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**REPORT**

**OF**

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 18 JUN 2025	DAY. Wednesday
TABLED BY:	Hon. Owen Bayo, MP Deputy Majority Leader
CLERK-AT THE-TABLE:	Lorraine

**THE AUDITOR-GENERAL**

**ON**

**THIKA TECHNICAL TRAINING INSTITUTE**

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

OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
REGISTRY

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**THIKA TECHNICAL TRAINING INSTITUTE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
30 JUNE 2024**

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



**Thika Technical Training Institute**  
**Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2024**

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

**A. Acronyms**

BOG	Board of Governors
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
TTTI	Thika Technical Training Institute
PSC	Public Service Commission

**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**

Thika Technical Training Institute was established under the TVET Act/ 2013 Act on 2017 via certificate number TVETA/Public/TVC/0008/2017. The entity is domiciled in Kenya and has no branches. The institute is under the Ministry of Education.

It stands at 45 acres of land. Its history dates back to 1949 when it was started as a vocational training centre for former World War II servicemen which was then elevated to a Technical high school where primary graduates were admitted for secondary education with a technical base. The Institute is located in Thika Town along General Kago Road next to Thika Level 5 Hospital. The Institution has Nine admitting departments offering certificate and diploma courses and the students' enrolment stands at 16,805.

The Institution has 208 trainers under PSC, 180 trainers under the BoG and 127 support staff in various departments.

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

#### **i) Mandate**

The principal mandate of Thika TTI is to provide quality technical and vocational training that responds to the needs of the society. This mandate includes;

- ✓ Quality Vocational and Technical Education and Training
- ✓ Skills-upgrading, Inculcation of Entrepreneurial Culture
- ✓ Applied Research and Development
- ✓ Institute - industry Collaborations and Linkages
- ✓ Innovation and Technology Promotion

#### **ii) Vision**

To be the centre of excellence in technical and vocational education and training.

#### **iii) Mission**

To provide Training, Research and Outreach Programmes that impart skills and utilize applied knowledge to spur economic growth and solve problems in society.

#### **iv) Core values**

- ✓ **Professionalism:** deliver its services with high standards of professionalism
- ✓ **Integrity:** uphold the highest level of honesty and transparency in service to all
- ✓ **Teamwork:** dedicated to working cohesively as a team and with all our stakeholders
- ✓ **Equity and Equality:** continually endeavour to treat all with fairness and promote access to resources across the divide
- ✓ **Innovation:** dedicated to add value through novelty
- ✓ **Customer focus:** build a customer-focused strategy to enhance customer satisfaction.

**v) Policy Statement**

The Institute is committed to becoming a center of excellence through provision of relevant training in accredited programmes that are aligned to national and global labour market demands to meet the needs and expectations of its interested parties. It also promotes research, innovation and utilize applied knowledge to spur economic growth. In pursuit of this commitment, the Institute has implemented an educational Organization Management System based on ISO 21001:2018.

The Institute shall continually improve on its effectiveness through regular review of established objectives process and this policy to take into account relevant educational, scientific and technical developments in line with the market demands.

**(c) Key Management**

Thika Technical Training institute day-to-day management is under the following key organs:

- ✓ The Board of Governors
- ✓ Accounting Officer
- ✓ Management team

**(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	Hannah N. Mburu
2.	Deputy principal Administration	Gerald N. Kigia
3	Deputy principal Academics	John Njiru
4	Registrar	Joseph. Gachau Muchangi
5	Dean of students	Mary K Mungai
6	Head of Finance	Stephen N. Wairima
7	Procurement Officer	Magdaline Njambi

**Key entity information and management (Continued)**

**(e) Fiduciary Oversight Arrangements**

**The Board conducts its oversight functions through the following committees;**

<b>Name of the Committee</b>	<b>Members</b>
Finance & Operations Committee	1. Peris Muniafu - Chairperson 2. Maryann Abdi - Member 3. Eng. Dr Charles Mwaniki - Member
Audit & Risk Committee	1. Dan Ochieng - Chairperson 2. Irene Kamau - Member 3. Anthony Pareyio - Member
Academic Committee	1. Stephen Chongoti - Chairperson 2. Lydiah Kyalo - Member 3. Anthony Pareyio - Member

**(i) Finance & Operations committee activities**

The Committee exercise the powers of BoG in financial matters as provided in the TVET act 2013, on which the Committee advise BoG.

Terms of Reference: The role of the Committee is to coordinate and mobilize financial resources of the institute on behalf of BoG in addition to advising BoG on those matters referred to above, the Committee's responsibilities include:

- ✓ To receive reports from the Principal and the Finance Officer on financial matters.
- ✓ To receive reports of the extent and condition of the institute including the efficiency of space utilisation, the consumption of energy and the adequacy of property insurance arrangements.
- ✓ To consider the adequacy of the institute and proposals for its maintenance and development, including opportunities to dispose of and acquire new properties.
- ✓ To recommend the fees and charges made for institute services and facilities.
- ✓ To submit quarterly reports on its activities to BoG.
- ✓ To ensure the proper financial evaluation and control of projects.

**(ii) Audit & Risk Committee activities**

The Committee exercise the powers of BoG in Audit and risk matters as provided in the TVET act 2013, on which the Committee advise BoG.

Terms of Reference: The role of the Committee is to audit the use of resources and asses risk status of the institute on behalf of BoG. The Committee's responsibilities include:

- ✓ To supervise the arrangements for safeguarding the Institute's assets.
- ✓ To submit an annual statement on its activities to BoG.
- ✓ To submit quarterly reports on its activities to BoG.

**Key entity information and management (Continued)**

- ✓ To monitor and facilitate the implementation of the institute's strategy with regard to financial matters.
- ✓ To keep under review, the activities of the Institute's various departments.
- ✓ To supervise the financial administration of the institute and make recommendations to BoG where appropriate.

**(iii) Academic Committee activities**

The Committee exercise the powers of BoG in academic matters on which the Committee advise BoG. Terms of Reference: The role of the Committee is to ensure academic standards and quality, and, in fulfilling this function, ensures academic freedom, academic integrity and high standards in research, assessment and admissions. The Committee's responsibilities include:

- ✓ Formulate, coordinate and review academic policy, procedures and guidelines within the institute.
- ✓ Promote excellence in teaching and learning.
- ✓ To submit quarterly reports on its activities to BoG.
- ✓ Oversee the quality assurance of the academic work.
- ✓ Facilitate free intellectual enquiry and ensure academic integrity.
- ✓ Consider and recommend decisions on all aspects of the development and accreditation or re-accreditation of education courses, the admission of students, teaching, assessment and requirements for graduation, prizes and awards and.
- ✓ Advise on the academic aspects of Institution's strategic, operational and risk management plans and to foster discourse on issues related to higher education and Institution's Vision and Goals.

**Government oversight activities**

The Government of Kenya's oversight role include provision of Grants for both Operations/ Capitation and Development funds as well as provision of the regulatory framework. The audit of the Institution's activities is undertaken by the Auditor General.

- (f) **Ministry of Education**  
**State department of vocational and Technical training**  
P.O. Box 9583 - 00200  
Jogoo House B,  
Harambee Avenue  
Nairobi, KENYA

**Key entity information and management (Continued)**

**(g) Thika Technical Training Institute**  
P.O Box 91 - 01000  
Telephone: (254) 700777799, (020) 2044965  
E-mail: [thikatechnical@gmail.com](mailto:thikatechnical@gmail.com)  
Website: [www.thikatechnical.ac.ke](http://www.thikatechnical.ac.ke)

**(h) Entity Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya
2. Absa Bank of Kenya  
Thika branch  
P.O Box 219 - 0100  
Kenyatta Highway - Thika
3. Equity Bank  
Thika Equity Plaza branch  
P.O.Box 253-01000  
Thika
4. Family Bank  
Thika town  
P.O Box 74145-00200,
5. KCB Bank  
Thika town  
P.O Box 48400 - 00100, Nairobi.

**(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**

No.	Member/ Director	Details
1.	 <p><b>Dr. Joseph Muguthu</b></p> <ul style="list-style-type: none"> <li>- Chairman of the Board</li> <li>- PPh.D. in Mech manufacture &amp; Automation</li> <li>-Master of Philosophy in Technological Education</li> <li>-BED – Technology Education</li> </ul>	<ul style="list-style-type: none"> <li>- Date of Birth 14<sup>th</sup> Dec 1972</li> <li>- Lecturer Kenyatta university with over 7 years</li> <li>- Lecturer at Technical institutions for 11 years</li> <li>- Maths Physic teacher – Hekima Girls - 2 years</li> <li>- Has published many journals and papers.</li> <li>- He is an independent member</li> </ul>
2.	 <p><b>Peris Muniafu</b></p> <ul style="list-style-type: none"> <li>- BoG Member</li> <li>- MBA-Strategic Management</li> <li>- BSC – Strategic Management</li> </ul>	<ul style="list-style-type: none"> <li>- Date of Birth ...1967</li> <li>- Certified Custodian from IFF (UK)</li> <li>- Bank Manager – NBK</li> <li>- Trustee NBK Staff Pension Fund</li> <li>- Executive Career coach and RMT chairperson</li> <li>- She is an independent member</li> </ul>
3.	 <p><b>Stephen Chongoti</b></p> <ul style="list-style-type: none"> <li>- BoG Member</li> <li>- BSc(Maths) - B. University Canada</li> <li>- Diploma – Farm Machinery Mechanics Canada</li> </ul>	<ul style="list-style-type: none"> <li>- Date of Birth 18th Dec 1963</li> <li>- Director &amp; Founder – Contour Construction &amp; Engineering Ltd</li> <li>- Director &amp; Founder -Mtandao ltd</li> <li>- Manager/Systems administration – Telkom.</li> <li>- He is an independent member</li> </ul>
4.	 <p><b>Eng. (Dr.) Charles Mwaniki</b></p> <ul style="list-style-type: none"> <li>- Ph.D. in Electrical Engineering</li> <li>-MSc– in Electrical and Electronic Engineering -UoN</li> <li>Bachelor of science in Electrical and Electronic Eng - UoN</li> </ul>	<ul style="list-style-type: none"> <li>- Date of Birth 12th July 1972</li> <li>- Senior Lecturer, Machakos University</li> <li>- Acting Dean, School of E &amp; Technology, MU</li> <li>- Registered Corporate Member (IEK)</li> <li>- Engaged in TIVET Curriculum design</li> <li>- Has published many journals and papers.</li> <li>- He is an independent member</li> </ul>

5.		<p><b>Daniel Ochieng Ogola</b></p> <ul style="list-style-type: none"> <li>- BoG Member</li> <li>- Masters –Community health &amp; development</li> <li>- BSc – (Hons) KU</li> </ul>	<ul style="list-style-type: none"> <li>- Date of Birth 6<sup>th</sup> April 1967</li> <li>- Project technical advisor – HIV/Aids program</li> <li>- Consultancy – National Agriculture Sector Growth and Transformation Strategy (ASGTS)</li> <li>- Project officer – Skilled care initiative project.</li> <li>- He is an independent member</li> </ul>
6.		<p><b>Anthony Moseka Ole Pareyio</b></p> <ul style="list-style-type: none"> <li>- Bachelor of Legal Laws- University of Bombay –India</li> <li>-Bachelor of Arts- Community Dev't &amp; Extension -India.</li> </ul>	<ul style="list-style-type: none"> <li>- Date of Birth: 6th January 1972</li> <li>- Part- time Lecturer- MM University</li> <li>- Six years as a BoG Member – Bureti TTI</li> <li>- Current PTA –Chairman- Sakutiek Sec Sch</li> <li>- Worked as Extension Officer with EGP</li> <li>- He is an independent member</li> </ul>
7.		<p><b>Lydia M, Kyalo</b></p> <ul style="list-style-type: none"> <li>- Ongoing Master in special education – KU</li> <li>- Bachelor in special education- KU</li> <li>- Diploma in Education.</li> </ul>	<ul style="list-style-type: none"> <li>- Date of Birth: 1st Jan 1965</li> <li>- Deputy principal Kenya Institute for the Blind</li> <li>- Performance Contracting Coordinator</li> <li>- Integrity Assurance Officer (IAO)</li> <li>- She is an Independent member</li> </ul>
8.		<p><b>Ms. Hannah N. Mburu</b></p> <ul style="list-style-type: none"> <li>- Principal/Secretary BOG</li> <li>- Ongoing – PHD in applied mathematics</li> <li>-MSC -Applied Mathematics</li> <li>- BEd Science double maths</li> </ul>	<ul style="list-style-type: none"> <li>- Date of Birth: 29/01/1967</li> <li>- She has a vast of experience as a mathematics teacher of over 25 years.</li> <li>- Took over on 23<sup>rd</sup> Sept 2020 as The Principal in Thika TTI</li> <li>- Not a member of ICS</li> </ul>

4 Management team

No.	Member/ Director	Details
1.	 <p><b>Ms. Hannah N. Mburu</b> Ongoing – PHD applied mathematics Masters in Applied Mathematics Bed Science double maths</p>	Principal/BoG Secretary
2.	 <p><b>Gerald Kigia</b> - Degree in Mechanical Engineering</p>	Deputy Principal – Administration
3.	 <p><b>John Njiru</b> -Master in Information Technology -BSc in Computer information system</p>	Deputy Principal – Academics Affairs
4.	 <p><b>Joseph Gachau Muchangi</b> - Degree in Mechanical Engineering</p>	Registrar
5.	 <p><b>Mary Mungai</b> - Masters in business Administration - Degree in Psychology &amp; Counselling - Higher Diploma in Tech Education</p>	Dean of Students
6.	 <p><b>CPA Stephen N. Wairima</b> - MBA (Finance), B.com (Finance) - CPA Final - Certificate in Forensic Audit – Contract and Procurement Fraud –ICPAK</p>	Finance Officer

## **5 Chairman's statement**

Thika TTI has remained focused on executing its core mandate of providing quality technical and vocational training that responds to the needs of the society. It is my pleasure to present to you the annual report and financial statements of Thika TTI for the year 2023/2024. I also share with you my views on the key initiatives and achievements we have had over the year on financial performance, success, and challenges associated with the Institution, and lastly our future outlook.

