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**REPORT**

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DATE: 11 JUN 2025	DAY. Wednesday
TABLED BY:	Hon. Owen Bayart Deputy leader of Opposition
CLERK-AT THE-TABLE:	Womale

**OF**

**THE AUDITOR-GENERAL**

**ON**

**KEROKA TECHNICAL TRAINING INSTITUTE**

**FOR THE YEAR ENDED  
30 JUNE, 2024**





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**KEROKA TECHNICAL TRAINING INSTITUTE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE 2024**

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

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## **1. Acronyms and Definition of Key Terms**

### **A. Acronyms**

BOG	Board of Governors
CPA	Certified Public Accountants
ERP	Enterprise Resource Planning
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
KETTI	Keroka Technical Training Institute
TVET	Technical Vocational Education Training
MOE	Ministry of education
GOK	Government of Kenya
ICT	Information Communication Technology
KCB	Kenya commercial Bank
KUCCPS	Kenya universities and colleges Central placement services
HELB	Higher Education Loans Board
NG-CDF	National Government Constituency Development Funds
NHIF	National Hospital Insurance Fund
NSSF	National Social Security Fund
PAYE	Pay As You Earn
KICD	Kenya Institute of Curriculum Development
HIV	Human Immunodeficiency Virus
AIDS	Acquired immunodeficiency syndrome
NYS	National Youth Service
COVID-19	Corona Virus Disease
A/C	Account
VDI	Virtual desktop infrastructure
PC	Performance contracting

**B. Definition of Key Terms**

**Fiduciary Management** - Members of Management directly entrusted with the entity's financial resources.

**Comparative Year**- Means the prior period.

## **2. KEY ENTITY INFORMATION AND MANAGEMENT**

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

Keroka Technical Training Institute (KETTI) was started in 1991 as a resource Centre offering short term courses to the Ministry of Labour officers serving as instructors in Youth Institutes. In 2008, KETTI was elevated to a Technical Training Institute under the Ministry of Education, Science and Technology offering Technical Education Programs (TEP) and other modular courses in business related courses. The entity is domiciled in Kenya and has no branches. Currently the institute is under the Ministry of Education, State Department for Vocational and Technical Training. Keroka Technical Training Institute was incorporated under the TVET Act 2013 Act. Since then, the curriculum has expanded to offer training in ten academic programs at Artisan, Craft and Diploma levels as; Building and Civil Engineering, Electrical and Electronics Engineering, Automotive Engineering, Institutional Management, Hospitality and Tourism, Mechanical Engineering, Applied and Health Science, Business and Entrepreneurship Studies, ICT and Library Studies and other short courses. Technical education activities have been recognized at KETTI since its inception as vital to the social and economic development of the nation. The institute, currently, sits on 4.32 acres of land. The first buildings to be put up were; a resource hall and one (1) hostel housing about 20 boarders. This infrastructure has since expanded to include; six workshops for each of the ten technical programs, a library block and additional lecture rooms and hostels. The Institute currently has over 118 teaching staff and 48 non-teaching staff. In the current financial year, the Institute's approved budget amounts to over KShs. 257,429,920.00. The Government of Kenya, through the Ministry of Education and students' fees are the two main sources of funds for the Institute. Annual performance contracts entered into between the Government of Kenya through the Ministry of Education, KETTI's strategic plan and annual operational plans are the key drivers of the Institute's day-to-day activities.

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

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

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

The Institute's activities are anchored on a five-year strategic plan, 2023 to 2027 The strategic plan was the collective effort of the Institute's stakeholders including, Management, teaching staff, non-teaching staff, and the representatives from the neighbouring communities. The blue print strategically guides the Institute in its operations and realization of its set objectives. The following are the Institute's vision and Mission statements.

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

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

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

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

**Strategic Objectives:**

The specific strategic objectives of KETTI are to;

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

**Mandate and Core Functions**

The Institute has outlined its mandate in line with the TVET Act, TVET strategy and reforms.

The key mandate of the Institute is to;

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

**The core functions of the Institution include;**

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

**(c) Key Management**

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

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

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

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30th June 2024 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	Mr. Haron Maosa
2.	Deputy principal Administration	Mrs. Damaris Gwako
3	Deputy principal Academics	Mr. Kennedy Ombongi
4	Registrar (s)	Mr. Alfred Obaga
5	Dean of students	Mr. Meshack Nyanamba
6	Head of Finance	Mr. Philip Okwoyo
7	Accountant	Mr. Joseph Nyaosi.
8	Procurement Officer	Miss Angella Nyaboke
9	Quality Assurance	Mr. Martin Mageto
10	PC Co-Ordinator	Mr. Rebecca Arika
11	Industrial Attachment Co-Ordinator	Mr. Felix O Nyakundi

**(e) Fiduciary Oversight Arrangements**

**Audit and risk committee activities**

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

The role of the Committee shall be;

- i. Ensure that Keroka Technical Training Institute complies with applicable laws and regulations
- ii. Reviewing the findings of any examinations by regulatory agencies and any auditor observations and follow up actions
- iii. Considering the effectiveness of the entity's internal control system, including information technology security control
- iv. Review the report and recommendations made by the Office of the Auditor and advise the Board
- v. Discuss with management the entity's major policies with respect to risk assessment and risk management
- vi. Ensure there are no unjustified restrictions or limitations to internal audit activity
- vii. Ensure that agreed audit recommendations are implemented by management.
- viii. Review with top management annual audit plans, activities, staffing and organizational structure of the internal audit function

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

- ix. Review the quarterly and annual financial reports and consider whether they are complete, consistent with information known to Committee members, and reflect appropriate accounting principles.

Review other sections of the annual report and disclosures before release and consider the accuracy and completeness of the information

**Finance & Operations committee activities**

The Committee exercises 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 full Board.

**Terms of Reference**

The role of the Committee is 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 include:

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

**Training and Research committee**

The Committee exercises all the powers of BOG on academic matters except in relation to the items, which are reserved, to BOG in their Standing Orders, on which the Committee shall advise full Board.

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

**Their main role is;**

1. Oversight on training and research.
2. Ensuring that the training is done well within the institution.
3. Reporting to the board of governor any matter relating to education which needs/requires urgent attention.
4. To ensure that training materials /structure and trainers are available and adequate.
5. Monitoring the progress of research and training within the institution.
6. Collaborating with sister institutions on research and training.
7. To reach to trainees/trainers through their secretary and report the same to the board.
8. Dissemination the needs of the Board of Governors, the trainers and trainees and other stakeholders.
9. Advising the management and the Board of Governors to matters concerning research and training.

**Senior Management Activities**

The main purpose of the Senior Management Team is to:

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

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

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

**Government oversight activities**

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

**(f) Institute Headquarters**

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

**(g) Institute Contacts**

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

**(h) Entity Bankers**

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

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

**Other Commercial Banks**

1. Kenya Commercial Bank (KCB)

Keroka Branch

P.O. Box 394 – 40202

Keroka.

2. Co-operative Bank

Keroka Branch

P.O.Box 754 – 40202

Keroka.

**(i) Independent Auditors**

Auditor-General

Office of Auditor General

Anniversary Towers, Institute Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

**(j) Principal Legal Adviser**

The Attorney General

State Law Office




Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

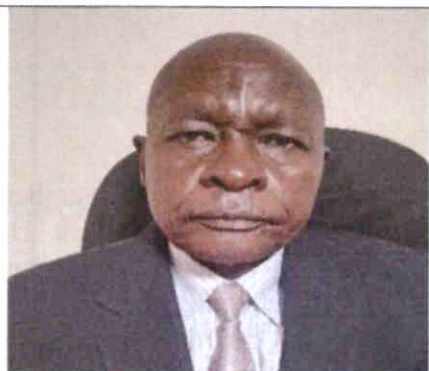
**3. THE BOARD OF GOVERNORS**

Member/ Director	Details
 <p><b>Mr. Thomas Mocha</b></p>	<p>Mr. Thomas M. Mocha was born on 21<sup>st</sup> September 1953 and he is the Chairman of the Board of Governors at KETTI. Mr. Mocha Served as an advocate of High Court of Kenya and commission of Oaths. HE holds of Masters of law and Bachelors of Law from, University of Nairobi, Executive MBA (Arusha TZ) and B.Ed. Hons. (Nairobi university)</p>
 <p><b>Mr. Haron Maosa Onguso</b></p>	<p>Mr. Maosa, the Principal of KETTI holds a Masters' in Governance and Ethics, and a Bachelor's Degree in Education (Arts). He has a wide Management experience having served as a HOD Migori TTC, Deputy Principal Keroka Technical, Principal Konoini and now Principal Keroka Technical. This is the wealth experience that he uses in his Managerial post in the institution to transform it into a better learning organization. The Institute runs a total of <b>10</b> Departments with over 98 different courses, and all credit goes to the innovative and foresighted Principal, Mr. Maosa. The Principal serves as the Chief Accounting Officer for the Institute and Secretary to the Board of Governors. His vision is to effectively and efficiently manage the Institute, both in terms of Competence Based Education and Training (CBET) as defined by TVET Act 2013 as well as the KETTI Strategic Plan.</p>
 <p><b>DR. Herbert Dimo</b></p>	<p>Mr. Herbert Dimo was born in 1955, he chairs the Training and Research Committee and is a member of the Audit and Risk Committee. He holds Ph.D. (Eng), from Tsinghua University of Beijing, M.Sc. (Mech. Eng), H.Dip. (Mech.Eng.) and also has a Diploma in Education from KTTC. Mr. Herbert is currently a senior Lecturer at the University of Eldoret.</p>

