


REPUBLIC OF KENYA



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*Enhancing Accountability*

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**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**MUKURWEINI TECHNICAL TRAINING  
INSTITUTE**

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



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**MUKURWEINI TECHNICAL TRAINING INSTITUTE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

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



13. 2002

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**KEY ENTITY INFORMATION AND MANAGEMENT**

**(a) Background information**

Mukurweini TTI was started in 2014 under the Ministry of education department of vocational training; the Institution is represented by the Cabinet Secretary for education who is responsible for the general policy and strategic direction of the Institution.

**(b) Principal Activities**

Mukurweini Technical Training Institute is under the Ministry of Education in the State Department of Technical and Vocational Training and has the mandate to provide quality Technical Vocational Training and Entrepreneurship training for effective and sustainable nation building.

**(a) Entity Contacts**

Telephone :( +254) 710440944

E-mail: [mukurweinitti@gmail.com](mailto:mukurweinitti@gmail.com)

Box: 23-10103

Website: [www.mukurweinitechnical.ac.ke](http://www.mukurweinitechnical.ac.ke)

**(b) Entity Bankers**

1. Equity Bank  
Mukurweini Branch  
P.O. Box 450-10103  
Mukurweini, Kenya

2. Kenya Commercial Bank  
Mukurweini Branch  
P.O. Box 233-10103  
Mukurweini, Kenya

**(c) Independent Auditors**

Auditor General  
Kenya National Audit Office  
Anniversary Towers, University Way  
P.O. Box 30084  
GOP 00100  
Nairobi, Kenya

**Our Vision**

The **vision** of the institute 'To be a global leader in technical and vocational training, research, innovation and enterprise development'

**Our Mission**

The mission 'To provide quality education and training; undertake research, innovation and enterprise development for sustainable national development.

**Our Values**

- Integrity
- Innovation
- Competency

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- Accountability
- Transparency
- Social Responsibility
- Team Work
- Equity

**(d) Key Management**



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

- Board of Governors
- Accounting officer/ Principal
- Fiduciary Management

**THE BOARD OF GOVERNORS**

Photo and name of the BOG Members	Description of each BOG's date of birth, key qualifications and work experience
 1. Anthony Maina Mithanga	Qualifications; Bachelor of science and M.A health pastoral care. Date of birth: 1968 Currently Director Biometric Ltd
 2. Fr. Peter Githinji	Qualification; B.A philosophy and theology. Date of birth: 13/10/1972 A Catholic Priest.
 3. Peter Kiama Maina	Qualifications; M.B.A masters in strategic plan. Date of birth: 1960 Currently as consultant in plant maintenance.
 4. Jackline Munyoki	Qualifications; B.SC information science. Date of birth: 1971 Currently as ICT consultant.
 5. Dorcas Mwari	Qualifications; Bachelor of science in agricultural economics and resource management. Date of birth: 13/9/1983
 6. Sheila Kageni Naivasha	Qualifications; Bachelor of Commerce

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Photo and name of the BOG Members	Description of each BOG's date of birth, key qualifications and work experience
 7. Ruchuiya Kimani	Qualifications; Bachelor of Law.
 8. Patrick W Muchemi Principal/Secretary BOG	Date of Birth: 1969 Qualifications: Med Building Construction Engineering Work Experience: 25 years

**(e) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2020 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	Patrick W Muchemi
2.	Deputy Principal administration	Peter Rubia
3.	Deputy Principal Academics	Catherine Gikonyo
4.	Accountant	Benard Nganga
5.	Head of Procurement	Francis Ngure

**(f) Fiduciary Oversight Arrangements**

Name of the Committee	Members
Finance and Infrastructure	1. Anthony Maina - Chairperson 2. Peter Kiama - Member 3. Patrick Muchemi - Member 4. Sheila Naivasha - Member 5. Benard Ng'ang'a - Accountant
Risks and Audit Committee	1. Rucuiya Kimani - Chairperson 2. Patrick Muchemi - Secretary 3. Peter Kiama - Member 4. Fr. Peter Githinji - Member
Academic & Human Resource	1. Jackline Munyoki - Chairperson 2. Dorcas Mwari - Member 3. Charles Nyota - Member

## **CHAIRMAN'S STATEMENT**

I am pleased to report that Mukurweini Technical Training Institute (MTTI) has continued to perform well in returning exemplary examination results of the Kenya National Examinations Board (KNEC). 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, and our future outlook.

### **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. In the recent past, the institute has experienced tremendous growth in student enrolment from which we have projected an average of 30% annual growth. In the current year the number grew from 1094 students in 2018/2019 to 1490 in year 2019/2020.

We thank the Government of Kenya for providing state-of-the-art training equipment, capitation and employment of Trainers through the devolved system by the Public Service Commission that has greatly contributed towards increased student enrolment and improved quality of training to enable the institute align her graduates with regional and global trends and innovation.

### **Review of the Sector and Changes**

During the year, we have witnessed a positive growth in student enrolment owing to reduction in fees payable as a result of Government Capitation approach to ensure affordable technical vocational training to every high school graduate who has not met the required threshold to join university education. This initiative of transition by the government has so far been successful, and the future looks quite bright indeed.

### **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. MTTI has developed an enterprise risk management policy and framework to ensure that our activities are aligned with our strategic plan objectives. The Board of Governors 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.

**Outlook**

I am indeed deeply indebted to the members of the Board of Governors for their unwavering support, commitment and futuristic outlook towards realising the institute's objectives in line with its strategic plan and core mandate of training market-driven technical manpower. Noteworthy is the Board's diverse qualifications and experience. I unreservedly assure all our Stakeholders we at MTTI, shall remain focussed, 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 Mukurweini TTI 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.



**CHAIRMAN, BOARD OF GOVERNORS**

30<sup>th</sup> September, 2020.

## **REPORT OF THE PRINCIPAL**

Mukurweini Technical Training institute is well placed to providing adequate and relevant training to her graduates that will enable them to contribute towards the attainment of our country's Vision 2030 strategic objectives. In furtherance of our mandate therefore, we have committed ourselves to consistently and regularly review, improve and consolidate our academic programs in several ways that will ensure their competitiveness in terms of quality and relevance.

With the guidance of the Governing Board, we worked hard in setting up structures and policies aimed at guiding the institution in the right strategic direction.

## **HIGHLIGHTS OF FY 2019/2020 PERFORMANCE**

The Financial Year 2019/2020 started on a high note with the Government keen to ensure TVET Institutions absorb as many Form 4 leavers as possible.

Previously, in a move to boost student enrolment the Government had introduced Capitation to the tune of Ksh. 30,000/= p.a to all joining and current students in all Technical Training Institutions. Annual students fee nationally is capped at Ksh. 56,420/= with the Government pledging the above Ksh. 30,000/= capitation, while encouraging the needy students to apply through HELB for the balance of Ksh. 26,420/=

### **Students Enrolment;**

During the year 2019/2020, there was increase in student enrolment 396 making the student number to 1300

I have confidence that the trainees are well equipped with the necessary skills that strategically aligns them with opportunities within the country, regionally and globally at the same time contributing to the realization of the Big 4 Agenda: Health, Manufacturing, Affordable Housing and Food security.

Technical Training Institute being a Tertiary institution desires to enhance its visibility, performance, and competitiveness in the tertiary education sector in the face of stiff competition. To do so, however the Institute requires a lot of support from the Government and other stakeholders in this crucial transitional stage to a National Institute in terms of funding, material support and other contributions. We shall continue to appeal for such support for several years to come.

On behalf of the Institute Board and Management, I take this opportunity to thank the Government for its unequivocal support during the year under review.

I also appreciate the financial, material and moral support of our collaborators, partners and friends during the year. It is because of the understanding and guidance of the Chairman of the Board as well as

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the cooperation of the Management team, all staff and our students that we ended the year within an environment of peace and stability. I wish to register my sincere gratitude to them all.