### **Financial Performance**

Our interest in fulfilling the core mandate calls for prudent allocation and use of available resources of which we were able to expense 25% of the available resources on development expenditure and 75% on recurrent expenditure.

The institution

During the year the government introduced the new financing model for students and as we embraced it, our AIA for the year increased reasonably thus enabling us to sufficiently provide training materials for trainees. We thank the Government of Kenya for the 19 trainers employed through the devolved system by the Public Service Commission during the year and for capitation received.

### **Successes**

Student population has increased owing to enhanced customer service delivery and marketing strategies employed by the management. The completion of our tuition block and Electrical Workshop was timely to accommodate the increased numbers and offer a conducive learning environment for them.

Other major projects completed are:

<b>S/N</b>	<b>Project</b>
1	Erection of Electric fence and razor wire
2	Construction of cabro making machine house
3	Electrification and installation solar high masts
4	Institute Bus -
5	Construction of a basketball pitch
6	Construction of ablution block at the lower field
7	Electrical Workshop Tables & boards

Our dual training programme has been successful and two cohorts have fully completed the course.

The mentorship of Kiharu TVC was successfully completed during the year. While Gichugu TVC is at almost operationalization.

### **Challenges Faced**

The Technical Training sector presents plenty of opportunities as well as risks, both of which need to be analysed in order to deliver sustainable long-term returns, without compromising training outcomes.

Capitation quarter four was not received and we experienced some challenges in budget execution with the introduction of CBET courses, the implementation of its curriculum comes with high costs associated with acquiring and maintaining the necessary equipment, facilities, and resources required for practical training

### **Outlook**

The members of the Board of Governors have remained committed to offer their unwavering support, commitment and futuristic outlook towards realising the institute's objectives in line with its strategic plan and core mandate of training market-driven technical manpower.

The board has continued to developed necessary policies and institutional framework to direct the running of the Institution in line with vision 2030, the bottom-up economic approach and Sustainable Development Goals.

I greatly appreciate the support of the Board of Governors to all the staff members and gracing the annual staff awards ceremony that displayed our unity and cohesiveness as Thika TTI fraternity.

Lastly, I would like to thank Management, Trainers, Trainees – and all other stake-holders for their co-operation, collaboration, continued support and commitment during this period under review.

  
Dr Joseph Muguthu

**CHAIRMAN, BOARD OF GOVERNORS**

25th April 2025.

## **6 Report of the Chief Principal**

I would like to state that financial year 2023/2024 has been a year of relative success, challenging but fruitful. Thika TTI continues to uphold its vision to be the centre of excellence in technical and vocational education and training striving to fulfil its mandate.

Despite the challenges of the year, The Institution continued to champion for Quality Vocational and Technical Education and Training, Skills-upgrading, Inculcation of Entrepreneurial Culture, Applied Research and Development, Institute - industry Collaborations and Linkages Innovation and Technology Promotion

### **Highlights of FY 2023/2024 performance**

#### **Financial Performance**

I appreciate the support of all stakeholders who supported the institution to offer our services to all our customers. The institution received capitation for 3 quarters totalling to Ksh 153,894,000.00 and MoE sponsorship under the new financing model of Ksh 53,368,222.50. The institution enhanced revenue collection measures that enabled us to meet our targeted AIA for the year. This helped us to clear our payables as they fell due and closed the year without pending bills.

We were able to equip our resource centre with modern ICT infrastructure and training resources for our trainees

#### **Success**

The Institution has maintained its linkages with GiZ and expanded our network with industries for cooperative and training.

We have successfully continued to implement dual training despite the challenges. The program has a total of five (5) Cohorts, the first (1st ) was admitted in October 2020 and the latest admitted in May 2024. The course has a total of 9 blocks (terms), five (5) covered within the training institute and four (4) done in the industry. Double intake admission for the program started in May 2024, with the next cohort set to be admitted in September 2024.

So far, seven trainees have been employed by various industries while Autobody Technician Level 6 was started during the year.

During the year under review, the student numbers grew by around 15% attributed to strategic marketing by management and also referrals due to quality of services offered at the Institute.

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**Projects Undertaken**

During the Financial Year under review, The Board was able to successfully complete the following major projects among others.

	<b>Project</b>	<b>Amount</b>
<b>Continuing projects</b>		
1	Construction of Electrical Workshop	40,592,341.70
2	Construction of Tuition Block	94,489,064.40
<b>New projects</b>		
3	Electrification and installation solar high masts	2,216,025.00
4	Automotive Body Work Shade	1,349,460.00
5	Construction of 2 doom shaped reading shades	2,398,330.00
6	Erection of Electric fence and razor wire	4,450,080.00
7	Construction of cabro making machine house	3,107,320.00
8	Construction of a basketball pitch	3,515,511.00
9	Construction of ablution block at the lower field	3,149,700.00
10	Electricity High mast	2,960,000.00
11	Replacement Of Bricks With Box Profile Iron Sheets Roofing	7,996,660.00
12	Lecture Chairs	6,040,000.00
13	Institute Bus -	21,030,800.00
14	Electrical Workshop Tables & boards	2,960,000.00

**Challenges faced during the year:**

Reduction in capitation for quarter 1,2 and 3 as well as missing quarter 4 brought about some challenges in executing our approved budget to 100%.

The implementation of the CBET curriculum has been hindered by the high costs associated with acquiring and maintaining the necessary equipment, facilities, and resources required for practical training.

The implementation of dual training is faced by challenges like dropping out of mentoring companies in-between training while Some trainees drop out before completion of the program due to the lure of short contractual employment.

I wish to convey my gratitude to all staff both academic and non-academic and students who together are leading form to our collective dream



**HANNAH N. MBURU**  
**PRINCIPAL/SECRETARY TO THE BOARD OF GOVERNORS**

25th April 2024.

## **7 Statement of Performance against Predetermined Objectives**

Thika Technical Training Institute has 3 strategic Key Result Areas and 14 strategic objectives within the current Strategic Plan for the FY 2023/ 2027. These strategic pillars are as follows:

### **KRA 1: Infrastructure Development**

#### ***Strategic Objectives:***

- a) Improve facilities to enhance training and Learning
- b) Develop a Maintenance schedule for property plant and equipment
- c) Improve Quality of working and learning environment
- d) Improve Gender and Disability Physical Infrastructure
- e) Improve Environmental Sustainability, Safety, and Health

### **KRA 2: Sustainable Training and Development**

#### ***Strategic Objectives:***

- a) Enhance training culture and transformation
- b) Enhance Skills and Competency Development
- c) Enhance Innovation and Creativity

### **KRA 3: Institutional Development**

#### ***Strategic Objectives:***

- a) Strengthen Institutional Governance
- b) Strengthening human capital
- c) Institutional leadership
- d) Strengthening financial sustainability
- e) Enhance Corporate Image
- f) Risk Management

Thika Technical Training Institute develops its Annual Work Plan based on the above 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 FY2023/24 period for its key result areas as indicated in the diagram below:

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Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievement
<b>KRA 1: Infrastructure Development</b>	a) Improve facilities to enhance training and Learning	✓ Completion of both internal and external buildings under construction	✓ Develop a framework for improving and increasing physical facilities	<ul style="list-style-type: none"> <li>✓ Electrical workshop</li> <li>✓ Reading sheds</li> <li>✓ Tuition classes</li> <li>✓ Ablution block</li> <li>✓ Electric fence Phase</li> <li>✓ Basketball pitch</li> </ul>
	b) Develop a Maintenance schedule for property plant and equipment	✓ Maintenance schedule register	<ul style="list-style-type: none"> <li>✓ Execute Procurement process</li> <li>✓ Execution of the project</li> </ul>	✓ 6 blocks roof tops were changed
	c) Improve Quality of working and learning environment	✓ Furnished the Resource Centre	✓ Procuring user guided office equipment and tools	✓ Installed reading tables and seats in the resource centre
	d) Improve Gender and Disability Physical Infrastructure	✓ Install new tuition block ramps staircase with rail guides	<ul style="list-style-type: none"> <li>✓ Upgrading the existing ramps and staircases incorporating rail guards</li> <li>✓ Providing training and learning facilities for people enabled differently</li> </ul>	✓ Ramps and staircase with rail guards installed
	e) Improve Environmental Sustainability, Safety, and Health	✓ Safety equipment installed	✓ Installation of safety equipment (Fire alarms, fire extinguishers)	✓ Installed safety equipment in the electrical and automotive workshop
<b>KRA 2: Sustainable Training and Development</b>	a) Enhance training culture and transformation	✓ Acquired new computer devices	✓ Installing modern ICT devices	✓ Modern ICT devices installed in the Jitume skills Lab and resource centre
	b) Enhance Skills and Competency Development	✓ Upgrade of the WiFi broad band	<ul style="list-style-type: none"> <li>✓ Expand Wi-Fi coverage to the entire institute compound</li> <li>✓ Upgrade ICT integration</li> </ul>	✓ New WiFi hot spots identified and upgraded
	c) Enhance Innovation and Creativity	✓ ICT strategy and Research and innovation policy	<ul style="list-style-type: none"> <li>✓ Expand Wi-Fi coverage to the entire institute compound</li> <li>✓ Upgrade ICT integration</li> </ul>	✓ Developed ICT strategy and Research and innovation strategy

			✓ Develop and implement a creativity and innovation policy	
<b>KRA 3: Institutional Development</b>	a) Strengthen Institutional Governance	✓ Organizational structure	✓ Operationalize the organizational structure	✓ Operationalised the organization structure
	b) Strengthening human capital	✓ Attracting and retaining competent staff	✓ Carry out a skill gap analysis ✓ Training Needs analysis ✓ Training and development of staff ✓ Recruitment of competent staff	✓ Recruitment of new staff
	c) Institutional leadership	✓ Enhanced leadership development	✓ Adopt Effective Governance Policies and Practices	✓ Developed recognition and motivation policy
	d) Strengthening financial sustainability	✓ Automation of fees	✓ Adopt Effective Governance Policies and Practices	✓ Improved fees collection
	e) Enhance Corporate Image	✓ Enhanced corporate image	✓ Plan for events / outreach programs ✓ Coordinating Publicity activities ✓ Establish a good rapport with the publics	✓ Improved enrolment of student
	f) Risk Management	✓ Risk management framework	✓ Provide training on risk identification ✓ Implement risk management framework ✓ Monitoring and reporting of risk	✓ Developed and implemented risk management framework

## **8 Corporate Governance Statement**

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

### **(i) Board meetings**

Board of Governors should meet at least once every four months. Every meeting of the Board of Governors is convened through a notice in writing to every member unless three quarters of the total members of the Board otherwise agree.

During FY 2023/2024, there was 99% eligible attendance in all full Board and Committees meetings.

There were 8 full board meetings, 6 finance and operations committee meetings, 3 Audit and risk committee meetings, 3 Academic committee meetings and 3 Executive committee meetings.

Prior to the beginning of each year, a schedule of board meetings is prepared. A more detailed agenda together with the Board papers are distributed in a timely manner before each Board meeting.

