

REPUBLIC OF KENYA



*Enhancing Accountability*



THE NATIONAL ASSEMBLY

**REPORT:** 26 JUL 2023

DAY

WED

TABLED  
BY:

Hon Kimani Ichungwa, ~~MP~~ MP  
The Leader, Majority Party

CLERK-AT  
TABLE:

**OF**

Miriam Mado

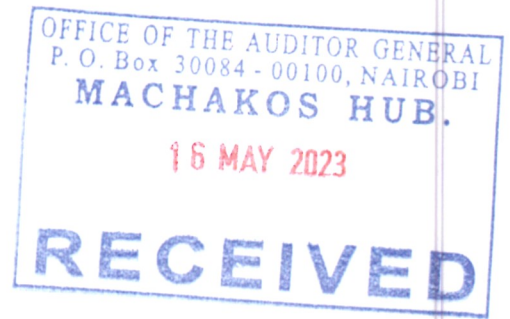
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**THE AUDITOR-GENERAL**

**ON**

**KATINE TECHNICAL TRAINING  
INSTITUTE**

**FOR THE YEAR ENDED  
30 JUNE, 2022**



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**KATINE TECHNICAL TRAINING INSTITUTE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**  
**30<sup>TH</sup> JUNE 2022**

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**Katine Technical Training Institute**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

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**Katine Technical Training Institute**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

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## **I. Key Entity Information and Management**

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

The Katine Technical Training Institute is a public tertiary institution established under the TVET Act, 2013. The Institute is under the Ministry of Education, State Department of Vocational and Technical Training

Katine Technical Training Institute was established in 2013 as a result of upgrading from Katine Youth Polytechnic that had been established in 1972. The institution changed from a youth club to a village polytechnic under the then Ministry of Culture and Social Services. The Institution was then assessed and upgraded by Ministry of Higher Education, Science and Technology to a Technical Training Institute to offer Artisan, Certificate and Diploma courses. The institute currently sits on 12 acres parcel of land donated by the local community. Katine Technical Training Institute is located approximately 1km from Tala town next to Tala Girls High School, and approximately 60 km East of Nairobi – Kangundo road within Machakos County.

Katine Technical Training Institute currently has 8 academic departments namely: Electrical and Electronics Engineering, Mechanical Engineering, Building & Civil Engineering, Hospitality and Institutional Management, Business Studies, Liberal Studies, Agriculture and Environmental studies and Information Communication Technology Departments.

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

The Principal Activity of Katine Technical Training Institute is provision of training in Technical, Vocational, Entrepreneurial Management and Research

#### **Mission**

“To Provide High Quality Technical Training Education through Innovative Teaching, Research and Consultancy Services for Social, Environmental and Sustainable Economic Development”

#### **Vision**

“To Be a Leader in Academic Excellence for High Quality Competent Workforce and Globally Competitive Employable Human Resource”

**Motto** “Shaping the Future for Kenyan Workforce “

### **(c) Core Values**

- i. **Professionalism;** The Institute demonstrates pride in work and achievements by demonstrating and maintaining high standards of professional competence and mastery of subject matter.
- ii. **Transparency;** The Institute upholds openness in the discharge of her duty
- iii. **Accountability;** The Institute takes ownership for all responsibilities and honours commitments by delivering outputs for which one has responsibility within prescribed time, cost and quality standards.
- iv. **Respect for Diversity;** The Institute works effectively with people from all backgrounds by treating all of them equally with dignity and respect
- v. **Impartiality;** The Institute upholds fairness in discharge of duty by treating all people equally, reasonably and consistently
- vi. **Teamwork;** The Institute adopts a participatory approach in discharging her mandate
- vii. **Excellence;** The Institute upholds the practice and orientation for excellent performance within the Institute.

- viii. **Equity and Social Justice:** Upholds equal treatment to all and practice fair judgment in all matters of the Institute
- ix. **Innovation and Creativity:** The institute is a learning organization that continuously embraces change in up-to-date and most appropriate technology in achieving her objective
- x. **Integrity:** The institute undertakes its programmes and activities in an accountable, honest, transparent and impartial manner.

**(d) Key Management**

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

- i. Board of Governors
- ii. Principal
- iii. Deputy Principals
- iv. Registrar
- v. Dean of Students
- vi. Finance Officer
- vii. Heads of Department

**(e) Fiduciary Management**

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	Justine K. Muindu
2.	Deputy Principal Finance & Administration	Anna Kiswii
3	Registrar	Kennedy Ojijo
4	Dean of students	Margaret Gumba
5	Head of Finance	Abed Kasusya
6	PC Coordinator	George Odhiambo

**(f) Fiduciary Oversight Arrangements**

**Finance & General Purposes committee activities**

The Committee shall exercise all the powers of BOG in financial matters except in relation to the items which are reserved to BOG in these Standing Orders, on which the Committee shall advise BOG Terms of Reference. The role of the Committee shall be to monitor the financial status of the Institute on behalf of BOG. In addition to advising BOG on those matters referred to above, the Committee's responsibilities shall include:

- i. To monitor and facilitate the implementation of the Institute's strategy with regard to financial matters.
- ii. To receive reports from the Principal and the Finance Officer.
- iii. To monitor implementation of the strategy for the Institute.

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

#### **Senior Management Activities**

The main purpose of the Senior Management Team is to:

- (a) Ensure that Katine Technical Training Institute's BOG is able to take strategic decisions relating to Katine Technical Training Institute's activities.
- (b) Provide leadership in communicating Katine Technical Training Institute's mission, values, plans and achievements effectively and consistently to BOG Members, staff, Government, the voluntary and community sector, the general public and other stakeholders;
- (c) Be accountable for the development and implementation of Katine Technical Training Institute's strategic, corporate and business plans in line with the mission and values.
- (d) Take a strategic overview of performance in all areas of Katine Technical Training Institute's activities.

Specifically, the Senior Management Team:

- i. Makes recommendations to the BOG on the implementation and achievement of the BOG's Strategic Framework;
- ii. Agrees Katine Technical Training Institute's Corporate Plan, and monitor delivery through appropriate key management and performance information reporting to the Board of Governors as appropriate.
- iii. In the light of income projections and forecasts, considers the annual grants and operational expenditure and monitors such expenditure;
- iv. Develops, agrees, monitors and reviews strategies relevant to the effective and efficient operation of Katine Technical Training Institute, making recommendations as appropriate to the Board of Governors and/or its relevant Committees;

- v. Determines strategic issues arising from the introduction of new policies or process, including actively managing risk across the organization and regularly reviewing the corporate risk register;
- vi. Oversees and monitors Katine Technical Training Institute joint work with the other stakeholders
- vii. Considers the impact of external factors and developments, including specific political initiatives and the response to key consultation documents and where appropriate make recommendations to the BOG and/or its relevant Committees.
- viii. Leads all senior managers in motivating and developing Katine Technical Training Institute staff to deliver the highest standards of performance and customer service.

### **Government oversight activities**

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

**Key Entity Information and Management (Continued)**

**(g) Entity Headquarters**  
Katine Technical Training Institute  
P.O Box 251-90131,  
TALA-KENYA

**(h) Entity Contacts**  
Katine technical training institute  
P.O Box 251-90131, Tala  
Telephone :( 254) 0719508039  
E-mail info@katinetti.ac.ke  
Website: www.katinetti.ac.ke







**(i) Entity Bankers**  
  
Kenya Commercial Bank  
P.O Box 173-90131  
Tala

Co-operative Bank  
P.O Box 645-90131  
Tala

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

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

### III. Management Team

No.	Member/ Director	Details
1.		Name: Justine K. Muindu Qualification: Bed Home Economics Position: Principal /BOG Secretary
2.		Name: Anne Kiswii Qualification: MBA(Entrepreneurship) Position: Deputy Principal-Administration
3.		Name: Kennedy Ojijo Qualification: HND (Electrical & Electronics) Position: Ag. Registrar
4.		Name: Margret Gumba. Qualification: BED Econ. English Position: Dean of Students
5.		Name: CPA. Abed Kasusya Qualification: Bcom Finance Position: Finance Officer
6		Name: George Odhiambo Qualification: HND Building & Civil Engineering Position: PC Coordinator

#### **IV. Chairman's Statement**

It's my pleasure to present the Institute's annual report and financial statement for the year ended 30 June 2022.

I take this opportunity to share with you my views on the key initiatives and achievements we have had over the year on Economic performance, Education sector changes, financial performance and Operations and risks associated with the Institution.

##### **Economic Focus**

In order to ensure efficient and effective provision of Technical Vocational Training, we have developed necessary policies and institutional framework to direct the running of the Institution in line with vision 2030, the Big 4 Agenda and Sustainable Development Goals.

The institute recorded increased enrolment from 418 students in the previous financial year to 728 students. This was achieved through diverse marketing strategies devised by the institute. We however strive to increase the numbers to 1100 students in the subsequent year.

We thank the Government of Kenya for support through capitation funding and employment of Trainers by the Public Service Commission that has greatly contributed towards increased trainees' enrolment and improved quality of training to enable the institute align her graduates with regional and global trends and innovation.






##### **Review of the Sector**

During the financial year 2021/2022, we have witnessed an increase in student enrolment. With the government's approach to ensure 100% transition of students from secondary schools to Technical Vocational Education and Training (TVET), the future looks promising in terms of trainee development and increase in numbers.

##### **Risk Management**

The technical training sector presents plenty of opportunities as well as risks, both of which need to be analysed in order to deliver sustainable long-term returns, without compromising training outcomes. KTTI has appointed a Risk and Audit committee to ensure risks are identified and mitigated accordingly and the institutes activities are aligned to the strategic plan. The Board of Governors validated a Risk Management Policy during the year and regularly reviews risks identified - such as competition, information & communications technology and credit and operations; and how the risks involved can be mitigated by various risk owners.

