

REPUBLIC OF KENYA



Enhancing Accountability

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 24 FEB 2021

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OF

THE AUDITOR-GENERAL

ON

**SIALA TECHNICAL TRAINING
INSTITUTE**

**FOR THE YEAR ENDED
30 JUNE, 2020**



SIALA TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30TH JUNE 2020

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



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KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Siala Technical Training Institute was established under the TVET Act, 2013 in the year 2016. The Institute operates within the mandate of Ministry of Education which provides the general policy and strategic direction on Kenya's higher Education.

(b) Principal Activities

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

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

Vision

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

Mission

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

Our slogan

Making excellence a habit

Core values

- Integrity
- Transparency and accountability
- Team work
- Fairness
- Creativity and sustainability.



(C) Key Management

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

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

(D) Fiduciary Management

The key management personnel who held office during the Period ended 30th June 2020 and who had direct fiduciary responsibility were:

No.	Name	Designation
1.	Fredrick Situma	Principal
2.	Jenipher Obuya	D/Principal (Administration)
3.	Leah Odhiambo	D/Principal (Academics)
4.	Arkipo Odede	Ag. Registrar
5.	Peter Aduda	Head of Finance
6.	Sixtus Mazingira	Head of Procurement

(E) Fiduciary Oversight Arrangements

The Board has the Overall mandate of ensuring the Sound Management of the Institute. This includes; Approving policies, strategic governance, planning and reviewing policies and plans. Also approving Budgets and Quarterly/Annual financial statements.

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



KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(F) Headquarters

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

(G) Contacts

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

(H) Bankers

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

(I) Independent Auditors

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

(J) Principal Legal Adviser

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



THE BOARD OF GOVERNORS



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



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



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



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



NAME: Mr. Symon Lawi Muriuki

YOB: Birth: 1963

POSITION/KEY

RESPONSIBILITIES:

Board Member

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

WORK EXPERIENCE:

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



NAME: Mr. Paul Otieno Aol

YOB: Birth: 1985

POSITION/KEY

RESPONSIBILITIES:

Board Member

QUALIFICATIONS: LLB. (UoN)

WORK EXPERIENCE:

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



NAME: Dr. Maurice O. Odondo

YOB: Birth: 1974

POSITION/KEY

RESPONSIBILITIES:

Board Member

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

WORK EXPERIENCE:

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



NAME: Mr. Tom Olang'o
YOB: Birth:
POSITION/KEY RESPONSIBILITIES:
County Director (TVET)
QUALIFICATIONS:
WORK EXPERIENCE:
County Director TVET Ministry of Education.



NAME: Mr. Fredrick S. Wanjala
YOB: Birth: 1962
POSITION/KEY RESPONSIBILITIES:
Principal /BOG Secretary
QUALIFICATIONS: MSc., B.Ed.
WORK EXPERIENCE:
Principal siala TTI, D/Principal , Registrar, Lecturer Matili TTI. Principal (St. Paul Narati & Kimaeti Sec. Schools), D/principal St. Francis Likuyani Sec. School., HOD Sirisia Sec. School. Academic Committee Chair (KESHA Western Province.)



MANAGEMENT TEAM



NAME: Mr. Fredrick S. Wanjala

YOB: Birth: 1962

POSITION/KEY

RESPONSIBILITIES:

Principal /BOG Secretary

QUALIFICATIONS: MSc., B.Ed.

WORK EXPERIENCE:

Principal siala TTI, D/Principal ,
Registrar, Lecturer Matili TTI.

Principal (St. Paul Narati & Kimaeti
Sec.Schools),D/principal St.Francis
Likuyani Sec.School., HOD Sirisia
Sec. School. Academic Committee
Chair(KESHA Western Province).



NAME: Ms. Jenipher A. Obuya

YOB: Birth: 1963

POSITION/KEY

RESPONSIBILITIES:

D/Principal (Administration)

QUALIFICATIONS: M.sc. B.Ed.

WORK EXPERIENCE:

D/Principal(Administration)Siala
TTI,HOD/Ag Dean of Students Siala
TTI,D/Principal Kwoyo Kodalo Sec.
School.



NAME: Ms. Leah A. Odhiambo

YOB: Birth: 1967

POSITION/KEY

RESPONSIBILITIES:

D/Principal (Academics)

QUALIFICATIONS: B.sc.

WORK EXPERIENCE:

D/Principal (Academics)Siala
TTI,HOD Kisii Nat.Poly,Ass.Dean of
Students Moi Institute of
Tech.,Lecturer Ramogi inst of
Adv.Tech(RIAT),HOD RIAT.

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NAME: Mr.Peter Aduda

YOB: Birth: 1977

POSITION/KEY

RESPONSIBILITIES:

Finance Officer.

QUALIFICATIONS: CPA (K) (KCA
Kisii.)

WORK EXPERIENCE:

Finance Officer Siala TTI,
Accountant Southern Enterprises
Ltd



NAME: Mr.Sixtus Mazingira

YOB: Birth: 1991

POSITION/KEY

RESPONSIBILITIES:

Procurement Officer

QUALIFICATIONS: B.Sc.(JKUAT).

WORK EXPERIENCE:

Procurement Officer Siala TTI



CHAIRMAN'S STATEMENT.



On behalf of Siala Technical Training Institute, I'm pleased to present the Annual Report and Financial Statements for the year ended 30th June 2020. These statements are prepared in conformity with the International Public Sector Accounting Standards (IPSAS) and International Accounting Standards (IASs).

Further, the statements incorporate the requirements of Article 81 of the Public finance management Act, 2012 and the National treasury guidelines with regards to adoption of IPSAS. Siala Technical Training Institute is committed to its mission and strategic thrust of offering quality education within an environment of prudent financial management.

The institute kept on course the implementation of the 2017-2021 Strategic Plan. There are plans to review the strategic plan in view of the existing economic realities and the new developments within the Institute. This will enable prioritization of projects and activities that are central to growth of the institute and the attainment of vision 2030 and the Big Four agenda.

This is the fourth year since the establishment of Siala TTI. During the financial year 2019/2020 the institute saw an increased number in student enrolment, this was attributed by the introduction of government fee capitation, but was affected in the fourth Quarter by COVID-19 Pandemic.

We are confident and satisfied that with continued prudent management of resources and an increase in government projects and grants. In engaging other partners (CDF and County Government) the institute will develop into one of the modern technical training institutes in the region.

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

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

Thank you.

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

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REPORT OF THE PRINCIPAL



Presented here is the annual report and financial statements of Siala Technical Training Institute for the year ended 30th June 2020 as required by the Public Finance Management Act, 2012. Siala TTI's performance during the year under review was impressive despite the financial constraints and COVID-19 pandemic faced during the year. The government capitation still remains as the institute's main source of income at 53.2% of school fee charged, then followed by students tuition fee and other income.

The institute received from Government recurrent expenditure grants of Ksh.20, 970,000 (Capitation grants) and Ksh 1,528,350 to support Capital Development. The institute also generated Ksh.16, 557,773 from school fee, which was used to finance operations of the institution.

The institution faces financial challenges in view of expansion in student population and financing the physical facilities as well as human resource capacity (trainers). The Institute has continued with its core business of disseminating knowledge through training, research and innovation. The current student population is 982 and is expected to increase to 1300 by the end of financial year 2020/2021. Staff population stood at seventy five (75) at the close of Financial year 2019/2020 and is expected to rise for both Academic and Administrative in the next Financial year.

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

Development partners projects

This financial year, the Institute received from the Government through the Ministry of Education, funds for an Electrical Workshop which was constructed up to 90% by the closure of the Financial year. Besides, the ongoing AfDB Phase II project is expected to be completed in financial year 2020/2021.

The Dining Hall sponsored by NG-CDF Rongo is also expected to be completed in Financial year 2020/2021.