The following table shows the number of full board meetings held during 2023/2024, the attendance of each Member;

<b>Name</b>	<b>Membership</b>	<b>18th July 2023- PSC Interviews</b>	<b>21st Sept 2023</b>	<b>29th Nov 2023</b>	<b>23rd Jan 2024 (Special)</b>	<b>27th Feb 2024</b>	<b>4th May 2024-PSC Shortlisting</b>	<b>23rd May 2024-PSC Interviews</b>	<b>14th June 2024</b>
<b>A. Full Board</b>									
Dr. Joseph Muguthu	Chairperson	Present	Present	Present	Present	Present	Present	Present	Present
Hannah Mburu	Chief Principal / Secretary BOG	Present	Present	Present	Present	Present	Present	Present	Present
Irene Kamau	PS Representative	Present	Present	Present	Present	Present	Present	Present	Present
Charles Nyota	Regional Director Central Region	Present	Present	Present	-	-	-	-	-
Maryan A. Hassan	Regional Director TVET - Nairobi	-	-	-	Present	Present	Present	Present	Present
Peris Muniafu	Member	Present	Present	Present	Present	Present	Present	Present	Present
Stephen Chongoti	Member	Present	Present	Present	Present	Present	Present	Present	Absent
Daniel Ochieng	Member	Present	Present	Present	Absent	Present	Present	Present	Present
Eng. Dr. Charles Mwaniki	Member	Present	Present	Present	Present	Absent	Present	Present	Present
Lydia Kyalo	Member	Present	Present	Present	Present	Present	Present	Present	Present
Anthony Moseka Ole Pareyio	Member	Present	Present	Present	Present	Present	Present	Present	Present
Rev. Dr. Kennedy Mbatia	Member	-	Present	Present	Present	Absent	Present	Present	Present
<b>B. Finance and Operations Committee</b>									
<b>Name</b>	<b>Membership</b>	<b>13th Sept 2023</b>	<b>28th Nov 2023</b>	<b>18th Jan 2024 (Special)</b>	<b>6th Feb 2024</b>	<b>18th Apr 2024</b>	<b>18th June 2024</b>		
Peris Muniafu	Chairperson	Present	Present	Present	Present	Present	Present		
Hannah Mburu	Chief Principal / Secretary BOG	Present	Present	Present	Present	Present	Present		
Charles Nyota	Regional Director Central Region	Present	Present	-	-	-	-		

**Thika Technical Training Institute  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2024**

Maryan A. Hassan	Regional Director TVET - Nairobi	-	-	Present	Present	Present	Absent							
Dr. Eng. Charles Mwaniki	Member	Present	Present	Present	Present	Present	Present							
<b>C. Risk and Audit Committee</b>														
<b>Name</b>	<b>Membership</b>	<b>12th Sept 2023</b>	<b>17th Nov 2023</b>	<b>7th Mar 2024</b>										
Daniel Ochieng	Chairperson	Present	Present	Present										
Irene Kamau	PS Representative	Present	Present	Present										
Anthony Moseka Ole Pareyio	Member	Present	Present	Present										
<b>D. Academic Committee</b>														
<b>Name</b>	<b>Membership</b>	<b>14th Sept 2023</b>	<b>20th Nov 2023</b>	<b>17th Jan 2024</b>										
Stephen Chongoti	Chairperson	Present	Present	Present										
Hannah Mburu	Chief Principal / Secretary BOG	Present	Present	Present										
Lydia Kyalo	Member	Present	Present	Present										
Anthony Moseka Ole Pareyio	Member	Present	Present	Present										
<b>E. Executive Committee</b>														
<b>Name</b>	<b>Membership</b>	<b>10th Aug 2023</b>	<b>30th May 2024</b>											
Dr. Joseph Muguthu	Chairperson	Present	Present											
Hannah Mburu	Principal / Secretary BOG	Present	Present											
Charles Nyota	Regional Director Central Region	Present	-											
Maryan A. Hassan	Regional Director TVET - Nairobi	-	Present											
Peris Muniafu	Member	Present	Present											
Stephen Chongoti	Member	Absent	Present											
Daniel Ochieng	Member	Present	Present											

**(ii) Appointment and removal of board members**

The Board members are appointed by the Cabinet Secretary, Ministry of Education based on the TVET Act on recruitment. A member of a Board of Governors may at any time resign by giving notice in writing to the cabinet Secretary. Where a vacancy occurs due to death, removal or resignation of a member, a replacement is appointed by the Ministry of Education in line with TVET Act.

**(iii) Board Remuneration**

The board members do not receive monthly remuneration but receives sitting allowance, reimbursed transport and accommodation costs in line with OP/SCAC.9/21.2 VOL.1(164) of 2007 whenever they attend board meetings. The chairman receives monthly honoraria in line with PDM.SAL.COM.16/1/5A Vol.III of 2007. These allowances are backed up by proposal MOE/VTT/10/17 VOL.1(60) 2023

**(iv) Conflict of Interest**

During FY 2023/2024, the Institute board observed The TVET Act Second Schedule article 15 and from the board charter members adhered to clause 13.0 as shown below and no conflict of interest was reported.

- All board of governors are expected to avoid any conflict of interest when exercising their duties within the institution. No member is expected to derive personal benefit from actions or decisions made in their individual or collective capacity as Board members.
- Each member undertakes to disclose to the Board promptly the holding of any office or the possession of property in respect of which the member has or may have, an interest or duty that may create (directly or indirectly) a conflict with the Board's duties.
- The disclosure must include full details of the nature, character and extent of the conflict or potential conflict and be made as soon as the member becomes aware of the conflict or potential conflict.

**(v) Succession plan**

A board of Governors has a succession plan where board evaluation is conducted before the end of their term and thereafter nomination process for members starts. A board member serves for term of three years and a member can serve for a maximum of two terms.

During the year, the board evaluation was done on 25th June 2024 while at Naivasha

**(vi) The Role and Functioning of the Board**

The Board is collectively responsible for the long-term success of the Institute and the members have the following roles;

- i. Articulating the organization's values, vision, mission and strategies
- ii. Oversee the conduct of education and training at Thika TTI in accordance with the provisions of the TVET Act, Policy guidelines, circulars and directives issued.
- iii. Developing strategic (direction) plans and ordering strategic priorities
- iv. Prepare annual estimates of revenue and expenditure for the institution and incurring expenditure on its behalf.
- v. Receiving on behalf of the Institution fees, grants, donations and other monies.
- vi. Determine the fees payable and prescribing conditions under which fees may be remitted in part or in whole in accordance with the guidelines developed under the provisions of TVET Act.
- vii. Mobilizing resources for the Institution
- viii. Recruiting and appointing BoG staff
- ix. Maintaining open lines of communication and promulgating through the organization and with external stakeholders the values, vision, mission and strategies.
- x. Developing and maintaining an organization structure to support the achievement of the agreed strategic objectives.
- xi. Monitor the performance against agreed performance indicators

- xii. Establish such committees, policies and procedures as will facilitate the more effective discharge of the Board's roles and responsibilities.
- xiii. Ensure, through the Board committees and others as appropriate, compliance obligations and functions are effectively discharged.
- xiv. Initiate a Board self-evaluation program and follow-up action to deal with issues arising
- xv. Ensure that all significant systems and procedures are in place for the organization to run effectively, efficiently, and meet all legal and contractual requirements.
- xvi. Ensure that all significant risks are adequately considered and accounted for by the executive management team.
- xvii. Ensure that the institution has appropriate corporate governance structures in place including standards of ethical behaviour and promoting a culture of corporate and social responsibility.

**(vii) Board Induction and training**

The current Board members undertook induction training in October 2023. During FY 2023/2024, the board participated in a workshop training on risk and risk registers.

**(viii) Board charter**

The Institute developed a board charter with reference to and adherence to:

- ✓ The Constitution of Kenya
- ✓ The TVET Act 2013
- ✓ Mwongozo, 2015 among others

The charter outlines the specific roles and responsibilities of the board, its committees and the principal.

- ✓ Roles and responsibilities of the board of governors
- ✓ The functions of the board
- ✓ Information on confidentiality
- ✓ Board meetings
- ✓ Quorum
- ✓ Recording of minutes
- ✓ Remuneration
- ✓ Conflict of interest
- ✓ Performance evaluation

**9 Management Discussion and Analysis**

Thika TTI being a key driver to the attainment of the key government agenda ensures that it is consistently delivering maximum value to her trainees through; Competency Based Curriculum, Innovations and Linkages to the job market strategically aligning them with opportunities nationally, regionally and globally.

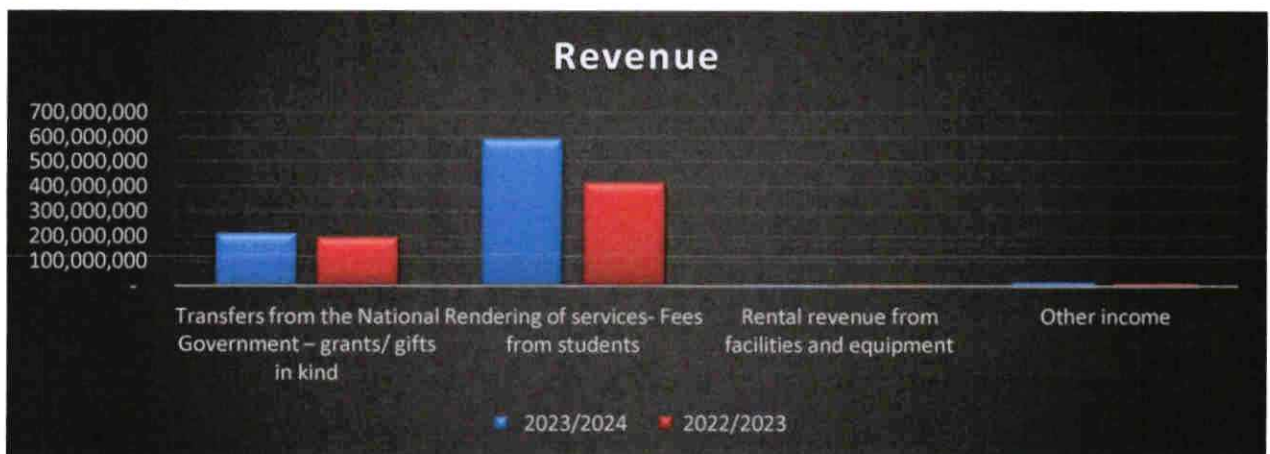
**Operational and financial Performance**

During the financial year 2023/2024, the operations of the institution both current and development were affected by changes in inflation rate and also the reduction of funds disbursed by the government which stood at 67% by close of the financial period under review.

The institute was able to receive capitation for three quarters which were at a lower rate per student and sponsorship two tranches of under the new financing model. However, the institute revenues were boosted by the fees collected directly from the student attributed to increase in the number of students during the year.

Revenue from rendering of services increased by 42% due to increase in student numbers.

a) Revenue analysis



b) Expenses analysis



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

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

***Major risks facing the organisation.***

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

- i. Student turnover – this brings about the risk of losing funds from student who exit the institution without following the set clearing procedures.
- ii. Inadequate student accommodation and support facilities
- iii. Delayed disbursement of capitation grants

During the financial year 2023/2024, the institution undertook several projects and implemented These projects include:

<b>Sn</b>	<b>Project name</b>	<b>Amount</b>
	<b><i>Continuing projects</i></b>	
1	Construction of Electrical Workshop	19,984,169.00
2	Construction of Tuition Block	53,065,692.00
	<b><i>New projects</i></b>	
3	Electrification and installation solar high masts	2,216,025.00
4	Automotive Body Work Shade	1,349,460.00
5	Construction of 2 doom shaped reading shades	2,398,330.00
6	Erection of Electric fence and razor wire	4,450,080.00
7	Construction of cabro making machine house	3,107,320.00
8	Construction of a basketball pitch	3,515,511.00
9	Construction of ablution block at the lower field	3,149,700.00
10	Electricity High mast	2,960,000.00
11	Replacement Of Bricks With Box Profile Iron Sheets Roofing	7,996,660.00
12	Lecture Chairs	6,040,000.00
13	Institute Bus -	21,030,800.00
14	Electrical Workshop Tables & boards	2,960,000.00
15	Installation of safety & security equipment	6,411,000.00
16	Extension of Sewer line - lower field	1,492,100.00
17	Computers for various departments	16,012,778.00
18	Heavy duty printing/Photocopier machines	4,461,205.00
19	Installation of next generation firewall Security system	4,864,608.00
	<b>Total</b>	<b>167,465,438.00</b>

## **10 Environmental and Sustainability Reporting Statement**

Thika TTI exists to transform lives. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a highlight of strategies and activities that promote the Organization's strategic objectives.