## II. The Board of Governors

S/NO	NAME	DETAILS
1.		<p>Name: Priscillar M. Kioko  <b>Date of birth.</b> 1975.  <b>Qualifications.</b> Law-LLB Pune University            Executive Member: Chairperson BOG  <b>Work experience: Over 24 Years</b></p>
2.		<p>Name: Peter N. Thirima  <b>Date of birth.</b> 1957  <b>Qualifications.</b> Bachelor of Arts (Building Economics)            Member– Finance &amp; Infrastructure Committee  <b>Work Experience.: Over 36 years</b></p>
3.		<p>Name: Monica M. Nzive  <b>Date of birth.</b> 1973            Qualifications. Bachelor of laws-LLB  <b>Member : Audit &amp; Risk Committee</b>  <b>Work Experience. Over 17 years</b></p>
4.		<p>Name: Rufus Nyaga  <b>Date of birth.</b> 1986            Qualifications. Bachelor of Business-Information Technology            Member: Education and Human Resource Management Committee  <b>Work Experience.: Over 15 years</b></p>
5.		<p>Name: Mathew Mbyuki  <b>Date of birth.</b> 1980            Qualifications. BSC (Food Science &amp; Technology)  <b>Chairperson: Audit &amp; Risk Committee</b>  <b>Work Experience. Over 14 years</b></p>

6.		<p>Name: John Wamae - Director  <b>Date of birth. 1969</b>  <b>Qualifications.</b> Masters in Applied Statistics.  County Director  <b>Work Experience: Over 10 years</b></p>
7.		<p>Name: Michael Odhiambo  <b>Date of birth. 1980.</b>  Qualifications. Bachelors of Business Administration.  <b>Chairperson:</b> Education and Human Resource Management Committee  <b>Work Experience: Over 15 years</b></p>
8.		<p>Name: CPA Duke Okeyo  <b>Date of birth. 1988.</b>  Qualifications. Bachelors of Business Management (Accounting Option) CPAK  Chairperson: Finance and Infrastructure Committee  <b>Work Experience. Over 10 years of experience.</b></p>
9.		<p>Name Justine K. Muindu  <b>Date of birth. 1973</b>  <b>Qualifications:</b> Bed Home Economics Principal/Secretary BOG  <b>Work experience:</b> Over 19 years</p>

## **Outlook**

I am indeed deeply indebted to the members of the Board of Governors for their unwavering support, commitment and futuristic outlook towards realizing the institute's objectives in line with its strategic plan and core mandate of training high quality technical skills and entrepreneurial workforce. Our Board has members with diverse qualifications and many years of experience in managing companies in public and private sector. I unreservedly assure all our Stakeholders that Katine Technical Training Institute shall remain focused, committed and consistent in the delivery of opportunities and accountably availing of resources to both trainers and trainees within the Government framework of accountability, corporate governance and ethical sustainability. Going forward Katine Technical Training Institute is committed to working closely in collaboration with other like-minded entities, institutions, agencies and any other bi-lateral & multi-lateral agencies involved in technical and vocational training to ensure that our trainees continue to receive Competency Based Training.

Lastly, I would like to whole-heartedly thank my fellow members of the Board of Governors, Management, Trainers, Trainees – and all other stake-holders for their co-operation, collaboration, continued support and commitment during this period under review.

  
.....  
**PRISCILLAR MTAWA KIOKO**  
**CHAIRPERSON BOARD OF GOVERNORS (B.O.G)**

## **V. Report of the Principal**

Let me take this opportunity to present Katine Technical Training Institute's Financial Statement for the FY ended 30 June 2022 in accordance with the Accrual Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS).

With exemplary support of the Board of Governors we have put in place the necessary financial, procurement and internal control measures to ensure efficient and effective utilization of funds entrusted to us.

During the Financial year, the institute embarked mostly on post covid-19 recovery strategies to ensure normal learning processes are resumed. Notably, some of the learners didn't report back to the institute after all the learning institutions were re-opened. Notwithstanding the foregoing, the institute observed remarkably increased enrolment due to aggressive marketing strategies employed by the institute. Additionally, most institutional programmes were not achieved due to the fact that most households were adversely affected by covid-19 Pandemic leading to poor fee payment.

During the financial year, the institute managed to undertake the below enlisted projects;

### **i) Katine Technical Training Institute Electrical and Electronics Workshop (Phase I)**

The Institute managed to complete Phase 1 of the Project which was funded by the Ministry of Education. The institute is awaiting Phase II funding from the Ministry of Education to complete the project.

### **ii) Construction of 100 student capacity cafeteria**

The Board of Governors through its internally generated funds managed to start the construction of a 100-student capacity cafeteria in the Financial Year 2020/2021. The Project is being implemented by the students in the Building and Civil Engineering Department with assistance from the trainers in the department and officers from the Public Works Department. This is a major milestone in the institution since this demonstrates hands on skills to our trainees at the same time saving on the cost of labour in the execution of the project.

The Institute is fully committed to ensuring the achievement of the Big Four Agenda, Vision 2030 flagship projects and Sector Performance Standards which include Post Covid-19 recovery plans

& strategies by providing the right courses and trainings with adequate practical so as to produce highly qualified graduates ready to join the labour market whilst ensuring the Health Regulations and Protocols as issued by the Ministry of Health are adequately adhered to.

I am greatly humbled by the support from the Institutes' Board of Governors, Management and all members of staff for their commitment and dedication to their work and effort that have seen Katine Technical Training Institute move forward in attaining her vision and mission.

THE PRINCIPAL  
KATINE TECHNICAL TRAINING  
INSTITUTE  
15 MAY 2023  
Justine K. Muindu  
Principal/ B.O.G Secretary  
P. O. Box 281 - 90131, TALA  
Email: [info@katinettt.com](mailto:info@katinettt.com)

## VI. Statement of Performance against Predetermined Objectives

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

Katine Technical Training Institute has 3 strategic pillars and objectives within its Strategic Plan for the FY 2018/2019- 2022/2023. These strategic pillars are as follows:

Pillar 1: Programme Implementation;

Pillar 2: Institutional Development

Pillar 3: Resource Development & Management

Katine Technical Training Institute develops its annual work plans based on the above 3 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Katine Technical Training Institute achieved its performance targets set for the FY 2021/2022 period for its 3 strategic pillars, as indicated in the diagram below

Strategic Pillar		Objective	Key Performance Indicators	Activities	Achievements
<b>Pillar 1: Programme Implementation;</b> I. Quality Technical Training;	Source and Implement of Market-Driven Programmes	To develop and implement relevant training programmes that facilitate acquisition of the necessary skills for improved service delivery and employability	1. Market intelligence reports	-Carry out market intelligence surveys	Information on courses being offered availed
			2. Number of programmes agreed upon	-Pre-training consultations with stakeholders	Decision made on market driven course by HODs
			3. Number of accredited programmes rolled out	-Implement accredited training programmes	-Food and Beverage courses started
			3. Number of CBET programmes rolled out.	Source and implement CBET programmes	

	Harmonization and standardization of training	To develop and implement relevant training programmes that facilitate acquisition of the necessary skills for improved service delivery and employability	<p>1.No. of harmonized training curricula</p> <p>2.Operational standard admission guidelines</p> <p>3.Number of Harmonized Exams</p> <p>4.Number of students assessed on attachment</p> <p>5.Number of practical's done during the term</p>	<p>Harmonize training curricula</p> <p>Standardize admission guidelines</p> <p>Harmonize Examination process and review</p> <p>Organize for industrial attachments for students</p> <p>Coordinate teaching of practical's</p>	<p>Validated academic policy</p> <p>Streamlined admission across departments</p> <p>Standardized exams though policy on quality assurance</p> <p>Over 300 students proceeded for attachment</p> <p>Coordinated teaching of practical's</p>
	Implementation of Management Information System (MIS)	To develop and implement relevant training programmes that facilitate acquisition of the necessary skills for improved service delivery and employability	<p>1.Operational MIS in place</p> <p>2.Number of trained users of MIS</p> <p>3.Operational data base for the trainees</p>	<p>Procure and install MIS</p> <p>Train users on the MIS</p> <p>Establish a data base for the trainees</p>	<p>Trained users of MIS</p> <p>Updated data base for the trainees</p>
	Diversification of mode of teaching delivery	To develop and implement relevant training programmes that facilitate acquisition of the necessary skills for	<p>1.No. of part-time programmes introduced</p> <p>2.No. of E-learning programs mounted</p>	<p>Introduce part-time programmes</p> <p>Establish E-learning programs</p>	<p>LMS for E-Learning programs in progress</p> <p>more Accredited programmes to TVETA</p>

		improved service delivery and employability	3.No. of accredited programmes offered  4.Number of accredited trainers and facilitators	Ensure different programmes are offered in the institution Use accredited trainers and facilitators	Used accredited trainers and facilitators in teaching
ii. Research and Innovations development	Promote relevant research and innovation in the education and training in the institute	To promote and institutionalize Research and Innovation for informed decision-making in the institute and Kenya as large	1.Operational research and innovation policy for KTTI  2.Operational research and innovation policy for KTTI  3.Number of motivational activities that promote quality research and innovation undertaken  Number of staff capacity built and trained on research and innovations	Develop a research and innovation policy for KTTI  Implement research and innovation policy for KTTI  Undertake motivational activities that promote quality research and innovation in KTTI  Capacity build and train staff on research and innovation	Research and innovation policy development in progress.  Participated in TVET Fair innovation and Research presentations
<b>Pillar 2; INSTITUTIONAL DEVELOPMENT</b>	Enhance Branding and Visibility	To enhance the institutional capacity, profile and corporate image to facilitate	1.No. of best practices implemented	Conduct a benchmarking exercise on the Best practice from TVETs	Upgraded and updated the institute's website