I look forward to their continued support in the new financial year and the years ahead.

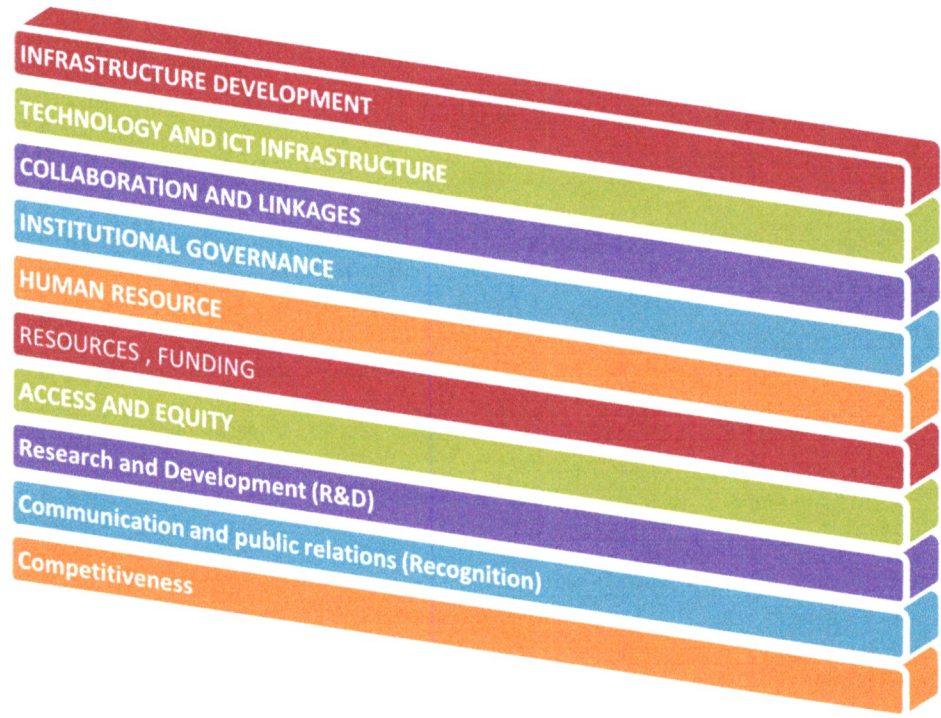
**PATRICK W. MUCHEMI**

**PRINCIPAL/SECRETARY TO THE BOARD OF GOVERNORS**

Date: 30<sup>th</sup> September 2020

**REVIEW OF MUKURWEINI TECHNICAL TRAINING INSTITUTE'S PERFORMANCE FOR FY 2019/2020**

Mukurweini Technical Training Institute has 9 strategic pillars and objectives within its Strategic Plan for the FY 2017/2018- 2021/2022. These strategic pillars are as follows:



Mukurweini Technical Training Institute develops its annual work plans based on the above 9 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The *Institute* achieved its performance targets set for the FY 2019/2020 period for its 9 strategic pillars, as indicated in the diagram below:

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<b>Strategic Pillar</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
<b>Pillar 1: INFRASTRUCTURE</b>	Improving and increasing physical facilities	<ul style="list-style-type: none"> <li>❖ Completion of buildings under construction,</li> <li>❖ Successfully complete the projects for institutions being mentored</li> </ul>	<ul style="list-style-type: none"> <li>❖ Develop a framework for improving and increasing physical facilities</li> <li>❖ Improve TVET equipment, information and communication systems</li> </ul>	Various blocks have been constructed including classrooms and ICT and Library complex, Main Gate, Student Canteen and workshops
<b>Pillar 2: TECHNOLOGY AND ICT INFRASTRUCTURE</b>	Promote effective application of ICT	<ul style="list-style-type: none"> <li>❖ Complete ICT infrastructures,</li> <li>❖ Installation of Management Information System</li> <li>❖ ICT courses</li> </ul>	<ul style="list-style-type: none"> <li>❖ Develop adequate ICT capacity and infrastructure</li> <li>❖ Institutionalized Management Information System (MIS)</li> <li>❖ Promote the use of ICT in Curriculum delivery and management systems</li> </ul>	ICT courses are being offered in the institution MIS is in the process of being installed
	Enhance Equipment and Technology	<ul style="list-style-type: none"> <li>❖ Institution incubator and use of modern equipment and Technology</li> </ul>	<ul style="list-style-type: none"> <li>❖ Develop institution incubator</li> <li>❖ Promote use of modern equipment and Technology</li> </ul>	To be implemented
<b>Pillar 3: Research and Development (R&amp;D)</b>	Institutionalize effective research and development	<ul style="list-style-type: none"> <li>❖ Research and development infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>❖ Develop mechanisms for R&amp;D collaboration among TVET institutions.</li> <li>❖ Promote the use of research results in technology development and transfer</li> <li>❖ Develop R&amp;D infrastructure.</li> </ul>	To be implemented
<b>Pillar 4: COLLABORATION AND LINKAGES</b>	Enhance collaboration and linkages	<ul style="list-style-type: none"> <li>❖ Development partners on board</li> <li>❖ Mentorship</li> </ul>	<ul style="list-style-type: none"> <li>❖ Establish collaborations and linkages</li> <li>❖ Strengthen existing collaboration and linkages</li> <li>❖ Establish benchmarks</li> </ul>	Collaboration with NYS and Equity Bank in sponsoring

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			and joint cooperation networks with international TVET institutions	students ❖
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<b>Pillar 5: Competitiveness</b>	Enhance competitiveness	❖ Increased students' numbers	❖ Strengthen existing competitiveness benchmarks ❖ Establish new competitiveness benchmarks	❖ Student numbers have continued to increase
<b>Pillar 6: INSTITUTIONAL GOVERNANCE</b>	❖ Improve institutional corporate governance ❖ Develop and Implement M&E Systems	❖ Constant review of courses offered ❖ Improved result based management in the training system ❖ Improved budget accuracy level	❖ Develop and implement institutional policies, strategies, and programmes (E.g. HIV/AIDS, Alcohol and drug abuse and health and safety, and environment) ❖ Embrace results based management in the training system ❖ Develop and implement M&E systems ❖ Fast track institutional expenditure review	❖ New programs mounted ❖ Improved budget accuracy
<b>Pillar 7: HUMAN RESOURCE</b>	❖ Harness Human resource  ❖ Improve and sustain relevance of skills	❖ Increased number of staff to match the increasing number of students	❖ Increase staff at PSC and BoG levels ❖ Develop competencies in staff  ❖ Ensure quality assurance and standards ❖ Promote innovativeness in ST&I ❖ Establish the Center of excellence ❖ Improve the quality of work culture Strategy ❖ Encourage investment in the development and commercialization of TVET products and services including ICT	❖ New BoG and PSC trainers have been employed
<b>Pillar 8: FINANCIAL RESOURCES</b>	❖ Diversify sources and increase	❖ New development partners	❖ Increase GoK funding ❖ Exploit external funding possibilities	❖ There are development partners