### **Sustainability strategy and profile**

The Institution's strategic plan communicates a desire to strengthen our efforts towards sustainability. The sustainability strategic objectives are:

- i) Environmental sustainability: aims at enhancing environmental management. The institution has continued in installation of safety equipment, removing hazardous materials and landscaping.
- ii) Financial sustainability: aims at Improving Efficiency through cutting costs leading to reduced wastage of resources. The Institute achieves its financial stability through;
  - Resource mobilization - Expanding income generating activities, increase collaborations/ linkage and Increase Appropriation in Aid through increased enrollment.
  - Financial management – Automation of financial operations, financial accountability and reporting, adherence to financial policy and regulations.
- iii) Academic Sustainability: aims at sustaining results at the level of education, training and research. The sustainability of the educational results (occupational standards, curricula, teaching and learning materials, assessment tools) is guaranteed as we adhere to the regulations and procedures set by TVETA and TVET-CDACC as far as TVET-level programs are concerned.
  - Enhanced training culture- Embracing emerging technologies in ICT and improving learning management system.
  - Enhancing skills and competency development –Increased dual training, skills development and curriculum implementation.
  - Enhancing creativity and innovation – identifying and supporting talent.
- iv) Human capital sustainability: aims at attracting and retaining competent staff. Its achieved though;
  - Carrying out a skill gap and training needs analysis
  - Recruitment of competent staff, placement and induction
  - Performance appraisal for rewards and sanctions
  - Empowerment and Continuous professional development
  - Succession planning

### **Environmental performance**

We have developed environmental policy to guide the Institution in our environmental performance in addition to environmental guidelines issued by NEMA. We also have an internal environment office that oversees the enforcement of the environmental policies and guidelines.

The institution has increased its Green spaces.

Environmental Literacy has been incorporated in technical education in the CDACC/CBET programs currently being rolled out in the institution. This will improve the awareness in management/conservation of the environment in the trainers and trainees.

The institution has put in its strategic plan recycling of waste as one of its objectives in improving environmental safety and health.

During the FY 2023/2024, the institution planted over 500 trees and in corroboration with KEFRI continues to maintain a tree nursery in a bid to support the greening initiative



**Employee welfare**

Thika Technical Training Institute focuses on the welfare of its staff. It has in place human resource procedures and manual guides on appraisals and rewarding systems which are carried annually and areas of improvement in their area of specialization are identified and training of staffs is conducted. The Board employees are recruited by the board competitively with engagement of stakeholders, guided by the HR policy on matters of gender, ethnicity, religion and race.

There is also a *Career progression guideline for non- trainers* and administrative staff and a WIBA which protect staffs when on job training.

The institution has an *occupational safety and health policy* and an internal OSH committee that oversees the implementation and enforcement of this policy and OSHA Act 2007 guidelines.

The Institution has in place and in use a *reward, recognition and sanctions policy*.

Every year the Institution undertakes an exercise of rewarding employees based on competitive, transparent, fair and merit-based criteria.

*Staff on a team building and award event*



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

S/n	Title	Review Period	Remarks
1	Career Progression	Regularly	Vacant positions are filled competitively both internally and externally. This largely depends on availability of funds
2	Human Resource Procedures and Manual	Regularly	Terms and conditions of service governing employees are applied across the board without discrimination
3	Internship Policy and guidelines	Regularly	Intern positions are filled competitively and without discrimination
5	Gender Mainstreaming	Regularly	Thika TTI observes equal employment opportunities during staff recruitment across all genders
6	Disability Mainstreaming	Regularly	The institute offers equal employment opportunities to officers living with disability. It also offers rights and privileges as provided in the PWDs Act and Board employment policies
7	Reward, recognition and sanctions policy	Regularly	The institute rewards staff for excellence and sanctions poor performance guided by the policy and based on competitive, transparent, fair and merit criteria

Thika TTI conducts staff appraisal annually and as per sec 2.7 in our career guidelines for non-teaching staff, appointment to job groups takes into consideration recognized qualifications and where applicable certified recognition of prior learning and competency that is well described in records of performance appraisal.

#### **Market place practices-**

- a) Responsible competition practice - A research on market demand has helped the institution offer courses that would shape business strategies and practices, and the context in which they operate, to take explicit account of their social, economic, and environmental impacts. There has been increased level of engagement with high schools and the general public as the source of our new students and for increase in brand awareness of Thika Technical Training Institute as a TVET institution of choice in the region and beyond.
- b) Responsible Supply chain and supplier relations - the institution places its adverts for tenders on the daily's and on its website for access to all. Payment to suppliers is done within the limited period of less than Ninety days' other guidelines like Presidents directive on Special category tender opportunities are adhered to.
- c) Responsible marketing and advertisement - Schools visits are a good opportunity to meet students, teachers and parents. These opportunities have a direct impact on the students where information is shared and students get an opportunity for career guidance. Outreach missions

are held in collaboration with institutional agencies like clubs and associations and also for adhoc events that would add value to marketing our institution.

Thika TTI participates in ASK shows every year to showcase its products in research, innovation and production.

- d) Product stewardship - The Institution ensures that all the courses offered are accredited by the relevant bodies eg KASNEB, KNEC, NITA, Pharmacy & Poison's Board Thika TTI supports 17 students related clubs and societies. These clubs and societies run different activities financed by the institution. The Institution also facilitates students to showcase individual skills and innovations.



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



During the financial year 2023/2024 the Institute through Rotaract club donated beds to Agha Pay mercy children centre to improve their sleeping condition.

Also visited Jakaranda children's home to offer education activities to the children.

Thika TTI Presidential Award club visited Thika school for the blind, donated food and did general cleaning, as well as mentorship program to the pupils.



## **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 Thika Technical Training Institute's affairs.

### **Principal activities**

The principal activity of Thika Technical Training Institute is to provide quality technical and vocational training that responds to the needs of the society

### **Results**

The results of the entity for the year ended June 30 2024 are set out on page 1.

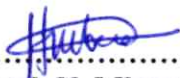
### **Board of Governors**

The members of the Board who served during the year are shown on page x.

### **Auditors**

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

By Order of the Board



.....  
**Hannah N. Mburu.**  
**CHIEF PRINCIPAL/BOG SECRETARY**  
**25th April 2025.**

## **12 Statement of board of Governors' Responsibilities**

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

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 the Thika Technical Training Institute for and as at the end of the financial year 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 entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of Thika TTI, (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 Thika Technical Training Institute financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the TVET Act 2013. The board of governors are of the opinion that the institutes financial statements give a true and fair view of the state of Thika Technical Training Institute's transactions during the financial year ended June 30, 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.

In preparing the financial statements, the principal has assessed Thika TTI's ability to continue as a going concern. Nothing has come to the attention of the council members to indicate that the institute will not remain a going concern for at least the next twelve months from the date of this statement.

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

The institute's financial statements were approved by the Board on 25<sup>th</sup> April 2025 and signed on its behalf by:



.....  
**Dr Joseph N. Muguthu**  
**Chairman, Board of Governors**



.....  
**Hannah N. Mburu.**  
**Chief Principal/BoG Secretary**

# REPUBLIC OF KENYA

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NAIROBI

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Thika Technical Training Institute set out on pages 1 to 41, 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 the statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter 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 Thika 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 Education and Training (TVET) Act, 2013.

### **Basis for Qualified Opinion**

#### **Long Outstanding Student Debtors**

The statement of financial position and Note 16 to the financial statements reflects receivables from exchange transactions balance of Kshs.77,491,181. Review of the account's receivables listing provided for audit revealed net students' fees receivables balance of Kshs.24,356,780 that had been outstanding for more than three (3) semesters. Further, examination of the records provided revealed receivables outstanding for more than three (3) years amounting to Kshs.4,250,097 in relation to student debtors. However, Management did not provide proper explanation as to why the debts had not been recovered or documentary evidence in form of correspondences made to recover the outstanding amounts from the debtors.

In the circumstances, the recoverability of receivables balance of Kshs.77,491,181 could not be confirmed.

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

#### **Key Audit Matters**

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

### **Prior Year Matters**

The audit report for the year ended 30 June, 2023 raised several unsatisfactory issues in regard to balances reflected in the financial statements, lawfulness and effectiveness in use of resources and effectiveness of internal controls, risk management and governance. However, the issues remained unresolved as at 30 June, 2024.

### **Other Information**

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

In connection with my audit on the Thika Technical Training Institute 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 THE 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. Irregular Remuneration of Non - Board Members**

The statement of financial performance and as disclosed in Note 12 to the financial statements reflects an amount of Kshs.8,065,685 for remuneration of directors.

Examination of payment vouchers revealed that an amount of Kshs.877,790 was paid as sitting and transport allowance to non – Board and non-staff members and no explanation was provided as to why allowances were paid to members and staff who were not part of the Board.

In the circumstances, the basis is of payment of the allowances could not be confirmed.

## **2.Unsupported Payment of Disputed Prior Year Invoices**

The statement of financial performance and as disclosed in Note 10 to the financial statements reflects an expenditure totalling Kshs.453,812,070 under use of goods and services. Included in the expenditure is an amount of Kshs.3,990,275 for payment of disputed prior year invoices paid in favor of two (2) suppliers of Kshs.3,748,675 and Kshs.241,600 respectively which had not been disclosed as payables in the year they accrued. Further, the following anomalies were noted;

### **2.1 Supplier A**

It was noted that one of the contractors had been contracted to construct a workshop and laboratory complex starting 25 July, 2011 at a contract price of Kshs.25,739,715 of which Kshs.23,546,231 had been paid in prior years. Revaluation of works for payment was done which amounted to Kshs.28,765,047 forming the basis of payment despite being beyond the initial contract by Kshs.4,041,858. Further, it was noted that the contractor abandoned the site and the Institute undertook works of unknown value on the project. A letter dated 26 January, 2024 Ref No:AG/CIV/165/23 from the Office of Attorney General approved the payment of Kshs.3,990,375. However, the eligibility of the payment could not be confirmed.

In addition, the opening and evaluation minutes, professional opinion, inspection and acceptance, status and level of completion reports at point of abandonment, letter of offer and acceptance by the contractor were not provided for audit review.

### **2.2 Supplier B**

It was observed that payment voucher No M3140 of Kshs.241,600 dated 14 May, 2018 in favor of the second supplier was raised. Supporting documents included invoice No. 101 dated 23 March, 2018, LPO No. 1246 dated 27 February, 2018 and an un-numbered delivery note dated 23 March, 2018. Further, the Institution paid the same amount of Kshs.241,600 vide payment voucher no. 1513 dated 04 March, 2024 during the year under review. It was not clear why a new payment voucher was prepared, however, an unreferenced letter dated 20 February, 2024 from the Attorney General approved the payment of the amount. It was also noted that despite a voucher being raised in 2018 the amount had not been accrued as a payable.

In addition, the opening and evaluation minutes, professional opinion, inspection and acceptance, goods received note, letter of offer and acceptance by the supplier were not provided for audit review.

In the circumstances, the eligibility of payments totalling Kshs.4,231,975 could not be confirmed.

### 3. Irregular Procurement of Graduation Booklets

The statement of financial performance and Note 10 to the financial statements reflects use of goods and services expenditure totalling Kshs.453,812,070 which includes graduation expenses of Kshs.13,449,163. Review of payment voucher number 1763 dated 4 April, 2024 amounting to Kshs.6,142,732 revealed payment for the supply of graduation booklets for a graduation held on 23 March, 2024. Further, review of the documents provided for audit revealed that the Institution did not maintain a tender opening register showing the names of the firms and amounts tendered and there were no goods received notes to show when the goods were received in store or the inspection and acceptance report.

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

### 4. Irregularities in Procurement of Fuel and Oil

The statement of financial performance and Note 10 to the financial statements reflects use of goods and services expenditure totalling Kshs.453,812,070 which includes purchase of fuel and oil amounting to Kshs.8,352,062. It was noted that the Institution did not adhere to competitive procurement procedures as required by the procurement Act in relation to purchase of fuel as no request for quotation were floated to ensure competitive bidding. This practice compromises transparency, fairness, and cost-effectiveness in procurement.

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

### 5. Irregularities in Staffing Requirements

The statement of financial performance and as disclosed in Note 11 to the financial statements reflects an amount of Kshs.125,164,041 under employee cost. However, the following were noted;

#### 5.1 Understaffing in the Institution

Examination of the Institution's staffing records revealed discrepancies between the existing workforce and the staffing requirements specified in the staff establishment report. Notably, there were identified shortages in key teaching and non-teaching positions, deviating from the recommended staffing levels as analysed below;

Staff	Required	Current Status		Deficit
		PSC	BOG	
Teaching Staff	493	208	179	106
Non-Teaching Staff	194	127	-	67
<b>Total</b>	<b>687</b>	<b>335</b>	<b>179</b>	<b>173</b>

## **5.2 Non-Compliance with Minimum Requirements on Ethnic Diversity**

Examination of employee records submitted for audit revealed that the dominant ethnic group within the Institution comprised of 244 out of a total of 511 staff members, representing 48% of the workforce. This exceeded the threshold set by the National Cohesion and Integration Act, 2008 of 33% by 15%. Further, review of master data and payroll records for the year ended 30 June, 2024 revealed that twenty-nine (29) out of the fifty-six (56) staff members recruited during the period under review equating to 52% belonged to the dominant ethnic group. Similarly, this was inconsistent with the provisions of the National Cohesion and Integration Act, 2008, which promotes equitable representation of Kenya's diverse communities in public institutions.