**THE BOARD OF GOVERNORS (CONTINUED)**

 <p><b>Mrs. Lucy Mungatia</b></p>	<p>Mrs Lucy Mungatia was born 2<sup>nd</sup> October 1967. She chairs the Audit and Risk Committee and is a member of the Training and Research Committee. She holds a Master's in Business Administration with a specialization in supply chain management.</p>
 <p><b>Mr. Duncan Nyabochoa Mokamba</b></p>	<p>Mr. Duncan Mokamba was born on 20<sup>th</sup> October 1964, he has a Degree in Bachelors in Law from Marathda University. Mr. Duncan has over 18 years work experience with Momanyi Gichuki ad CO. Advocates. He is a member of the Finance and Operations Committee and the Audit and Risk Committee.</p>
 <p><b>Ms. Lineth Oyugi</b></p>	<p>Ms. Lineth was born on 4<sup>th</sup> February 1971. Holds a MA. in Economics from the University of Nairobi, Bachelors of Arts (Economics) degree from the University of Nairobi. She currently works at the commission on Revenue Allocation. Previously she worked with Federation of Kenya Employers (FKE), Institute of Policy and Research, Ministry of Finance and Planning. She also worked in the following universities as a part-time lecturer: Kenyatta University and Africa Nazarene University.</p>

**THE BOARD OF GOVERNORS (CONTINUED)**



**Mr. Joakim Oundo**

Mr. Joakim Mulama Oundo was born in 1960, he is a member in Finance and Operations committee a member of Audit and Risk Committee. He is a holder of MSc Degree in Conflict Resolution and Management, B.A in Political Science (Hons) and Public Administration, currently Doctorate candidate in Peace and Conflict Studies at MasindeMuliro University. Currently he is part time lecturer at Laikipia and Karatina Universities since 2016 to date.



**Mr. Wilson Ng'eno**

Mr. Wilson Kimutai Ng'eno was born in 1974, he is a member in the Finance and Operations Committee and the Training and Research Committee. He holds a Post Graduate Diploma in Human Resource Management from the Kenya Institute of Management, a B. Tech (Hons) in Industrial Technology, from Egerton University and a Diploma in Chemical Engineering. He has a vast experience in managing enterprise, machinery maintenance, personnel management, energy efficiency monitoring and management; installation and management of continuous improvement systems and overseeing both pilot and commercial business projects.



**Mrs. RUTH MOUNDE**

Mrs. Ruth Mounde was born in 1966. She is a representative of the Principal Secretary State Department of Vocational and Technical Training. Currently she is serving as Deputy Director of Education Ministry of Education headquarters. She sits in all Board Committees.

**THE BOARD OF GOVERNORS (CONTINUED)**



**Mr. Daniel Ondabu Nyakundi**

Mr. Daniel Ondabu Nyakundi was born on 24<sup>th</sup> November, 1955. He is a committee member in audit and risk. He holds a Master's degree in Cooperative Management from Gandigram University (india) and a B.A from Jabalpur University (india). He brings on board a wealth of experience in leadership and corporate management.



**Dr. Margaret Odeph**

Dr. Margaret Odeph was born in 1978. She is the committee chair for Audit and Risk Committee. She holds a PhD in Biotechnology from JKUAT and a Master's of Science in Microbiology from The University of Nairobi. She brings on board a rich experience in management and training operations to enable the institution to continuously scale high in its daily operations.



**Dr. Peter Kereri**

Dr. Peter Kereri was born on 12<sup>th</sup> July 1974. He chairs the finance and operations committee. He holds a PhD in Business, Accounting Majors from the Institute of Advanced Studies (AIAS), Philippines and a master's in Business Administration, Accounting Option from Eastern Africa Baraton University. He brings on board a wide range of accounting experience to help the institution continue to develop.

# KEROKA TECHNICAL TRAINING INSTITUTE





Annual Report and Financial Statements for the Year ended 30<sup>th</sup> June 2024

Among the Board members there are two who's term of service ended and the other three appointed; Lucy Mungatia and Herbert Dimo exited; Dr. Peter Kereri, Dr. Margret Odeph and Daniel Ondabu joined.

## 4. MANAGEMENT TEAM

Member/ Director	Details
 <b>MR. HARON O. MAOSA</b>	<b>RESPONSIBILITY.</b> Principal/B.O. G Secretary
 <b>MRS. DAMARIS GWAKO</b>	<b>RESPONSIBILITY.</b> Deputy Principal-Administration
 <b>MR. KENNEDY OMBONGI</b>	<b>RESPONSIBILITY.</b> Deputy Principal-Academics.

**MANAGEMENT TEAM (CONTINUED)**

 <p><b>MR. ALFRED OBAGA</b></p>	<p><b>RESPONSIBILITY.</b> Registrar.</p>
 <p><b>MR. MESHACK NYANAMBA</b></p>	<p><b>RESPONSIBILITY</b> Dean of Students.</p>
 <p><b>CPA PHILIP OKWOYO KERARO</b></p>	<p><b>RESPONSIBILITY</b> Finance Officer.</p>
 <p><b>CPA. JOSEPH MAGATI</b></p>	<p><b>RESPONSIBILITY</b> Accountant</p>

**5. CHAIRMAN'S STATEMENT**

It is my pleasure to present the annual financial statements for the year ended 30 June 2024.

Keroka Technical Training Institute continues to carry out activities that will help in nurturing innovation, talent, science, technology and development. During the financial year, we aligned our policies, processes and strategies to ensure that we attain regional competitiveness and to be a centre of excellence on technical course.

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

During the financial year 2023-2024 we initiated and completed construction of a graduation square in the institute to enable the institute to carry out its first graduation ceremony.

On revenue, although KETTI projected to raise Kshs, 257,429,920.00 the Institute raised KShs. 131,364,806.00 - This is equivalent to 53% of the budget. The deficit in revenue collection was due to a drop in enrolment resulting from high competition for trainees by new TVET institutions and also the introduction of the new funding model of fees by the government which was still on its adoption stages.

There were opportunities for the institute during the period like being chosen to benefit in dual training where learners were collaborated and trained with the industry under the program of GIZ sponsored by the Germany, it also embarked on the utilization of the VDI (virtual desktop infrastructure) lab on training students on online jobs as well there were challenges like low student enrolment and reduced capitation grants both of which needed to be analysed in order to deliver sustainable long term results without compromising training outcomes.

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

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

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

Thank you.



**THOMAS M. MOCHA**

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

## **6. REPORT OF THE CHIEF PRINCIPAL**

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

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

During the year under review the institute experienced a drop in enrolment due to high competition for trainees by new TVET institutions and the introduction of the new funding model which was a challenge for new students applications and placements by KUCCPS. This had a negative impact in the institute's revenue collections since it relied on capitation ANS scholarship that was pegged on the number of students that were in session. Also, the non-disbursement of the government capitation and NYS funds on time led to minimal equipping of workshops thereby greatly affecting implementation of budgeted activities in the institution. During the financial year, out of the projected capitation of KShs. 30,000 per student per year, the government disbursed KShs. 11,000 per student, translating to a deficit of KShs. 19,000 per student which negatively affected overall operations of the institute's expenditures.

A number of projects were completed during the FY2023/2024. The Board of Governors initiated and completed the construction of a graduation square and levelization of the student playing pitch in the institution.

The said graduation square will enable the institute carry out its graduation ceremonies.

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

On revenue, although KETTI projected to raise Kshs, 257,429,920.00 the Institute raised KShs. 131,364,806.00 this is equivalent to 53% of the budget. The deficit in revenue collection was due to a drop in enrolment of new trainees.

This impacted negatively in service delivery and also increased the pending bills to a higher mark compared to the preceding financial year.

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

**KEROKA TECHNICAL TRAINING INSTITUTE**

**Annual Report and Financial Statements for the Year ended 30<sup>th</sup> June 2024**

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

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

for  .....