		effective positioning in the market	<p>2. Number of Produced and disseminated promotional materials</p> <p>3. Operational upgraded and updated institute's website</p> <p>4. Documented and operational institutional Marketing Strategy</p> <p>5. Number of exhibitions and open days participated in</p> <p>6. An operational alumni portal</p> <p>7. Public awareness index on the mandate and programmes of the institute</p> <p>8. Number of Corporate Social Responsibility programmes implemented</p>	<p>Production and dissemination of promotional materials</p> <p>Upgrade and update the institute's website</p> <p>Develop and implement institutional Marketing Strategy</p> <p>Participation in exhibitions and open days</p> <p>Create and manage alumni portal</p> <p>Undertake public sensitization on mandate and programmes of the institute</p> <p>Develop and Implement a Corporate Social Responsibility framework</p>	<p>Enhanced institutional Marketing Strategy</p> <p>Alumni portal was not created</p> <p>Increased public awareness on the mandate and programmes of the institute</p>
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	Leverage on ICT	To enhance the institutional capacity, profile and corporate image to facilitate effective positioning in the market	<p>1.Operational ICT Policy and Strategy</p> <p>2.Number of staff trained on ICT</p> <p>3.Number of key processes automated</p> <p>4.Operational e-learning platform for KTTI courses</p> <p>5.Operational Data Recovery Plan</p>	<p>Develop and Implement an ICT Policy and Strategy Train staff in ICT</p> <p>Automate key processes</p> <p>Create e-learning platform for KTTI courses</p> <p>Develop Data Recovery Plan</p>	<p>ICT policy developed.</p> <p>32 members of Staff trained on ICT</p> <p>5 Key processes automated</p> <p>Created e-learning platform for KTTI courses</p> <p>Work is in progress derived from KTTI ICT policy</p>
<b>Pillar 3: Resource Development &amp; Management</b>	Attract and retain high performing staff	To build human resource capacity for quality service delivery	<p>1.Operational Rewards and Sanctions Policy</p> <p>2. No. of adjunct staff engaged</p>	Develop and implement a Rewards and Sanctions Policy for BOG staff Recruitment of BOG teaching staff;	Improved staff motivation Recruited BOG teaching staff
	Foster a KTTI common work place culture	To build human resource capacity for quality service delivery	<p>1.Number of trainees</p> <p>2.Operational Code of Conduct</p> <p>3.No. of coaching and mentorship programmes implemented</p>	<p>Establish, develop and maintain a common culture</p> <p>Review and implement Code of Conduct</p> <p>Implement coaching and mentorship programmes</p>	<p>KTTI culture</p> <p>Code of Conduct reviewed and implemented</p> <p>Coaching and mentorship programmes implemented</p>

## **VII. Corporate Governance Statement**

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

The roles and functions of the Board members are clearly defined and include giving the overall oversight of management and giving the strategic direction of the Institute. The Board members defines the Institute's strategies, objectives, values and ensures that procedures and practices are put in place to ensure effective control over strategic, financial, operational and compliance issues. The Board members develops short- and long-term goals of the Institute, develops strategies to achieve those goals and monitors the performance of the Institute against the set goals. The Board members also spearheads the preparation of financial statements and reports of the Institute, approves and reviews annual budgets and ensures that the Institute has adequate systems of internal controls together with appropriate monitoring of compliance activities to ensure business continuity.

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

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

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

The Board is headed by the Chairman and is composed of nine members inclusive of the principal who is the only executive member. The constitution of the Board members takes into consideration requirements of the sector, diversity of skills, academic qualifications, gender, age and experience necessary to add value to the operations of the Institute. The Board members are appointed to various Board Members' Committees mandated to carry out specified functions. The Board members therefore bring their diverse experiences in deliberations during Board meetings. The Board members' committees have well defined terms of reference. The committees are intended to facilitate efficient decision making by the Board members in them discharging their duties and responsibilities.

## **1. Corporate governance statement**

- a) Good corporate governance is the key to integrity and corporations and central to the institute stability
- b) Corporate governance their fore encompasses the system practices and procedures by which the individual corporation regulates itself to remain stable, competitive, sustainably and fair.
- c) The Board of Governors follows principles of transparency and accountability in its stewarding institute's affairs'
- d) The role of the Board of Governors is to ensure conformity by focusing and providing the institutes strategic direction and policy making as well as performance review through accountability, monitoring, supervision and internal control to safeguard the assets and ensure the reliability of financial information
- e) Management team comprising of the principal, deputy principal, head of departments and staff meet regularly to consider issues of operational and strategic importance.
- f) Below are key features of the existing governance practices within the institutes which are revised and improved from time to time

## **2. Institutes Board of Governors**

- a) The Board of Governors constitutes of chairman Board of Governors and eight members who have been appointed in accordance to the TVET Act 2013, which meets formally at least three times a year and or any other time when need arises
- b) Board of Governors is responsible for setting the direction of the institute through establishment of strategic information, policies and approval of budgets. It monitors implementation of the above through structured approach of reporting by the management and accountability.
- c) The Board of Governors is actively involved and bring strong independent judgement on its deliberations and discussions
- d) The Board of Governors members have diverse skill set, wide range of knowledge and experience of the institute in objectives and decision making.
- e) The Board of Governors meets regularly and retains full and effective control over the institutes in all strategic financial operation and compliance areas

## **3. Related party disclosure**

Related parties for the purposes of this report include:

- a) The Government
- b) The Board of Governors
- c) The Management

## VIII. Management Discussion and Analysis

### Operational and Financial Performance

During the year ended 30 June 2022, the Institution had 728 students compared to 418 in year 2020/2021. The increased number of students attributed to Institutions publicity and marketing strategy through public awareness through both print and contact media and advertising through Local media houses.

At the Institution level, activity-based costing method will be adopted both as a tool for activity planning and financial control. This will serve the role of ensuring that the Institution allocates resources based on planned and prioritized activity. This means that the cost of each activity will be traced to the product or service as per the Institution plan.

To further enhance service delivery through effective financial management, the Institute will concentrate on eliminating wastages. In this regard, the Institution will lobby and mobilize financial resources for Technical Training, Innovation and Research on Technical fields.

### Compliance with Statutory Requirements

Katine Technical Training Institute complies with all statutory deductions and remittances as required by the Kenyan laws.

### Key Projects and Investment Decisions

**Key projects and investment decisions Katine technical training institute had planned to implement for the FY 2021/2022 are;**

PROJECT NAME	FUNDING	STATUS
1. Completion of Tuition block KTTI	Government financed (MOE)	Stalled
2. Construction of electrical and electronics workshop KTTI	Government financed (MOE)	Phase I complete
3. Construction of Student Cafeteria	Funded by BOG	On-going

- i. The above Projects are funded through recommendation by the director of TVET
- ii. The completion and sustainability of the above first two projects were depended on Government funding, while Construction of student cafeteria was depended on student population and timely fee payment.



*Figure 1 Completed Phase 1 of Electrical and Electronics Workshop Funded by MOE*

### **Financial and Management risks**

Major risks facing the Institute include

- i. Inadequate funding by the Ministry of Education- on capitation/operation and development grant (fourth quarter Capitation funds not received)
- ii. Delayed funding
- iii. Poor fee payments by students

Due to the above factors the institution is facing serious challenges in meeting its operational obligation fully.

### **Material arrears in Statutory and Financial Obligations**

There were no material arrears in statutory and financial obligations for the financial year 2021/2022

### **Governance**

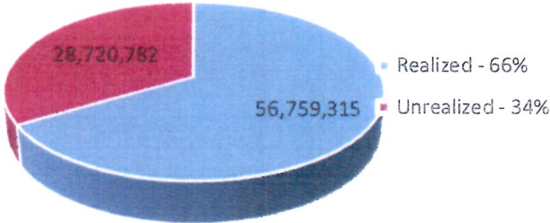
There were no serious governance issues reported during the FY 2021/2022.

### **Budget Achievement**

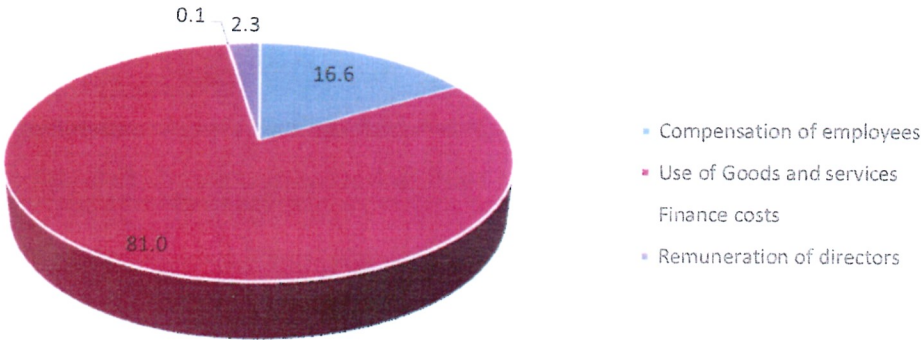
Katine Technical Training Institute had a budget of Kshs. 85,480,097 in F/Y 2021-2022. The Institute managed to realize Kshs. 56,759,315 which translates to 66% of the total budget. The

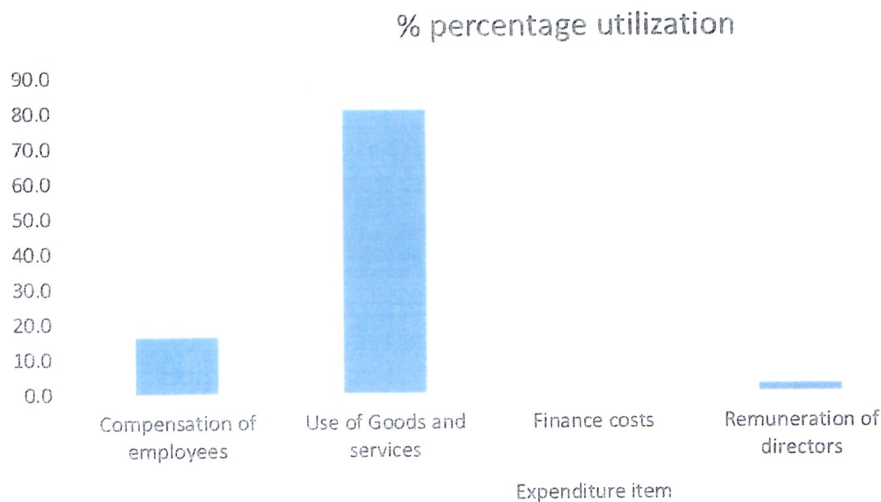
Institute spent Kshs. 47,116,301 of the realised amounts which translates to approximately 55% of the budget amount and 86% of the actual realized budget.