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	funding	<ul style="list-style-type: none"> <li>❖ Enhanced existing partners' relationship</li> <li>❖ Increase in government development funds</li> </ul>	<p>through developed criteria income</p> <ul style="list-style-type: none"> <li>❖ Expand generation at institutional level</li> </ul>	<p>funding development projects.</p> <ul style="list-style-type: none"> <li>❖ The institution continues to receive development funds from the government.</li> </ul>
<b>Pillar 9: Communication and public relations (Recognition)</b>	<ul style="list-style-type: none"> <li>❖ To develop an effective and efficient communication system internally and externally at all levels and to enhance the image and visibility of Mukurweini TTI.</li> </ul>	<ul style="list-style-type: none"> <li>❖ Improved institution</li> </ul>	<ul style="list-style-type: none"> <li>❖ Improve the image of TVET</li> </ul>	<ul style="list-style-type: none"> <li>❖ Objective achieved</li> </ul>
<b>Pillar 10: ACCESS AND EQUITY</b>	Enhance Access and equity	<ul style="list-style-type: none"> <li>❖ Improved training programmes in MSE sector.</li> <li>❖ Expansion of facilities</li> </ul>	<ul style="list-style-type: none"> <li>❖ Expand facilities based on government priorities</li> <li>❖ Support TVET trainees</li> <li>❖ Promote affirmative action for TVET trainees</li> <li>❖ Reform and enhance education, training, and guidance services.</li> <li>❖ Improve training programmes in MSE sector.</li> <li>❖ Offer higher level programmes</li> <li>❖</li> </ul>	<ul style="list-style-type: none"> <li>❖ Expansion of facilities achieved</li> </ul>

## **CORPORATE GOVERNANCE STATEMENT**

Technical Training Institute is committed to good corporate governance, which promotes the long-term interests of the Government of Kenya and any other stakeholder, strengthens Board and management accountability and helps build public trust in the Institute.

The Board is appointed by the Government of Kenya through the Cabinet Secretary, Ministry of Education, science and technology to oversee their interest in the long-term health and the overall success of the business and its financial strength in order to discharge its mandate in training. The Board serves as the ultimate decision making body of the Institute, except for those matters reserved to or shared with the Government of Kenya. The Board selects and oversees the members of senior management, who are charged by the Board with conducting the business of the Institute in line with the Technical, Vocational, Education & Training Act of 2013 and the constitution of the Republic of Kenya.

The board of governors held Seven Full board meetings in the financial 2018/2018.

Under the TVET act of 2013, the functions of Board of Governors as set out under section 28 (1) shall include -

- (a) Overseeing the conduct of education and training in the institutions in accordance with the provisions of this Act and any other written law;
- (b) Promoting and maintaining standards, quality and relevance in education and training in the institutions in accordance with this Act and any other written law;
- (c) Administering and managing the property of the institutions;
- (d) Developing and implementing the institutions' strategic plan;
- (e) Preparing annual estimates of revenue and expenditure for the institution and incurring expenditure on behalf of the institutions; (1) receiving, on behalf of the institution, fees, grants, subscriptions, donations, bequests or other moneys and to make disbursement to the institution or other bodies or persons;
- (g) determining the fees payable and prescribing conditions under which fees may be remitted in part or in whole in accordance with the guidelines developed under the provisions of this Act;
- (i) Developing and reviewing programmes for training and to make representations thereon to the Board;
- (j) Regulating the admission and exclusion of students from the institutions, subject to a qualifications framework and the provisions of this Act;
- (k) Approving collaboration or association with other institutions and industries in and outside Kenya subject to prior approval by the Board;
- (l) Recruiting and appointing trainers from among qualified professionals and practising trades persons in relevant sectors of industry;

- (m) Determining suitable terms and conditions of service for support staff, trainers and instructors and remunerating the staff of the institutions, in consultation with the Authority;
- (n) Making regulations governing organization, conduct and discipline of the staff and students;
- (o) Preparing comprehensive annual reports on all areas of their mandate, including education and training services and submits the same to the Board;
- (p) Providing for the welfare of the students and staff of the institutions;
- (q) Encouraging, nurturing and promoting democratic culture, dialogue and tolerance in the institutions; and
- (r) Discharging all other functions conferred upon it by this Act or any other written law.

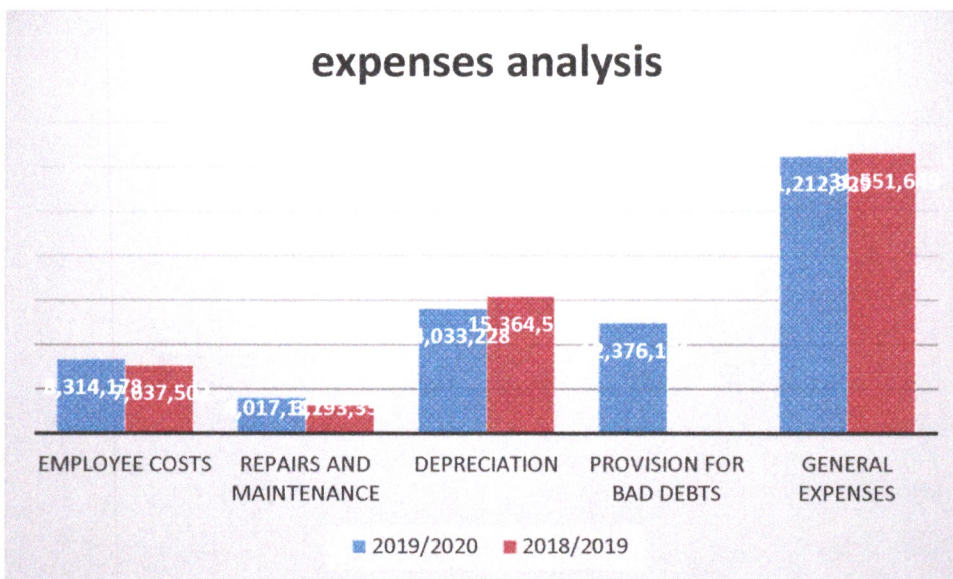
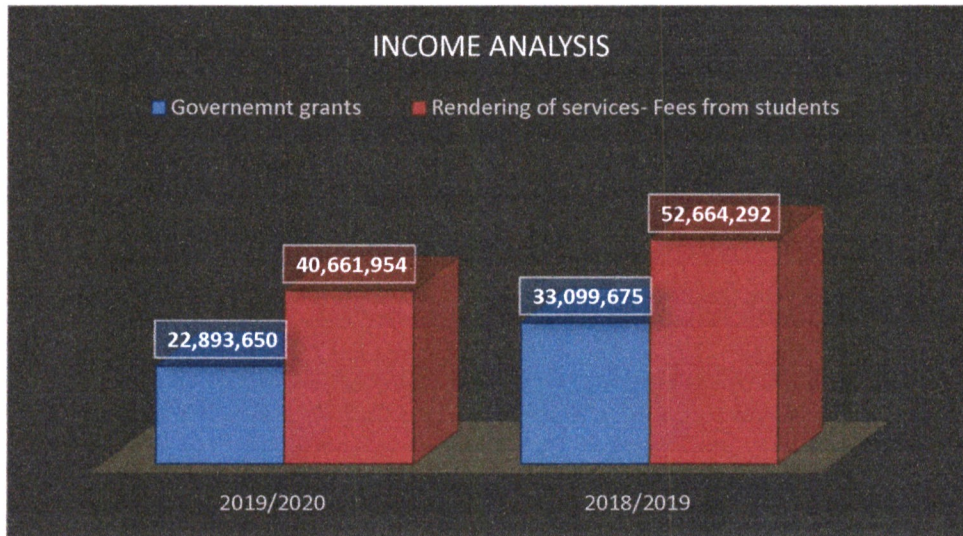
The board in the period it has been in existence has endeavoured to discharge its functions independently with vigour and passion. Their diligence and prudent management of resources has been result oriented and much has been achieved during their term in office. They have been able to interpret government policies and TVET Act as well as other relevant laws in existence making the institution to move forward as we actualize the strategic plan. Moving forward, the Board is aligning its discharging of duties by improving on its operations while surpassing the set targets where possible. In the interest of quality service delivery, the board is able to read from the same script as the render their duties above board. This will be attained with the incorporation of team spirit and self-sacrifice that is deep within them.

