   | -Acquired a stand-by generator (250KVA sound proof).  |
|  |                   | -Repair and maintenance of Tuition Block (Tile fixing, Terrazzo Finish, Plundering, Ceiling, Repainting |
| -Equipping the existing workshops with modern equipment. |                   | -Construction of Cabros for walk ways in the institution.   |
| -Equipping the Library.                                  |                   | -Drilling, testing and commissioning of a borehole.   |
|  |                   | -Construction of septic tanks   |
|  |                   | -Construction of pit latrines.  |

**Risks and Opportunities facing KETTI**

| Opportunities  | Threats                                   |
|--|---|
| Potential for collaboration & Linkages                           | Competition from other TVCS               |
| High demand for technical skills                                 | Rapid Technological changes               |
| Centralized placement of new students by KUCCPS                  | Rapid changes of policy                   |
| Positive perception of TVET by the Public                        | Rigid KICD Curriculum                     |
| Demand for short term courses                                    | High cost of training in practical skills |
| Access to student loans & bursaries from H.E.L.B, county & NGCDF | Unpredictable job market                  |
| Government support   | Formal employment culture in the society  |
| Enabling legal & policy framework                                | Unfavorable economic changes              |
|  | Cybercrime                                |
|  | Political interference                    |
|  | HIV/ AIDS drugs and substance abuse       |

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

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

### **Keroka Technical Training Institute compliance with statutory requirements**

Keroka Technical Training institute complies with deduction and remittance of statutory deductions such as NHIF, NSSF and PAYE.

### **The entity's financial probity and governance.**

During the year end reporting, the entity did not report any financial improbity due to improved financial system in place.

## **IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

Keroka Technical Training Institute exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on our pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a highlight of strategies and activities that promote the organisation's strategic objectives.

### **1. Sustainability strategy and profile**

Key Institute staff attended career days and workshops for head teachers in order to motivate and mentorship to students in high schools. These motivational talks are a permanent feature in our calendar of events every year and they ensure that the Institute maintains a strong link with students who are aspiring to join Institutes

### **2. Environmental performance**

Environmental degradation has severe negative effects in the world. It is therefore important for constant efforts to be made to conserve the environment around us. During the year due to the Impact of Covid-19 the institute has put in place water points for future use.

### **3. Employee welfare**

The Institute has developed a Human resource policy to help in the recruitment of its staff. The policy is also gender sensitive as it has contributed to the third gender rule as per government directives. Employees hold capacity trainings every year to motivate them. This has improved the morale the

## **KEROKA TECHNICAL TRAINING INSTITUTE**

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021

employees in the place of work and thus improved service delivery. The Institute is in the process of putting in place a safety policy in order to be in compliance with the Occupational Safety and Health Act of 2007, (OSHA).

There is a reward and appraisal system in place for all the employees of Keroka Technical Training Institute.

### **4. Corporate Social Responsibility**

Keroka Technical Training Institute as a responsible corporate institution established to achieve public good, recognizes the link between sustainable growth and development of the institution and the need to invest in the society, the local community and protection of the environment. This is important to ensure that social, economic and environmental benefits accrue to the society and other stakeholders as the Institute conducts its business. During the year the Institute contributed to various community initiatives and noble projects, despite the prevailing resource constraints.

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

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

### **Principal activities**

The principal activities of the institute are to: offer competence Based Technical Training, prepare and guide trainees, for evaluation and certification by appropriate examining bodies and promote Science, Technology and Innovation in all training programs.

### **Results**

The results of the institute for the year ended 30 June 2021 are set out on page 1 of these financial statements.

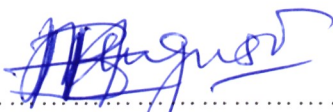
## **BOARD OF GOVERNORS**

The members of the Board who served during the year are shown on page vi-viii. During the year 2020/2021 the entire board in office came to an end and new board of governors was appointed with effect from 16<sup>th</sup> February, 2021.

### **Auditors**

The Auditor General is responsible for the statutory audit of Keroka Technical Training Institute in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the institute for the year ended June 30, 2021 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

  
.....  
Board of Governors-Secretary

Keroka Technical Training Institute

Date



**XI. STATEMENT OF BOARD OF GOVERNORS' RESPONSIBILITIES**

Section 83 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act, and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013, require the Board of Governors to prepare financial statements in respect of the institute, which give a true and fair view of the state of affairs of the institute at the end of the financial year and the operating results of the institute for that year. The Board of Governors are also required to ensure that the institute keeps proper accounting records which disclose with reasonable accuracy the financial position of the institute. The Board of Governors are also responsible for safeguarding the assets of the institute.

The Board of Governors are responsible for the preparation and presentation of the institute's financial statements, which give a true and fair view of the state of affairs of the institute for and as at the end of the financial year 2020/2021 ended on June 30, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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 institute; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.


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

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

**Approval of the financial statements**

The institute's financial statements have been prepared in accordance with Section 83 of the PFM Act and were approved by the Board on 27<sup>th</sup> Sept 2021 and signed on its behalf by:

Name J. THOMAS M. MOCHA

Signature 

Chairperson of the Board

Name HARON MASA OMBOSO

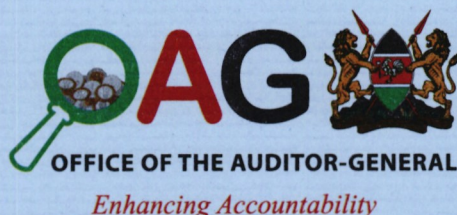
Signature 

Principal

**THE PRINCIPAL**  
KEROKA TECHNICAL TRAINING INSTITUTE  
**22 AUG 2022**  
P. O. Box 440 - 40202, KEROKA,  
Email: technicalkeroka@yahoo.com

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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON KEROKA 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 Keroka Technical Training Institute set out on pages 1 to 36, 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 of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations, which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Keroka 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 Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013 and Public Finance Management Act, 2012.

## **Basis for Qualified Opinion**

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

#### **1.1 Lack of Land Ownership Documents**

As disclosed in Note 21 to the financial statements, the statement of financial position reflects property, plant and equipment balance of Kshs.448,896,811 which includes land with a net book value of Kshs.10,000,000. As reported in the previous year, the Institute does not have title documents to confirm ownership of the land where it is situated. Information provided indicates that the Institute is located on a ten (10) acres' piece of land that was donated by ten (10) community members. However, a valuation report dated August, 2020 indicates that the Institute occupies un-surveyed land measuring 4.53 acres.

Further, minutes of the meeting of the Board of Governors (BOG), held on 29 June, 2017, indicates that there was a claim for compensation by the (10) ten members of the community that was rejected by the County Land Management Board. Management did not provide explanation on the status of the ten (10) acres that were donated by the Community.

Consequently, the accuracy, completeness and ownership of the land balance of Kshs.10,000,000 could not be confirmed.

#### **1.2 Workshop Without Hand-Over Documents**

Disclosed also in Note 21 to the financial statements is property, plant and equipment balance of Kshs.448,896,811 which includes a balance of Kshs.154,523,193 in respect of plant and equipment out of which an amount of Kshs.32,536,091 was incurred towards construction of a mechanical workshop at Riatirimba. Although the workshop is currently managed independently, the Management did not provide information on the transfer and handing over minutes of the facility to the Institute.

Consequently, the accuracy and completeness of the plant and equipment balance of Kshs.154,523,193 could not be confirmed.

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

The statement of financial position reflects a balance of Kshs.26,587,275 in respect of receivables from exchange transactions while the corresponding Note 17 to the financial statements reflects a balance of Kshs.18,007,275 resulting in an unexplained variance of Kshs.8,580,000.

Consequently, the accuracy and completeness of the receivable from exchange transactions balance of Kshs.26,587,275 could not be confirmed.

## **3. Inaccuracies in the Statement of Cash Flows**

The statement of cash flows reflects Nil decrease in receivables while a computation of movement in receivables from the balances reflected in the statement of financial position indicates a net increase of Kshs.8,442,717.

Further, the statement reflects a decrease of Kshs.9,575,818 from financing activities. However, there is no reference in the notes to the financial statements on how this amount was arrived at.

As a result, the accuracy and completeness of the statement of cash flows could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Keroka 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 for the year under review reflects total budgeted revenue of Kshs.165,780,003 and actual receipts of Kshs.136,462,747 resulting in a revenue shortfall of Kshs.29,317,256 or 18%. Similarly, the statement reflects approved final budgeted expenditure of Kshs.165,780,003 and actual expenditures of Kshs.155,452,752 resulting in an under-expenditure of Kshs.10,327,251 or 6% of the budget.