### Realization of Budget



### Percentage Expenditures





**IX. Environmental and Sustainability Reporting**

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

**Sustainability strategy and profile**

The Institute is guided by a strategic plan 2019-2024 which outlines the key strategic pillars aimed at achieving the set goals and objectives. The strategies are annual for the five-year period and reviews are done after every two years.

**Environmental performance**

Before embarking on the construction of any building, the Institute conducts an environmental Impact analysis where all the stakeholders and the community are engaged. The Institute makes improvements on ablution blocks regularly and it has put in place a committee that works closely the Ministry of Health to reduce Covid -19 risks.

**Employee welfare**

The Institute has developed and validated a HR Policy and Schemes of Service as a guide to HR policies, procedures, capacity building and appraisal. The Institute participates in capacity building for trainers and other staff in collaboration with other organizations and partners.

### **Market place practices**

Katine Technical Training Institute signed a performance contract for the year 2021-2022 with the Ministry of Education; State department of Vocational & Technical Training to fight corruption. Subsequently, the Institute has achieved the set targets during the period.

The Institute advertised for pre-qualified suppliers for supply of works, goods and services for the period 2021-2023 to ensure fair competition. The suppliers have had the opportunity to provide for goods and services to the institute and payments were made promptly. Additionally, the Institute continued to abide by the fee guideline issued by the government to be applied in all TVET institutions.

### **Community Engagements**

Katine Technical Training Institute joined the Upper Manza Community, County Government of Machakos and other stakeholders in successfully resolving conflicts emanating from the construction of feeder road to the institute.

The Management identified three needy female students who had challenges in raising school fee and linked them with Kenya Red Cross and NG-CDF for Support. The Organizations have subsequently offered scholarship to the students.

### **Corporate Social Responsibility / Community Engagements**

KTTI being a public Institute embraces Corporate Social Responsibility (CSR) through engaging itself with the following social responsibilities:

- i. Financial support to needy students through coordinating bursary, HELB loans, support sustainability and sponsorship to students where possible as well as work study programme.
- ii. Offering both social and economic support to external community through provision of casual labour opportunities and supplies when opportunities arise
- iii. Environmental activities like planting of trees
- iv. Mentoring the youth e.g. Sponsorship by KCB sponsorship
- v. Offering career advices to students in Matungulu constituency
- vi. Offering internship and industrial attachment opportunities to youth.

## **X. Report of the Board of Governors**

The Board members submit their report together with the audited financial statements for the year ended June 30, 2022, which show the state of the Katine Technical Training Institute affairs.

### **Principal activities**

The Principal Activity of Katine Technical Training Institute is provision of training in Technical, Vocational, Entrepreneurial Management and Research

### **Results**

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

### **Board of Governors**

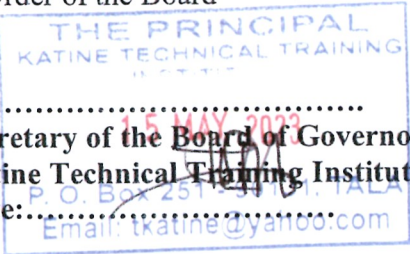
The members of the Board who served during the year are shown on pages vii-viii. During the year ended 30 June, 2022, the Ag. Principal Mr. Michael Maina was confirmed and transferred to Nuu TVC being replaced by Mrs. Justine K. Muindu on 10<sup>th</sup> January, 2022

### **Auditors**

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

By Order of the Board

.....  
**Secretary of the Board of Governors**  
**Katine Technical Training Institute**  
Date:.....  
P.O. Box 251-41111, TALA  
Email: tkatine@yahoo.com



## XI. Statement of Board of Governor's Responsibilities

Section 81 of the Public Finance Management Act, 2012 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 that institute, which give a true and fair view of the state of affairs of the institute at the end of the financial year/period and the operating results of the institute for that year/period. The Board members are also required to ensure that the institute keeps proper accounting records which disclose with reasonable accuracy the financial position of the entity. The council members are also responsible for safeguarding the assets of the institute.

The Board members are responsible for the preparation and presentation of the institute's financial statements, which give a true and fair view of the state of affairs of the institute for and as at the end of the financial year (period) ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the institute, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the institute, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Board members accept responsibility for the institute's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the TVET Act, 2013. The Board members are of the opinion that the institute's financial statements give a true and fair view of the state of institute's transactions during the financial year ended June 30, 2022, and of the institute's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the institute, which have been relied upon in the preparation of the institute's financial statements as well as the adequacy of the systems of internal financial control.

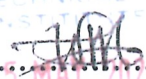
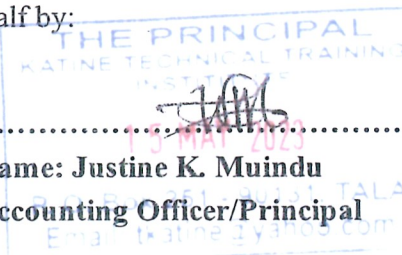
Nothing has come to the attention of the Board members to indicate that the institute will not remain a going concern for at least the next twelve months from the date of this statement.

### Approval of the financial statements

The Katine Technical Training Institute's financial statements were approved by the Board on 27<sup>th</sup> September 2022 and signed on its behalf by:

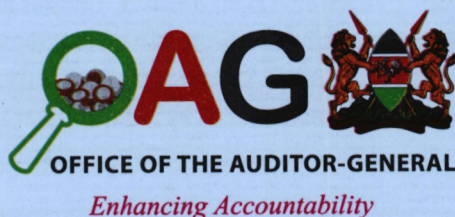
.....  


**Name: Priscillar M. Kioko**  
**Chairperson of the Board**

.....  
  


**Name: Justine K. Muindu**  
**Accounting Officer/Principal**

# REPUBLIC OF KENYA



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

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

## REPORT OF THE AUDITOR-GENERAL ON KATINE TECHNICAL TRAINING INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2022

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Katine Technical Training Institute set out on pages 1 to 37, which comprise of the statement of financial position as at 30 June, 2022, and statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual

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*Report of the Auditor-General on Katine Technical Training Institute for the year ended 30 June, 2022*

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Katine Technical Training Institute as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education Training Act, 2013 and the Public Finance Management Act, 2012.

### **Basis for Qualified opinion**

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

The statement of cashflows and as disclosed in Note 26 to the financial statements reflects net cashflow from operating activities of Kshs.31,084,497 while recalculation indicates a balance of Kshs.9,213,788 leading to unreconciled and unconfirmed variance of Kshs.21,870,709. The resultant net increase in cash and cash equivalents balance of Kshs.8,583,377 could not be confirmed as correct due to the foregoing errors noted. Further, the final balance of cash and cash equivalents of Kshs.30,821,938 derived from the errors noted above was not fairly arrived at.

In the circumstances, the accuracy of the cash and cash equivalents balance of Kshs.31,084,497 could not be confirmed.

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

The statement of financial position and as disclosed in Note 18 to the financial statements reflects a balance of Kshs.23,565,754 under receivables from exchange transactions. However, the debtors schedule show that student debtors totalling to Kshs.19,009,194 or 81% of the receivables balance had been outstanding for more than one hundred-eighty (180) days, some up to three years. This casts doubt on their collectability. In addition, the institute does not have a policy on the provision of bad and doubtful debts.

In the circumstances, the accuracy and recoverability of receivables from exchange transactions of Kshs.19,009,194 could not be confirmed.

#### **3. Unsupported Expenditure-Travel and Accommodation**

Note 11 to the financial statements reflects use of goods and services balance of Kshs.35,382,992 which includes travelling and accommodation expenses totalling to Kshs.3,036,465. Review of the supporting documents provided shows that imprests were paid through cash withdrawn by the finance department without imprest warrants. Further, imprest advanced for domestic travel was not accounted for through surrender vouchers with relevant support documentation such as; requisitions, schedule of payment, work tickets, fuel receipts and back to office reports.

In the circumstances, the completeness, accuracy and regularity of the expenditure of Kshs.3,036,465 could not be confirmed.

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

### **Key Audit Matters**

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

### **Other Matter**

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

The statement of comparison budget and actual amounts on a comparable basis reflect budgeted total income amounting to Kshs.85,480,097 against actual receipts of Kshs.56,328,115 resulting into underfunding of Kshs.29,151,982 or 34% of the budget. Similarly, the Institute expended Kshs.47,114,327 against the budgeted expenditure of Kshs.85,480,097 resulting to under expenditure of Kshs.38,365,770 or 45% of the budget.

The underfunding and under expenditure may have negatively affected planned activities and service delivery to the citizens.

