

REPUBLIC OF KENYA



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REPORT

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THE AUDITOR-GENERAL

ON

MAWEGO TECHNICAL TRAINING INSTITUTE

FOR THE YEAR ENDED

30 JUNE, 2023

THE NATIONAL ASSEMBLY PAPERS LAID	
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TABLED BY:	Hon. Naomi Wageri MP Deputy Majority Party Whip
CLERK AT THE TABLE:	A. Shituko



MAWEGO TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30TH JUNE 2023

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

Mawego Technical Training Institute
Annual Report And Financial Statements For The Year Ended June 30, 2023

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1. Acronyms & Glossary of Terms

BOG	Board of Governors
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
TTI	Technical Training Institute
TVC	Technical Vocational College
Fiduciary Management	Key management personnel who have financial responsibility in the entity

2. Key Entity Information and Management

(a) Background information

Mawego T.T.I was established in 1952 as a trade school by the Utretch Brothers from Netherlands. Located in Rachuonyo North Sub-county of Homa-Bay County, the Institute is accessible through Oyugis Town which is 12 km away. It is also accessible through Kendu-Bay town which is about 17 km away. Mawego TTI operates under the TVET Act of 2013

It became a Technical Secondary School in 1967 under the Ministry of Education. In 1986, it was converted into a Technical Training Institute, a status it retains to date.

Having been founded by the Catholic Church, the institute continues to enjoy the spiritual sponsorship of the church to date and falls under Diocese of Homa-Bay.

We pride ourselves in placing more than ordinary interest and effort in creating a positive difference in the whole of the individual trainee.

(b) Principal Activities

The principal activity/mission/ mandate of Mawego TTI is to offer Technical and Business Training.

Vision: An Internationally competitive Technical and Business Training Institute.

Mission: To provide training, research and outreach programs that impart skills and utilize applied knowledge to spur economic growth and respond to the changing needs of industry and society.

Core Values

- Integrity
- Professionalism
- Patriotism
- Teamwork and excellence
- Non-discrimination
- Efficiency
- Courtesy
- Continual improvement
- Innovation and creativity

For smooth running of the institution, eight academic departments were established. These include;

1. Electrical and electronics
2. Mechanical engineering
3. Building and civil engineering
4. Institutional management
5. Information, communication technology
6. Agriculture
7. Business studies
8. Applied Science

(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

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	Dr. John Abuto PhD
2.	Deputy Principal - Administration	Robert Omondi
3.	Deputy Principal - Academics	Leah Ajwang
4.	Registrar - Admissions	Agripa Onguka
5.	Human Resource Officer	Winnie Kogutu
6.	Dean of Students	Dorothy Otunge
7.	Procurement Officer	Loice Obengo
8.	Finance Officer	CPA Felix Odera
9.	Internal auditor	Josephine Ogalo

(e) Fiduciary Oversight Arrangements

The institute board has various sub-committees, which provided oversight; such as:

- i) Finance, Infrastructure and Human Resource Committee**
The committee assists the Board in fulfilling its governance responsibilities by way of ensuring internal controls systems are reliable; provision of general oversight in risk and compliance matters and ensuring integrity, effectiveness and reliability of Institute risk management framework.
- ii) Education and Research committee**
The committee is responsible for review of the Institute Performance contracting report in ensuring compliance and adjusting on the slack, they assess learning environment to determine if it's conducive and analyse the general academic performance of the Institute.
- iii) Ad-hoc committee**
The committee is charged with the responsibility of evaluating Income generating activities in bid of creating self-sustenance in the Institute and they also handle dynamic issues affecting learning Institute.
- iv) Audit and Risk management committee**
Provision of general oversight on compliance issues
Assessing the effectiveness of internal controls

(f) Entity Headquarters

P.O. Box 289-40222,
Kendu-bay – Kadongo Road
Oyugis, Kenya

(g) Entity Contacts

Tel: +254 0734156640, +254 020353092,
E-mail: mawegotechnical@gmail.com,
Website: www.mawegotechnical.co.ke

(h) Entity Bankers

1. Kenya Commercial Bank,
Oyugis Branch,
P.O Box 170
Oyugis, Kenya.
2. Equity Bank, Oyugis Branch
P.O Box 514
Oyugis, Kenya




(i) Independent Auditors



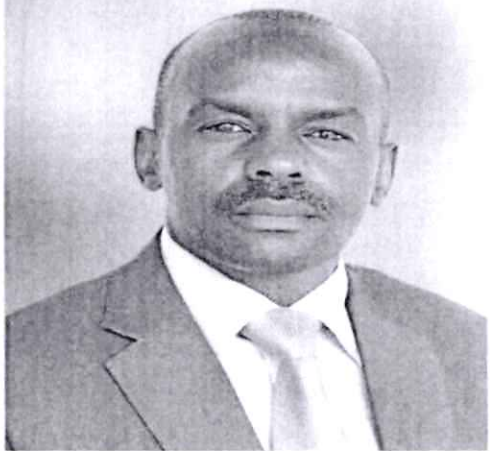
Auditor-General
Office of Auditor General
Anniversary Towers, Institute Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya




(j) Principal Legal Adviser

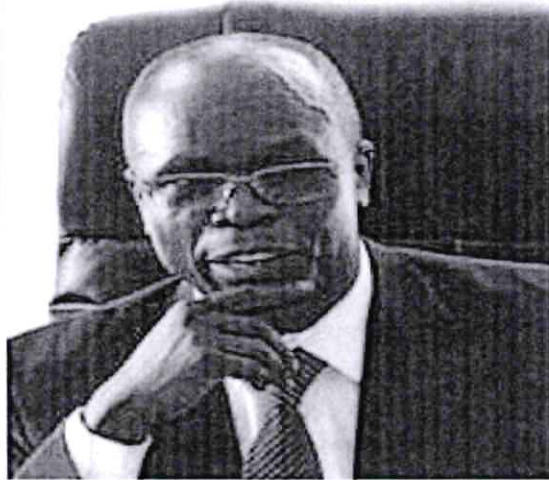
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

3. Board of Governors

 <p>ALEX KAZONGO BOG CHAIRMAN</p>	<p>Mr. Alex Kazongo was born in 1965, has a wealth of experience spanning over 20 years in financial management and corporate governance. He was the managing trustee of National Social Security Fund between 2009 and 2012.</p> <p>He is the chairperson of board of governors.</p> <p>Mr. Kazongo holds MBA (USIU), B.Com (UoN), Management Development (Cape Town) and CPA (K) from Strathmore and a member of ICPAK.</p> <p>Board chairman</p>
 <p>GRACE PAULINE NYAGAYA</p>	<p>Ms Grace Nyagaya was born in 1979, is an ICT Team Lead at Kemri/CDC, having served at Computer Helpdesk, support systems and network administration in the same Organization for over 15 years.</p> <p>She is the chairperson; Education, Research and Training committee.</p> <p>Ms Grace, holds BSc. In Computer Science-ITM from University of South Africa, MCSE Microsoft certified systems engineer and Diploma in IT from Technical University of Mombasa</p>
 <p>WILLIAM ODONGO ATHEMBO</p>	<p>Born in 1970, Mr William Odongo is an Architect having worked in Rwanda and Kenya at the Ministry of Public Works and is currently in the private sector.</p> <p>He has over 26 years of work experience.</p> <p>He holds a Bachelor of Architecture from University of Nairobi.</p>

 <p>JULIUS MONARI ORORI</p>	<p>Born in 1968, Mr Monari is an Electrical Technician. He has served as Senior Factory Electrical Technician for over 22 years.</p> <p>He holds Higher Diploma in Electrical Engineering from Kenya Polytechnic University College.</p>
 <p>LUCY IGOKI MURIRA</p>	<p>Born in 1972, Ms Lucy is an experienced Manager having served in Managerial position for over 10 years.</p> <p>Ms. Lucy holds MA Leading Innovation & change, Higher Diploma in Counselling & Psychology and Certificate in Animal Health.</p>
 <p>TOM OTIENO OLANGO TVET REGIONAL DIRECTOR</p>	<p>A Deputy 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 was initially employed as a Graduate Teacher of Mathematics by the Teachers Service Commission and later joined the Ministry of Education as an Education Officer in 1999 where he has served to date.</p> <p>He was born in 1970 and 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</p>

	<p>Skills Initiative for Africa Project by AUDA NEPAD</p>
 <p>VINCENT OMONDI ASEWE</p>	<p>Born in 1977. He has served as Absa bank wealth manager for over 10 years.</p> <p>He holds MBA Strategic Management (UoN) and BeD in Economics and Business studies from Egerton University.</p>
 <p>HANDSON GICHANA</p>	<p>Born in 1977, he is the Principal Secretary – TVET representative in the board with an experience of 22 years working with the Ministry of Education, State Department for TVET.</p> <p>Mr. Handson is a holder of Master of Education (Education Administration) from University of Nairobi</p>
 <p>DR.JARED OBUYA</p>	<p>Born in 1974. He is an experienced writer and editor, researcher, communication and media specialist. He is also a lecturer at Moi university, Department of Communication studies.</p> <p>He holds PhD in Communication studies, MPhil in Communication and Journalism from Moi University and BA, English language and Literature from Egerton University</p>