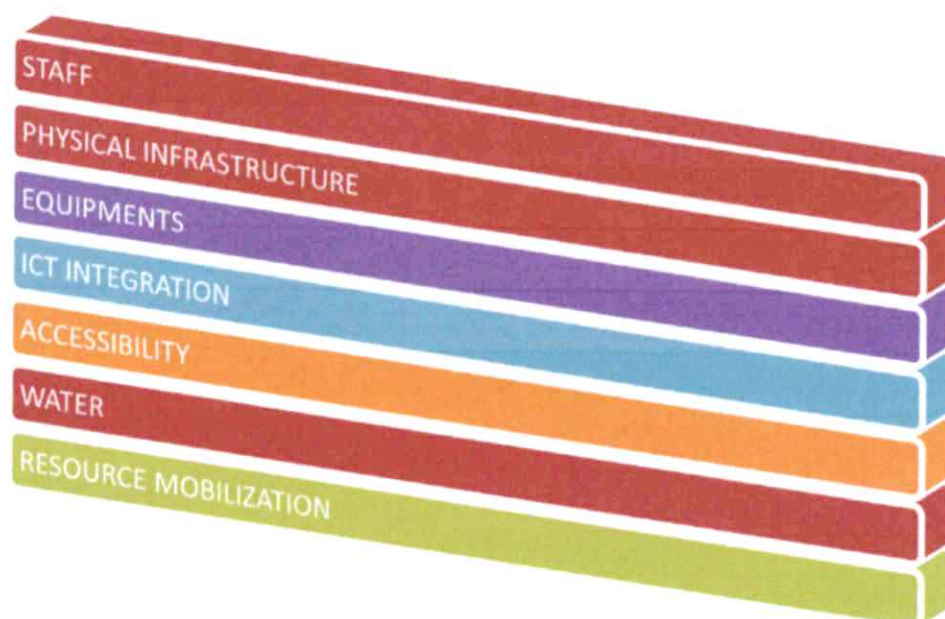
**MR. HARON MAOSA**

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

## **7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES**

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

KETTI has 7 strategic pillars/issues/themes and objectives within current Strategic Plan for the performance targets set for the FY 2023/2024 period for its seven (7) strategic pillars, as indicated in the diagram below:



### **KETTI STRATEGIC ISSUES/AREAS/PILLARS**

Keroka Technical Training Institutes develops its annual work plans based on the above 7 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The institute achieved its performance targets set for the FY 2023/24 period for its 7 strategic pillars, as indicated in the diagram below:

**Table: Annual work plan for FY 2023/24**

<b>Strategic Pillar</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
Staff	To increase the number of Teaching and Non-Teaching staff	Number of teaching and non-teaching staff increased	Recruitment of more staff	Additional staff
Staff	To upgrade the skills of Teaching and Non-Teaching staff	Trainers' skills upgraded by attending capacity building exercise	Attending workshops , seminars and capacity building	Presence of certificates
Physical Infrastructure	To provide the required physical infrastructure in the Institute	Workshops, laboratories renovated	renovating of workshops and laboratories	renovated workshops and laboratories
Equipment	To provide adequate training equipment	Training equipment requisitioned and procured across the departments	Procurement	presence of additional equipment
	To upgrade and improve existing training equipment	Equip workshops with modern facilities	Procurement	Presence of additional modern and upgraded equipment
ICT Integration	To integrate ICT in management and training	Installed MIS modules i.e. finance and admissions	Procurement process	Still in progress
Accessibility	To improve the road-network to and within the Institution	Cabros laying done within the institute	Procurement process	Improved Road network or wider coverage on cabros
Water	To provide adequate and sustainable water for the Institute	Drilled borehole and reconnection to main water line to provide adequate water to the institute	Procurement process	Availability of water

## **8. CORPORATE GOVERNANCE STATEMENT**

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

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

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

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

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

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

The Board is headed by the Chairman and is composed of 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.

**9. MANAGEMENT DISCUSSION AND ANALYSIS**

**SECTION A**

**The Institute’s operational and financial performance**

**For the financial year 2023/2024:**

The financial statements of KETTI indicates that the institute’s performance is in a good position as it is in a going concern state. Cash and cash equivalent obtained from the cash flow statement explains that, cash available in liquid form is mostly generated from operating activities. The board of Governors are of the opinion that the financial statements give a true and fair view state of financial affairs of the institute.

**SECTION B**

**Institute’s compliance with statutory requirements.**

In the financial year 2023/2024, the institute is fully compliant with statutory requirements, in accordance with section 83[5] of Public Finance Management, and the IPSAS applicable for the preparation of the financial statements.

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

**SECTION C**

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

During the financial year 2023/2024 the institute initiated and implemented the following projects;

**Table: Projects for the financial year 2023/2024**

<b>Projects Initiated/Planning</b>	<b>Projects On-going</b>	<b>Projects Implemented</b>
-Acquisition of an ERP system	-Equipping work shops	-Upgraded Graduation Square
-Equipping the existing workshops with modern equipment.		Levelized students play ground
	Commercialization of Cabro production.	Equipped cabro production unit

**Table: Risks and Opportunities facing KETTI**

<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 & NG-CDF	Unpredictable job market
Government support	Formal employment culture in the society
Enabling legal & policy framework	Unfavorable economic changes
	Cybercrime
	Political interference
	HIV/ AIDS drugs and substance abuse

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

- i. Low student enrolment.
- ii. Student turnover
- iii. Inadequate student accommodation and support facilities
- iv. Delayed disbursement of capitation and NYS sponsorship
- v. Inadequate funding by MOE-capitation
- vi. Delays of disbursement of students' loans by HELB to honor fees payment

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

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

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

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

**10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING STATEMENT**

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

**Sustainability strategy and profile**

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

**Environmental performance**

Environmental degradation has severe negative effects in the world. It is therefore important for constant efforts to be made to conserve the environment around us. During the year the institution undertook extensive playing ground levelling to allow space for sports activities at the same time on conserving the soil from erosion. The institute also undertook tree planting exercise to improve its plant ecosystem.

**Employee welfare**

The Institute has developed a Human resource policy to help in the recruitment of its staff. The policy is also gender sensitive as it has contributed to the third gender rule as per government directives. Employees hold capacity trainings every year to motivate them. This has improved the morale the employees in the place of work and thus improved service delivery. The Institute is in the process of putting in place a safety policy in order to be in compliance with the Occupational Safety and Health Act of 2007,

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

**Corporate Social Responsibility**

Keroka Technical Training Institute as a responsible corporate institution established to achieve public good, recognizes the link between sustainable growth and development of the institution and the need to invest in the society, the local community and protection of the environment. This is important to ensure that social, economic and environmental benefits accrue to the society and other stakeholders as the Institute conducts its business. During the year the Institute contributed to various community initiatives and noble projects, by donating trees to neighbouring secondary and primary schools for conserving the environment and advocating greening.

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

The Board members submit their report together with the audited financial statements for the year ended June 30, 2024 which show the state of the institute's affairs.

### **Principal activities**

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

### **Results**

The results of the institute for the year ended 30 June 2024 are set out on page 1 of these financial statements.

### **Board of Governors**

The members of the Board who served during the year are shown on page xii-xv. During the year 2023/2024, the entire Board was in office as per the requirements.

### **Auditors**

The Auditor General is responsible for the statutory audit of Keroka Technical Training Institute in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the institute for the year ended June 30<sup>th</sup>, 2024 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

for 

.....  
Board of Governors-Secretary

Keroka Technical Training Institute

Date 30/09/2024

**12. STATEMENT OF BOARD OF GOVERNORS**

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

The Board of Governors are responsible for the preparation and presentation of the institute's financial statements, which give a true and fair view of the state of affairs of KETTI for and as at the end of the financial year 2022/2024 ended on June 30, 2024. 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 of Governors accept responsibility for the institute's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act, and the TVET Act. The Board of Governors are of the opinion that KETTI's financial statements give a true and fair view of the state of the institute's transactions during the financial year ended June 30<sup>th</sup>, 2024, and of the institute's financial position as at that date. The Board of Governors further confirm the completeness of the accounting records maintained for the institute, which have been relied upon in the preparation of the institute's financial statements as well as the adequacy of the systems of internal financial control.

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

**Approval of the financial statements**

The institute's financial statements have been prepared in accordance with Section 83 of the PFM Act and were approved by the Board on 27<sup>th</sup> September 2024 and signed on its behalf by:



.....  
Name **THOMAS MOCHA**

**Chairperson of the Board/Council**



.....  
Name **HARON MAOSA**

**Accounting Officer/Principal**

# REPUBLIC OF KENYA



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*Enhancing Accountability*

## **REPORT OF THE AUDITOR-GENERAL ON KEROKA TECHNICAL TRAINING INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2024**

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### PREAMBLE

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

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

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

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

### REPORT ON THE FINANCIAL STATEMENTS

#### **Qualified Opinion**

I have audited the accompanying financial statements of Keroka Technical Training Institute set out on pages 1 to 36, which comprise the statement of financial position as

at 30 June, 2024 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 effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Keroka Technical Training Institute as at 30 June, 2024, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Technical and Vocational Educational and Training Act, 2013.