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **Unauthorized Expenditure**

Review of the financial statements and the approved budget revealed actual over expenditures of components against their approved budgets aggregating to Kshs.716,365 as detailed below. This is contrary to Section 44 of the Public Procurement and Asset Disposal Act, 2015 on Responsibilities of the accounting officer which states that (1) An accounting officer of a public entity shall be primarily responsible for ensuring that the public entity complies with the Act. (2) In the performance of the responsibility under subsection (1), an accounting officer shall—

(a) ensure that procurements of goods, works and services of the public entity are within approved budget of that entity.

<b>Component</b>	<b>Actual Expenditure as per the Notes to the Financial Statements (Kshs.)</b>	<b>Budgeted Amounts as per the Approved Budget (Kshs.)</b>	<b>Over Expenditure (Kshs.)</b>
Advertising	1,045,250	1,002,825	42,425
Exam fees (NITA & KNEC Exams)	4,536,290	4,207,500	328,790
Internet (Kennet WIFI)	556,084	250,000	306,084
Employee costs	7,819,832	7,780,766	39,066
<b>Total</b>			<b>716,365</b>

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

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

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

### Conclusion

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

### Basis for Conclusion

#### Lack of Effective Cash Management

The statement of financial position and as disclosed in Note 17 to the financial statements reflects cash and cash equivalents balance of Kshs.30,821,938. Review of the cash management operations revealed that the institute maintains a petty cash float system with a limit of Kshs.500,000 per week as stipulated in the approved Institute's financial procedures manual chapter 3.6.1. However, petty cash expenditure is not well supported as required by the financial manual including lack of approved petty cash replenishment vouchers, daily cash reconciliations, evidence of weekly surprise cash checks and a petty cash book to monitor replenishments and cash payment made.

Failure to enforce the required internal controls may expose the Institution to loss of public funds through fraud.

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 effective processes and systems of internal controls, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

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

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

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

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

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

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

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

reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of 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 Institute's policies and procedures may deteriorate.

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


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to continue as a going concern or to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence

obtained up to the date of my audit report. However, future events or conditions may cause the Institute to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Institute to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

05 July, 2023

**XIII. Statement of Financial Performance for the year ended 30 June 2022**

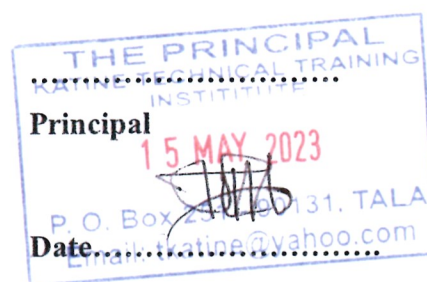
		2021-2022	2020-2021
	Note	Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from other National government entities- Capitation	6	11,182,500	8,460,000
<b>Total revenue from non-exchange transactions</b>		<b>11,182,500</b>	<b>8,460,000</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- fees from students	7	44,987,490	8,547,746
Sale of goods	8	6,475	
Rental revenue from facilities and equipment	9	148,650	71,050
Other incomes	10	3,000	18,180
<b>Total revenue from exchange transactions</b>		<b>45,145,615</b>	<b>8,636,976</b>
<b>Total revenue</b>		<b>56,328,115</b>	<b>17,096,976</b>
<b>Expenses</b>			
Use of Goods and Services	11	35,382,992	19,313,936
Employee costs	12	7,819,832	4,494,828
Board Expenses	13	1,105,000	1,224,500
Depreciation and amortization expense	14	1,193,816	1,046,539
Repairs and maintenance	15	2,766,053	1,264,550
Finance costs	16	40,450	37,737
<b>Total expenses</b>		<b>48,308,142</b>	<b>27,382,090</b>
<b>Surplus (Deficit) for the Year</b>		<b>8,019,973</b>	<b>(10,285,114)</b>

*(The notes set out on pages 6 to 33 form an integral part of the Annual Financial Statements).*

The Financial Statements set out on pages 1 to 5 were signed by:

.....  
**Chairman of Council/Board**  
 Date.....15/5/2023

.....  
**Finance Officer**  
 ICPAK No...19353  
 Date.....15/5/2023




**Katine Technical Training Institute**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

**XIV. Statement of Financial Position as at 30th June 2022**

	Note	2021-2022 Kshs	2020-2021 Ksha
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	17	30,821,938.34	22,239,561
Receivables from exchange transactions	18	23,565,754	27,471,771
Receivables from non-exchange transactions	19	-	4,620,000
Inventories	20	485,225	153,309
<b>Total Current Assets</b>		<b>54,872,917</b>	<b>54,484,641</b>
<b>Non-current assets</b>			
<b>Property, plant and equipment</b>	<b>21</b>	<b>179,177,511</b>	<b>157,496,864</b>
Intangible assets	22	1,370,681	1,743,024
Total non-current assets		180,548,191	159,239,888
<b>TOTAL ASSETS</b>		<b>235,421,109</b>	<b>213,724,528</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	23	624,644	1,970,000
Refundable deposits	24	22,900,367	2,646,317
Total current liabilities		23,525,011	4,616,317
Total liabilities		23,525,011	4,616,317
<b>Net assets</b>			
<b>Accumulated Surplus</b>		<b>94,819,366</b>	<b>86,799,393</b>
<b>Capital reserves</b>		<b>117,076,732</b>	<b>122,308,818</b>
<b>Total net assets</b>		<b>211,896,098</b>	<b>209,108,211</b>
<b>TOTAL NET ASSETS AND LIABILITIES</b>		<b>235,421,108</b>	<b>213,724,528</b>

The Financial Statements set out on pages 1 to 5 were signed by:

  
 .....

Chairman of Council/Board

Date.....15/5/2023

  
 .....

Finance Officer

ICPAK No.....19353

Date.....15/5/2023

THE PRINCIPAL  
 KATINE TECHNICAL TRAINING  
 INSTITUTE  
 Principal  
 15 MAY 2023  
 P. O. Box 291101, TALA  
 Email: katine@yahoo.com

Katine Technical Training Institute  
 Annual Report and Financial Statements for the year ended 30th June 2022

XV. Statement of Changes in Net Asset for the year ended 30 June 2022

	Revaluation reserve	Fair value adjustment reserve	Accumulated Surplus	Capital Reserves	Total Reserves
At July 1, 2020	-	-	97,084,507	121,224,507	218,309,014
Surplus (deficit) for the Year	-	-	(10,285,114)	1,084,311	(9,200,803)
At June 30, 2021			86,799,393	122,308,818	209,108,211
At July 1, 2021			86,799,393	122,308,818	209,108,211
Surplus (deficit) for the year	-	-	8,019,973	(5,232,086)	2,787,887
At June 30, 2022	-	-	94,819,366	117,076,732	211,896,098

**Katine Technical Training Institute**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

**XVI. Statement of Cash Flows for the year ended 30 June 2022**

		2021-2022	2020-2021
	Note	Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from National Government	6	11,182,500	8,460,000
Rendering of services- Fees from students	7	44,987,490	8,547,746
Sale of Goods	8	6,475	18,180
Rental revenue from facilities and equipment	9	148,650	71,050
Other Incomes	10	3,000	
<b>Total Receipts</b>		<b>56,328,115</b>	<b>17,096,976</b>
<b>Payments</b>			
Use of Goods and Services	11	35,382,992	19,313,936
Employee costs	12	7,819,832	4,494,828
Board Expenses	13	1,105,000	1,224,500
Repairs and maintenance	14	2,766,053	1,264,550
Finance costs	16	40,450	37,737
<b>Total Payments</b>		<b>47,114,327</b>	<b>26,335,551</b>
<b>Net cash flows from operating activities</b>	<b>26</b>	<b>31,084,497</b>	<b>(14,675,438)</b>
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(22,502,120)	(6,438,693)
<b>Net cash flows used in investing activities</b>		<b>(22,502,120)</b>	<b>(6,438,693)</b>
Cash flows from financing activities			
<b>Net cash flows used in financing activities</b>			
Net increase/(decrease) in cash and cash equivalents		<b>8,582,377</b>	<b>(21,114,131)</b>
Cash and cash equivalents at 1 July 2021	17	22,239,561	43,353,691
Cash and cash equivalents at 30 June 2022	17	<b>30,821,938</b>	<b>22,239,560</b>

The Financial Statements set out on pages 1 to 5 were signed by:

.....

Chairman of Board

Date.....15/5/2023

.....

Finance Officer

ICPAK No.....19353

Date.....15/5/2023



Principal

Date.....

**Katine Technical Training Institute  
Annual Report and Financial Statements for the year ended 30th June 2022**

**XVII. Statement of Comparison of Budget & Actual amounts for the year ended 30 June 2022**

	Original annual Budget	Adjustments	Final Annual Budget	Actual Cumulative to date	Performance difference	Utilization difference	Explanation
	a	b	c=a+b	d	e =c-d	f=e/d %	
<b>Revenue</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>		<b>Kshs</b>	
Transfers from other Govt entities Govt grants	9,000,000	-	9,000,000.00	11,182,500	(2,182,500)	-24%	(a)
Rendering of services- Fees from students	76,417,097	-	76,417,097.00	44,987,490	31,429,607	41%	(b)
Sale of goods		-	-	6,475	(6,475)	0%	(c)
Other Income	63,000	-	63,000	151,650	(88,650)	-141%	(d)
<b>Total income</b>	<b>85,480,097</b>	<b>-</b>	<b>85,480,097</b>	<b>56,328,115</b>	<b>29,151,982</b>	<b>34%</b>	
<b>Expenses</b>							
Compensation of employees	7,780,716	-	7,780,716	7,819,832	(39,116)	-1%	
Use of Goods and services	75,924,381	-	75,924,381	38,149,045	37,775,336	50%	(e)
Finance costs	20,000	-	20,000	40,450	(20,450)	-102%	(f)
Remuneration of directors	1,755,000	-	1,755,000	1,105,000	650,000	37%	(g)
<b>Total expenditure</b>	<b>85,480,097</b>	<b>-</b>	<b>85,480,097</b>	<b>47,114,327</b>	<b>38,365,770</b>	<b>45%</b>	
<b>Surplus for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,213,788</b>			

**(Budget Explanation notes of variance (Above/Below 10%))**

- (a) The difference was due to higher number of students eligible for capitation against the number used during budget estimation.
- (b) The amount was not fully realized as budgeted due unresponsive and uncollected student arrears.
- (c) The amount realized came from sale of goods and tenders which was not budgeted for.
- (d) The number of people who used institute facilities exceeded the budgeted number.
- (e) The institute didn't realize 34% of its budget hence couldn't implement some of the development projects during the year.
- (f) The over absorption is attributable to bank charges that were unforeseen.
- (g) The amount had been set side to facilitate BOG Members attend Capacity Building Activities in case they arise.