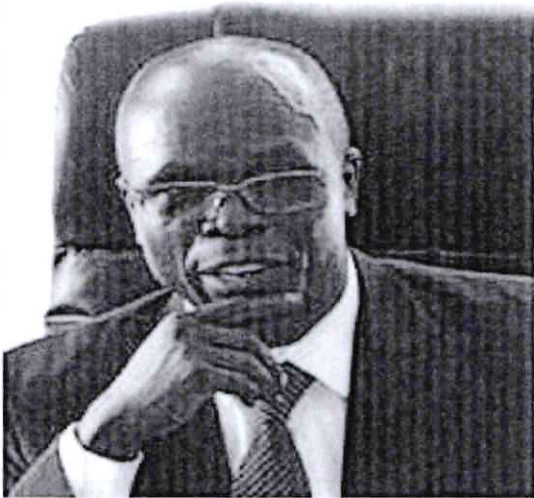
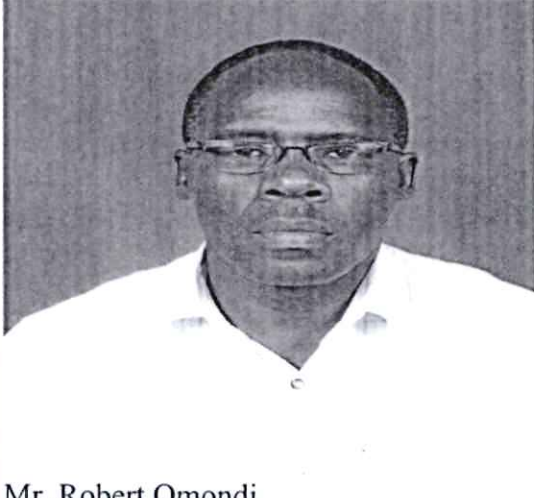

DR. JOHN ABUTO PhD
PRINCIPAL, BOG SECRETARY




Born in 1967. He is the Principal, having over 27 years work experience in the learners technical education training.



He holds PhD in Management science (Manufacturing optimization) from JOOUST, MBA IN Productions and Operations management (UoN), Bed Tech (Mechanical) from Moi University and Diploma in Mechanical production.

Dr. Abuto is not a member of ICS.

4 Management Team

 <p>Dr. John Abuto PhD</p>	<p>He is the Principal and secretary to the Board.</p> <p>Responsibilities: Prudent management of resources; implementation of the Boards resolutions; provision of visionary leadership and formulation of strategic plans.</p>
 <p>Mr. Robert Omondi</p>	<p>Mr. Robert is the Deputy Principal in charge of Administration.</p> <p>Responsibilities: Student discipline, oversee departmental functionalities and procuring of items in the Institute.</p>
 <p>Mrs. Leah Ajwang Onyango</p>	<p>She is the Deputy Principal in charge of Academics.</p> <p>Responsibilities: In-charge of academic and quality Assurance; curriculum implementation and implementation of performance contracting targets.</p>

 <p>Mr. Agripa Onguka</p>	<p>He is the Registrar.</p> <p>Responsibilities: Admission of students; prudent management of student records and marketing of the Institute.</p>
 <p>Dorothy Otunge</p>	<p>She is the Dean of Students.</p> <p>Responsibilities: In-charge of student hostel allocation and sanitation; oversees the operations at the catering department.</p>
 <p>CPA Felix Otieno Odera</p>	<p>CPA Felix is the Institute Finance Officer.</p> <p>Responsibilities: Co-ordinating preparation of Annual budgets, preparation of Financial reports, oversee receivables and payables and advice the management on Institute Finances.</p>

 <p>Mrs. Rose Loice Obengo</p>	<p>She is the Institute Procurement Officer.</p> <p>Responsibilities: Purchases for the Institute; Advice on matters related to Procurement; Control of materials and assets procured; oversee the work of storekeeper and spearhead the tendering process.</p>
 <p>Ms. Josephine Gundo</p>	<p>Josephine is the assistant and acting internal auditor.</p> <p>Responsibilities: Assess, evaluate and improve internal controls, Identify risks, Safeguard assets, Promote ethics and compliance</p>

5 Chairman's Statement



I am pleased to present this annual report and financial statements for the year ended June 30, 2023, in pursuant with requirements of the Public Finance Management Act 2012 and Constitution of Kenya on Public Finance on accountability and transparency in utilization of public resources.

During the Financial year the Institute had put a lot of emphasis on enhancing students' academic performance as it serves as the core mandate of the Institution, this has been achieved by equipping the Electrical and Electronics workshop with 4.0 generation equipment. The Institute also managed to procure CNC machines for mechanical department for the student practical. The Institute is in the process of constructing a new tuition block from its own savings for more conducive classrooms for the learners.

To broaden our core mandate, the Institute introduced more courses in line with the Institute Strategic plan; with introduction of Medical laboratory and had purchase equipment for the same, Beauty therapy course and Nutrition and Dietetics.

I would also want to appreciate the Government through the Cabinet Secretary, ICT and Digital Economy for providing and commissioning 100 computers that are fully connected to the internet for the Jitume programme, aimed at creating digital jobs for the youths in line with the Government Bottom up Transformation Agenda (BeTA).

We oversaw the Institutes 5th graduation ceremony of over 2000 graduands who had been nurtured and equipped with requisite knowledge and technical ability for the labour market. The Institute also secured an ISO 9001-2015, which is key in the implementation of the Strategic plan running for the next 5years (2022-2027).

Challenges

Limited funding occasioned by the delay in Government capitation which has hindered budget absorption, financial planning and procurement process; this coupled with students' not receiving Higher Education Loans (HELB) loans from February has a negative impact on revenues realized.


Decline in student numbers as a result of construction of more TVCs in line with Ministry of Education 'Access' programme, which has led to reduction in student numbers which bears a financial effect in terms of realizing the targeted student numbers.

Inability to carry out KATTI co-curricular activities like sports which nurture talent and research and innovations which is ideal for continuity of technical institutions.

Future outlook

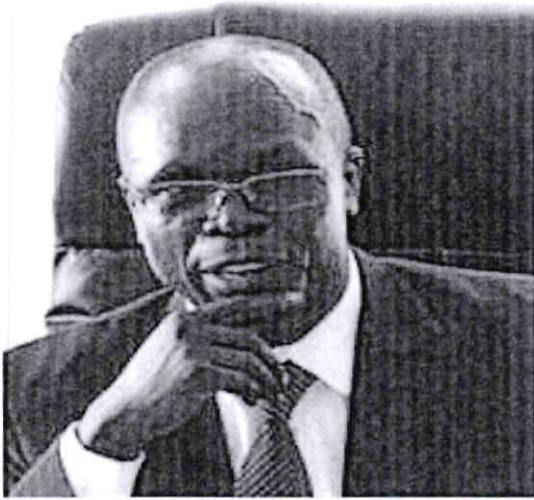
Despite the challenges, the Institute is in the right path in realizing its purpose as well as serving the Nation by being on the fore-front in the dissemination of relevant skills for growing our economy beyond our borders.

I would also like to thank the members of the board for their time in offering valuable oversight in steering up the Institute without conflict of interest and also to the management for diligently overseeing the daily management prudently.



Alex Kazongo
Chairman of the Board

6 Report of the Chief Principal



I wish to present this report giving insights to the various activities that were undertaken during the financial year 2022-2023.

We have managed to enhance our training capacity by equipping our workshops with state of art practical equipment to expose our learners to what they expect to meet in the job market. For Electrical and Electronics workshop we managed to equip the workshop with machines worth Kshs. 5M which formed the phase I of the equipment expected for what is to be a centre of excellence. Mechanical workshop was equipped with CNC machines amounting to Kshs. 19.9M and Applied Science department had equipment worth Kshs. 7M for the Medical Lab.

Further the Institute has registered new courses in Beauty therapy and Nutrition and Dietetics in bid to leverage on the market demand for the skills in those areas of studies. We are also in process of registering Medical laboratory and pharmaceutical technology following the Inspection by Pharmacy and Poisons Board on compliance requirements in line with the Performance Contracting targets.

The Government through the Ministry of Information, Communication and Technology managed to equip two computer laboratories with 100 networked computers with the view to enhance youth skills on Bottom Up Economic Agenda (BeTA) for the digital jobs thereby enhancing computer literacy as well as strengthening the Institute corporate social responsibility by on boarding the community on the digital platform.