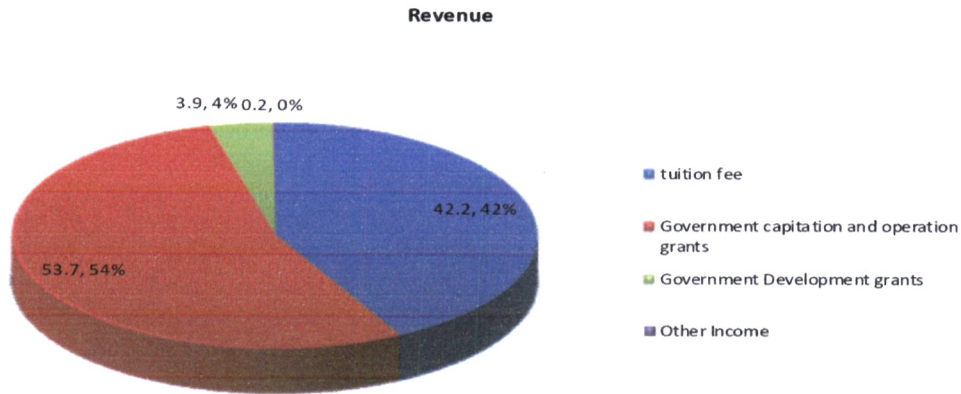
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Financial performance summary.

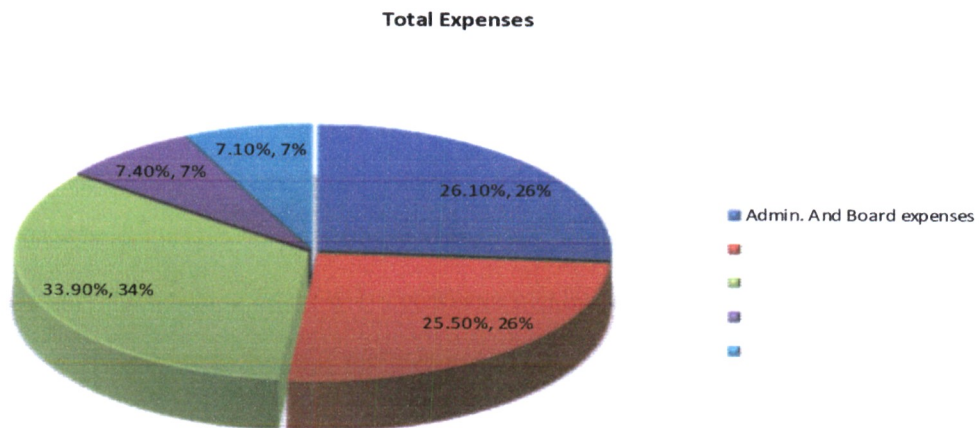
Revenue

During the year 2019/2020, the institute received a total of Ksh.20, 970,000 as Capitation grants and Ksh.1, 528,350.as Development grants, Ksh.16, 484,393. as Tuition fee from parents, and Ksh.73,380 as other income.



Expenses

The Institute incurred Ksh.29,512,546. in Recurrent and Development expenses for the financial year 2019/2020.



The biggest expenditure is shared between Employee cost and Admin. Expenses at 33.9% and 26.1% respectively followed by Academic expenses at 25.5%, Repairs and Maintenance at 7.4% and Directors Emoluments at 7.1%.

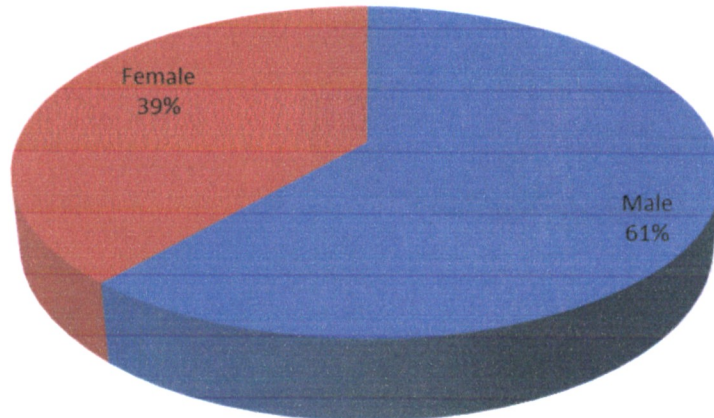


Staff Members

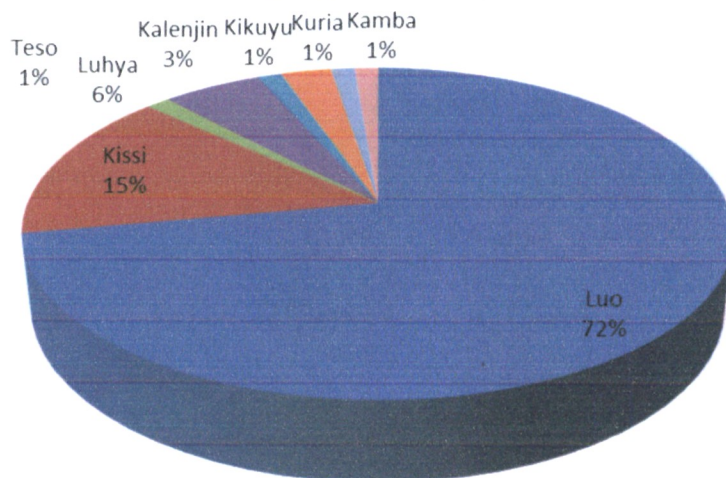
Staff population was seventy five (75) at the close of Financial year 2019/2020 and is expected to rise for both academic and administrative entities in the next financial year. Gender Distribution; Male 46, Female 29.

Geographical Distribution; Luo 54, Kisii 11, Teso 1, Luhya 4, Kalenjin 2, Kikuyu 1, Kamba 1 and Kuria 1.

Staff Gender Distribution



Staff Geographical Distribution



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Conclusion

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

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

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

Thank you.

Mr. Fredrick Situma
Principal



1. REVIEW OF SIALA TECHNICAL TRAINING INSTITUTE'S PERFORMANCE FOR FY 2019/2020

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.

Siala TTI has five (5) strategic pillars and objectives within its Strategic Plan for the FY 2017- 2021. These strategic pillars are as follows:

The Strategic Objectives / Pillars

1. To produce well trained and skilled manpower for industry
2. To provide access to education and training through increase in student enrolment.
3. To establish networks and strengthen partnerships
4. To improve institutional infrastructure and capacity
5. To diversify sources of income.

Performance Contract

Siala TTI signed a performance agreement with the Government of Kenya as a demonstration of its commitment to;

- i. Ensure that public services were delivered in accordance with the constitution.
- ii. Ensure modernization of public service by introduction of modern technologies and innovative service delivery.
- iii. Ensuring that public officers demonstrated professionalism, transparency and accountability in performing their duties and that they showed courtesy, integrity and neutrality in provision of services.

Statement of Strategic Intent by the Board of Governors

In carrying out the institute's duties, the Board intended to put all its efforts towards contributing effectively and efficiently to the achievement of the national development agenda as espoused in the Kenya Vision 2030, keeping in mind the specific priorities of Siala Technical Training Institute.

Bearing in mind the imperative of inclusivity, the following strategic intentions were to be implemented during the Financial Year 2019/2020

- i. Increase enrolment to full capacity
- ii. Commence the construction of Electrical Workshop
- iii. Build students capacities and capabilities to support "Big Four" Initiatives, MTP III and Vision 2030 particularly manufacturing sector and affordable housing
- iv. Collaborate and link with institutions and industry locally.

Reporting Requirements

The Board submitted Quarterly reports within 15 days after the end of the Quarter and Annual Performance reports 30 days after the end of Financial Year together with the extracts of Boards Minutes discussing and approving the reports in the prescribed format to the Ministry of Education and other specialized agencies as specified in section 7.7.1 of the Performance Contracting Guidelines for purposes of monitoring progress and annual performance.