## **Basis for Qualified Opinion**

### **1.0. Long Outstanding Student Fee Balances**

The statement of financial position and to the financial statements reflect receivables from exchange transactions balance of Kshs.80,896,823 which relates to students' fees arrears as disclosed in Note 19a to the financial statements. Out of this balance, balances totalling Kshs.44,303,086 had been outstanding for a period of more than twelve (12) months as indicated in the aging analysis at Note 19 (b).

Further, the institute did not have a debt recovery plan and did not maintain a receivables ledger outlining the opening balance, billings for the year, receipts and adjustments to arrive at the reported closing balance.

In addition, Management did not provide evidence that efforts have taken to recover these long outstanding receivables. Also, there was no evidence that the debtors were notified of their status, contrary to Paragraph 4.5 (iii) of the Keroka Technical Training Institute Finance Management Policy and Procedure Manual, 2022, which states that the debtors shall be notified of their status on a regular basis.

In the circumstances, the accuracy, completeness and recoverability of the student debtors-fees arrears balance of Kshs.80,896,823 could not be confirmed.

### **2.0. Unsupported Procurements**

#### **2.1. Completion of Workshop at Riatirimba Technical and Vocational College**

The statement of financial performance, and as disclosed in Note 16 to the financial statements, reports grants and subsidies amount of Kshs.1,350,474. This was a payment for a contract for the completion of a workshop block at Riatirimba Technical and Vocational College at a contract sum of Kshs.29,759,175. However, Management did not

provide for audit procurement documents such as advertisements, quotations, opening committee minutes, evaluation report and award letter.

## **2.2. Provision Security Services**

The use of goods and services amount includes Kshs.2,724,000 paid to a security firm for the provision of security services. However, the procurement documents such as advertisements, quotations, opening committee minutes, evaluation report and award letter were not provided for audit.

In the circumstances, the regularity of the expenditure of Kshs.5,566,025 in respect of the three (3) procurements could not be confirmed.

## **3.0. Unconfirmed Property, Plant and Equipment Balance**

The statement of financial position reflects property, plant and equipment balance of Kshs.372,305,639 as disclosed in Note 22 to the financial statements. However, audit of this balance revealed the following unsatisfactory matters:

- i. The balance includes land valued at Kshs.10,000,000 whose title deed was not provided for audit. Further the land has dispute and has an active case in court.
- ii. The balance of Kshs.372,305,639 excludes assets of unknown value donated to the Institute for use by students for learning purposes.
- iii. The non-current asset register provided for audit review did not capture important details, including asset tagging, serial numbers, locations, opening balances disposals, depreciation charged, accumulated depreciation to date and Net Book value of the assets.
- iv. Nineteen (19) computers were lost during the financial year 2020/2021 for which investigations are still on-going.

In the circumstances, the accuracy, completeness and fair presentation of the property, plant and equipment balance of Kshs.372,305,639 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Keroka Technical Training Institute Management in accordance with ISSAI 130 on Code of Ethics.

I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

## **Emphasis of Matter**

### **Budget Control and Performance**

The statement of comparison of budget and actual amounts reflects total budgeted revenue of Kshs.257,429,920 and actual revenue of Kshs.131,364,806, resulting in an underfunding of Kshs.126,065,114 or 49% of the budget.

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

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

### **Other Matter**

#### **Unresolved Prior Year Matters**

Various prior year audit issues remained unresolved as at 30 June, 2024. Management has not provided satisfactory reasons for the delay in resolving the prior year audit issues. Further, although some of the prior year audit matters are said to have been resolved as indicated in the Implementation Status of Auditor-General Recommendations, Management has not provided evidence showing how these issues were resolved.

#### **Other Information**

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

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

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

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

### Conclusion

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

### Basis for Conclusion

#### 1.0. Failure to Register Trainers

Review of documents revealed that the Institute had one hundred and fifty-one (151) trainers out of which one hundred and thirteen (113) were not registered by the Technical and Vocational Education and Training Board, contrary to Section 23(1) of the Technical and Vocational Education and Training Act, 2013, which states that any person who intends to become a trainer in an institution shall apply for licensing and registration by the Board in accordance with the provisions of this Act.

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

#### 2.0. Long Outstanding Trade Payables

The statement of financial position, and as disclosed in Note 24 to the financial statements, reflects trade and other payables from exchange transactions balance of Ksh.59,868,332 out of which, Ksh.1,836,000 had been outstanding for more than a year. This is contrary to Section 42(1) of the Public Finance Management (National Government) Regulations, 2015, which requires debt service payments to be a first charge and that the accounting officer shall ensure this is done to the extent possible that the entity does not default on debt.

In addition, the institute did not make provision for audit fee for the year 2023/2024, contrary to Section 41 of the Public Audit Act, 2015 which requires the audited entity to pay audit fees at the rates prescribed by the Auditor-General.

In the circumstances, the Institute might incur costs related to penalties and legal suits for delayed payments. Also, Management was in breach of the law.

#### 3.0. Non-Compliance with the Law on Ethnic Composition in Staffing

Review of the staff data reveals that the Institute had one hundred and one (101) staff

members, out of whom eighty-six (86), or 85%, belong to one (1) dominant ethnic community, contrary to the provisions of Section 7 (1) and (2) of the National Cohesion and Integration Act, 2008.

In the circumstance, Management was in breach of 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 and based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on the Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### Basis for Conclusion

#### 1.0. Ineffective Audit Committee

Review of records revealed that although the Institute had an audit committee, the Committee held only one meeting during the year under review, contrary to Regulation 179(1) of the Public Finance Management (National Government) Regulations, 2015, which states that the audit committee shall meet at least once in every three months.

Further, the Committee did not carry out any annual review of the independence, performance, and competency of the Internal Audit unit, contrary to Regulation 166(1) of the Public Finance Management (National Government) Regulations, 2015, which provides that each year the Internal Audit unit of a National Government entity shall assess its own effectiveness through an internal performance appraisal and shall carry out annual review of the performance of the internal audit activity commenting on its effectiveness in the annual report to National Treasury.

In the circumstances, the effectiveness of the Audit Committee in discharging its mandate could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit so as to obtain assurance as to whether effective processes and systems of internal control, risk management and overall governance was

maintained in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of Management and those the Board of Governors**

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

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

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

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

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

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

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

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

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

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

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

  
FCPA Nancy Gathungu CBS  
AUDITOR-GENERAL


Nairobi

7 May, 2025

**14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2024**

	Notes	2023-2024	2022-2023
		Kshs	Kshs
<b>Revenue from Non-Exchange transactions</b>			
Transfers from National Government	6	52,423,500	165,385,000
		<b>52,423,500</b>	<b>165,385,000</b>
<b>Revenue from Exchange transactions</b>			
Rendering of services- fees from students	7	112,766,944	61,631,342
Sale of goods	8	4,429,287	1,278,400
Rental revenue from facilities and equipment	9	329,040	221,000
Miscellaneous income	10	22,779,772	4,775,095
<b>Revenue from Exchange transactions</b>		<b>140,305,043</b>	<b>67,905,837</b>
<b>Total Revenue</b>		<b>192,728,543</b>	<b>233,290,837</b>
<b>Expenses</b>			
Use of goods and services (General expenses)	11	117,229,659	106,776,287
Employee costs	12	33,852,753	35,196,065
Board Expenses	13	7,664,650	5,521,650
Depreciation and amortization expense	14	36,809,284	42,917,988
Repairs and maintenance	15	5,903,307	9,237,012
Grants and subsidies	16	-	28,228,629
<b>Total Expenses</b>		<b>201,459,653</b>	<b>227,877,631</b>
<b>Net surplus/(deficit) for the year</b>		<b>(8,731,110)</b>	<b>5,413,206</b>
<b>Net surplus for the year</b>		<b>(8,731,110)</b>	<b>5,413,206</b>

The Financial Statements set out on pages 1 to 4 were signed by:

  
 .....

**Chairman of Council/Board**


**Date 30/09/2024**

  
 .....

**Finance Officer**

**ICPAK No 22722**

**Date 30/09/2024**

for   
 .....

**Principal**

**Date 30/09/2024**

**15. STATEMENT OF FINANCIAL POSITION AS AT 30<sup>th</sup> JUNE 2024**

Description	Notes	2023-2024	2022-2023
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	17	7,189,210	15,976,637
Receivables from exchange transactions	19	80,291,645	40,086,271
Receivables from non-exchange transactions	20,a)	24,770,000	72,645,000
Inventories	21	4,678,274	4,375,341
<b>Total Current Assets</b>		<b>116,929,129</b>	<b>133,083,249</b>
<b>Non-Current Assets</b>			
Property, plant, and equipment	22	373,656,113	388,818,483
Intangible assets	23	966,368.00	2,092,584
<b>Total Non-Current Assets</b>		<b>374,622,481</b>	<b>390,911,067</b>
<b>Total Assets (A)</b>		<b>491,551,610</b>	<b>523,994,316</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables from exchange transactions	24	59,868,332	29,258,027
<b>Total Current Liabilities</b>		<b>59,868,332</b>	<b>29,258,027</b>
<b>Total Liabilities (B)</b>		<b>59,868,332</b>	<b>29,258,027</b>
<b>Net Assets (A-B)</b>		<b>431,683,278</b>	<b>494,736,349</b>
<b>Represented By:</b>			
Accumulated surplus		(5,258,110)	76,118,000
Capital funds		436,941,388	418,618,349
<b>Net Assets</b>		<b>431,683,278</b>	<b>494,736,349</b>

The Financial Statements set out on pages 1 to 4 were signed by:

  
.....