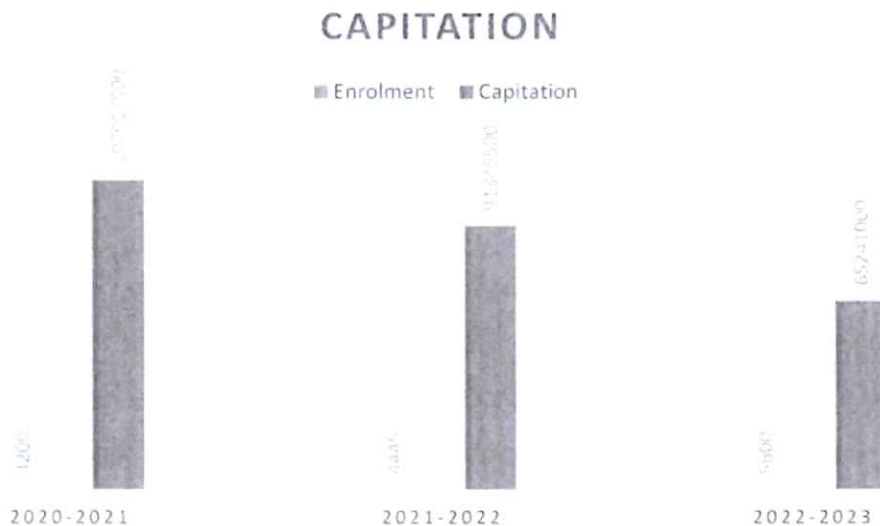
Following the last graduation; which was conducted in 2018 the Institute and the board of management organized the 5th graduation for over 2000 students who had successfully been trained and imparted with skills for self-sustenance.



The Institute has mentored Uriri TVC and had a Principal appointed and has students with learning going on, Mbita TVC has equally been completed yet to be operationalized, both at a cost of Kshs. 56 million and Suba South TVC which is under construction at a cost of Kshs.75million.

Challenges

Decrease in Government capitation over the last 2 years despite the increase in student enrolment has had adverse effect on collection of revenues in terms of school fees, thereby affecting the budget absorption, consequently hindering the achievement of the targets for the financial year as well as implementation of the Institute projects.



The graph of student numbers against capitation amounts for the last 3years

Capitation received for the student was Kshs. 13,000 as opposed to the expected Kshs. 30,000 thus the Institute had to cut and at times forgo budgeted items especially on capital projects in order to limit on pending bills.

Inability to attain the projected student population due to increased number of new TVCs which also compete for students within the Institute catchment area leading to inherent risk as a result of not matching the Strategic plan with the reality; with an expectation of 6,200 students, we only managed 5,600 students.

Outlook

Irrespective of the shortcomings in managing the Institute, I can assure on behalf of the BOG and Management of the going concern since we have no reliance on a single source of revenue neither are we facing any litigation or legislation issues affecting the operations.



Dr. John Abuto PhD
Principal



7 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, a statement of the national government entity's performance against predetermined objectives.

Mawego TTI has 3 strategic pillars and objectives within its Strategic Plan for the FY 2022/2023-2027/2028. These strategic pillars are as follows:

Pillar 1: Economic strategy

Pillar 2: Social strategy

Pillar 3: Political strategy

Mawego TTI develops its annual work plans based on the above 3 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. Mawego TTI achieved its performance targets set for the FY 2022/2023 period for its 3 strategic pillars, as indicated in the diagram below:

Strategic Pillar	Activity	Objective	Key Performance Indicator	Output	Achievements
Pillar 1: Economic Strategy	Income Generating Activities	Expand internal income generation	Growth in revenue. Cash flow Increased production	Bread baking. Increased crop/farming production	Efficiency in flour and cooking oil usage Rearing of chicken, pigs and vegetable farming
Pillar 2: Social Strategy	Capacity and capability enhancement	To enhance the technical capacity and capability of the Institute	Knowledge achieved through training	KATTI and Performance contracting trainings Continuous professional development	Training of PC team and top management induction training Attending ICPAK training by Finance team
		To enhance the technical capacity of the Institute infrastructure	Order fulfilment time	Service delivery record book	Serving clients as stipulated in the Institute service charter
	Educational and Training Opportunities	To improve quality and relevance in	CBET courses New courses	Authorisation by TVETA	Initiation of three (3)

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		the provision of training			CBET courses. Authorization to start pharmacy and Medical laboratory course
	ICT	To enhance ICT infrastructure and equipment's to breach the digital divide	Increased computer numbers	Purchase more computers	Additional 10 computers bought. Jitume digital computer lab
	Adaptation to emerging issues	To enhance the ability of the Institute in responding to emerging trends and issues			
Pillar 3: Political Strategy	Institutional corporate governance and management	To enhance institutional Corporate Governance and Management based on principles of best practices	Employee satisfaction Competitive hiring	No employee turnover Merit hiring	CBA adoption on remuneration.
	Students affairs	Enhance student governance	Student constitution Leadership choice	Review of student constitution Transparent elections	Ballot voting

8 Corporate Governance Statement

The board consists of the following sub-committees and their mandate;

- Finance, Infrastructure and Human Resource committee
The committee is responsible for;
 - Resources management.
 - Review financial operations and reports
 - Review challenges experience by the Institute on implementation of strategic plan.
 - Oversee the implementation of annual budgets.

- Education, Training and Research committee
This consists of Board members undertaking;
 - Review of quarterly Performance contract.
 - Analyse academic performance of the Institute.
 - Recommend adoption of best practices in enhancing academic performance.

- Ad-hoc committee
This committee derives its membership from Board of Governors. They are charged with;
 - Evaluation of Income Generating activities.
 - Handle dynamic issues arising from learning environment.
 - Handling of contingencies

Meetings attendance by the Board

Full Board Meeting

Name	14.07.22	23.09.22	13.10.22	13.01.23	24.01.23	23.02.23	12.04.23
1. Grace Nyagaya				✓	✓	✓	✓
2. William Odongo	✓	✓	✓	✓	✓	✓	✓
3. Lucy Murira	✓	✓	✓	✓	✓	✓	✓
4. Julius Monari	✓	✓	✓	✓	✓	✓	✓
5. Tom Olango		✓					
6. Alex Kazongo	✓	✓	✓	✓	✓	✓	✓
7. Jared Obuya	✓	✓	✓	✓	✓	✓	✓
8. Vincent Asewe	✓	✓	✓	✓	✓	✓	✓
9. Dr. John Abuto, PhD	✓	✓	✓	✓	✓	✓	✓
10. Handson Gichana				✓	✓	✓	✓

Mawego Technical Training Institute
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Education, Research and Training committee meetings

Name	<u>07.07.2022</u>	<u>05.10.2022</u>	<u>05.01.2023</u>	<u>06.04.2023</u>
1.Grace Nyagaya	✓	✓	✓	✓
2.Lucy Murira	✓	✓	✓	✓
3.Vincent Asewe	✓	✓	✓	✓
4.Dr. John Abuto	✓	✓	✓	✓
5.Tom Olango	✓	✓		
6.Jared Obuya	✓	✓	✓	✓
7.Handson Gichana			✓	✓

Finance, Infrastructure and Human Resource

Name	12.07.22	16.09.22	12.10.22	10.01.23	23.01.23	24.01.23	15.03.23
1.Vincent Asewe	✓	✓	✓	✓	✓	✓	✓
2.William Odongo	✓	✓	✓	✓	✓	✓	✓
4.Tom Olango	✓	✓	✓				
5.Dr. John Abuto	✓	✓	✓	✓	✓	✓	✓
7.Jared Obuya	✓	✓	✓	✓	✓		✓
8.Julius Orori	✓	✓	✓	✓	✓	✓	✓
9.Handson Gichana				✓	✓	✓	✓

Ad-hoc committee meeting

Name	<u>04.07.22</u>	<u>20.07.22</u>	<u>21.07.22</u>	<u>15.12.22</u>	<u>06.02.23</u>	<u>17.02.23</u>
1.Grace Nyagaya					✓	✓
2.William Odongo				✓	✓	
3.Lucy Murira	✓	✓	✓	✓	✓	✓
4.Julius Monari						
5.Tom Olango	✓	✓	✓	✓		
6.Alex Kazongo					✓	✓
7.Jared Obuya	✓	✓	✓	✓		
8.Vincent Asewe					✓	✓
9.Dr. John Abuto, PhD				✓		✓

Audit and Risk management committee

Name	<u>06.10.2022</u>	<u>19.01.2023</u>	<u>20.01.2023</u>	<u>05.04.2023</u>
1.Lucy Murira	✓		✓	✓
2.Grace Nyagaya	✓		✓	✓
3.Julius Monari	✓	✓	✓	✓
4.William Odongo	✓	✓	✓	✓
5.John Magare	✓			
6.Josephine Gundo		✓	✓	✓

The Institute uses Mwongozo- code of governance for state corporations for board member appointments as well as its composition and size. Board members serve for three (3) years which can be renewed once.

The previous Board of Governors term ended on 30 September, 2020 and due process of appointing new BOG members was followed and duly appointed by 29 January, 2021. Their term is scheduled to end on January 30th, 2024.

Board induction and training was done by the Institute in the month of March, 2021 by the Ministry of education officials in guiding them on their role as oversight authority, finances, reporting and resource mobilization.