**Notes to the Financial Statements**

**1. General Information**

Katine Technical Training Institute is established by and derives its authority and accountability from TVET Act, 2013. The Institute is wholly owned by the Government of Kenya and is domiciled in Kenya. The Institute's principal activity is Provision of training in Technical, Vocational, Entrepreneurial Management and Research.

**2. Statement of Compliance and Basis of Preparation**

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

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

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the TVET Act, 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 2022.**

IPSASB deferred the application date of standards from 1st January 2022 owing to covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

**ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.**

<b>Standard</b>	<b>Effective date and impact:</b>
<b>IPSAS 41:</b> Financial Instruments	<b>Applicable: 1<sup>st</sup> January 2023:</b> The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:

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

**Katine Technical Training Institute**  
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Standard	Effective date and impact:
	Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.
Other improvements to IPSAS	<p><b><i>Applicable 1<sup>st</sup> January 2023</i></b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b> Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</li> </ul>
IPSAS 43	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

**iii. Early adoption of standards**

Katine Technical Training Instituted did not early-adopt any new or amended standards in year 2022.

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions**

**Transfers from other government entities**

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

**ii) Revenue from exchange transactions**

**Rendering of services**

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

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

**Sale of goods**

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

**Interest income**

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

**Dividends**

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

**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**

The original budget for FY 2021/2022 was approved by the Board on 11<sup>th</sup> June 2021.

The institute's budget and the financial statements are prepared on accrual basis. The classification of the expenditures on the statement of financial performance are based on the nature of expenses, while classification on the budget is based on the projection of the amounts to be received through different vote heads. 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.

**c) Taxes**

***Current income tax***

The entity is exempt from paying taxes.

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

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

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

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

**Notes to the Financial Statements (Continued)**

**d) Investment property**

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

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

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

**Notes to the Financial Statements (Continued)**

**4 Summary of Significant Accounting Policies (Continued)**

**f) Leases**

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

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability 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**

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

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

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit.

During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

i) Financial instruments

*Financial assets*

*Initial recognition and measurement*

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

*Loans and receivables*

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

*Held-to-maturity*

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

*Impairment of financial assets*

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

- 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 determine the classification of its financial liabilities at initial recognition.

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

***Loans and borrowing***

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

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

**j) Inventories**

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)**

**Inventories (Continued)**

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

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

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

**k) Provisions**

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

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

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

***Contingent liabilities***

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

***Contingent assets***

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

**Notes to the Financial Statements (Continued)**

**4 Summary of Significant Accounting Policies (Continued)**

**l) Nature and purpose of reserves**

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

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

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

**n) Employee benefits**

**Retirement benefit plans**

The Entity does not provide 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.

However, employees contribute to National Social Security Fund and the entity contributes equal amounts to cushion them upon retirement.

**o) Foreign currency transactions**

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

**p) Borrowing costs**

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

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

**Notes to the Financial Statements (Continued)**

**4 Summary of Significant Accounting Policies (Continued)**

**q) Related parties**

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

**r) Service concession arrangements**

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

**s) Cash and cash equivalents**

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

**t) Comparative figures**

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

**u) Subsequent events**

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, 2022.

**5. Significant Judgments and Sources of Estimation Uncertainty**

The preparation of the Entity'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.

**Notes to the Financial Statements (Continued)**

**Estimates and assumptions**

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

**Useful lives and residual values**

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

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

**Provisions**

Provisions were raised and management determined an estimate based on the information available. Provision for deprecation as per the institute Finance procedures manual are;

Buildings	10%
Furniture and Fitting	10%
Motor vehicles & motorcycles	25%
Computers and related equip	25%
Intangible Assets	25%

Freehold land is not depreciated.

Additional disclosure of these estimates of provisions is included in Note 21

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

**6. Transfers from other National Government entities**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Unconditional Grants</b>		
Capitation Grants	11,182,500	8,460,000
<b>Total Government Grants and Subsidies</b>	<b>11,182,500</b>	<b>8,460,000</b>

Notes to the Financial Statements (Continued)

(a) Transfers from other Government entities (Categorized)

Name Of The Entity Sending The Grant	Amount recognized to Statement of Comprehensive Income Kshs	Amount recognized under receivable Kshs.	Related Party (Mwala TVC)	Total grant income during the year Kshs	2020-2021 Kshs
Ministry of Education	-	2,572,500	-	2,572,500	2,047,500
Ministry of Education	-	-	500,000	500,000	3,022,500
Ministry of Education	2,250,000	2,047,500	-	4,297,500	500,000
Ministry of Education	4,297,500	-	-	4,297,500	500,000
Ministry of Education	4,635,000	-	-	4,635,000	1,312,500
Ministry of Education	-	-	-	-	2,077,500
Ministry of Education	-	-	-	-	500,000
<b>Total</b>	<b>11,182,500</b>	<b>4,620,000</b>	<b>500,000</b>	<b>16,302,500</b>	<b>9,960,000</b>

7. Rendering of Services

Description	2021-2022 Kshs	2020-2021 Kshs.
Tuition fees	11,734,490	189,466
Application Fees	59,000	1,200
Activity fees	1,662,480	792,635
Personal Emolument	5,534,180	160,100
Repairs Maintenance & Improvements	931,820	483,905
Electricity, Water & Conservancy	1,703,945	764,230
Examination fees	5,820,565	1,125,585
Local Travelling & Transport	1,472,940	863,455
ICT Packages	4,500	-
Boarding Fee	8,762,900	2,686,500
Lunch fee	45,500	45,500
Facilities and materials	2,576,570	165,500
KCB 2jijiri	1,324,800	
Student Id Card	143,500	99,400
Students Council	397,600	174,270
KUCCPS Registration	448,500	112,500
Insurance	236,200	
Registration fees	485,000	197,000
Attachment fee	1,643,000	686,500
<b>Total revenue from the rendering of services</b>	<b>44,987,490</b>	<b>8,547,746</b>

(Rendering of services includes fees collected from students.)

**Notes to the Financial Statements (Continued)**

**8. Sale of Goods**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs.</b>
Sale of Mask and Grass	6,475	13,180
Sale of tenders	-	5,000
<b>Total revenue from sale of goods</b>	<b>6,475</b>	<b>18,180</b>

*(These are activities the institute engaged in which are not directly linked to the academic activities of the institution.)*

**9. Rental revenue from facilities and equipment**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs.</b>
Hire of facilities income	148,650	71,050
<b>Total rental revenue from facilities and equipment</b>	<b>148,650</b>	<b>71,050</b>

*(This relates to the income received from hiring of institute facilities to external institutions.)*

**10. Other Income**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs.</b>
Lost item Replacement	3,000	-
<b>Total other income</b>	<b>3,000</b>	<b>-</b>

*(This relates to the income received from other sources)*

**Notes to the Financial Statements (Continued)**

**11. Use Of Goods and Services**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs.</b>
Teaching, Exam & Learning Materials	4,255,083	1,820,111
Industrial attachment Costs	521,445	226,100
Electricity	521,032	133,590
Water	48,967	39,220
Security	810,000	810,000
Subscriptions/Activities	-	298,428
Advertising	1,045,250	284,058
Examination fees	4,536,290	2,268,570
Seminars, Conferences, Subscriptions and delegations	1,207,528	340,100
Travelling & Accommodation	3,036,465	2,782,567
Fuel and oil	88,235	58,708
Policy documents	929,400	-
Postage	11,355	7,725
Printing and stationery	1,156,866	267,945
Telephone Expenses	-	79,830
Internet Expenses	556,084	895,383
Insurance	-	64,500
Performance Contract	472,120	-
Boarding Fee Charges	10,601,110	4,899,157
Student Id Card	146,400	-
Admin fees	4,251,415	3,826,664
Activity	1,187,947	211,280
	<b>35,382,992</b>	<b>19,313,936</b>

**12. Employee Costs**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Salaries and wages	6,792,752	4,300,058
Contribution to Pensions and Medical Aids	1,027,080	194,770
<b>Total employee costs</b>	<b>7,819,832</b>	<b>4,494,828</b>

**13. Board Expenses**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Board allowances	1,105,000	1,224,500
<b>Total Board expenses</b>	<b>1,105,000</b>	<b>1,224,500</b>

Notes to the Financial Statements (Continued)

14. Depreciation and Amortization expense

Description	2021-2022	2020-2021
	Kshs.	Kshs.
Plant, Property and Equipment	736,922	610,783
Intangible assets	456,894	435,756
<b>Total depreciation and amortization</b>	<b>1,193,816</b>	<b>1,046,539</b>