The under-collection and under-expenditure affected the planned activities and may have impacted negatively on service delivery to the public.

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **Staff Ethnic Composition**

Review of human resource records revealed that out of ninety-four (94) employees comprising of teaching and support staff, seventy-five (75), translating to 80% were from the dominant ethnic 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. Ineffective Internal Audit Unit**

Although the Institute has an internal audit unit, no reports were prepared by the unit highlighting risks existing, weaknesses in the systems of internal control and the recommendations thereon during the year under review.

In the circumstances, risks and weaknesses existing in the systems of internal controls could not be confirmed.

## **2. Inactive Audit Committee**

Review of the operations of Internal Audit Unit revealed that the audit committee of the Institute was dormant and did not execute its mandate effectively. There was no evidence that the audit committee had held meetings during the year under review to deliberate on any audit reports. In addition, there was no Internal Audit Charter to guide the operations of the audit committee for the year under review.

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

## **3. Lack of an Imprest Register**

The Institute did not maintain an imprest register to record imprest issues and surrenders to officers while on official duties or performing official functions contrary to Regulation 100 of the Public Finance Management (National Government) Regulations, 2015 which requires an Accounting Officer among others to maintain such other books and registers as may be necessary for the proper maintenance and production of the accounts of the vote for which he or she is responsible.

As a result, the Institute lacked adequate records for proper accountability and management of imprest.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether processes and systems of internal controls, risk management and 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 controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are

in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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

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

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

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

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

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

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

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

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and 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**

**19 September, 2022**

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

|  | Notes | 2020-2021           | 2019-2020          |
|--|-------|---------------------|--------------------|
|  |       | Kshs                | Kshs               |
| <b>Revenue from non-exchange transactions</b>          |       |                     |                    |
| Transfers from National Government                     | 5a    | 75,795,500          | 59,211,150         |
| Transfer from the Ministries, departments and agencies | 5b    | 0.00                | 28,306,900         |
|  |       | <b>75,795,500</b>   | <b>87,518,050</b>  |
| <b>Revenue from exchange transactions</b>              |       |                     |                    |
| Rendering of services- Fees from students              | 6     | 59,275,155          | 45,682,161         |
| Sale of goods  | 7     | 277,830             | 1,780,560          |
| Other income   | 8     | 1,114,262           | 0.00               |
|  |       | <b>60,667,247</b>   | <b>47,462,721</b>  |
| <b>Total revenue</b>                                   |       | <b>136,462,747</b>  | <b>134,980,771</b> |
| <b>Expenses</b>  |       |                     |                    |
| Use of Goods and Services                              | 9     | 0.00                | 38,273,725         |
| Use of goods and services (General expenses)           | 9     | 73,403,809          | 0.00               |
| Employee costs   | 10    | 18,091,183          | 21,123,341         |
| Remuneration of Board of Governors                     | 11    | 2,995,000           | 2,100,000          |
| Depreciation and amortization expense                  | 12    | 38,214,210          | 36,002,461         |
| Repairs and maintenance                                | 13    | 13,743,555          | 0.00               |
| Contracted services                                    | 14    | 445,000             | 1,701,120          |
| Grants and subsidies                                   | 15    | 8,559,995           | 3,106,494          |
| <b>Total expenses</b>                                  |       | <b>155,452,752</b>  | <b>102,307,141</b> |
| <b>(Deficit)/Surplus for the year</b>                  |       | <b>(18,990,005)</b> | <b>32,673,630</b>  |
| <b>(Deficit)/Surplus for the year</b>                  |       | <b>(18,990,005)</b> | <b>32,673,630</b>  |

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

**XIV. STATEMENT OF FINANCIAL POSITION AS AT 30<sup>th</sup> June 2021**

|   | Notes | 2020-2021<br>Kshs  | 2019-2020<br>Kshs  |
|---|-------|--------------------|--------------------|
| <b>ASSETS</b>                                       |       |                    |                    |
| <b>Current assets</b>                               |       |                    |                    |
| Cash and cash equivalents                           | 16    | 69,273,605         | 111,891,006        |
| Receivables from exchange transactions              | 17    | 18,007,275         | 11,329,992         |
| Receivable from non-exchange transactions           | 18    | 8,580,000          | 23,700,000         |
| Related party balances                              | 20    | -                  | 2,887              |
| Inventories   | 19    | 6,925,624          | 895,371            |
| <b>Total Current Assets</b>                         |       | <b>102,786,505</b> | <b>147,819,256</b> |
| <b>Non-current assets</b>                           |       |                    |                    |
| <b>Non-current assets</b>                           |       |                    |                    |
| Property ,plant and equipment                       | 21    | 448,896,811        | 434,518,256        |
| Intangible assets                                   | 22    | 3,538,496          | 5,935,488          |
| <b>Total non-current assets</b>                     |       | <b>452,435,307</b> | <b>440,453,744</b> |
| <b>Total assets</b>                                 |       | <b>555,221,812</b> | <b>588,273,000</b> |
| <b>Liabilities</b>                                  |       |                    |                    |
| <b>Current liabilities</b>                          |       |                    |                    |
| Trade and other payables from exchange transactions | 23    | 45,189,563         | 59,250,746         |
| <b>Total current liabilities</b>                    |       | <b>45,189,563</b>  | <b>59,250,746</b>  |
| <b>Total liabilities</b>                            |       | <b>45,189,563</b>  | <b>59,250,746</b>  |
| <b>Net assets</b>                                   |       |                    |                    |
| <b>Reserves</b>                                     |       |                    |                    |
| Accumulated surpluses                               | XV    | 90,131,400         | 109,121,405        |
| Capital reserves                                    |       | 419,900,849        | 419,900,849        |
| <b>Total net assets</b>                             |       | <b>510,032,249</b> | <b>529,022,254</b> |
| <b>Total net assets and liabilities</b>             |       | <b>555,221,812</b> | <b>588,273,000</b> |

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



Chairman of Council/Board of Governors

Date: 22/08/2022

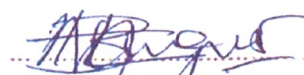


FINANCE OFFICER  
 KEROKA TECHNICAL TRAINING INSTITUTE  
 P. O. BOX 1002, KEROKA

Finance Officer

ICPAK No 22722

Date: 22/08/2022



THE PRINCIPAL  
 KEROKA TECHNICAL TRAINING INSTITUTE

Principal  
 22 AUG 2022

P. O. Box 1002, Keroka  
 Date: 22/08/2022  
 Email: technica.keroka@yahoo.com

**XV. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2021**

|                            | <b>Revenue reserves</b> | <b>Capital Reserves</b> | <b>Total</b>       |
|----------------------------|-------------------------|-------------------------|--------------------|
| <b>As at 01 July 2019</b>  | <b>76,447,775</b>       | <b>419,900,849</b>      | <b>496,348,624</b> |
|                            | -                       | -                       | -                  |
| Total comprehensive income | 32,673,630              | -                       | 32,673,630         |
| <b>As at 30 June 2020</b>  | <b>109,121,405</b>      | <b>419,900,849</b>      | <b>529,022,254</b> |
|                            |                         |                         |                    |
| <b>As at 01 July 2020</b>  | <b>109,121,405</b>      | <b>419,900,849</b>      | <b>529,022,254</b> |
|                            |                         |                         |                    |
| Total comprehensive income | (18,990,005)            | -                       | (18,990,005)       |
| <b>As at 30 June 2021</b>  | <b>90,131,400</b>       | <b>419,900,849</b>      | <b>510,032,249</b> |