**Chairman of Council/Board**

**Date 30/09/2024**

  
.....

**Finance Officer**

**ICPAK No 22722**

**Date 30/09/2024**

for   
.....

**Principal**

**Date 30/09/2024**

16. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2024

Description	Accumulated surplus	Capital Fund	Total
<b>At July 1, 2022 (previous year)</b>	<b>70,704,794</b>	<b>421,183,349</b>	<b>491,888,143</b>
Pre-year adjustments	0	(2,565,000)	(2,565,000)
Total comprehensive income	5,413,206	0	5,413,206
<b>At June 30, 2023</b>	<b>76,118,000</b>	<b>418,618,349</b>	<b>494,736,349</b>
<b>At July 1, 2023</b>	<b>76,118,000</b>	<b>418,618,349</b>	<b>494,736,349</b>
Undisbursed grants FY 2022/23	(72,645,000)	0	(72,645,000)
Revaluation	0	18,323,039	18,323,039
Total comprehensive income	(8,731,110)	0	(8,731,110)
<b>At June 30, 2024</b>	<b>(5,258,110)</b>	<b>436,941,388</b>	<b>431,683,278</b>

**KEROKA TECHNICAL TRAINING INSTITUTE**  
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**17.STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2024**

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
<b>Cashflowsfromoperatingactivities</b>			
<b>Receipts</b>			
Transfers from other National Government entities/Govt. grants		27,653,500	165,385,000
Rendering of services- fees from students		100,120,542	62,073,560
Sale of goods		3,523,587	1,278,400
Other income		19,708,022	4,332,871
Rental revenue from facilities and equipment		329,040	221,000
<b>Total Receipts</b>		<b>151,334,691</b>	<b>233,290,831</b>
<b>Payments</b>			
Use of goods and services		116,559,545	106,776,347
Employee costs		31,202,641	35,196,065
Board /Council Expenses		6,444,470	5,521,650
Repairs and maintenance		3,717,803	9,237,012
Grants and subsidies		-	28,228,629
<b>Total Payments</b>		<b>157,924,459</b>	<b>184,959,703</b>
<b>cashflows from operating activities before working capital</b>			<b>48,331,128</b>
Increase of receivables			(65,195,366)
Increase of payables			7,598,248
Increase of Inventories			5,148,997
<b>Net Cash Flows from operating activities</b>	26	<b>(6,589,768)</b>	<b>(4,116,927)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets		(2,197,659)	-12436872
<b>Net cash flows used in investing activities</b>		<b>(2,197,659)</b>	<b>(12,436,872)</b>
<b>Cash flows from financing activities</b>		0	0
<b>Net cash flows used in financing activities</b>		0	0
<b>Net Increase/(Decrease) in Cash and Cash equivalents</b>		<b>(8,787,427)</b>	<b>16,553,865</b>
Cash and Cash equivalents at 1 JULY 2023	17	15,976,637	32,530,502
<b>CashandCashequivalentsat30 JUNE 2024</b>	17	<b>7,189,210.00</b>	<b>15,976,637</b>

## **19. NOTES TO THE FINANCIAL STATEMENTS**

### **1. General Information**

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

The financial statement here with presented, have been prepared using audited comparative figures from previous year FY 2022/2023

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

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

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

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

**3. Adoption of New and Revised Standards**

Standard	Effective date and impact:
<p><b>IPSAS 34:</b> Separate Financial Statements</p>	<p><b>(Effective for annual periods beginning on or January 1, 2017)</b> In January 2015, the IPSASB published IPSAS 34, Separate Financial Statements. IPSAS 34 prescribes the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an Institute prepares separate financial statements. The Institute does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply</p>
<p><b>IPSAS 35:</b> Consolidated Financial Statements</p>	<p><b>Effective for annual periods beginning on or January 1, 2017)</b> In January 2015, the IPSASB published IPSAS 35, Consolidated Financial Statements. IPSAS 35 establishes principles for the preparation and disclosure of consolidated financial statements when an Institute controls one or more entities. It requires an institution that controls one or more other entities to assess control over those entities based on the following:  <ul style="list-style-type: none"> <li>- Its power over the other Institute</li> <li>- Its exposure or rights to variable benefits from involvement with the other Institute</li> <li>- Its ability to control the nature, timing and amount of benefits from the other Institute.</li> </ul>                     Once control is assessed the controlling Institute is supposed to prepare consolidated financial statements unless it meets all the criteria under section 5 of IPSAS 35.                      The Institute does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply.</p>
<p><b>IPSAS 36:</b> Investments in Associates and Joint Ventures</p>	<p><b>(Effective for annual periods beginning on or January 1, 2017)</b> In January 2015, the IPSASB published IPSAS 36, Investments in Associates and Joint Ventures. The Standard prescribes for the accounting for investments in associates and joint ventures and to set out requirements for the application of the equity method when accounting for investments in associates and joint ventures. The standard shall be applied by all entities with significant influence over, or joint control of, an investee where the investment leads to the holding of a quantifiable ownership interest.                      The Institute does not have investments in associates or joint ventures</p>
<p><b>IPSAS 37:</b> Joint Arrangements</p>	<p><b>(Effective for annual periods beginning on or January 1, 2017)</b> In January 2015, the IPSASB published IPSAS 37, Joint Arrangements. IPSAS 37 establishes principles for financial reporting by entities that have an interest in arrangements that are controlled jointly.                      The Institute does not have an interest in a joint arrangement and therefore the standard does not apply</p>

<b>IPSAS 38:</b> Disclosure of Interests in Other Entities	<b>(Effective for annual periods beginning on or January 1, 2017)</b> In January 2015, the IPSASB published IPSAS 38, Disclosure of Interests in Other Entities. IPSAS 38 requires an Institute to disclose information that enables users of its financial statements to evaluate the nature of and risks associated with, its interests in controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and the effects of those interests on its financial position, financial performance and cash flows. The Institute does not have interests in other entities and therefore the standard does not apply.
<b>IPSAS 34:</b> Separate Financial Statements	<b>(Effective for annual periods beginning on or January 1, 2017)</b> In January 2015, the IPSASB published IPSAS 34, Separate Financial Statements. IPSAS 34 prescribes the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an Institute prepares separate financial statements. The Institute does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply
<b>IPSAS 33:</b> First time adoption of Accrual Basis IPSAS	<b>Effective for annual periods beginning on or January 1, 2017)</b> In January 2015, the IPSASB published IPSAS 33, First-time Adoption of Accrual Basis IPSASs. IPSAS 33 grants transitional exemptions to entities adopting accrual basis IPSASs for the first time, providing a major tool to help entities along their journey to implement IPSASs. It allows first-time adopters three Quarters to recognize specified assets and liabilities. This provision allows sufficient time to develop reliable models for recognizing and measuring assets and liabilities during the transition period. The Institute adopted IPSAS in the year ended 30 June 2018 and therefore provisions of first-time adoption of accrual basis does apply to the Institute.

The Institute did not early-adopt any new or amended standards in year 2024

#### **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 Institute and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

##### **ii) Revenue from exchange transactions**

###### **Rendering of services**

The KETTI recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

###### **Sale of goods**

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

###### **Interest income**

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

###### **Rental income**

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

##### **b) Budget information**

The board of governors approved the original budget for FY 2023-2024 on 30<sup>th</sup> June 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the institute upon receiving the respective approvals in order to conclude the final budget. The institute's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using

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a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page of these financial statements.

**c) Taxes**

***Current income tax***

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

***Sales tax***

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

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

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

**d) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Institute recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value. Land and buildings are not depreciated.

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

**Depreciation rates.**

**Table:**

<b>Item</b>	<b>Rate</b>
Land	Nil
Buildings	Nil
Computers, Computer Accessories and Infrastructure	30 %
Motor Vehicles	25%
Furniture, Fittings and equipment	12.5%

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

**e) Intangible assets**

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

The institution amortizes its intangible assets at a rate of 20%.