9 Management Discussion and Analysis

SECTION A: The Institute's Operational and Financial Performance

- i. There is fluctuation in gross enrolment of students due to the information that Technical Education is free against the decrease in capitation amounts.
- ii. The Institute has been able to meet its operations smoothly except for key projects that lag behind due to delay in capitation.

SECTION B: The Institute's Compliance with Statutory Requirements

Institute has met all its statutory requirements (NHIF, NSSF, and P.A.Y.E & HELB REMITTANCES) in compliance with the laws governing them. The institute is therefore not exposed to any potential contingent liability.

SECTION C: The Institute's Key Projects

Key projects and Investment decisions the institute is planning / implementing

SN	PROJECT	NATIONAL GOVT. OBJECTIVES	DELIVERY OF MANDATE	FINANCIER	SUSTAINABILITY/ VIABILITY
1.	Mentoring Suba TVC	Increase access to training	Increase access to training	Grant from Government	The institute is 30% complete.
2.	Construction Tuition Block	Increase access to training	Increase tuition infrastructural capacity and capability	Internally generated revenue	The project is 80% complete
3.	Mentoring Mbita TTI	Increase access to training	Increase access to training	Grant from Government	The institute is 98% complete.
4.	Mentoring Uriri TTI	Increase access to training	Increase access to training	Grant from Government	The institute is 98% complete.
5.	Develop Institutional Farm	Food Security	Increase access to practicals	Internally generated revenue	This will reduce the boarding expenditure on cereals and groceries through production of cabbages, tomatoes and sukuma wiki

SECTION D

Major risk(s) facing the Institute

- i. Liquidity risk: Inability to collect full fees, which can impact negatively on budget implementation.

- ii. Market risk: The Institute is facing competition for students with other institutes which were mentored by Mawego TTI.

SECTION E: Material arrears in statutory/ financial obligations

The institute has no material arrears in financial obligations.

SECTION F: The Institute's financial probity and governance issues

In the financial year the Institute did not experience any governance issues in the Board of Governance and top management.

10 Environmental And Sustainability Reporting Statement

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

1. Sustainability strategy and profile

The Institute has good relations with the local authority for continuity purposes through; engaging the Constituency through the Member of Parliament that has enabled admission of students partly sponsored by the CDF and KUCCPS. We have engaged the community through the area chief and Assistant chief in ensuring the student behaviour is kept on check while outside the institute as a means of peaceful co-existence mechanism. Local traders and business people have also been encouraged to put up hostels to accommodate increased student numbers who requires external accommodation at affordable rates as a way of ensuring benefit to the community and a measure of checking that students are not exploited.

Macroeconomic factors affecting sustainability are; late money remittance, which is usually occasioned by late remittance of capitation outside the required quarter resulting to late or delay in procurement and budget implementation. Another one is on, Government debt; non-remittance of all funds committed through KUCCPS resulting to a debt which cannot be accrued. However, the Institute has remain committed in discharge of core mandate through focus and teamwork.

2. Environmental performance

The Institute has operationalized environmental policy, and engages in environmental conservation through planting trees in co-ordination with the local authority. We have always conducted environmental impact assessment (EIA) as we replace asbestos roofs in ensuring proper waste management is adhered to.

Institute sewer system is normally treated and regularly checked to ensure no spillage is discharged to the community as a measure of reducing environmental impact.

3. Employee welfare

The Institute has adopted human resource policy that guides hiring process on merit and ensuring gender balance and people living with disability are considered. These policies are revised after every two (2) years to improve on them.

Skills improvement are encouraged through budgetary allocations and attendance of various management training with different professional bodies like ICPAK, KISM and Kenya School of Government.

4. Market place practices-

We are improving anti-corruption policies however we have adopted the Ethics and Anti-corruption Act 2003 in ensuring checks and balances exists in operation. Politically, the

Institute engages the local authority in mobilisation of students and bursary funding to eligible beneficiaries.

We are a member of KATTI which encourages team work amongst Technical Institutions hence encouraging healthy competition.

Suppliers are paid within 30 days upon bringing all the required documents (i.e delivery note, invoice, credit note) in line with our service delivery charter. We also give opportunity to eligible suppliers through continual enlisting of AGPO registered suppliers.

Marketing the Institute is done through print media and even outreaches without bias, as it never discredit other institutions but service oriented through courses that are offered competently with us.

5. Community Engagements-

The Institute engaged at least 96 local youths in construction and maintenance works.

Corporate Social Responsibility

The Institute has trained more than 15 boda boda riders and now fully licensed

11 Report of the Board of Governors

The Board members submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of Mawego TTI's affairs.

Principal activities

The principal activities of the entity is to offer technical and business training

Results

The results of the entity for the year ended June 30 are set out on page 1 to 5


Board of Governors

The members of the Board who served during the year are shown on page viii to xi.

Auditors

The Auditor General is responsible for the statutory audit of Mawego TTI in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015

By Order of the Board



.....
Secretary of the Board
Nairobi
Date:

12 Statement of Board of Governors Responsibilities

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

The board members are responsible for the preparation and presentation of Mawego TTI's financial statements, which give a true and fair view of the state of affairs of Mawego TTI for and as at the end of the financial year (period) ended on June 30, 2023. 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 Mawego TTI; (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 Mawego TTI; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The board members accept responsibility for Mawego TTI'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 TVET Act. The board members are of the opinion that Mawego TTI's financial statements give a true and fair view of the state of Mawego TTI transactions during the financial year ended June 30, 2023, and of Mawego TTI's financial position as at that date. The board members further confirm the completeness of the accounting records maintained for Mawego TTI, which have been relied upon in the preparation of Mawego TTI's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Principal has assessed Mawego TTI's ability to continue as a going concern and nothing has come to the attention of the BOG members to indicate that Mawego TTI will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

Mawego TTI's financial statements were approved by the Board on 22/09/2023 and signed on its behalf by:

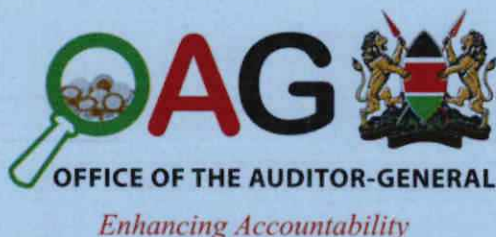
.....
Alex Kazongo
Chairperson of the Board

.....
Dr. John Abuto, PhD
Accounting Officer/Principal



REPUBLIC OF KENYA

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Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON MAWEGO TECHNICAL TRAINING INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

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

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

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities 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

Opinion

I have audited the accompanying financial statements of Mawego Technical Training

Institute set out on pages 1 to 33, which comprise the statement of financial position as at 30 June, 2023 and the statement of financial performance, 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, the financial statements present fairly, in all material respects, the financial position of the Mawego Technical Training Institute as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Technical and Vocational Educational and Training Act, 2013.

Basis for Opinion

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

Emphasis of Matter

Budget Control and Performance

The statement of comparison of budget and actual amounts reflects total budgeted revenue of Kshs.335,801,000 and actual revenue of Kshs.229,970,041, resulting in an underfunding of Kshs.105,830,959 or 24% of the budget. Similarly, the statement reflects total budgeted expenditure of Kshs.335,801,000 and actual expenditure of Kshs.305,801,112, resulting in an under-expenditure of Kshs.31,538,888 (or 7% of the budget).

The underfunding and under-expenditure affected planned activities and may have impacted negatively on the service delivery to the students and other stakeholders of the Institute.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matter(s) described in

the Basis for Qualified Opinion/Material Uncertainty Related to Going Concern section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

Various prior year audit issues remained unresolved as at 30 June, 2023. Management has not provided satisfactory reasons for the delay in resolving the prior year audit issues.

Other Information

The Management is responsible for the other information set out on page iii to xxx which comprises Key Entity Information, Board of Governors, Management Team, Chairperson's Statement, Report of the Chief Principal, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environment and Sustainability Reporting, Report of the Board of Governors and Statement of Board of Governor's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Noncompliance With the Laws on Affirmative Action

Analysis of personnel records for the month of June, 2023 revealed that Mawego Technical Training Institute had a workforce of 135 employees, out of which 97 employees were members of one (1) ethnic community. This represents 72% of the total workforce, contrary to Sections 7 (1) and (2) of the National Cohesion and Integration Act, 2008 which requires all public establishments to represent the diversity of the people of Kenya in the employment of staff, and that, no public establishment shall have more than one third of its staff from the same ethnic community.

Further, review of the composition of the Board of Governors revealed that the Board had nine (9) members out of which, seven (7), or 78% of the Board, were male, contrary to Article 27(8) of the Constitution of Kenya, 2010 which states that in addition to the measures contemplated in clause (6), the State shall take legislative and other measures to implement the principle that not more than two thirds of the members of elective or appointive bodies shall be of the same gender.