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

|   |           | <b>2020-2021</b>    | <b>2019-2020</b>   |
|---|-----------|---------------------|--------------------|
|   | Note      | <b>Kshs</b>         | <b>Kshs</b>        |
| <b>Cash flows from operating activities</b>           |           |                     |                    |
| <b>Receipts</b>                                       |           |                     |                    |
| Transfers from other Government entities/Govt. grants | 5a        | 75,795,500          | 87,518,050         |
| Rendering of services                                 | 6,7,8     | 60,667,247          | 45,682,161         |
| Sale of goods   | 7         | 0.00                | 1,780,560          |
|   |           | <b>136,462,747</b>  | <b>134,980,771</b> |
| <b>Payments</b>                                       |           |                     |                    |
| Compensation of employees                             | 10        | 18,091,183          | 21,123,341         |
| Use of goods and services                             | 9         | 73,403,809          | 38,273,725         |
| Other payments  | 11,13,14  | 17,183,555          | 3,801,119          |
| Grants and subsidies paid                             | 15        | 8,559,995           | 3,106,494          |
|   |           | <b>117,238,542</b>  | <b>66,304,679</b>  |
| <b>Net cash flows from operating activities</b>       |           | <b>19,224,205</b>   | <b>68,676,092</b>  |
| <b>Cash flows used in investing activities</b>        |           |                     |                    |
| Purchase of property, plant, equipment and intangible | 21,22     | (52,265,788)        | (50,142,207)       |
| Decrease in non-current receivables                   |           | 0.00                | 63,877,271         |
| <b>Net cash flows used in investing activities</b>    |           | <b>(52,265,788)</b> | <b>13,735,064</b>  |
| <b>Cash flow from financing activities</b>            |           |                     |                    |
| Decrease/Increase of receivables                      | 24        | 8,442,717           | 0.00               |
| Decrease/Increase of payables                         |           | (11,956,012)        | 0.00               |
| Decrease/Increase of inventories                      |           | (6,062,523)         | 0.00               |
| <b>Net cash flows from financing activities</b>       |           | <b>(9,575,818)</b>  | <b>0.00</b>        |
| Net increase/(decrease) in cash and cash equivalents  |           | <b>(42,617,401)</b> | <b>82,411,156</b>  |
| <b>Cash and cash equivalents at 1 JULY</b>            | <b>16</b> | <b>111,891,006</b>  | <b>29,479,850</b>  |
| <b>Cash and cash equivalents at 30 JUNE</b>           | <b>16</b> | <b>69,273,605</b>   | <b>111,891,006</b> |

(IPSAS 2 allows an entity to present the cash flow statement using the direct or indirect method but encourages the direct method. PSASB also recommends the use of direct method of cash flow preparation).

**KEROKA TECHNICAL TRAINING INSTITUTE**

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

|   | Original budget    | Adjustments | Final budget       | Actual on comparable basis | Performance difference | Utilization Difference | Explanation of material variances |
|---|--------------------|-------------|--------------------|----------------------------|------------------------|------------------------|-----------------------------------|
|   | 2020-2021          |             |                    | 2020-2021                  | Variance               | Change                 |                                   |
| Revenue                                     | Kshs               |             |                    | Kshs                       | Kshs                   | %                      |                                   |
| Transfers from National Government          | 53,831,808         | 0           | 53,831,808         | 75,795,500                 | (21,963,692)           | 41%                    | (a)                               |
| Government development grants               | 5,000,000          | 0           | 5,000,000          | 0                          | (5,000,000)            | 100%                   | (b)                               |
| Rendering of services                       | 106,948,195        | 0           | 106,948,195        | 60,667,247                 | (46,280,948)           | 43%                    | (c)                               |
| <b>Total income</b>                         | <b>165,780,003</b> | <b>0</b>    | <b>165,780,003</b> | <b>136,462,747</b>         | <b>(73,244,640)</b>    |                        |                                   |
| <b>Expenses</b>                             |                    |             |                    |                            |                        |                        |                                   |
| Employee costs                              | 32,657,867         | (300,000)   | 32,357,867         | 18,091,183                 | (14,266,684)           | 44%                    | (d)                               |
| Remuneration to Board of Governors          | 2,650,000          | 400,000     | 3,050,000          | 2,995,000                  | 55,000                 | 2%                     |                                   |
| Repairs and maintenance                     | 11,113,173         | 12,000,000  | 23,113,173         | 13,743,555                 | 9,369,618              | 40%                    | (e)                               |
| Grants and subsidies/Development            | 5,000,000          | 0           | 5,000,000          | 8,559,995                  | 3,559,995              | 71%                    | (f)                               |
| Use of good and services (General expenses) | 114,358,963        | (7,506,367) | 106,852,486        | 73,848,809                 | 33,003,677             | 31%                    | (g)                               |
| Depreciation and Amortization expense       |                    |             |                    | 38,214,210                 |                        |                        | (h)                               |
| <b>Total expenses</b>                       | <b>165,780,003</b> |             | <b>170,373,526</b> | <b>155,452,752</b>         |                        |                        |                                   |
| <b>Surplus for the period</b>               | <b>-</b>           |             |                    | <b>(18,990,005)</b>        |                        |                        |                                   |

**Budget notes**

- Movement is due to capitation disbursement by the government received in this FY including for the previous FY which wasn't received by then.
- Movement is due lack of development from the Ministry not release to the institutions in the current year under review.
- The decrease is due to the continued effects of Covid-19 in the year under consideration hence leading to decrease in fees payments by students.
- The decrease is due to the Impact of Covid-19 in this financial year hence leading to decrease in employee costs
- The decrease is due to the Impact of Covid-19 in this financial year hence leading to decrease in expenditures like repair and maintenance.
- The ministry did not remit any development monies in the current financial year but it only disbursed mentorship grants
- The general expenses incorporate both the tuition charges as use of goods and services the expenses come done because of the effects of Covid-19 in the current financial year under consideration.
- The value of depreciation and amortization expense charged for the year.

**XVIII. NOTES TO THE FINANCIAL STATEMENTS**

**1. GENERAL INFORMATION**

Keroka Technical Training Institute is established by and derives its authority and accountability from Public Finance Management Act. The institute is wholly owned by the Government of Kenya and is domiciled in Kenya. The institute's principal activity is to offer vocational and technical training.

**2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION**

The financial statements have been prepared on a historical cost basis. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the institute's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in the notes of these financial statements.

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

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

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

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

| Standard   | Impact  |
|--|---|
| <p><b>IPSAS 33: First time adoption of Accrual Basis IPSAS</b></p> | <p><b>(Effective for annual periods beginning on or January 1, 2017)</b><br/>                     In January 2015, the IPSASB published IPSAS 33, First-time Adoption of Accrual Basis IPSASs. IPSAS 33 grants transitional exemptions to entities adopting accrual basis IPSASs for the first time, providing a major tool to help entities along their journey to implement IPSASs. It allows first-time adopters three Quarters to recognize specified assets and liabilities. This provision allows sufficient time to develop reliable models for recognizing and measuring assets and liabilities during the transition period.<br/>                     The Institute adopted IPSAS in the year ended 30 June 2018 and therefore provisions of first time adoption of accrual basis does apply to the Institute.</p> |

**KEROKA TECHNICAL TRAINING INSTITUTE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021**  
**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>   |
|--|---|
| <b>IPSAS 34:</b><br>Separate Financial Statements                | <b>(Effective for annual periods beginning on or January 1, 2017)</b><br>In January 2015, the IPSASB published IPSAS 34, Separate Financial Statements. IPSAS 34 prescribes the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an Institute prepares separate financial statements. The Institute does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply  |
| <b>IPSAS 35:</b><br>Consolidated Financial Statements            | <b>Effective for annual periods beginning on or January 1, 2017)</b><br>In January 2015, the IPSASB published IPSAS 35, Consolidated Financial Statements. IPSAS 35 establishes principles for the preparation and disclosure of consolidated financial statements when an Institute controls one or more entities. It requires an institution that controls one or more other entities to assess control over those entities based on the following: <ul style="list-style-type: none"> <li>- Its power over the other Institute</li> <li>- Its exposure or rights to variable benefits from involvement with the other Institute</li> <li>- Its ability to control the nature, timing and amount of benefits from the other Institute.</li> </ul> Once control is assessed the controlling Institute is supposed to prepare consolidated financial statements unless it meets all the criteria under section 5 of IPSAS 35.<br>The Institute does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply. |
| <b>IPSAS 36:</b><br>Investments in Associates and Joint Ventures | <b>(Effective for annual periods beginning on or January 1, 2017)</b><br>In January 2015, the IPSASB published IPSAS 36, Investments in Associates and Joint Ventures. The Standard prescribes for the accounting for investments in associates and joint ventures and to set out requirements for the application of the equity method when accounting for investments in associates and joint ventures. The standard shall be applied by all entities with significant influence over, or joint control of, an investee where the investment leads to the holding of a quantifiable ownership interest.<br>The Institute does not have investments in associates or joint ventures  |

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

| <b>Standard</b>   | <b>Effective date and impact:</b>  |
|---|--|
| <b>IPSAS 37:</b><br>Joint Arrangements                        | <b>(Effective for annual periods beginning on or January 1, 2017)</b><br>In January 2015, the IPSASB published IPSAS 37, Joint Arrangements. IPSAS 37 establishes principles for financial reporting by entities that have an interest in arrangements that are controlled jointly.<br>The Institute does not have an interest in a joint arrangement and therefore the standard does not apply  |
| <b>IPSAS 38:</b><br>Disclosure of Interests in Other Entities | <b>(Effective for annual periods beginning on or January 1, 2017)</b><br>In January 2015, the IPSASB published IPSAS 38, Disclosure of Interests in Other Entities. IPSAS 38 requires an Institute to disclose information that enables users of its financial statements to evaluate the nature of and risks associated with, its interests in controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and the effects of those interests on its financial position, financial performance and cash flows.<br>The Institute does not have interests in other entities and therefore the standard does not apply. |

**iii. Early adoption of standards**

The Institute did not adopt any new or amended standards in year 2021.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****a) Revenue recognition**

Revenue is recognized to the extent that it is probable that future economic benefits will flow to the Institute and the revenue can be reliably measured. Revenue is recognized at the fair value of consideration received or expected to be received in the ordinary course of the Institute's activities, net of value added tax (VAT), where applicable, and when specific criteria have been met for each of the Institute's activities as described below:

**i) Revenue from non-exchange transactions****Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Institute and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

**ii) Revenue from exchange transactions**

**Rendering of services**

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

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

**Sale of goods**

The Institute recognizes revenues from sale of goods and services in the year in which the Institute delivers products or services to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Institute and the fair value of the asset can be measured reliably.