**f) Inventories**

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

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

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

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

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

**g) Provisions**

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

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

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

***Contingent liabilities***

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

***Contingent assets***

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

**h) Nature and purpose of reserves**

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

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

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

**j) Foreign currency transactions**

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

**k) Related parties**

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

**l) Cash and cash equivalents**

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

**m) Comparative figures**

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

**n) 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, 2024.

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

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

### **Estimates and assumptions**

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

### **Useful lives and residual values**

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

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

### **Provisions**

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

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

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

**6. TRANSFERS FROM OTHER NATIONAL GOVERNMENT ENTITIES**

Description	2023-2024	2022-2023
	Kshs	Kshs
<b>Unconditional Grants</b>		
Government Grants- capitation	31,923,500.0	122,385,000
Recurrent Grant	20,500,000.0	32,500,000
<b>Total unconditional Grants</b>	<b>52,423,500.0</b>	<b>154,885,000</b>
Conditional grants	-	10,500,000
<b>Total Government Grants and Subsidies</b>	<b>52,423,500.0</b>	<b>165,385,000</b>

**7. RENDERING OF SERVICE**

Description	2023-2024	2022-2023
	Kshs	Kshs
Tuition fees	41,081,641	16,155,101
Activity fees	7,818,776	4,808,505
Personal emoluments	17,552,164	12,321,953
Industrial attachment and insurance	4,926,829	3,989,139
E W C	8,100,161	5,346,258
L T & T	6,305,801	4,698,303
R M I	4,857,132	2,752,918
Other (BES/Accommodation)	20,256,890	10,178,465
Registration fees	1,867,550	1,380,700
<b>Total revenue from the rendering of services</b>	<b>112,766,944</b>	<b>61,631,342</b>

**8. SALE OF GOODS**

Description	2023-2024	2022-2023
	KShs	KShs
Production units	4,429,287	1,278,400
<b>Total revenue from the sale of goods</b>	<b>4,429,287</b>	<b>1,278,400</b>

**9. RENTAL REVENUE FROM FACILITIES AND EQUIPMENT**

Description	2023-2024	2022-2023
	KShs	KShs
Hire of Facilities and Equipment	329,040	221,000
<b>Total</b>	<b>329,040</b>	<b>221,000</b>

**10. MISCELLANEOUS INCOME**

<b>Description</b>	<b>2023-2024</b>	<b>2022-2023</b>
	<b>Kshs</b>	<b>Kshs</b>
Student Union	749,118	463,630
Sale of item	2,000	77,715
Lost item	22,186	6,967
Center fee	809,000	477,400
Internal exam	-	300
Identity card	749,460	549,600
KNEC exam	18,666,428	3,189,387
Graduation fee	474,500	9,000
kuccps validation fee	1,306,500	
Library fines	580	1,096
<b>Total other income</b>	<b>22,779,772</b>	<b>4,775,095</b>

**11. USE OF GOODS AND SERVICES**

<b>Description</b>	<b>2023-2024</b>	<b>2022-2023</b>
	<b>Kshs</b>	<b>Kshs</b>
Administrative expenses	3,259,377	3,739,242
Tuition expenses	29,823,298	30,430,093
Research and Innovation expenses	1,372,300	1,213,800
Electricity & water expenses	2,615,821	1,940,071
Fuel, oil and lubricants	5,354,711	3,804,366
Attachment, insurance & training expenses	1,470,400	232,625
Training seminars	1,221,880	1,003,400
Graduation expenses	145,500	909,440
Daily Subsistence allowance	2,217,204	2,268,600
Printing and Adverting	3,100,425	3,129,215
Local Travel and Transport	768,100	984,300
National Exams	15,155,840	10,825,260
Other operating Expenses - Legal Fees	1,012,450	2,082,400
Performamce Contracting	2,303,290	2,880,810
Student Council	1,448,642	1,764,800
Grant and Subsidies expenses	0	1,447,100
Boarding expenses	20,067,110	11,830,896
Transport Allowances	0	682,470
Out of office allowances	5,973,462	4,861,230
Housekeeping and accommodation expenses	2,644,264	1,822,752
Security costs	2,724,000	2,707,000
Administration allowances	2,025,509	3,103,750
Telephone allowances	844,200	1,018,800
Sports Activities expenses	4,878,988	5,619,547
Telecommunication	1,753,176	833,771
Training and learning centre	30,000	0
Other operating expenses	3,243,692	5,640,549
Cican	465,320	0
production unit/IGA	1,310,700	
<b>Total good and services</b>	<b>117,229,659</b>	<b>106,776,287</b>

**12. EMPLOYEE COSTS**

Description	2023-2024	2022-2023
	Kshs	Kshs
Net salaries and wages	27,837,395	29,498,860
Employee related costs:		5,172,163
NSSF	2,811,288	
NHIF	924,600	
P.A.Y.E	881,222	
NITA	65,650	
HELB	502,108	
HOUSING LEVY	830,490	
Gratuity	-	525,042
<b>Employee Costs</b>	<b>33,852,753.0</b>	<b>35,196,065</b>

The employee costs relate to the staffs that are employed by BOG. However, the PSC trainers who offer services in the institution are factored in the national government in public service budget.

**13. REMUNERATION OF BOARD OF GOVERNORS**

Description	2023-2024	2022-2023
	Kshs	Kshs
Board sitting allowance	3,374,350.0	2,629,000.0
Board PAYE	1,237,250.0	-
Transport allowance	1,486,000.0	1,216,500.0
Telephone allowance and Chair Honoraria	291,000.0	240,000.0
Other Board Expenses- board catering and conferen	1,276,050.0	1,436,150.0
<b>Total</b>	<b>7,664,650.0</b>	<b>5,521,650.0</b>

**14. DEPRECIATION AND AMORTIZATION EXPENSE**

Description	2023-2024	2022-2023
	KShs	KShs
Property, plant and equipment	35,683,068	41,791,772
Intangible assets	1,126,216	1,126,216
<b>Total depreciation and amortization</b>	<b>36,809,284</b>	<b>42,917,988</b>

**15. REPAIRS AND MAINTENANCE**

Description	2023-2024	2022-2023
	Kshs	Kshs
Repairs and maintenance routine maintenance other assets	2,871,694.00	6,539,080.0
Repairs and maintenance – motor vehicles	1,618,075.0	1,434,172.0
Insurance – other assets	-	382,857.0
Motor vehicles insurance	1,413,538.0	880,903.0
<b>Total Repairs and Maintenance</b>	<b>5,903,307.0</b>	<b>9,237,012</b>

**16. GRANTS AND SUBSIDIES**

Description	2023-2024	2022-2023
	KShs	KShs
Development grants -mentorship	1,350,474.0	28,228,629.0
<b>Total Grants and Subsidies</b>	<b>1,350,474.0</b>	<b>28,228,629.0</b>

**17. CASH AND CASH EQUIVALENTS**

Description	2023-2024	2022-2023
	Kshs	Kshs
Current Account		
Kenya commercial bank-KETTI REVENUE A/C	1,136,497	8,067,400
Co-operative savings A/C	1,776,082	164,685
KETTI OPERATIONS AC	21,549	649,823
Gratuity/ Development A/C	4,255,082	7,094,729
Cash in hand		-
<b>Total Cash and Cash Equivalents</b>	<b>7,189,210</b>	<b>15,976,637</b>

*(The amount should agree with the closing and opening balances as included in the statement of cash flows)*

**18. DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS**

		2023-2024	2022-2023
Financial Institution	Account number	KShs	KShs
a) Current Account			
Kenya Commercial bank-KETTI-REVENUA A/C	1106814134	1,136,497	8,067,400
Co-operative Savings A/C	01139363277200	1,776,082	164,685
KETTI OPERATIONAL AC	1130738140	21,549	649,823
Gratuity/ Development A/C	1114190462	4,255,082	7,094,729
Cash in hand		-	-
<b>Sub-total</b>		<b>7,189,210</b>	<b>15,976,637</b>
<b>Grand Total</b>		<b>7,189,210</b>	<b>15,976,637</b>

**19. RECEIVABLES FROM EXCHANGE TRANSACTIONS**

**(a). Current receivable from Exchange transactions**

Description	2023-2024	2022-2023
	KShs	KShs
<b>Current Receivables</b>		
Student Debtors- Fees Arrears	80,291,645	40,086,271
<b>Sub-total</b>	<b>80,291,645</b>	<b>40,086,271</b>
From Non Exchange-Fees arrears	0	0
<b>Total Current Receivables</b>	<b>80,291,645</b>	<b>40,086,271</b>

**(b). Ageing Analysis of Receivables from Exchange transactions**

Description	2023-2024		2022-2023	
	KShs		KShs	
	Current FY	% of the total	FY	% of the total
Less than 1 year	36,593,737	46%	12,110,261	46%
Between 1- 2 years	28,125,112	35%	6,932,766	32%
Between 2-3 years	15,572,796	19%	6,057,680	22%
Over 3 years	-	0	14985564	0
<b>Total (a+b)</b>	<b>80,291,645</b>	<b>100%</b>	<b>40,086,271</b>	<b>100%</b>