1: Financial Stewardship & Discipline

a) Absorption of Allocated Funds

During the financial year, Siala TTI absorbed and utilized Ksh.29, 512,546 of its approved budget for both recurrent and development grants for projects.

b) Appropriation in Aid (A-in-A)

During the financial year, Siala TTI realized a total of Kshs.16, 557,773 against a target of ksh 35,865,824. As fee collection from students and other income.

c) Pending Bills

Siala TTI had no pending bills as of 30 June 2020, as they were paid in time.

2: Service Delivery

a) Implementation of Citizens' Service Delivery Charter

During the financial year Siala TTI ensured that services were delivered to all the stakeholders as it continued executing its core mandate which included;

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

b) Application of Service Delivery Innovations

During the year, Siala TTI continued to implement the following:

- i. Posting online newsletters to students, parents and sponsors by end of every term on the Institute's website. This was to curb cheating by students and reaching parents/guardians/sponsors on timely manner.
- ii. Advertising on radio and print media courses offered, to maximize on the number of clients reached.

c).Resolution of Public Complaints

Siala TTI ensured prompt resolution of public complaints referred directly or channeled through the complaint box. In addition the Institute:

- i. Established complaints management and access to information infrastructure.
- ii. Proactively disclosed information as per the required format.
- iii. Submitted a report on resolution of complaints received and processed.
- iv. Submitted a report on requests for access to information processed.
- v. Reported on capacity development on CAJ's performance contracting requirements.



3: Core Mandate

Priority projects/“Big Four” Initiative

Siala TTI undertook four (4) Big Four initiative projects.

a) Electrical Workshop Constructed

The Electrical Workshop was constructed to 90% complete by 30 June 2020.

b) Collaboration with Industries for Industrial Attachment

During the year Sial TTI signed MoU with the industries listed below for industrial attachment of students.

- i. Sony Sugar Company Ltd.
- ii. United Millers Kisumu.
- iii. Migori County Government offices.

Projects/Outcomes aligned to SDGs and Sector Performance Standards (SPS)

c (i) Increase Enrolment

During the year Siala TTI managed to admit 200 new students, raising enrolment from 782 students to 982 students which was a full capacity. This was achieved through:

- i. Participating in TVET fairs
- ii. Advertising in the radio stations and institution website
- iii. Updating Institution's capacity with Kenya Universities and Colleges Central Placement Services (KUCCPS)

c (ii) Increase Enrolment of Females in Science, Engineering and Technology (SET)

During the year Siala TTI managed to increase enrolment of female in SET courses by 13 students from 57 to 70 female students through advertisements in print media and website by encouraging them to apply for the courses available in the Institute.

Project Completion Rate

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

4 .Access To Government Procurement Opportunities (AGPO)

The total procurement allocation to the target groups was kshs.9, 983,356.20 ,this was 30% of the procurement budget. The following measures were taken to realize the same;

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

5. Promotion Of Local Content In Procurement

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

Forty percent (40%) (Ksh.13, 311,141.60) of the Institute procurement budget was allocated to locally produced goods and services.

6. Cross - Cutting

a) Asset Management:

i. Inventory Management

A catalogue of the Assets and Properties (assets register) including their status in terms of the working condition was maintained with a total asset book value of kshs.96, 108,355.



ii. Youth Internships/Industrial attachment/Apprenticeship

The total in-post trainers in Siala Technical Training Institute was 67. The Institute engaged seven (7) youths in internship/ Industrial Attachment for skills transfer.

iii. Competence Development

During the year the Institute undertook Institutional Skills Gap Analysis.

Various training programs were implemented including Archicard, Autocard and CDACC trainings to enhance employee skills and proficiencies to improve institutional performance. A significant number of staff attended various training programs for:

(a) Data and knowledge management status to establish trends and patterns to inform decisions in executing the Institute's mandate for continuous improvement.

b) Preserving and sharing knowledge and lessons learnt across Siala Technical Training Institute for continued improvement by uploading information on the website and presenting documents for keeping in the Library.

b).Disability Mainstreaming

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

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

c).Prevention of HIV Infections

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

d).Safety and Security Measures

During the year the Institute adhered to safety and security programs involving personnel, documents, information, equipment and assets. An elaborate safety and disaster preparedness mechanism, comprising disaster risk management (fire drill) and implementation of security system installation is being put in place to address emerging safety and security risks.

e).National Cohesion and Values

Siala TTI promotes National Cohesion, Values and Principle to create cohesion and peaceful nation. To achieve this, Siala TTI implemented a number of commitments and submitted an annual progress report on the implementation and way forward as captured in the 2016 Annual Presidents report on national values and Principles of Governance.

f).Corruption Prevention

The institute is committed to combat and prevent corruption, unethical practices and promote standards and best practice in governance in line with the Ethics and Anticorruption Commission Act No.22 of 2011 and Leadership and Integrity Act of 2012. To achieve this Siala TTI undertook the following measures:

- i. Undertake a Corruption Risk Assessment and develop a Corruption Risk Mitigation Plan.
- ii. Implement measures emanating from the Corruption Risk Mitigation Plan.
- iii. Submit quarterly performance reports to EACC using the prescribed reporting format.

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Siala TTI develops its annual work plans based on the above four (4) pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The institute achieved its performance targets set for the FY 2019/2020 period for its four strategic pillars, as indicated in the diagram below:

S/No.	Pillar Strategic	Objective	Key Performance Indicators	Activities	Achievements (Outcomes) FY 2019/20
1.	Pillar 1: To produce well trained and skilled manpower for Industry.	Training of students in the best way possible.	High demand for Siala tti trainees and improved performance in exams	Recruiting competent teaching staff	Quality training, Competent trainees.
2.	Pillar 2: Liaison with Industry.	Setting up network with the community and other institutions.	Benchmark reports and signed MOU's with collaborating institutions.	Identifying possible industry partners	Improved collaborations, visit to similar institutions and industry improved.
3.	Pillar 3: Provide access and increase student enrolment.	Increased student population	Enhance career guidance to students and the general population	Intensify marketing and promotion of the institute	Reduced course hoping and dropout rates.
4.	Pillar 4: Improving institutional infrastructure and capacity.	Construction of workshops.	B.Q done and tender awarded	Construction works approved.	Electrical workshop constructed.



CORPORATE GOVERNANCE STATEMENT

Introduction

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

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

Governance Principles.

It is our view that *governance* is not just a matter for the Board of Governors but rather, a good governance culture must be percolated through the institute system. The current socio-economic, business and political environment in which the institution operates, underscore the need for continued high standards of corporate governance and accountability.

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

Size and composition of the Board of Governors

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

Board of Governors meetings.

The institute Board of Governors meetings are scheduled as follows: (a) Finance Committee meets five (5) times (b) Education and Training Committee meets (5) times (c) Full Board four (4) times (d) Special Meetings took place five (5) times during the year.

Members receive adequate notice and board papers in advance to enable them review and prepare for the meeting.

The Board of Governors team changed during Quarter two and a new team was appointed hence two tables of meeting attendance. (Table A and B)

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The Board of Governors new team after the Inauguration Meeting

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

Table A. Board members who were in office during Quarter one ended 30/09/2019.

		Executive Board	Full Board	Special/Emergency
	Board Members	Meetings	Meetings	Meetings
1.	Mr. Charles Ogalo	1	1	1
2.	Ms. Everlyn Muchocho	0	1	1
3.	Ms. Vivian Chemiron	1	1	3
4.	Mr. Naftali Andang'o	1	1	2
5.	Ms. Everlyne Mwita	1	1	3
6.	Mr. John Kisyula	0	1	1
7.	Mr. Tom Anode	0	1	1
8.	Mr. Joseph Owuor	0	1	0
9.	Mr. Wilson Oroni	1	1	3

Table B. Board Members who were inaugurated and took over as from 01/10/2019.