**b) Budget information**

The original budget for FY 2020-2021 was approved by the board of governors on 21<sup>st</sup> June 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the institute upon receiving the respective approvals in order to conclude the final budget.

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under note XVII of these financial statements.

**c) Taxes**

**Current income tax**

The institute is exempt from corporate tax since it is a Semi- Autonomous Government Agency established to carry out the mandate of the Government from whom it receives funds to carry out this mandate.

## **KEROKA TECHNICAL TRAINING INSTITUTE**

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### **Sales 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) Property, plant and equipment**

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

Land and buildings are not depreciated.

Depreciation on property, plant and equipment is recognized in the income statement on a straight-line basis over the estimated useful lives of the assets. The annual rates in use are:

|  |       |
|--|-------|
| Land   | Nil   |
| Buildings  | Nil   |
| Computers, Computer Accessories and Infrastructure | 30 %  |
| Motor Vehicles                                     | 25%   |
| Furniture, Fittings and equipment                  | 12.5% |

A full year's depreciation charge is recognized both in the year of asset purchase and in the year of asset disposal.

### **e) Intangible assets**

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

The useful life of the intangible assets is assessed as either finite or indefinite.

### **f) Inventories**

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

## **KEROKA TECHNICAL TRAINING INSTITUTE**

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

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

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

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

### **g) Provisions**

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

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

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

### **Contingent liabilities**

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

### **Contingent assets**

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

## **KEROKA TECHNICAL TRAINING INSTITUTE**

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021

### **h) Nature and purpose of reserves**

The Institute creates and maintains reserves in terms of specific requirements.

### **i) Changes in accounting policies and estimates**

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.

### **j) Foreign currency transactions**

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.

### **k) Borrowing costs**

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

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

### **l) Related parties**

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 B O G members, the Principal and senior managers.

### **m) 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.

### **n) 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 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.

### **o) Comparative figures**

**KEROKA TECHNICAL TRAINING INSTITUTE**

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021 convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held 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.

**o) Comparative figures**

The cost of intangible assets have been amended to reflect the actual payments made to the developer.

**p) Subsequent events**

The recent turn of events arising from COVID-19 pandemic has had a significant negative impact on the operations of the institution for the FY 2020/2021.

**s) Currency**

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

**5. (a) TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES**

| Description                                  | 2020-2021            | 2019-2020            |
|--|----------------------|----------------------|
|  | KShs                 | KShs                 |
| <b>Unconditional grants</b>                  |                      |                      |
| Capitation grants                            | 75,795,500.00        | 54,645,000.00        |
| Other grants – mentorship grants             | 0.00                 | 1,219,683.00         |
|  | <b>75,795,500.00</b> | <b>55,864,683.00</b> |
| <b>Conditional grants</b>                    |                      |                      |
| Library grant                                | 0.00                 | 3,346,467.00         |
| <b>Total government grants and subsidies</b> | <b>75,795,500.00</b> | <b>59,211,150.00</b> |

**5. (b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES**

| Name of the entity sending the grant | Amount Recognized to Statement of Comprehensive Income | Amount deferred under deferred income | Amount recognized in capital fund. | Total grant income during the year | 2020-2021   | 2019-2020         |
|--------------------------------------|--|---------------------------------------|------------------------------------|------------------------------------|-------------|-------------------|
|                                      | KShs   | KShs                                  | KShs                               |                                    | KShs        | KShs              |
| Ministry Youth and Gender affairs    | 28,306,900   | -                                     | -                                  | 28,306,900                         | 0.00        | 28,306,900        |
| <b>Total</b>                         | <b>28,306,900</b>                                      |                                       |                                    | <b>28,306,900</b>                  | <b>0.00</b> | <b>28,306,900</b> |

**KEROKA TECHNICAL TRAINING INSTITUTE**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021**6. RENDERING OF SERVICES**

| <b>Description</b>                                  | <b>2020-2021</b>     | <b>2019-2020</b>     |
|---|----------------------|----------------------|
|   | <b>KShs</b>          | <b>KShs</b>          |
| Tuition fees  | 12,632,361.00        | 826,320.00           |
| Activity fees                                       | 3,719,484.00         | 5,767,025.00         |
| Industrial attachment and insurance                 | 3,187,715.00         | 5,164,500.00         |
| Registration fees                                   | 187,080.00           | 0.00                 |
| Personal emoluments                                 | 12,268,270.00        | 19,831,680.00        |
| E W C   | 3,679,830.00         | 5,612,090.00         |
| L T & T   | 3,313,630.00         | 5,138,678.00         |
| R M I   | 1,852,704.00         | 2,831,868.00         |
| Other (BES/Accommodation)                           | 18,434,081.00        | 510,000.00           |
| <b>Total revenue from the rendering of services</b> | <b>59,275,155.00</b> | <b>45,682,161.00</b> |

**7. SALE OF GOODS**

| <b>Description</b>                          | <b>2020-2021</b>  | <b>2019-2020</b>    |
|---|-------------------|---------------------|
|   | <b>KShs</b>       | <b>KShs</b>         |
| <b>Sale of goods</b>                        |                   |                     |
| Production units                            | 277,830.00        | 0.00                |
| Other (Catering income)                     | 0.00              | 163,655.00          |
| Sale of tender                              | 0.00              | 253,000.00          |
| Meal Cards                                  | 0.00              | 300.00              |
| Other income                                | 0.00              | 1,363,605.00        |
| <b>Total revenue from the sale of goods</b> | <b>277,830.00</b> | <b>1,780,560.00</b> |

**8. OTHER INCOME**

| <b>Description</b>          | <b>2020-2021</b>    | <b>2019-2020</b> |
|-----------------------------|---------------------|------------------|
|                             | <b>KShs</b>         | <b>KShs</b>      |
| Student Union               | 183,584.00          | 0.00             |
| Sale of Items               | 456,648.00          | 0.00             |
| Lost items                  | 950.00              | 0.00             |
| Centre fees                 | 473,080.00          | 0.00             |
| Other income (NYS Students) | 0.00                | 0.00             |
| <b>Total other income</b>   | <b>1,114,262.00</b> | <b>0.00</b>      |

**KEROKA TECHNICAL TRAINING INSTITUTE**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021**9. USE OF GOODS AND SERVICES (GENERAL EXPENSES)**

| <b>Description</b>                                       | <b>2020-2021</b>  | <b>2019-2020</b>     |
|--|-------------------|----------------------|
|  | <b>KShs</b>       | <b>KShs</b>          |
| Administrative expenses                                  | 4,584,628         | 0.00                 |
| Tuition expenses   | 21,218,409        | 14,222,508           |
| Research and Innovation expenses                         | 336,932           | 468,159              |
| Activity fees  | 0.00              | 1,486,050            |
| Local transport and travel                               | 0.00              | 2,171,970            |
| Related parties -Orogare Technical Training Institute    | 2,240,538         | 0.00                 |
| Related parties- Chepalungu Technical Training Institute | 2,817,173         | 0.00                 |
| Mentoring expenses                                       | 0.00              | 2,489,402            |
| Related parties- Riatirimba Technical Training Institute | 2,045,614         | 0.00                 |
| Electricity and water                                    | 849,063           | 1,205,480            |
| Fuel, oil and lubricants                                 | 2,047,645         | 0.00                 |
| Repair and maintenance                                   | 0.00              | 3,329,996            |
| Motor vehicle insurance                                  | 0.00              | 504,889              |
| Attachment, insurance & training expenses                | 554,839           | 616,550              |
| Transport allowances                                     | 315,700           | 0.00                 |
| Boarding expenses  | 8,011,475         | 4,695,437            |
| Water expenses   | 120,000           | 0.00                 |
| Out of office allowances                                 | 3,843,100         | 0.00                 |
| Hospitality supplies and services                        | 1,520,331         | 0.00                 |
| Housekeeping and accommodation expenses                  | 3,554,353         | 1,416,270            |
| Security costs   | 1,428,000         | 1,298,800            |
| Administration allowances                                | 2,017,250         | 0.00                 |
| Telephone allowances                                     | 691,800           | 0.00                 |
| Sports Activities expenses                               | 2,553,370         | 0.00                 |
| Telecommunication  | 1,445,391         | 0.00                 |
| COVID-19 expenses  | 3,758,794         | 0.00                 |
| Other operating expenses                                 | 7,436,404         | 4,368,214            |
| <b>Total good and services</b>                           | <b>73,403,809</b> | <b>38,273,725.00</b> |