15. Repairs and Maintenance

Description	2021-2022	2020-2021
	Kshs.	Kshs.
Repairs, Maintenance & Improvements	2,766,053	1,264,550
<b>Total repairs and maintenance</b>	<b>2,766,053</b>	<b>1,264,550</b>

16. Finance Costs

Finance Costs	2021-2022	2020-2021
	Kshs.	Kshs.
Bank Charges	40,450	37,737
<b>Total Finance Costs</b>	<b>40,450</b>	<b>37,737</b>

17. Cash and Cash Equivalents

Description	2021-2022	2020-2021
	Kshs.	Kshs.
Current account	30,821,938	22,239,561
<b>Total Cash &amp; cash equivalents</b>	<b>30,821,938</b>	<b>22,239,561</b>

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

Financial Institution	Account Number	2021-2022	2020-2021
		Kshs.	Kshs.
<b>Current Account</b>			
Kenya Commercial Bank-Operations	1141253852	19,076,051	1,013,983
Kenya Commercial Bank- Fees	1235950875	10,117,696	1,912,526
Cooperative bank- Development	01129343916700	1,003,548	17,662,263
Cooperative Bank- Mwala TVC	01129343916701	624,644	1,650,790
<b>Total Cash and cash equivalents</b>		<b>30,821,938</b>	<b>22,239,561</b>

18. Current Receivables from Exchange transactions

Description	2021-2022	2020-2021
	Kshs.	Kshs.
Student debtors account	22,240,954	27,471,771
Sundry Debtors	1,324,800	-
<b>Total receivables from exchange transactions</b>	<b>23,565,754</b>	<b>27,471,771</b>

**Notes to the Financial Statements (Continued)**

**19. Receivables from Non-Exchange transactions**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs.</b>	<b>Kshs.</b>
<b>Current receivables</b>		
Receivables-Government capitation	-	4,620,000
<b>Total receivables from non-exchange transaction</b>	<b>-</b>	<b>4,620,000</b>

**20. Inventories**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Consumable stores	485,225	148,965
Cleaning materials stores	-	1,060
Catering stores	-	3,284
<b>Total inventories</b>	<b>485,225</b>	<b>153,309</b>

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Notes to the Financial Statements (Continued)**

**21. Property, Plant and Equipment**

	Land and buildings	Motor vehicles	Furniture and fittings	Computers	Other office Equipment	Capital Work in progress	Total
	Shs	Shs	Shs	Shs	Shs	Shs	Shs
<b>Cost</b>							
At 1 July 2021	102,992,307	111,900.00	17,094,000	2,207,199	2,228,470	33,473,771	158,107,647
Additions	-	-	1,284,800	854,480	-	20,278,290	22,417,570
Disposals	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-
<b>At 30th June 2022</b>	<b>102,992,307</b>	<b>111,900</b>	<b>18,378,800</b>	<b>3,061,679</b>	<b>2,228,470</b>	<b>53,752,061</b>	<b>180,525,217</b>
<b>Depreciation and impairment</b>							
At 1 July 2021	-	27,975	11,750	292,500	278,559	-	610,783
Depreciation	-	20,981	136,705	384,245	194,991	-	736,922
Impairment	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-
<b>At 30th June 2022</b>	<b>-</b>	<b>48,956</b>	<b>148,455</b>	<b>676,745</b>	<b>473,550</b>	<b>-</b>	<b>1,347,706</b>
<b>Net book values</b>							
At 30th June 2022	102,992,307	62,944	18,230,345	2,384,934	1,754,920	53,752,061	179,177,511
At 30th June 2021	102,992,307	83,925	17,082,250	1,914,699	1,949,911	33,473,771	157,496,864

\*\*\*Provision for depreciation for the fixed assets has been charged for the acquisitions done from F/Y 2020/2021. The opening balances as at 1<sup>st</sup> July 2021 contain assets on historical costs that were determined by the Board of Governors and incorporated to the financial statements from F/Y 2018/2019. The institute is in the process of seeking for a certified valuer.

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**Notes to the Financial Statements (Continued)**

**Depreciation of Assets schedule**

	<b>Land &amp; Buildings</b>	<b>Motor Vehicles</b>	<b>Furniture &amp; Fittings, Plant &amp; Equipment</b>	<b>Computers &amp; Related Equipment</b>	<b>Other office Equipment</b>	<b>Total</b>
<i>Cost</i>	102,992,307	111,900	94,000	974,999	2,228,470	3,409,369
<i>Accumulated Depreciation</i>	-	27,975	11,750	292,500	278,559	610,783
<i>NBV B/f</i>	102,992,307	<b>83,925</b>	<b>82,250</b>	<b>682,499</b>	<b>1,949,911</b>	<b>2,798,586</b>
<i>Additions/Disposals</i>	-	-	1,284,800	854,480	-	2,139,280
<i>Total Asset</i>	<b>102,992,307</b>	<b>83,925</b>	<b>1,367,050</b>	<b>1,536,979</b>	<b>1,949,911</b>	<b>4,937,866</b>
<i>Provision for the period</i>	-	20,981	136,705	384,245	194,991	736,922
<i>NBV C/f</i>	<b>102,992,307</b>	<b>62,944</b>	<b>1,230,345</b>	<b>1,152,734</b>	<b>1,754,920</b>	<b>4,200,943</b>
<b>Rate</b>	0.1	0.25	0.1	0.25	0.1	

**Valuation**

The Board of Governors carried out internal valuation of the institute's assets. These amounts were adopted in the financial statements for the financial year ended 30 June 2019. The BOG is however in the process of acquiring a professional and certified valuer.

**21 (b) Property, Plant and Equipment at Cost**

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

<b>Description</b>	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>NBV</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Land	14,000,000	-	14,000,000
Buildings	88,992,307	-	88,992,307
Motor Vehicles including Motorcycles	111,900	48,956	62,944
Computers and Related Equipment	5,456,029	1,700,415	3,755,614
Plant, Equipment, Furniture, And Fittings	20,607,270	622,005	19,985,265
<b>Total</b>	<b>129,167,506</b>	<b>2,371,376</b>	<b>126,796,130</b>

Notes to the Financial Statements (Continued)

22. Intangible Assets

Description	2021-2022	2020-2021
	KShs	KShs
<b>Cost</b>		
At beginning of the year	2,309,800	655,100
Additions	84,550	1,654,700
<b>At end of the year</b>	<b>2,394,350</b>	<b>2,309,800</b>
<b>Amortization and impairment</b>		
At beginning of the year	566,776	131,020
Amortization	456,894	435,756
<b>At end of the year</b>	<b>1,023,670</b>	<b>566,776</b>
Impairment loss	-	-
<b>At end of the year</b>	<b>1,370,681</b>	<b>1,743,024</b>
<b>NBV</b>	<b>1,370,681</b>	<b>1,743,024</b>

23. Trade and Other Payables from Exchange transactions

Description	2021-2022	2020-2021
	Kshs.	Kshs.
Trade payables	-	1,970,000
Related Party Balances	624,644.00	-
<b>Total trade and other payables</b>	<b>624,644.00</b>	<b>1,970,000.00</b>

24. Refundable Deposits

Description	2021-2022	2020-2021
	Kshs.	Kshs.
Refundable Deposits (Caution money)	482,800	282,300
Student Prepayments	19,347,357	261,780
Retention fees	3,070,210	2,102,237
<b>Total Refundable Deposits</b>	<b>22,900,367</b>	<b>2,646,317</b>

25. Employee Benefit Obligations

The entity contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at a maximum of Kshs. 1,080 per employee per month. Employees contribute 7% while employers contribute 7% of basic salary. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

**26. Cash generated from operations**

	2021-2022	2020-2021
	Kshs	Kshs
<b>Surplus for the year before tax</b>	<b>8,019,973</b>	<b>- 10,285,114</b>
<b>Adjusted for:</b>		
Depreciation	1,193,816	1,046,539
Changes in general reserves	- 5,232,086	1,084,311
<b>Working Capital Adjustments</b>		
Related party	-	37,884,284
Increase in Inventory	- 331,916	- 153,309
Increase in Receivables	8,526,017	- 13,388,712
Increase in Deferred Income	-	- 21,785,594
Increase in Payables	- 1,345,356	- 3,972,264
Increase in Payments received in advance	20,254,050	- 5,105,579
<b>Net Cash Flow from Operating Activities</b>	<b>31,084,497</b>	<b>- 14,675,438</b>

**27. 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 institute'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:

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
<b>At 30 June 2021</b>				
Receivables from exchange transactions	27,471,771	27,471,771	-	-
Receivables from non-exchange transactions	4,620,000	-	-	-

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<b>Description</b>	<b>Total amount Kshs</b>	<b>Fully performing Kshs</b>	<b>Past due Kshs</b>	<b>Impaired Kshs</b>
<b>At 30 June 2021</b>				
Bank balances	22,239,561	22,239,561	-	-
<b>Total</b>	<b>54,331,332</b>	<b>49,711,332</b>	-	-
<b>At 30 June 2022</b>				
Receivables from exchange transactions	23,565,754	9,808,459	13,757,295	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	30,821,938	30,821,938	-	-
<b>Total</b>	<b>54,387,692</b>	<b>40,630,397</b>	<b>13,757,295</b>	-

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

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

**(ii) Liquidity risk management**

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

**Notes to the Financial Statements (Continued)**

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.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2021</b>			1,970,000	
Trade Payables	-	-	-	-
<b>Total</b>			<b>1,970,000</b>	
<b>At 30 June 2022</b>	-	-	-	-
Trade Payables	-	-	-	-
<b>Total</b>	-	-	-	-

**(iii) Market risk**

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

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

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

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

**a) Foreign currency risk**

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
<b>At 30 June 2022</b>			
Financial Assets (Investments, Cash, Debtors)	-	-	-
Liabilities			
Trade and Other Payables	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