		Finance Committee	Education and Training	Full Board Meeting	Special/Emergency
	Board Members	Meetings	Meetings		Meetings
1.	Mr. George Ogutu	0	0	4	2
2.	Ms. Jane Ombajo	0	2	4	0
3.	Ms. Vivian Chemiron	2	0	4	5
4.	Mr. John Kisyula	2	0	4	0
5.	Mr. Paul Aol	0	2	4	1
6.	Mr. Simon Lawi	2	0	4	0
7.	Mr. Tom Olang'o	0	0	3	0
8.	Dr. Maurice Odondo	0	2	3	0
9.	Mr. Fredrick Situma	2	2	4	5

MANAGEMENT DISCUSSION AND ANALYSIS



The Civil Engineering Complex sponsored by AfDB through the Government of Kenya.



NG-CDF Rongo Sponsored Dining Hall nearing completion.

SIALA TECHNICAL TRAINING INSTITUTE
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Electrical Workshop Sponsored by GOK through MoE is 90% complete (above and below.)



**SIALA TECHNICAL TRAINING INSTITUTE
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The former Principal Secretary Ministry of Education, Department of Technical and Vocational Training, Dr. Kevit Desai and the Board Members being shown the New Equipment for Automotive Engineering Delivered by the Ministry of Education.

(Top and Bottom)





CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

The Institute is committed to improving lives of the underprivileged by making contributions of both time and resources to their courses. The board and the Institute management has anchored CSR activities in its strategic plan under the key result area of community outreach. CSR programmes carried out should be relevant, sustainable and in line with the Institution mandate. During the financial year, a team of Siala technical training institute staff and students participated in several CSR activities which are mentioned below:

Income Sustainability

The Institute is dependent on the Government for all its Development grants. The Institute is keen to grow its internally generated revenue from tuition fees and other income generating activities to bridge the gap in recurrent expenditure.

Environmental issues

Siala TTI in collaboration with Provincial Administration- Rongo Sub County, Kenya Forest Service and the surrounding community participated in tree planting where over 500 trees were planted and rehabilitation of river Misadhi water ways.(refer to photos on page xxvii and xxviii).

Employee welfare

Among the most critical assets of an organization is the Human Recourse. At Siala TTI staff are highly valued and the institute has put in place measures to ensure that all employees continue to operate in a conducive work environment for maximum service delivery.

The institute has also put in place measures to ensure that staff are not only working but are engaged in in the institute's Sustainable Development agenda e.g; trainings.

Training not only helps to improve the staff skills but make them more productive and also has an impact on their personal lives. In the reporting period, the institute invested in various trainings both internal and external. The return on this investment has been seen in both staff performance and motivation.

The institute comprises a great diversity of ethnicity and religious orientation. It cuts accross all cadres; the Board of Governors and Staff (refer to page xiii).

Market place practises (Supply value chain)

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

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

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

The supply chain strategic activities targets, procurement planning, tendering process, contract management, logistics, inventory, asset management, disposal and stakeholders relations.

Value for money

The Institution maximizes return on money spent through the procurement of goods, works and services throughout the entire chain, this is enhanced by:

XXV



a. Procurement planning

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

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

b. Access To Government Procurement Opportunities (AGPO)

CATEGORY	AWARDS	AWARDS
	FY 2019/2020	FY 2019-2020
	%	KShs
Women	60%	5,990,013.74
Youth	38%	3,793,675.36
PWD	2%	199,667.10
Total	100%	9,983,356.20

To achieve this the following initiatives were taken;

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

C. Empowering local firms

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

Promotion of local content in procurement (Buy Kenya, Build Kenya) initiative continues to be supported where by 40% of the institution's non specialized budget, is spent on local products and services supplied by citizens. During the year, procurement of locally manufactured goods and services (local content) allocation was Ksh. 13,311,141.60.

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

d. Compliance to statutory requirements

The supply chain function is guided by the Public Procurement and Asset Disposal Act 2015 and relevant regulations as established.

All our procurements are processed with due compliance to all these statutory requirements and Institute procedures e.g. Submitting quarterly progress reports on the implementation of local content to the Ministry of Trade , Industry and Cooperatives.

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

Our assets and other procurements are compliant to safety, health and environmental requirements for sustainable growth. These initiatives build a sustainable supply chain function for the future.



Table A. The Deputy County Commissioner demonstrating during tree planting exercise.



Table B. Principal, Deputy Principal and retired Chief demonstrating during tree planting exercise.



Table C. The Kenya Forest Service, Siala TTI Staff and Students during Tree planting Exercise.



Tables A, above B and C, Shows Environmental cleaning exercise for tree planting and rehabilitation of river Misadhi water way.

Table B. Below.



Table C. Below.





REPORT OF THE BOARD OF GOVERNORS

The Institute Board of Governors hereby submits its Financial Year 2019/2020 report together with the audited financial statements for the year ended June 30, 2019 which shows the state of affairs of Siala Technical Training Institute.

Principal activities

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

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

Results

The results of Siala TTI for the year ended June 30, 2020 are set out on page 1-to- 46.

COUNCIL/BOARD OF GOVERNORS

The members of the Board who served during the year are shown on page XV and XVI. During the year Seven Board members retired and six new Board Members were appointed with effect from 1st October 2019.

Auditors

The Auditor General is responsible for the statutory audit of Siala TTI financial statements FY2019/2020 in accordance with Article 229 of the Constitution of Kenya and in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

Fredrick Situma
BOG Secretary
Date:25/9/2020



STATEMENT OF BOARD OF GOVERNORS MEMBERS' RESPONSIBILITIES

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

The Board members are responsible for the preparation and presentation of the Institution financial statements, which give a true and fair view of the state of affairs of the Institution at the end of the financial year on 30 June, 2020. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continues to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which discloses with reasonable accuracy at any time the financial position of the entity; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the Institution; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Board of Governors accept responsibility for the Institution financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the TVET Act, 2013. The Board of Governors are of the opinion that the Institution's financial statements give a true and fair view of the state of Institution's transactions during the financial year ended June 30, 2020, and of the Institution financial position as at that date. The Board members further confirm the completeness of the accounting records maintained by the Institution which have been relied upon in the preparation of the institution's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

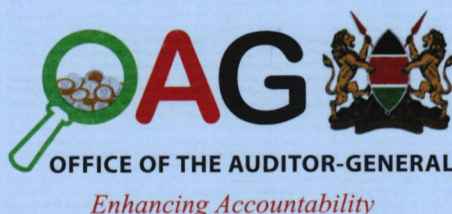
The Institution's financial statements were approved by the Board on 25/9/2020 and signed on its behalf by:

Mr. George P. Ogutu
Chairperson of the Board

Mr. Fredrick Situma
Accounting Officer/Principal

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON SIALA TECHNICAL TRAINING INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Siala Technical Training Institute set out on pages 1 to 38, which comprise the statement of financial position as at 30 June, 2020, and the statement of financial performance, the statement of changes in net assets, statement of cash flows and statement comparison of budget actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Siala Technical Training Institute as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with the Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Property, Plant and Equipment

Note 18 to the financial statements reflects Kshs.98,297,548 in respect to property, plant and equipment. However, the balance excludes value of buildings and equipment totalling to Kshs.219,207,985 as well as land of unknown value and capital work in progress. These values had been confirmed by the Ministry of Education, State Department of Vocational and Technical Training as follows;

Institute Assets	Value (Kshs.)
Phase 1 GOK/AfDB Mechanical Engineering Workshop Block	97,494,489
Supply, delivery, installation, commissioning and training on the use and maintenance of mechanical engineering training equipment	121,713,496
Total	219,207,985

Consequently, the accuracy, validity, completeness and ownership of property, plant and equipment of Kshs.98,297,548 as at 30 June, 2020 could not be ascertained.