**MANAGEMENT DISCUSSION AND ANALYSIS**

**Mukurweini Technical Training Institute operational and financial performance**

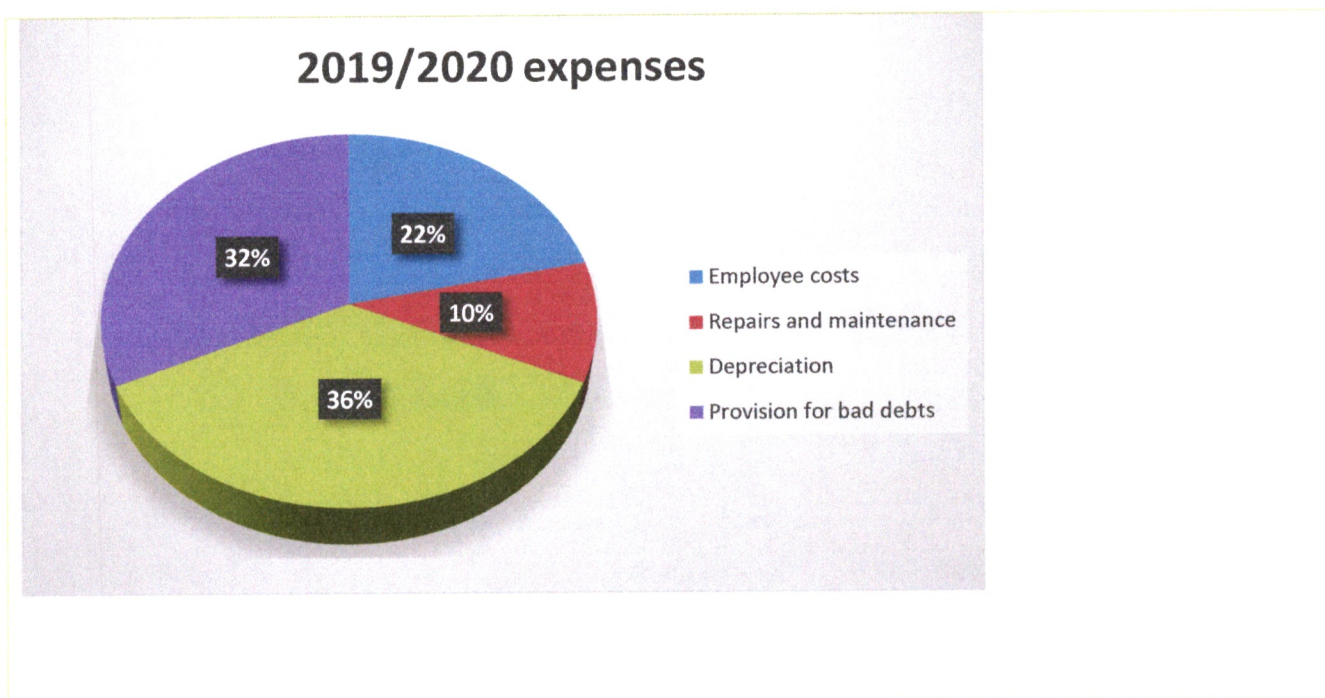
During the year ended June 2020 the Institution had 1300 students compared to 1094 in year 2019/2020. Though the student numbers increased during the year, the revenues decreased due to effects of Covid 19 which paralysed learning causing schools to remain closed. The government did not release quarter four capitation and also there was no fees from students for the same quarter.

Below are the graphs and pie charts analysing the revenues and expenses of the institution.



The above analysis reviews that all expenses decreased drastically due to effect of covid -19 as mentioned under income.

The contribution of each expense as a percentage of total expenses is as shown below.



**Risks and Opportunities facing MTTI**

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

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

- i. Low student enrolment.
- ii. Student turnover
- iii. Inadequate student accommodation and support facilities

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- iv. Delayed disbursement of capitation and NYS sponsorship
- v. Staff turnover due to inability to retain them

**Mukurweini Technical Training Institute compliance with statutory requirements**

Mukurweini Technical Training institute complies to deduction and remittance of statutory deductions such NHIF, NSSF and PAYE

**Key projects and investment decisions**

*The projects under consideration in the FY 2019/2020 are summarised in the table below*

S/N	Name of Project	Location	Budget (Kshs)	Key deliverables	Completion rate	Timeline
1	ICT and Library Complex		24,000,000	<ul style="list-style-type: none"> <li>➤ Practical completion certificate</li> <li>➤ Handing over certificate and</li> <li>➤ Certificate of making good defects</li> </ul>	50%	5 years
3	Perimeter wall			➤		

**CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING**

Mukurweini 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: 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

**1. Sustainability strategy and profile -**

The triple Bottom Line concepts analyses the sustainability of an organization based on three concepts: Profits, people (social) and Planet (environment).

**Profit:** The institute has adopted a transformation strategy aimed at ensuring that she remains financially sound in the face of dwindling funding from the central government. The institutions have expanded it capacity for internally generated income like production of sanitizers and masks.

**Social:** the institute has developed a succession management policy to address the welfare of employees in the future and ensure that the organization is sustainable in the future

**Environment:** The board of governance has plans to undertake an environmental sustainability audit and developed an environmental policy to address the issues of environmental sustainability that will be identified during the audit.

**2. Employee welfare**

At Mukurweini Technical Training Institute, we value our employees and our many stakeholders, including the wider community where the training of our students has the potential to bring positive social and environmental change. We value the contribution that individuals and external entities make to our Institute through community consultation process.

We integrate the principles of social responsibility into our core mandate internally by exhibiting the behaviors of good corporate governance, ethical decision making, and providing our personnel with opportunities to develop and excel. We integrate the principles of social responsibility into our training activities externally by minimizing our environmental impact and seeking to enhance the amenity of residential communities.

<b>Activity</b>	<b>Description</b>
Better training	optimizing training operations to meet ongoing social and sustainability objectives. providing opportunities for us to grow as Institute by becoming involved in our local community.
Enhanced community	focusing on good urban design and empowered members for healthy, happy and resilient community.

Supported Staff promoting initiatives that support staff and their families, beyond the provision of employment.

promoting initiatives that recognize the contribution of the students to the community.

**a) Policies guiding hiring process**

The following are the Mukurweini Technical Training Institute Board policies that guide hiring process;

S/no	Title	Review Period	Remarks
1	Career Progression	Regularly	Vacant positions are filled competitively both internally and externally.  This largely depends on availability of funds
2	Human Resource Manual	Regularly	Terms and conditions of service governing employees are applied across the board without discrimination
3	Internship Policy and guidelines	Regularly	Intern positions are filled competitively and without discrimination
5	Gender Mainstreaming	Regularly	Mukurweini TTI observes equal employment opportunities during staff recruitment across all genders
6	Disability Mainstreaming	Regularly	The institute offers equal employment opportunities to officers living with disability. The institute also offers rights and privileges as provided in the PWDs Act and Board employment policies

**3. Market place practices-**

**Responsible Supply Chain and Supplier relations**

The institute has maintained good business practice by complying with the government policy and Section 227 of The Constitution of Kenya.

All procurement activities have continuously been carried out where Supply Chain ensured that there are sufficient funds to meet the obligations of the resulting contract and are reflected in the approved budget estimates. Knowledge of available funds acts as a guide in knowing what to procure and when to procure. The organization has maintained and continuously updated list of registered suppliers, contractors and consultants in various specific categories of goods, works or services according to its procurement needs. Mukurweini Technical Training Institute has at all-time ensured responsible treatment of the suppliers in various ways as featured below;

- i) Ensuring proper communication channels e.g. Telephone lines and emails are open so as to make sure information is passed across efficiently and effectively between the procurement department and the suppliers.
- ii) Providing customer support when and where required. This entails listening keenly to suppliers, contractors and consultants and responding appropriately.