In the circumstances, Management was in breach of law and understaffing affects negatively service delivery to the students.

## **6. Anomalies in Rental Incomes**

The statement of financial performance and as disclosed in Note 8 to the financial statements reflects rental revenue from facilities and equipment of Kshs.3,222,808 which includes residential rent income of Kshs.1,273,038. Review of records provided for audit review and physical verification carried out on 1 April, 2025 revealed that the Institution had fifty-six (56) residential houses which comprises twenty-three (23) one bedroom of different sizes, twenty-nine (29) two bedrooms of different sizes and four (4) three bedrooms. Examination of rent income listing and Board minutes provided revealed that tenants were paying rent far below the prevailing market rates which have financial implications on revenue for the Institution. In addition, fourteen (14) tenants were still owing the Institution an amount of Kshs.654,380 in rent arrears as at 30 June, 2024 and there was no proof provided to show what steps Management was taking to collect the arrears.

In the circumstances, Management is exposed to loss of revenue through low rental rates and uncollected rent.

## **7. Irregular Use of Standing Tender Opening and Evaluation Committees**

The statement of financial performance and Note 10 to the financial statements reflects use of goods and services amount of Kshs.453,812,070 which includes teaching and training materials of Kshs.75,225,097. Examination of sampled payment vouchers amounting to Kshs.44,518,177 revealed that the same members of the tender opening committee executed the functions of the tender evaluation committee thus contravening the law on segregation of duties and Section 78(1) of the Public Procurement and Asset Disposal Act, 2015 that requires an Accounting Officer to appoint a tender opening committee and the committee shall have at least three members and at least one of the members shall not be directly involved in the processing or evaluation of the tenders.

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

The audit was conducted in accordance with ISSAIs 3000 and 4000. The standards require 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 comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Incomplete Fixed Asset Register**

The statement of financial position and as disclosed in Note 17 and Note 18 to the financial statements reflects balances of Kshs.2,342,304,933 and Kshs.2,018,000 for property plant and equipment and intangible assets respectively totalling Kshs.2,344,322,933. However, the asset register maintained by the Institution was not complete and did not include the date of purchase and location of the assets.

In the circumstances, the effectiveness of internal controls on fixed assets could not be confirmed.

#### **2. Non - Adherence to Audit Committee Quarterly Meetings**

During the year under review, the Risk and Audit Committee convened three (3) meetings on Tuesday, 12 September, 2023, Friday, 17 November, 2023, and Thursday, 7 March, 2024 to deliberate on prior-year matters. This fell short of the minimum requirement of four (4) quarterly meetings as stipulated in the Gazette Notice.

In the circumstances, the effectiveness of the controls that strengthen internal control systems of the Institution may have not been reviewed adequately.

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

## **Responsibilities of the Management and Board of Directors**

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

In preparing the financial statements, Management is responsible for assessing the Thika technical Training Institute 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 comply with the authorities which govern them and that public resources are applied in an effective way.

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

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


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 IFPP 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

8 May, 2025

**Thika Technical Training Institute**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

**14 Statement of Financial Performance for The Year Ended 30 June 2024**

	Notes	2023/2024	2022/2023
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the National Government – grants/ gifts in kind	6	207,762,222	190,683,000
<b>Total Revenue from non-exchange transactions</b>		<b>207,762,222</b>	<b>190,683,000</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Fees from students	7	591,044,232	415,380,730
Rental revenue from facilities and equipment	8	3,222,808	2,999,328
Other income	9	13,129,307	7,052,453
<b>Revenue from exchange transactions</b>		<b>607,396,347</b>	<b>425,432,511</b>
<b>Total revenue</b>		<b>815,158,569</b>	<b>616,115,511</b>
<b>Expenses</b>			
Use of goods and services	10	453,812,070	371,741,040
Employee costs	11	125,164,041	113,851,292
Remuneration of directors	12	8,065,685	6,135,457
Depreciation charge	13	46,032,345	38,151,454
Repairs and maintenance	14	53,574,717	33,265,159
<b>Total expenses</b>		<b>686,648,858</b>	<b>563,144,402</b>
<b>Net Surplus for the year</b>		<b>128,509,711</b>	<b>52,971,109</b>

The notes set out on pages' 6 to 41 form an integral part of the Annual Financial Statements.

  
 .....  
**Chairman of Board of Governors**  
 25th April 2025.

  
 .....  
**Finance Officer**  
**ICPAK No 21023**  
 25th April 2025.

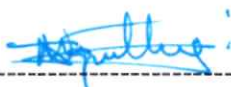
  
 .....  
**Chief Principal**  
 25th April 2025.

**Thika Technical Training Institute**  
**Annual Report and Financial Statements for the year ended 30th June 2024**


**15 Statement of financial Position as at 30<sup>th</sup> June 2024**

	Notes	2023/2024	2022/2023
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	15	86,581,416	43,948,718
Receivables from exchange transactions	16	77,491,181	104,740,230
<b>Total Current Assets</b>		<b>164,072,597</b>	<b>148,688,948</b>
<b>Non-current assets</b>			
Property, plant and equipment	17	2,342,304,933	2,185,880,127
Intangible assets	18	2,018,000	3,806,000
<b>Total Non-current Assets</b>		<b>2,344,322,933</b>	<b>2,189,686,127</b>
<b>Total assets</b>		<b>2,508,395,530</b>	<b>2,338,375,075</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	19	20,212,680	5,919,871
Refundable deposits from customers	20	1,155,440	1,155,440
Payable to mentored institutions	21	31,114,794	3,896,859
<b>Total Current Liabilities</b>		<b>52,482,914</b>	<b>10,972,170</b>
<b>Total liabilities</b>		<b>52,482,914</b>	<b>10,972,170</b>
<b>Reserves</b>			
Accumulated surplus		743,036,447	599,767,583
Revaluation reserve		583,477,589	583,477,589
Capital grants		1,129,398,580	1,144,157,733
<b>Total Reserves</b>		<b>2,455,912,616</b>	<b>2,327,402,905</b>
<b>Total Liabilities and Reserves</b>		<b>2,508,395,530</b>	<b>2,338,375,075</b>

The Financial Statements set out on pages 1 to 41 were signed on behalf of the Institute Board of Governors by:

  
 -----  
**Chairman of Board of Governors**  
**25th April 2025.**

  
 -----  
**Finance Officer**  
**ICPAK No 21023**  
**25th April 2025.**

  
 -----  
**Principal**  
**25th April 2025.**

**Thika Technical Training Institute**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

**16 Statement of Changes in Net Asset for the Year Ended 30 June 2024**

	<b>Revaluation reserve</b>	<b>Accumulated Surpluses</b>	<b>Capital grants</b>	<b>Total</b>
<b>At July 1, 2022</b>	<b>583,477,589</b>	<b>532,037,321</b>	<b>1,158,916,886</b>	<b>2,274,431,796</b>
<b>Surplus for the year</b>	-	52,971,109	-	52,971,109
Transfer of depreciation from capital fund to retained earnings		14,759,153	(14,759,153)	-
<b>At June 30, 2023</b>	<b>583,477,589</b>	<b>599,767,583</b>	<b>1,144,157,733</b>	<b>2,327,402,905</b>
<b>Balance b/f as at July 1, 2023</b>	583,477,589	599,767,583	1,144,157,733	2,327,402,905
<b>Surplus for the year</b>	-	128,509,714	-	128,509,714
Transfer of depreciation from capital fund to retained earnings		14,759,153	(14,759,153)	-
<b>Balance c/d as at June 30, 2024</b>	<b>583,477,589</b>	<b>743,036,450</b>	<b>1,129,398,580</b>	<b>2,455,912,619</b>

**Thika Technical Training Institute**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

**17 Statement of Cash Flows for The Year Ended 30 June 2024**

		<b>2023-2024</b>	<b>2022-2023</b>
	Note	Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other National Government entities		270,965,890	190,683,000
Rendering of services- fees from students		624,179,730	415,380,730
Sale of goods		3,229,036	2,999,328
Miscellaneous income/ IGA		8,433,480	7,052,453
<b>Total Receipts</b>		<b>906,808,136</b>	<b>616,115,511</b>
<b>Payments</b>			
Compensation of employees		125,164,041	113,851,292
Use of goods and services		454,191,327	371,741,040
Board expenses		8,065,685	6,135,457
Payment made on-behalf of mentees		36,285,190	3,729,123
Repairs and maintenance		53,574,714	29,536,036
<b>Total Payments</b>		<b>677,280,957</b>	<b>524,992,948</b>
<b>Net cash flows from operating activities</b>	22	<b>229,527,179</b>	<b>91,122,563</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets		(186,894,480)	(305,248,165)
<b>Net cash flows used in investing activities</b>		<b>(186,894,480)</b>	<b>(305,248,165)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>42,632,698</b>	<b>(214,125,601)</b>
Cash and cash equivalents at 1 JULY	15	43,948,718	258,074,319
<b>Cash and cash equivalents at 30 JUNE</b>		<b>86,581,416</b>	<b>43,948,718</b>

**Thika Technical Training Institute**  
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**18 Statement of comparison of budget and actual amounts for the year ended 30 June 2024**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Percentage difference
	2023-2024	2023-2024	2023-2024	2023-2024	2023-2024	
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Transfers from other Govt entities Govt grants	405,000,000	(97,000,000)	308,000,000	207,762,222	100,237,778	33%
Rendering of services- Fees from students	516,470,000	93,000,000	609,470,000	624,179,730	(14,709,730)	(2%)
AIG	4,400,000	4,000,000	8,400,000	11,662,516	(3,262,516)	(39%)
<b>Total income</b>	<b>925,870,000</b>	<b>-</b>	<b>925,870,000</b>	<b>843,604,468</b>	<b>82,265,532</b>	
Expenses						
Compensation of employees	113,338,215	24,090,191	137,428,406	125,164,041	12,264,365	9%
Use of Goods and services	493,775,877	(26,768,191)	467,007,686	454,191,327	12,816,359	3%
Repairs, Maintenance & improvements	41,654,296	16,000,000	57,654,296	53,574,714	4,079,582	7%
Remuneration of directors	6,820,000	1,678,000	8,498,000	8,065,685	432,315	5%
Payments made to mentored institution				36,285,190		
<b>Total expenditure</b>	<b>655,588,388</b>	<b>15,000,000</b>	<b>670,588,388</b>	<b>677,280,957</b>	<b>29,592,621</b>	
<b>Surplus for the period</b>	<b>270,281,612</b>	<b>(15,000,000)</b>	<b>255,281,612</b>	<b>166,323,511</b>	<b>52,672,911</b>	
<b>Capital expenditure</b>	<b>270,281,612</b>	<b>(15,000,000)</b>	<b>255,281,612</b>	<b>186,894,480</b>	<b>68,387,132</b>	27%

Reconciliation of the statement of financial performance to the statement of budget

Description	2023 - 2024
	KShs
Total Revenue as per statement of financial performance	815,158,569
Add back: Amounts received on behalf of mentees	63,203,667
Add back: prior year exchange receivables received during the year	104,740,230
Less: current year debtors balance	(77,491,181)
Add: prepayments by students	897,393
Add: interest earned from mentored institutions bank accounts	299,458
<b>Total Revenue as per Budget</b>	<b>906,808,136</b>
Total payments as per statement of financial performance	686,648,858
Less: 1 Payables from exchange Transactions	(3,231,690)
Add: Prior year payables paid during the year	3,656,430
Add: payments made to mentees	36,285,190
Less: Depreciation and amortization charge	(46,032,345)
Less: Impairment of equipment	(45,486)
<b>Total Expenditure as per Budget</b>	<b>677,280,957</b>

**Budget notes**

- a. The variance of 33% on Transfer from Government was due to reduction of capitation received for quarter 1,2 and 3 while quarter 4 was not received.
- b. The variance of (39%) on other income is due to increase numbers of students taking driving school course and centre fee charges.
- c. The variance in Capital expenditure is due to delayed disbursement by government.