In addition, there was no member representing persons with disabilities, contrary to Section 13 of Persons With Disabilities Act, 2003 which states that the Council shall endeavor to secure the reservation of five percent of all casual, emergency and contractual positions in employment in the public and private sectors for persons with disabilities

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

2. Non-compliant with Membership of Board of Governance Committees

As reported in our previous audits and review of records revealed that the Institute had a Board of Governors membership of nine members. The Board had established three committees, namely Finance, Administration and Infrastructure Committee; Education, Research and Training Committee; and Audit and Risk Management Committee.

However, review of the membership of the board committees revealed that the committees had membership of more than three (3) members, contrary to the Circular Ref. No OP/CAB.9/1A from the Head of Public Service dated 11th March, 2020 which provides that the number of members to any committee should not be more than one third of the full board and members can only sit in a maximum of two committees.

Further review revealed that two members were serving in both the Finance, Administration and Infrastructure Committee and Audit and Risk Management Committee, contrary to the Head of Public Service Circular which provides that except that the members representing The National Treasury and parent Ministry a member serving in the Board Audit committee shall not be appointed member of the Finance Committee and vice versa.

In the circumstances, Management was in breach of the Head of Public Service Circular.

3. Collapse of Pressed Steel Elevated Water Tank Tower

Reflected in Note 26 on property plant and equipment are additions for the year under review amount of Kshs.130,764,734 which includes capital work in progress amount of Kshs.89,842,284 out of which, Kshs.2,334,449 was paid to a local contractor. As reported in our previous, year, the Institute entered into a contract with the firm for the proposed supply, delivery and installation of pressed steel elevated water tank tower and base and booster pumps at a contract sum of Kshs.5,940,375 on 6 December, 2021. The contract period was set at eight months with a commencement date of January, 2022 and completion date of August, 2022. However, the elevated water tank tower collapsed on 3 January, 2023 due to a structural failure. This happened despite the project receiving a certificate of practical completion on 31 August, 2022. Physical verification of the project in the month of December, 2024 revealed that no renovation works had been done to the water tank.

In the circumstances, the value for money realized from the expenditure of Kshs.2,334,449 on the projects could not be confirmed.

4. Delayed Completion of Mbita Technical and Vocational College

The Institute entered into a contract with a local contractor for the proposed erection and completion of twin workshop, classrooms and office block (2-storey) for the proposed Mbita Technical and Vocational College on 28 May, 2019 for a contract sum of Kshs.56,792,540. As at 30 June, 2023 a total of Kshs.36,134,447 had been spent on the project which included Kshs.3,397,777 incurred in the year under review. The contract period was 52 weeks commencing on 27 September, 2019 and ending on 26 September 2020. The project end date was extended to 11 January, 2022 on 28 September, 2021. However, there was no evidence that further extension had been sought and granted by the tender committee during the period under review. The project had not been completed as at 30 June, 2023.

In the circumstances, value for money realized from the expenditure of Kshs.36,134,447 on the project could not be confirmed.

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 and based on the audit procedures performed, except for the effect of the matters described in the Basis for

Conclusion on the Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Ineffective Debt Management Policy

The statement of financial position reflects current portion of receivables from exchange transactions balance of Kshs.155,827,931 which, as disclosed in Note 22(a) to the financial statements, comprises Kshs.155,348,890 in respect of student debtors and Kshs.482,041 in respect of rent debtors. However, review of documents supporting this balance revealed the following anomalies:

- i. The student debtors balance represents an increase of Kshs.73,513,408, or 90%, from Kshs.81,832,482 reported in the previous year. Similarly, the rent debtors balance indicates an increase of Kshs.195,541, or 68%, from the Kshs.286,500 reported in the previous year. However, Management has not explained the cause of these significant increase in the debtor's balances.
- ii. Included in the balance of Kshs.155,827,931 is a credit journal entry of Kshs.178,397,199 which was attributed to data migration error by the system provider in 2021. This left sponsorship allocations out, resulting in high student arrears, thus the need for journal entry to correct the amounts.
- iii. The College has no operational debt recovery policy and, as result, student debts has continued to grow over the years.

In the circumstances, it was not possible to confirm whether effective policies and measures were in place to facilitate recovery of amounts due from students.

2. Lack of Human Resource Plans/Inadequate Staffing.

During the year under review, it was noted that the Institute lacked a comprehensive human resource plan. As a result, the audit was unable to verify key aspects related to human resource management, including the existence of a structured recruitment plan, staff training programs, performance evaluations and appraisals, as well as the identification of the Institute's human resource needs.

Further, review of the internal audit and human resource function revealed that each department was composed of only one officer, contrary to the Institute staff establishment which requires each department to be manned by two officers.

In addition, the Procurement Department had two officers carrying out procurements, receiving and issuing of goods and maintenance of procurement and stores records, contrary to the staff establishment requirement of three officers.

In the circumstances, the effectiveness of internal controls, risk management and overall governance in the Institute could not be confirmed.

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

Responsibilities of Management and those charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a

material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

29 January, 2025

Mawego Technical Training Institute
Annual Report And Financial Statements For The Year Ended June 30, 2023

14 Statement of Financial Performance For The Year Ended 30 June 2023

Description	Notes	2022-2023	2021-2022
		Kshs	Kshs
Revenue from Non-Exchange transactions			
Capitation	6(a)	66,473,000	91,345,500
Public contributions and donations	6(c)	12,600,000	0
		79,073,000	91,345,500
Revenue from Exchange transactions			
Rendering of services- fees from students	7	262,708,096	247,393,125
Sale of goods	8	658,162	600,950
Rental revenue from facilities and equipment	9	732,341	396,400
Finance income	10	1,685,873	1,248,881
Other income	11	22,925,030	13,956,110
		288,709,502	263,595,466
Total Revenue		367,782,502	354,940,966
Expenses			
Use of goods and services	12	155,958,942	147,960,327
Employee costs	13	55,936,797	49,266,665
Board Expenses	14	7,992,560	7,343,669
Depreciation and amortization expense	15	18,489,817	17,360,452
Repairs and maintenance	16	22,458,911	16,080,095
General expenses	17	13,976,783	6,861,877
Grants and subsidies	18	19,274,123	1,637,500
Finance costs	19	348,302	262,453
Total Expenses		294,436,235	246,773,038
Other Gains/(Losses)		-	-
Net surplus for the year		73,346,267	108,167,928
Surplus attributable to owners of the controlling entity		73,346,267	108,167,928

The Financial Statements set out on pages 1 to 38 were signed by:

.....
Chairman of Board

Date: 22/09/2023

.....
Finance Officer

ICPAK No.14313

Date: 22/09/2023

.....
Principal

Date: 22/09/2023



Mawego Technical Training Institute
Annual Report And Financial Statements For The Year Ended June 30, 2023

15 Statement of Financial Position As At 30th June 2023

Description	Notes	2022-2023	2021-2022
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	21	134,452,516	279,600,937
Current portion of receivables from exchange transactions	22(a)	155,827,931	82,118,982
Inventories	24	2,079,529	5,810,392
		292,359,976	367,530,311
Non-Current Assets			
Long term receivables from exchange transactions	22(b)	2,259,255	2,359,255
Property, plant, and equipment	24	758,637,302	634,147,312
Intangible assets	25	5,175,000	6,900,000
		766,071,557	643,406,567
Total Assets		1,058,431,533	1,010,936,878
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	26	7,586,315	6,664,176
Conditional grants	21(b)	57,276,932	84,050,683
		64,863,247	90,714,859
Non-Current Liabilities		-	-
Total Liabilities			
Net Assets			
Reserves		399,502,649	399,502,649
Accumulated Surplus		563,664,215	490,317,948
Capital Fund		30,401,422	30,401,422
Total Net Assets and Liabilities		1,058,431,533	1,010,936,878

The Financial Statements set out on pages 1 to 38 were signed by:

.....
Chairman of Board

Date: 22/09/2023

.....
Finance Officer

ICPAK No.14313

Date: 22/09/2023

.....
Principal

Date: 22/09/2023



16 Statement of Changes in Net Asset For The Year Ended 30 June 2023

Description	Fair Value Adjustment reserve	Accumulated surplus	Capital Grants/Fund	Total
At July 1, 2021	399,502,649	382,150,020	88,443,543	870,096,212
Revaluation gain		-	-	
Surplus for the year		108,167,928	-	108,167,928
Transfer work in progress in Property, Plant and Equipment			(58,042,121)	(58,042,121)
At June 30, 2022	399,502,649	490,317,948	30,401,422	920,222,019
At July 1, 2022	399,502,649	490,317,948	30,401,422	920,222,019
Revaluation gain		0	-	0
Surplus for the year		73,346,267	-	73,346,267
Capital grants received during the year		0	-	0
At June 30, 2023	399,502,649	563,664,215	30,401,422	993,568,286