2. Depreciation and Amortization Expense

Note 9 to the financial statements reflects Kshs.2,984,944 in respect to depreciation and amortization expense which differs with Kshs.2,740,812 reflected under Note 18 on Property, Plant and Equipment leading to unreconciled variance of Kshs.244,132.

Consequently, the accuracy, validity and completeness of depreciation and amortization balance of Kshs.2,984,944 for the year ended 30 June, 2020 could not be ascertained.

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

Key Audit Matters

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

Other Matter

1.0 Budgetary Control and Performance

1.1 Receipts Analysis

The statement of comparative budget and actual amounts reflects total receipts budget and actual on comparative basis of Kshs.73,805,824 and Kshs.39,056,123 respectively resulting to an under-funding of Kshs.34,749,701 or 47% of the budget.

The shortfall of Kshs.34,782,581 on revenue represents budgeted goods and services that were not delivered to the students of Siala Technical Training Institute.

1.2 Expenditure Analysis

Similarly, the statement reflects approved final expenditure budget and actual on comparative basis of Kshs.73,805,824 and Kshs.29,512,836 resulting to under absorption of Kshs.44,292,988 or 60% of the budget.

The under-absorption of the budget is contrary to Section 31 of the Public Finance Management Act, 2012, which requires Accounting Officer to ensure that all services which can be reasonably foreseen are included in the estimates and that they are within the capacity of her or his National Government entity during the financial year. There is need, therefore, for the Management to review its budget making process with a view to formulating a realistic budget that would be actualized for service delivery to the students of the Institute.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Receivables from exchange Transactions

Note 15 to the financial statements reflects Kshs.11,802,503 in respect to student debtors. However, the Institution does not have an effective fee collection policy in place to ensure outstanding fees are remitted by students in a timely manner contrary to Section 64(1)(a) of Public Finance Management (National Government) Regulations, 2015 which states that an accounting officer and a receiver of revenue are personally responsible for ensuring that adequate safeguards exist and are applied for the prompt collection and proper accounting for, all national government revenue and other public moneys relating to their Ministries, departments or agencies.

Consequently, Management is in breach of the law.

2. Staff Ethnic Composition.

Note 7 to the financial statements reflects Kshs.9,997,548 in respect to employee cost. Examination of employee records revealed that out of 100 employees, seventy two (72), translating to 72% were from one dominant community, contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which requires that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff and no public establishment shall have more than one third of its staff from the same ethnic community.

Consequently, the Institute is in breach of the law.

3. Human Resource function

As reported in the previous year, a review of the operations of the human resource function revealed the following weaknesses:

- i. The Institute did not have approved staff establishment in place to guide on staffing requirements.
- ii. There were no Human Resource Policy and Procedures Manual in place.
- iii. The Institute did not have a substantive human resource personnel.
- iv. The payroll was being prepared by the Institute's Accountant thereby compromising on segregation of duties between finance and human resource functions.

This is contrary to Section 23(1)(c) of the Public Finance Management (National Government) Regulations, 2015 which provides that Accounting Officers are, in

accordance with Article 226(2) of the Constitution and Section 68(1) of the Act, accountable to the National Assembly for maintaining effective systems of internal control and the measures taken to ensure that they are effective.

In the circumstances, the operations of the human resources function were not regular, efficient and effective and the Institute is in breach of the law.

4. Lack of Internal Audit Unit

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

Consequently, the Institute is in breach of the law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become

inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

03 February, 2022




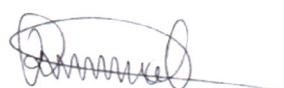
IV. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2019/2020 Kshs.	2018/2019 Kshs
Revenue from non-exchange transactions			
Transfers from the National Government–grants/ gifts in kind	1	22,498,350	13,588,350
Grants from donors and development partners		0	0
Transfers from Mentor Institution	2	0	0
		22,498,350	13,588,350
Revenue from exchange transactions			
Rendering of services- Fees from students	3	16,484,393	18,052,143
Finance income-external investments	4	0	66,281
Other income	5	73,380	203,777
Total Revenue from exchange Transaction		16,557,773	18,322,201
Total Revenue		39,056,123	31,910,551
Expenses			
Academic and Related Expenses	6	7,522,339	11,775,320
Employee costs	7	9,997,548	9,582,518
Remuneration of directors	8	2,090,893	3,009,726
Depreciation and amortization expense B/F	9	2,984,944	3,188,273
Repairs and maintenance	10	2,189,262	1,801,698
Admin. Cost and General expenses	12	7,712,794	8,382,456
Total expenses		32,497,780	37,739,991
Other gains/(losses)			
Gain on sale of assets		0	0
Impairment loss		0	0
Total other gains/(losses)		0	0
Net Surplus for the year		6,558,343	(5,829,439)
Surplus/Deficit B/forward		9,305,013	15,134,452
Accumulated Surplus C/forward		15,863,356	9,305,013

The notes set out on pages 22 to 73 form an integral part of the Annual Financial Statements.

1


25/9/2020


25/9/2020



V. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2020

	Notes	2019-2020 Kshs	2018-2019 Kshs
Assets			
Current assets			
Cash and cash equivalents	13	17,760,641	8,705,502
Receivables from exchange transactions	15	11,802,503	5,708,988
Receivables from non-exchange transactions	16	0	0
Inventories	17	811,465	157,143
		30,374,609	14,571,633
Non-current assets			
Property, plant and equipment	18	98,297,548	98,881,367
Investments	0	0	0
Intangible assets	19	494,508	706,440
		98,792,056	99,587,807
Total assets		129,166,665	114,158,950
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	20	0	0
Refundable deposits from customers	21	375,533	292,279
Deferred income	22	874,938	1,528,350
Payments received in advance	23	4,840,014	2,830,626
		6,090,485	4,651,255
Non-current liabilities			
Borrowings		0	0
		0	0
Total liabilities		6,090,485	4,651,255
Net assets		123,076,180	109,507,695
Accumulated surplus		15,863,356	9,305,013
Capital Fund		103,886,539	100,829,839
Total Capital and Reserve		119,749,895	110,134,852
Total net assets and liabilities		129,166,665	114,158,950

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

Chairman of Board of Governors

Date...25/9/2020

Finance Officer
 ICPAK No ASSOC/1316
 Date 25/9/2020

Principal

Date..25/9/2020

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VI. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2020

	Retained earnings	Capital/ Development Grants/Fund	Total
At July 1, 2017	9,973,404	0	9,973,404
Revaluation gain	0	0	0
Fair value adjustment on quoted investments	0	0	0
Total comprehensive income	5,161,048	1,500,000	6,661,048
Capital/Development grants received during the year	0	0	0
Transfer of depreciation/amortisation from capital fund to retained earnings	0	(0)	0
At June 30, 2018	15,134,452	1,500,000	16,634,452
At July 1, 2018	15,134,452	1,500,000	16,634,452
Revaluation gain	0	0	0
Fair value adjustment on quoted investments	0	0	0
Total comprehensive income	(5,829,439)	0	(5,829,439)
Capital/Development grants received during the year	0	100,858,189	100,858,189
Transfer of depreciation/amortisation from capital fund to retained earnings	0	0	0
At June 30, 2019	9,305,013	102,358,189	111,663,202
At July 1, 2019	9,305,013	102,358,189	111,663,202
Revaluation gain	0	0	0
Fair value adjustment on quoted investments	0	0	0
Total comprehensive income	6,558,343	0	6,558,343
Capital/Development grants received during the year	0	1,528,350	1,528,350
Transfer of depreciation/amortisation from capital fund to retained earnings	0	0	0
At June 30, 2020	15,863,356	103,886,539	119,749,895