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- iii) When doing procurement planning the institute has complied with preference and reservation requirements.
- iv) Supply Chain function has ensured timely submission of the suppliers' invoices to facilitate payment process by the finance department after delivery of goods, services or works is completed. This helps in making sure that the payment process is not delayed. Timely payment of suppliers helps in maintaining a good relationship with the supplier and also avoiding of penalties that may arise from delayed payment.
- v) Supply Chain also makes follow ups of invoices issued to finance for payment process to ensure timely payments of suppliers.

## **REPORT OF THE BOARD OF GOVERNORS**

The Board members submit their report together with the audited financial statements for the year ended June 30, 2020 which show the state of the Mukurweini TTI affairs.

### **Principal activities**

The principal activities of Mukurweini Technical Training Institute is to provide quality Technical Vocational Training and Entrepreneurship training for effective and sustainable nation building.

### **Results**

The results of the entity for the year ended 30<sup>th</sup> June 2020 are set out on page 1 to 17

## **BOARD OF GOVERNORS**

The members of the Board who served during the year are shown on page iv - v.

### **Auditors**

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

By Order of the Board



Principal/Secretary BOG  
30<sup>TH</sup> September 2020

### **STATEMENT OF BOARD OF GOVERNORS' RESPONSIBILITIES**

Section 81 of the Public Finance Management Act, 2012 and (*section 14 of the State Corporations Act, and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013*) require the board members to prepare financial statements in respect of Mukurweini TTI, which give a true and fair view of the state of affairs of Mukurweini TTI at the end of the financial year and the operating results of Mukurweini TTI for that year. The board members are also required to ensure Mukurweini TTI keeps proper accounting records which disclose with reasonable accuracy the financial position of Mukurweini TTI. The board members are also responsible for safeguarding the assets of Mukurweini TTI. The board members are responsible for the preparation and presentation of Mukurweini TTI financial statements, which give a true and fair view of the state of affairs of Mukurweini TTI for and as at the end of the financial year (period) ended on June 30, 2020. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of Mukurweini TTI; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Board members accept responsibility for Mukurweini TTI financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (*the State Corporations Act, and the TVET Act of 2013*). The board of governors are of the opinion that Mukurweini TTI financial statements give a true and fair view of the state of Mukurweini TTI transactions during the financial year ended June 30, 2020, and of Mukurweini TTI financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for Mukurweini TTI, which have been relied upon in the preparation of Mukurweini TTI 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 Mukurweini TTI will not remain a going concern for at least the next twelve months from the date of this statement.

#### **Approval of the financial statements**

Mukurweini Technical Training Institute financial statements were approved by the Board on 30<sup>th</sup> November 2020 and signed on its behalf by:

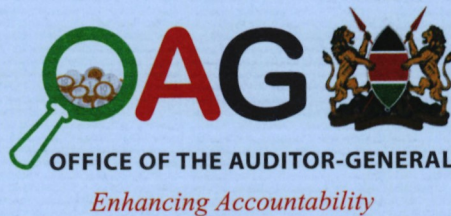


Chairperson of the Board



Accounting officer/Principal

# REPUBLIC OF KENYA



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

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

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### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Mukurweini Technical Training Institute set out on pages 1 to 21, which comprise the statement of financial position as at 30 June, 2020, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

#### Basis for Qualified Opinion

##### 1. Accuracy of Financial Statements

##### 1.1 Inaccurate Presentation and Disclosure of the Financial Statements

Examination of the financial statements reflects the following casting errors and inaccuracies in the presentation of financial statements: -

- i. The statement of financial performance reflects prior year total expenditure amounting to Kshs.23,072,927. Recasting of the same gives a total amount of Kshs.53,832,876 resulting to a casting error amounting to Kshs.30,759,949,
- ii. The property, plant and equipment reflects netbook value balance of Kshs.255,198,212 whereas Note 20 to the financial statements reflects a balance of Kshs.244,775,094 resulting to unexplained variance amounting to Kshs.10,423,118,

- iii. Statement of changes in net assets reflects prior year surplus amounting to Kshs.16,621,039 which differs with the statement of financial performance balance of Kshs.47,380,988 resulting to unexplained variance amounting to Kshs.30,759,949. Further the statement reflects depreciation charge of capital grants amounting to Kshs.4,832,976 which has already been deducted in the statement of financial performance as part of depreciation hence double counting.
- iv. The statement of cash flows for the year ended 30 June, 2020 reflects increase/(decrease) in receivables amounting to Kshs.16,929,789 which differs with changes in receivables in the statement of financial position of Kshs.15,290,004 resulting to unexplained variance amounting to Kshs.1,639,785. Further financing activities amounting to Kshs.48,329,756 as per the statement of changes in net assets has been omitted in the statement of cashflows.
- v. Statement of comparison of budget and actual amounts reflects actual on comparable basis total receipts and expenditure amounting to Kshs.63,555,604 and Kshs.70,057,622, respectively which differs with the statement of financial performance total receipts and expenditure of Kshs.60,850,287 and Kshs.68,278,673, respectively resulting to a difference amounting to Kshs.2,705,317 and Kshs.1,778,949, respectively.
- vi. Note 6A ,11 and 18 to the financial statements reflects total expenditure, prior year balance on repairs and maintenance and accumulated surplus amounts of Kshs.33,099,675, Kshs.3,193,357 and Kshs.70,451,565, respectively which differs with the statement of financial performance and changes in net assets amount of Kshs.26,903,300, Kshs.1,425,956 and Kshs.47,120,002 resulting to unexplained variance amounting to Kshs.6,196,375, Kshs.1,767,401 and Kshs.23,331,563, respectively.

Consequently, the completeness, accuracy, presentation and disclosure of the financial statements could not be confirmed.

## **2. Unconfirmed Property, Plant and Equipment**

The statement of financial position reflects property, plant and equipment balance of Kshs.244,775,094 and as disclosed in Note 18 to the financial statements which includes an amount of Kshs.25,500,000 in respect of Land. A review of asset records revealed that the balance relates to six (6) parcels of land measuring approximately 61.3 acres. However, valuation report of the assets was not presented for audit. Further, out of the six(6) parcels of land, three(3) parcels all measuring approximately 25.1 acres were registered under Thanu Technical Training Institute instead of Mukurweini Technical Training Institute.

Consequently, the accuracy and ownership of the property, plant and equipment balance of Kshs.244,775,094 could not be ascertained.

## **3. Unconfirmed Provision for Bad and Doubtful Debts**

The statement of financial position reflects receivables from exchange transactions balance of Kshs.23,776,845 and as disclosed in Note 15 to the financial statements. The balance comprise of student debtors of Kshs.29,250,580 net provision for bad and

doubtful debts amounting to Kshs.12,376,172. However, as previously reported, the Management has not formulated a policy on management and provision for bad and doubtful debts. The basis for the provision for bad and doubtful debts amounting to Kshs.12,376,172 for the year under review has not been explained.

Consequently, the accuracy of receivables from exchange transactions balance of Kshs.39,066,849 could not be confirmed.

#### **4. Double Counted Expenditure on Employee Costs**

The statement of financial performance reflects employees costs amounting to Kshs.8,115,918 and as disclosed in Note 9 to the financial statements. However, the amount includes NSSF statutory deductions amounting to Kshs.540,540 which usually is netted off gross salary, appear to be have been double counted in the financial statements thus overstating the expenditure for the year.

Consequently, the completeness and accuracy of employees costs amounting to Kshs.8,115,918 could not be confirmed.