### 10. EMPLOYEE COSTS

|   | 2020-2021            | 2019-2020            |
|---|----------------------|----------------------|
|   | KShs                 | KShs                 |
| Personal emoluments   | 15,520,933.00        | 17,616,775.00        |
| Employee related costs: N.S.S.F                                   | 1,451,456.00         | 2,073,240.00         |
| N.H.I.F   | 453,200.00           | 0.00                 |
| P.A.Y.E   | 515,804.00           | 0.00                 |
| HELB  | 149,790.00           | 0.00                 |
| Employee related costs -contribution to pensions and medical aids |                      | 1,433,326.00         |
| <b>Employee costs</b>   | <b>18,091,183.00</b> | <b>21,123,341.00</b> |

### 11. REMUNERATION OF BOARD OF GOVERNORS

| Description                      | 2020-2021           | 2019-2020           |
|----------------------------------|---------------------|---------------------|
|                                  | KShs                | KShs                |
| Board allowances                 | 2,725,000.00        | 2,100,000.00        |
| Transport allowance              | 245,000.00          | 0.00                |
| Telephone allowance              | 25,000.00           | 0.00                |
|                                  |                     | 0.00                |
| <b>Total director emoluments</b> | <b>2,995,000.00</b> | <b>2,100,000.00</b> |

### 12. DEPRECIATION AND AMORTIZATION EXPENSE

| Description                                | 2020-2021            | 2019-2020            |
|--|----------------------|----------------------|
|  | KShs                 | KShs                 |
| Property, plant and equipment              | 37,087,994.00        | 34,518,589.00        |
| Intangible assets                          | 1,126,216.00         | 1,483,872.00         |
| <b>Total depreciation and amortization</b> | <b>38,214,210.00</b> | <b>36,002,461.00</b> |

### 13. REPAIRS AND MAINTENANCE

| Description  | 2020-2021            | 2019-2020   |
|--|----------------------|-------------|
|  | KShs                 | KShs        |
| Repairs and maintenance routine maintenance-other assets | 12,804,808.00        | 0.00        |
| Motor Vehicles Insurance                                 | 938,747.00           | 0.00        |
| <b>Total repairs and maintenance</b>                     | <b>13,743,555.00</b> | <b>0.00</b> |

### 14. CONTRACTED SERVICES

| Description                      | 2020-2021         | 2019-2020           |
|----------------------------------|-------------------|---------------------|
|                                  | KShs              | KShs                |
| Consultancy services             | 445,000.00        | 501,120.00          |
| Assets valuation                 | -                 | 1,200,000.00        |
| <b>Total contracted services</b> | <b>445,000.00</b> | <b>1,701,120.00</b> |

### 15. GRANTS AND SUBSIDIES

| Description                       | 2020-2021           | 2019-2020           |
|-----------------------------------|---------------------|---------------------|
|                                   | KShs                | KShs                |
| Institutions Mentorship           | 8,559,995.00        | 0.00                |
| Library Complex                   | 0.00                | 3,106,494.00        |
| <b>Total grants and subsidies</b> | <b>8,559,995.00</b> | <b>3,106,494.00</b> |

### 16. DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

| Financial institution                              | Account number        | 2020-2021            | 2019-2020             |
|--|-----------------------|----------------------|-----------------------|
|  |                       | KShs                 | KShs                  |
| <b>a) Current account</b>                          |                       |                      |                       |
| Kenya Commercial bank-<br>KETTI-Operational        | <b>1106814134</b>     | 63,797,285.00        | 99,410,710.00         |
| Co-operative Savings A/C                           | <b>01139363277200</b> | 1,580,460.00         | 1,299,865.00          |
| Library A/C  | <b>1130738140</b>     | 3,344,211.00         | 3,346,467.00          |
| Chepalungu Technical<br>Training Institute A/C     | <b>1176511963</b>     | 389.00               | 4,850,416.00          |
| Bus A/C  | <b>114190209</b>      | -                    | 11,490.00             |
| Gratuity A/C                                       | <b>1114190462</b>     | 551,260.00           | 354,142.00            |
| Orogare Technical Training<br>Institute A/C        | <b>1180147944</b>     | -                    | 2,617,904.00          |
| Others-Riragia Technical<br>Training Institute A/C | <b>1179017099</b>     | -                    | 12.00                 |
| <b>Sub-total</b>                                   |                       | <b>69,273,605.00</b> | <b>111,891,006.00</b> |
| <b>Grand total</b>                                 |                       | <b>69,273,605.00</b> | <b>111,891,006.00</b> |

### 17. RECEIVABLES FROM EXCHANGE TRANSACTIONS

| Description                      | 2020-2021         | 2019-2020         |
|----------------------------------|-------------------|-------------------|
|                                  | KShs              | KShs              |
| <b>Current receivables</b>       |                   |                   |
| Other debtors-Fees arrears       | 18,007,275        | 11,329,992        |
| <b>Total current receivables</b> | <b>18,007,275</b> | <b>11,329,992</b> |

**18. 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>          |                  |                   |
| Capitation grants                   | 8,580,000        | 0.00              |
| Transfers from other govt. entities | 0.00             | 23,700,000        |
| <b>Total current receivables</b>    | <b>8,580,000</b> | <b>23,700,000</b> |

Receivables on capitation grants is recognised for monies received after year end but relating to the year under review.

**19. INVENTORIES**

| <b>Description</b>   | <b>2020-2021</b> | <b>2019-2020</b> |
|--|------------------|------------------|
|  | <b>KShs</b>      | <b>KShs</b>      |
| Training exam materials  | 3,849,295        | 341,755          |
| Expendables  | 444,217          | 178,610          |
| Boarding materials   | 2,126,570        | 68,766           |
| Repair and maintenance   | 0.00             | 247,040          |
| Catering stores  | 505,542          | 59,200           |
| <b>Total inventories at the lower of cost and net realizable value</b> | <b>6,925,624</b> | <b>895,371</b>   |

**20 RELATED PARTY**

| <b>Description</b>                              | <b>2020-2021</b> | <b>2019-2020</b> |
|---|------------------|------------------|
|   | <b>KShs</b>      | <b>KShs</b>      |
| <b>Related Party balances-Mentorship Grants</b> |                  |                  |
| Financial institution                           |                  |                  |
| Received Amount (Chepalungu TTI)                | 0.00             | 1,502,887        |
| Expenditure                                     | 0.00             | (1,500,000)      |
| <b>Total</b>                                    | <b>0.00</b>      | <b>2,887</b>     |