25/9/2020


25/9/2020



VII. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2020

	Note	2019/2020 Kshs.	FY 2018-2019 Kshs
Cash flows from operating activities			
Receipts			
Transfers from other Government entities/Govt. grants	1	20,970,000	12,060,000
Transfer From Mentor Institution	2	0	0
Rendering of services- Fees from students	3	16,484,393	18,052,143
Finance income (Fixed deposit)	4	0	66,281
Other income	5	73,380	203,777
Total Receipts		37,527,773	30,382,201
Payments			
Compensation of employees	7	9,997,548	9,582,518
Academic Expenses	6	7,522,339	11,775,320
Remuneration of directors	8	2,090,893	3,009,726
Repairs and Maintenance	10	7,500	
Other payments(Admin. cost and General expenses)	12	7,712,794	8,382,456
Total Payments		27,331,074	32,750,020
Net cash flows from operating activities		10,196,699	(2,367,819)
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(2,181,762)	(0)
Proceeds from sale of property, plant and Equipment		0	0
Decrease in non-current receivables		0	0
Increase in investments		(0)	(3,976,559)
Net cash flows used in investing activities		(2,181,762)	(3,976,559)
Cash flows from financing activities			
Proceeds from borrowings	0	0.00	0
Increase in deposits(Development Grants)	1	1,528,350	1,528,350
Net cash flows used in financing activities		1,528,350	1,528,350
Net increase/(decrease)in cash and cash equivalents		9,055,139	(6,758,319)
Cash and cash equivalents at Start of Quarter		8,705,502	15,463,821
Cash and cash equivalents at End of Quarter(cash book)	13	17,760,641	8,705,502


 25/9/2020


 25/9/2020



VIII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2020

	Original budget		Actual on comparable basis		Performance difference	
	2019-2020	Kshs	2019/2020	Kshs.	2019-2020	Kshs
Revenue						
Transfers from other Gov't. entities and Gov't grants						
Rendering of services- Fees from students	37,940,000		22,498,350		(15,441,650)	
Finance Income	35,825,324		16,484,393		(19,340,931)	
Other income	0		0		0	
	40,500		73,380		32,880	
Total income	73,805,824		39,056,123		(34,749,701)	
Expenses						
Compensation of employees	11,724,002		9,997,548		1,726,454	
Academic cost	35,705,112		7,522,339		28,182,773	
Repairs and maintenance Expenses	7,605,710		2,189,262		5,416,448	
Remuneration of Directors	2,737,023		2,090,893		646,130	
Administration and General expenses	16,033,977		7,712,794		8,321,183	
Total expenditure	73,805,824		29,512,836		44,292,988	
Surplus/Deficit for the period	0		9,543,287		9,543,287	

Explanation on variances

- GOK capitation grants for Quarter three and Quarter four had not been received by the Institute at the closure of the financial year 2019/2020.
- A number of students did not clear their fee as they were waiting for HELB Loan and NG-CDF Sponsorship fund.

25/9/2020

25/9/2020



IX. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the Institute's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 18

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

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

3. ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2019

Standard	Impact
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019 The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations. <i>The institute does not have any business combinations arising from non-exchange transactions and therefore the standards does not apply.</i>



NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 ADOPTION OF NEW AND REVISED STANDARDS (Continued)

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2019

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2022: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • 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><i>(the Institute didn't early adopt any new/amended standards in FY 2019/2020)</i></p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2022 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><i>((the Institute didn't early adopt any new/amended standards in FY 2019/2020)</i></p>



iii) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2020.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions IPSAS 23

Transfers from other government entities

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

ii) Revenue from exchange transactions IPSAS 9

Rendering of services

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

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

Sale of goods

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

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.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions (continued)

Rental income

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

b) Budget information IPSAS 24

The original budget for FY 2019/2020 was approved by the Council or Board on 18th April 2019. Subsequent revisions or additional appropriations were not made to the approved budget.

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

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

The actual income and expenditure are disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis.

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

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actual as per the statement of financial performance has been presented under page 28 of these financial statements.

c) Taxes

Current income tax

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



NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Taxes (continued)

Sales tax/ Value Added Tax

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

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

d) Investment property IPSAS 16

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

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

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

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

e) Property, plant and equipment IPSAS 17

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Institution recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. 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.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E) Property, plant and equipment IPSAS 17 (continued)

The annual rates used are:-

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

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

f) Leases IPSAS 13

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

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

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

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

G) Intangible assets IPSAS 31

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



h) Research and development costs

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

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

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



4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Financial instruments IPSAS 29

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

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



NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

i) Inventories IPSAS 12

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

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

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



NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Inventories (Continued)

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

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

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

j) Provisions IPSAS 19

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

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

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

Contingent liabilities

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

Contingent assets

The Institution 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.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Nature and purpose of reserves

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

l) Changes in accounting policies and estimates IPSAS 3

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

m) Employee benefits IPSAS 25

Retirement benefit plans

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

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

n) Foreign currency transactions IPSAS 4

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



o) Borrowing costs IPSAS 5

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

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

P) Related parties IPSAS 20

The Institute regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Institution, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO/principal and senior managers.

q) Service concession arrangements

The Institution 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 Institution recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Institution also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

r) 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 authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

p) Comparative figures

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

q) Subsequent events IPSAS 14

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2020.



5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Institution 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 Institution. Such changes are reflected in the assumptions when they occur.
IPSAS 1.140

Useful lives and residual values

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

The condition of the asset based on the assessment of experts employed by the Entity

The nature of the asset, its susceptibility and adaptability to changes in technology and processes

The nature of the processes in which the asset is deployed

Availability of funding to replace the asset

Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 18.

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.



1. TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2019-2020	2018-2019
	Kshs	KShs
Unconditional grants		
Operational grant	0	3,000,000.00
Other grants (Capitation)	20,970,000.00	9,060,000.00
	20,970,000.00	12,060,000.00
Conditional grants		
Administration block grant	0.00	0.00
Laboratory grant	0.00	0.00
Learning facilities grant	1,528,350.00	1,528,350.00
Total government grants and subsidies	22,498,350.00	13,588,350.00

2. TRANSFERS FROM OTHER LEVELS OF GOVERNMENT

Description	2018-2019	2017-2018
	KShs	KShs
Transfer from County	0.00	0.00
Transfer from Mentor institution	0.00	1,876,624.00
Total Transfers	0.00	1,876,624.00

3. RENDERING OF SERVICES

Description	2019-2020	2018-2019
	Ksh.	KShs
Tuition fees	31,008,891	22,974,865.20
Activity fees	1,831,733	1,273,916.00
Examination fees	3,617,250	4,664,253.00
Library fees	0.00	7669.00
Facilities and materials	878,519	991,940.00
Registration fees	118,000	199,500.00
Total revenue from the rendering of services	37,454,393	30,112,143.20
Absorbed transfers from Gok and mentor inst.	20,970,000	(12,060,000.00)
Total Net Revenue from fee	16,484,393.00	18,052,143.20



NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. FINANCE INCOME

Description	2019-2020	2018-2019
	KShs	KShs
Cash investments and fixed deposits	0	66,281.30
Interest from outstanding debtors	0	0.00
Total finance income	0	66,281.30

5. OTHER INCOME

Description	2019-2020	2018-2019
	Kshs.	KShs
Income from sale of tender	59,000	61,027.00
Centre fee	6,000	20,500.00
P/U and Rent	2,000	70,500.00
Exam photos/prepayments	6380	51,750.00
Total other income	73,380.00	203,777.00



NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. USE OF GOODS AND SERVICES/ACADEMIC EXPENSES

Description	2019-2020	2018-2019
	Kshs.	KShs
Tuition	3,556,170	5,053,810.00
Library and attachment	630,477	611,457.00
Examinations	1,726,777	4,081,063.00
Activity and Research	1,295,320	1,757,200.00
Medical, S/Council, S.ID	313,595	271,790.00
Practical, boarding & Sup.exams	0	0.00
Total good and services	7,522,339.00	11,775,320.00