## **19 Notes to the Financial Statements**

### **1. General Information**

Thika Technical Training Institute is established by and derives its authority and accountability TVET Act 2013. The Institute is wholly owned by the Government of Kenya and is domiciled in Kenya. The Institute's principal activity is to provide quality technical and vocational training that responds to the needs of the society

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

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the institute's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of Thika Technical Training Institute. The values are rounded off to the nearest shilling. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the TVET Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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

**i. New and amended standards and interpretations in issue effective in the year ended 30 June 2024.**

There are no new standards in the year ended 30th June 2024

**ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.**

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 43: Leases	<b>Applicable 1<sup>st</sup> January 2025</b> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. <i>There is no expected impact of the standard to the Entity</i>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<b>Applicable 1<sup>st</sup> January 2025</b> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. <i>There is no expected impact of the standard to the Entity</i>
IPSAS 45: Property Plant and Equipment	<b>Applicable 1<sup>st</sup> January 2025</b> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets. <i>There is no expected impact of the standard to the Entity</i>
IPSAS 46:	<b>Applicable 1<sup>st</sup> January 2025</b>

**Thika Technical Training Institute**  
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Measurement	<p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ol> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>There is no expected impact of the standard to the Entity</i></p>
IPSAS 47: Revenue	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>There is no expected impact of the standard to the Entity</i></p>
IPSAS 48: Transfer Expenses	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>There is no expected impact of the standard to the Entity</i></p>
IPSAS 49: Retirement Benefit Plans	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>There is no expected impact of the standard to the Entity</i></p>

**iii. Early adoption of standards**

Thika Technical Training 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 entity and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that have been acquired using such funds.

**ii) Revenue from exchange transactions**

**Rendering of services**

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

**Sale of goods**

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

**Interest income**

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

**Rental income**

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

**b) Budget information**

The original budget for FY 2023/2024 was approved by the board of governors on **9<sup>th</sup> September 2022**. 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 entity upon receiving the respective approvals to conclude the final budget. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial

statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on 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 5 of these financial statements.

**c) Property, plant and equipment**

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

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

<u>Asset</u>	<u>Rate %</u>
Buildings	2.5
Plant and machinery	2
Motor vehicles	12.5
Furniture and fittings	5
Computer equipment	10

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating profit/loss. On disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to retained earnings in the statement of changes in equity.

**d) Leases**

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

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

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

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

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

**f) Research and development costs**

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

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

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

**g) Financial instruments**

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

***Financial assets***

***Classification***

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

***Subsequent measurement***

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

***Amortized cost***

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through net assets/ equity**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through surplus or deficit**

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

**Trade and other receivables**

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

**Impairment**

Thika TTI assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. Thika TTI recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in Note 16.

***Financial liabilities***

***Classification***

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

**h) 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 Thika TTI.

**i) Provisions**

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

Where Thika TTI expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement

***Contingent liabilities***

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

During the FY 2023/2024, the institute is engaged in various legal actions.

- (a) A DCI court case against several persons including an internal auditor an employee of the institution who is under half pay. The outcome in favour of the internal auditor may lead to outflow of funds that could not be pre-determined.
- (b) The institute is a defendant in a legal action - NAIROBI ELRC NO. E185 OF 2021 SAMUEL THUO GAKUMO VERSUS THIKA TECHNICAL INSTITUTE the outcome in favour of the plaintiff may lead to outflow of funds that could not be pre-determined

***Contingent assets***

Thika TTI does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the 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.

**j) Social Benefits**

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

**k) Nature and purpose of reserves**

Thika Technical Training Institute creates and maintains reserves in terms of specific requirements. These reserves include:

- Accumulated surpluses
- Development funds

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

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

**m) Employee benefits**

**Retirement benefit plans**

Thika Technical Training Institute provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

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

**n) Related parties**

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

**o) Service concession arrangements**

Thika TTI analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Institution recognizes that asset when, and only

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

**p) Cash and cash equivalents**

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

**q) Comparative figures**

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

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

### **Estimates and assumptions**

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

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

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

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

### **Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 16

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. The provisions applicable to the institution is provision for bad debts and its provided at 6% of the debts.

**Thika Technical Training Institute**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

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

**6. (a) Transfers from National Government entities**

<b>Description</b>	<b>2022-2023</b>	<b>2022-2023</b>
	<b>KShs</b>	<b>KShs</b>
<b>Unconditional grants</b>		
Capitation grants	153,894,000	190,683,000
Operational Grant	500,000	-
Sponsorship (MOE)	53,368,222	-
<b>Conditional Grants</b>		
Development grants	63,203,667	7,054,194
<b>Total Government Grants and Subsidies</b>	<b>270,965,889.00</b>	<b>197,737,194</b>
Less: Operational grants transferred to Muranga TTI	(13,437,000)	(5,000,000)
Less: Development grants transferred to Gichugu TTI	(24,766,667)	-
Less: Development grants transferred to Kiharu TTI	(25,000,000)	(2,054,194)
<b>Total Government Grants and Subsidies for Thika TTI</b>	<b>207,762,222</b>	<b>190,683,000</b>

**(b) Transfers from ministries, departments and agencies**

<b>Name of the Entity sending the grant</b>	<b>Amount recognized to Statement of Comprehensive Income KShs</b>	<b>Amount deferred under deferred income KShs</b>	<b>Amount recognised in capital fund. KShs</b>	<b>Total grant income during the year</b>	
				<b>2021-2022</b>	<b>KShs</b>
State department of Vocational and Training	207,762,222	-	-	207,762,222	190,683,000
<b>Total</b>	<b>207,762,222</b>	<b>-</b>	<b>-</b>	<b>207,762,222</b>	<b>190,683,000</b>

**7. Rendering of services**

<b>Description</b>	<b>2024-2024</b>	<b>2022-2023</b>
	<b>KShs</b>	<b>KShs</b>
Tuition fees	172,115,386	272,202,995
Activity fees	22,976,207	39,282,254
Exam fee	114,053,455	75,174,623
Facilities and materials	273,540,692	18,896,953
Registration fees	8,358,492	9,823,905
<b>Total rendering of services</b>	<b>591,044,232</b>	<b>415,380,730</b>

Income from rendering of services relates to compensation paid by the students as school fees for services offered by the Institute.

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

<b>Description</b>	<b>2024-2024</b>	<b>2022-2023</b>
	<b>KShs</b>	<b>KShs</b>
Hire of facilities	1,949,770	1,775,910
Rent	1,273,038	1,223,418
<b>Total rentals</b>	<b>3,222,808</b>	<b>2,999,328</b>

This is income earned by letting out the Institute facilities like the ground and staff houses

**Thika Technical Training Institute**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

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

**9. Other income**

Description	2024-2024	2022-2023
	KShs	KShs
Centre Fee	2,377,400	1,401,356
Driving school charges	2,454,092	3,472,080
Damages and recoverable losses	95,825	44,108
Sale of scrap metals	-	121,162
Catering services	2,756,580	2,002,681
Graduation	4,609,560	11,066
ODFL Fees	834,350	0
Library fee	1,500	0
<b>Total other income</b>	<b>13,129,307</b>	<b>7,052,453</b>

**10. Use of goods and services**

Description	2023-2024	2022-2023
	KShs	KShs
Electricity, Water & Conservancy	13,462,412	8,428,080
Activity	13,092,770	16,209,148
Teaching and training materials	75,225,097	56,318,634
Admin fees	54,341,125	39,182,064
Local travel and transport	56,129,484	64,177,683
Medical	1,057,987	626,858
Student identity cards	2,928,620	2,900,000
Examination expense	109,964,000	94,105,170
Student council	3,822,154	2,686,892
Industrial attachment	5,341,467	3,951,800
Registration	6,994,500	10,790,320
Advertising	2,280,065	1,286,102
Security costs	5,970,000	4,893,600
Insurance	6,160,893	6,248,951
Hire charges	-	4,300
Cafeteria	6,913,603	2,861,230
Internet cost	4,063,540	4,126,089
Subscriptions	-	121,200
ICT infrastructure	8,356,086	3,271,340
Fuel and oil	8,352,062	5,141,240
Printing and stationery	39,542,023	28,876,635
Telecommunication and postage	3,942,800	4,758,350
Training Expenses	7,834,257	8,755,026
Driving school expenses	1,427,502	681,779
Bank Charges	161,450	215,991
Fees Refund	-	24,000
Graduation expense	13,449,163	-
Centre expenses	440,811	309,108
Payment of disputed prior year invoices	3,990,275	1,081,397
Provision for bad debts	(1,477,562)	(291,947)
Equipment impairment loss	45,486	
<b>Total good and services</b>	<b>453,812,070</b>	<b>371,741,040</b>

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

**11. Employee costs**

	<b>2023-2024</b>	<b>2022-2023</b>
	<b>KShs</b>	<b>KShs</b>
Salaries and wages	125,164,041	113,851,292
<b>Total Employee costs</b>	<b>125,164,041</b>	<b>113,851,292</b>

**12. Board expenses**

<b>Description</b>	<b>2023-2024</b>	<b>2022-2023</b>
	<b>KShs</b>	<b>KShs</b>
Chairman's Honoraria	707,500	625,000
Directors' emoluments	7,358,185	5,510,457
<b>Total director emoluments</b>	<b>8,065,685</b>	<b>6,135,457</b>

**13. Depreciation and Amortization expense**

<b>Description</b>	<b>2023-2024</b>	<b>2022-2023</b>
	<b>KShs</b>	<b>KShs</b>
Property, plant and equipment	44,244,345	36,363,454
Amortisation	1,788,000	1,788,000
<b>Total depreciation and amortization</b>	<b>46,032,345</b>	<b>38,151,454</b>

**14. Repairs and maintenance**

<b>Description</b>	<b>2023-2024</b>	<b>2022-2023</b>
	<b>KShs</b>	<b>KShs</b>
Property	49,657,899	30,132,314
Equipment and machinery	1,483,407	1,300,108
Vehicles	917,979	1,365,754
Furniture and Fitting Repairs	390,098	-
Computers and accessories	1,125,331	466,983
<b>Total Repairs and Maintenance</b>	<b>53,574,714</b>	<b>33,265,159</b>

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

**15. Cash and cash equivalents**

<b>Description</b>	<b>2023-2024</b>	<b>2022-2023</b>
	<b>KShs</b>	<b>KShs</b>
Equity bank	1,094,219	158,817
Absa bank – Main bank	47,695,139	36,759,049
Cash on hand	130,173	54,085
Family Cafeteria A/c	1,859,326	263,991
Barclays Gichugu	17,878,809	3,429,568
Barclays Maragwa	8,664	2,448
KCB Main	4,688,340	2,815,917
KCB Kiharu	13,226,746	464,843
<b>Total cash and cash equivalents</b>	<b>86,581,416</b>	<b>43,948,718</b>

**15 (a). Detailed analysis of Cash and Cash equivalents**

<b>Financial institution</b>	<b>Account number</b>	<b>2023-2024</b>	<b>2022-2023</b>
		<b>KShs</b>	<b>KShs</b>
<b>i) Current a/c - Fees Collection</b>			
Equity bank	0090292436622	1,094,219	158,817
Absa bank	0311190628	47,695,139	36,759,049
KCB Main		4,688,340	2,815,917
<b>Sub- total</b>		<b>53,477,698</b>	<b>39,733,783</b>
<b>ii) Exam fee collection a/c</b>			
KCB Kiharu	Bank account	13,226,746	464,843
<b>Sub- total</b>		<b>13,226,746</b>	<b>464,843</b>
<b>iii) Development –</b>			
Absa bank	2035938330	-	-
<b>Sub- total</b>		<b>-</b>	<b>-</b>
<b>iv) Cafeteria a/c</b>			
Family bank	005000036290	1,859,326	263,991
<b>Sub- total</b>		<b>1,859,326</b>	<b>263,991</b>
<b>v) Mentored Inst</b>			
Gichugu TVC Absa bank	2038121076	17,878,809	3,429,568
Maragwa TVC Absa bank	2038121033	8,664	2,448
<b>Sub- total</b>		<b>17,887,473</b>	<b>3,432,016</b>
<b>Grand total</b>		<b>86,581,416</b>	<b>43,948,718</b>

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

**16. Receivables from exchange transactions**

**16 (a) Current Receivables from Exchange transactions**

Description	2023-2024	2022-2023
	KShs	KShs
<b>Current receivables</b>		
Student debtors	81,741,281	110,461,661
Less: impairment allowance	(4,904,477)	(6,382,039)
Net student debtors	<b>76,836,804</b>	<b>104,079,622</b>
Rent debtors	654,380	660,608
<b>Total current receivables from exchange</b>	<b>77,491,184</b>	<b>104,740,230</b>

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

Description	2023-2024		2022-2023	
	Kshs		Kshs	
	2022-2023	% of the total	2021-2022	% of the total
Less than 1 year	52,480,024	68%	69,904,975	67%
Between 1- 2 years	14,278,755	18%	19,128,200	18%
Between 2-3 years	5,827,928	8%	9,325,016	9%
Over 3 years	4,904,477	6%	6,382,039	6%
<b>Total (a+b)</b>	<b>77,491,184</b>	<b>100%</b>	<b>104,740,230</b>	<b>100%</b>