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

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

**21. PROPERTY, PLANT AND EQUIPMENT**

| FY 2019/2020                       |            | Land        | Buildings               | Other Assets (Borehole) | Motor vehicles         | Furniture and fittings | Computers           | Plant and Equipment | Capital In Progress | Total |
|------------------------------------|------------|-------------|-------------------------|-------------------------|------------------------|------------------------|---------------------|---------------------|---------------------|-------|
| PROPERTY, PLANT AND EQUIPMENT COST | Shs        | Shs         | Shs                     | Shs                     | Shs                    | Shs                    | Shs                 | Shs                 | Shs                 | Shs   |
| At 1 July 2019                     | 10,000,000 | 182,563,620 | -                       | 12,039,700              | 4,104,340              | 3,791,700              | 193,513,705         | 17,791,174          | 423,804,239         |       |
| Additions                          | -          | 14,688,609  | 4,117,050               | 8,489,000               | 122,500                | 4,537,052              | 7,801,764           | 5,476,632           | 45,232,607          |       |
| Transfers/adjustments              | -          | -           | -                       | -                       | -                      | -                      | -                   | -                   | -                   | -     |
| At 30 June 2020                    | 10,000,000 | 197,252,229 | 4,117,050               | 20,528,700              | 4,226,840              | 8,328,752              | 201,315,469         | 23,267,806          | 469,036,846         |       |
| ACCUMULATED DEPRECIATION           |            |             |                         |                         |                        |                        |                     |                     |                     |       |
| At 1 July 2019                     | -          | -           | -                       | 6,327,175               | 528,355                | 2,498,626              | 25,164,434          | -                   | 34,518,589          |       |
| Depreciation                       | -          | -           | -                       | 6,327,175               | 528,355                | 2,498,626              | 25,164,434          | -                   | 34,518,589          |       |
| At 30 June 2020                    | -          | -           | -                       | 12,654,350              | 1,056,710              | 4,997,252              | 50,328,868          | -                   | 69,036,846          |       |
| Net Book values                    |            |             |                         |                         |                        |                        |                     |                     |                     |       |
| At 30 June 2020                    | 10,000,000 | 197,252,229 | 4,117,050               | 14,201,525              | 3,698,485              | 5,830,126              | 176,151,035         | 23,267,806          | 434,518,256         |       |
| At 30 June 2019                    | -          | 192,563,620 | -                       | 16,819,700              | 4,104,340              | 3,791,700              | 193,513,705         | 17,791,174          | 428,584,239         |       |
| FY 2020/21                         |            |             |                         |                         |                        |                        |                     |                     |                     |       |
| PROPERTY, PLANT AND EQUIPMENT COST | Land       | Buildings   | Other Assets (Borehole) | Motor vehicles          | Furniture and fittings | Computers              | Plant and Equipment | Capital In Progress | Total               |       |
| At 1 July 2020                     | Shs        | Shs         | Shs                     | Shs                     | Shs                    | Shs                    | Shs                 | Shs                 | Shs                 | Shs   |
| At 1 July 2020                     | 10,000,000 | 197,252,229 | 4,117,050               | 20,528,700              | 4,226,840              | 8,328,752              | 201,315,469         | 23,267,806          | 469,036,846         |       |
| Additions                          | -          | 36,783,447  | -                       | 5,439,201               | 1,659,180              | 7,137,820              | 446,900             | -                   | 51,466,548          |       |
| At 30 June 2021                    | 10,000,000 | 234,035,676 | 4,117,050               | 25,967,901              | 5,886,020              | 15,466,572             | 201,762,369         | 23,267,806          | 520,503,394         |       |
| ACCUMULATED DEPRECIATION           |            |             |                         |                         |                        |                        |                     |                     |                     |       |
| At 1 July 2020                     | -          | -           | -                       | 6,327,175               | 528,355                | 2,498,626              | 25,164,434          | -                   | 34,518,589          |       |
| Depreciation                       | -          | -           | -                       | 6,491,975               | 733,751                | 4,639,972              | 25,220,296          | -                   | 37,087,994          |       |
| At 30 June 2021                    | -          | -           | -                       | 12,819,150              | 1,264,106              | 7,138,598              | 50,384,730          | -                   | 71,606,583          |       |
| Net Book values                    |            |             |                         |                         |                        |                        |                     |                     |                     |       |
| At 30 June 2021                    | 10,000,000 | 234,035,676 | 4,117,050               | 14,730,545              | 4,687,957              | 9,077,562              | 154,523,193         | 23,267,806          | 448,896,811         |       |
| At 30 June 2020                    | -          | 192,563,620 | -                       | 16,819,700              | 4,104,340              | 3,791,700              | 193,513,705         | 17,791,174          | 428,584,239         |       |

**22. INTANGIBLE ASSETS-SOFTWARE**

| Description                        | 2020-2021        | 2019-2020        |
|------------------------------------|------------------|------------------|
|                                    | KShs             | KShs             |
| <b>Cost</b>                        |                  |                  |
| <b>At beginning of the year</b>    | 7,419,360        | 2,509,760        |
| Pre-adjustment of cost             | (2,587,520)      | 0.00             |
| Additions                          | 799,240          | 4,909,600        |
| <b>At end of the year</b>          | <b>5,631,080</b> | <b>7,419,360</b> |
| <b>Amortization and impairment</b> |                  |                  |
| <b>At beginning of the year</b>    | 1,483,872        | 0.00             |
| Adjustments of prior year value    | (517,504)        | 0.00             |
|                                    | <b>966,368</b>   | <b>0.00</b>      |
| Amortization                       | 1,126,216        | 1,483,872        |
| <b>At end of the year</b>          | <b>2,092,584</b> | <b>1,483,872</b> |
| <b>NBV</b>                         | <b>3,538,496</b> | <b>5,935,488</b> |

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

| Description                           | 2020-2021         | 2019-2020         |
|---------------------------------------|-------------------|-------------------|
|                                       | KShs              | KShs              |
| Trade payables                        | 765,341           | 24,427,682        |
| Student fee( Chepalungu TTI)          | 527,100           | 86,300            |
| Fees paid in advance                  | 0.00              | 34,736,764        |
| Other payables                        | 43,897,122        | 0.00              |
| <b>Total trade and other payables</b> | <b>45,189,563</b> | <b>59,250,746</b> |

**24. CASH GENERATED FROM OPERATIONS**

|  | 2021-2022         | 2019-2020         |
|--|-------------------|-------------------|
|  | KShs              | KShs              |
| <b>Adjusted for:</b>                           |                   |                   |
| Depreciation                                   | 38,214,210        | 36,002,461        |
| <b>Working Capital adjustments</b>             |                   |                   |
| Increase in inventory                          | (6,030,253)       | 6,335,465         |
| Decrease in receivables                        | 8,442,717         | 2,547,994         |
| Decrease in payables                           | (14,061,183)      | 54,996,699        |
| <b>Net cash flow from operating activities</b> | <b>26,500,951</b> | <b>99,882,619</b> |

**25. FINANCIAL RISK MANAGEMENT**

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

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

**(i) Credit risk**

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

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

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

|  | <b>Total amount<br/>Kshs</b> | <b>Fully performing<br/>Kshs</b> | <b>Past due<br/>Kshs</b> | <b>Impaired<br/>Kshs</b> |
|--|------------------------------|----------------------------------|--------------------------|--------------------------|
| <b>At 30 June 2020</b>                     |                              |                                  |                          |                          |
| Receivables from exchange transactions     | 35,029,992                   | 35,029,992                       | -                        | -                        |
| Receivables from non-exchange transactions | -                            | -                                | -                        | -                        |
| Bank balances                              | 111,891,006                  | 111,891,006                      | -                        | -                        |
| <b>Total</b>                               | <b>146,920,998</b>           | <b>146,920,998</b>               | -                        | -                        |
| <b>At 30 June 2021</b>                     |                              |                                  |                          |                          |
| Receivables from exchange transactions     | 18,007,275                   | 18,007,275                       | -                        | -                        |
| Receivables from non-exchange transactions | 8,580,000                    | 8,580,000                        | -                        | -                        |
| Bank balances                              | 69,273,605                   | 69,273,605                       | -                        | -                        |
| <b>Total</b>                               | <b>95,860,880</b>            | <b>95,860,880</b>                | -                        | -                        |

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 institute has no significant concentration of credit risk on amounts due from student debtors.

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

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

**FINANCIAL RISK MANAGEMENT (Continued)**

**(ii) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the institute’s directors, who have built an appropriate liquidity risk management framework for the management of the institute’s short, medium and long-term funding and liquidity management requirements.

The institute manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

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

|                        | Less than 1 month | Between 1-3 months | Over 5 months | Total             |
|------------------------|-------------------|--------------------|---------------|-------------------|
|                        | Kshs              | Kshs               | Kshs          | Kshs              |
| <b>At 30 June 2020</b> |                   |                    |               |                   |
| Trade payables         | -                 | 59,250,746         | -             | 59,250,746        |
| <b>Total</b>           | -                 | <b>59,250,746</b>  | -             | <b>59,250,746</b> |
| <b>At 30 June 2021</b> |                   |                    |               |                   |
| Trade payables         | -                 | 45,189,563         | -             | 45,189,563        |
| <b>Total</b>           | -                 | <b>45,189,563</b>  | -             | <b>45,189,563</b> |

**(iii) Market risk**

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

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

The company’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 does not have 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.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**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) | -          | -                | -                 |
| Liabilities                                  | -          | -                | -                 |
| Trade and other payables                     | 45,183,563 | -                | <b>45,183,563</b> |
| Borrowings                                   | -          | -                | -                 |

**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>2020</b> |                         |                             |                  |
| Euro        | -                       | -                           | -                |
| USD         | -                       | -                           | -                |
| <b>2021</b> |                         |                             |                  |
| Euro        | -                       | -                           | -                |
| USD         | -                       | -                           | -                |

- b) Interest rate risk

Interest rate risk is the risk that the institute'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.