17 Statement of Cash Flows For The Year Ended 30 June 2023

Description		2022-2023	2021-2022
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other government entities/Capitation	6(a)	74,138,565	183,549,451
Public contributions and donations		0	0
Rendering of services- fees from students		157,251,799	103,529,970
Sale of goods	8	658,162	600,950
Rental revenue from facilities and equipment	9	250,300	109,900
Finance income	10	1,685,873	1,248,881
Other income	11	22,925,030	13,956,110
Total Receipts		256,909,729	302,995,262
Payments			
Compensation of employees	13	55,936,797	49,266,665
Use of goods and services		151,305,940	141,296,151
Finance cost	19	348,302	262,453
Board remuneration	14	7,992,560	7,343,669
Repair and maintenance	16	22,458,911	16,080,095
Grants and subsidies paid	18	19,274,123	1,637,500
General expenses	17	13,976,783	6,861,877
Total Payments		271,293,416	222,748,410
Net Cash Flows from operating activities		(14,383,687)	80,246,852
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	24	(130,764,734)	(57,183,493)
Increase in non-current receivables		-	-
Net cash flows used in investing activities		(130,764,734)	(57,183,493)
Cash flows from financing activities			
Repayment of borrowings		(0)	(0)
Capital fund		-	-
Increase in deposits		-	-
Net cash flows used in financing activities		(0)	(0)
Net Increase/(Decrease) in Cash and Cash equivalents		(145,148,421)	23,063,359
Cash and Cash equivalents at 1 JULY, 2022	21	279,600,937	256,537,578
Cash and Cash equivalents at 30 JUNE, 2023	21	134,452,516	279,600,937

Mawego Technical Training Institute
Annual Report And Financial Statements For The Year Ended June 30, 2023

18 Statement of Comparison of Budget & Actual amounts For Year Ended 30 June 2023

Description	Original budget	Adjustment	Final budget	Actual on comparable basis	Performance difference	Utilization Difference
	Kshs	Kshs	Kshs	Kshs	Kshs	%
Revenue						
Transfers from other National Government entities/ Capitation	162,000,000	-	162,000,000	66,473,000	(95,527,000)	59%
Rendering of services- fees from students	142,668,000	-	142,668,000	137,977,676	(4,690,324)	3%
Sale of goods	950,000	-	950,000	658,162	(291,838)	31%
Finance income	-	-	-	1,685,873	1,685,873	100%
Other Income	26,425,000	3,758,000	30,183,000	23,175,330	(7,007,670)	23%
Total Income	332,043,000	3,758,000	335,801,000	229,970,041	(105,830,959)	24%
Expenses						
Use of goods and services	154,633,000	-	154,633,000	151,305,940	(3,327,060)	2%
Employee costs	53,580,000	2,258,000	55,838,000	55,936,797	98,797	0.2%
Board Expenses	8,360,000	0	8,360,000	7,992,560	(367,440)	4%
Repairs and maintenance	20,970,000	1,500,000	22,470,000	22,458,911	(11,089)	-
General Expenses	12,000,000	2,000,000	14,000,000	13,976,783	(23,217)	0.2%
Total Expenditure	249,543,000	5,758,000	255,301,000	251,670,991	(3,630,009)	1%
Surplus/Deficit For the Period	-	-	-	(21,700,950)	(102,200,950)	
Capital Expenditure	82,500,000	(2,000,000)	80,500,000	52,591,121	(27,908,879)	35%

Budget notes

1. Non-remittance of capitation of Kshs. 17,000 per student
2. Low uptake of workshop services on sale of goods
3. Finance income was unforeseen, since it was an interest given by bank on savings account
4. Non-payment of pay as you eat for National Youth Service students, adversely affected other income
5. Delay in funding ,leading to delay in procuring and absorption of development items
6. The adjustment was due to supplementary budget from funds received during graduation for gowns and sponsors.
7. Statement of reconciliation between budget and statement of financial performance is provided for under Appendix VI.

19 Notes to the Financial Statements

1. General Information

Mawego TTI is established by and derives its authority and accountability from PFM Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is Educational training.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying Mawego TTI accounting policies the financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of Mawego TTI. The values are rounded off to the nearest shilling. 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 2023.

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

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Standard	Effective date and impact:
	<p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p>(The standard currently has no impact on the entity)</p>
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement. Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.

ii. **New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.**

Standard	Effective date and impact:
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p>This will enhance disclosure in rented premise for Town campus</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

iii. **Early adoption of standards**

Mawego TTI did not early-adopt any new or amended standards in year 2023.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance 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

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

Interest income

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

Rental income

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

Summary of Significant Accounting Policies

b) Budget information

The original budget for FY 2022/2023 was approved by the Board on 27/01/2022. The entity'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 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 on page xx under section xxx of these financial statements.

c) Taxes

Current income tax

The entity is exempt from paying taxes.

Sales tax/ Value Added Tax

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

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

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

Summary of Significant Accounting Policies

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e) Property, plant and equipment

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 or construction of the item of property appropriately according to the acronyms you use in your financial statements plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus, or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

f) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

Summary of Significant Accounting Policies

g) 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. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

h) Research and development costs

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

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

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

i) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Summary of Significant Accounting Policies

Financial assets

Classification

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date.

Financial liabilities

Classification

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

j) Inventories

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

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

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

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

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

k) Provisions

Provisions are recognized when Mawego TTI 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 Mawego TTI 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

Mawego TTI 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

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

l) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

m) Nature and purpose of reserves

Mawego TTI creates and maintains reserves in terms of specific requirements.

n) Changes in accounting policies and estimates

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

o) Employee benefits

Retirement benefit plans

Mawego TTI provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (NSSF) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

p) 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.

q) 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.

r) Related parties

Mawego TTI 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 Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the Principal and senior managers.

s) Service concession arrangements

Mawego TTI 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 Entity 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, Mawego TTI also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

t) Cash and cash equivalents

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

u) Comparative figures

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

v) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2023.

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available.

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

6. Transfers from other National Government entities

Description	2022-2023	2021-2022
	Kshs	Kshs
a) Unconditional Grants		
Capitation Grants	66,473,000	91,345,500
Total Capitation	66,473,000	91,345,500
b) Conditional Grants		
Mbita TVC grant	5,165,565	15,511,411
Siruti TVC grant	0	500,000
Uriri TVC grant	0	26,192,540
Suba TVC grant	2,500,000	50,000,000
Total Conditional grants	7,665,565	92,203,951
Total Government Grants and Subsidies	74,138,565	183,549,451

(Conditional grants represents monies for mentee institutions hence a liability until utilised).

(a) Transfers from other Government entities (Categorized)

Name Of The Entity Sending The Grant	Amount recognized to Statement of Comprehensive Income Kshs	Amount deferred under deferred income Kshs	Amount recognised in capital fund.	Total grant income during the year	2021-2022
			Kshs	Kshs	Kshs
State Department of Technical and Vocational Training	66,473,000	0	66,473,000	74,138,565	183,549,451
Total	66,473,000	0	66,473,000	74,138,565	183,549,451

The details of the reconciliation have been included under appendix III

(c) Public Contributions and Donations

Description	2022-2023	2021-2022
	Kshs	Kshs
Computer Donations	12,600,000	
Donations from Local Leadership	-	
Donations from Religious Institutions	-	
Total Donations and Contributions	12,600,000	0

(Jitume computer donation by Ministry of ICT)

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7. Rendering of Services

Description	2022-2023	2021-2022
	Kshs	Kshs
Tuition fees	59,320,680	37,399,820
Activity fees	11,516,300	13,357,600
Industrial attachment fees	5,268,000	7,648,000
Examination fees	32,951,260	40,091,620
Bus fund	6,272,000	7,192,000
Fines and damages	5,500	53,320
PU,PU-Catering, accommodation & helb applic.	214,150	2,464,115
Registration	685,800	279,000
Development fees	8,432,000	8,414,000
Local transport and travelling	23,704,400	28,141,050
Electricity, water and conservancy	15,447,600	18,229,300
Personal emolument	56,440,000	66,922,100
Practical	13,231,800	16,373,450
Medical	3,764,350	4,414,200
Repairs maintenance and improvement	11,288,000	13,609,200
Contingency	11,046,500	12,339,930
Internet	1,129,100	1,333,950
Student council	1,880,550	2,143,700
Arrears	0	30,870
Bursary	10,106	503,000
Rangwe TVC	100,000	0
Driving	0	202,900
Less: capitation not received	0	(33,750,000)
Total revenue from the rendering of services	262,708,096	247,393,125

Parental obligations receivable in the financial year under review

8. Sale of Goods

Description	2022-2023	2021-2022
	Kshs	Kshs
IM Practical sales	33,000	25,000
Bus hire	622,662	565,950
Tender	2,500	10,000
Total Revenue from Sale of Goods	658,162	600,950

Funds received on production units

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9. Rental revenue from facilities and equipment

Description	2022-2023	2021-2022
	Kshs	Kshs
Contingent Rental	250,300	109,900
Rent receivable	482,041	286,500
Total	732,341	396,400

Rent receivable from the Institute houses in the financial year from Institution staff houses

10. Finance Income

Description	2022-2023	2021-2022
	Kshs	Kshs
Interest income	1,685,873	1,248,881
Interest from outstanding debtors	0	0
Total finance income	1,685,873	1,248,881