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

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

#### **Conclusion**

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

#### **Basis for Conclusion**

##### **1. Late Submission of Financial Statements to the Auditor-General**

The Institute's financial statements for the year ended 30 June, 2020 were submitted to the Office of the Auditor-General on 14 January, 2021, three and half months after the statutory deadline date of 30 September, 2020. This is contrary to provisions of Section 47(1) of Public Audit Act, 2015 which requires the Management to submit the financial

statements to the Auditor-General within three months after the end of the financial year to which the respective accounts relate. No explanation was provided for the delay.

Consequently, the Management contradicts Section 47(1) of Public Audit Act, 2015.

## **2. Unauthorized Over Expenditure**

The statement of comparison of budget and actual amounts reflects final expenditure budget of Kshs.2,700,000 in respect of repairs and maintenance and against actual expenditure of Kshs.4,071,117 resulting to an over expenditure amounting to Kshs.1,371,117.

However, no evidence was provided to show that the budget variation or the over expenditure was approved by the Board of Governors.

Consequently, budget and budgetary controls were not adhered to.

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

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

### **Conclusion**

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

### **Basis for Conclusion**

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

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

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

In preparing the financial statements, Management is responsible for assessing the ability of Institute's to sustain services, disclosing, as applicable, matters related to

sustainability of services and using the applicable basis of accounting unless the Management is aware of intention to either 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 College's financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

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

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

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

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

occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

10 February, 2022

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

	Notes	2019/2020	2018/2019
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the National Government – grants/ gifts in kind	6 (a)	19,327,500	26,903,300
Transfers from other levels of government	6 (b)	31,437,800	13,838,500
Revenue from AFDB sponsored trainees		-	1,569,000
<b>Total Revenue from non-exchange transactions</b>		<b>50,765,300</b>	<b>42,310,800</b>
<b>Revenue from exchange transactions</b>			
<b>Other incomes IGA</b>	6(c)	1,275,725	713,650
Rendering of services- Fees from students	7	8,809,262	27,429,465
<b>Revenue from exchange transactions</b>		<b>10,084,987</b>	
<b>Total revenue</b>		<b>60,850,287</b>	<b>70,453,915</b>
<b>Expenses</b>			
General expenses	8	30,461,436	30,759,949
Employee costs	9	8,115,918	7,637,502
BOG expenses	10	65,000	-
Repairs and maintenance	11	3,226,920	1,425,956
Depreciation	12	14,033,228	14,009,469
Provision for bad debts	13	12,376,171	-
<b>Total expenses</b>		<b>68,278,673</b>	<b>23,072,927</b>
<b>Net (deficit)/surplus for the year</b>		<b>(7,428,386)</b>	<b>47,380,988</b>

The notes set out on pages 6 to 20 form an integral part of the Annual Financial Statements.

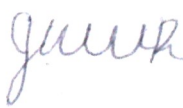
**V. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020**

	Notes	2019/2020	2018/2019
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	14	43,525,180	6,083,240
Receivables from exchange transactions	15	23,776,845	39,066,849
<b>Total Current Assets</b>		<b>67,302,025</b>	<b>45,150,089</b>
<b>Non-current assets</b>			
Property, plant and equipment	20	244,775,094	255,198,212
<b>Total Non-current Assets</b>		<b>244,775,094</b>	<b>255,198,212</b>
<b>Total assets</b>		<b>312,077,119</b>	<b>300,348,301</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	16	24,766,060	878,880
Refundable deposits from customers	17	650,000	547,000
<b>Total Current Liabilities</b>		<b>25,416,060</b>	<b>1,425,880</b>
<b>Total liabilities</b>		<b>25,416,060</b>	<b>1,425,880</b>
<b>Capital and Reserves</b>			
Reserves		246,969,443	251,802,419
Accumulated surplus		39,691,616.00	47,120,002
Capital funds		-	-
<b>Total Reserves</b>		<b>286,661,059.00</b>	<b>298,922,421</b>
<b>Total Liabilities and Reserves</b>		<b>312,077,119</b>	<b>300,348,301</b>

The Financial Statements set out on pages 1 to 20 were signed on behalf of the Institute Board of Governors by:



**Chairman of Board of Governors**



**Finance Officer**  
ICPAK No. 16834



**Principal**



**VII. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2019/2020 Kshs	2018/2019 Kshs
<b>Cash flows from operating activities</b>			
Surplus for the year		(7,428,386.00)	<b>16,621,039.00</b>
Adjusted for:			
Depreciation and amortization		14,033,228.00	14,009,469.00
Working Capital adjustments			
(Increase) in receivables		16,929,789.00	(20,073,594.00)
Increase in payables		23,990,180.00	641,982.00
<b>Net cash flow from operating activities</b>		<b>47,524,811.00</b>	<b>11,198,896.00</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets	<b>20</b>	(10,082,871.00)	(17,405,262.00)
Proceeds from sale of property, plant and Equipment			
Decrease in non-current receivables			
Increase in non-current payables			
<b>Net cash flows used in investing activities</b>		<b>(10,082,871.00)</b>	<b>(17,405,262.00)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings			-
Repayment of borrowings			-
Interbank transfers			-
<b>Net cash flows used in financing activities</b>			
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>37,441,940.00</b>	<b>(6,206,366.00)</b>
Cash and cash equivalents at start of year		6,083,240.00	12,289,606.00
<b>Cash and cash equivalents at end of year</b>	<b>14</b>	<b>43,525,180.00</b>	<b>6,083,240.00</b>

**MUKURWEINI TECHNICAL TRAINING INSTITUTE**  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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

	Original budget 2019-2020	Adjustments 2019-2020	Final budget 2019-2020	Actual on comparable basis 2019-2020	Performance difference 2019-2020
<b>Revenue</b>	Kshs	Kshs	Kshs	Kshs	Kshs
Transfers from other Govt entities Govt grants	34,289,124		34,289,124	22,893,650	11,395,474
Rendering of services- Fees from students	40,545,316		40,545,316	40,661,954	(116,638)
<b>Total income</b>	74,834,440	-	74,834,440	63,555,604	11,278,836
<b>Expenses</b>					
Compensation of employees	9,328,704		9,328,704	8,314,178	1,014,526
Use of Goods and services	48,766,612		48,766,612	31,316,928	17,449,684
Repairs and maintenance	2,700,000		2,700,000	4,017,117	(1,317,117)
Depreciation			-	14,033,228	(14,033,228)
Remuneration of directors			-		-
Provision for bad debts			-	12,376,171	(12,376,171)
Grants and subsidies paid			-		-
<b>Total expenditure</b>	60,795,316	-	60,795,316	70,057,622	(9,262,306)
<b>Surplus for the period</b>	14,039,124	-	14,039,124	(6,502,018)	20,541,142
Capital expenditure	14,039,124		14,039,124	12,287,621	1,751,503

**MUKURWEINI TECHNICAL TRAINING INSTITUTE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

**VIII. NOTES TO THE FINANCIAL STATEMENTS**

**1. GENERAL INFORMATION**

Mukurweini Technical Training Institute is established by and derives its authority from TVET Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The institute is established under the Ministry of Education via certificate number TVETA/PUBLIC/RC/0008/2014

The entity's principal activity is to provide quality training in technical, industrial, vocational and entrepreneurship. It is also guided through its operations by other Acts of Parliament like KNEC Act.

**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 *entity's* accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5.