**KEROKA TECHNICAL TRAINING INSTITUTE**  
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**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 000 (2021: KShs 000). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs 000 (2021 – KShs 000)

**iv) Capital Risk Management**

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

|   | <b>2020-2021</b> | <b>2019-2020</b> |
|---|------------------|------------------|
|   | <b>Kshs</b>      | <b>Kshs</b>      |
| Revaluation reserve                         | 000              | 000              |
| Retained earnings                           | 000              | 000              |
| Capital reserve                             | 000              | 000              |
|   |                  |                  |
| <b>Total funds</b>                          | <b>000</b>       | <b>000</b>       |
|   |                  |                  |
|   |                  |                  |
| Total borrowings                            | 000              | 000              |
| Less: cash and bank balances                | (000)            | (000)            |
| Net debt/(excess cash and cash equivalents) | 000              | 000              |
| <b>Gearing</b>                              | <b>00%</b>       | <b>00%</b>       |

**KEROKA TECHNICAL TRAINING INSTITUTE**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021**NOTES TO THE FINANCIAL STATEMENTS (Continued)****26. RELATED PARTY BALANCES****Nature of related party relationships**

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

**Government of Kenya**

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

- i) The National Government;
- ii) The Ministry of Education;
- iii) Key management;
- iv) Board of Governors;

|  | 2020-2021         | 2019-2020         |
|--|-------------------|-------------------|
|  | Kshs              | Kshs              |
| <b>Transactions with related parties</b>               |                   |                   |
| <b>a) Sales to related parties</b>                     |                   |                   |
| Sales of goods to xxx                                  | -                 | -                 |
| Sales of services xxx                                  | -                 | -                 |
| <b>Total</b>   | -                 | -                 |
| <b>b) Grants from the Government</b>                   |                   |                   |
| Grants from National Govt                              | 75,795,500        | 59,211,150        |
| <b>Total</b>   | <b>75,795,500</b> | <b>59,211,150</b> |
| <b>c) Expenses incurred on behalf of related party</b> |                   |                   |
| Payments of salaries and wages for employees           | -                 | -                 |
| Payments for goods and services                        | -                 | -                 |
| <b>Total</b>   | -                 | -                 |
| <b>d) Key management compensation</b>                  |                   |                   |
| Board of Governors' emoluments                         | -                 | -                 |
| Compensation to the CEO                                | -                 | -                 |
| Compensation to key management                         | -                 | -                 |
| <b>Total</b>   | <b>75,795,500</b> | <b>59,211,150</b> |

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021

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

**27. EVENTS AFTER THE REPORTING PERIOD**

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

**28. 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.

**29. CURRENCY**

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

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**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021**  
**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. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

| Reference No. on the external audit Report | Issue / Observations from Auditor  | Management comments   | Focal Point person to resolve the issue (Name and designation) | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|--|---|--|-----------------------------------|--|
| Unconfirmed Cash and Cash Equivalents      | <p>Note 15 to the financial statement reflect cash and cash equivalents balance of Kshs. 111,891,0006. However, Management did not provide cash books for bank accounts that the Institute operated during the year under review. Consequently, the accuracy, validity and completeness of cash and cash equivalents balance of Kshs. 111,891,0006 as at 30 June, 2020 could not be confirmed.</p> | <p>Your observation has been noted. However management has the following:<br/>                     The Institution had procured a management information system (MIS) as per the ministry of education circular for proper management of the resources. All the cashbooks are maintained by the system as no manual cashbooks are available. The accounts pointed above have reconciliations as at the end of the FY 2019/2020 but there were no reconciling items noted. The bank reconciliations for the above accounts</p> | Finance officer  | Resolved                          | 3months  |

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|   |  |   |                      |                       |                |
|---|--|---|----------------------|-----------------------|----------------|
|   | <p>As disclosed in Note 20 to the financial statement of financial position reflect property, plant and equipment balance of Kshs. 434,518,256. The following inaccuracies were noted: -</p> <ul style="list-style-type: none"> <li>i. The accumulated depreciation was omitted in calculating the net book value as at 30 June, 2020.</li> <li>ii. Land and buildings have a cost of Kshs. 207,252,229 and netbook value balance of Kshs. 192,563,620 resulting to unexplained variances amounting to Kshs. 14,688,609</li> <li>iii. Other assets (borehole) have netbook value of Kshs. 4,117,050 as at 30 June, 2020 and a nil balance under the current year. However, there was no disposal or reclassification done during the period.</li> <li>iv. Capital work in progress have netbook value of kshs. 23,267,806 as at 30 June ,2019 and a balance of Kshs. 17,791,174 under the current year resulting to unexplained variance amounting to Kshs. 5,476,632. There was no reclassification or capitalization done during the period.</li> <li>v. As disclosed in Note 20 to the financial statements, the statement of financial position reflects property, plant and equipment balance of kshs. 434,518,256 which includes land and building balance of kshs. 192,563,230. Included is land with an amount of kshs. 11,780,000. As reported in the previous year, the institute does not have title deed to confirm ownership of the land where it is situated. Information available indicates that the institute is located on a ten acre's piece of land that was donated by the community members .However, a valuation report dated August</li> </ul> | <p>have been attached here for your reference and filing.</p>   |                      |                       |                |
| <p>Inaccurate Presentation of Property, Plant and Equipment and Lack Land Ownership Documents</p> |  | <p>Noted, amendments have been made and the management has initiated the process of acquisition of the college's title deed. Going forward its in the course of finalization the entire process in the coming financial year.</p> | <p>The principal</p> | <p>To be resolved</p> | <p>1 year.</p> |

**KEROKA TECHNICAL TRAINING INSTITUTE**

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

|  |   |  |  |  |  |
|--|---|--|--|--|--|
|  | <p>2020 indicate that the institute occupies un-surveyed land measuring 4.3 acres. Further, minutes of the meeting of the board of governors (BOG) which was held on 29 June 2017 indicates that there was a claim for compensation by the above mentioned ten members of the community that was rejected by the county land management board. No explanation was provided by Management on the status of the ten acres that were donated by the community.</p> <p>Consequently, the accuracy, completeness and ownership of the property, plant and equipment balance of Kshs. 434,518,256</p> |  |  |  |  |
|--|---|--|--|--|--|

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

|   |   |   |                      |                 |                |
|---|---|---|----------------------|-----------------|----------------|
| <p>Budgetary Control and Performance</p>                              | <p>The statement of comparative budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs. 166,245,626 and Kshs.134,980,771 respectively resulting to an underfunding of Kshs. 31,264,858 of 19% of the budget. Similarly, the Institute explained Kshs 102,307,141 against an approved budget of Kshs. 166,245,628 resulting to an under-expenditure of Kshs. 63,938,487 of 13% of the budget.</p>   | <p>Well noted.<br/> The under absorption of the expenditures was due to the impact of COVID-19 which brought the operations of the institution almost into a stand still. It will be noted that there were no operations in the 4<sup>th</sup> quarter of the FY 2019/2020. Hence the under absorptions<br/> Also since the institution depended on capitation from the government which was never disbursed in full hence resulting to underfunding.</p> | <p>The principal</p> | <p>Resolved</p> | <p>6months</p> |
| <p>Lack of Age Analysis on Receivables from Exchange Transactions</p> | <p>Note 16 to financial statement reflects receivables from exchange transactions amounting to Kshs. 1,329,992 in respect of student's debtors. However, the Institution does not have an effective fee collection policy in place to ensure outstanding fee are remitted by students in a timely manner contrary to Public Finance Management (National Government) Regulation, 2015 Section 64(1)(a). in addition, the ageing analysis of these outstanding receivables was not availed for audit review.</p> | <p>Observation well noted.<br/> Management will develop a bad debt policy which will incorporate aging of debtors and shall be approved by the Board of Governors for adoption.</p>   | <p>The principal</p> | <p>Resolved</p> | <p>6months</p> |

**KEROKA TECHNICAL TRAINING INSTITUTE**

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

|  |  |   |                        |                 |                 |
|--|--|---|------------------------|-----------------|-----------------|
| <p>Lack of Training Needs Assessment</p> | <p>As disclosed in Note 9 to the financial statements, the statement of financial performance reflects use of goods and services amounting to Kshs. 38,273,725 which include Kshs. 616,550 paid in respect to industrial attachment and training expenses. However, there was no training needs assessment report availed for audit as per the provisions of part VI Section H.3(1) of Human Resource Policies and Procedures Manual for the Public Service 2016. Consequently, Management is in breach of the law</p> | <p>Well noted. The institution has budgeted for training of staff in the financial year 2020/2021. However prior and thorough training needs assessment will be done throughout the institute to identify gaps for implementations. Refer to the approved budget for FY 2020/2021 under vote for contracted services.</p> | <p>Finance officer</p> | <p>Resolved</p> | <p>1 month</p>  |
| <p>Staff Ethnic Composition</p>          | <p>As disclosed in Note 10 to the financial statement, the statement of financial performance reflects an amount of Kshs. 21,123,341 in respect of employee cost out of which an amount of Kshs. 17,616,775 relates to salaries and wages of staff. Examination of employee records revealed that out of 85 employees, 66, translating to 78% were from one dominant community, contrary to section 7(1) and (2) of the National Cohesion and Integration Act,</p>   | <p>Noted, the management has initiated the process of diversification in its recruitments in the new appointments in the coming future as advised by your team.</p>   | <p>Principal</p>       | <p>Resolved</p> | <p>6 months</p> |