Interest earned on savings a/c

11. Miscellaneous Income

Description	2022-2023	2021-2022
	Kshs	Kshs
Advance recoveries	15,000	100,300
Return on imprest	76,400	33,330
Accommodation and boarding	15,753,900	9,042,900
Application fee	153,900	386,500
Kuccps application	63,500	58,000
Caution money	1,155,500	1,083,500
Institute id	462,200	433,400
Passport fee	63,810	269,055
Graduation fees	3,758,000	0
Accommodation (IM)	500	21,000
PU Catering	1,422,320	2,528,125
Total other income	22,925,030	13,956,110

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12. Use of Goods and Services

Description	2022-2023	2021-2022
	Kshs	Kshs
Tuition	9,761,375	8,072,292
Industrial attachment costs	2,248,230	2,189,240
Electricity, Water and conservancy	3,812,560	3,842,596
Activity	8,303,705	3,396,370
Contracted Security	3,172,500	3,164,850
Admin/contingency	17,729,887	17,292,981
Research and Development	2,981,779	3,321,636
School equipment and stores	20,744,137	17,076,688
Advance	118,000	290,500
Examination fees	41,609,764	44,754,123
Application fees	168,475	120,600
Boarding expenses	2,497,120	2,189,204
Local transport and travelling	13,501,634	9,056,869
Practical	9,952,548	9,693,843
PU, PU-Catering	19,227,038	23,215,755
Bus hire	130,190	39,300
Bus fund	0	243,480
Total good and services	155,958,942	147,960,327

(Tuition incudes trade payables of Kshs. 7,586,315)

13. Employee Costs

Description	2022-2023	2021-2022
	Kshs	Kshs
Salaries and wages	48,560,131	43,442,231
NHIF	1,667,900	1,444,850
NSSF	4,446,230	3,473,988
Higher education loans board	233,230	26,400
Kudheihwa workers union	72,150	186,900
Gratuity	716,496	502,196
Social contributions/welfare	240,660	190,100
Employee Costs	55,936,797	49,266,665

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14. Board Expenses

Description	2022-2023	2021-2022
	Kshs	Kshs
Chairman's Honoraria	360,000	360,000
Other Board/Council Expenses	7,632,560	6,983,669
Total	7,992,560	7,343,669

15. Depreciation and Amortization expense

Description	2022-2023	2021-2022
	Kshs	Kshs
Property, plant and equipment	16,764,817	16,826,607
Amortization	1,725,000	533,845
Total depreciation and amortization	18,489,817	17,360,452

16. Repairs and Maintenance

Description	2022-2023	2021-2022
	Kshs	Kshs
Property	22,458,911	16,080,095
Total Repairs and Maintenance	22,458,911	16,080,095

17. General Expenses

Description	2022-2023	2021-2022
	Kshs	Kshs
Fines and damages	11,000	349,040
Graduation expense	5,921,358	0
Passport fee expenses	0	159,200
Medical expenses	466,415	963,997
MISU	1,838,316	1,846,185
PC/ISO	2,243,500	2,428,835
PU OTC	559,170	568,358
Refund	2,489,524	356,262
Tender expenses	447,500	190,000
Total contracted services	13,976,783	6,861,877

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18. Grants and Subsidies

Description	2022-2023	2021-2022
	Kshs	Kshs
Mawego - Siruti	0	500,000
Mawego - Rangwe	0	1,137,500
Urii TVC	3,107,123	0
Urii Helb	16,167,000	0
Total Grants and Subsidies	19,274,123	1,637,500

19. Finance Costs

Description	2022-2023	2021-2022
	Kshs	Kshs
Bank charges	348,302	262,453
Finance Leases (Amortized Cost)	0	0
Total Finance Costs	348,302	262,453

20. Impairment Loss

Description	2022-2023	2021-2022
	Kshs	Kshs
Property, Plant and Equipment	-	-
Intangible Assets	-	-
Total Impairment Loss	0	0

21. Cash and Cash Equivalents

Description	2021-2023	2021-2022
	Kshs	Kshs
Current account	133,837,760	278,838,460
Cheques	0	0
Money Order	394,756	642,077
Cash in hand	220,000	120,400
Total Cash and Cash Equivalents	134,452,516	279,600,937

21 (a). Detailed Analysis of Cash and Cash equivalents

Financial Institution	Account number	2022-2023	2021-2022
		Kshs	Kshs
a) Current Account			
Kenya Commercial Bank	1106779630	21,631,742	226,462,988
	1106780612	2,501,486	7,642,485
	1104936054	19,597,177	27,488,600
	1104936399	0	431,457
	1104093936	1	505,263
	1124881085	2,453,734	2,454,799
	1202156649	0	84,715
	1202157165	7,942,166	6,394,536
	1202156975	0	15,309
	1274670497	4,673,498	431,874
	1274670276	8,290,842	3,497,701
Equity Bank	1500272717716	14,247,114	3,428,733
Sub- Total		81,337,760	278,838,460
b) On - Call Deposits			
Kenya Commercial Bank		52,500,000	0
Sub- Total		52,500,000	0
c) Others			
Money order		394,756	642,077
cash in hand		220,000	120,400
Mobile money account		0	0
Sub- Total		614,756	762,477
Grand Total		134,452,516	279,600,937

21. b) Conditional Grants

source	Purpose	2022-2023	2021-2022
Ministry of Education	Uriri TVC construction	4,673,498	19,043,409
Ministry of Education	Mbita TVC construction	8,290,842	12,221,824
Cican	Bamboo project	0	2,785,450
Ministry of Education	Suba South TVC	41,920,592	50,000,000
Ministry of Education	Uriri TVC Capitation	2,392,000	0
Total		57,276,932	84,050,683

22 (a) Current Receivables from Exchange transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Receivables		
Student Debtors	155,345,890	81,832,482
Rent Debtors	482,041	286,500
Total Current Receivables	155,827,931	82,118,982

22 (b) Long- term Receivables from Exchange transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Non-Current Receivables		
Mabera TVC	1,138,255	1,138,255
Rangwe TVC	1,121,000	1,221,000
Total	2,259,255	2,359,255
Current Portion Transferred To Current Receivables	(0)	(0)
Total Non-Current Receivables	0	0
Total Receivables	2,259,255	2,359,255

21 (c) Ageing Analysis of Receivables from Exchange transactions

Description	2022-2023		2021-2022	
	Kshs		Kshs	
	Current FY	% of total	Comparative FY	% of total
Less than 1 year	-	-	-	-
Between 1- 2 years	-	-	2,359,255	100%
Between 2-3 years	2,259,255	100%	-	-
Over 3 years	-	-	-	-
Total (a+b)	2,259,255	100%	2,359,255	100%

23. Inventories

Description	2022-2023	2021-2022
	Kshs	Kshs
Consumable stores	0	5,810,392
Maintenance stores/Hardware	98,962	-
Cleaning materials stores	54,500	-
Catering stores	1,926,067	-
Total Inventories at lower of Cost and Net Realizable Value	2,079,529	5,810,392

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24. Property, Plant and Equipment

	Land	Buildings	Roads	Motor vehicles	Furniture and fittings	Computers	Other assets	Plant and equipment	Capital work in progress	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Depreciation rate	0%	2%	15%	25%	10%	30%	10%	10%		
At 1 July 2021	50,000,000	388,098,810	12,291,414	31,229,400	1,927,777	1,589,009	1,393,544	7,146,609	121,897,060	615,625,000
Additions		58,042,121	2,895,500	1,589,867	0	1,923,000	1,898,688	0	48,876,438	115,225,614
Transfer		0	0	0		0			(58,042,121)	(58,042,121)
Adjustments		0	0	0		0			0	0
At 30th June 2022	50,000,000	446,140,931	15,186,914	32,819,267	1,927,777	3,512,009	3,343,609	7,146,609	112,731,377	672,808,493
At 1 July 2022	50,000,000	446,140,931	15,186,914	32,819,267	1,927,777	3,512,009	3,343,609	7,146,609	112,731,377	672,808,493
Additions		0	0	5,840,000	0	2,190,000	0	32,892,450	89,842,284	130,764,734
Transfer/Donations		0	0	0		12,600,000		0	0	12,600,000
Adjustments		0	0	0		0		0	0	0
At 30th June 2023	50,000,000	446,140,931	15,186,914	38,659,267	1,927,777	18,302,009	3,343,609	40,039,059	202,573,661	816,173,227
Depreciation and impairment										-
At 1 July 2021	-	13,764,528	-	6,044,406	305,199	604,858	158,715	956,868	-	21,834,574
Depreciation		7,761,976	1,843,712	7,807,350	192,778	476,703	139,354	714,661	-	18,936,534
At 30th June 2022	-	21,526,504	1,843,712	13,851,756	497,977	1,081,561	298,069	1,671,529	-	40,771,108
At 1 July 2022	-	21,526,504	1,843,712	13,851,756	497,977	1,081,561	298,069	1,671,529	-	40,771,108
Depreciation		8,492,289	2,001,480	4,741,878	142,980	729,134	109,548	547,508	0	16,764,817
At 30th June 2023	-	30,018,793	3,845,192	18,593,634	640,957	1,810,695	407,617	2,219,037	0	57,535,925
Net book values										-
At 30th June 2023	50,000,000	416,122,138	11,341,722	20,065,633	1,286,820	16,491,314	2,935,992	37,820,022	202,573,661	758,637,302
At 30th June 2022	50,000,000	424,614,427	13,343,202	18,967,511	1,429,800	2,430,448	1,095,475	5,475,080	83,962,681	620,373,802

WIP
Uriri TVC
Mbita TVC
Suba TVC
Mawego – Tuition block
Mawego – Perimeter fence

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Valuation

As per National Treasury guidelines, Land and buildings were identified and valued as per the National Liabilities and Management Policy and guidelines (Issued June 2020). The assets were revalued by Odongo Kabita professional valuers. These amounts were adopted in the financial statements on 30/6/2023.