**Thika Technical Training Institute**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

**Notes to the financial statements (continued)**

**17. Property, plant and equipment**

	Buildings	Land	Motor vehicles	Furniture and fittings	Computers	Plant and equipment	Capital Work in progress	Total
Cost/Valuation	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs
At 30 <sup>th</sup> June 2022	617,225,776	1,060,000,000	38,440,334	58,491,647	49,668,020	181,044,501	40,070,457	2,044,940,736
Transfer from WIP	26,249,157	-	13,821,300	-	-	-	(40,070,457)	-
Additions	162,707,631	-	-	8,812,719	27,174,826	12,585,950	67,809,702	279,090,828
At 30 <sup>th</sup> June 2023	806,182,564	1,060,000,000	52,261,634	67,304,366	76,842,846	193,630,451	67,809,702	2,324,031,564
Additions	24,638,528	-	-	25,703,826	40,737,262	21,287,029	88,302,507	200,669,152
Transfer from WIP	135,081,409	-	-	-	-	-	(135,081,409)	-
At 30 <sup>th</sup> June 2024	965,902,501	1,060,000,000	52,261,634	93,008,192	117,580,108	214,917,480	21,030,800	2,524,700,715
Depreciation and impairment								
At 30 <sup>th</sup> June 2022	29,696,331	-	14,386,912	9,824,149	15,704,189	32,176,402	-	101,787,983
Depreciation	19,412,156	-	4,734,340	2,874,011	6,113,866	3,229,081	-	36,363,454
At 30 <sup>th</sup> June 2023	49,108,487	-	19,121,252	12,698,160	21,818,055	35,405,483	-	138,151,437
Depreciation	22,919,850	-	4,142,548	4,015,502	9,576,205	3,590,240	-	44,244,345
At 30 <sup>th</sup> June 2024	72,028,337	-	23,263,800	16,713,662	31,394,260	38,995,723	-	182,395,782
Net book values								
At 30 <sup>th</sup> June 2023	757,074,077	1,060,000,000	33,140,382	54,606,206	55,024,791	158,224,968	67,809,702	2,185,880,127
At 30 <sup>th</sup> June 2024	893,874,164	1,060,000,000	28,997,834	76,294,530	86,185,848	175,921,757	21,030,800	2,342,304,933

Work in progress related to Institute's bus which had not been released by the supplier.

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**Notes to the financial statements (continued)**

**Valuation**

As per National Treasury guidelines, Land and buildings were identified and valued as per the National Liabilities and Management Policy and guidelines (Issued June 2020). The assets were revalued by Benchmark Valuers Limited professional valuers on July 2020. These amounts were adopted in the financial statements on 30<sup>th</sup> June 2020.

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

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

	<b>Cost as at 30 June 2024</b>	<b>Accumulated Depreciation</b>	<b>NBV As at 30 June 2024</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Buildings	951,621,028	90,492,827	861,128,201
Land	500,000,000	-	500,000,000
Motor vehicles	56,367,884	22,850,859	33,517,025
Furniture and fittings	100,218,663	17,813,045	82,405,617
Computers	132,197,225	34,494,721	97,702,504
Plant and equipment	272,808,020	43,003,245	229,804,775
Capital Work in progress	21,030,800	-	21,030,800
<b>Total</b>	<b>2,034,243,620</b>	<b>208,654,696</b>	<b>1,825,588,923</b>

**18. Intangible assets-software**

<b>Description</b>	<b>2023-2024</b>	<b>2022-2023</b>
	<b>KShs</b>	<b>KShs</b>
<b>Cost</b>		
At beginning of the year	8,940,000	7,790,000
Additions	-	1,150,000
<b>At end of the year</b>	<b>8,940,000</b>	<b>8,940,000</b>
<b>Amortization and impairment</b>		
At beginning of the year	5,134,000	3,346,000
Amortization	1,788,000	1,788,000
<b>At end of the year</b>	<b>6,922,000</b>	<b>5,134,000</b>
<b>NBV</b>	<b>2,018,000</b>	<b>3,806,000</b>

**Notes to the financial statements (continued)**

**19. Trade and other payables from exchange transactions**

<b>Description</b>		<b>2023-2024</b>		<b>2022-2023</b>	
		<b>KShs</b>		<b>KShs</b>	
Trade payables		17,051,844		3,656,430	
Fees paid in advance		3,160,836		2,263,441	
<b>Total trade and other payables</b>		<b>20,212,680</b>		<b>5,919,871</b>	
<b>Ageing analysis:</b>		<b>2023-2024</b>	<b>% of the Total</b>	<b>2022-2023</b>	<b>% of the Total</b>
Under one year		20,212,680	100%	5,919,871	100%
1-2 years		-	0%	-	0%
2-3 years		-	0%	-	0%
Over 3 years		-	0%	-	0%
<b>Total</b>		<b>20,212,680</b>	<b>100%</b>	<b>5,919,871</b>	<b>100%</b>

**20. Refundable deposits from customers/students**

<b>Description</b>		<b>2023-2024</b>		<b>2022-2023</b>	
		<b>KShs</b>		<b>KShs</b>	
Caution money		1,155,440		1,155,440	
<b>Total deposits</b>		<b>1,155,440</b>		<b>1,155,440</b>	
<b>Ageing analysis:</b>		<b>2023-2024</b>	<b>% of the Total</b>	<b>2022-2023</b>	<b>% of the Total</b>
Over 3 years		1,155,440	100%	1,146,240	99%
<b>Total</b>		<b>1,155,440</b>	<b>%</b>	<b>1,155,440</b>	<b>%</b>

**21. Payable to mentored institutions**

<b>Description</b>		<b>2023-2024</b>		<b>2022-2023</b>	
		<b>KShs</b>		<b>KShs</b>	
Maragwa Technical Institute		8,664		2,448	
Gichugu Technical Institute		17,879,384		3,429,568	
Kiharu		13,226,746		464,843	
		<b>31,114,794</b>		<b>3,896,859</b>	

<b>Ageing analysis:</b>		<b>2023-2024</b>	<b>% of the Total</b>	<b>2022-2023</b>	<b>% of the Total</b>
Under one year		31,114,794	100%	3,896,859	100%
<b>Total</b>		<b>31,114,794</b>	<b>100%</b>	<b>3,896,859</b>	<b>100%</b>

**Notes to the financial statements (continued)**

**22. Cash generated from operations**

	<b>2023-2024</b>	<b>2022-2023</b>
	<b>KShs</b>	<b>KShs</b>
Surplus for the year before tax	128,509,711	52,971,109
<b>Adjusted for:</b>		
Depreciation	46,032,345	38,151,454
Provisions for bad debts	(1,477,562)	(291,947)
Impairment of equipment	45,486	-
<b>Working Capital Adjustments</b>		
Decrease in Receivables	28,726,611	1,039,976
Increase/(decrease) in payable to mentored institutions	27,217,935	(26,144,677)
Increase/(decrease) in trade and other Payables for current expenditure	472,653	(760,688)
<b>Net Cash Flow from Operating Activities</b>	<b>229,527,179</b>	<b>64,965,227</b>

**23. Financial risk management**

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

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

**(i) Credit risk**

Thika TTI 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 institution'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 Institution's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

<b>Description</b>	<b>Total amount</b>	<b>Fully performing</b>	<b>Past due</b>	<b>Impaired</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>At 30 June 2023</b>				
Receivables from exchange transactions	<b>104,740,230</b>	69,904,975	28,453,216	6,382,039
Bank balances	43,948,718	43,948,718	-	-
<b>Total</b>	<b>148,688,948</b>	<b>113,853,693</b>	<b>28,453,216</b>	<b>6,382,039</b>
<b>At 30 June 2024</b>				
Receivables from exchange transactions	<b>77,491,184</b>	52,480,024	20,106,683	4,904,477
Bank balances	86,581,416	86,581,416	-	-
<b>Total</b>	<b>164,072,600</b>	<b>139,061,440</b>	<b>20,106,683</b>	<b>4,904,477</b>

**Financial risk management (continued)**

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

The entity has significant concentration of credit risk on amounts due from students.

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

**(ii) Liquidity risk management**

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2023</b>				
Trade and other payables from exchange transactions	-	5,919,871	-	5,919,871
Refundable deposits from customers	-	-	1,155,440	1,155,440
Payable to mentored institutions	-	3,896,859	-	3,896,859
<b>Total</b>	-	<b>9,816,730</b>	<b>1,155,440</b>	<b>10,972,170</b>
<b>At 30 June 2024</b>				
Trade and other payables from exchange transactions	-	20,212,680	-	20,212,680
Refundable deposits from customers	-	-	1,155,440	1,155,440
Payable to mentored institutions	-	31,114,794	-	31,114,794
<b>Total</b>	-	<b>51,327,474</b>	<b>1,155,440</b>	<b>52,482,914</b>

**22 Financial risk management (continued)**

**(iii) Market risk**

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

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

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

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

**i) Capital Risk Management**

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

Description	2023-2024	2022-2023
	Kshs	Kshs
Revaluation Reserve	583,477,589	583,477,589
Retained Earnings	743,036,450	599,767,583
Capital Reserve	1,129,398,580	1,144,157,733
<b>Total Funds</b>	<b>2,455,912,619</b>	<b>2,327,402,905</b>
Total Borrowings	-	-
Less: Cash and Bank Balances	(86,581,416)	(43,948,718)
Net Debt/(Excess Cash and Cash Equivalents)	86,581,416	43,948,718
<b>Gearing</b>	4%	2%

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**24. Related party balances**

**Nature of related party relationships**

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

**Government of Kenya**

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

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

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

Description	2023-2024	2022-2023
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Sales to related parties</b>		
<b>Total</b>		
<b>b) Purchases from related parties</b>		
Purchases of electricity from kplc	9,600,046	6,017,603
Purchase of water from govt service providers	3,862,366	2,410,476.5
<b>Total</b>	<b>13,462,412</b>	<b>8,428,080</b>
<b>c) Grants /Transfers from the Government</b>		
Grants from National Government	270,965,889.50	190,683,000
<b>Total</b>	<b>270,965,889.50</b>	<b>190,683,000</b>
<b>d) Key Management Compensation</b>		
Directors' emoluments	8,065,685	6,135,457
Extraneous allowance to Key Management	1,710,000	660,000
<b>Total</b>	<b>9,775,685</b>	<b>6,795,457</b>

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**Aggregate remuneration of BoG members**

<b>Member</b>	<b>Honoraria</b>	<b>Sitting Allowance</b>	<b>Transport</b>	<b>Perdiem /Allowance</b>	<b>Bundles Allowance</b>	<b>Emp H/L</b>
Dr. Joseph Njuguna Muguthu	707,500	506,375	284,290	54,600	16,000	0
Peris Muniafu	0	472,100	319,490	54,600	16,000	300
Stephen Chongoti	0	372,100	254,290	54,600	16,000	0
Daniel Ochieng Agola	0	345,400	227,490	54,600	16,000	0
Eng. Dr. Charles Mwaniki	0	372,100	271,490	54,600	8,000	300
Irene Wanjiru Karuru Kamau	0	372,400	270,290	54,600	12,000	0
Antony Moseka Pareyio	0	452,100	334,290	54,600	12,000	0
Lydia Musanzi Kyalo	0	412,100	300,290	54,600	12,000	0
Bishop Kennedy Mbatia	0	159,700	121,600	0	4,000	0
Charles Theuri Nyota	0	240,000	169,200	0	4,000	0
Mayryann Abdi	0	232,100	135,890	54,600	12,000	0
Jane Kariuki - MoE	0	20,000	10,000	0	0	0
Hannah N Mburu	0	32,700	0	50,400	0	0
<b>Total</b>	<b>707,500</b>	<b>3,989,175</b>	<b>2,698,610</b>	<b>541,800</b>	<b>128,000</b>	<b>600</b>

**Aggregate Extraneous allowance to Key Management**

<b>S/N</b>	<b>Name</b>	<b>Designation</b>	<b>Amount</b>
1	Hannah Mburu	Principal	240,000
2	Gerald Kigia	D/Principal Admin	216,000
3	John Njiru	D/Principal Academics	216,000
4	Stephen Wairima	Finance Officer	192,000
5	Joseph Gachau	Registrar	192,000
6	Mary Mungai	Dean of Students	192,000
7	Magdaline Njambi	Procurement Officer	168,000
8	Mercy Mwangi	Principal's Secretary	168,000
9	Peter Mugi	Security Officer	126,000
	<b>Total</b>		<b>1,710,000</b>

**25. Events after the reporting period**

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

**26. Ultimate and holding entity**

The entity is a State Corporation under the Ministry of Education State department of Vocational and Training. Its ultimate parent is the Government of Kenya.