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

**44. Financial Risk Management (Continued)**

(iii) Market risk (Continued)

a) Foreign currency risk (Continued)

	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
<b>At 30<sup>th</sup> June 2022</b>			
Financial Assets (Investments, Cash, Debtors)	-	-	-
Liabilities	-	-	-
Trade and Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

**a) Foreign currency sensitivity analysis**

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

	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
<b>2021</b>			
Euro	10%	-	-
Usd	10%	-	-
<b>2022</b>			
Euro	10%	-	-
Usd	10%	-	-

**b) Interest rate risk**

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

**Management of interest rate risk**

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

**Notes To the Financial Statements (Continued)**

**iii) Capital Risk Management**

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

Description	2021-2022	2020-2021
	Kshs	Kshs
Retained Earnings	94,817,392	86,799,393
Capital Reserve	117,078,706	122,308,818
<b>Total Funds</b>	<b>211,896,098</b>	<b>209,108,211</b>
Total Borrowings	-	-
Net Debt/(Excess Cash and Cash Equivalents)	-	-

**28. Related Party Balances**

**Nature of related party relationships**

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

**Government of Kenya**

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

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

**Notes to the Financial Statements (Continued)**

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

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Transactions with Related Parties</b>		
<b>a) Sales to related parties</b>		
Sales of electricity to govt agencies	-	-
Rent income from govt. agencies	-	-
Water sales to govt. agencies	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>B) Purchases from related parties</b>		
Purchases of electricity from KPLC	521,032	133,590
Accommodation, Transport, KUCCPS Placement & Conferences	543,925	176,640
<b>Total</b>	<b>1,064,957</b>	<b>310,230</b>
<b>b) Grants /Transfers from the Government</b>		
Grants from National Govt	15,802,500	8,460,000
Recurrent for Mwala TVC	500,000	1,500,000
<b>Total</b>	<b>16,302,500</b>	<b>9,960,000</b>
<b>c) Expenses incurred on behalf of related parties</b>		
Payments for Construction of Pit Latrine for Mwala TVC	1,130,454	1,457,500
<b>Total</b>	<b>1,130,454</b>	<b>1,457,500</b>
<b>d) Key Management Compensation</b>		
Directors' emoluments	-	-
Compensation to Key Management	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**29. Segment Information**

Katine Technical Training Institute does not operate in a different geographical region.

**30. Contingent Assets and Contingent Liabilities**

**Contingent Assets**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Contingent Assets</b>		
Insurance Reimbursements	-	-
Assets arising from determination of Court Cases	-	-
Reimbursable Indemnities and Guarantees	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**Notes to the Financial Statements (Continued)**

**Contingent Liabilities**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Contingent Liabilities</b>	-	-
Court Case	-	-
Bank guarantees in favour of subsidiary	-	-
Contingent liabilities arising from Contracts including PPPs	-	-
<b>Total</b>	-	-

**31. Capital Commitments**

<b>Capital Commitments</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Authorised for	-	-
Authorised and contracted for	-	-
<b>Total</b>	-	-

**32. Events After the Reporting Period**

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

**33. 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.

**34. Currency**

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

**XVIII. Appendices**

**Appendix 1: Implementation Status of Auditor-General Recommendations**

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

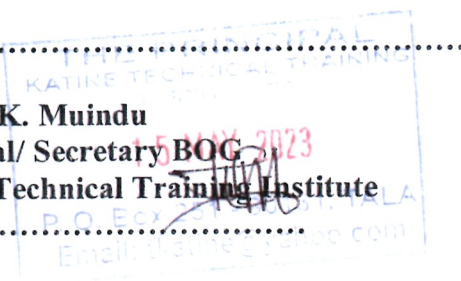
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
1.1	<p><b>Errors in Presentation and Inaccuracies in The Financial Statements</b></p> <p>Review of the financial statements presented for audit revealed anomalies in presentation and disclosures as follows:</p> <p>The statement of financial position has included Kshs.9,960,000 relating to Transfers from National Government- Capitation in the rendering of services figure of Kshs.17,007,746. increasing the figure by a similar margin.</p> <p>The statement of changes in net assets for the year ended 30 June 2021 has in accurate total reserves column a deficit figure Kshs.8,590,020 instead of Kshs.9,200,803. This affects the statement of financial position, total net figure of Kshs.209,108,211.</p> <p>Note 23 to the financial statements relating to refundable deposits to customers reflects a previous year's figure of Kshs.6,685,531 which differs from the audited figure of Kshs.7,751,896(retention) resulting to a difference of Kshs.1,066,365</p>	<p>The amount received under transfers from National Government was Kshs. 9,960,000.</p> <p>Included in this amount was Kshs. 8,460,000 being capitation for students which had been included in the statement of Financial Performance under rendering of services. The balance of Kshs. 1,500,000 related to recurrent funds meant for Mwala Technical and Vocational College which had been transferred through Katine Technical Training Institute bank account.</p> <p>Amendments for Kshs. 8,460,000 which had been reported under rendering of services done. Anomalies noted and corrected</p>	resolved	30 June 2022

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
2	<p><b>Receivables from exchange transactions</b></p> <p>Note 18 to the financial statements reflects receivables from exchange transactions of Kshs 27,209,991</p> <p>A detailed ageing analysis for the debtors was not provided for audit review and the Institution did not have a provision for bad debts or a debts management policy for the debts whose recoverability was doubtful.</p> <p>In the circumstances, the veracity of the receivables from exchange transactions figure of Kshs.27,209,991 could not be ascertained.</p>	<p>The Institute has developed a Finance Procedures Manual in the current financial year which will address debt management</p>	Resolved	30 June 2022
1.1	<p><b>Use of goods and services</b></p> <p><b>Boarding fees charges</b></p> <p>Note 11 to the financial statements reflects boarder fee charges of Kshs.4,899,157. Out of which Kshs. 3,224,315.00 was paid to Holy Rosary College for accommodation (Boarding, breakfast and Supper) of the institute's students. However, evidence of the procurement process on how the facility identified was not provided.</p> <p>In the circumstances, the authenticity of the boarder fee charges of Kshs.4,899,157 could not be ascertained. This is shown in appendix attached.</p>	<p>The Institute advertised for the provision of boarding facilities from interested service providers on 29<sup>th</sup> May 2017.</p> <p>Tender opening was done on 12<sup>th</sup> June 2017 and only one quotation was received from Holy Rosary College.</p> <p>Evaluation was done on 12<sup>th</sup> June 2017 and Holy Rosary College met the minimum criteria for evaluation and was awarded the tender.</p> <p>Katine Technical Training Institute and</p>	Resolved	30 June 2022

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
		<p>Holy Rosary College met and had an MOU done where Holy Rosary was to provide meals and accommodation with Effect from 20<sup>th</sup> June 2017.</p> <p>The MOU remained active till 14<sup>th</sup> February, 2021 when Katine Technical Training Institute invited interested and qualified service providers to bid</p>		
1	<p><b>Inventories</b></p> <p>The statement financial position reflects Kshs.153,309 as at 30 June 2021. However, the stock take report for the institution was not availed for audit review. Further, inspection of the stores revealed that it does not have stores accountable documents chief among them: - s13 (counter receipt voucher) store ledger control card/bin cards and s12 (counter requisition and issue voucher). In the absence of the above reports and records the veracity of the inventory figure of Kshs.153,309 could not be confirmed</p>	<p>The institute engaged its staff in the valuation of consumable inventory as at 30 June 2021. The Stock take report is hereby attached</p> <p>On accountable books, the matter has been Correctly noted, however, in absence of approved stores accountable documents, the institute had put in place registers to ensure that all records pertaining inventory control and management are properly kept</p>	Resolved	30 June 2022
2	<p><b>Failure to constitute an Audit Committee</b></p>	<p>The institute has constituted an audit and risk committee vide</p>	Resolved	30 June 2022

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	<p>It was observed that Katine Technical Institute had not constituted audit committee. It was not clear who carries the financial oversight role for the institute.</p> <p>In the circumstances, assurance on the risk management, control and governance of the Institute is in doubt due to lack of an effective audit committee</p>	BOG Min. No.3/9/2021 dated 29 <sup>th</sup> September 2021		
3	<p><b>Delayed Completion of Administration and Tuition Block</b></p> <p>The contract for the construction and completion of an administration and tuition block was awarded to a contractor on 20 November, 2015 at a contract sum of Kshs.19,969,041 a contract period of 52 weeks ending on 14 November, 2016. However, physical inspection carried out in April, 2022 revealed that the project had not been completed and had stalled It was further observed that the Certificate No. 5 and 6 respectively disputed is not reflected as accounts payables.</p>	The Interim certificate 5 and 6 could not be included under accounts payable since the claims were daring and the expense was not admissible. A joint re-measurement exercise was done and a report issued by the State Department of Public Works stating that the contractor was actually paid for all the actual contractual works. The institute is in the process of terminating the contract	Not Resolved **termination in progress	30 June 2022

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**Justine K. Muindu**  
Principal/ Secretary  
Katine Technical Training Institute  
Date.....



## Appendix II: Projects Implemented by Katine Technical Training Institute

### Projects

Projects implemented by Katine Technical Training Institute

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. Construction of Student Cafeteria Phase I		BOG				yes
2. Electrical & Electronics Workshop Phase I		MOE				yes

### Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Construction of Student Cafeteria	15,182,973	2,401,057	45% of Phase 1	15,182,973	5,000,000	BOG
2	Electrical Workshop	45,000,000	19,633,038	98% of Phase 1	45,000,000	19,704,262	MOE/BOG
3	Katine Technical Training Institute Tuition/Administration block	19,969,041	14,303,237	69.1	19,969,041	14,303,237	MOE