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|                                 |   |  |                      |                 |                |
|---------------------------------|---|--|----------------------|-----------------|----------------|
|                                 | <p>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 and no public establishment shall have more than on third of its staff from the same ethnic community.</p>  |  |                      |                 |                |
| <p>Inactive audit committee</p> | <p>Examination of the Internal Audit Department revealed that the audit committee of the Institute was largely dominant and did not execute its mandate as enshrined in the Public Finance Management Regulation, 2015. Further, there was no evidence that the audit committee had been meeting to deliberate on these reports since no board meeting minutes were availed for audit. In addition, there was no established Internal Audit Charter put in place to guide the operation of the audit committee for the period under review.</p> | <p>Well noted. We would like to state that, indeed several audit committee meetings were held during the financial year and discussed a range of matters including finances and audit reports.</p> <p>However, we agree with your observations and in our audit plan for the FY 2020/2021 we have factored the audit of the departments of procurement and also receivables. Some of these areas were not audited because of the Covid-19 pandemic. However, they have again been included in the audit plan for the FY 2020/2021. Your review in the next audit will find observations in those areas incorporated for review.</p> <p>The internal audit function has started the process of preparing the Internal Audit Charter which will be functional in the financial year 2020/2021. All audit findings will be discussed with Audit Committee to ensure that there is implementation and to avoid compromise.</p> | <p>The principal</p> | <p>Resolved</p> | <p>3months</p> |

# KEROKA TECHNICAL TRAINING INSTITUTE

## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021

|  |   | <p>Your recommendation and guidance on the Mwongozo code will be effected from this financial year 2020/2021.</p>   |  |                 |                |                     |   |  |             |  |                      |                 |                |
|--|---|---|--|-----------------|----------------|---------------------|---|--|-------------|--|----------------------|-----------------|----------------|
| <p>Lack of Key Positions in Administration</p> | <p>Examination of the Institute's staff establishment structure revealed that there was understaffing in key critical position in disregarding of circular reference number MOE/TT/ADM/CONF/2/5/27 of 19 June, 2020 from the parent ministry of education which called for a recruitment of competent members of staff. Some of the critical staff positions which are vacant are Finance Officer, Accountant Internal Auditor, Supply chain Management and Human Resource officer.</p> | <p>Well noted. The management is in the process of implementing the gaps both internally and also externally, with the inauguration of the new board the adjustments to the remuneration of employees' salaries will be implemented and effected</p>  | <p>The Principal</p>   | <p>Resolved</p> | <p>3months</p> |                     |   |  |             |  |                      |                 |                |
| <p>Institute's strategic plan</p>              | <p>The management developed a strategic plan for period of five (5) years from July, 2016 to June, 2021 which was revised in August, 2016. The plan highlights the key issues, goals, objectives and strategies that will assist the institution in the development and management of its resources. Review of the strategic plan however did not</p>   | <table border="1"> <thead> <tr> <th data-bbox="462 817 542 884">No.</th> <th data-bbox="462 884 542 1075">Activity</th> <th data-bbox="462 1075 542 1265">Cost(kshs)</th> <th data-bbox="462 1265 542 1572">Management comments</th> </tr> </thead> <tbody> <tr> <td data-bbox="430 817 462 884">1</td> <td data-bbox="430 884 462 1075">Construction of men and female hostels</td> <td data-bbox="430 1075 462 1265">114,000,000</td> <td data-bbox="430 1265 462 1572">One male hostel was build and the others refurbished within the limits of finances. Efforts will be made to build more hostels within the new strategic plan period 2021-2025.</td> </tr> </tbody> </table> | No.  | Activity        | Cost(kshs)     | Management comments | 1 | Construction of men and female hostels | 114,000,000 | One male hostel was build and the others refurbished within the limits of finances. Efforts will be made to build more hostels within the new strategic plan period 2021-2025. | <p>The principal</p> | <p>Resolved</p> | <p>6months</p> |
| No.  | Activity  | Cost(kshs)  | Management comments  |                 |                |                     |   |  |             |  |                      |                 |                |
| 1  | Construction of men and female hostels  | 114,000,000   | One male hostel was build and the others refurbished within the limits of finances. Efforts will be made to build more hostels within the new strategic plan period 2021-2025. |                 |                |                     |   |  |             |  |                      |                 |                |

# KEROKA TECHNICAL TRAINING INSTITUTE

## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021

|    |   |  |   |
|----|---|--|---|
|    |   | <p>give a breakdown on a yearly basis of the programmes that were to be implemented so as to achieve the end goal of attaining the desired objective. During the audit, it was noted that a number of desired programmes namely construction of men and female hostels and erection and completion of ICT complex that were to be implemented had not been done five (5) months to the expiry of the 5-year.</p> |   |
| 2  | Purchase of land  | 5,000,000  | Institute was not able to locate the suitable land to purchase within the proximity of the institution. Management will continue to do more searches in the coming years. |
| 3  | Construct a recreational centre                                 | 5,000,000  | Lack of funds held us back.   |
| 4  | Construct water storage tank                                    | 44,000,000   | The institute sunk a borehole which is sufficient to it. Harvesting of water has also been enhanced. So, this has been fully addressed.                                   |
| 5  | Purchase institute's van  | 8,000,000  | The BOG opted to buy a 33-seater bus to replace a van. In addition, the institute purchased a 4wd to assist in the movement of the principal and the management.          |
| 6. | Erection and completion of 40classroom of tuition block complex | 66,000,000   | Insufficient funding from the government hampered the achievement of this objective. But, efforts will be made to conclude this in next strategic plan.                   |

**KEROKA TECHNICAL TRAINING INSTITUTE**

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|  |    |  |            |  |
|--|----|--|------------|--|
|  | 7. | Erection and completion ICT Complex                  | 70,000,000 | Lack of funds, but will endeavor to do this in the next planning periods.  |
|  | 8  | Purchase of workshop equipment for various workshops | 25,000,000 | A lot of equipments and materials were bought, however more efforts will be made to ensure all our workshops are well equipped.          |
|  | 9  | Construct access roads within the institution        | 6,900,000  | Cabros were constructed within the institute compound, and other access roads within redone during the period to satisfy this objective. |
|  | 10 | Construct sheltered pavements                        | 5,300,000  | To be considered in the next strategic plan permitting.  |
|  | 11 | Procure training software                            | 3,000,000  | To be considered in the next strategic plan permitting.  |
|  | 12 | Offer conference facilities                          | 5,000,000  | To be considered in the next strategic plan permitting.  |

**KEROKA TECHNICAL TRAINING INSTITUTE**  
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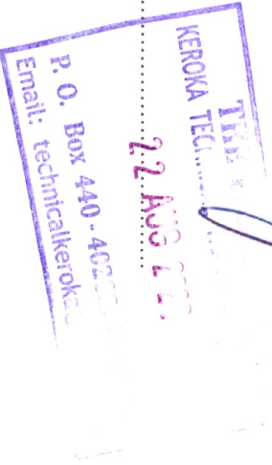
|  |   |  |                      |                 |                |
|--|---|--|----------------------|-----------------|----------------|
| <p>4.. Lack of Information Technology (ICT) Policy</p> | <p>Audit of the Information Technology (IT) environment and its controls revealed that there is no information communication technology policy in place of govern IT environment. In the absence of a clear Information Technology Communication (ICT) policy data recovery mechanisms, data confidentiality and integrity can not be guaranteed in case of an attack on the ICT environment. Consequently, the Institute's Management is in breach of the best practices on maintenance of an effective ICT Policy to guide the operations of its ICT environment.</p> | <p>Well noted. This was also noted by our internal audit functions during their audit. The institution will commence the process of developing an ICT Policy for Board of Governors approval and adoption.</p> | <p>The principal</p> | <p>Resolved</p> | <p>6months</p> |
|--|---|--|----------------------|-----------------|----------------|

The principal,

Signature..



Date.....



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MAY 19 1964  
U.S. AIR FORCE