**27. Currency**

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

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**28. Appendices**

**Appendix 1: Progress on follow up of auditor recommendations**

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

**Appendix 1: Progress on follow up of auditor recommendations**

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

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
1.	<p><b>Unsupported Property Plant and Equipment</b></p> <p><i>The management last revalued the assets in 2019/2020 financial year.</i></p> <p><i>Asset register maintained by the institution did not reflect the minimum requirements which include: serial number, acquisition date, description of the asset etc</i></p>	<p>The management sought approval from the Board of Governors for the proposed revaluation asset which is currently in progress and will be completed by end of 30<sup>th</sup> April 2025.</p> <p>The management is dedicated to ensuring that the Institute's asset register complies with the guidelines established by the Treasury. To facilitate this, an Asset Management Committee has been formed to ensure that all assets are appropriately assigned tag numbers. The management undertakes to maintain an accurate and well-organized asset register.</p>	<b>Resolved</b>	<b>May 2025.</b>
2	<b>Long outstanding receivables</b>	The management has set up the minimum amount to be paid every term before a	<b>Partly resolved</b>	<b>June 2025</b>

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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><i>Receivable from exchange transactions of Ksh 104,740,230 included Ksh 47,379,263 or 45% of the total receivables that had been outstanding for more than three years.</i></p> <p><i>The amount reported in the previous year ended 30<sup>th</sup> June 2022 as outstanding for more than three years was Ksh 45,838,789 or 43%</i></p> <p><i>In addition Impairment allowance of Ksh 6,382,039 or 6% of total receivables was undertated</i></p>	<p>student is reported for studies. The office of the deputy principle administration is engaging parents to commit themselves on timelines to clear fees balance.</p> <p>The bad debt provision of Kshs. 6,382,039 represents 6% of the total debtors as outlined in the finance policy. Management will review this issue and update the policy to ensure that all long-outstanding debtors are adequately accounted for</p>		
3 a	<p><b>Unsupported Adjustments in the Statement of Changes in Net Assets</b></p> <p><i>The statements of changes in net asset reflects transfer of depreciation/amortization from capital fund to retained earnings balance of Kshs. 14,759,153 adjusted in the</i></p>	<p>The depreciation transfer from accumulated surplus to capital grants pertains to the depreciation charge for the current year, specifically related to assets that were donated rather than acquired through retained earnings.</p> <p>In order to accurately reflect the financial position, it is necessary to transfer the depreciation expense for the donated assets</p>		April 2025

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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><i>financial year 2021/2022 and 2022/2023 whose basis was not provided.</i></p> <p><i>The accuracy of the transfer of depreciation from capital fund to retained earnings totaling Kshs. 14,759,153 could not be confirmed</i></p>	<p>from accumulated surplus to capital reserves, as the total depreciation for all fixed assets, including the donated ones, has been considered in determining the overall surplus for the year.</p>	<p><b>Resolved</b></p>	
3.b	<p><b>Sustainability of the Institute</b></p> <p><i>The Institute experienced a 20% reduction in capitation in quarters 1, 2 and 3, while quarter 4 capitation was not received.</i></p> <p><i>In addition, review of the Institute's income generating activities revealed that, Kshs. 10,051,781 was generated from activities such as hire of facilities, rent from staff, driving school fees, and catering services as disclosed in Note 8 and Note 9 of the</i></p>	<p>The management team is actively developing a plan to enhance our income-generating activities. Our proposed initiatives include:</p> <ol style="list-style-type: none"> <li>1. Market Analysis: Conducting a thorough analysis of current market trends to identify new opportunities for revenue generation.</li> <li>2. Marketing Strategy: Enhancing our marketing efforts to promote our services more effectively, targeting potential customers who may not be fully aware of what we offer especially on events for the facility hire.</li> <li>3. Partnerships: Seeking strategic partnerships and collaborations with other</li> </ol>	<p><b>Resolved</b></p>	<p>June 2025</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)
	<i>financial statements representing 2% total revenue earned for the year ended 30 June, 2023. The income generated from similar activities for the year ended 30 June, 2022 was Kshs. 10,281,286.</i>	<p>organizations that could facilitate resource sharing and joint initiatives, thereby increasing our revenue base.</p> <p>Management is committed to reviewing our income-generating activities quarterly to assess progress, in-order to strengthen the Institute's financial sustainability.</p>		
1	<p><b>Failure to Compliance with the Data Protection Act</b></p> <p><i>The Institute had not registered as a data controller or data processor with the Office of the Data Protection Commissioner, despite handling personal data of employees, students, customers, and/or third parties. This was contrary to the Data Protection (Registration of Data Controllers and Data Processors) Regulations, 2021, which took effect on 14 January, 2022, that required</i></p>	<p>The manage appreciate the observation and shares the corrective action plan as follows:</p> <p>a. Immediate Action: Thika TTI has initiated the process of compliance with the Data Protection Act, 2019. We are currently preparing the necessary documentation and compiling relevant information to complete the registration as a data controller and/or data processor with the ODPC.</p> <p>b. Timeline for Registration: We aim to submit the registration application and pay the applicable fees to the ODPC by 30th June 2025, ensuring full compliance with the legal requirements.</p> <p>c. Internal Measures: In addition to the registration, the organization is reviewing its data protection policies, procedures, and practices to ensure robust compliance with</p>	<b>Resolved</b>	<b>June 2025.</b>

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<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
	<i>that all data controllers and data processors handling personal data to register with the Office of the Data Protection Commissioner (ODPC).</i>	all provisions of the Data Protection Act, 2019, and associated regulations. This includes: <ul style="list-style-type: none"> <li>• Conducting a data protection impact assessment.</li> <li>• Training staff on data protection obligations and responsibilities.</li> </ul> Enhancing mechanisms to safeguard personal data.		
2	<b>Non-Compliance with the Ethnic Diversity in Employee Composition</b>  <i>Review of employee records provided for audit revealed that the dominant ethnic community employed by the Institution constituted 65% of the total population of 303 staff</i>	The management has put up measure to reach out to all while filling in for vacant positions by advertising for these position through the national media and institution website. There has been improvement in the last two years where the percentage has been reduced to 65% from previous 70.3% in FY 2019/2020	Resolved	June 2026
3	<b>Non-Compliance with One-Third Rule on Basic Salary</b>	In the 2022/2023 fiscal year, some employees' basic pay after deductions exceeded the two-thirds threshold, which is in violation of Section 19 (3) of the		

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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><i>Review of payroll data for the year under review revealed that twenty-seven (27) employees earned a net salary of less than a third (1/3) of their basic salary contrary to Section 19(3) of the Employment Act, 2007 and Section C.1 (3) of the Public Service Commission (PSC) Human Resource Policies, 2016 which may expose the staff to pecuniary embarrassment.</i></p>	<p>Employment Act, 2007, and Section C.1 (3) of the Human Resources Policies and Procedures Manual for the Public Service, May 2016. This issue arose due to the introduction of various new deductions by the government that were previously absent.</p> <p>Prior to the 2022/2023 financial year, employees were not subject to deductions for the Housing Levy, NHIF at 2.7%, and the revised NSSF rate, which has now increased to Shs. 2160 from the previous deduction of Shs. 200. As employees had already committed their salaries prior to these deductions, their basic pay subsequently fell below two-thirds of their basic salaries.</p>	Resolved	June 2024
4.	<p><b>Unbalance budget</b></p> <p>The statement of comparison on budget and actual amounts reflects final budgeted income and expenditure of Ksh 710,404,760 and 818,736,338 respectively resulting to variance of Ksh 108,331,578</p>	<p>The management had a balance budget and implemented the same. The presentation error was noted and corrected</p>	Resolved	April 2025

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**Guidance Notes:**

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



Accounting Officer

**HANNAH N. MBURU**

Signature

Date. 25th April 2025.

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**Appendix II: Projects Implemented by Thika Technical Training Institute**

**Status of Projects completion**

	<b>Project</b>	<b>Total project Cost</b>	<b>Total expended to date</b>	<b>Completion % to date</b>	<b>Budget</b>	<b>Actual</b>	<b>Sources of funds</b>
1	Construction of Electrical Workshop	40,592,341.70	40,592,341.70	100%	19,984,169.00	40,592,341.70	A in A
2	Construction of Tuition Block	94,489,064.40	94,489,064.40	100%	53,065,692.00	94,489,064.40	A in A
3	Electrification and installation solar high masts	2,216,025.00	2,216,025.00	100%	2,300,000.00	2,216,025.00	A in A
4	Automotive Body Work Shade	1,349,460.00	1,349,460.00	100%	1,500,000.00	1,349,460.00	A in A
5	Construction of 2 doom shaped reading shades	2,398,330.00	2,398,330.00	100%	2,500,000.00	2,398,330.00	A in A
6	Erection of Electric fence and razor wire	4,450,080.00	4,450,080.00	100%	4,432,000.00	4,450,080.00	A in A
7	Construction of cabro making machine house	3,107,320.00	3,107,320.00	100%	3,325,600.00	3,107,320.00	A in A
8	Construction of a basketball pitch	3,515,511.00	3,515,511.00	100%	4,000,000.00	3,515,511.00	A in A
9	Construction of ablution block at the lower field	3,149,700.00	3,149,700.00	100%	3,270,805.00	3,149,700.00	A in A
10	Electricity High mast	2,960,000.00	2,960,000.00	100%	1,783,975.00	2,960,000.00	A in A
11	Replacement Of Bricks With Box Profile Iron Sheets Roofing	7,996,660.00	7,996,660.00	100%	9,000,000.00	7,996,660.00	A in A
12	Lecture Chairs	6,040,000.00	6,040,000.00	100%	9,600,000.00	6,040,000.00	A in A
13	Institute Bus -	21,030,800.00	21,030,800.00	100%	21,030,800.00	21,030,800.00	A in A
14	Electrical Workshop Tables & boards	2,960,000.00	2,960,000.00	100%	3,000,000.00	2,960,000.00	A in A

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**Appendix III- Inter-Entity Confirmation Letter**

Name of transferring entity... State department for Technical, Vocational Education and Training.....

Name of beneficiary entity... Thika Technical Training Institute.....

**Confirmation of amounts received by [insert name of beneficiary Entity] as at 30<sup>th</sup> June 2024**

Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
Receipt no 132823	29th September 2023	52,374,000.00		52,374,000.00	Capitation Q1
Receipt no 150570	19th January 2024	47,376,000.00		47,376,000.00	Capitation Q2
Receipt no 156081	6th February 2024	54,144,000.00		54,144,000.00	Capitation Q3
Receipt no 159661	19th Feb 2024	49,726,578.50		49,726,578.50	Scholarship
Receipt no 166686	4th March 2024	3,641,644.00		3,641,644.00	Scholarship
Receipt no 189748	12th June 2024	500,000.00		500,000.00	Recurrent grant
Receipt no 118326	6th July 2023		5,000,000.00	5,000,000.00	For Gichugu TVC
Receipt no 118584	10th July 2023		15,000,000.00	15,000,000.00	For Gichugu TVC
Receipt no 118535	10th July 2023		4,766,667.00	4,766,667.00	For Gichugu TVC
Receipt no 118536	10th July 2023		7,000,000.00	7,000,000.00	For Kiharu TVC
Receipt no 118538	10th July 2023		18,000,000.00	18,000,000.00	For Kiharu TVC
Receipt no 166685	12th March 2024		13,437,000.00	13,437,000.00	For Muranga TVC
<b>Total</b>		<b>207,762,222.50</b>	<b>63,203,667.00</b>	<b>270,965,889.50</b>	

I confirm that the amounts shown above are correct as of the date indicated.

**Head of Accounts Department - Disbursing Entity:**

Name ..... *Stephon M. Njiru* ..... Sign ..... *[Signature]* ..... Date: *15/4/2025*

**Head of Accounts Department - Beneficiary Entity:**

Name ..... *Stephon M. Njiru* ..... Sign ..... *[Signature]* ..... Date: *15/4/2025*

Fund for Gichugu TVC and Kiharu TVC relates to FY 2022/2023 in the records of the disbursing entity as per the letter received 25<sup>th</sup> September 2024 ie Ksh 49,766,667.00

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**Appendix IV: Reporting of Climate Relevant Expenditures**

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
Solar lighting	Electrification and installation of 7x15m solar high masts	To reduce use of Eletricity as the source of light					2,216,025	A in A	None
Tree planting	Supply of red soil, manure and tree seedlings	To increase trees coverage in the institution	Planting 2000 tree seedlings			367,743		A in A	None

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**Appendix V: Reporting on Disaster Management Expenditure**

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments
Firefighting equipment	Procuring fire alarm system, fire blankets, fire extinguishers	Fire	Disaster preparedness – to be well prepared and equipped in case of fire outbreak	Installation of fire alarm system. Procured firefighting equipment	4,095,679	This expenditure was budgeted for during the year hence implemented as per budget provision