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

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

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

**i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2020**

<b>Standard</b>	<b>Impact</b>
<b>IPSAS 40:</b> Public Sector Combinations	<b>Applicable: 1<sup>st</sup> January 2019</b> The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations. There is no impact of the IPSAS 40 to the institute

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

**3 ADOPTION OF NEW AND REVISED STANDARDS (Continued)**

**ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020**

<b>Standard</b>	<b>Effective date and impact:</b>
<p><b>IPSAS 41:</b> Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2022:</b>                      The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>
<p><b>IPSAS 42:</b> Social Benefits</p>	<p><b>Applicable: 1<sup>st</sup> January 2022</b>                      The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the entity;                      (b) The key features of the operation of those social benefit schemes; and                      (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.  <i>(There is no impact of the standard to the entity)</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1st January 2022:</b></p> <p>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.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p>

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Standard	Effective date and impact:
	<ul style="list-style-type: none"> <li>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</li> <li>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</li> </ul>
Other Improvements to IPSAS	<p><b>Applicable: 1<sup>st</sup> January 2021:</b></p> <ul style="list-style-type: none"> <li>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks</li> <li>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved</li> <li>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</li> <li>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</li> </ul>

**iii. Early adoption of standards**

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

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Revenue recognition**

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

**Fees**

Mukurweini TTI recognizes capitation from government when the transfer of funds is done.

Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

**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.

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Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

**ii) Revenue from exchange transactions**

**Rendering of services**

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

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

**b) Budget information**

The original budget for FY 2019-2020 was approved by the Board of Governors on 26th June 2019. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by Mukurweini TTI upon receiving the respective approvals in order to conclude the final budget

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

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

**b) Budget information (continued)**

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 13 of Financial Provisions of TVET ACT No. 29 OF 2013 of these financial statements.

**c) 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.

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Depreciation on all other assets is calculated on the reducing balance basis method to write down the cost of each asset, or the revalued amount, to its residual value over its estimated useful life using the following annual rates:

	<u>Rate %</u>
Buildings	2
Plant and machinery	12.5%
Motor vehicles	25
Furniture and fittings	12.5
Computer equipment	30

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating profit/loss. On disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to retained earnings in the statement of changes in equity.

#### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **d) Intangible assets**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

##### **Computer software**

Computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives which are estimated to be 5 years.

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

###### **a. Accumulated surpluses**

This relates to surpluses brought forward and the one for the current year.

###### **b. Capital reserves**

This relates to fixed assets granted by the government or any other donor.

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

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

The changes in accounting policy that took place during the year is adoption of accrual basis of accounting from the cash basis. This policy will help the institution to report its financial

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Performance and position more accurate and fairly state the position and performance than the cash basis.

**g) Employee benefits**

**Retirement benefit plans**

The institution and its employees contribute to the National Social Security Fund (NSSF), a statutory defined contribution scheme registered under the NSSF Act. The institution's contributions to the defined contribution scheme are charged to profit or loss in the year to which they relate.

**h) Related parties**

Mukurweini TTI regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Institution, or vice versa. Members of key management are regarded as related parties and comprise the Board of Governors, the Principal, Head of Finance and Head of Procurement. The government of Kenya through the ministry of education is also related party to the Mukurweini TTI.

**i) Cash and cash equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

**j) Comparative figures**

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

**k) 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 30<sup>TH</sup> June 2020.

**5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the Mukurweini TTI'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.**

The board of Governance made only one significant judgement in preparing these financial statements.

**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:

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- 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

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

<b>Transfers from National Government Ministries</b>		
Unconditional grants		
Operational grant/Capitation	19,327,500	26,903,300
<b>Total Government grants and subsidies</b>	<b>19,327,500</b>	<b>33,099,675</b>

**6(b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES**

<b>Transfers from other levels of government</b>		
NYS	31,437,800	13,838,500

**6(c) OTHER INCOMES**

<b>Other incomes</b>		
IGA	1,275,725	713,650

**7. RENDERING OF SERVICES**

<b>Rendering of Services</b>		
Tuition fees	5,356,855	22,952,535
Examination fees	3,452,407	4,476,930
<b>Total Rendering of Services</b>	<b>8,809,262</b>	<b>27,429,465</b>

**8. GENERAL EXPENSES**

<b>General expenses</b>		
Admin fees	6,812,696	3,876,830
Activities	2,937,107	4,142,650
Electricity and water	1,422,370	1,496,115
Student welfare	640,900	287,205
Teaching materials	3,100,848	3,186,703
Industrial attachment	167,992	100,000
Insurance	234,340	39,892
Exams	2,730,080	3,883,980
ICT integration	264,011	1,038,652
Medication	544,774	234,400
IGA - Income Generating Activities	6,591,627	6,568,562
SES	1,588,220	89,635
Registration	70,200	48,500
Local travel	3,244,366	5,624,049
Student ID	69,810	79,170
Bank charges	42,095	63,606
<b>Total general expenses</b>	<b>30,461,436</b>	<b>30,759,949</b>

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**9.EMPLOYEE COSTS**

<b>Employment Cost</b>		
Salaries and wages	8,115,918	7,637,502
<b>Total Employee costs</b>	<b>8,115,918</b>	<b>7,637,502</b>

**10.BOG EXPENSES**

<b>BOG Expenses</b>		
BOG expenses	65,000	-

**11. PROPERTY REPAIRS AND MAINTAINANCE**

Property repairs and maintenance	<b>3,226,920</b>	<b>3,193,357</b>
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**12. DEPRECIATION**

Depreciation		
Property and equipment	14,033,228	15,364,588
	<b>14,033,228</b>	<b>15,364,588</b>

**13. PROVISION FOR BAD DEBTS**

Provision for bad debts	12,376,171	-
	<b>12,376,171</b>	

**14. CASH AND CASH EQUIVALENTS**

<b>Cash and Cash Equivalents</b>		
Current account	43,088,695	5,949,552
Cash on hand	436,485	133,688
<b>Total cash and cash equivalents</b>	<b>43,525,180</b>	<b>6,083,240</b>

**15. RECEIVABLES FROM EXCHANGE TRANSACTIONS**

<b>Receivables from Exchange Transactions</b>		
<b>Current receivables</b>		
Student debtors	29,250,580	30,681,849
Provision for student debtors	(12,376,172)	-
Non exchange receivables	6,442,500	8,385,000
staff advances	459,937	
<b>Total current receivables</b>	<b>23,776,845</b>	<b>39,066,849</b>

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**16. TRADE AND OTHER PAYABLES**

<b>Trade and other Payables from Exchange Transactions</b>		
Trade payables	118,000	878,880
Fees paid in advance	24,194,100	-
Helb	453,960	
<b>Total trade and other payables</b>	<b>24,766,060</b>	<b>878,880</b>

**17. REFUNDABLE DEPOSITS**

<b>Refundable deposits from customers/students</b>		
Balance as at start of year	547,000	420,000
Add; collections.	103,000	127,000
Balance at end of year	<b>650,000</b>	<b>547,000</b>

**18. ACCUMULATED SURPLUSES**

<b>Accumulated surpluses</b>		
Balance as at start of year	77,879,951	30,498,963
Surplus for the year	(7,428,386)	47,380,988
Balance at end of year	<b>70,451,565</b>	<b>77,879,951</b>

**19. DEPRECIATION ON CAPITAL GRANTS**

<b>DEPRECIATION ON CAPITAL GRANTS TRANSFERED TO RESRVES</b>	<b>Cost</b>	<b>rate</b>
Machinery and generator	48,329,756	10.00%
<b>Depreciation transferred to capital reserves</b>	<b>4,832,976</b>	