**20 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**

**a) Receivables from Non-Exchange transactions**

Description	2023-2024	2022-2023
	KShs	KShs
<b>Current Receivables</b>		
Capitation grants	97,415,000	72,465,000
Undisbursed grants FY 2022/23	(72,645,000)	0
<b>Total current receivables</b>	<b>24,770,000</b>	<b>72,465,000</b>

**b) Ageing Analysis of Receivables from Non-Exchange transactions**

Description	2023-2024		2022-2023	
	KShs		KShs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	24,770,000	36%	72,645,000	100%
Between 1- 2 years	0	0%	0	0%
Between 2-3 years	0	0	0	0%
Over 3 years	0	0	0	0
<b>Total (a+b)</b>	<b>24,770,000</b>	<b>100%</b>	<b>72,645,000</b>	<b>100%</b>

The receivable from non-exchange transactions less than one year consist of current grant of KShs. 20,000,000 and a capitation grants of 4,770,000.00

**21. INVENTORIES**

Description	2023-2024	2022-2023
	Kshs	Kshs
Training exam materials	2,145,755	2,735,559
Expendables	899,571	724,879
Boarding materials	532,387	588,058
Catering stores	1,100,561	326,845
<b>Total Inventories at lower of Cost and Net Realizable Value</b>	<b>4,678,274</b>	<b>4,375,341</b>

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**22. PROPERTY, PLANT AND EQUIPMENT**

	Land	Buildings	Other Assets (Borehole)	Motor Vehicles	Furniture and Fittings	Computers	Plant and Equipment	Capital Work In Progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
<b>COST</b>									
At 1 July 2022	10,000,000	257,303,482	4,117,050	29,672,221	7,848,037	15,628,672	203,329,619	-	527,899,081
Additions	-	833,600	-	-	1,103,272	10,500,000	-	-	12,436,872
Reclassification	-	-	-	-	-	-	-	-	-
At 30 June 2023	10,000,000	258,137,082	4,117,050	29,672,221	8,951,309	26,128,672	203,329,619	-	540,335,953
Additions	-	-	-	-	-	-	847,185	1,350,474	2,197,659
Accumulated depreciation	-	-	-	(27,655,260)	-	-	-	-	(27,655,260)
Revaluation	-	-	-	18,323,039	-	-	-	-	18,323,039
At 30th June 2024	10,000,000	258,137,082	4,117,050	20,340,000	8,951,309	26,128,672	204,176,804	1,350,474	533,201,391
<b>DEPRECIATION</b>									
At 1 July 2022	-	-	-	20,237,205	2,245,111	11,442,450	75,800,932	-	109,725,698
Depreciation	-	-	-	7,418,055	1,118,913	7,838,602	25,416,202	-	41,791,772
At 30 June 2023	-	-	-	27,655,260	3,364,024	19,281,052	101,217,134	-	151,517,470
Accumulated depreciation	-	-	-	(27,655,260)	-	-	-	-	(27,655,260)
Depreciation	-	-	-	5,085,000	1,118,914	3,957,054	25,522,101	-	35,683,068
At 30th June 2024	-	-	-	5,085,000	4,482,938	23,238,106	126,739,235	-	159,545,278
<b>NET BOOK VALUES</b>									
At 30 June 2023	10,000,000	258,137,082	4,117,050	2,016,961	5,587,285	6,847,620	102,112,485	-	388,818,483
At 30 June 2024	10,000,000	258,137,082	4,117,050	15,255,000	4,468,371	2,890,566	77,437,569	1,350,474	373,656,113

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**23. INTANGIBLE ASSETS**

Description	2023-2024	2022-2023
	KShs	KShs
<b>Cost</b>		
At beginning of the year	5,631,080	5,631,080
Additions	0	0
<b>At end of the year</b>	<b>5,631,080</b>	<b>5,631,080</b>
Additions- Internal development	0	0
<b>At the end of the year</b>	<b>5,631,080</b>	<b>5,631,080</b>
<b>Amortization and impairment</b>		
At beginning of the year	3,538,496	2,412,280
Amortization	1,126,216	1,126,216
<b>At the end of the year</b>	<b>4,664,712</b>	<b>3,538,496</b>
Impairment loss	0	0
At end of the year	4,664,712	3,538,496
<b>NBV</b>	<b>966,368</b>	<b>2,092,584</b>

The institutions intangible asset comprises of the system (MIS) modules.

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

Description	2023-2024		2022-2023	
	Kshs		Kshs	
Trade Payables	31,712,557		25,327,819	
Prepayments fees	23,900,093		3,930,208	
Riatirimba TVC (RETAINION MONIES)	4,255,682		-	
<b>Total Trade and Other Payables</b>	<b>59,868,332</b>		<b>29,258,027</b>	
<b>Trade Payables</b>	<b>2024-2024</b>	<b>% of the total</b>	<b>2022-2023</b>	<b>% of the total</b>
Less than 1 year	29,876,557	94%	25,771,791	88%
Between 1- 2 years	1,836,000	6%	1,897,676	6%
Between 2-3 years	-	0	1,197,050	4%
Over 3 years	-	0	391,510	1%
<b>Total (a+b)</b>	<b>31,712,557</b>	<b>100%</b>	<b>29,258,027</b>	<b>100%</b>
<b>Riatirimba TVC (RETAINION MONIES)</b>	<b>2024-2024</b>	<b>% of the total</b>	<b>2022-2023</b>	<b>% of the total</b>
Less than 1 year	4,255,682	7%		100%
Between 1- 2 years		0%	0	0%
Between 2-3 years	-	0	0	0%
Over 3 years	-	0	0	0
<b>Total (a+b)</b>	<b>4,255,682</b>	<b>100%</b>	<b>0</b>	<b>100%</b>

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**25. PAYMENTS RECEIVED IN ADVANCE.**

Description	2023-2024		2022-2023	
	Kshs		Kshs	
Prepayments-fees	23,900,093		3,930,208	
<b>Total prepayments</b>	<b>23,900,093</b>		<b>3,930,208</b>	
Prepayments-fees	2023-2024	% of the total	2022-2023	% of the total
Less than 1 year	23,900,093	100%	443,972	100%
Between 1- 2 years		6%	1,897,676	0%
Between 2-3 years	-	0	1,197,050	0%
Over 3 years	-	0	391,510	0
<b>Total (a+b)</b>	<b>23,900,093</b>	<b>100%</b>	<b>3,930,208</b>	<b>100%</b>

**26. CASH GENERATED FROM OPERATIONS**

Description	2023-2024	2022-2023
	Kshs	Kshs
surplus for the year before tax	(8,731,110)	5,413,206
Adjusted for:		
Depreciation	36,809,284	42,917,988
un disbursed non exchange debtors w/off	(72,645,000)	0
<b>Working capital adjustments</b>		
Increase in inventory	302,305	5,148,997
Decrease in receivable	7,064,448	-65,195,366
Decrease in payables	30,610,305	7,598,248
<b>Net cash flow from operating activities</b>	<b>(6,589,768)</b>	<b>-4,116,927</b>

## 27. FINANCIAL RISK MANAGEMENT

KETTI's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The institute'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 institute's financial risk management objectives and policies are detailed below:

### (i) Credit risk

KETTI 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 institute's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	<b>Total amount KShs</b>	<b>Fully performing KShs</b>	<b>Past due KShs</b>	<b>Impaired KShs</b>
<b>At 30 June 2023</b>				
Receivables from exchange transactions	40,086,271	40,086,271	0.00	0.00
Receivables from non-exchange transactions	72,645,000	72,645,000	0.00	0.00
Bank balances	15,976,637	15,976,637	0.00	0.00
<b>Total</b>	<b>128,707,908</b>	<b>128,707,908</b>	<b>0.00</b>	<b>0.00</b>
<b>At 30 June 2024</b>				
Receivables from exchange transactions	80,291,645	80,291,645	0.00	0.00
Receivables from non-exchange transactions	24,770,000	24,770,000	0.00	0.00
Bank balances	7,189,210	7,189,210	0.00	0.00
<b>Total</b>	<b>112,250,855</b>	<b>112,250,855</b>	<b>0.00</b>	<b>0.00</b>

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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 institute has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

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

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

**(ii) Liquidity risk management**

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

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

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

	Less than 1 month	Between 1-3 months	Over months	Total
	KShs	KShs	KShs	KShs
<b>At 30 June 2023</b>				
Trade payables	0.00	0.00	29,258,027	29,258,027
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>29,258,027</b>	<b>29,258,027</b>
<b>At 30 June 2024</b>				
Trade payables	0.00	0.00	59,868,332	59,868,332
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>59,868,332</b>	<b>59,868,332</b>

**(iii) Market risk**

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the 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 institute'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.

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

**(iv) 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 Institute's interest rate risk arises from bank deposits. This exposes the Institute to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Institute'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.