7. EMPLOYEE COSTS

Description	2019-2020	2018-2019
	Kshs.	KShs
Salaries and wages (Non-Teaching)	4,511,580	4,356,882.00
Salaries and Wages Teaching Staff	5,485,968	5,225,636.00
Social contributions	0.00	0.00
Employee costs	9,997,548.00	9,582,518.00

8. REMUNERATION OF DIRECTORS

Description	2019-2020	2018-2019
	Ksh.	KShs
Chairman's Honoraria	0.00	0.00
Directors emoluments	2,090,893	3,009,726.30
Other allowances	0.00	0.00
Total director emoluments	2,090,893.00	3,009,726.00

9. DEPRECIATION AND AMORTIZATION EXPENSE

Description	2019-2020	2018-2019
	Ksh.	KShs
Property, Plant and Equipment	2,773,012.00	2,817,563.00
Intangible Assets	211,932	302,760
Investment Property	0.00	0.00
Total director emoluments	2,984,944.00	3,120,323.00



NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. REPAIRS AND MAINTENANCE

Description	2019-2020	2018-2019
	Kshs.	KShs
Property		296,419.00
Repairs (others)	7,500.00	1,505,279.00
Total	7,500.00	1,801,698

11. CONTRACTED SERVICES

Description	2019-2020	2018-2019
	KShs	KShs
Investment valuations	0.00	0.00
Property valuations	0.00	0.00
Total contracted services	0.00	0.00



NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. ADMINISTRATION COST AND GENERAL EXPENSES

Description	2019-2020	2018-2019
	Kshs.	KShs
Admin. Expenses	3,315,369	3,632,340.50
Local Travels	3,017,050	3,545,240.00
Consumables	0.00	0.00
Electricity	487,854	393,189.00
Performance Contract and ISO	828,554	684,410.00
Tender expenses	53,700	57,205.00
Production unit and exam photos	0.00	70,072.00
Refunds	0	0.00
Supplementary exams and interest	10,267	0.00
Other	0.00	0.00
Total Admin and general expenses	7,712,794.00	8,382,456.50



NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. CASH AND CASH EQUIVALENTS

Description	2019-2020	2018-2019
	Kshs.	KShs
Current account	16,519,816	7,167,134.75
On - call deposits	0.00	0.00
Fixed deposits account	0.00	0.00
Development A/C	1,035,325	1,471,880.00
Others (Cash and M-pesa)	205,500	66,488
Total cash and cash equivalents	17,760,641	8,705,502.75

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

Financial institution	Account number	2019-2020	2018-2019
		KShs	KShs
a) Current account			
Kenya Commercial bank	A/C 1198612371	16,276,386	6,923,452.25
Kenya Commercial bank	A/C 1224498747	243,430	243,682.50
Kenya Commercial bank	A/C 1224498879	1,035,325	1,471,880.00
Sub- total		17,555,141	8,639,014.75
b) On - call deposits			
Kenya Commercial bank		0.00	0.00
Sub- total		0.00	0.00
c) Fixed deposits account			
Kenya Commercial bank	A/C 1198612371	0.00	0.00
Sub- total		0.00	0.00
d) Others(specify)			
Imprest		143,000.00	0.00
Cash in hand		33,000.00	1,288.00
M pesa		29,500.00	65,200.00
Sub- total		205,500.00	66,488.00
Grand total		17,760,641.00	8,705,502.75



NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2019-2020	2018-2019
	Kshs.	KShs
Current receivables		
Student debtors	11,802,503.00	5,708,988.00
Total current receivables	11,802,503.00	5,708,988.00
Non-current receivables		
Refundable deposits	0	0.00
Less: impairment allowance	0	(0.00)
Total	0.00	0.00
Current portion transferred to current receivables	0	(0.00)
Total non-current receivables	0.00	0.00
Total receivables	11,802,503.00	5,708,988.00

16. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Description	2018-2019	2017-2018
	KShs	KShs
Current receivables		
Transfers from other govt. entities	0.00	0.00
Less: impairment allowance	(0.00)	(0.00)
Total current receivables	0.00	0.00

17. INVENTORIES

Description	2019-2020	2018-2019
	Kshs.	KShs
Consumable stores	207,263.00	157,143.00
Maintenance stores	418,759.00	0.00
Health Unit stores	11,433.00	0.00
Electrical stores	174,010.00	0.00
Total inventories at the lower of cost and net realizable value	811,465.00	157,143.00

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18. PROPERTY, PLANT AND EQUIPMENT

Cost	Land	Buildings Shs	Motor vehicles Shs	Furniture and fittings Shs	Computers Shs	Other Assets (Specify) Shs	Plant and equipment Shs	Capital Work in progress Shs	Total Shs
At 1 July 2017	0	0	0	420,000	69,950	193,037	0	0	682,987
Additions	0	307,000	0	849,212	48,000	0	0	0	1,204,212
Disposals	0	0	0	0	0	0	0	0	0
Transfers/adjustments	0	0	0	0	0	0	0	0	0
At 30 th June 2018	0	307,000	0	1,269,212	117,950	193,037	0	0	1,887,199
Additions	0	99,107,507	0	605,100	91,750	310,178	0	0	100,114,535
Disposals	0	0	0	0	0	0	0	0	0
Transfer/adjustments	0	0	0	0	0	0	0	0	0
At 30 th June 2019	0	99,414,507	0	1,874,312	209,700	503,215	0	0	102,001,734
Additions	0	0	0	0	0	0	0	2,181,762	2,181,762
Disposals	0	0	0	0	0	0	0	0	0
Transfer/adjustments	0	0	0	0	0	0	0	0	0
At 30 th June 2020	0	99,414,507	0	1,874,312	209,700	503,215	0	2,181,762	104,183,496
Depreciation and impairment									
Accumulated Depreciation as At 1 July 2017		0	0	0	0	0	0	0	0
Depreciation		7,675	0	158,651.5	35,385	57,911	0	0	259,622.5
Impairment		0	0	0	0	0	0	0	0
Accumulated Depreciation as At 30 June 2018	0	7,675	0	158,651.5	35,385	57,911	0	0	259,622.5
Depreciation		2,485,170.8	0	214,457.6	52,294.5	133,591	0	0	2,885,513.9
Disposals		0	0	0	0	0	0	0	0
Impairment		0	0	0	0	0	0	0	0
Transfer/adjustment		0	0	0	0	0	0	0	0
Accumulated Depreciation as At 30 th June 2019	0	2,492,845.8	0	373,109	87,679	191,502	0	0	3,145,135.8

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Net book values at 30 th June 2018	0	299,325	0	1,110,561	82,565	135,126	0	0	1,627,577
Accumulated Depreciation as At 30th June 2019	0	2,492,845.8	0	373,109	87,679	191,502	0	0	3,145,135.8
Depreciation		2,423,042	0	187,650	36,606	93,514	0	0	2,740,812
Disposals		0	0	0	0	0	0	0	0
Impairment		0	0	0	0	0	0	0	0
Transfer/adjustment		0	0	0	0	0	0	0	0
Accumulated Depreciation as At 30th June 2020	0	4,915,888	0	560,759	124,285	285,016	0	0	5,885,948
Net book values		94,498,619	0	1,313,553	85,415	218,199	0	2,181,762	98,297,548
At 30th June 2020	0	94,498,619	0	1,313,553	85,415	218,199	0	2,181,762	98,297,548
At 30th June 2019	0	96,921,661	0	1,501,203	122,021	311,713	0	0	98,856,598



NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. INTANGIBLE ASSETS-SOFTWARE