24 (b) Property, Plant and Equipment at Cost

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	50,000,000	-	50,000,000
Buildings	446,140,931	30,018,793	416,122,138
Plant And Machinery	40,039,059	2,219,037	37,820,022
Motor Vehicles	38,659,267	18,593,634	20,065,633
Computers and Related Equipment	18,302,009	1,810,695	16,491,314
Office Equipment, Furniture, And Fittings	1,927,777	640,957	1,286,820
Roads	15,186,914	3,845,192	11,341,722
Other Assets	3,343,609	407,617	2,935,992
Work in Progress	202,573,661	0	202,573,661
Total	816,173,227	57,535,925	758,637,302

25. Intangible Assets

Description	2022-2023	2021-2022
	Kshs	Kshs
Cost		
At beginning of the year	6,900,000	533,845
Additions	0	6,900,000
At end of the year	6,900,000	7,433,845
Additions–internal development	-	-
At end of the year	6,900,000	7,433,845
Amortization and impairment		
At beginning of the year	-	-
Impairment loss	1,725,000	533,845
At end of the year	1,725,000	533,845
NBV	5,175,000	6,900,000

26. Trade and Other Payables

Description	2022-2023		2021-2022	
	Kshs		Kshs	
Trade payables	7,586,315		6,664,176	
Fees paid in advance				
Salary deductions				
Third-Party Payments				
Other Payables				
Total Trade and Other Payables	7,586,315		6,664,176	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	7,586,315	100%	6,664,176	100%
1-2 years	-		-	
2-3 years	-		-	
Over 3 years	-		-	
Total (to tie to totals above)	7,586,315	100%	6,664,176	100%

27. Financial Risk Management

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

The Institution financial risk management objectives and policies are detailed below:

(i) Credit risk

The entity has no 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.

(iii) Market risk

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control

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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 entity'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 entity's exposure to market risks or the manner in which it manages and measures the risk.

ii) Capital Risk Management

The objective of the entity's capital risk management is to safeguard the entity's ability to continue as a going concern.

The entity capital structure comprises of the following funds:

Description	2022-2023	2021-2022
	Kshs	Kshs
Revaluation Reserve	399,502,649	399,502,649
Retained Earnings	551,064,215	490,317,948
Capital Fund	30,401,422	30,401,422
Total Funds	980,968,286	920,222,019
Total Borrowings	-	-
Less: Cash and Bank Balances	(134,452,516)	(279,600,937)
Net Debt/(Excess Cash and Cash Equivalents)		
Gearing	%	%

28. Related Party Balances

Nature of related party relationships

Entities and other parties related to the entity 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 Mawego TTI, holding 100% of the Institution's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external. Other related parties include:

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

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29. Capital Commitments

Capital Commitments	2022-2023	2021-2022
	Kshs	Kshs
Authorised for: Institute Van	-	6,000,000
Authorised and Contracted for: Tuition block	-	75,000,000
Medical laboratory	4,500,000	
Total	4,500,000	81,000,000

30. Events After The Reporting Period

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

31. Ultimate And Holding Entity

Mawego TTI is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Education. Its ultimate parent is the Government of Kenya.

32. Currency

The financial statements are presented in Kenya Shillings (Kshs) and the values are rounded off to the nearest shilling.

20 Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
	Budgetary Control and Performance	Repair and maintenance realized an over-expenditure of Kshs. 1,775032 occasioned by change in commodity prices	Resolved	
	Unresolved Prior Year Matters	Prior year matters have been partly resolved	Not Resolved	31/12/2023
	Collapse of Pressed Steel Elevated Water Tank Tower	Management still pursuing the contractor with the help of police	Not Resolved	31/12/2023
	Non-Compliance with the Law on Ethnic Diversity in Staffing	Currently hiring is done on merit taking into consideration the ethnic communities	Not Resolved	
	Membership of Board of Governors Committees	This has been rectified	Resolved	01/09/2023
	Improper Constitution of the Board of Governors	The management has raised the issue with the appointing authority	Not Resolved	
	Incomplete Construction of Uriri Technical and Vocational College	The Institution has been completed and on operation	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
	Delayed Completion of Mbita Technical and Vocational College	The Institution has been completed and is due for handing over once a principal is appointed	Resolved	
	Inadequate Staffing	The management has done human resource plan and allocated duties appropriately	Resolved	
	Inventory Management	Issuance and receiving of inventory through the ERP	Resolved	
	Weaknesses in Debts Recovery	Management has developed fees policy to manage debts	Resolved	

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Dr. John Abuto, PhD
Accounting Officer/Principal



Appendix II: Projects Implemented by Mawego TTI

Projects

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

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1. Uriri TVC		Government/cdf	1 year	56,192,540	No	Yes
2. Mbita TVC		Government/cdf	1 year	50,676,976	No	Yes
3. Suba TVC		Government/cdf	1 year	52,500,000	No	Yes

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Uriri TVC	56,192,540	51,519,042	98%	56,192,540		Government/cdf
2	Mbita TVC	56,192,540	42,386,134	96%	56,192,540		Government/cdf
3	Suba TVC	73,894,710	10,579,408	20%	73,894,710		Government/cdf
4	Mawego Tuition	70,999,260	36,146,976	55%	70,999,260		Fees

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Appendix III- Inter-Entity Confirmation Letter



MAWEGO TECHNICAL TRAINING INSTITUTE
P.O BOX 289 - 40222 OYUGIS - KENYA.
Cell: Tel: 0734 - 156 640 Tel: 020 - 353092
email: mawegotechnical@gmail.com, mawegoinstitute@yahoo.com

Mawego TTI
PO Box 289-40222
Oyugis

Mawego TTI wishes to confirm the amounts disbursed to us as at 30th June 2023 as indicated in the table below. Please compare the amounts disbursed by you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by Mawego TTI as at 30 th June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30th June 2023			Total (D)=(A+B+C)	Amount Received by [Beneficiary Entity] (Kshs) as at 30 th June 2023 (E)	Differences (Kshs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)			
	24/10/2022	17,665,000			17,665,000		
	26/01/2023	23,904,000			23,904,000		
	11/05/2023	0	5,165,565		5,165,565		
	29/05/2023	0	2,500,000		2,500,000		
	29/06/2023	24,904,000	0		24,904,000		
Total		<u>66,473,000</u>	<u>7,665,565</u>		<u>74,138,565</u>		

In confirm that the amounts shown above are correct as of the date indicated.
Head of Accountants department:
 Name Felex Otieno Odera. Sign*Felex Otieno Odera*.....Date*22/09/2023*.....

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Appendix IV: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

Appendix V: Reporting on Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments

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Appendix VI: Reconciliation of Budget and Statement of Financial Performance

Description	Financial Performance	Budget Statement	Performance difference	Reason
	Kshs	Kshs	Kshs	%
Revenue				
Transfers from other National Government entities/ Capitation	66,473,000	66,473,000	0	-
Public contributions and donations	12,600,000	0	12,600,000	Donations are non-cash
Rendering of services- fees from students	262,708,096	137,977,676	124,730,420	Accrued fees
Sale of goods	658,162	658,162	0	-
Rental revenue	732,341	0	732,341	Accrued rent is non-cash
Finance income	1,685,873	1,685,873	0	-
Other Income	22,925,030	23,175,330	(250,300)	Actual rent paid
Total Income	367,782,502	229,970,041	137,812,461	
Expenses				
Use of goods and services	155,958,942	151,305,940	4,653,002	Accrued amount
Employee costs	55,936,797	55,936,797	0	-
Board Expenses	7,992,560	7,992,560	0	-
Depreciation and amortization	18,489,817	0	18,489,817	Non-cash
Repairs and maintenance	22,458,911	22,458,911	0	-
General Expenses	13,976,783	13,976,783	0	-
Grants and subsidies	19,274,123	0	19,274,123	For mentee Institution
Finance costs	348,302	0	348,302	
Capital Expenditure/Development	0	52,591,121	(52,591,121)	Capital expenditures are expensed
Total Expenditure	294,436,235	304,262,112	(9,825,877)	
Surplus/Deficit For the Period	73,346,267	-	(74,292,071)	