**Sensitivity analysis**

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

**28. CAPITAL COMMITMENTS**

<b>Capital Commitments</b>	<b>2023-2024</b>	<b>2022-2023</b>
	<b>KShs</b>	<b>KShs</b>
Mentorship Development grants	1,487,958	2,823,295
<b>Total</b>	<b>1,487,958</b>	<b>2,823,295</b>

**29. EVENTS AFTER THE REPORTING PERIOD**

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

**30. ULTIMATE AND HOLDING ENTITY**

The institute is a Semi- Autonomous Government Agency under the Ministry of Education. Its ultimate parent is the Government of Kenya.

**31. CURRENCY**

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

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**II. 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. We have nominated vocal persons to solve various issues as shown below with the associated timeframe within which we expect the issues to be resolved as tabulated below:

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	<p><b>Unsupported Revenue from Rendering of Services</b></p> <p>The statement of financial performance and as disclosed in note 7 to the financial statements reflects an amount of Kshs. 61,631,342 in respect of rendering of services – fee from students which indicates a decrease of Kshs.23,967,521, or 28%, from the Kshs.85,598,863 reported in the previous year. Management has not explained the cause of the significant decrease in form of a foot note. Further, review of receipt schedules/ledgers provided in support of the balance revealed that some of the schedules did not have details of student names, number, dates the fees were received and the bank deposit transaction numbers. It was also not possible to establish the authenticity of the receipts as the schedule did not indicate the different sources of the receipts such as bursary from NG-CDF, County Governments and other sponsors.</p> <p>In the circumstances, the accuracy and completeness of the rendering of services – fees from the students balance of Kshs,61,631,324 could not be confirmed</p>	<p>During the audit exercise; the said foot note has been amended in the amended FS and also, the ledgers were done despite lacked the said information's which were later incorporated as advised.</p>	Resolved.	1 month

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p><b>Unsupported Board Expenses</b>                      The statement of financial performance reflects Board expenses amount of Kshs.5,521,650 as disclosed in Note 13 to the financial statements. The amount indicates a significant increase of Kshs.2,466,250 or 81% from Kshs.3,055,400 reported in the previous year. However, the schedules provided in support of the balance did not have names of recipients, cheque numbers, meeting type descriptions, and the number of members who attended the meetings.</p> <p>Further, included in the amount of Kshs.5,521,650 is an expenditure of Kshs.1,436,150 incurred in respect of other expenses – Board catering and conference charges. However, the supporting quotations from prequalified suppliers as evidence of competitive bidding were not provided for audit.</p> <p>In addition, Management did not provide the annual work plan for the year under review, contrary to Section 1.9 of Chapter 1 of Mwongozo Code of Governance for state corporations issued in January, 2015, which requires board members to ensure development of an annual board work plan.</p> <p>In the circumstances, the accuracy and completeness of the Board expenses of Kshs.5,521,650 could not be confirmed. Also, Management was in breach of the law.</p>	<p>During the audit the management presented evidence for the supported of board expenses ad guided by the auditor</p>	<p>Resolved</p>	<p>1 month</p>
<p>3</p>	<p><b>Property, Plant and Equipment – Unconfirmed balances for Land and Computers</b></p>	<p>I). Due to ongoing of the process of acquiring the college</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>The statement of financial position reflects property, plant and equipment balance of Kshs.388,818,483 which, as disclosed in Note 22 to the financial statements, includes Kshs.10,000,000 in respects of land whose ownership documents have not been provided for audit verification.</p> <p>Further, the balance includes computers balance of Kshs.6,847,620 out of which Kshs.1,282,500 is in respect of nineteen (19) computers which were reportedly stolen from the Institute's store in April, 2021. Records provided indicated that the matter was reported to the Police for investigations on 16 July, 2021 and recorded under OB/24/16/7/2021. The matter was handed back to the management to take internal action on the alleged theft. However, there was no verifiable documentary evidence provided for audit review to indicate that the matter had been concluded and the assets recovered.</p> <p>In the circumstances, the accuracy and fair presentation of Kshs.10,000,000 in respect of Land and Kshs.6,847,620 in respect of computers, and the ownership of the reported land could not be confirmed.</p> <p>The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Keroka Technical Training Institute set 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</p>	<p>land title deed which is still on course the institution is yet get ownership of his land. II). The computers case was concluded and handled over to the management for action</p>	<p>Not resolved</p>	<p>12 months</p>

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.			
	<p><b>Other Matter</b></p> <p><b>Budgetary Control and Performance</b></p> <p>The statement of comparison of budget and actual amounts reflects total income final budget and actual on comparable basis amounts of Kshs.253,642,700 and Kshs.138,477,788 respectively, resulting in an underfunding of Kshs.115,164,912 or 45% of the budget. Similarly, the Institute spent Kshs.159,631,884 against an approved budget of Kshs.253,642,700, resulting in an under-expenditure of Kshs.94,010,816 or 37% of the budget.</p> <p>The underfunding and under-expenditure affected planned activities and may have impacted negatively on the service delivery to the students and other stakeholders of the Institute.</p> <p>My opinion is not modified in respect of this matter.</p>	Noted, the management has put in place the measures to ensure budgetary controls has been actualized and realistic budgets are prepared	Resolved	12 months
	<p><b>Unresolved Prior Year Matters</b></p> <p>Various prior year audit issues remained unresolved as at 30 June, 2023. Management has not provided satisfactory reasons for the delay in resolving the prior year audit issues.</p>	Noted, the management was in the position to provide evidences for resolved audit issues for the previous years.	Resolved	6 months
	<b>Non-compliance with the Law on Ethnic Diversity in Employment</b>	Noted, the management has initiated the processes	Not resolved	12 months

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Review of Human Resource records maintained and provided for audit review revealed that during the year under review, the Institute had a total of ninety-nine (99) employees out of which, eighty-two (82) or 83% were from the same ethnic community. This is contrary to Section 7(2) of the National Cohesion and Integration Act 2008, which provides that no public establishment shall have more than one third of its staff from the same ethnic community:</p> <p>In the circumstances, management was in breach of the law.</p> <p>1. 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.</p>	<p>going forward of embracing staff ethnic.</p>		
	<p><b>Ineffective Debt Management Policy</b></p> <p>The statement of financial position reflects receivables from exchange transactions balance of Kshs.40,086,271 which, as disclosed in Note 19 to the financial statements, relates to student debtors – fees arrears. However, a review of records revealed the following issues:</p> <p>i. The student debtors balance represents an increase of Kshs.18,974,116 or 90% from Kshs.21,112,155 reported in the</p>	<p>During the audit exercise; the said footnote was amended in the amended FS.                      For the operational debt recovery policy is now approved and put to use</p>	<p>resolved</p>	<p>1 month</p>

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>previous year. Management has not explained the cause of the significant increase in the debtor's balance.</p> <p>ii. The Institute had no operational debt recovery policy and, as a result, student debts has continued to grow over the years.</p> <p>In the circumstances, it was not possible to confirm whether effective policies and measures were in place to facilitate recovery of amounts due from students.</p>			
	<p><b>Lack of an Approved Staff Establishment and Human Resources Governing Instruments</b></p> <p>Review of records revealed that the Institute did not have an approved staff establishment, which implies that the Institute had not yet determined the skills and optimal staffing levels required to achieve its goals and objectives. Additionally, there was no evidence that the Institute had prepared a human resource plan based on a comprehensive job analysis.</p> <p>Further, the Institute only had a draft human resource manual and, therefore, operated without a key governing document that could serve as a guide for critical HR decisions.</p> <p>In the circumstances, it was not possible to ascertain whether the total staff employed by the Institute was at the optimal operating level and how key decisions regarding employees were made.</p>	<p>Noted, management has developed, approved put in place use of human resources governing instruments</p>	<p>resolved</p>	<p>2 months</p>

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p align="center"><b>Lack of ICT Policies, Plans and Procedures</b></p> <p>During the period under review, scrutiny of the Institute's IT internal controls revealed the following weaknesses:</p> <ol style="list-style-type: none"> <li>i. The Institute did not have ICT Policy.</li> <li>ii. ICT Security Policy and disaster recovery plans have not been developed.</li> <li>iii. Formally documented and approved processes to manage system changes and upgrades made to the existing ICT systems had not been established.</li> <li>iv. The Institute also lacked an ICT Steering Committee and an ICT Strategic Plan to formulate policies and advice on ICT investment priorities.</li> <li>v. The Institute did not have a business continuity plan or disaster recovery plan in plan for the information systems they were using. Without a sound and approved framework, users do not have any rules and procedures to follow in order to minimize risk of errors, fraud and the loss of data confidentiality, integrity and availability.</li> </ol> <p>In the circumstances, the security and integrity of the institute's information database could not be confirmed.</p>	<p>The management has developed and has now an approved ICT policy in place and very operational</p>	<p>resolved</p>	<p>one month</p>

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	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 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.			

*for Haron*  
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Name HARON MAOSA  
 Accounting Officer  
 Keroka Technical Training Institute  
 Date 30/09/2024