Description	FY 2019-2020	FY 2018-2019
	Kshs.	KShs
Cost		
At beginning of the year 1st july 2017	0.00	0.00
Additions	1,009,200.00	1,009,200.00
At end of the year 30th june 2018	1,009,200.00	1,009,200.00
Additions–internal development	0,00	0,00
At end of the year 30th june 2019	1,009,200.00	1,009,200.00
Amortization and impairment	0.00	0.00
At beginning of the year 1st july 2018	1,009,200.00	1,009,200.00
Amortization	302,760.00	302,760.00
At end of the year 30th june 2019	706,440.00	706,440.00
Impairment loss	0.00	0.00
At end of the June 30th 2019	706,440.00	706,440.00
NBV	706,440.00	706,440.00
At 30 June 2018	1009,200.00	0
At the beginning of the July 1st 2019	706,440.00	706,440.00
Additions–internal development	0,00	0,00
At 30th June 2020	706,440.00	0
Amortization	211,932	0
At 30th June 2020	494,508	0
NBV	494,508	0
At 30th June 2019	706,440.00	0



NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS

Description	FY 2019-2020	FY 2018-2019
	Kshs.	KShs
Consumer deposits	0.00	0.00
Caution money	276,500.00	276,500.00
Other refundable deposits b/f	99,033.00	15,779.00
Total deposits	375,533.00	292,279.00

22. DEFERRED INCOME

Description	FY 2019-2020	FY 2018-2019
	Kshs.	KShs
National government	874,938.00	1,528,350.00
Public contributions and donations	0.00	0.00
Total deferred income	874,938.00	1,528,350.00

23. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	FY 2019-2020	FY 2018-2019
	Kshs.	KShs
Trade payables	0.00	0.00
Fees paid in advance	4,840,014.00	2,830,626.00
Other payables	0.00	0.00
Total trade and other payables	4,840,014.00	2,830,626.00



NOTES TO THE FINANCIAL STATEMENTS (Continued)

The deferred income movement is as follows:

	National government	International funders/ donors	Total
Balance brought forward	1,528,350.00	0.00	1,500,000.00
Additions during the year	1,528,350.00	0.00	1,528,350.00
Transfers to Capital fund	(0.00)	(0.00)	(0.00)
Transfers to income statement	(0.00)	(0.00)	(0.00)
Other transfers (W I P)	(2181,762.00)	(0.00)	(0.00)
Balance carried forward	874,938.00	0.00	3,028,350.00

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 FINANCIAL RISK MANAGEMENT

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

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

(i) Credit risk

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

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

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

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	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2018				
Receivables from exchange transactions	1,692,502.00	1,692,502.00	0.00	0.00
Receivables from non-exchange transactions	0.00	0.00	0.00	0.00
Bank balances	0.00	0.00	0.00	0.00
Total	1,692,502.00	1,692,502.00	0.00	0.00
At 30 June 2019				
Receivables from exchange transactions	5,708,988.00	5,708,988.00	0.00	0.00
Receivables from non-exchange transactions	0.00	0.00	0.00	0.00
Bank balances	0.00	0.00	0.00	0.00
Total	5,708,988.00	5,708,988.00	0.00	0.00
At 30 June 2020				
Receivables from exchange transactions	11,802,503.00	11,802,503.00	0.00	0.00
Receivables from non-exchange transactions	0.00	0.00	0.00	0.00
Bank balances	0.00	0.00	0.00	0.00
Total	11,802,503.00	11,802,503.00	0.00	0.00

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45. FINANCIAL RISK MANAGEMENT (Continued)

(i) Credit risk (continued)

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

The entity has significant concentration of credit risk on amounts due from FY2017/2018

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

(ii) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2019				
Trade payables	0.00	500,000.00	2,330,626.00	2,830,626.00
Deferred income	0.00	0.00	1,528,350.00	1,528,350.00
Refundable Deposits	0.00	85,000.00	207,279.00	292,279.00
Total	0.00	585,000.00	4,066,255.00	4,651,255.00
At 30 June 2020				
Trade payables	0.00	4,840,014.00	0.00	4,840,014.00
Deferred income	874,938.00	0.00	0.00	874,938.00
Refundable Deposits	0.00	0.00	292,279.00	292,279.00
Total	874,938.00	4,840,014.00	292,279.00	6,007,231.00



NOTES TO THE FINANCIAL STATEMENTS (Continued)

45. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the Institution 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 Institution's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

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

a) Foreign currency risk

The Institution doesn't have transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

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

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2020			
Financial assets(investments, cash ,debtors)	0.00	0.00	0.00
Liabilities			
Trade and other payables	0.00	0.00	0.00
Net foreign currency asset/(liability)	0.00	0.00	0.00

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



NOTES TO THE FINANCIAL STATEMENTS (Continued)

45. FINANCIAL RISK MANAGEMENT (Continued)

(iii)

Market risk (Continued)

Foreign currency sensitivity analysis

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

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

a) Interest rate risk

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

Management of interest rate risk

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



NOTES TO THE FINANCIAL STATEMENTS (Continued)

45 FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk (Continued)

Interest rate risk(continued)

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs xxx (2016: KShs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs xxx (2012 – KShs xxx)

iv) Capital Risk Management

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

Description	FY 2019-2020	FY 2018-2019
		Kshs
Revaluation reserve	0	0.00
Retained earnings/Accumulated surplus	15,863,356.00	9,305,013.00
Capital reserve	103,886,539	100,829,839.00
	119,749,895	110,134,852.00
Total funds	119,749,895.00	110,134,852.00
Total borrowings	0.00	0.00
Less: cash and bank balances	0.00	(0.00)
Net debt/(excess cash and cash equivalents)	0.00	0.00
Gearing	0%	0%



NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 RELATED PARTY BALANCES

Nature of related party relationships

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

Government of Kenya

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

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

	2019-2020	2018-2019
	Kshs	Kshs
Transactions with related parties		
a) Grants from the Government		
Recurrent Grants from National Govt	20,970,000.00	21,120,000.00
Development Grants from National Government	1,528,350.00	3,056,700.00
Total	22,498,350.00	24,176,700.00
b) Key management compensation		
Directors' emoluments	2,090,893.00	3,009,726
Total	2,090,893.00	3,009,726.00



NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 EVENTS AFTER THE REPORTING PERIOD

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

3 ULTIMATE AND HOLDING ENTITY

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

4 Currency

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



APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

Chairman of the Board

Date.25/9/2020



APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

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

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

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Mechanical workshop.	219,207,984.67	xxx	90%	219,207,984.67	xxx	GOK/AFDB
2	Civil Engineering Workshop.	254,641,621.00	xxx	30%	254,641,621.00	xxx	GOK/AFDB
3	Electrical Engineering Workshop	3,040,151	2,181,762	90%	3,056,700	3,040,151	

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APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME:		SIALA TECHNICAL TRAINING INSTITUTE		
Break down of Transfers from the State Department of Education				
FY 19/20				
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		10 July 2019	9,060,000.00	2018/2019
		18 October 2019	6,292,500.00	2019/2020
		07 May 2020	5,617,500.00	2019/2020
		Total	20,970,000.00	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		10 July.2019	1,528,350.00	2018/2019
		Total	1,528,350.00	

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

Finance Officer
 Siala TTI

Sign

Head of Accounting Unit
 Ministry of Education

Sign

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APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/Development/Others	Total Amount – KES	Where Recorded/reco gnized	Capital Fund	Deferred Income	Receiv ables	Others - must be specific	Total Transfers during the year
Ministry of Education	10 July.2019	Recurrent	9,060,000.00	9,060,000	0.00	0.00	0.00	0.00	9,060,000
Ministry of Education	10 July.2019	Development	1,528,350.00	1,528,350	1,528,350	1,528,350	0.00	0.00	1,528,350
Ministry of Education	18 October.2019	Recurrent	6,292,500.00	6,292,500	0.00	0.00	0.00	0.00	6,292,500
Ministry of Education	07 May.2020	Recurrent	5,617,500.00	5617,500	0.00	0.00	0.00	0.00	5,617,500
Total			22,498,350	22,498,350	1,528,350	1,528,350	0.00	0.00	22,498,350