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

**20. PROPERTY, PLANT AND EQUIPMENT**

	Land	Buildings	Motor vehicles	WIP ICT Complex	WIP Gate and perimeter wall	Abution block	Furniture and fittings an other office equipment	Computers	Machinery	Other equipment	ERP WIP	Total
Cost	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 30 June 2017	-	2%	25%	-	2%	2%	12.5%	30%	10.0%	12.5%	0.0%	-
Balance b/d	25,500,000	90,000,000	-	5,342,913	-	4,505,624	4,097,500	163,280	68,553,670	120,000	-	198,282,987
Additions		2,053,086	6,360,000	11,246,063	1,497,698	501,118	1,627,200	292,399	178,000	1,398,270		25,153,834
At 30 <sup>th</sup> June 2018	25,500,000	92,053,086	6,360,000	16,588,976	1,497,698	5,006,742	5,724,700	455,679	68,731,670	1,518,270	-	223,436,821
Additions		246,914		6,736,976	741,991		1,277,000	2,913,240	48,329,756	371,500	-	60,617,377
At 30 <sup>th</sup> June 2019	25,500,000	92,300,000	6,360,000	23,325,952	2,239,689	5,006,742	7,001,700	3,368,919	117,061,426	1,889,770	-	284,054,198
Additions		1,196,106		1,226,535	3,532,496	1,750,834	75,800	840,000	-	111,100	1,350,000	10,082,871
At 30 <sup>th</sup> June 2020	25,500,000	93,496,106	6,360,000	24,552,487	5,772,185	6,757,576	7,077,500	4,208,919	117,061,426	2,000,870	1,350,000	294,137,069
Depreciation and impairment												
At 1 July 2017	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-
Transfers/adjustments	-	1,800,000	-	-	-	90,112	512,188	48,984	6,855,367	15,000	-	9,321,651
Charge for the year	-	1,805,062	1,590,000	-	-	98,333	651,564	122,009	6,187,630	187,909	-	10,642,507
At 30 June 2018	-	3,605,062	1,590,000	-	-	188,445	1,163,752	170,993	13,042,997	202,909	-	19,964,158

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Charge for the year	1,773,899	1,192,500	-	-	96,366	729,744	959,378	10,401,843	210,858		15,364,588
At 30 June 2019	-	5,378,961	2,782,500	-	284,811	1,893,496	1,130,371	23,444,840	413,767	-	35,328,746
Charge for the year		1,762,343	894,375	-	129,455	648,001	923,564	9,361,659	198,388		14,033,229
At 30 June 2020		7,141,304	3,676,875	-	414,266	2,541,497	2,053,935	32,806,499	612,155		49,361,975
Net book values											-
At 30 <sup>th</sup> June 2020	25,500,000	86,354,802	2,683,125	24,552,487	5,656,741	6,343,310	4,536,003	84,254,927	1,388,715	1,350,000	244,775,094
At 30 <sup>th</sup> June 2019	25,500,000	86,921,039	3,577,500	23,325,952	2,239,689	4,721,931	5,108,204	2,238,548	93,616,586	1,476,003	248,725,452

**20. EVENTS AFTER THE REPORTING PERIOD**

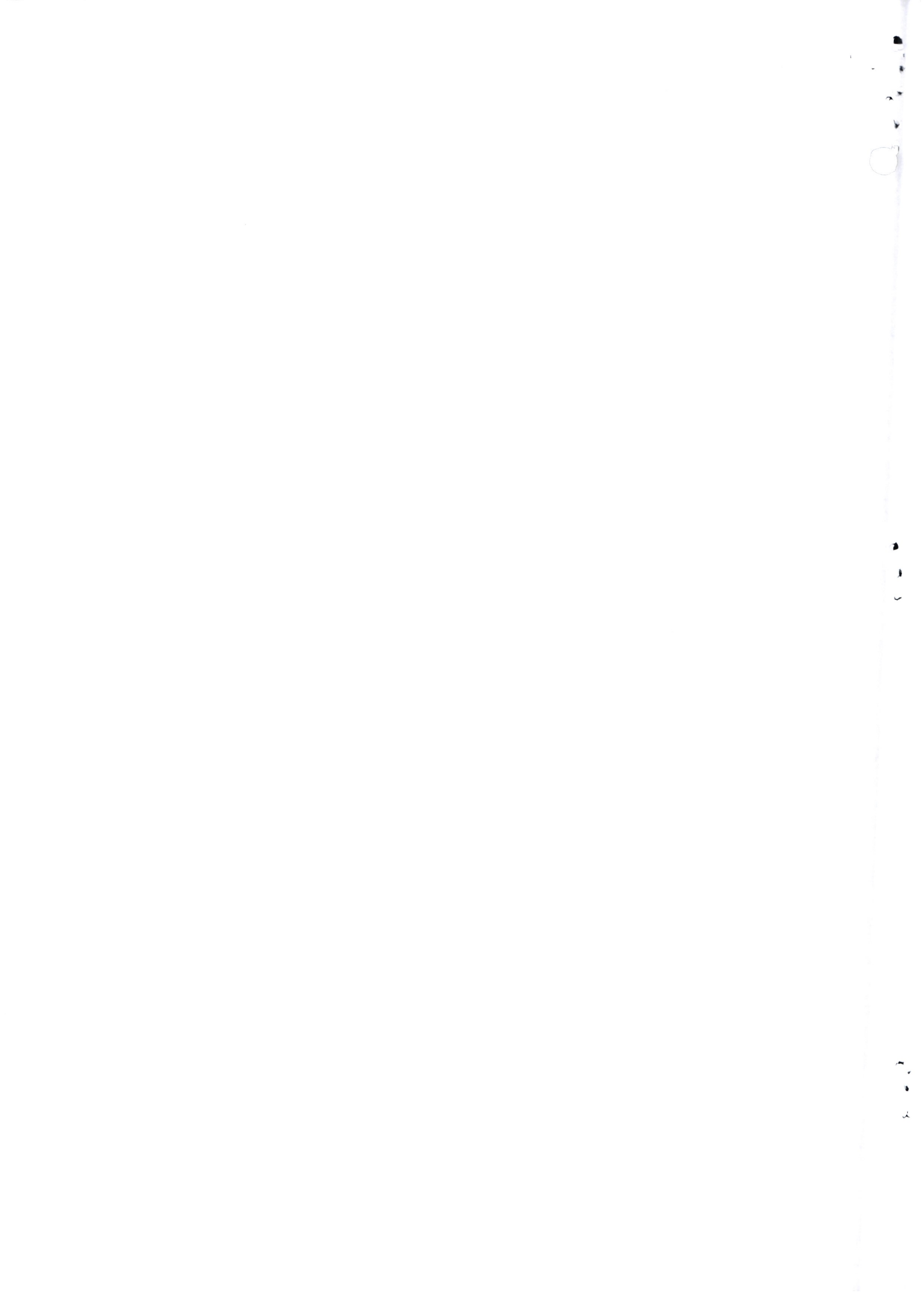
There were no material adjusting and non- adjusting events after the reporting period.

**21. ULTIMATE AND HOLDING ENTITY**

Mukurweini TTI is a State Corporation under the Ministry of education. Its ultimate parent is the Government of Kenya.

**22. Currency**

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



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

**Status of Projects completion**

	<b>Project</b>	<b>Total project Cost</b>	<b>Total expended to date</b>	<b>Completion % to date</b>	<b>Budget</b>	<b>Actual</b>	<b>Sources of funds</b>
1				100%			
2				100%			
3				100%			

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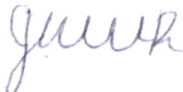
**APPENDIX II: INTER-ENTITY TRANSFERS**

ENTITY NAME:		MUKURWEINI TECHNICAL TRAINING INSTITUTE		
Break down of Transfers from the State Department of Mukurweini Technical Institute				
FY 2019/2020				
a.	Capitation			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	Capitation	10 <sup>th</sup> July 2019	8,385,000.00	2018/2019
		18 <sup>th</sup> October 2019	6,090,000.00	2019/2020
		7 <sup>th</sup> May 2020	6,795,000.00	2019/2020
		3 <sup>rd</sup> July 2020	6,442,150.00	2019/2020
		<b>Total</b>	<b><u>27,712,150.00</u></b>	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		8 <sup>th</sup> July 2019	3,566,150.00	2018/2019

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

Accountant  
Mukurweini Technical Training Institute

Head of Accounting Unit  
Ministry of Education

Sign 

Sign

